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# Annual Securities Report

(Pursuant to Article 24, Paragraph 1 of the Financial  
Instruments and Exchange Act of Japan)  
Fiscal Year                      From April 1, 2023  
(59th business term)              to March 31, 2024

**SOHGO SECURITY SERVICES CO., LTD.**

1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan

## Contents

	Page
Cover page	
Part 1. Company Information	1
I. Overview of Company	1
1 Selected financial data	1
2 History	4
3 Description of business	7
4 Subsidiaries and associates	10
5 Employees	16
II. Business Overview	21
1 Management policy, business environment and pressing issues	21
2 Approach to sustainability and its initiatives	23
3 Risk factors	30
4 Management analysis of financial position, operating results, and cash flows	35
5 Material business contracts, etc.	47
6 Research and development	48
III. Facilities	49
1 Overview of capital investment	49
2 Major facilities	50
3 Plan for establishment or disposal of facilities	52
IV. Information on Reporting Company	53
1 Information on shares, etc.	53
(1) Total number of shares, etc.	53
(2) Subscription rights to shares, etc.	53
(3) Exercises of moving strike convertible bonds, etc.	53
(4) Changes in number of shares issued and capital stock, etc.	53
(5) Shareholding	54
(6) Major shareholders	54
(7) Voting rights	55
2 Purchase of treasury stock	56
3 Dividend policy	57
4 Corporate governance	58
V. Financial Condition	105
1 Consolidated financial statements	106
(1) Consolidated financial statements	106
i. Consolidated balance sheet	106
ii. Consolidated statement of income and consolidated statement of comprehensive income	108
Consolidated statement of income	108
Consolidated statement of comprehensive income	109
iii. Consolidated statement of changes in net assets	110
iv. Consolidated statement of cash flows	112
v. Supplementary schedules	156
(2) Other	157
2 Non-consolidated financial statements	158
(1) Non-consolidated financial statements	158
i. Non-consolidated balance sheet	158
ii. Non-consolidated statement of income	160
iii. Non-consolidated statement of changes in net assets	162
iv. Supplementary schedules	171
(2) Major assets and liabilities	171
(3) Other	171
VI. Stock-Related Administration of Reporting Company	172
VII. Reference Information of Reporting Company	173
1 Information on parent company of reporting company	173
2 Other reference information	173
Part 2. Information on Guarantors of the Company, etc.	173
[Independent auditor's report]	

[Cover page]

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[Company name]	綜合警備保障株式会社 ( <i>Sogo Keibi Hoshō Kabushiki Kaisha</i> )
[Company name in English]	SOHGO SECURITY SERVICES CO., LTD.
[Name and title of representative]	Ikuji Kayaki, Representative Director Group COO
[Address of head office]	1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan
[Telephone number]	+81-3-3470-6811 (Main telephone number)
[Contact person]	Kazuhide Shigemi, Director and Senior Executive Officer
[Nearest contact place]	1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan
[Telephone number]	+81-3-3470-6811 (Main telephone number)
[Contact person]	Kazuhide Shigemi, Director and Senior Executive Officer
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

## Part 1. [Company Information]

### I. [Overview of Company]

#### 1. [Selected financial data]

##### (1) Consolidated financial data

Fiscal year		55th business term	56th business term	57th business term	58th business term	59th business term
Ended		March 2020	March 2021	March 2022	March 2023	March 2024
Net sales	(Millions of yen)	460,118	469,920	489,092	492,226	521,400
Ordinary income	(Millions of yen)	38,880	39,212	44,796	39,230	42,173
Profit attributable to owners of parent	(Millions of yen)	24,163	25,014	28,964	23,950	27,327
Comprehensive income	(Millions of yen)	20,712	41,541	31,890	25,526	54,116
Net assets	(Millions of yen)	270,432	304,427	327,509	343,893	386,581
Total assets	(Millions of yen)	428,796	481,465	488,278	516,647	567,561
Net assets per share	(Yen)	485.00	548.25	592.97	622.10	704.97
Net income per share	(Yen)	47.74	49.42	57.22	47.32	54.34
Diluted net income per share	(Yen)	—	—	—	—	—
Equity ratio	(%)	57.3	57.6	61.5	60.9	62.2
Return on equity	(%)	10.1	9.6	10.0	7.8	8.2
Price earnings ratio	(Times)	22.0	21.2	14.0	15.1	15.3
Net cash provided by (used in) operating activities	(Millions of yen)	33,896	55,522	42,736	31,682	56,063
Net cash provided by (used in) investing activities	(Millions of yen)	(13,395)	(38,452)	(14,093)	(24,818)	(16,913)
Net cash provided by (used in) financing activities	(Millions of yen)	(15,113)	(12,714)	(18,183)	(19,380)	(21,503)
Cash and cash equivalents at end of year	(Millions of yen)	48,790	53,143	63,644	51,571	69,162
Number of employees [Average number of temporary employees not included in the above]	(Number of people)	37,902 [6,379]	38,444 [6,838]	38,192 [6,782]	39,039 [7,249]	64,982 [7,749]

(Notes) 1. Diluted net income per share is not disclosed as there are no potentially dilutive shares.

2. Effective July 1, 2023, SOHGO SECURITY SERVICES CO., LTD. (the “Company”) implemented a 5-for-1 stock split for each share of common stock. Net assets per share and Net income per share are calculated assuming that the stock split was implemented at the beginning of the fiscal year ended March 31, 2020.

3. The Company applied Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022. Selected financial data for the fiscal years ended on and after March 31, 2022 is based on the figures after applying the standard, etc.

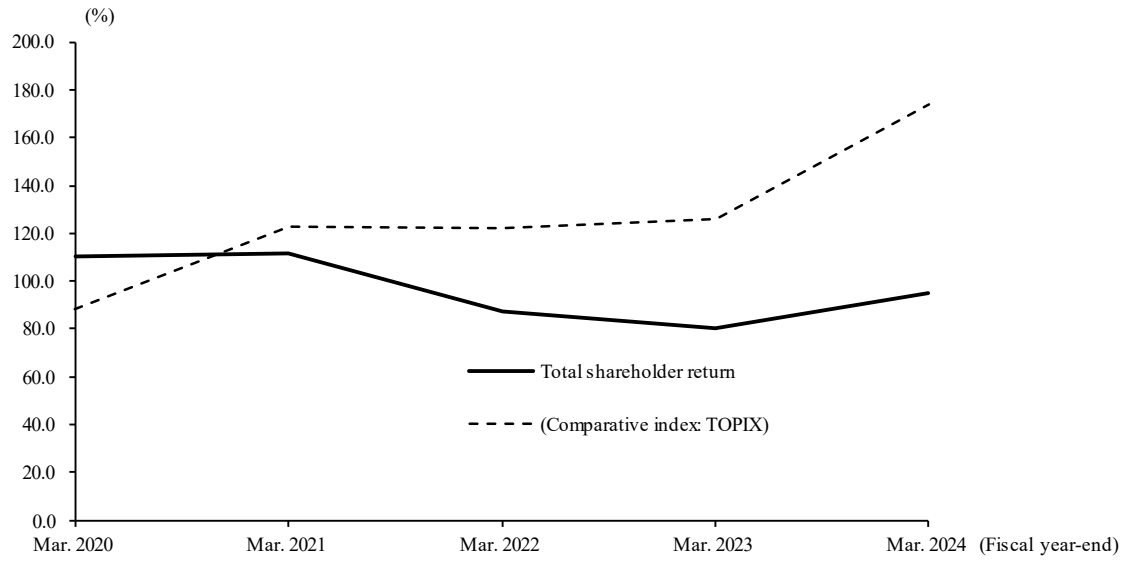
## (2) Non-consolidated financial data

Fiscal year	55th business term	56th business term	57th business term	58th business term	59th business term
Ended	March 2020	March 2021	March 2022	March 2023	March 2024
Net sales (Millions of yen)	243,265	244,367	256,449	248,977	256,633
Ordinary income (Millions of yen)	28,625	29,169	30,856	30,192	33,335
Net income (Millions of yen)	21,979	23,086	24,571	24,478	26,479
Capital stock (Millions of yen)	18,675	18,675	18,675	18,675	18,675
Total number of shares issued (Shares)	510,200,210	510,200,210	510,200,210	510,200,210	510,200,210
Net assets (Millions of yen)	206,558	224,311	241,342	257,811	273,107
Total assets (Millions of yen)	299,151	319,591	326,625	351,364	365,356
Net assets per share (Yen)	407.99	443.05	477.78	509.22	545.40
Dividends per share (of which, interim dividends per share) (Yen)	14.0 (6.9)	14.4 (7.0)	16.4 (7.6)	17.2 (8.6)	23.7 (8.7)
Net income per share (Yen)	43.41	45.60	48.53	48.35	52.64
Diluted net income per share (Yen)	—	—	—	—	—
Equity ratio (%)	69.0	70.2	73.9	73.4	74.8
Return on equity (%)	11.0	10.7	10.6	9.8	10.0
Price earnings ratio (Times)	24.2	22.9	16.5	14.7	15.8
Dividend payout ratio (%)	32.2	31.6	33.8	35.6	45.0
Number of employees (Number of people)	11,704	11,861	12,002	12,041	11,818
Total shareholder return (Comparative index: TOPIX) (%)	110.6 (88.2)	111.5 (122.8)	87.6 (122.3)	80.4 (125.9)	95.2 (173.9)
Highest stock price (Yen)	6,090	5,720	5,320	4,045	953.6 (4,768)
Lowest stock price (Yen)	3,890	4,795	3,975	3,360	699.0 (3,495)

(Notes)1. Diluted net income per share is not disclosed as there are no potentially dilutive shares.

- Effective July 1, 2023, the Company implemented a 5-for-1 stock split for each share of common stock. Total number of shares issued, Net assets per share, Dividends per share, and Net income per share are calculated assuming that the stock split was implemented at the beginning of the fiscal year ended March 31, 2020.
- On and after April 4, 2022, the highest and the lowest stock prices are those recorded on the Prime Market of the Tokyo Stock Exchange, while before April 4, 2022 are those recorded on the First Section of the Tokyo Stock Exchange. The highest and lowest stock prices for the 59th business term are shown after the stock split, and the highest and lowest stock prices before the stock split are shown in parentheses.
- The Company applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022. Selected financial data for the fiscal years ended on and after March 31, 2022 is based on the figures after applying the standard, etc.

5. Changes in the total shareholder return and the comparative index over the last five years are as follows:



## 2. [History]

Month and Year	Overview
July 1965	Establish Sohgo Security Services Co., Ltd. with a capital of ¥25 million at 2-20 Uchisaiwai-cho, Chiyoda-ku, Tokyo, mainly engaging in security services
August 1966	Establish Sohgo Kanzai Co., Ltd. (currently ALSOK Facilities Co., Ltd.) at Chiyoda-ku, Tokyo, engaging in general property management services
September 1967	Develop and launch SOK Guard System, electronic security services for corporate customers
December 1968	Establish Kita-Kanto Sohgo Security Services Co., Ltd. in Utsunomiya city, Tochigi, mainly engaging in security services
June 1969	Establish Hiroshima Sohgo Security Services Co., Ltd. in Hiroshima city, Hiroshima, mainly engaging in security services
March 1970	Provide security services at Japan World Expo
June 1972	Establish Tokyo Sohgo Security Services Co., Ltd. (currently ALSOK Tokyo Co., Ltd.) in Minato-ku, Tokyo, engaging in stationed security services
January 1975	Develop and launch Amand System featuring automated management of ATMs
May 1975	Establish Hokkaido Sohgo Security Services Co., Ltd. (currently ALSOK Hokkaido Co., Ltd.) in Chuo-ku, Sapporo city, mainly engaging in security services
September 1975	Develop and launch OLM System, which incorporates control and monitoring equipment into stationed security
February 1978	Relocate head office to 1-6-6 Motoakasaka, Minato-ku, Tokyo
October 1979	Launch regular inspection services for fire equipment
December 1982	Form a business alliance with Ryoden Services Co., Ltd. (currently Mitsubishi Electric Building Solutions Corporation) in the property management business
March 1983	Receive first security business certification from the Tokyo Metropolitan Public Safety Commission
September 1984	Establish SOK Electric Work Co., Ltd. in Minato-ku, Tokyo, engaging in security equipment installation services (merged in August 2013 by absorption)
April 1988	Develop and launch Takurusu, electronic home security service
August 1995	Launch Tokyo Operations Center providing centralized monitoring and command system for electronic security in Tokyo
April 1997	Develop and launch MMK, multi-function ATM, featuring payment receiving agency service and information search function
October 1997	Develop and launch Cash Deposit Machine On-Line System, featuring streamlined cash management and manpower and facility cost savings for cash management
April 1998	Develop and launch SOK Home Security system, featuring convenient functions for daily life, such as emergency information, online banking, and health consultation as well as home security
September 2002	Obtain ISO 9001 certification for the design and provision of Electronic Security Services and Stationed Security Services
October 2002	List stock on the First Section of the Tokyo Stock Exchange
April 2003	Spin-off a part of stationed security division to establish Sohkei Stationed Security Co., Ltd. (currently ALSOK Stationed Security Co., Ltd.), mainly engaging in security services
July 2003	Establish new brand name ALSOK
August 2003	Develop and launch ALSOK Safety Confirmation Service, risk management tool utilizing emails for corporate customers
May 2004	Form a business alliance with HOCHIKI Corporation in the security and disaster prevention business
November 2004	Develop and launch ALSOK Home Security 7, affordable home security system featuring wireless sensors, highly urgent intrusion detection, emergency report, and fire detection
April 2005	Expand ALSOK Anshin Kyoshitsu, a CSR program to teach children how to protect themselves, to all of Japan
June 2005	Develop and launch new automated patrolling robot for stationed security services
November 2005	Develop and launch ALSOK Home Security X7 with expanded functions for large-scale private homes
June 2008	Launch PC Monitoring service featuring monitoring and reporting of information leak
October 2008	Launch Mamolook, mobile watching over service for children
December 2008	Develop and launch ALSOK Home Security $\alpha$ , featuring “safe and convenience” functions developed from the customer perspectives, such as standardized online security services
July 2009	Develop and launch Change Machine System, all-inclusive service related to change machines such as installation of the machines, preparation, transportation and loading of coins and bills, as well as troubleshooting
December 2009	Develop and launch GUARD ONE, featuring security service for vehicles-related emergencies such as prevention of damage and early detection of stolen vehicles by reporting to customers and providing location information
April 2010	Launch ALSOK Denpo, telegram service utilizing security service infrastructure
November 2010	Launch ALSOK Silver Pack that includes all home security functions necessary for senior citizens
February 2011	Japan Facilio Co., Ltd., mainly engaging in piping or electrical construction services, become a subsidiary
April 2011	Launch ALSOK-GV, security system for corporate customers

Month and Year	Overview
February 2012	Commence providing stationed security services at TOKYO SKYTREE TOWN®
October 2012	Launch HOME ALSOK brand of services for individual users Develop and launch HOME ALSOK Premium, featuring imaged-based intruder monitoring service and IoT remote control security and lock
November 2012	HOCHIKI Corporation, engaging in a disaster prevention service, become an equity-method associate
May 2013	Launch HOME ALSOK Lady's Support to protect women from stalkers
August 2013	Merge with SOK Electric Work Co., Ltd. by absorption Launch HOME ALSOK Apartment and Condominium Plan, security system for rental housing
September 2013	Launch HOME ALSOK Mimamori Support, emergency reporting and consultation service for senior citizens
April 2014	ALSOK Souei Co., Ltd., engaging in security services and general property management services, become a subsidiary Nippon Building Maintenance Co., Ltd. (currently ALSOK Facilities Co., Ltd.), engaging in general property management services, become a subsidiary Merge with Sohkei Information System Co., Ltd. by absorption
May 2014	Launch ALSOK-FM (Facility Management) Support, security system for medium- to large-scale facilities
August 2014	Form a business alliance with Sampo Japan Nipponkoa Group to jointly develop businesses targeted for the aging society with declining birthrate
September 2014	Antei Care Co., Ltd. (currently ALSOK Care Co., Ltd.), engaging in home-visit nursing care services, become a subsidiary
October 2014	HCM Corporation (currently ALSOK Care Co., Ltd.), engaging in home-visit nursing care and long-term care services, become a subsidiary
February 2015	ALSOK Care & Support Co., Ltd. engaging in emergency reporting and long-term care services, become a subsidiary
May 2015	Develop and launch Cash Deposit and Dispenser Machine On-line System, featuring cash management without involvement of banks including cash withdrawal, money change, and cash transfer
June 2015	Launch Mamolook, mobile security terminal for senior citizens, women, and children
October 2015	Develop and launch Home Security Basic equipped with latest functions such as support for diversified telecommunication networks Launch ALSOK Image Cloud Service, which provides cloud storage for surveillance camera images
February 2016	Form a business alliance with Nippon Dry-Chemical Co., Ltd. engaging in disaster prevention services, etc.
May 2016	Wisnet Co., Ltd. (currently ALSOK Care Co., Ltd.), engaging in long-term care and the related services, become a subsidiary
June 2016	Nippon Dry-Chemical Co., Ltd. become an equity-method associate
November 2016	PT. ALSOK BASS Indonesia Security Services, engaging in security services in Indonesia, become a subsidiary
December 2016	ALSOK Vietnam Security Services Joint Stock Company, engaging in security services in Vietnam, become a subsidiary
February 2017	ALSOK Shojitsu Security Service Co., Ltd., engaging in security services, become a subsidiary
April 2017	ALSOK-TW East Japan Co., Ltd., engaging in security services, acquire security business of TelWel East Japan Corporation Keihanshin Security Service Co., Ltd., engaging in security services, become an equity-method associate
June 2017	Launch Mimamori Pack, featuring security services for wandering in senior citizens with dementia
July 2017	ALSOK Kanto Delivery Co., Ltd., engaging in security services, become a subsidiary
April 2018	Establish Security Joint Venture for the Tokyo 2020 Olympic and Paralympic Games ALSOK Myanmar Security Services Co., Ltd., engaging in security services in Myanmar, start operations and become a subsidiary
June 2018	Care Plus, Inc., engaging in home-visit medical massages, become a subsidiary
July 2018	Launch 3D Laser Rader Sensor equipped with high-precision detection function
January 2019	Sohgo Kanzai Co., Ltd., engaging in property management services, become a subsidiary Health Support Co., Ltd. (currently Sohgo Kanzai Co., Ltd.), engaging in medical waste collection and transportation services, become a subsidiary
May 2019	Keihanshin Security Service Co., Ltd., engaging in security services, become a subsidiary
September 2019	Provide security services for the Rugby World Cup Japan 2019
February 2020	Launch ALSOK-G7, security system for corporate customers
April 2020	Life Holdings Co., Ltd. (currently Life Co., Ltd.), engaging in long-term care services, become a subsidiary Commence providing stationed security services to nationally and locally-operated accommodation facilities for the novel coronavirus ("COVID-19") patients with mild symptoms
June 2020	Launch Air Buster, ozone deodorizer sanitizing and deodorizing by generating ozone
July 2020	ALSOK Chiba Co., Ltd. launch Gibier Kohboh Mobarra, facility for meat processing



Month and Year	Overview
October 2020	Merge with HCM Corporation, the long-term care services division of ALSOK Care & Support Co., Ltd., and Antei Care Co., Ltd. by absorption with ALSOK Care Co., Ltd. (formerly Wisnet Co., Ltd.) being the surviving company
December 2020	Form a capital and business alliance with Mitsubishi Corporation and Nippon Care Supply Co., Ltd. pertaining to long-term care services and lifestyle support services for the senior citizens Nippon Care Supply Co., Ltd., engaging in lifestyle support services for the senior citizens, become an equity-method associate
April 2021	Merge ALSOK Building Services Co., Ltd. and Nippon Building Maintenance Co., Ltd. to establish ALSOK Facilities Co., Ltd.
July 2021	Provide security services for the Tokyo 2020 Olympic and Paralympic Games from July to September
August 2021	Launch office security services using My Number Card
September 2021	Launch ALSOK AI Camera System, which sends real-time alerts using AI-equipped surveillance cameras with high-precision human detection
December 2021	Launch ALSOK Office Doctor Package and ALSOK Health Consultation Package, “health security service” to protect companies from risks of labor shortage and work-related accidents resulting from employees’ poor health
March 2022	Launch HOME ALSOK Outdoor Wireless IP Camera
April 2022	Move from the First Section of the Tokyo Stock Exchange to Prime Market as a result of Japan’s stock market restructuring Merge with ALSOK Leasing Co., Ltd. by absorption
June 2022	ALSOK Joy Life Co., Ltd. and ALSOK Life Support Co., Ltd., both engaging in long-term care services, become subsidiaries
November 2022	ALSOK Bangladesh Security Services Ltd., engaging in general security services in Bangladesh, start operations and become a subsidiary
February 2023	Okinawa Sohgo Security Services Co., Ltd. become a subsidiary
March 2023	Launch ALSOK IT Rescue, which quickly solves problems with IT-related equipment
April 2023	Launch HOME ALSOK Connect, which allows customers to choose between Online Security in which a security guard rushes to the scene of an emergency and Self-Security in which a security guard checks the site upon request, according to the customer’s needs
August 2023	PT. Shield-On Service Tbk, an Indonesian staffing and security services provider, and its seven subsidiaries become subsidiaries
October 2023	Merge with ALSOK Eagles Co., Ltd. by absorption with ALSOK Business Support Co., Ltd., a Special Subsidiary Company, being a surviving company Hokuriku Sohgo Security Services Co., Ltd. become a subsidiary Launch ALSOK Website Tampering Detection and Restoration Service, which instantly detects and recovers from damages caused by tampering with the company’s website
January 2024	Launch ALSOK EDR Service, which instantly detects and recovers from malware attacks on PCs
February 2024	Launch ALSOK Facility Rescue, a service in which a guard provides first aid and other emergency measures in the event of a failure of facilities in condominiums and buildings
April 2024	Life Holdings Co., Ltd. was merged with Life Co., Ltd. by absorption and all shares of MBIC Life Co., Ltd. (trade name changed to ALSOK MBIC Laboratory Co., Ltd.) held by Life Holdings Co., Ltd. were paid as dividends in kind to the Company
May 2024	Launch Smartphone Gate, a new controller for greater convenience that not only enables operation of HOME ALSOK Connect with smartphone authentication but also prevents forgetting or leaving smartphones

### 3. [Description of business]

The Group consists of the Company, 89 consolidated subsidiaries (including 18 overseas) and 16 equity-method companies (including 3 overseas), and engages in Security Services, General Property Management and Fire Protection Services, Long-Term Care Services, and others. In addition to the companies mentioned above, the Group has established a mutual cooperation in sales and operations with Taiwan Shin Kong Security Co., Ltd, a company that operates similar businesses overseas, which is not a consolidated subsidiary or an equity-method company. Details of businesses for each segment are described below:

#### (1) Security Services

##### A. Electronic Security Services

This service involves installing a security alarm equipment on a customer's premise that transmits emergency signals using telecommunication lines, remotely monitoring intrusion, fire, and equipment abnormalities at the ALSOK Guard Center, and when abnormalities occur, trained guards rush to the site and take appropriate measures.

For corporate customers, we provide ALSOK-G7, a security system, which is equipped with a image monitoring service incorporating advanced image analysis technology as a standard feature. This service is an online security system that adds state-of-the-art video security functions to the high quality and solid security services we have developed and refined, allowing customers to check video images of the site from anywhere at any time. Also, ALSOK Information Sharing Service offers various additional functions such as Live Image Confirmation Service with interactive call features, viewing of security status (active/inactive), and e-mail notifications when customers forget to set up an alarm or the alarm goes off. ALSOK-G7 has optional services, including Image Storage Service, which can keep images captured by camera in the storage, and Employee Attendance Record Service, which makes attendance operation log and images of the attendance operators available on the web to employers. These services contribute not only to security enhancement but also to labor management and efficient operation.

In addition to ALSOK-G7, our service lineup includes ALSOK-FM (Facility Management) Support which has upgraded facility management features for medium- to large-scale facilities and increases facility value at low cost, and Amand System which automates management of ATMs. In March, 2023, ALSOK IT Rescue was launched, in which a security guard rushes in to provide emergency treatment in the event of a PC and other IT equipment-related failure. In February 2024, ALSOK Facility Rescue was launched, in which a security guard checks the site, determines the cause, and provides emergency treatment when an abnormality is detected at facilities in condominiums and buildings or when a request for confirmation was received in a failure of facilities.

For individual customers, we have added Smartphone Gate, a new controller for HOME ALSOK Connect newly launched in April 2023, to our lineup for further customer convenience. With the controller, by entering the authentication area with a pre-configured smartphone or tablet, a security system is activated with one-touch operation when leaving home and is automatically inactivated when returning home. The controller sends a notification with alert sound and screen if a user leaves or returns home without a smartphone via Bluetooth .

With respect to the market for the elderly, we offer HOME ALSOK Mimamori Support as a service to watch over the elderly, which includes emergency calls, rushing guards, and health counseling. Due to the growth of elderly population, the number of the service users is increasing, and the number of the service users is increasing , and in recent years, not only the elderly and their relatives but also corporate clients related to the elderly market are using the service. Also, more local governments choose us to work for projects related to monitoring of the elderly as their service provider. We will continue to strive to realize safe and secure living for the elderly.

##### B. Stationed Security Services

In the Stationed Security Services, security guards are assigned to properties of customers for entrance/exit management, patrol, and inspection to prevent and respond to various accidents and emergencies. In addition, we meet different needs of our customers, including security for various events such as international conferences, sporting events, fireworks festivals, and other festivals, as well as security for celebrities and corporate officers in Japan and abroad. Furthermore, in order to provide "visible security," we are promoting DX in the area of reporting to customers by equipping our stationed guards with mobile devices and other digital devices, such as gas sensors, electric bulletin board applications, thermography cameras, and foreign language translation devices. In recent years, the shortage of workers due to the declining birthrate and aging population has become an urgent issue, and we provide more efficient and effective security services by reducing manpower through the use of various equipment and materials (such as AI cameras, automated access control), security robots, patrol drones, and others.

### C. Transportation Security Services

In the Transportation Security Services, we transport cash, securities, and other valuables to any designated location of our customers using cash transportation vehicles. In addition to the safe transportation of cash, securities, and others, we offer Cash Deposit and Dispenser Machine On-Line System that provides full supports for cash from sales management utilizing our security transportation network and contributes to operational efficiency of our customers. Also, ATM Management System provides services for overall operation of ATMs located in financial institutions and convenience stores, including cash replenishment and collection and troubleshoot. We also provide back-office operations and other services to financial institutions.

#### (2) General Property Management and Fire Protection Services

In the General Property Management and Fire Protection Services, we provide a wide range of services for building operation and management, including repair and replacement, piping or electrical construction, fire and disaster prevention, facility management, cleaning, sanitary management, and call center services. Through these services, we contribute to reducing building management cost and improving property value. We also lease and sell emergency supplies and AEDs, and ALSOK MBIC Laboratory Co., Ltd. (formerly MBIC Life Co., Ltd.), which operates a food inspection business, provides asbestos inspections and other services. In the Fire Protection Service, we have entered into a capital and business alliance with HOCHIKI Corporation and Nippon Dry-Chemical Co., Ltd., both of which are providers of disaster prevention services. These companies have become equity-method associates of the Company. The purpose of the alliance is to strengthen a system to drive the fire and disaster prevention business forward and to jointly develop and launch new products and services that match diversifying needs of our customers.

#### (3) Long-Term Care Services

In the Long-Term Care Services, we provide a wide range of services, including home care support (development of care plans), in-home care services, such as home-visit nursing and day care to provide support for senior citizens living at home, care services for senior citizens living in a nursing home (fee-based with long-term care) and people with dementia (group homes), and care services provided at certain facilities such as elderly housing with living support services. We also sell and lease welfare equipment and provide home-visit medical massage services.

#### (4) Other

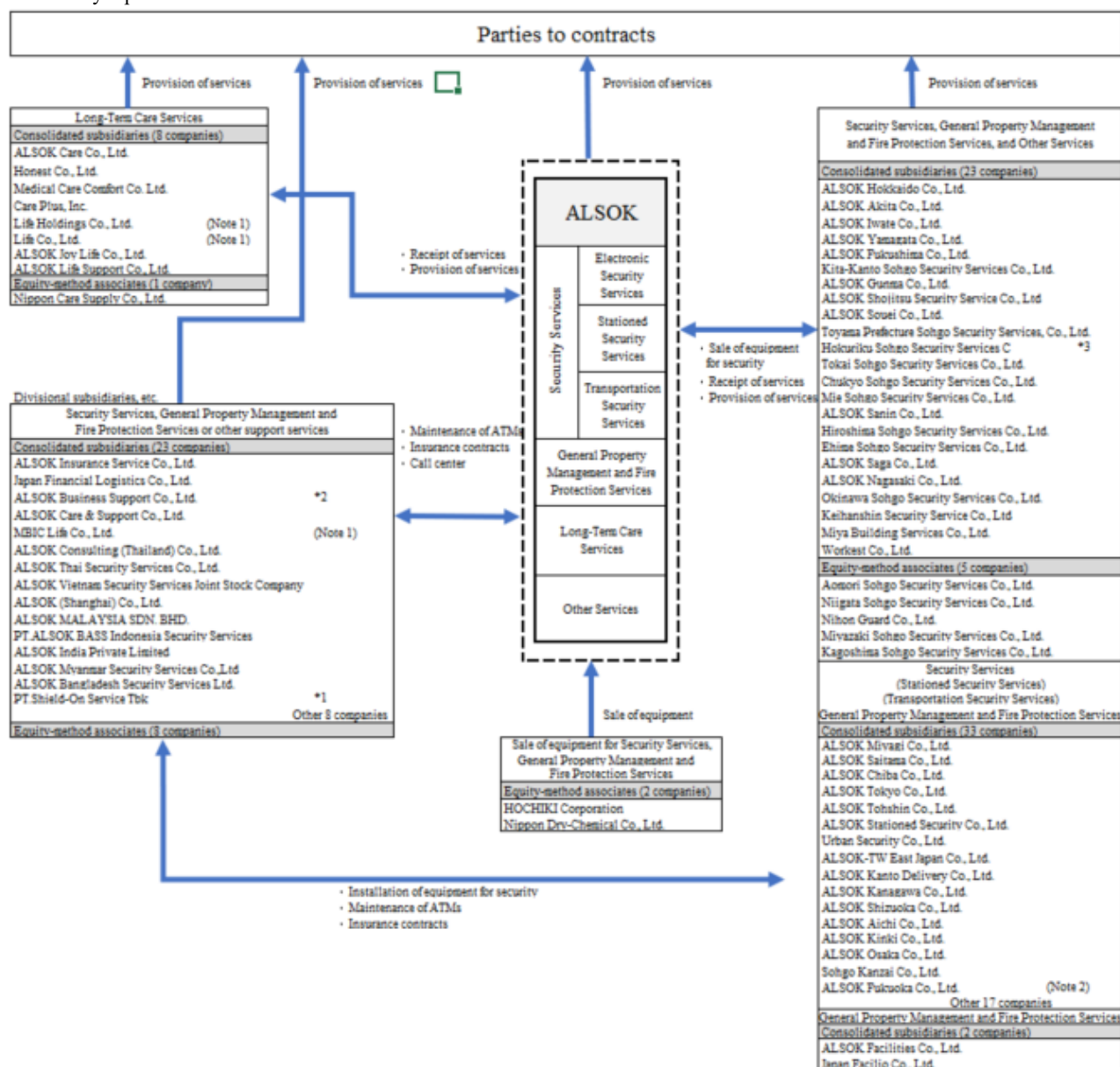
We have developed our overseas business mainly in Southeast Asia, where many Japanese companies are expanding their businesses, and have established local subsidiaries in seven countries: Thailand, Vietnam, China, Indonesia, India, Myanmar, and Bangladesh. We have now expanded our business domain beyond the provision of Stationed and Electronic Security Services to include fire protection, cleaning, and building facility management. We support our customers' business continuity by meeting the needs of the customers located in countries with different security and economic conditions and by coordinating the services we provide in Japan.

Also, moving toward a cashless society, we, as a cashless payment provider, offer ALSOK Multi-QR Payment Solution, which allows customers to use multiple QR codes provided by different service providers with just one app and one terminal. In addition, ALSOK PC Management Service provides security for terminal equipment, which has become more important than ever as a means to prevent cyber-attacks or phishing. In January 2024, we launched ALSOK EDR Service, which instantly detects and recovers from malware attacks on our clients' valuable PCs.

Furthermore, we provide ALSOK Office Doctor Package which supports employee health management optimized for businesses with fewer than 50 employees with no obligation to appoint an occupational health physician, and ALSOK Consultation Service, a package to provide teleconsultations on health, mental health, and harassment for employees of corporate customers.

[Group structure]

The Group's major companies by segment and the structure of these companies for the fiscal year ended March 31, 2024 are as follows. Only representative transactions are described below.



(Notes) 1. Effective April 1, 2024, Life Holdings Co., Ltd. was merged with Life Co., Ltd. by absorption. All shares of MBIC Life Co., Ltd. held by Life Holdings Co., Ltd. were paid as dividends in kind to the Company, the parent company of Life Holdings Co., Ltd.. The trade name of MBIC Life Co., Ltd. was changed to ALSOK MBIC Laboratory Co., Ltd..

2. Effective April 1, 2024, the company name was changed to ALSOK Kyushu Co. Ltd..

\*1 Effective August 15, 2023, we consolidated PT. Shield-On Service Tbk, an Indonesian staffing and security services provider, and its seven subsidiaries through PT. ALSOK BASS Indonesia Security Services, the Company's subsidiary in Indonesia.

\*2 Effective October 1, 2023, ALSOK Eagles Co., Ltd. was merged into ALSOK Business Support Co., Ltd., a Special Subsidiary Company. The merger was an absorption-type merger with ALSOK Business Support Co., Ltd. being a surviving company and ALSOK Eagles Co., Ltd. being merged company.

\*3 Effective October 31, 2023, the Company acquired additional shares of Hokuriku Sohgo Security Services Co., Ltd., an equity-method associate mainly engaging in security services, in order to achieve stable business management and strengthen governance. The company became a consolidated subsidiary of the Company.

#### 4. [Subsidiaries and associates]

Company Name	Address	Capital stock (Millions of yen)	Description of main business	Ownership ratio of voting rights (%)	Relationship
(Consolidated subsidiary)					
ALSOK Hokkaido Co., Ltd.	Kita-ku, Sapporo city, Hokkaido	20	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
ALSOK Akita Co., Ltd.	Akita city, Akita	30	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
ALSOK Iwate Co., Ltd.	Morioka city, Iwate	30	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Yamagata Co., Ltd.	Yamagata city, Yamagata	30	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Fukushima Co., Ltd.	Koriyama city, Fukushima	200	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
Kita-Kanto Sohgo Security Services Co., Ltd. (Note 4)	Utsunomiya city, Tochigi	100	Security services	50.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
ALSOK Gunma Co., Ltd.	Maebashi city, Gunma	10	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Souei Co., Ltd.	Totsuka-ku, Yokohama city, Kanagawa	30	Security services	66.6	Receipt and provision of services Management guidance Rental of facilities
Toyama Prefecture Sohgo Security Services, Co., Ltd. (Note 4)	Toyama city, Toyama	64	Security services	50.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
Tokai Sohgo Security Services Co., Ltd. (Note 4)	Ito city, Shizuoka	10	Security services	50.0	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 1
Chukyo Sohgo Security Services Co., Ltd. (Note 4)	Naka-ku, Nagoya city, Aichi	50	Security services	50.0	Receipt and provision of services Management guidance Rental of facilities
Mie Sohgo Security Services Co., Ltd. (Notes 4, 7)	Yokkaichi city, Mie	10	Security services	50.0 (20.0)	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Sanin Co., Ltd.	Matsue city, Shimane	30	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2

Company Name	Address	Capital stock (Millions of yen)	Description of main business	Ownership ratio of voting rights (%)	Relationship
Hiroshima Sohgo Security Services Co., Ltd. (Note 4)	Asaminami-ku, Hiroshima city, Hiroshima	90	Security services	50.0	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 3
Ehime Sohgo Security Services Co., Ltd. (Note 4)	Matsuyama city, Ehime	90	Security services	50.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
ALSOK Nagasaki Co., Ltd.	Nagasaki city, Nagasaki	20	Security services	68.8	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
Okinawa Sohgo Security Services Co., Ltd.	Ginowan city, Okinawa	40	Security services	65.4	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 1
ALSOK Miyagi Co., Ltd.	Miyagino-ku, Sendai city, Miyagi	20	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Ibaraki Co., Ltd.	Mito city, Ibaraki	30	Security services	100.0	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 1
ALSOK Saitama Co., Ltd.	Chuo-ku, Saitama city, Saitama	20	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
ALSOK Chiba Co., Ltd.	Hanamigawa-ku, Chiba city, Chiba	20	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Tokyo Co., Ltd.	Chiyoda-ku, Tokyo	30	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities
ALSOK Tohshin Co., Ltd.	Fuchu city, Tokyo	18	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Stationed Security Co., Ltd.	Sumida-ku, Tokyo	100	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities
Urban Security Co., Ltd.	Chiyoda-ku, Tokyo	100	Security services	51.4	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Shojitsu Security Service Co., Ltd.	Chiyoda-ku, Tokyo	100	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities
ALSOK-TW East Japan Co., Ltd.	Chuo-ku, Tokyo	100	Security services	80.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1

Company Name	Address	Capital stock (Millions of yen)	Description of main business	Ownership ratio of voting rights (%)	Relationship
ALSOK Kanto Delivery Co., Ltd.	Adachi-ku, Tokyo	10	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities
ALSOK Kanagawa Co., Ltd.	Nishi-ku, Yokohama city, Kanagawa	30	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities
ALSOK Shizuoka Co., Ltd.	Aoi-ku, Shizuoka city, Shizuoka	30	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Aichi Co., Ltd.	Nishi-ku, Nagoya city, Aichi	30	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities
ALSOK Keiji Co., Ltd.	Shimogyo-ku, Kyoto city, Kyoto	20	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Osaka Co., Ltd.	Chuo-ku, Osaka city, Osaka	20	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
ALSOK Kinki Co., Ltd.	Chuo-ku, Osaka city, Osaka	50	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 3
ALSOK Hyogo Co., Ltd.	Chuo-ku, Kobe city, Hyogo	10	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
ALSOK Asahi Harima Co., Ltd. (Note 7)	Hamada city, Shimane	20	Security services	90.0 (30.0)	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Yamaguchi Co., Ltd.	Yamaguchi city, Yamaguchi	10	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
ALSOK Tokushima Co., Ltd.	Tokushima city, Tokushima	10	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
ALSOK Kochi Co., Ltd.	Kochi city, Kochi	15	Security services	100.0	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 1
ALSOK Fukuoka Co., Ltd. (Note 12)	Hakata-ku, Fukuoka city, Fukuoka	20	Security services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 2
Hiroshima Sohkei Services Co., Ltd. (Notes 4, 7)	Asaminami-ku, Hiroshima city, Hiroshima	30	Security services	50.0 (50.0)	Receipt of services Rental of facilities

Company Name	Address	Capital stock (Millions of yen)	Description of main business	Ownership ratio of voting rights (%)	Relationship
ALSOK Care & Support Co., Ltd.	Ota-ku, Tokyo	100	Security services	100.0	Management guidance Rental of facilities Number of officers holding concurrent positions: 2
Keihanshin Security Service Co., Ltd.	Ikeda city, Osaka	35	Security services	90.9	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 2
ALSOK Facilities Co., Ltd.	Chiyoda-ku, Tokyo	72	General Property Management and Fire Protection Services	100.0	Receipt and provision of services Management guidance Rental of facilities Number of officers holding concurrent positions: 1
Japan Facilio Co., Ltd. (Note 3)	Minato-ku, Tokyo	2,500	General Property Management and Fire Protection Services	91.6	Management guidance Number of officers holding concurrent positions: 1
Japan Financial Logistics Co., Ltd.	Minato-ku, Tokyo	40	Support of Security Services	60.0	Provision of services Rental of facilities
ALSOK Care Co., Ltd.	Omiya-ku, Saitama city, Saitama	100	Long-Term Care Services	100.0	Management guidance Rental of facilities Number of officers holding concurrent positions: 3
Honest Co., Ltd. (Note 7)	Taisho-ku, Osaka city, Osaka	3	Long-Term Care Services	100.0 (100.0)	Management guidance Number of officers holding concurrent positions: 2
Care Plus, Inc.	Minato-ku, Tokyo	69	Long-Term Care Services	100.0	Management guidance Rental of facilities Number of officers holding concurrent positions: 2
Life Holdings Co., Ltd. (Note 11)	Shinagawa-ku, Tokyo	100	Long-Term Care Services	100.0	Management guidance Rental of facilities Number of officers holding concurrent positions: 4
Life Co., Ltd. (Note 7)	Shinagawa-ku, Tokyo	100	Long-Term Care Services	100.0 (100.0)	Management guidance Number of officers holding concurrent positions: 4
MBIC Life Co., Ltd. (Notes 7, 11)	Shinagawa-ku, Tokyo	1	Food inspection business	100.0 (100.0)	Management guidance Rental of facilities Number of officers holding concurrent positions: 4
ALSOK Joy Life Co., Ltd.	Kita-ku, Osaka-city, Osaka	100	Long-Term Care Services	100.0	Management guidance Number of officers holding concurrent positions: 2
ALSOK Life Support Co., Ltd.	Hirakata city, Osaka	100	Long-Term Care Services	100.0	Management guidance Number of officers holding concurrent positions: 2
PT. ALSOK BASS Indonesia Security Services	Jakarta, Indonesia	11,000 million Indonesian Rupia	Security Services	73.0	Management guidance Number of officers holding concurrent positions: 1
ALSOK Thai Security Services Co., Ltd. (Note 7)	Bangkok, Thailand	69 million Thai Baht	Security Services	100.0 (51.0)	Management guidance
ALSOK Vietnam Security Services Joint Stock Company (Note 4)	Hai Phong City, Vietnam	11,000 million Vietnamese Dong	Security Services	49.0	Management guidance Number of officers holding concurrent positions: 1
PT. Shield-On Service (Note 8)	Jakarta Puset, Indonesia	79,941 million Rupia	Security services	79.3	Management guidance Number of officers holding concurrent positions: 1
ALSOK Business Support Co., Ltd. (Note 9)	Koto-ku, Tokyo	20	Security services	100.0	Management guidance Number of officers holding concurrent positions: 1



Company Name	Address	Capital stock (Millions of yen)	Description of main business	Ownership ratio of voting rights (%)	Relationship
Hokuriku Sohgo Security Services Co., Ltd. (Note 10)	Kanazawa city, Ishikawa	60	Security services	56.8	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 1
Other 29 companies	—	—	—	—	—
(Equity-method associates)					
HOCHIKI Corporation (Notes 5,6)	Shinagawa-ku, Tokyo	3,798	Sales of equipment related to Security Services and General Property Management and Fire Protection Services	17.5	Equipment purchase
Nippon Dry-Chemical Co., Ltd. (Notes 5,6)	Kita-ku, Tokyo	700	Sales of equipment related to Security Services and General Property Management and Fire Protection Services	16.4	Equipment purchase
Aomori Sohgo Security Services Co., Ltd.	Aomori city, Aomori	30	Security Services	30.0	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 1
Niigata Sohgo Security Services Co., Ltd. (Note 5)	Higashi-ku, Niigata city, Niigata	48	Security Services	15.0	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 1
Nihon Guard Co., Ltd.	Gifu city, Gifu	51	Security Services	31.3	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 1
Miyazaki Sohgo Security Services Co., Ltd. (Note 5)	Miyazaki city, Miyazaki	20	Security services	15.0	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 1
Kagoshima Sohgo Security Services Co., Ltd.	Kagoshima city, Kagoshima	20	Security services	20.0	Receipt and provision of services Management guidance Number of officers holding concurrent positions: 1
Nippon Care Supply Co., Ltd. (Note 6)	Minato-ku, Tokyo	2,897	Lease and sales of nursing care goods	32.4	Management guidance Rental of facilities Number of officers holding concurrent positions: 1
Tobu Co., Ltd.	Aoba-ku, Sendai city, Miyagi	40	Security Services General Property Management and Fire Protection Services	35.0	Receipt and provision of services
Tobu Co., Ltd.	Minami-Soma city, Fukushima	20	Security services General Property Management and Fire Protection Services	35.0	Receipt and provision of services
Tobu Co., Ltd.	Shinjuku-ku, Tokyo	10	Security services General Property Management and Fire Protection Services	35.0	Receipt and provision of services
Other 5 companies	—	—	—	—	—

(Notes) 1. The segment name is described in the description of main business.

2. Selected profit/loss information is not disclosed for the consolidated subsidiaries as no single consolidated subsidiary accounts for more than 10% of the consolidated net sales (excluding intercompany sales).

3. This is a specified subsidiary.

4. Although the ownership interest is 50/100 or less, this is considered as a subsidiary as we substantially control the company.

5. Although the ownership interest is less than 20/100, this is considered as an equity-method associate as we have significant

influence over the company.

6. Annual Securities Report has been submitted.
7. The percentage in parentheses under ownership ratio of voting rights represents indirect ownership ratio and is included in the percentage described above.
8. Effective August 15, 2023, we consolidated PT. Shield-On Service Tbk, an Indonesian staffing and security services provider, and its seven subsidiaries through PT. ALSOK BASS Indonesia Security Services, the Company's subsidiary in Indonesia.
9. Effective October 1, 2023, ALSOK Eagles Co., Ltd. was merged into ALSOK Business Support Co., Ltd., a Special Subsidiary Company. The merger was an absorption-type merger with ALSOK Business Support Co., Ltd. being a surviving company and ALSOK Eagles Co., Ltd. being merged company.
10. Effective October 31, 2023, the Company acquired additional shares of Hokuriku Sohgo Security Services Co., Ltd., an equity-method associate mainly engaging in security services, in order to achieve stable business management and strengthen governance. The company became a consolidated subsidiary of the Company.
11. Effective April 1, 2024, Life Holdings Co., Ltd. was merged with Life Co., Ltd. by absorption. All shares of MBIC Life Co., Ltd. held by Life Holdings Co., Ltd. were paid as dividends in kind to the Company, the parent company of Life Holdings Co., Ltd.. The trade name of MBIC Life Co., Ltd. was changed to ALSOK MBIC Laboratory Co., Ltd..
12. Effective April 1, 2024, the company name was changed to ALSOK Kyushu Co. Ltd..

## 5. [Employees]

### (1) Consolidated companies

As of March 31, 2024

Segment	Number of employees
Security Services	38,163 [4,097]
General Property Management and Fire Protection Services	5,496 [741]
Long-Term Care Services	3,235 [2,649]
Total for reportable segments	46,894 [7,487]
Other Services	14,335 [73]
Corporate	3,753 [189]
Total	64,982 [7,749]

(Notes) 1. The number of employees includes permanent employees. The number in square brackets represents the average number of temporary employees during the fiscal year ended March 31, 2024.

2. The increase in the number of employees during the current fiscal year was mainly due to the consolidation of PT. Shield-On Service Tbk and its seven subsidiaries.

### (2) Reporting company

As of March 31, 2024

Number of employees	Average age	Average years of service	Average yearly salary (Yen)
11,818	41.3	18.3	5,867,027

Segment	Number of employees
Security Services	9,576
General Property Management and Fire Protection Services	96
Long-Term Care Services	7
Total for reportable segments	9,679
Other Services	19
Corporate	2,120
Total	11,818

(Notes) 1. The number of employees includes permanent employees.

2. Average yearly salary includes bonuses and overtime pay.

### (3) Labor union

A labor union has been established for the following consolidated subsidiaries: Japan Facilio Co., Ltd., (160 members), ALSOK Souei Co., Ltd. (327 members), ALSOK-TW East Japan Co., Ltd. (148 members) and Care Plus, Inc. (257 members). No labor union has been established for other companies.

The labor-management relations are well-managed.

(4) Percentage of female workers in management positions, percentage of male workers who took childcare leave, and differences in wages between male and female workers

A. Reporting company

Fiscal year ended March 31, 2024					Remarks
Percentage of female workers in management positions (%) (Note 1)	Percentage of male workers who took childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)			
		All workers	Full-time workers	Part-time or temporary workers	
4.3	20.6	74.3	82.9	71.3	Mainly due to fewer overtime hours by female workers.

(Notes) 1. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. Based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the percentage of employees who took childcare leave, etc., was calculated as stipulated in Article 71-4, Paragraph 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991).

B. Consolidated subsidiaries (45 companies)

Fiscal year ended March 31, 2024						Remarks
Company Name	Percentage of female workers in management positions (%) (Note 1)	Percentage of male workers who took childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)			
			All workers	Full-time workers	Part-time or temporary workers	
ALSOK Hokkaido Co., Ltd.	0.0	16.7	73.3	71.9	82.2	Mainly due to fewer overtime hours by female workers.
ALSOK Miyagi Co., Ltd.	—	—	81.4	83.4	51.9	Same as above
ALSOK Akita Co., Ltd.	—	33.3	—	—	—	Information omitted due to disclosure exemption.
ALSOK Iwate Co., Ltd.	—	—	78.9	79.6	75.1	Mainly due to fewer overtime hours by female workers.
ALSOK Yamagata Kanzai Co., Ltd.	100.0	—	—	—	—	Information omitted due to disclosure exemption.
ALSOK Fukushima Co., Ltd.	3.5	36.4	73.0	71.7	66.2	Mainly due to fewer overtime hours by female workers.
ALSOK Ibaraki Co., Ltd.	5.0	—	—	—	—	Information omitted due to disclosure exemption.
ALSOK Gunma Co., Ltd.	12.5	—	71.8	71.3	66.3	Mainly due to fewer overtime hours by female workers.

Fiscal year ended March 31, 2024						Remarks
Company Name	Percentage of female workers in management positions (%) (Note 1)	Percentage of male workers who took childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)			
			All workers	Full-time workers	Part-time or temporary workers	
ALSOK Care Co., Ltd.	48.4	22.2	92.5	94.8	104.3	
ALSOK Chiba Co., Ltd.	0.0	33.3	74.7	75.5	93.4	Mainly due to fewer overtime hours by female workers.
ALSOK Facilities Co., Ltd.	9.5	100.0	74.0	78.9	68.2	Same as above
ALSOK Tokyo Co., Ltd.	4.4	37.5	65.0	64.1	79.1	Same as above
ALSOK Stationed Security Co., Ltd.	5.3	22.2	66.4	64.9	N/A	Mainly due to fewer overtime hours by female workers.
Urban Security Co., Ltd.	—	50.0	85.9	83.4	82.3	Same as above
Japan Facilio Co., Ltd.	3.6	—	66.4	68.1	68.6	Same as above
ALSOK Care & Support Co., Ltd.	52.2	—	—	—	—	Information omitted due to disclosure exemption.
Life Co., Ltd.	43.1	—	86.7	97.8	105.2	
ALSOK Shojitsu Security Service Co., Ltd	1.4	0.0	78.9	78.6	62.7	Mainly due to fewer overtime hours by female workers.
ALSOK-TW East Japan Co., Ltd.	—	—	93.6	64.9	110.5	Same as above
ALSOK Kanto Delivery Co., Ltd.	—	—	63.4	78.3	97.9	Same as above
Care Plus, Inc.	15.7	—	—	—	—	Information omitted due to disclosure exemption.
ALSOK Kanagawa Co., Ltd.	—	—	70.3	70.1	58.2	Mainly due to fewer overtime hours by female workers.
ALSOK Souei Co., Ltd.	3.7	33.3	81.3	73.3	77.8	Same as above
ALSOK Shizuoka Co., Ltd.	23.1	—	84.7	84.1	60.8	Same as above
ALSOK Aichi Co., Ltd.	0.0	—	77.7	73.7	92.0	Same as above

Fiscal year ended March 31, 2024						Remarks
Company Name	Percentage of female workers in management positions (%) (Note 1)	Percentage of male workers who took childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)			
			All workers	Full-time workers	Part-time or temporary workers	
ALSOK Osaka Co., Ltd.	0.0	50.0	81.6	76.5	81.1	Same as above
ALSOK Joy Life Co., Ltd.	17.6	N/A	—	—	—	Information omitted due to disclosure exemption.
ALSOK Life Support Co., Ltd.	41.7	—	—	—	—	Same as above
ALSOK Sanin Co., Ltd.	10.0	—	—	—	—	Same as above
ALSOK Asahi Harima Co., Ltd.	—	N/A	—	—	—	Same as above
ALSOK Yamaguchi Co., Ltd.	—	—	91.3	80.2	83.2	
ALSOK Tokushima Co., Ltd.	20.0	—	—	—	—	Information omitted due to disclosure exemption.
ALSOK Kagawa Co., Ltd.	25.0	—	—	—	—	Information omitted due to disclosure exemption.
ALSOK Kochi Co., Ltd.	22.2	—	—	—	—	Same as above
ALSOK Fukuoka Co., Ltd.	9.4	25.0	78.4	78.8	83.2	Mainly due to fewer overtime hours by female workers.
ALSOK Nagasaki Co., Ltd.	—	—	54.7	73.4	62.7	Same as above
ALSOK Kumamoto Co., Ltd.	33.3	0.0	—	—	—	Information omitted due to disclosure exemption.
Kita-Kanto Sohgo Security Services Co., Ltd.	—	—	80.2	75.4	80.6	Mainly due to fewer overtime hours by female workers.
Hokuriku Sohgo Security Services Co., Ltd.	1.5	N/A	91.0	76.3	84.8	Same as above
Toyama Prefecture Sohgo Security Services, Co., Ltd.	7.0	66.7	105.0	91.0	99.2	
Chukyo Sohgo Security Services Co., Ltd.	—	80.0	73.7	67.9	94.3	Mainly due to fewer overtime hours by female workers.

Fiscal year ended March 31, 2024						Remarks
Company Name	Percentage of female workers in management positions (%) (Note 1)	Percentage of male workers who took childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)			
			All workers	Full-time workers	Part-time or temporary workers	
Hiroshima Sohgo Security Services Co., Ltd.	—	31.3	60.3	71.9	54.8	Same as above
Hiroshima Sohkei Services Co., Ltd.	6.9	100.0	93.6	78.2	103.2	Same as above
Ehime Sohgo Security Services Co., Ltd.	—	—	80.7	84.7	71.0	Same as above
Okinawa Sohgo Security Services Co., Ltd.	6.7	37.5	85.3	89.4	56.6	Same as above

(Notes) 1. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. Based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the percentage of employees who took childcare leave, etc., was calculated as stipulated in Article 71-4, Paragraph 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991).
3. The number of workers used to calculate the difference in wages between male and female workers is determined based on the workers who work regular hours. Workers who work reduced hours due to childcare or nursing care are excluded from the calculation.
4. Consolidated subsidiaries not listed in the table above are exempt from disclosure obligation based on the Act on the Promotion of Women's Active Engagement in Professional Life and the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.
5. Bar (-) indicates that information is omitted as the Company is not subject to disclosure of such information in accordance with the laws indicated on the previous pages.
6. "N/A" indicates that there were no workers subject to the survey during the fiscal year ended March 31, 2023.

## II. [Business Overview]

### 1. [Management policy, business environment and pressing issues]

#### (1) Basic corporate management policy

Our management philosophy is “Based on two core principles exemplified by ‘arigato no kokoro’ (a feeling of gratefulness and gratitude) and ‘bushi no seishin’ (a samurai spirit), we devote ourselves to protecting the safety and security of our customers and of society as a whole.” Based on this purpose, our top priority is to provide services and products of the first rank, and this calls on us to make ALSOK a company that offers employees fulfillment in their work while growing earnings, providing services and products in an ever-expanding range of new fields based around our core security services business, and developing services and products that contribute to the advancement of society.

#### (2) Target management indicators

The ALSOK Group believes that expanding its security services and other operations as well as streamlining and improving efficiency of all of its business activities are essential tasks for increasing profitability. Accordingly, it is focusing on the consolidated ordinary income margin as an important management indicator. We also emphasize the ratio of net income to equity, otherwise known as return on equity (“ROE”), as an indicator of how optimally shareholders’ equity is being utilized. Therefore, we have set the medium-term target of achieving both ordinary income margin and ROE of 10% or more.

#### (3) Medium- and long-term corporate strategy

To meet expanding safety and security needs of society with diversified risks, the ALSOK Group will expand its security business by providing new services that utilize the Group’s existing security infrastructure. At the same time, the ALSOK Group aims to become “a resilient integrated safety and security solutions provider” by proactively engaging in businesses that can be expected to generate synergy effects with the security business, including the nursing care business. To achieve this, we will enhance the capacity to respond to diverse safety and security needs of society, promote digitization and utilization of data, establish a work environment where employees play an active role, and strengthen the efforts of sustainability.

#### (4) Business environment and pressing issues for the Company

The ALSOK Group is one of Japan’s leading security services conglomerates. Recognizing the responsibility this represents, we are actively working to help protect the safety and security of society while practicing stringent compliance and acting as a principled company to improve corporate value. Additionally, in a society where risks are diversifying, as a provider of an important form of social infrastructure related to safety and security, the Group will promote the transformation of its business model by strengthening integration in existing business areas and expanding new business areas to accurately respond to the growing safety and security needs of customers and society.

##### A. Responding to fluctuations in financial markets and soaring prices of resources

Amid the trend toward normalization of monetary policy triggered by the Bank of Japan’s review of its monetary policy framework in March 2024, expected soaring prices of raw materials and rising production costs such as wage hikes, we will, as a company that has declared our commitment to building partnerships, continue to aim for co-existence and co-prosperity with our business partners, including price revision in response to cost increases, and will undertake initiatives with consideration for multi-stakeholders including our business partners. In the procurement of equipment to be used by the Group, the Group will appropriately manage its inventory based on supply and demand forecasts, seek new procurement sources and promote the reuse of materials.

##### B. Responding to diverse safety and security needs of customers and society

We are seeing an increased risk of cyber-attacks on critical infrastructure and supply chains, concerns for the safety and security of vulnerable groups in society such as senior citizens, women and children, increasing number of common crimes and accidents, ongoing natural disasters, and aging of infrastructure, all of which adds up to a diversification of the risks in the society. We are aware that it is highly important to respond to safety- and security-related needs of society appropriately and with the highest possible quality.

The ALSOK Group will respond to these risks by strengthening internal and external infrastructure built up through its security services and facilities management services, and by expanding and improving new solutions through external alliances that combine various service features such as cyber-security countermeasures; services that protect the safety and security of individual customers; services such as BCP solutions that provide response to natural disaster risks; assistance with various outsourcing needs; comprehensive management services for buildings, facilities and infrastructure.

##### C. Digitization and data utilization

Amid massive changes in the business environment surrounding the ALSOK Group, including advances in digital technologies, the Group is focusing its efforts on creating new services through enhanced communications with customers and through data utilization, increasing productivity by streamlining and saving labor in the front and back office operations, and creating added value.



D. Establishing a work environment where employees play an active role

The ALSOK Group will further promote work-style reforms throughout the Group while enhancing employee engagement by providing systems and environment that enable each employee to apply his or her capabilities to the fullest. This will include providing options for diverse working styles and opportunities to develop capabilities while employing the diverse array of human resources who drive our Security Services business, General Property Management and Fire Protection Services business, and all other lifestyle support services such as long-term care.

E. Strengthening sustainability efforts

The ALSOK Group will strive to achieve sustainable growth and the medium- to long-term enhancement of corporate value while strengthening corporate governance. We are contributing to attainment of the SDGs through our CSR activities, and aim to realize a sustainable society based on the recognition that global environmental issues are common challenges for all humankind. We endorse the recommendations of the Task Force on Climate-related Financial Disclosure (“TCFD”), and actively work on many fronts to achieve our CO2 emissions reduction targets, including the calculation of Scope 3, comprising supply chain emissions, for the entire group in February 2023. As part of our efforts to reduce CO2 emissions, we will strengthen our sustainability initiatives through the introduction of electric vehicles (“EV”) and the sale, installation, and maintenance of EV charging facilities. As part of our initiatives to preserve the ecosystem, 10 companies in our Group have been accredited as Certified Wildlife Capture Operator, and ALSOK Chiba Co., Ltd. operates its own meat processing facility for the sale of wild game meats.

F. Response to major disasters, infectious diseases, etc.

In preparation for the occurrence of a large-scale disaster, the ALSOK Group has taken measures utilizing know-how accumulated through experience, such as preparation of response manuals based on the Business Continuity Plan and the Disaster Countermeasure Regulations, stockpiling of goods for countermeasures, a flexible nationwide response system, and periodic education and training. In addition, efforts to prevent the spread of infectious diseases include the formulation of contingency plans to maintain continuous service availability. We also provide our Safety Confirmation Service and other offerings to support our customers in building contingency plans.

G. Developing overseas operations

The ALSOK Group is responding to mounting needs for safety and security overseas as well. Based on the expertise we have cultivated in Japan, we offer products and services optimized for individual countries as we proactively expand our operations to support the overseas businesses of our customers. In August 2023, the Company acquired shares of PT. Shield-On Service Tbk, an Indonesian staffing and security services provider, through PT. ALSOK BASS Indonesia Security Services, the Company’s subsidiary in Indonesia, and consolidated PT. Shield-On Service Tbk and its seven subsidiaries. The Group will continue to strengthen its efforts to build a mutually beneficial relationship between Japan and Indonesia in human resource development and to further expand its business in ASEAN.

## 2. [Approach to sustainability and its initiatives]

The Group’s approach to sustainability and its initiatives are as follows.

Any forward looking information included below is based on the best estimates of the Group as of March 31, 2024.

### (1) Approach to sustainability

Recognizing that addressing issues surrounding sustainability is a fundamental management issue, the Group has established a basic sustainability policy to meet the diverse safety and security needs of customers and society, and the Group will continue to pursue initiatives to achieve sustainable growth.

Also, the Company places particular importance on risk management due to the nature of its business to ensure safety of society. To this end, the Risk Management Committee, chaired by the Representative Director Group COO, is organized in accordance with Risk Management Rule established in 2002 as amended according to the current risk situations. Also, the risk management examination organization is established on a head office and office level, to manage risk on a company-wide basis, including identification and assessment of risks and development of preventative and responsive measures. In addition, a risk examination working group is set up within the Risk Management Committee for each field, which collects, analyzes and assesses risk information to develop measures to mitigate the risks. We have established systems, such as emergency contact and establishment of task force, to respond promptly to critical emergency situations.

### (2) Key sustainability matters

The Group’s key sustainability matters are described below:

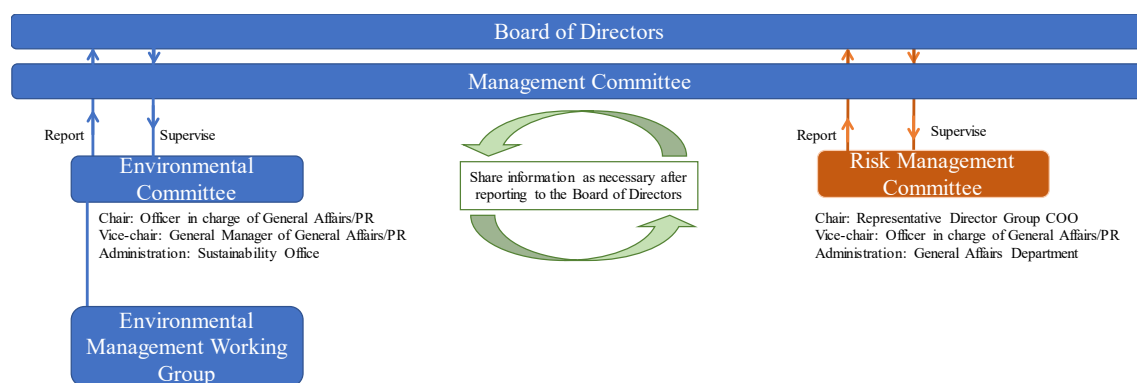
#### A. Environment

Endorsing the TCFD, the Group discloses information on four disclosure items, “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets” on its website. The Group is also committed to supporting initiatives, such as joining the United Nations Global Compact.

(URL) <https://www.alsok.co.jp/company/society/tcfd/>

#### (A) Governance

The Environmental Committee (chairperson: Officer in charge of General Affairs/PR) and the Environmental Management Working Group are organized to plan, implement, and review environmental promotion activities and other environmental measures, and to report the status of initiatives to the Board of Directors as appropriate, and implement PDCA cycle of the environmental management system, thereby driving company-wide environmental initiatives. We have also established a system to address company-wide risks in cooperation with the Risk Management Committee.



#### (B) Strategy

We conducted scenario analysis to identify climate-related risks, measures, and opportunities. Two scenarios, the 2°C scenario and the 4°C scenario, are assumed, referring to scenarios published by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (“IEA”), etc.

2°C scenario (the world’s goal)	A future in which climate change measures are more stringent than at present, and temperature increase is slower (+0.9°C to +2.4°C compared to the Industrial Revolution period)
4°C scenario	A future in which temperatures continue to rise as they are now (+3.2°C to +5.4°C compared to the Industrial Revolution period) and climate change intensifies

a. Climate-related risks and countermeasures

Based on the 2°C and 4°C scenarios, we have organized the risks and countermeasures assumed in each scenario as shown in (1) and (2) below. The financial impact of the risks has been estimated based on the published data from the IEA and other sources, and classified as “Major, Medium or Minor” in accordance with the standards set by the Group’s Risk Management Committee.

(1) Risks associated with stringent regulations on climate change and relevant countermeasures

	2°C scenario	Impact	4°C scenario	Impact
Examples of risk	Increase in carbon and other taxes	Major	Replacement of vehicles, Heating, Ventilation, and Air Conditioning (“HVAC”) and lighting systems	Major
	Mandatory replacement of vehicles, HVAC and lighting systems due to stringent regulations	Major	Soaring gasoline and diesel fuel prices	Major
	Soaring electricity rates	Medium	Increasing water costs	Medium
	Decline in share price due to brand damage caused by delayed response to environmental changes	Major	Decline in share price due to brand damage caused by delayed response to environmental changes	Major
Countermeasures	Promote introduction of environmentally friendly vehicles suited to the type of work Use LED lighting in facilities, renew HVAC equipment			

(2) Risks associated with natural disasters caused by climate change and relevant countermeasures

	2°C scenario	Impact	4°C scenario	Impact
Examples of risk	Increase in accidents resulting in harm to employees (especially security guards) due to heat stroke, infectious diseases, and extreme weather conditions	Medium	Increase in accidents resulting in harm to employees (especially security guards) due to heat stroke, infectious diseases, and extreme weather conditions	Major
	Deterioration in operational efficiency due to increased frequency of equipment failures caused by wind and flood damage	Medium	Deterioration in operational efficiency due to increased frequency of equipment failures caused by wind and flood damage	Medium
	Soaring paper prices due to drought	Minor	Soaring paper prices due to drought	Minor
Countermeasures	Introduce air-conditioned clothing and change materials of uniforms Increase stockpiling of infectious disease control products (masks, disinfectants, etc.) Improve equipment performance and enhance BCP measures Promote digitization of meeting materials and others			

b. Climate-related business opportunities

We consider that business opportunities arising from more stringent regulations on climate change and natural disaster countermeasures include (1) and (2) below, based on our current businesses.

(1) Business opportunities arising from more stringent regulations on climate change

Change associated with more stringent regulations	Business opportunities expected
Increase in expected number of metal theft cases due to soaring resource prices	Increase in need for security, such as electronic security
Increase in illegal dumping of waste plastics due to higher disposal costs	Increase in need for illegal dumping monitoring services
Increase in equipment replacement opportunities due to carbon and other tax savings	Increase in need for EV charging facilities and lighting and HVAC renewal work

(2) Business opportunities arising from countermeasures for natural disaster caused by climate change

Impact of climate change	Business opportunities expected
Increase in average temperature	Increase in need for heat stroke prevention and birds and beasts control
Increase in infectious diseases	Increase in need for infection control products
Frequent and severe extreme weather events	Increase in need for disaster countermeasure products and services (BCP solutions, disaster stockpiles, river monitoring, etc.)

(C) Risk management

In the Environmental Management Working Group, the Sustainability Office of the General Affairs Department, which is an administration office for sustainability matters, identifies and assesses climate-related risks, and develops countermeasures and manages the progress, in collaboration with other related departments, the results of which are reported to the Environmental Committee for deliberation.

Risks that may cause loss or disadvantage to the business operation are assessed, and the effectiveness of countermeasures are confirmed by the Risk Management Committee organized in accordance with the Risk Management Rule. Climate-related risks that have a large impact on the Group are shared with the Risk Management Committee to manage them jointly.

(D) Metrics and targets

a. Metrics for risk management assessment (Scope 1 and 2)

The Company has two metrics, greenhouse gas (“GHG”) emissions (Scope 1 and 2) and emissions per unit of net sales. The Company has been calculating GHG emissions (Scope 1 and 2) for the entire Group since the fiscal year ended March 31, 2014. For the fiscal year ended March 31, 2023, total emissions were 86,850 t-CO<sub>2</sub> (2.00% increase year on year), and emissions per unit of net sales were 0.176 t-CO<sub>2</sub> (1.15% increase year on year).

To reduce Scope 1 emissions, we will actively promote the replacement of gasoline-powered vehicles with electric vehicles, and to reduce Scope 2 emissions, we will promote the use of LEDs, renewal of air conditioning systems, and installation of solar power generation equipment at facilities owned by the Group. The Group’s total Scope 3 emissions for the fiscal year ended March 31, 2023 were 194,698 t-CO<sub>2</sub>.

b. Targets (GHG reduction targets, etc.) to manage risks and opportunities and actual results

The Company has reviewed its existing medium- and long-term goals to ensure consistency with government targets, and has set new goals in 2023: “Reduce total CO<sub>2</sub> emissions of the ALSOK Group by 46% compared to the FY13 level by FY30” and “Achieve carbon neutrality in Scope 1 + 2 for the entire ALSOK Group by FY50.” The progress in reducing GHG emissions (Scope 1 and 2) is managed by the Sustainability Office of the General Affairs Department, which is responsible for measures related to climate change, to achieve our long-term emissions reduction targets.

B. Governance and anti-corruption

Refer to IV. Information on Reporting Company, 4. Corporate governance for further details.

(A) Governance

We adopt the Audit and Supervisory Board members system and recognize that its full audit is operating effectively to improve governance of our management team.

ALSOK’s directors consist of 12 members, including 5 outside directors, and Audit and Supervisory Board members consist of 4 members, including 3 outside Audit and Supervisory Board members. The Board of Directors meets generally once a month to make important management decisions on basic management policy and important matters concerning business execution. The board also oversees execution of duties of the directors and executive officers. The Management Committee, chaired by the Representative Director Group CEO, meets generally twice a month to discuss matters to be presented to the Board of Directors and the business execution policy based on the resolutions of the Board of Directors. The Audit and Supervisory Board meets generally once a month to consult, discuss or resolve important matters concerning audit. Also, one of the Audit and Supervisory Board members attends the Management Committee and monitors execution of duties of management.

We have been adopting this current system as the fairness and transparency of business management are properly ensured by the system.

In addition, based on the Companies Act and the Financial Instruments and Exchange Act of Japan, the Company has a system in place in accordance with Basic Policy for Internal Control System stipulated by the Board of Directors to ensure the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, and the adequacy

of the business of other corporation and a corporate group consisting of the corporation and its subsidiaries. Furthermore, we distribute three booklets, ALSOK Charter, ALSOK Corporate Ethics, and Guide to Preventing Harassment and Misconduct, to all officers and employees, which systematically outline our basic approach to establishing high corporate ethics, used as teaching materials in various opportunities, including morning assemblies, training, meetings, and conferences. In order to maintain fair and sound relationships with suppliers and other business partners, we act in a moderate manner in receiving and accepting entertainment and gifts from them in accordance with the internally defined rules.

Various other committees (the Risk Management Committee, the Business Investment Review Committee, etc.) have been established with the approval of the Representative Director Group COO following deliberations of the Management Committee. These committees conduct research, study, deliberation, planning and drafting related to important or special advisory matters.

#### (B) Risk management

The Company conducts a questionnaire survey for all directors and all Audit and Supervisory Board Members regarding the effectiveness of the Board of Directors, the results of which are analyzed and evaluated along with any opinions presented during the course of the evaluation process, in an effort to improve the effectiveness of the Board of Directors.

Also, the Company places particular importance on risk management due to the nature of its business to ensure safety of society. To this end, the Risk Management Committee, chaired by the Representative Director Group COO, is organized in accordance with Risk Management Rule established in 2002 as amended according to the current risk situations. Also, the risk management examination organization is established on a head office and office level, to manage risk on a company-wide basis, including identification and assessment of risks and development of preventative and responsive measures. In addition, a risk examination working group is set up within the Risk Management Committee for each field, which collects, analyzes and assesses risk information to develop measures to mitigate the risks. We have established systems, such as emergency contact and establishment of task force, to respond promptly to critical emergency situations.

With respect to compliance, the Compliance Committee, chaired by the officer in charge of compliance, is organized to achieve compliance with laws and regulations. The Compliance Committee strives to improve compliance awareness across officers and employees in accordance with Compliance Regulation established in 2002 (currently Compliance Rule) and monitors the activities on a regular basis.

#### C. Human capital

##### (A) Human resource development policy

Based on the basic idea that human capital is the most important element of corporate growth, we have always supported the growth of our people through various education and training as well as day-to-day operations.

To this end, in addition to acquiring the knowledge and skills necessary to perform our duties, we have introduced practical training programs that link the knowledge and skills required for each job and position in order to respond to the ever-changing business environment with its diversifying risks and needs. Also, through personnel exchanges both within and outside the Group, we strive to develop diverse human resources with multifaceted perspectives and adaptability.

We will continue to strive for the sustainable growth of the Company and employees by developing human resources who “take an interest in themselves,” “have an individual will,” and “learn independently,” while maximizing the abilities of each employee, and by fostering a corporate culture in which all employees have a strong will to “inspire customers” and “be more needed in society.”

<Specific initiatives>

##### a. Training mechanism for security “professional”

“People” are at the heart of the security services provided by ALSOK.

New hires, who are the future of ALSOK, participate in New Hire Training to acquire the necessary qualifications as a security guard as well as the common knowledge and skills required for their jobs. Thereafter, new hires have the opportunity to participate in a full range of educational programs, including on-the-job training in the respective departments to which they are assigned and group training led by the head office department, to brush up on the knowledge and skills learned. Furthermore, we hold ALSOK Group Cooperative Quality Improvement Competition, a competition for our practices, every year for employees to hone their skills as “professionals” and to improve the quality of services provided to our customers.

##### b. Enhancement of digital courses

As DX is progressing in various scenes, ALSOK believes that the fusion of human and technology (digital) will enable us to achieve the creation of new value while reducing manpower.

In order to improve the digital literacy of the Group’s employees and enhance its services through DX, the Group provides digital education to all employees, including those on-site, while actively using e-learning system. In addition, in order to develop human resources (digital human resources) who have acquired specialized knowledge to

optimize existing services and create new businesses by effectively utilizing various types of data accumulated within the Company, we have selected employees who participate in the “Data Scientist Training Course,” an external training program, to develop their skills.

c. Support for autonomous career development of employees

We support autonomous career development by promoting the acquisition of various official qualifications, promoting personnel exchanges among central government ministries and agencies, other companies, and group companies, recruiting personnel in the field of security measures at diplomatic missions abroad, and dispatching employees to professional graduate schools for the development of management human resources. We have also introduced a qualification allowance system to support employees who aspire to become digital human resources.

<Metrics and results> (Note 1)

	Metrics	Results	
Education	i. Number of participants in specialized training (Note 2)	3,489 participated	+3,489 year on year
	ii. Number of e-learning participants	131,168 participated	+76,262 year on year
	iii. Digital courses	33,241 participated	+20,075 year on year
	iv. Risk management education	22,047 participated	+8,881 year on year
Qualifications	v. IT Strategist Examination	8 passed	+5 year on year
	vi. Applied information technology engineer examination	145 passed	+10 year on year
	vii. Registered information security specialist	42 passed	+1 year on year
	viii. First-class telecommunication construction execution manager	58 passed	+8 year on year
	ix. Security guard training supervisor No.1 (facility)	3,413 passed	+112 year on year
	x. Security guard training supervisor No.4 (personal protection)	1,947 passed	+82 year on year
	xi. Certified electrician	529 passed	+53 year on year

(Notes) 1. The number of people represents the total number.

2. A new training system was established for acquiring knowledge and skills required for duties and positions, in addition to the skills needed to perform the work.

(B) Internal environmental improvement policy

The Group respects and accepts individuals from diverse backgrounds, such as gender, nationality, religion, beliefs, disabilities, values, and lifestyles, to secure a broad range of human capital for our business operations. The Group also promotes diversity in the management level, which is the core of our organization, to create a vibrant workplace.

In particular, the Group is working to secure diverse human resources and promote their active roles, including strengthening the recruitment of women and expanding job opportunities. The Group is also striving to improve the work-life balance of its employees by providing systems that facilitate the taking of long-term leave and various support systems at levels that exceed legal requirements.

The Group will continue to develop an internal environment in which each and every employee of the Group can be fulfilled in both their professional and personal lives and play an active and vibrant role, while also keeping in mind the goals set by the government.

<Specific initiatives>

a. Promotion of women’s participation in the workplace

To create a workplace environment where women feel comfortable balancing work and family, the Company has developed a variety of internal systems, including childcare and nursing leave and shorter working hours that are beyond required by the law, as well as systems for pregnant women and women before and after giving birth.

As a result, the Company was successful in achieving two goals set since April 2021 as part of the Integrated Action Plan (three-year plan) based on the Act on the Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Women’s Active Engagement in Professional Life: “Goal 1: Increase the percentage

of women in management positions by 5%” and “Goal 2: Increase the employees’ average number of years of service by 5%.”

<Metrics and targets>

Metrics (through FY23)	Target (compared to FY20)	Results
i. Percentage of women in management positions	5.0% increase	9.5% increase
ii. Employees’ average years of service	5.0% increase	10.7% increase

The Group has set new goals in April 2024.

The Security Services, especially operations, are often thought of as male-dominated workplaces, but today many women are also active in the field. The Group will make further efforts to break free from such unconscious beliefs and create a work environment in which each employee can develop ambitious career plans.

The Group will continue to make a concerted effort to ensure that all employees can feel comfortable in achieving career advancement and diverse work styles.

<New metrics and targets>

Metrics	Target
i. Percentage of women in management positions	30.0% or more by FY30
ii. Percentage of male workers who take childcare leave	50.0% or more by FY25

b. Diversity

The Group has been actively and continuously recruiting diverse human resources regardless of gender and nationality, while working to create a workplace environment where they can demonstrate their individual characteristics and abilities. For people with disabilities, we have established ALSOK Business Support Co., Ltd., a Special Subsidiary Company, to secure jobs for them and create a workplace environment that takes account of their characteristics.

<Metrics and targets>

Metrics	Target (compared to FY20) (Note 1)	Results
i. Percentage of non-Japanese in management positions	5.0% increase	219.3% increase (Note 2)
ii. Percentage of mid-career employees in management positions	To keep approximately 50.0%	48.2%

(Notes) 1. This is the target to be achieved by the end of March 2026.

2. Increased due to the effect of PT. Shield-On Service Tbk in Indonesia, a newly consolidated subsidiary.

c. Outside certification

In recognition of these efforts, the Company was certified as “Childcare Support Company” by the Ministry of Health, Labour and Welfare and received the “Kurumin” certification in 2010 and 2015. In February 2017, the Company also received the “Eruboshi” certification from the Ministry of Health, Labour and Welfare under the Act on the Promotion of Women’s Active Engagement in Professional Life, and it is currently certified at the second of the three certification ranks.



d. Health management

We have been making various efforts to maintain and promote employee health, including “measures against obesity,” “measures against smoking,” and “measures for employees not receiving appropriate medical care” as a joint project (Collabo Health) with ALSOK Corporate Health Insurance Society. In recognition of these efforts, the Company was the only company in the security industry to be recognized for eight consecutive years as “Certified Health and Productivity Management Outstanding Organization,” which is jointly sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

<Metrics and targets>

Metrics	Target (through FY26)	Results
i. Reduction in obesity rate (Note 1)	54.3% or lower	57.5%
ii. Reduction in smoking rate (Note 1)	35.3% or lower	40.2%
iii. Reduction in employees not receiving appropriate medical care (Note 2)	5.0% or lower	18.1%

(Notes) 1. Only men aged 40 and older are included in the calculation.

2. Men and women aged 40 and older are included in the calculation.



D. Information security

(A) Governance

The Group has Basic Policy for Information Security stipulated by the Board of Directors as a cornerstone to ensure information security, which is applied to all employees including officers and all information assets held.

Based on the Information Asset Management Rule stipulated by the Board of Directors, a company-wide management system for information assets has been established and promoted, and drills have been conducted to prepare for incidents related to information assets.

(B) Strategy

Due to the increase in cyber-attacks caused by changes in the international situation and the increase in the volume of information assets handled as a result of DX efforts, the Group recognizes the need to constantly maintain a high level of information security to protect its information assets. To this end, we are making continuous improvements internally, such as maintaining Information Security Management System (ISMS) certification and Privacy Mark certification. We are also engaged in research and development of security solutions for both real space and cyberspace, making full use of new-generation information technology and advanced engineering. In March 2023, we launched ALSOK IT Rescue service, which investigates the cause and provides emergency treatment in the event of a customer's IT equipment-related failure.

(C) Risk management

If a critical incident occurs, the Group sets up ALSOK-CSIRT (Computer Security Incident Response Team), a framework to respond to the incident and develop and execute the preventative measures, which started in the fiscal year ended March 31, 2014.

For data security, if a network failure or system trouble occurs for the operation of system or enterprise system related to products and services, it may affect the Group's ability to provide the services. To address this risk, the Group has a backup system in place including multiplex network equipment at each location and multiple backup servers at remote locations. The Group also conducts drills for system failures to ensure stable system operations.

(D) Metrics and targets

We have two metrics, "major incident" and "minor incident." In the scope of Information Security Management System (ISMS) certification, we have set two targets, "zero major incident" and "five or less minor incidents," and we have achieved these targets for seven consecutive fiscal years since 2017. We will continue to maintain a high level of information security.



### 3. [Risk factors]

In relation to matters described in Risk Factors and Financial Condition of the Annual Securities Report, the following items are the major risks that, in management's opinion, may have a significant impact on financial position, operating results, and cash flows of the Group.

Any forward looking information included in this report is based on the best estimates of the Group as of the date of filing of this report.

#### (1) Risk related to price fluctuations and supply shortages

If the weaker yen, soaring prices of raw materials, and rising production costs such as wage hikes continue, we may not be able to provide services on an ongoing basis. In addition, financial market trends, financial systemic risks and other changes in domestic and international circumstances may cause price fluctuations and supply shortages, which may affect the Group's operating results.

To address this risk, we, as a company declaring partnership building under the Japanese government initiative, continue to aim for co-existence and co-prosperity with our business partners, including price revision in response to cost increases, and will undertake initiatives with consideration for multi-stakeholders including our business partners.

In addition, to minimize the impact of supply shortages, the Company has appropriately managed its inventory based on supply and demand forecasts, sought new procurement sources and promoted the reuse of materials.

#### (2) Risk related to business environment

The customers' expectations toward us are growing ever higher against a background of increasing risk of cyber-attacks on critical infrastructure and supply chains, concerns for the safety and security of senior citizens, women, children, increasing number of violent street crimes and accidents, ongoing natural disasters, and aging infrastructure. If the Group could not meet such expectations, it may lead to loss of trust of customers and affect the Group's operating results.

The ALSOK Group has responded to the risk by strengthening internal and external infrastructure built by its security and facility management businesses and by developing new solutions through external alliances that combine various features from its services such as services for cyber security; services that protect the safety and security of individual customers; services such as BCP solutions to address natural disaster risks; services to meet various outsourcing needs; comprehensive management services for buildings, facilities, and infrastructure.

#### (3) Risks related to changes in the technological environment

In order for the Group to accurately meet the safety and security needs of its customers and society, it is essential to develop new products and services utilizing drones, AI, and 5G, etc. which are now in the stage of practical use. Under such circumstances, a failure to respond appropriately to such changes in the technological environment could affect the Group's operating results.

Therefore, the Group strives to avoid risks by keeping abreast of the latest technological trends and actively utilizing drones, AI, and 5G, etc. and promoting DX.

#### (4) Risk related to human resources recruitment and development

The Group has developed a wide variety of businesses such as Security Services, General Property Management and Fire Protection Services (including facility management and construction) and lifestyle support services. Under the circumstance of decreasing working-age population, if retaining high quality human resources becomes difficult, leading to shortage of staff and managers who operate these businesses, it may affect the Group's operating results.

To address this risk, we will further promote workstyle reforms and improve working conditions within the Group and improve employee engagement by creating a system and environment that allows employees to maximize their abilities, such as increasing basic salary, hiring diverse human resources, providing diverse workstyle options, and providing support for employees to obtain certificates to develop their skills and initiatives to take more paid leaves.

Furthermore, with the aim of revitalizing the organization and developing employees, we make efforts to improve communication within the Group, increase the opportunities for female employees, establish flexible human resource management by multi-tasking and place the right person in the right place.

We also make efforts to improve productivity by streamlining operations and saving labor in the front and back offices. This includes retention of high quality human resources such as introducing a system for retirees with abundant practical experiences to play an active role in the Group even after the retirement, as well as digital transformation and data utilization.

(5) Risk related to human rights

As the Group operates a labor-intensive business, it considers human rights as a major risk, and there is an increasing need to take initiatives in reducing human rights risks not only in its own company but also throughout its supply chain.

In order to strengthen its group-wide efforts to respect human rights, the Group formulated ALSOK Group Human Rights Policy in November 2023 in accordance with the United Nations Guiding Principles on Business and Human Rights, and established the Human Rights Committee in April 2024. Under the responsibility of the officer in charge of General Affairs/PR, the department in charge of sustainability will assess human rights risks and consider mitigation and corrective measures for the issues identified. In addition, the Company will report identified human rights risks to management as appropriate and manage them in cooperation with the Risk Management Committee.

(6) Risk related to environmental issues

In recent years, extreme weathers, such as heat waves, heavy rains and droughts, have frequently occurred all over the world. Last year, Japan experienced a number of disasters, including torrential rains that were designated as severe disasters, and abnormal weather conditions, such as record-high average temperatures, which had a significant impact not only on the Group but also on corporate activities and the lives of citizens in general.

The Group has responded to such climate change by taking various initiatives and providing products and services from both risk and opportunity perspectives to address issues, such as mitigating and adapting to climate change, conserving water, ocean and forest resources, responding to circulating society, preventing pollution and managing waste and conserving biodiversity, to create more sustainable society. In addition, we are working on CO2 reductions as a global environmental measure through our initiatives including switching the lighting of our facilities to LEDs and promoting electric and hybrid vehicles. We also support and participate in JCI Climate Change Initiative, a domestic initiative on climate change. In January 2020, we became a member of Global Environmental Action, an NGO established for the purpose of contributing to the solution of global environmental issues and sustainable development. Furthermore, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (“TCFD”), and have been disclosing TCFD-based information since October 2022, and we are actively working on multiple fronts, including participation in the GX League in May 2023. We communicate these initiatives on our website and ALSOK Report.

(7) Risk related to massive disasters and infectious diseases

If a massive disaster occurs and the Group’s employees or facilities are suffered from the disaster, it may affect the business operations.

Therefore, the Group prepares for massive disasters with the expertise built on experiences by taking measures such as development of a business continuity plan and disaster preparedness manuals based on disaster countermeasures regulations, emergency supplies, nationwide mobile correspondence system and periodic education and training.

If a massive disaster and the prolonged power outage associated with the disaster disrupt the Group’s network, it may affect the Group’s ability to provide services continuously.

To address this risk, the Group locates two data centers each in Eastern Japan and Western Japan as a backup for critical systems, which enables to mutually monitor the systems to prepare for massive disasters.

If any employee guarding important facilities gets infected or when any outbreak occurs at long-term care facilities the Group operates, it may affect the Company’s ability to provide services continuously. To address this risk, the Group developed a contingency plan to be able to continuously provide various services, as a measure to prevent the spread of infection.

(8) Risk related to system development and operation

In some cases, the Group outsources development of new products, services and enterprise system to external vendors. If the development work of the Company or the vendor is delayed and the product, service or system is not released as planned, it may affect the Group's operating results or business plan. To address this risk, the Group closely works with the vendor to monitor the progress, and if necessary, takes appropriate measures immediately to prevent the delay. Also, we have an option to conduct system migration in phases by function in order to mitigate the risk. We have appropriate internal controls in place for acceptance tests and system repair/improvement. Moreover, by strengthening the recruitment and development of human resources with advanced expertise such as project management skills, the progress and quality of the vendor will be appropriately managed.

If a system trouble occurs after the implementation during the development of the enterprise system used by the Company, it may affect the Group's operating results or internal controls. To prepare for such system trouble, the Group has established a system with an external vendor to deal with such trouble and appropriate internal controls.

In addition, if a network failure or system trouble occurs for the operation of a system or enterprise system related to products and services, it may affect the Group's ability to provide the services. To address this risk, the Group has a backup system in place including multiplex network equipment at each location and multiple backup servers at remote locations. The Group also conducts drills for system failures to ensure stable system operations.

(9) Risk related to information management

The Group handles personal information and confidential information. If any malicious attack to the information assets by third parties or any accidental or intentional leakage of the assets by the Group's employees or vendors occurs, it may lead to deterioration of the Group's social credibility and brand image, the payment of damages and legal punishment, which may affect the Group's operating results.

To address this risk, the Group has established Basic Policy for Information Security as a cornerstone to ensure information security, which is applied to all employees including officers and all information assets held. Based on Information Asset Management Rule, a company-wide management system for information assets has been established and promoted, and drills have been conducted to prepare for incidents related to information assets. Furthermore, if a critical incident occurs, the Group sets up ALSOK-CSIRT (Computer Security Incident Response Team), which is a framework to respond to the incident and develop and execute the preventative measures.

(10) Risk related to reputation

In providing products and services, the Group shares common corporate brand among multiple companies. Under the circumstance, if any incident or scandal occurs at the Group or its subsidiaries and associates, not only may the Company be suspended from bidding, but it may also damage the brand image and affect the operating results.

For the purpose of enhancing group governance, the Company has established a specialized department to provide strict supervision and oversight of subsidiaries and associates. The department reports to the Company on performance of duties and critical information related to risk of loss of subsidiaries and associates on a timely basis. The Company sends directors or Audit and Supervisory Board members to the subsidiaries and associates.

Based on Internal Audit Regulation, Inspection Department is working to ensure compliance of the Group by managing overall business activities of subsidiaries and associates, as well as by providing supervision, advice and recommendation for operational systems and business process improvements.

The information on the Company's internal control system and audit by the Audit and Supervisory Board and internal audit is described in IV. Information on Reporting Company, 4. Corporate governance in the Annual Securities Report.

(11) Risk related to legal regulations

In providing the customers with security services, etc., the Group is subject to various regulatory requirements, including major ones described below.

If any of these regulatory requirements is amended or abolished, or any new requirement is established, it may affect the Group's operating results.

To address this risk, each department of the Company as well as subsidiaries and associates confirms whether there is any amendment to or abolishment of regulatory requirements or newly established requirement and takes appropriate actions. Such risk information is reported to the Company's Legal Office on a regular basis. Going forward, we will pay close attention to the regulatory developments and take appropriate actions in order to avoid the impact of such changes on our operating results.

	Relevant laws or ordinances	Regulatory agency, etc.
Security Services	Security Business Act	National Public Safety Commission (National Police Agency)
	Road Traffic Act	
	Telecommunications Business Act	Ministry of Internal Affairs and Communications
	Radio Act	
	Act on Ensuring Fair Electric Business Practices	Ministry of Economy, Trade and Industry
	Act on Electrical Appliance and Material Safety	
	Act on Specified Commercial Transaction	Ministry of Economy, Trade and Industry, Consumer Affairs Agency
	Consumer Contract Act	
	Construction Business Act	Ministry of Land, Infrastructure, Transport and Tourism
	Act on Promotion of Proper Tendering and Contracting for Public Works	
	Motor Truck Transportation Business Act	
	Consigned Freight Forwarding Business Act	
	Road Trucking Vehicle Act	
	Warehousing Business Act	
	Act on Special Districts for Structural Reform	
	Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors	Japan Fair Trade Commission, Small and Medium Enterprise Agency
	Act on Penal Detention Facilities and Treatment of Inmates and Detainees	Ministry of Justice
	Air Pollution Control Act	Ministry of the Environment
General Property Management and Fire Protection Services	Construction Business Act	Ministry of Land, Infrastructure, Transport and Tourism
	Act on Promotion of Proper Tendering and Contracting for Public Works	
	Building Lots and Buildings Transaction Business Act	
	Architect Act	
	Act on Advancement of Proper Condominium Management	Ministry of Health, Labor and Welfare
	Pharmaceutical and Medical Device Act	
	Act on Maintenance of Sanitation in Building	Ministry of the Environment
	Waste Disposal Act	
	Air Pollution Control Act	Ministry of Economy, Trade and Industry
	Electricity Business Act	
	Act on Ensuring Fair Electric Business Practices	
	Act on Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas	
	Fire and Disaster Management Act	Ministry of Internal Affairs and Communications
	Fire Prevention Ordinance	Municipality
Long-Term Care Services	Long-Term Care Insurance Act	Ministry of Health, Labor and Welfare, Prefecture, Municipality
	Act on Social Welfare for the Elderly	
	Act on Massage and Finger Pressure Practitioners, Acupuncturists, Moxibustion Practitioners, etc.	

	Relevant laws or ordinances	Regulatory agency, etc.
Other Services	Correspondence Delivery Act	Ministry of Internal Affairs and Communications
	Worker Dispatching Act	Ministry of Health, Labor and Welfare
	Employment Security Act	
	Insurance Business Act	Financial Services Agency
	Act on Sales, etc. of Financial Instruments	
	Act on Prevention of Transfer of Criminal Proceeds	National Public Safety Commission (National Police Agency)
	Act on Adequacy of Duties of the Detective Business	
	Secondhand Articles Business Act	
	Personal Information Protection Act	Personal Information Protection Commission
	Act on Special Measures to Prevent and Correct Shift for Consumption Tax	Japan Fair Trade Commission, Small and Medium Enterprise Agency, Consumer Affairs Agency
	Act against Unjustifiable Premiums and Misleading Representations	Consumer Affairs Agency
	Act on Countermeasures Against Novel Influenza	Ministry of Health, Labor and Welfare
	Act on Maintenance of Sanitation in Buildings	
	Food Sanitation Act	
	Act on Special Measures concerning the Handling of Pollution by Radioactive Materials	Ministry of the Environment
	Act on Prohibition of Private Monopolization and Maintenance of Fair Trade	Japan Fair Trade Commission

(12) Risk related to impairment of goodwill, etc.

At times, the Group acquires companies to expand its security business to enter into related fields of the business. Under the circumstance, if the operating results of the acquired company deviate from the business plan at the time of acquisition or if the organizational restructuring such as merger is carried out, it may give rise to impairment losses of intangible assets, such as goodwill and customer-related assets, and other property, plant and equipment, affecting the Group's operating results.

To address this risk, the Company has established a system to monitor the performance of the acquired company and report to the Board of Directors on a regular basis. If the business plan at the time of acquisition deviates from the actual results, related departments immediately develop and take appropriate measures.

(13) Country risk

The ALSOK Group is developing international businesses mainly in Southeast Asia. If a country risk emerges due to geopolitical development, financial market conditions, culture and legal systems, or the massive disasters occur in the countries in which it operates, the Group's operating results may be affected.

To address this risk, the Company has established a department dedicated to international businesses, which receives reports on important local information from overseas subsidiaries and representative offices in a timely manner and responds to the risks. In addition, the Company holds regular meetings attended by the directors of the Company and presidents of overseas subsidiaries to provide strict guidance and supervision. Furthermore, in the event that the Group's employees or offices are exposed to the threat of terrorism, the Company will set up a 24-hour task force team to respond to the situation.

#### 4. [Management analysis of financial position, operating results and cash flows]

##### (1) Overview of operating results, etc.

The Group's financial position, operating results, and cash flows ("operating results, etc.") for the fiscal year ended March 31, 2024 are as follows:

##### A. Financial position and operating results

(Overview of performance)

During the fiscal year ended March 31, 2024, the Japanese economy continued its gradual recovery against the backdrop of a pickup in capital investment, a move toward economic recovery from COVID-19, and a recovery of the number of foreign visitors to Japan, despite factors that put downward pressure on the economy, including a drop in real wages and stagnation of production activities in some manufacturing sectors during the January-March period. Looking ahead, the gradual recovery is expected to continue under an improving employment and income environment, including wage increases in the spring wage negotiations, in addition to a recovery in production in some manufacturing industries. However, in addition to overseas factors such as tensions in the Middle East and Ukraine and concerns over the Chinese economy, we need to pay attention to the rising domestic inflation rate due to the weak yen and other factors.

As stated in the Japanese Government's 2022 strategy to make Japan "the World's Safest Country," the Japanese society's expectations for the security sector are rising amid various developments, placing expectations on the Group to provide total safety and security services including security guard services. These developments include threats in cyberspace, concerns about the safety and security of the senior citizens, women, children, and other socially vulnerable groups, as well as increasing violent street crime and accidents, changes in the security situation due to natural disasters such as the Noto Peninsula Earthquake in January 2024, and aging infrastructure. In addition, the number of criminal offenses in 2022 increased year-on-year for the first time since 2002, and was likely to increase in 2023. With the deterioration of the domestic sense of security following the robbery and theft cases committed by so-called "dark part-time workers," and the theft of copper wire from solar power generation facilities, the Group's role to protect safety and security is growing.

In this environment, aiming to contribute to a sustainable society, the Group has continued to provide appropriate services as an operator of service businesses related to safety and security of the society (Security Services, General Property Management and Fire Protection Services, and lifestyle support services such as Long-Term Care Services). As set forth in the Medium-Term Management Plan "Grand Design 2025," the Group aims to become "a resilient integrated safety and security solutions provider that meets various safety and security needs of the society." In order to respond to increasing safety and security needs of customers with diversified risks, we have made efforts to provide new services that combine a variety of services including security, facility management, and long-term care.

As a result of the efforts mentioned above, the Group's operating results for the fiscal year ended March 31, 2024 showed an improvement compared to the previous fiscal year. The Group recorded net sales of ¥521,400 million (5.9% increase year on year), operating income of ¥39,082 million (5.6% increase year on year), ordinary income of ¥42,173 million (7.5% increase year on year), and profit attributable to owners of parent of ¥27,327 million (14.1% increase year on year) for the fiscal year ended March 31, 2024.

The following is the Group's consolidated statement of income by item compared to the previous fiscal year:

Item	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Year on year change	
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Change in amount (Millions of yen)	Percentage change (%)
Net sales	492,226	100.0	521,400	100.0	29,173	5.9
Cost of sales	370,998	75.4	395,686	75.9	24,687	6.7
Gross profit	121,228	24.6	125,713	24.1	4,485	3.7
Selling, general and administrative expenses	84,234	17.1	86,630	16.6	2,396	2.8
Operating income	36,993	7.5	39,082	7.5	2,089	5.6
Non-operating income	5,129	1.0	6,035	1.2	905	17.6
Non-operating expenses	2,892	0.6	2,944	0.6	52	1.8
Ordinary income	39,230	8.0	42,173	8.1	2,942	7.5
Extraordinary income	1,332	0.3	945	0.2	(386)	(29.0)
Extraordinary loss	739	0.2	265	0.1	(474)	(64.1)
Income taxes	13,992	2.8	13,735	2.6	(256)	(1.8)
Profit attributable to non-controlling interests	1,880	0.4	1,790	0.3	(89)	(4.8)
Profit attributable to owners of parent	23,950	4.9	27,327	5.2	3,376	14.1

During the fiscal year ended March 31, 2024, net sales increased by ¥29,173 million or 5.9% year on year, to ¥521,400 million. Cost of sales was ¥395,686 million, 6.7% increase year on year, due to ¥16,827 million increase in labor costs resulting from improved employee compensation and ¥6,789 million increase in construction and sales costs.

Selling, general and administrative expenses were ¥86,630 million, 2.8% increase year on year, due to ¥1,845 million increase in salaries and allowances.

Ordinary income increased by ¥2,942 million to ¥42,173 million, 7.5% increase year on year, due to the increase in operating income.

The decrease in extraordinary income resulted from ¥446 million increase in gain on negative goodwill, partially offset by ¥951 million decrease in gain on sales of noncurrent assets.

The decrease in extraordinary losses resulted from ¥310 million decrease in impairment losses and ¥299 million decrease in provision for business losses, partially offset by ¥132 million increase in loss on step acquisitions.

Profit attributable to owners of parent increased by ¥3,376 million to ¥27,327 million, 14.1% increase year on year, due to an increase in ordinary income.

Comprehensive income increased by ¥28,589 million to ¥54,116 million, 112.0% increase year on year. This resulted from ¥21,977 million increase in the amount of adjustment for retirement benefits during the period reflecting favorable financial market conditions, and ¥3,287 million increase in net income.

Refer to (2) Management's analysis of operating results, etc., A. View and analysis of operating results, etc. for the fiscal year ended March 31, 2024 for operating results by segment.

(Comparison analysis of consolidated balance sheet by item)

The following is the Group's consolidated balance sheet by item compared to the previous fiscal year:

Item		As of March 31, 2023		As of March 31, 2024		Year on year change	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change in amount (Millions of yen)	Percentag e change (%)
Assets	Current assets	239,032	46.3	252,061	44.4	13,029	5.5
	Noncurrent assets	277,615	53.7	315,500	55.6	37,884	13.6
	Total assets	516,647	100.0	567,561	100.0	50,913	9.9
Liabilities	Current liabilities	98,856	19.1	100,489	17.7	1,632	1.7
	Noncurrent liabilities	73,897	14.3	80,490	14.2	6,593	8.9
	Total liabilities	172,753	33.4	180,980	31.9	8,226	4.8
Total Net Assets		343,893	66.6	386,581	68.1	42,687	12.4

Total assets as of March 31, 2024 increased by ¥50,913 million from March 31, 2023 to ¥567,561 million, 9.9% increase year on year. Of this amount, current assets increased by ¥13,029 million to ¥252,061 million, 5.5% increase year on year, and noncurrent assets increased by ¥37,884 million to ¥315,500 million, 13.6% increase year on year.

The increase in current assets resulted from ¥17,760 million increase in cash and deposits, ¥3,658 million increase in notes and accounts receivable-trade and contract assets, and ¥2,161 million increase in raw materials and supplies, partially offset by ¥9,554 million decrease in cash for Transportation Security Services.

The increase in noncurrent assets was mainly due to ¥33,259 million increase in retirement benefit asset resulting from an increase in the value of assets under management and ¥5,572 million increase in investment securities.

Total liabilities as of March 31, 2024 increased by ¥8,226 million from March 31, 2023 to ¥180,980 million, 4.8% increase year on year. Of this amount, current liabilities increased by ¥1,632 million to ¥100,489 million, 1.7% increase year on year, and noncurrent liabilities increased by ¥6,593 million to ¥80,490 million, 8.9% increase year on year.

The increase in current liabilities was mainly due to ¥2,910 million increase in accrued consumption taxes.

The increase in noncurrent liabilities was due to ¥9,220 million increase in deferred tax liabilities, partially offset by ¥1,794 million decrease in lease obligations.

Total net assets as of March 31, 2024 increased by ¥42,687 million from March 31, 2023 to ¥386,581 million, 12.4% increase year on year.



## B. Cash flows

Cash and cash equivalents (“cash”) as of March 31, 2024 was ¥69,162 million, 34.1% increase year on year.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Year on year change (%)
	(From April 1, 2022 to March 31, 2023)	(From April 1, 2023 to March 31, 2024)	
Net cash provided by (used in) operating activities	31,682	56,063	77.0
Net cash provided by (used in) investing activities	(24,818)	(16,913)	(31.9)
Net cash provided by (used in) financing activities	(19,380)	(21,503)	11.0
Effect of exchange rate change on cash and cash equivalents	43	(56)	—
Net increase (decrease) in cash and cash equivalents	(12,472)	17,591	—
Cash and cash equivalents at beginning of year	63,644	51,571	(19.0)
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	400	—	—
Cash and cash equivalents at end of year	51,571	69,162	34.1

The cash flows for the fiscal year ended March 31, 2024 are as follows:

### (Cash flows from operating activities)

During the fiscal year ended March 31, 2024, net cash provided by operating activities was ¥56,063 million, 77.0% increase year on year. The cash increased mainly due to ¥42,853 million of income before income taxes, ¥18,727 million of depreciation and amortization expenses added back, ¥8,276 million of changes in assets and liabilities of Transportation Security Services, which was mainly offset by ¥12,981 million income tax payment.

The changes in assets and liabilities of Transportation Security Services include changes in cash for Transportation Security Services, cash raised for Transportation Security Services within short-term loans payable, and others.

### (Cash flows from investing activities)

Net cash used in investing activities was ¥16,913 million, 31.9% decrease year on year, during the fiscal year ended March 31, 2024. This resulted from ¥14,419 million used for acquisition of property, plant and equipment and ¥4,189 million used for acquisition of shares of subsidiaries.

### (Cash flows from financing activities)

Net cash used in financing activities was ¥21,503 million, 11.0% increase year on year, during the fiscal year ended March 31, 2024. The cash decreased due to ¥8,715 million used for dividends payment, ¥5,990 million used for repayment of lease obligations, and ¥5,000 million used for purchase of treasury stock.

C. Production, orders and sales

(Production)

The Group is not engaged in production activities. The number of contracts in progress as of March 31, 2024 is as follows:

Segment	As of March 31, 2023 (Thousands of contracts)	As of March 31, 2024 (Thousands of contracts)	Year on year change (%)
Security Services			
Electronic Security Services	1,029	1,076	4.5
Stationed Security Services	4	5	14.1
Transportation Security Services	86	88	3.2
Total	1,120	1,170	4.4
General Property Management and Fire Protection Services	121	128	5.5
Long-Term Care Services	27	27	2.5
Total for reportable segments	1,269	1,326	4.5
Other Services	23	25	5.9
Total	1,293	1,351	4.5

(Note) The number of contracts above represents the total number of long-term contracts with the customers (contracts to provide services on an ongoing basis for a certain period of time), not the total number of parties to the contract the Group provides services to. Major services provided by each segment are as follows:

Electronic Security Services	ALSOK Guard System for corporate customers, home securities for individual customers, etc.
Stationed Security Services	Stationed security services to assign security guards to facilities of the customers
Transportation Security Services	Cash transportation services including transportation of securities, and Cash Deposit and Dispenser Machine On-Line System
General Property Management and Fire Protection Services	Facility management, cleaning services, call center services, etc., maintenance, management and operation of various facilities, inspection of fire equipment and AED rental, etc.
Long-Term Care Services	Home-visit nursing care, day care services, fee-based long-term care facilities, group homes, etc.
Other Services	ALSOK PC Management Service, Website Tampering Detection Service, etc., cashless payment service including QR Code payment, staffing, etc.

(Sales)

The sales results for each segment are described below:

Segment	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023) (Millions of yen)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024) (Millions of yen)	Year on year change (%)
Security Services			
Electronic Security Services	175,920	186,959	6.3
Stationed Security Services	123,713	126,438	2.2
Transportation Security Services	66,713	69,254	3.8
Total	366,348	382,652	4.5
General Property Management and Fire Protection Services	72,990	78,393	7.4
Long-Term Care Services	47,495	50,961	7.3
Total for reportable segments	486,835	512,007	5.2
Other Services	5,391	9,393	74.2
Total	492,226	521,400	5.9

(Note) No single customer accounted for 10% or more of total net sales.

(2) Management's analysis of operating results, etc.

The management's view and analysis of the Group's operating results, etc. are as follows.

Any forward looking information included in this report is based on the best estimates of the Group as of the date of filing of this report.

A. View and analysis of operating results, etc. for the fiscal year ended March 31, 2024

(Management's analysis)

The Group's consolidated operating results for the fiscal year ended March 31, 2024 is described in (1) Overview of operating results, etc., A. Financial position and operating results. The sales has increased for 14 consecutive years and hit a record high for 13 consecutive years, and the profit also increased. By strengthening the Security Services through M&A and driving growth of the General Property Management and Fire Protection Services and the Long-Term Care Services (which are compatible with the Security Services), the Group is focused on accurately meeting growing safety and security needs of society where risks are becoming much more diverse.

The Group is focused on two performance indicators, ordinary income margin and consolidated return on equity (ROE), as these indicators can provide objective assessment of its business targets. As described in the Medium-Term Management Plan, Grand Design 2025, the Group's target for both ordinary income margin and ROE is 10.0% or more. The actual result for the fiscal year ended March 31, 2024 was 8.1% and 8.2% for ordinary income margin and ROE, respectively.

The management's view and analysis of the operating results by segment are as follows:

Net sales by segment

Segment	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Year on year change	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Percentage change (%)
Security Services						
Electronic Security Services	175,920	35.7	186,959	35.9	11,038	6.3
Stationed Security Services	123,713	25.1	126,438	24.2	2,725	2.2
Transportation Security Services	66,713	13.6	69,254	13.3	2,540	3.8
Total	366,348	74.4	382,652	73.4	16,303	4.5
General Property Management and Fire Protection Services	72,990	14.8	78,393	15.0	5,402	7.4
Long-Term Care Services	47,495	9.6	50,961	9.8	3,465	7.3
Total for reportable segments	486,835	98.9	512,007	98.2	25,171	5.2
Other Services	5,391	1.1	9,393	1.8	4,001	74.2
Total	492,226	100.0	521,400	100.0	29,173	5.9

By business segment, the main factors for change are as follows:

The net sales of the Security Services segment were ¥382,652 million (4.5% increase year on year), and operating income was ¥37,897 million (1.6% increase year on year).

The Company has provided services for corporate customers through its Electronic Security Services business and promoted sales of ALSOK-G7 (read as "ALSOK G-seven"), which contributes to customers' manpower saving needs. ALSOK-G7 is equipped with live video monitoring as a standard feature, with enhanced optional services such as image storage and remote options. Going forward, we will further expand the usage of ALSOK-G7 to meet customers' needs. We also launched ALSOK IT Rescue and ALSOK Facility Rescue services. These services leverage ALSOK's existing infrastructure for electronic security, and in the event of a failure of IT equipment or building facilities, guards will rush to the scene to investigate the cause and take emergency measures with the operational support of specialists. For individual customers, orders increased steadily, partly due to the launch of a new product, HOME ALSOK Connect. This product provides safety and security services to a wide range of customers amid deteriorating sense of safety.

In addition to conventional Online Security Service, in which ALSOK rushes to the scene of an emergency, this product offers a less expensive Self-Security plan with on-site confirmation service by ALSOK upon request as an option. The Self-Security plan can be upgraded to the Online Security plan at any time. The Group has also promoted sales of HOME ALSOK Mimamori Support, a service to watch over senior citizens.

For Stationed Security Services, we provided security services for various G7-related ministerial meetings, including the Hiroshima Summit, for airport facilities that have reopened following the recovery of foreign visitors to Japan, and for domestic socio-economic activities resumed due to reshoring production in Japan and the post-COVID-19 recovery. Going forward, we will leverage DX, etc. to reduce manpower and improve the efficiency of Stationed Security Services.

For Transportation Security Services, although the number of ATMs is decreasing due to the consolidation and closing of branches of financial institutions, the needs to improve the efficiency of cash management operations remain as strong as ever, and the sales of ATM Comprehensive Management Service, Cash Deposit and Dispenser Machine On-Line System, and other products are expanding. Also, the Group is promoting the replacement of equipment in preparation for the issuance of new banknotes, which took place in early July 2024. Our offerings also include Tax and Public Funds Collection System, which automates local government disbursement counter operations through the use of Cash Deposit and Dispenser Machine On-Line System. We will continue to gain an understanding of various outsourcing needs, such as the needs of regional financial institutions to improve operational efficiency and to reduce costs, and will expand our service offerings.

For the General Property Management and Fire Protection Services segment, the net sales were ¥78,393 million (7.4% increase year on year), and operating income was ¥8,369 million (9.2% increase year on year) due to steady growth in completion in the construction work sectors. We will continue to expand Facilities Management Services, promoting sales, installation, and maintenance of EV charging equipment as a part of enhancement of our sustainability initiatives.

For the Long-Term Care Services segment, the net sales were ¥50,961 million (7.3% increase year on year) and operating income was ¥1,309 million (147.7% increase year on year) due to new facilities opening, the increase in occupancy rate for existing facilities, and the effect of mergers and acquisitions (M&A), etc. We will continue to enhance nursing care operations to improve the efficiency through DX, including the use of nursing care support robots, and strive to expand services under the unified “ALSOK’s Care” Long-Term Care Services brand.

In the Other Services, we launched ALSOK Website Tampering Detection and Restoration Service in October 2023. Also, in addition to existing panel inspection services for vast solar facilities, we continue to expand services utilizing drones to inspect and examine various facilities.

The Group responds to growing needs for safety and security in society by utilizing new technologies and improving productivity, while fulfilling its responsibilities as a provider of services for the safety and security of society.

#### (Capital resources and liquidity)

##### i. Basic policy for fiscal discipline

As set forth in the Medium-Term Management Plan, Grand Design 2025, one of our mid-term financial goals is ROE of 10% or more. Our basic policy is to boost ROE with a target of raising the consolidated ordinary income margin to 10% or more in the medium term while paying out a stable dividend. A dividend payout ratio, which was set at 30% until the previous fiscal year, has been revised to 40% to 50% effective from the current fiscal year.

Under these circumstances, our equity ratios at the end of the last five consolidated fiscal years have been stable. We believe that this is a result of our efforts to maintain fiscal discipline by giving due consideration to both shareholders and creditors in a well-balanced manner.

##### (Equity ratio at the end of the last five consolidated fiscal years)

Fiscal year ended	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Equity ratio [Consolidated] (%)	57.3	57.6	61.5	60.9	62.2

##### ii. Management's view on outlook of capital needs and methods of financing

The Group’s primary source of funds is the monthly fees received from customers, mainly in the security business, which is stable and predictable revenue. As the Group’s expenditure plan is based on this stable source of funds, the Group believes there is little concern that it will face a shortage of funds in the predictable future. The Group also believes that it can obtain external financing stably due to this secure source of funds, the recent trend of the equity ratio, and the good relationships with its key financial institutions.

The Group’s primary capital needs and methods of financing are as follows:

(Working capital needs)

The working capital needs of the Group are mainly comprised of cost of sales, such as labor costs and outsourcing costs, selling, general and administrative expenses, such as personnel expenses, and cash required for deposit of sales proceeds into the customers' bank accounts through Cash Deposit and Dispenser Machine On-Line System in the Transportation Security Services.

While the cost of sales and selling, general and administrative expenses are generally paid out of its own funds as the payment occurs regularly throughout the year, the Group also uses short-term loans from financial institutions as necessary to meet the capital needs.

The Group uses both its own funds and short-term loans from financial institutions for deposit of sales proceeds into the customers' bank accounts through Cash Deposit and Dispenser Machine On-Line System. Such short-term loans are available through overdrafts and can be executed immediately based on the cash needs. The amount of sales proceeds that the Group deposits into customers' bank accounts on a certain day represents the amount of sales proceeds deposited into the Cash Deposit and Dispenser Machine by customers on the previous day, which fluctuates significantly. The amount of deposits increases especially on Monday or any business day after national holidays because such amount includes the amount deposited by customers into the Machine during the weekends and holidays, resulting in increasing use of short-term loans from financial institutions.

(Investment capital needs)

The investment capital needs of the Group are mainly comprised of mergers and acquisitions ("M&A"). This is generally paid out of its own funds, and the Group also uses short-term and long-term loans from financial institutions as necessary to meet the needs.

In addition, the recurring acquisition of security alarm equipment related to the electronic security is also included in capital investment. The Group considers the acquisition of security alarm equipment is similar in nature to the acquisition of inventories as a component of working capital since the amount per acquisition is small and it occurs as orders are received. As the acquisition of alarm equipment occurs regularly throughout the year, it is generally paid out of its own funds, which is similar to the working capital needs.

Refer to III. Facilities, 3. Plan for establishment or disposal of facilities for the Group's capital investment plan including capital expenditures for a period of one year following March 31, 2024.

(Shareholder return policy)

Distributing returns to shareholders is one of the Group's important management policies. It is our basic policy to return profits in a manner supported by actual financial results, while maintaining an adequate amount of internal reserves. Our basic policy is to pay dividends twice a year as interim dividend and year-end dividend. We now aim to maintain stable dividend payments with a target dividend payout ratio of 40% to 50%. We also flexibly implement share repurchases while monitoring cash flow trends and other factors.

(Cash on hand)

For the cash and deposits excluding cash for Transportation Security Services, we have no clear guideline for the minimum required amount of cash on hand in the Group's financing practice. However, we believe that it is appropriate to hold the amount of cash equivalent to approximately one to two months of monthly sales as the cash demand associated with expenditures is fairly stable over the year.

The cash for Transportation Security Services is procured through overdrafts in line with actual demand.

(Management's view on future outlook of capital needs and methods of financing)

The Group has mostly used its own funds to meet the capital needs during the fiscal year ended March 31, 2024, except for Transportation Security Services. At this point, the Group does not expect any significant change in the capital needs during the period of one year following March 31, 2024 and believes that its capital needs will be satisfied by its own funds.

iii. Cash flows and financing for the fiscal year ended March 31, 2024 are as follows:

Refer to (1) Overview of operating results, etc., B. Cash flows for cash flows for the fiscal year ended March 31, 2024.

Refer to supplementary schedules for bonds and loans payable described in V. Financial Condition, 1. Consolidated financial statements, (1) Consolidated financial statements, v. Supplementary schedules for debt financing as of March 31, 2024. The major lenders include Mizuho Bank, Ltd., PT. Bank Negara Indonesia, Hiroshima Bank, Ltd., and Ashikaga Bank, Ltd., to which we have loans payable of ¥1,180 million, ¥600 million, ¥559 million and ¥499 million as of March 31, 2024, respectively.

## B. Significant accounting policies and estimates

The consolidated financial statements of the Group are prepared in accordance with the accounting principles generally accepted in Japan. Significant accounting policies applied in preparing the consolidated financial statements are described in V. Financial Condition, 1. Consolidated financial statements, (1) Consolidated financial statements, Notes, Significant matters underlying the preparation of the consolidated financial statements.

In preparing the consolidated financial statements, the Group makes reasonable estimates based on currently available assumptions for impairment of noncurrent assets, estimation of various allowances and recoverability of deferred tax assets, etc. However, these estimates may significantly differ from actual results in the future.

We consider that the following significant accounting policies are more affected by these estimates and assumptions:

### (Impairment of noncurrent assets)

We assess whether or not a noncurrent asset should be impaired in accordance with Accounting Standard for Impairment of Fixed Assets (August 9, 2002) and Guidance on Accounting Standard for Impairment of Fixed Assets (Accounting Standards Board of Japan (“ASBJ”) Guidance No.26, last amended on March 27, 2009). Recognition of impairment losses may become necessary when the recoverable amount falls below the carrying amount due to changes in the business environment, etc. in the future.

#### i. Goodwill and customer-related assets

##### (Source of value of goodwill and customer-related assets)

The Group records ¥31,442 million of goodwill as of March 31, 2024, which arose from past business combinations and represents excess earning power that is expected from combining an acquiree’s business with the Group’s business. There is also goodwill that resulted from the effect of synergies that is expected to arise at the Company.

In certain business combinations, we recognize customer-related assets with goodwill at the value related to a contract with an existing customer determined at the time of business combination.

##### (Business plan underlying future cash flows)

In assessing the Group’s goodwill for impairment, we are focused on whether the excess earning power and the effect of synergies (which give rise to goodwill) will arise over the future periods. Generally, we monitor, on a monthly basis, whether a business plan of a company from which the goodwill arose (including a plan of the effect of synergies expected to arise at the Company) is in line with the actual profit or cash flows recorded. If there is any indication of impairment, such as a situation where business targets are not likely to be met, we review the business plan for its reasonableness. We use the revised business plan to determine undiscounted future cash flows. The future cash flows are then used to determine whether an impairment loss should be recognized. If recognized, the amount of impairment losses is measured based on value in use calculated using discounted future cash flows.

The impairment assessment of customer-related assets is performed in conjunction with the impairment assessment of goodwill. The customer-related assets are assessed for indications of impairment by comparing related business plan with actual profit or cash flows recorded, and if any such indication exists, an impairment loss is recognized and measured based on the revised business plan.

The following significant assumptions are incorporated into the business plans used in the impairment assessment. These business plans involve, by nature, judgements based on certain estimates or assumptions. The estimates and assumptions may have a significant impact on the assessment for impairment indications or recognition of impairment losses as well as the amount of impairment losses recognized.

- Companies engaging in Security Services and General Property Management, Fire Protection Services, and others  
Orders, human resource planning, and sales growth
- Companies engaging in Long-Term Care Services

Category	Significant assumptions considered
In-home care services	Net sales per employee, profit margin of existing locations, human resource planning, etc.
Facility care services	Development status of new facilities, occupancy rate of facilities, human resource planning, etc.
Residential care home for senior citizens	Development status of new facilities, occupancy rate of facilities, human resource planning, etc.

For the fiscal year ended March 31, 2024, the Company has determined that there is no need to record impairment losses for any of the goodwill and customer assets at this time.

The business plans are also used to assess shares of subsidiaries and associates related to combined companies recorded on the non-consolidated financial statements of the Company. If such shares of subsidiaries and associates are determined to be unrecoverable, the write-down is recognized in the statement of income of the Company.

(Discount rate)

The discount rate used is the weighted average cost of capital by term according to remaining amortization period of goodwill, which is calculated based on historical data on stock prices and interest rates since the listing of the Company. This rate is used because most companies of the Group can raise funds through intra-group borrowings under the conditions that are substantially similar to the Company. If the stock price or the interest rate rises significantly, the weighted average cost of capital calculated also increases, resulting in lower discounted future cash flows. In this case, the amount of impairment loss is likely to be substantial.

ii. Other tangible and intangible assets

(Business plan underlying future cash flows)

For tangible and intangible assets other than goodwill and customer-related assets, the impairment assessment is performed using profit or cash flows based on a business plan.

In assessing impairment for tangible and intangible noncurrent assets, the assets are grouped in line with our business operations. The assets are mainly grouped as follows:

Category	Major line items	Grouping method
Security guard center facility Security equipment installed at customers Disaster prevention equipment, etc.	Buildings and structures Machinery, equipment and vehicles	These assets are grouped into asset groups used for managerial accounting purposes. This is because our services are divided into regions and investment decisions are made for each region, which constitutes separate units for managerial accounting. Specifically, for the Company, head office and regional divisions described in III. Facilities, 2. Major facilities, (1) Reporting company are grouped into one asset group. For subsidiaries and associates, each company is treated as one asset group.
Care facilities	Lease assets	Each care facility is treated as one asset group. This is because each facility provides services independently and investment decisions are made for each facility, which constitutes a stand-alone unit for managerial accounting.

As in the case of goodwill and customer-related assets, certain estimates or assumptions are made when including significant assumptions in the business plan for each asset group. Such estimates and assumptions may have a significant impact on the assessment for impairment indications or recognition of impairment losses as well as the amount of impairment losses recognized.

(Discount rate)

As in the case of goodwill and customer-related assets, the discount rate used is the weighted average cost of capital by term, which is calculated based on historical data on stock prices and interest rates since the listing of the Company. Depending on movements of the stock price or the interest rate, the weighted average cost of capital calculated may increase, resulting in substantial amount of impairment loss.



(Retirement benefits)

The Company and its subsidiaries and associates have defined benefit corporate pension plans and retirement benefit plans. The defined benefit obligation and pension asset related to these plans are determined using actuarial assumptions, excluding certain consolidated subsidiaries with a limited number of employees. These assumptions include discount rate, expected long-term rate of return on plan assets, lump sum election rate, mortality rate, employee turnover and expected rate of salary increase. The Group believes that these actuarial assumptions were reasonably determined based on the currently available data such as the most recent results. If these assumptions significantly differ from the actual results, the actuarial gains and losses are amortized over certain service years within the employees' average remaining service years (generally 10 years) using the straight-line method starting from the fiscal year following the year in which they occur, which may have a significant impact on the Group's operating expenses, etc.

The discount rate is determined based on the yields on high quality corporate bonds or the Japanese government bonds as of the end of the fiscal year. The discount rate is revised when there is over 10% change in defined benefit obligation from using different discount rates at the current and previous fiscal year-ends in accordance with Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, last amended on December 16, 2016) and Implementation Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, last amended on March 25, 2015).

The expected long-term rate of return on plan assets is determined based on the latest allocation of the plan asset and historical investment yields on each financial instrument group such as stocks and bonds. The expected long-term rate of return on plan assets is revised when the revision is determined to have a significant impact on the retirement benefit expenses for the following fiscal years in accordance with Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, last amended on December 16, 2016) and Implementation Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, last amended on March 25, 2015).

(Deferred tax assets)

The Company and each of its subsidiaries and associates file its corporate tax return separately. In assessing the recoverability of deferred tax assets, the companies are classified into "Category 1" to "Category 5" according to their earning power in accordance with Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, amended on March 28, 2016). The classification is revised according to each company's situation at the end of the fiscal year. Certain assumptions are used to determine this classification, including future changes in the business environment and estimates for taxable income (before adjusted for temporary differences), which may have a significant impact on the assessment of recoverability of deferred tax assets. The forward-looking estimates are made using the same business plan as the impairment assessment of noncurrent assets, and therefore, the risk of variance between the estimates and actual results is considered to be generally similar.

For those companies classified into "Category 2" to "Category 5," the deferred tax asset is recognized only for deductible temporary differences that are expected to be recoverable. In assessing for recoverability, the availability of taxable income (before adjusted for temporary differences) supported by the sufficient earning power is the most important factor to consider. The availability of taxable income (before adjusted for temporary differences) supported by tax planning, such as planned disposal of noncurrent assets or securities with unrealized gains, is considered only when it is highly feasible. The timing of reversal of deductible temporary differences and its amount are considered only when it is highly likely to occur. For example, an unrealized loss on valuation of land is included in the scheduling only when the land sales contract is concluded, etc. As certain estimates or assumptions are used in a series of processes for the assessment of recoverability, the judgements may have a significant impact on the amount of deferred tax assets.

A tax rate stipulated in the tax law enacted as of closing date is applied to calculation of deferred taxes in accordance with Implementation Guidance on Tax Rates Used in Applying Tax Effect Accounting (ASBJ Guidance No. 27, March 14, 2016). Therefore, a change in the tax rate may have a significant impact on the amount of deferred tax assets.

The Company's deferred tax asset recognized is mostly related to deductible temporary differences for companies located in Japan. There is little uncertainty about transfer pricing between consolidated companies.

5. [Material business contracts, etc.]

- (1) Effective August 15, 2023, the Company acquired shares of PT. Shield-On Service Tbk, an Indonesian staffing and security services provider, through PT. ALSOK BASS Indonesia Security Services, the Company's subsidiary in Indonesia, and consolidated PT. Shield-On Service Tbk and its seven subsidiaries.
- (2) Effective October 1, 2023, ALSOK Eagles Co., Ltd., a consolidated subsidiary of the Company engaging in maintenance and inspection witness services, was merged with ALSOK Business Support Co., Ltd., a consolidated subsidiary of the Company engaging in business card printing and other services, by absorption with ALSOK Eagles Co., Ltd. being a merged company and ALSOK Business Support Co., Ltd. being a surviving company.
- (3) Effective October 31, 2023, the Company acquired additional shares of Hokuriku Sohgo Security Services Co., Ltd., an equity-method associate mainly engaging in security services, which became a consolidated subsidiary of the Company.
- (4) Effective April 1, 2024, Life Holdings Co., Ltd. engaging in long-term care services was merged with Life Co., Ltd. engaging in long-term care services by absorption. All shares of MBIC Life Co., Ltd., engaging in a facility management business including asbestos inspections and a food inspection business, held by Life Holdings Co., Ltd. were paid as dividends in kind to the Company, the parent company of Life Holdings Co., Ltd. The trade name of MBIC Life Co., Ltd., a surviving company, was changed to ALSOK MBIC Laboratory Co., Ltd upon the merger.

## 6. [Research and development]

The Group's research and development activities are mainly carried out by the reporting company. Our research and development aims to contribute to the improvement of profitability and its basic policy is to capture diversifying market needs and promote the development of market-competitive technologies and products. The research and development cost was ¥538 million for the fiscal year ended March 31, 2024, which was mainly related to security business. As part of the research and development activities, the Company's research and development department conducts activities such as investigation, planning, intellectual property management, quality control, etc. that do not constitute research and development. Including costs for such activities, the total research and development cost was ¥2,030 million.

In a society where risks are diversifying, in order to meet the expanding safety and security needs of society, the Company conducts the following research in order to address "diversifying crimes close to people's daily lives and people feeling the security deterioration," "sophisticated cyber-attacks," and "labor shortages due to declining birthrate and aging population." We will also drive open innovation and promote industry-academia-government collaboration on advanced technologies to respond to the ever-changing social situation.

### (1) Unique security system using the latest technology

We aim to realize "prediction and prevention of damage" including detection of a suspicious person and prevention of crimes and terrorism. For this purpose, we conduct research and development using AI, 5G and advanced sensing technology.

Amid the growing labor shortage due to the declining birthrate and aging population, we are actively working to create the next-generation security system contributing to labor savings. We are also pursuing advanced security that is constantly adopting to the social environment, such as the improvement of existing security sensors.

In addition, we are also conducting research and development of new equipment utilizing digital technology to enhance the responsiveness of electronic security guards and stationed security guards and expand the scope of work.

### (2) Expansion of facility and equipment monitoring services through remote monitoring/remote operations

Utilizing the know-how accumulated through security monitoring, we are promoting research and development of services that enable us to monitor a wide range of customer facilities and equipment, and to respond to emergencies and provide first aid by conducting remote maintenance and rushing to the scene. Such know-how would also apply to non-security services. In March 2023, we launched ALSOK IT Rescue service, a new service in which an electronic security guard rushes in to the scene of an IT equipment failure to investigate the cause and provide emergency treatment. In February 2024, we launched ALSOK Facility Rescue, a service that helps customers save labor in facility management operations by providing first aid services when equipment in condominiums, buildings, and other facilities fail, with electronic security guards on call. We will continue to add to our service menu by utilizing the know-how we have accumulated through these security monitoring services and the platform we have developed.

### (3) Security for individual customers

In addition to conventional home security functions, we are also developing home security equipment with improved operability and design. In April 2023, we launched HOME ALSOK Connect which enables security operations and history checks via smartphones or smartwatches.

Furthermore, beyond home security services, we will promote research and development for comprehensive security services that support the safety and security of people's daily lives in order to acquire a new home security user base as well as to respond to the elderly market, where demand will continue to grow in the future.

### (4) Robotics

Since we started research and development of security robots in 1982, we have developed security robots equipped with autonomous driving functions, security functions, guidance functions, etc., and have provided them to commercial facilities and office buildings nationwide. We will also drive the development of drones for security services, such as for video-based indoor and outdoor patrols. We will continue to research and develop image recognition technology to improve abnormality detection functions during patrols and inspection work.

### (5) Information security

Under the concept of guarding "information assets" in addition to "life and property," we will develop information security solutions, from both physical security and cyber security perspectives, and will continue to expand our service menu for countermeasures against cybercrime that is expected to become more sophisticated in the future.

### (6) Long-term care services and other

We will continue to develop new products and services with high added value, such as remote support for long-term care facilities utilizing monitoring technology, and will continue to promote DX in the security field.

### III. [Facilities]

#### 1. [Overview of capital investment]

In order to expand the security business and enhance capabilities for such growth, the Group made ¥15,898 million of capital investment in tangible and intangible assets during the fiscal year ended March 31, 2024. The details of the capital investment are as follows:

Equipment for electronic security	¥10,241 million
Furniture and fixtures	¥1,573 million
Buildings and structures	¥963 million
Software	¥941 million

The amount of capital investment is not allocated to business segments.

## 2. [Major facilities]

The major facilities for the fiscal year ended March 31, 2024 are as follows:

### (1) Reporting company

As of March 31, 2024

Office (Location)	Segment	Facilities	Carrying amount (Millions of yen)							Number of employees
			Buildings and structures	Machinery and equipment and vehicles	Land (m <sup>2</sup> )	Lease assets	Rental assets	Other	Total	
Head office (Minato-ku, Tokyo)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, tools, furniture and fixtures	117	3,384	— (—)	166	113	1,321	5,104	2,348
Chuo branch and others 8 branches within Regional Division (I) (Chuo-ku, Tokyo and others)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, security alarm equipment	443	2,992	— (—)	415	190	171	4,213	1,806
Osaka Chuo branch and others 6 branches within Regional Division (II) (Chuo-ku, Osaka city, Osaka and others)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, security alarm equipment	115	1,339	— (—)	205	99	231	1,991	849
Nagoya branch and others 4 branches within Regional Division (III) (Nakamura-ku, Nagoya city, Aichi and others)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, land, security alarm equipment	168	1,306	197 (1,071.60)	309	128	96	2,206	762
Miyagi branch and others 3 branches within Regional Division (IV) (Aoba-ku, Sendai city, Miyagi and others)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, land, security alarm equipment	497	932	228 (2,943.40)	110	43	106	1,918	584
Chiba branch and others 10 branches within Regional Division (V) (Mihama-ku, Chiba city, Chiba and others)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, land, security alarm equipment	1,901	2,803	1,208 (6,244.37)	311	250	160	6,635	1,573
Yokohama branch and others 5 branches within Regional Division (VI) (Nishi-ku, Yokohama city, Kanagawa and others)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, security alarm equipment	102	1,360	— (—)	185	120	72	1,840	798
Shizuoka branch and others 4 branches within Regional Division (VII) (Aoi-ku, Shizuoka city, Shizuoka and others)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, land, security alarm equipment	1,206	1,089	1,109 (3,305.80)	132	84	133	3,755	794

Office (Location)	Segment	Facilities	Carrying amount (Millions of yen)							Number of employees
			Buildings and structures	Machinery and equipment and vehicles	Land (m <sup>2</sup> )	Lease assets	Rental assets	Other	Total	
Okayama branch and others 3 branches within Regional Division (VIII) (Kita-ku, Okayama city, Okayama and others)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, land, security alarm equipment	198	719	272 (6,101.00)	68	48	59	1,367	489
Fukuoka branch and others 5 branches within Regional Division (IX) (Shime-machi Kasuya-gun, Fukuoka and others)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, land, security alarm equipment	600	1,414	248 (4,338.83)	132	122	127	2,644	886
Kyoto branch and others 6 branches within Regional Division (X) (Shimogyo-ku, Kyoto city, Kyoto and others)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, land, security alarm equipment	989	1,821	930 (4,373.60)	122	138	64	4,066	929

(2) Subsidiaries

As of March 31, 2024

Office (Location)	Segment	Facilities	Carrying amount (Millions of yen)						Number of employees [Temporary employees not included in the above]
			Buildings and structures	Machinery and equipment and vehicles	Land (m <sup>2</sup> )	Lease assets	Other	Total	
Life Co., Ltd. (Shinagawa-ku, Tokyo)	Long-Term Care Services	Care facilities	297	0	— (—)	15,092	271	15,661	521 [688]
ALSOK Joy Life Co., Ltd. (Kita-ku, Osaka-city, Osaka)	Long-Term Care Services	Care facilities	5,103	—	910 (4,321.15)	1,603	82	7,699	280 [138]
ALSOK Care Co., Ltd. (Omiya-ku, Saitama city, Saitama)	Long-Term Care Services	Care facilities	391	0	172 (666.93)	5,970	166	6,700	1,880 [1,424]
Kita-Kanto Sohgo Security Services Co., Ltd. (Utsunomiya city, Tochigi)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, land, security alarm equipment	2,942	170	1,749 (35,520.21)	1,184	196	6,243	778 [98]
Hiroshima Sohgo Security Services Co., Ltd. (Asaminami-ku, Hiroshima city, Hiroshima)	Security Services General Property Management and Fire Protection Services Other Services	Buildings and structures, land, security alarm equipment	1,084	644	2,816 (25,269.00)	51	220	4,816	626 [51]

(Notes) 1. Carrying amount of Other represents construction in progress and other property plant and equipment.

2. In addition to the above, the Group also has rented assets such as machinery and equipment, sales offices and offices.

The Group's rent expense is ¥22,468 million for the fiscal year ended March 31, 2024.

3. Assets are not allocated to business segments.

### 3. [Plan for establishment or disposal of facilities]

As the Group has a wide range of plans for new establishment and expansion of facilities, the amount is disclosed by nature and purpose of the facilities.

The Group's capital investment plan for one year after March 31, 2024 is ¥18,800 million comprising the following:

Nature and purpose of facilities	Planned amount of capital investment (Millions of yen)
Guard center facilities, security equipment installed at customers	12,100
Cash center facilities, security transportation vehicles, etc.	2,600
Disaster prevention equipment, etc.	1,400
Network system, etc.	2,700
Total	18,800

(Notes) 1. The capital investment will be paid out of own funds and bank borrowings.

2. There is no plan for disposal of significant facilities, except for disposals associated with recurring renewal of the facilities.

#### IV. [Information on Reporting Company]

##### 1. [Information on shares, etc.]

###### (1) [Total number of shares, etc.]

###### i. [Total number of shares]

Class	Total number of authorized shares (Shares)
Common stock	1,500,000,000
Total	1,500,000,000

(Note) The Articles of Incorporation was partially amended effective July 1, 2023, following a stock split. Accordingly, the total number of authorized shares increased by 1,200,000,000 shares to 1,500,000,000 shares.

###### ii. [Shares issued]

Class	Number of shares issued as of fiscal year-end (Shares) (As of March 31, 2024)	Number of shares issued as of filing date (Shares) (As of June 25, 2024)	Name of stock exchange on which the Company is listed or name of Authorized Financial Instruments Firms Association where the Company is registered	Description
Common stock	510,200,210	510,200,210	Tokyo Stock Exchange Prime market	Standard share of the Company with no restrictions on the content of rights. Number of shares per one unit of share is 100 shares.
Total	510,200,210	510,200,210	—	—

(Note) Effective July 1, 2023, a 5-for-1 stock split was implemented for each share of common stock. Accordingly, the total number of shares issued increased by 408,160,168 shares to 510,200,210 shares.

###### (2) [Subscription rights to shares, etc.]

###### i. [Details of stock option plans]

Nothing to report.

###### ii. [Details of rights plan]

Nothing to report.

###### iii. [Other subscription rights to shares, etc.]

Nothing to report.

###### (3) [Exercises of moving strike convertible bonds, etc.]

Nothing to report.

###### (4) [Changes in number of shares issued and capital stock, etc.]

Period	Changes in the total number of shares issued (Shares)	Total number of shares issued (Shares)	Changes in capital stock (Millions of yen)	Amount of capital stock (Millions of yen)	Changes in capital surplus (Millions of yen)	Amount of capital surplus (Millions of yen)	Note
July 1, 2023	408,160,168	510,200,210	—	18,675	—	29,320	Increase due to stock split



## (5) [Shareholding]

As of March 31, 2024

Category	Shareholding (1 unit = 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Financial instruments dealers	Other institutions	Foreign institutions, etc.		Individuals and others	Total	
					Non-individual	Individual			
Number of shareholders	—	66	28	144	303	35	13,688	14,264	—
Number of shares held (Unit)	—	1,709,207	75,071	1,185,518	1,115,372	357	1,016,126	5,101,651	35,110
Ratio of shares held (%)	—	33.50	1.47	23.23	21.86	0.00	19.91	100.00	—

(Note) 9,456,100 shares of treasury stock are included in Individuals and others as 94,561 units.

## (6) [Major shareholders]

As of March 31, 2024

Name	Address	Number of shares held (Thousands of shares)	Ownership percentage to the total number of shares issued (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account) (Note)	1-8-1 Akasaka, Minato-ku, Tokyo	55,630	11.10
SOHGO CORPORATION	130-16 Yamabukicho, Shinjuku-ku, Tokyo, Japan	36,943	7.37
Custody Bank of Japan, Ltd. (Trust account) (Note)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	36,098	7.20
Saitama Kiki Co., Ltd.	7-1-3 Shimoochiai, Chuo-ku, Saitama, Japan	26,419	5.27
Kizuna Corporation	130-16 Yamabukicho, Shinjuku-ku, Tokyo, Japan	26,150	5.22
SOHGO SECURITY SERVICES CO., LTD. Employee Stockholding Association	1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan	17,332	3.46
Custody Bank of Japan, Ltd. as Trustee for Mizuho Bank Retirement Benefit Trust Account Re-entrusted by Mizuho Trust and Banking Co., Ltd.	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	14,807	2.95
Atsushi Murai	Suginami-ku, Tokyo, Japan	14,425	2.88
SMBC Trust Bank Ltd. (as trustee for Sumitomo Mitsui Banking Corporation Retirement Benefits Trust Account)	1-3-2 Marunouchi, Chiyoda-ku, Tokyo	13,678	2.73
National Mutual Insurance Federation of Agricultural Cooperatives	2-7-9 Hirakawacho, Chiyoda-ku, Tokyo	12,660	2.52
Total	—	254,145	50.75

(Note) Of the number of shares held above, the number of shares related to the trust business is as follows:

The Master Trust Bank of Japan, Ltd. (Trust account)	14,009 thousand shares
Custody Bank of Japan, Ltd. (Trust account)	26,674 thousand shares

## (7) [Voting rights]

## i. [Shares issued]

As of March 31, 2024

Category	Number of shares (Shares)	Number of voting rights (Unit)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	Common stock 9,456,100	—	Standard share of the Company with no restrictions on the content of rights. Number of shares per one unit of share is 100 shares.
Shares with full voting rights (others)	Common stock 500,709,000	5,007,090	Same as above
Shares less than one unit	Common stock 35,110	—	Shares less than one unit (100 shares)
Total number of shares issued	510,200,210	—	—
Total number of voting rights	—	5,007,090	—

## ii. [Treasury stock, etc.]

As of March 31, 2024

Name of shareholders	Address of shareholders	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Ownership percentage to the total number of shares issued (%)
SOHGO SECURITY SERVICES CO., LTD.	1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan	9,456,100	—	9,456,100	1.85
Total	—	9,456,100	—	9,456,100	1.85

## 2. [Purchase of treasury stock]

[Class of stocks, etc.] Purchase of common stock pursuant to Article 155, No.7 of the Companies Act

### (1) [Purchase of stock by resolution of the General Meeting of Shareholders]

Nothing to report.

### (2) [Purchase of stock by resolution of the Board of Directors' meeting]

Category	Number of shares (Shares)	Total amount (Yen)
Resolution of the Board of Directors' meeting (July 28, 2023) (Purchase period: From August 1, 2023 to November 30, 2023)	6,500,000	5,000,000,000
Treasury stock purchased before the fiscal year ended March 31, 2024	—	—
Treasury stock purchased during the fiscal year ended March 31, 2024	5,543,600	4,999,983,280
Total remaining number and amount of treasury stock resolved to be purchased	956,400	16,720
Ratio of unpurchased treasury stock to treasury stock resolved to be purchased as of March 31, 2024 (%)	14.71	0.00
Treasury stock purchased during the current period	—	—
Ratio of unpurchased treasury stock to treasury stock resolved to be purchased as of the date of filing (%)	14.71	0.00

Category	Number of shares (Shares)	Total amount (Yen)
Resolution of the Board of Directors' meeting (May 14, 2024) (Purchase period: From May 15, 2024 to May 31, 2024)	17,700,000	15,000,000,000
Treasury stock purchased before the fiscal year ended March 31, 2024	—	—
Treasury stock purchased during the fiscal year ended March 31, 2024	—	—
Total remaining number and amount of treasury stock resolved to be purchased	—	—
Ratio of unpurchased treasury stock to treasury stock resolved to be purchased as of March 31, 2024 (%)	—	—
Treasury stock purchased during the current period	3,067,600	2,844,255,490
Ratio of unpurchased treasury stock to treasury stock resolved to be purchased as of the date of filing (%)	82.67	81.04

(Note) Treasury stock purchased during the current period excludes the total number and amount of shares purchased during the period between June 1, 2024 and the date of filing of this report.

### (3) [Purchase not based on resolution of the General Meeting of Shareholders or the Board of Directors' meeting]

Category	Number of shares (Shares)	Total amount (Yen)
Treasury stock purchased during the fiscal year ended March 31, 2024	258	348,972
Treasury stock purchased during the current period	—	—

(Note) Treasury stock purchased during the current period excludes shares less than one unit purchased during the period between June 1, 2024 and the date of filing of this report.

(4) [Disposal and holding of treasury stock]

Category	Fiscal year ended March 31, 2024		Current period	
	Number of shares (Shares)	Total amount of disposal (Yen)	Number of shares (Shares)	Total amount of disposal (Yen)
Treasury stock purchased for which subscribers were solicited	—	—	—	—
Treasury stock purchased that has been cancelled	—	—	—	—
Treasury stock purchased that has been transferred in merger, share swap or company split	—	—	—	—
Other	—	—	—	—
Number of treasury stock held	9,456,100	—	12,523,700	—

(Note) Treasury stock held during the current period excludes shares purchased by the resolution of the Board of Directors' meeting and shares less than one unit purchased during the period between June 1, 2024 and the date of filing of this report.

3. [Dividend policy]

Distributing returns to shareholders is one of the Company's important management policies. It is our basic policy to distribute profits in a manner supported by actual financial results, while maintaining an adequate amount of internal reserves. We apply internal reserves to research and development expenses necessary for future growth and development and capital investments in enhancement of information systems and new businesses to further improve our operating results.

Our basic policy is to pay dividends twice a year, as interim dividend and year-end dividend, which are subject to the approval of the Board of Directors and the General Meeting of Shareholders, respectively.

For the fiscal year ended March 31, 2024, the annual dividend was ¥23.70 per share including the interim dividend of ¥8.70, which was determined based the consideration of the operating results for the current fiscal year, forecasts for the future years, and capital investment plans. The dividend payout ratio was 43.6% on a consolidated basis.

It is specified in the Articles of Incorporation that "The Company shall pay an interim dividend to shareholders or registered pledgees of shares recorded or registered in the shareholder register as of September 30 every year by a resolution of the Board of Directors."

Dividends from surplus for the fiscal year ended March 31, 2024 are as follows:

Resolution date	Total dividends (Millions of yen)	Dividends per share (Yen)
October 31, 2023 Resolution by the Board of Directors' meeting	4,361	8.7
June 25, 2024 Resolution by the Ordinary General Meeting of Shareholders	7,511	15.0

#### 4. [Corporate governance]

##### (1) [Overview of corporate governance]

###### A. Basic concept of corporate governance

The ALSOK Group includes “Based on two core principles exemplified by ‘arigato no kokoro’ (a feeling of gratefulness and gratitude) and ‘bushi no seishin’ (a samurai spirit), we devote ourselves to protecting the safety and security of our customers and of society as whole.” in its management philosophy and includes “Contributing to Society” in its management policies. In line with this philosophy and policy, we are working to fulfill corporate governance through our operations, such as performance of management and separation of duties, swift decision making, establishment of corporate ethics, and provision of management transparency, while endeavoring to continue to be the corporate group trusted by all stakeholders. Moreover, we place emphasis on information disclosure and are committed to proactive IR activities such as visiting institutional investors and holding analyst meetings for investors and analysts.

The ALSOK Group conducts inspections and reviews of its organizational structure in accordance with principles in Corporate Governance Code developed by Tokyo Stock Exchange as a guideline for corporate governance. We submit Corporate Governance Report including our measures to address Corporate Governance Code to Tokyo Stock Exchange every year, which is posted on the Tokyo Stock Exchange and ALSOK websites.

The ALSOK Group aims to establish the organizational structure to which the corporate governance functions more effectively, and will continue to examine the measures for various systems.

###### B. Corporate bodies and internal control system

###### (A) Overview of corporate governance system and reason for adoption

We adopt the Audit and Supervisory Board members system and recognize that its full audit is operating effectively to improve governance of our management team.

ALSOK’s directors consist of 12 members, including 5 outside directors, and Audit and Supervisory Board members consist of 4 members, including 3 outside Audit and Supervisory Board members. The Board of Directors meets generally once a month to make important management decisions on basic management policy and important matters concerning business execution. The board also oversees execution of duties of the directors and executive officers. The Management Committee, chaired by the Representative Director Group CEO, meets generally twice a month to discuss matters to be presented to the Board of Directors and the business execution policy based on the resolutions of the Board of Directors. The Audit and Supervisory Board meets generally once a month to consult, discuss or resolve important matters concerning audit. Also, one of the Audit and Supervisory Board members attends the Management Committee and monitors execution of duties of management.

We have been adopting this current system as the fairness and transparency of business management are properly ensured by the system.

Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act, the Company and the outside directors and Audit and Supervisory Board members enter into a contract to limit the liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum liability based on the concerned contract is higher of ¥10 million or the minimum liability specified in Article 425, Paragraph 1 of the Companies Act. This is intended for outside directors and outside Audit and Supervisory Board members to sufficiently fulfill the expected role.

In addition, the Company enters into a liability insurance contract for officers, etc. as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, with the Company’s directors, Audit and Supervisory Board members and executive officers as an insured person. If the insured person is liable for damages due to the execution of duties, legal damages and litigation costs will be covered by the insurance contract. The entire amount of insurance premiums is borne by the Company. In order to prevent the insured person’s proper execution of duties from being impaired, the insured person is not covered for damages caused by personal gains or benefits illegally obtained by the insured, criminal acts of the insured and acts performed by the insured knowing that they violate the law.

###### (B) Internal control system

Based on the Companies Act and the Financial Instruments and Exchange Act of Japan, the Company has a system in place to ensure the execution of duties by directors complies with laws and regulations and the Articles of Incorporation and the adequacy of the business of other corporation and a corporate group consisting of the corporation and its subsidiaries.

###### a. System to ensure the compliance of execution of duties by the Company’s directors and employees with laws and regulations and the Articles of Incorporation

(a) Establish ALSOK Charter, the basic principle compiling the founder’s spirit and corporate philosophy, which is the basis for every business activity of the Company.

(b) Monitor the execution of duties by establishing Board Regulations, Internal Memo Regulations, Policies of Dividing

- Duties, and Policies of Administrative Authority, appropriately separating duties and requiring approval for matters beyond authority.
- (c) Establish Ethical Rule as a standard for acts built on the execution of duties and ethics with integrity.
  - (d) Establish Compliance Rule and appoint the officer in charge of compliance, who reports to the Board of Directors and the Management Committee, if necessary.
  - (e) Establish Internal Report Rule to implement a whistleblowing system and operate it appropriately.
  - (f) Establish a department specialized in internal audit under the direct control of the Representative Director Group COO. The department regularly monitors business activities of all departments in the head office and branches and reports the results to the directors and Audit and Supervisory Board members.
  - (g) Establish and operate a system for appropriate financial reporting based on the Financial Instruments and Exchange Act of Japan and other laws and regulations.
  - (h) Provide appropriate trainings for laws and regulations, the Articles of Incorporation and internal rules for directors and employees.
- b. System to preserve and manage information related to execution of duties of the Company's directors
- (a) Establish regulations for handling of critical information indicating the execution of business such as minutes of the General Meeting of Shareholders, minutes of the Board of Directors' meeting, minutes of the Management Committee, request for approval, contracts, accounting books/financial statements, etc., and properly preserve and manage such information.
  - (b) Provide directors and Audit and Supervisory Board members with access to the information anytime.
- c. Regulations related to management of risk of loss and other systems
- (a) Establish Risk Management Rule, appoint the officer in charge of risk management, who projects and assesses risks to prevent, mitigate, transfer the risks, takes appropriate measures as necessary or develops measures taken in case of risk occurrence and reports to the Board of Directors and the Management Committee, as necessary.
  - (b) Establish Business Continuity Plan to build a system that enables business continuity and early recovery and resumption even in the event of unforeseen situations such as major disasters, accidents or epidemic.
  - (c) Establish Information Asset Management Rule, appoint the officer in charge of information asset management, who builds a system to protect the information asset from threats such as theft, leakage, falsification, damages and disasters and reports to the Board of Directors and the Management Committee, as necessary.
- d. System to ensure efficient execution of duties by the Company's directors
- (a) Develop the Medium-Term and Annual Management Plans based on the business objectives.
  - (b) Monitor the progress of Annual Management Plan and report to the Board of Directors and the Management Committee on a monthly basis.
  - (c) Establish Administrative Authority Regulation to make decisions efficiently by separating duties.
  - (d) Simplify business processes by the enterprise system that uses IT to streamline business management and operation to achieve efficiency.
- e. System to ensure adequacy of businesses of corporate group consisting of the Company and its subsidiaries.
- (a) Establish regulations for management of subsidiaries' businesses and a department specialized in the subsidiary management, require reporting of matters related to execution of duties, send directors and Audit and Supervisory Board members from the Company, to provide strict supervision and oversight.
  - (b) Require reporting of critical information related to risk of loss of subsidiaries based on the regulations for the subsidiaries' business management to address the risk in cooperation with the Company.
  - (c) Require subsidiaries to share information with the Company through various meetings and intranet and improve efficiency of business processes using common operation system. Develop the Group's Medium-Term and Annual Management Plans and require subsidiaries to report the progress on a monthly basis for monitoring purposes.
  - (d) Cooperate with subsidiaries to implement compliance activities and operate the whistleblowing system, completely block relationships with antisocial forces, establish an internal system necessary for that purpose and work with external specialized institutions. Also, cooperate with subsidiaries and conduct annual internal audit of significant subsidiaries.
- f. System to ensure effective audit by Audit and Supervisory Board members
- (a) Establish the Audit and Supervisory Board secretariat and arrange employees who assist the execution of duties of the Audit and Supervisory Board members.
  - (b) Obtain an approval from the Audit and Supervisory Board on the secretariat member's personnel affairs. The secretariat members follow the orders of the Audit and Supervisory Board members.
  - (c) Require the Company's directors and employees to report to the Audit and Supervisory Board members regarding

important matters related to businesses and the department specialized in internal audit cooperates with the Audit and Supervisory Board members and exchanges information including situations of subsidiaries. Audit and Supervisory Board members attend the meetings of the Board of Directors and the Management Committee.

- (d) Require directors and employees of subsidiaries to report to the Audit and Supervisory Board immediately on the execution of businesses, if requested. The Company's whistleblowing department reports critical information to the Audit and Supervisory Board.

It is prohibited to give the Company's directors, employees and subsidiaries' directors, etc. who have reported to the Audit and Supervisory Board members disadvantageous treatment.

- (e) Secure a certain amount of budget every year to pay for expenses incurred in the execution of duties by the Audit and Supervisory Board members. Properly process the invoices from the Audit and Supervisory Board members for such expenses.
- (f) Audit and Supervisory Board members regularly exchange opinions or interview with the Representative Director and Chief Officers and make visits to offices and subsidiaries. Exchange opinions with the independent auditor on a regular basis.

#### (C) Risk management system

The Company places particular importance on risk management due to the nature of its business to ensure safety of society. To this end, the Risk Management Committee, chaired by the Representative Director Group COO, is organized in accordance with Risk Management Rule established in 2002 as amended according to the current risk situations. Also, the risk management examination organization is established on a head office and office level, to manage risk on a company-wide basis, including identification and assessment of risks and development of preventative and responsive measures. In addition, a risk examination working group is set up within the Risk Management Committee for each field, which collects, analyzes and assesses risk information to develop measures to mitigate the risks. We have established systems, such as emergency contact and establishment of task force, to respond promptly to critical emergency situations.

With respect to compliance, the Compliance Committee, chaired by the officer in charge of compliance, is organized to achieve compliance with laws and regulations. The Compliance Committee strives to improve compliance awareness across officers and employees in accordance with Compliance Regulation established in 2002 (currently Compliance Rule) and monitors the activities on a regular basis.

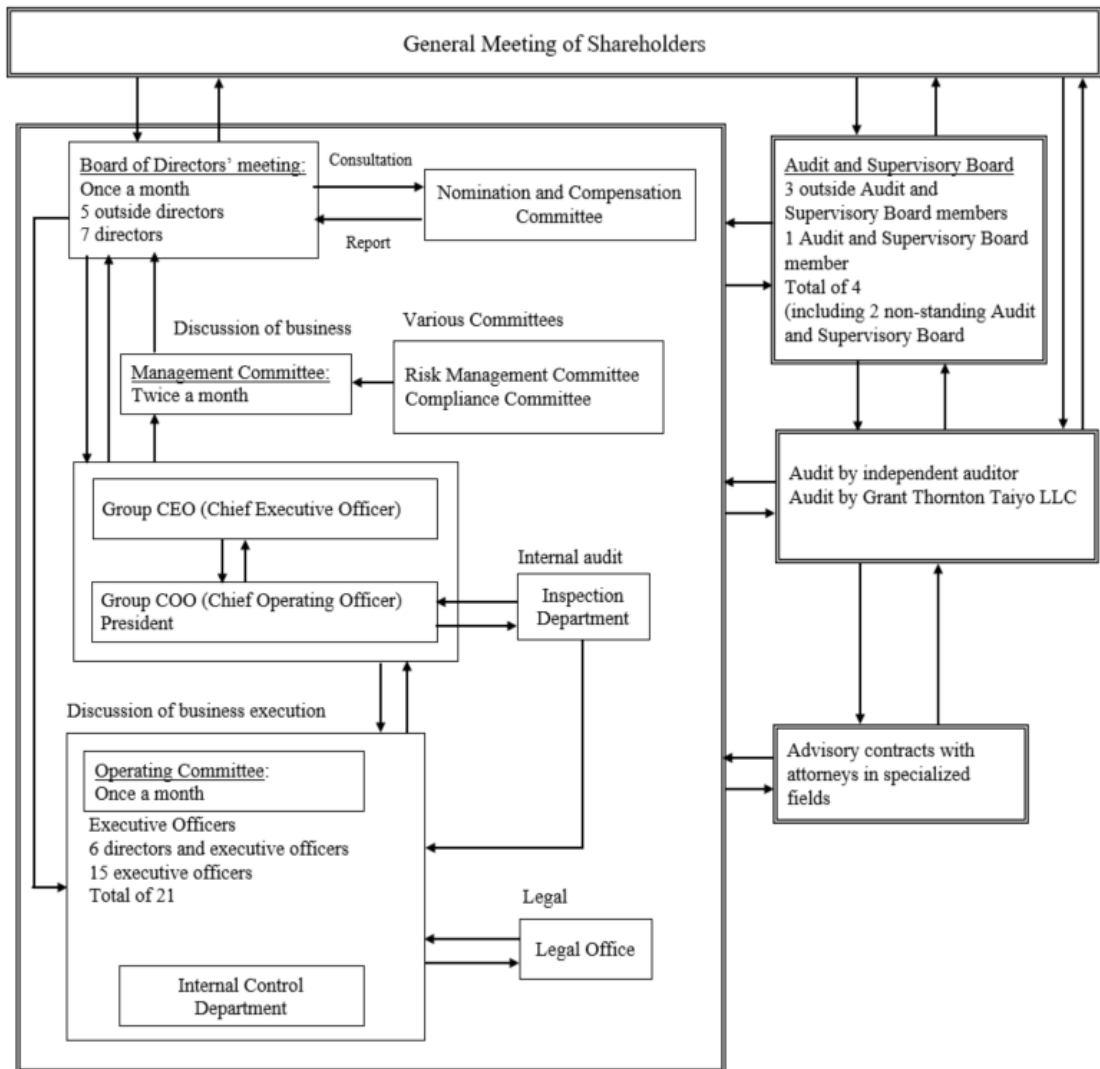
For earlier detection and prevention of problems surrounding corporate ethics, ALSOK Hotline was established in 2004, which is a whistleblowing system for officers and employees to report illegal, fraudulent or unethical acts within the company through emails, phones and documentation without being treated disadvantageously. In addition to the help desk within the company, we set up a help desk outside the company in 2016 for reporting. Furthermore, in December 2021, ALSOK Business Partner Hotline, a whistleblowing system for business partners, was established with the aim of ensuring self-cleaning, social trust, maintenance and improvement of corporate value and sustainable development with business partners.

The Group has established Basic Policy for Information Security as a cornerstone to ensure information security, which is applied to all employees including officers and all information assets held. Based on Information Asset Management Rule, a company-wide management system for information assets has been established and promoted, and drills have been conducted to prepare for incidents related to information assets. Furthermore, if a critical incident occurs, the Group sets up ALSOK-CSIRT (Computer Security Incident Response Team), which is a framework to respond to the incident and develop and execute the preventative measures.

For risks related to lawsuits, disputes and other laws and regulations, the Company has established Legal Office to address such risks in cooperation with various departments. We have entered into advisory contracts with seven law firms and received appropriate advice and guidance on critical legal issues and compliance-related events to establish a system to prevent risks. We have engaged lawyers in our corporate governance by maintaining compliance and seeking such advice and guidance.

(D) Bodies and internal controls of the Company

The following is a chart of management organization describing decision-making, execution and supervision of the Company, as well as other corporate governance systems as of the date of filing of this report.





C. Board of Directors

(A) Number of directors

The Articles of Incorporation stipulate that the number of directors of the Company shall be 12 or less.

(B) Requirements for appointment of directors

The Company stipulates in the Articles of Incorporation that, for a resolution of appointment of directors, shareholders with voting rights representing one-third or more of the total voting rights of all shareholders shall be in attendance at the meeting, and the majority of votes of the shareholders with voting rights who attend the meeting is required.

(C) Composition of directors

In appointing directors, the Company selects from among those who are well versed in various issues of corporate management and have outstanding character, insight, and performance, whether inside or outside the Company.

The Company's Board of Directors is well-balanced and with diversity of knowledge, experience and abilities, comprising several directors from external companies and public organizations, in addition to directors with abundant experience in the Company.

The Company's basic policy and decision making regarding the nomination of directors (excluding outside directors) are determined by the Board of Directors after deliberation and report by the Nomination and Compensation Committee, a voluntary committee whose majority members are independent outside directors.

The following table shows the expertise and experience of the directors as well as their attendance at the Board of Directors meetings as of the date of filing of this report.

Name	Title	Expertise and experience				
		Corporate management (including sustainability)	Finance and accounting	Legal and compliance	IT and digital	Global
Tsuyoshi Murai	Representative Director Group CEO, CTO	•		•	•	
Ikuji Kayaki	Representative Director Group COO	•		•		
Motohisa Suzuki	Director	•		•		•
Takashi Kumagai	Director	•		•	•	
Kazuhide Shigemi	Director	•	•			
Naoki Hyakutake	Director	•		•		
Yutaka Komatsu	Director	•				
Toshie Ikenaga	Director	•		•		
Masahiko Mishima	Director	•		•		•
Kenji Iwasaki	Director	•	•	•		
Hiroyuki Morita	Director	•	•		•	•
Risa Tanaka	Director	•				

Name	Title	Expertise and experience			Attendance	
		Sales and marketing	Human capital management	Industry (Security, facilities, long-term care)	Number of meeting	Attendance
Tsuyoshi Murai	Representative Director Group CEO, CTO	•	•	•	15	15
Ikuji Kayaki	Representative Director Group COO	•	•	•	15	15
Motohisa Suzuki	Director		•	•	15	15
Takashi Kumagai	Director			•	15	15
Kazuhide Shigemi	Director	•			15	15
Naoki Hyakutake	Director	•	•	•	15	15
Yutaka Komatsu	Director	•		•	15	15

Name	Title	Expertise and experience			Attendance	
		Sales and marketing	Human capital management	Industry (Security, facilities, long-term care)	Number of meeting	Attendance
Toshie Ikenaga	Director		•		15	15
Masahiko Mishima	Director	•			15	15
Kenji Iwasaki	Director	•	•		15	15

Name	Title	Expertise and experience			Attendance	
		Sales and marketing	Human capital management	Industry (Security, facilities, long-term care)	Number of meeting	Attendance
Hiroyuki Morita	Director	•			0	0
Risa Tanaka	Director	•	•		0	0

(D) Information on activities of board of directors

The Board of Directors meets generally once a month and as necessary. There were 15 meetings during the current fiscal year.

The main roles of the Board of Directors are to make decisions on matters stipulated by law and the Articles of Incorporation and important management matters of the Group, and to supervise the execution of duties by directors and executive officers. Matters to be discussed and reported by the Board of Directors are stipulated in the Board Regulations. Other business execution is delegated to the management, and the Management Committee decides on matters to be discussed at the Board of Directors and deliberates specific matters related to business execution based on decisions made by the Board of Directors. Major resolutions and reports during the current fiscal year are as follows:

Resolution matter	Description	Date
General Meeting of Shareholders	Convocation of the 58th Ordinary General Meeting of Shareholders	May 12, 2023
	Appointment of convenors and chairperson of the General Meeting of Shareholders and the Board of Directors' meeting and its order	June 27, 2023
Operating results	58th business term Financial reporting	May 12, 2023
	Dividends from surplus	May 12, 2023 and others
	Quarterly financial reporting	July 28, 2023 and others
Directors	Appointment of Directors and Audit and Supervisory Board member candidates	April 4, 2023
	Bonuses for directors and other officers for the period ended June 2023	May 12, 2023
	Audit engagement contract and audit fees for the 59th business term	June 6, 2023
	Appointment of Representative Director	June 27, 2023
Stocks and others	The Company's stock split	May 12, 2023
	Purchase of treasury stock	July 28, 2023
Organization and human affairs	Personnel changes	May 12, 2023 and others
	Organizational change for the 60th business term	January 10, 2024
	Appointment of executive officers for FY24	March 5, 2024
Internal control system	Information security measures for the 59th business term	May 12, 2023
	Scope of evaluation of internal controls for the fiscal year ended March 31, 2024	August 8, 2023

Resolution matter	Description	Date
Corporate management	Corporate planning for the fiscal year ended March 31, 2024	May 12, 2023
	Policy for development of profit planning for the fiscal year ending March 31, 2025 (the 60th business term)	February 6, 2024
Disposal and transfer of important assets	Purchase of a site for relocation of the Senju Distribution Center	December 5, 2023

Reporting matter	Description	Date
Progress and results of execution of resolutions of the Board of Directors	Purchase of treasury stock	September 5, 2023 and others
	Bidding result for purchase of a site for relocation of the Senju Distribution Center	January 10, 2024
Business execution	Report from the Compliance Committee	April 4, 2023 and others
	Renewal of various types of insurance	
	Purchase and sales of securities and investments results	February 6, 2024
	Activities of the Risk Management Committee	
Monthly business results	Monthly profit/loss	April 4, 2023 and others
Other matters deemed necessary by the Board of Directors	Results of questionnaire survey on effectiveness of the Company's Board of Directors	April 4, 2023
	Audit status report	April 4, 2023 and others
	Progress of efforts on social and environmental agendas	August 8, 2023
	Results of deliberation of appointment and compensation of Directors	December 5, 2023

(E) Evaluation of effectiveness of board of directors

The following is a summary of the results of the analysis and evaluation of the effectiveness of the Company's Board of Directors.

a. Method of analysis

In February 2024, the Company conducted a questionnaire survey for all directors and all Audit and Supervisory Board Members regarding the effectiveness of the Board of Directors. In order to ensure objectivity and transparency, the third party service provider was generally used to conduct the questionnaire, and the Company received a report of the results from the service provider.

<Questions>

The major questions included in the questionnaire conducted in February 2024 were related to the following. The questions were answered either on a scale of 1 to 5 or by short answers.

- Composition of the Board of Directors
- Operation of the Board of Directors
- Discussion of the Board of Directors
- Monitoring function of the Board of Directors
- Support system for the Board of Directors and Audit and Supervisory Board members
- Training
- Engagement with shareholders (investors)
- Communication
- Summary

b. Summary of results

Based on the questionnaire, we confirmed that the effectiveness of our Board of Directors has been ensured, and reported the results at the Board of Directors' meeting held in May 2024. Constructive opinions were presented for issues to be

addressed, including management strategies and planning from the viewpoint of improving corporate value over the medium to long term.

Taking into consideration the opinions presented in the evaluation process, we will continue to make efforts to improve the effectiveness of the Board of Directors.

D. Matters to be resolved at the General Meeting of Shareholders that may be resolved at the Board of Directors' meeting

(A) Decision-making body for purchase of treasury stock

According to provisions of Article 165, Paragraph 2 of the Companies Act, it is stipulated in the Articles of Incorporation that the Company may purchase its own shares by a resolution of the Board of Directors without a resolution of the shareholders. This is intended to build flexibility in capital decision making by granting the authority related to treasury stock to the Board of Directors.

(B) Indemnification of directors

According to provisions of Article 426, Paragraph 1 of the Companies Act, it is stipulated in the Articles of Incorporation that the Company may indemnify its directors (including former directors) as specified in Article 423, Paragraph 1 of the Companies Act, within the limit stipulated by laws and by a resolution of the Board of Directors, for any damages caused by their actions if they acted in good faith and were not grossly negligent. This is intended for directors to sufficiently fulfill the expected role.

(C) Indemnification of Audit and Supervisory Board members

According to provisions of Article 426, Paragraph 1 of the Companies Act, it is stipulated in the Articles of Incorporation that the Company may indemnify its Audit and Supervisory Board members (including former members) as specified in Article 423, Paragraph 1 of the Companies Act, within the limit stipulated by laws and by a resolution of the Board of Directors, for any damages caused by their actions if they acted in good faith and were not grossly negligent. This is intended for Audit and Supervisory Board members to sufficiently fulfill the expected role.

(D) Decision-making body for interim dividends

According to provisions of Article 454, Paragraph 5 of the Companies Act, it is stipulated in the Articles of Incorporation that the Company may decide on interim dividends by a resolution of the Board of Directors without a resolution of the shareholders. This is intended to build flexibility in distributing returns to shareholders depending on the circumstances and operating results of the Company, by granting the decision-making authority related to interim dividends to the Board of Directors.

E. Special matters to be resolved at the General Meeting of Shareholders

The Company stipulates in the Articles of Incorporation that, for special matters to be resolved at the General Meeting of Shareholders as specified in Article 309, Paragraph 2 of the Companies Act, shareholders with voting rights representing one-third or more of the total voting rights of all shareholders shall be in attendance at the meeting, and two-thirds of votes of the shareholders with voting rights who attend the meeting is required. This is intended to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum of a special resolution by the shareholders.

F. Basic policy for control over corporation

(A) Basic policy

Nothing to report.

(B) Measures to prevent inappropriate control

Nothing to report.

(C) The Board of Directors' decision on measures to prevent inappropriate control

Nothing to report.

G. Activities of committees established with respect to corporate governance

(A) Activities of the Nomination and Compensation Committee

Effective February 7, 2023, the Company established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors.

The purpose of the Committee is to ensure objectivity and transparency in the method of determining directors appointment and compensation, and to further enhance the corporate governance system. Based on recommendations by the Board of Directors, the committee deliberates on matters related to the nomination of directors and basic policies and decision-making methods related to compensation, and reports to the Board of Directors.

The committee members are composed of members who are expected to play an important role, and majority members are

independent outside directors as follows

Position	Name	Attendance for the current fiscal year
Representative Director Group CEO	Tsuyoshi Murai	1 out of 1
Outside director	Hiroto Suetsugu (*2)	1 out of 1
Outside director	Toshie Ikenaga	1 out of 1

\*1 The Nomination and Compensation Committee generally meets once a year on a regular basis, and extraordinary meetings are held as necessary.

\*2 Mr. Hiroto Suetsugu was Outside director as of the date of the Nomination and Compensation Committee meeting for the current fiscal year and has resigned as of the date of filing of this report.

(B) Activities of the Business Investment Review Committee

Effective October 1, 2022, the Company established the Business Investment Review Committee.

The committee shares the purpose of investment in business expansion projects, such as acquisitions and business transfers, and examines various risks such as quantitative aspects and issues in business operations, including human capital to engage and operate.

The committee is chaired by the Representative Director Group CEO, vice-chaired by Representative Director Group COO, and includes the directors in charge of General Affairs/PR, Corporate Planning & Administration, Business Strategies, Financial & Accounting, Human Resources Affairs and specific project as well as others appointed by the Chairperson. The committee meets on a case-by-case basis. During the current fiscal year, the committee met nine times.

## (2) [Information on directors and officers]

## A. Directors and officers

14 males and 2 females (12.5% of directors and officers is female)

Position	Name	Date of birth	Biography	Term	Number of shares held (Shares)
Representative Director Group CEO CTO (Note 8)	Tsuyoshi Murai	August 15, 1969	<p>Jul. 1999: Joined the Company</p> <p>Jun. 2007: Chief Officer of Home Marketing Division</p> <p>Apr. 2010: Executive Officer Chief Officer of Regional Division (I)</p> <p>Feb. 2011: In charge of General Property Management</p> <p>Mar. 2011: Japan Facilio Co., Ltd. President and Representative Director (Resigned in Mar. 2014)</p> <p>Apr. 2014: Senior Executive Officer Deputy Chief Officer of Business Promotion Division in charge of Business Planning &amp; Management In charge of Local Financial Institution Services</p> <p>Apr. 2016: Chief Officer of Human Resources Affairs In charge of Corporate Ethics</p> <p>Jun. 2016: Director and Senior Executive Officer</p> <p>Apr. 2018: In charge of General Affairs/PR In charge of Compliance In charge of Risk Management In charge of Information Asset Management Chief Officer of Tokyo 2020 Olympic and Paralympic Games Promotion Affairs</p> <p>May 2018: In charge of Central Japan Area Deputy Chief Officer of Business Promotion Division in charge of Business Promotion Division (Central Japan Area)</p> <p>Apr. 2019: Director and Executive Vice President In charge of Tokyo 2020 Olympic and Paralympic Games Promotion Affairs</p> <p>Apr. 2020: In charge of Management Company</p> <p>Apr. 2022: Chief Officer of Development &amp; Technologies</p> <p>Jun. 2022: Representative Director (Current) Group CEO (Current) CTO (Current)</p> <p>(Main concurrent positions)</p> <p>Dec. 2021: Representative Director, SOHGO CORPORATION (Current)</p> <p>Jun. 2024: Chairperson, All Japan Security Service Association (Current)</p>	(Note 3)	3,359,000

Position	Name	Date of birth	Biography	Term	Number of shares held (Shares)
<p>Representative Director Group COO In charge of East Japan Area Chief Officer of Business Promotion Division In charge of Quality Management (Note 8)</p>	Ikuji Kayaki	January 3, 1960	<p>Apr. 1982: Joined the Company Apr. 2011: Chief Officer of Regional Division (IV) Apr. 2012: Executive Officer Apr. 2014: Deputy Chief Officer of Security Operations In charge of Structural Reform (Transportation Security Services) Apr. 2015: Senior Executive Officer Chief Officer of Security Operations Jun. 2017: Director and Senior Executive Officer Apr. 2018: Executive Vice President and Representative Director Head of ALSOK In-house Company In charge of East Japan Area (Current) Deputy Chief Officer of Business Promotion Division in charge of Corporate Customers Apr. 2019: Vice President and Representative Director Vice President and Executive Officer Chief Officer of Business Promotion Division (Current) In charge of Corporate Customers In charge of Business Promotion Division (East Japan Area) Jun. 2022: Representative Director (Current) Group COO (Current) President and Executive Officer (Current) Apr. 2024: In charge of Quality Management (Current)</p>	(Note 3)	39,300
<p>Director (Executive Vice President) In charge of General Affairs/PR In charge of Compliance In charge of Risk Management In charge of Information Asset Management In charge of Affiliated Corporate In charge of International Affairs Chief Officer of International Affairs Deputy Chief Officer of Business Promotion Division</p>	Motohisa Suzuki	October 17, 1959	<p>Jan. 2015: Director of Traffic Bureau, National Police Agency (Resigned in Jan. 2016) Apr. 2016: Senior Executive Officer of the Company In charge of General Affairs/PR In charge of Procurement Deputy Chief Officer of Security Operations (Tokyo 2020 Olympic and Paralympic Games Operations) In charge of HOME ALSOK In charge of Compliance In charge of Risk Management In charge of Information Asset Management Deputy Chief Officer of Business Promotion Division Apr. 2018: Chief Officer of Security Operations In charge of Structural Reform (Transportation Security Services) Deputy Chief Officer of Tokyo 2020 Olympic and Paralympic Games Promotion Affairs Apr. 2019: Chief Officer of Tokyo 2020 Olympic and Paralympic Games Promotion Affairs Jun. 2019: Director and Senior Executive Officer Jun. 2022: In charge of General Affairs/PR (Current) In charge of Compliance (Current) In charge of Risk Management (Current) In charge of Information Asset Management (Current) In charge of Management Company In charge of International Affairs (Current) Chief Officer of International Affairs (Current) Aug. 2022: Deputy Chief Officer of Business Promotion Division (Current) Apr. 2023: Director and Executive Vice President (Current) In charge of Quality Management In charge of Affiliated Corporate (Current)</p>	(Note 3)	20,800

Position	Name	Date of birth	Biography	Term	Number of shares held (Shares)
<p>Director (Senior Executive Officer) In charge of Long-Term Care Services Deputy Chief Officer of Business Promotion Division President and Representative Director of Life Co., Ltd. President and Representative Director of ALSOK Care Co., Ltd.</p>	Takashi Kumagai	December 15, 1958	<p>Jul. 2014: Director General for Reconstruction Agency (Resigned in Jun. 2016) Oct. 2016: Executive Officer of the Company Second in charge of Management Company Second in charge of Regional Control Deputy Chief Officer of Development &amp; Technologies Deputy Chief Officer of Business Promotion Division second in charge of Sales Promotion Second in charge of Corporate Customers Apr. 2017: Senior Executive Officer In charge of Long-Term Care Services (Current) In charge of Management Company In charge of Regional Control Deputy Chief Officer of Business Promotion Division second in charge of Sales Promotion Apr. 2018: Deputy Chief Officer of Business Promotion Division in charge of HOME ALSOK Apr. 2020: Deputy Chief Officer of Business Promotion Division (Current) President and Representative Director of Life Holdings Co., Ltd. (currently Life Co., Ltd.) President and Representative Director of Life Co., Ltd. (Current) President and Representative Director of MBIC Life Co., Ltd. (currently ALSOK MBIC Laboratory Co., Ltd.) Apr. 2022: President and Representative Director of ALSOK Care Co., Ltd. (Current) Jun. 2022: Director and Senior Executive Officer (Current)</p>	(Note 3)	8,300
<p>Director (Senior Executive Officer) In charge of Financial &amp; Accounting In charge of Internal Control In charge of Procurement</p>	Kazuhide Shigemi	December 25, 1959	<p>Apr. 2009: General Manager of Osaka Sales Division (II) of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) (Resigned in Apr. 2012) May 2011: General Manager of Regional Control of the Company Apr. 2013: Group General Manager Apr. 2015: General Manager of Corporate Planning &amp; Administration Apr. 2017: Executive Officer Second in charge of Corporate Planning &amp; Administration Second in charge of Strategic Business Apr. 2019: Senior Executive Officer In charge of Corporate Planning &amp; Administration In charge of Strategic Business Jun. 2022: Director and Senior Executive Officer (Current) Oct. 2022: In charge of Financial &amp; Accounting (Current) In charge of Internal Control (Current) In charge of Procurement (Current)</p>	(Note 3)	6,600



Position	Name	Date of birth	Biography	Term	Number of shares held (Shares)
<p>Director (Senior Executive Officer) Chief Officer of Human Resources Affairs In charge of Corporate Ethics</p>	Naoki Hyakutake	May 15, 1964	<p>Apr. 1989: Joined the Company</p> <p>Apr. 2016: President and Representative Director of ALSOK Care &amp; Support Co., Ltd. (Resigned in Mar. 2017)</p> <p>Apr. 2017: General Manager of Human Resources Department</p> <p>Apr. 2019: Executive Officer In charge of Human Resources Affairs</p> <p>Apr. 2022: Senior Executive Officer Deputy Chief Officer of Human Resources Affairs</p> <p>Jun. 2022: Director and Senior Executive Officer (Current) Chief Officer of Human Resources Affairs (Current) In charge of Corporate Ethics (Current)</p>	(Note 3)	15,100
<p>Director (Senior Executive Officer) Secondment to Kansai area In charge of West Japan Area In charge of Expo 2025 Osaka, Kansai, Japan (General) Deputy Chief Officer of Business Promotion Division In charge of Business Promotion Division (West Japan Area) Chief Officer of Regional Division (II) Chief Officer of Regional Division (X)</p>	Yutaka Komatsu	November 3, 1958	<p>Mar. 1981: Joined the Company</p> <p>Apr. 2008: General Manager in charge of Corporate Sales (I)</p> <p>Oct. 2014: President and Representative Director of Hokkaido Sohgo Security Services Co., Ltd. (currently ALSOK Hokkaido Co., Ltd.)</p> <p>Apr. 2020: Executive Officer President and Representative Director of ALSOK Hokkaido Co., Ltd.</p> <p>Apr. 2022: Senior Executive Officer Chairperson and Representative Director of ALSOK Hokkaido Co., Ltd.</p> <p>Jun. 2022: Director and Senior Executive Officer (Current) In charge of West Japan Area (Current) In charge of Expo 2025 Osaka, Kansai, Japan (General) (Current) Deputy Chief Officer of Business Promotion Division (Current) In charge of Business Promotion Division (West Japan Area) (Current) Chief Officer of Regional Division (II) (Current) Chairperson, President and Representative Director of ALSOK Kinki Co., Ltd. Chairperson and Representative Director of ALSOK Osaka Co., Ltd.</p> <p>Apr. 2024: Chief Officer of Regional Division (X) (Current)</p> <p>(Main concurrent positions)</p> <p>Jun. 2022: President and Representative Director of Hiroshima Sohgo Security Services Co., Ltd (Current) President and Representative Director of Ehime Sohgo Security Services Co., Ltd (Current)</p>	(Note 3)	10,400

Position	Name	Date of birth	Biography	Term	Number of shares held (Shares)
Director	Toshie Ikenaga	January 23, 1961	<p>Apr. 1987: Joined the Economic Planning Agency</p> <p>Sep. 2010: Director of Policy Evaluation and Public Relations Division, Minister's Secretariat, Cabinet Office</p> <p>Apr. 2012: Professor of Hosei Graduate School of Regional Policy Design</p> <p>Apr. 2014: Director of Cabinet Office</p> <p>Sep. 2014: Director of General Affairs Division, Gender Equality Bureau, Cabinet Office</p> <p>Jan. 2016: Vice-Governor of Shiga Prefecture (Resigned in Jul. 2018)</p> <p>Jul. 2018: Director-General of General Affairs Division, Gender Equality Bureau, Cabinet Office (Resigned in Aug. 2020)</p> <p>Jun. 2021: Director of the Company (Current)</p> <p>Jul. 2022: Director of National Hospital Organization (Current)</p> <p>(Main concurrent positions)</p> <p>Jun. 2021: Outside Audit and Supervisory Board member of Shimizu Corporation (Current)</p>	(Note 3)	300
Director	Masahiko Mishima	July 14, 1956	<p>Apr. 2016: Executive Officer of Mitsubishi Heavy Industries, Ltd.</p> <p>Oct. 2018: Senior Executive Officer of Mitsubishi Heavy Industries, Ltd.</p> <p>Jun. 2019: Representative Director and Senior Executive Officer of Mitsubishi Heavy Industries, Ltd.</p> <p>Jun. 2021: Senior Executive Officer of Mitsubishi Heavy Industries, Ltd. (Resigned in Sep. 2021)</p> <p>Oct. 2021: Advisor of Mitsubishi Heavy Industries, Ltd. (Resigned in Sep. 2022)</p> <p>Jun. 2022: Director of the Company (Current)</p>	(Note 3)	2,500
Director	Kenji Iwasaki	January 3, 1955	<p>Jun. 2009: Executive Officer of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</p> <p>Jun. 2010: Managing Director of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</p> <p>Apr. 2014: Senior Managing Director of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</p> <p>Apr. 2017: Vice President and Director of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. (Resigned in Mar. 2018)</p> <p>Vice President and Executive Officer of Tokio Marine Holdings, Inc.</p> <p>Jun. 2017: Vice President and Director of Tokio Marine Holdings, Inc. (Resigned in Jun. 2018)</p> <p>Jun. 2018: Executive Director of the General Insurance Association of Japan (Resigned in Jun. 2022)</p> <p>Jun. 2022: Director of the Company (Current)</p> <p>Jul. 2022: Outside Audit and Supervisory Board member of Daiichiseiwa Jimusho Co., Ltd. (Current)</p> <p>(Main concurrent positions)</p> <p>Jun. 2022: President and Representative Director of HMS Holdings Corporation (Current)</p> <p>Jun. 2023: Director and Audit and Supervisory Board member of Japan Airport Terminal Co., Ltd. (Current)</p>	(Note 3)	1,100

Position	Name	Date of birth	Biography	Term	Number of shares held (Shares)
Director	Hiroyuki Morita	July 16, 1958	<p>Jun. 1997: President of ENICOM Inc. (currently NS Solutions USA) (Resigned in Jun. 1999)</p> <p>Apr. 2010: Executive Officer of NS Solutions Corporation</p> <p>Jun. 2012: Director of NS Solutions Corporation</p> <p>Jun. 2015: Director and Superior Executive Officer of NS Solutions Corporation</p> <p>Apr. 2016: Director and Senior Executive Officer of NS Solutions Corporation</p> <p>Apr. 2019: President and Representative Director of NS Solutions Corporation</p> <p>Apr. 2023: Director and Advisor of NS Solutions Corporation (Current)</p> <p>Jun. 2024: Director of the Company (Current)</p> <p>(Main concurrent positions)</p> <p>Jun. 2024: Outside Director of Toho System Science Co., Ltd. (Current)</p>	(Note 3)	0
Director	Risa Tanaka	November 14, 1966	<p>Apr. 1995: Chief Editor of monthly magazine, Senden Kaigi of Sendenkaigi Co., Ltd.</p> <p>Nov. 2008: Vice President and Director, and Editorial Office Manager of Sendenkaigi Co., Ltd.</p> <p>Aug. 2010: Director of Japan Association for Rail Advertising (Current)</p> <p>Apr. 2012: Professor at Graduate School of Project Design founded by Advanced Academic Agency</p> <p>Jun. 2014: Outside director of Japan Post Co., Ltd.</p> <p>Apr. 2016: Director of Sendenkaigi Co., Ltd.</p> <p>Jan. 2019: Member of the Central Environment Council of the Ministry of the Environment (Current)</p> <p>Feb. 2019: Member of the Infrastructure Development Council and the Council for Transport Policy of the Ministry of Land, Infrastructure, Transport and Tourism (Current)</p> <p>Apr. 2021: Member of the Board of Trustees and Vice President of Mie University (Current)</p> <p>Jan. 2022: Member of the 33rd Local Government System Research Committee of the Ministry of Internal Affairs and Communications</p> <p>Jun. 2024: Director of the Company (Current)</p> <p>(Main concurrent positions)</p> <p>Apr. 2016: President of Graduate School of Project Design founded by Advanced Academic Agency (Current)</p> <p>Jun. 2021: Outside Director of Imuraya Group Co., Ltd. (Current)</p> <p>Jun. 2022: Outside Audit and Supervisory Board member of Metropolitan Expressway Co., Ltd. (Current)</p>	(Note 3)	0
Standing Audit and Supervisory Board member	Juichiro Mochizuki	January 25, 1960	<p>Apr. 1982: Joined the Company</p> <p>Aug. 2012: General Manager (I) of Security Services</p> <p>Apr. 2014: President and Representative Director of Ibaraki Sohgo Security Services Co., Ltd. (currently ALSOK Ibaraki Co., Ltd) (Resigned in Mar. 2020)</p> <p>Apr. 2020: Chief Officer of Regional Division (VI)</p> <p>Apr. 2021: Chief Officer of Regional Division (VII)</p> <p>Jun. 2022: Standing Audit and Supervisory Board member (Current)</p>	(Note 4)	24,600

Position	Name	Date of birth	Biography	Term	Number of shares held (Shares)
Standing Audit and Supervisory Board member	Shinichiro Nakano	December 15, 1959	<p>Jun. 2008: General Manager in charge of Enterprise Risk Management of the Norinchukin Bank</p> <p>Jun. 2012: General Manager in charge of Corporate Planning Management of the Norinchukin Bank</p> <p>Jun. 2014: Managing Director of the Norinchukin Bank (Resigned in Mar. 2019) Director of Norinchukin Value Investments Co., Ltd. (Resigned in Mar. 2018) Director of the Norinchukin Trust &amp; Banking Co., Ltd. (Resigned in Mar. 2019) Audit and Supervisory Board member of Kyodo Housing Loan Co., Ltd. (Resigned in Jun. 2019)</p> <p>Apr. 2019: Standing Counselor of the Norinchukin Bank (Resigned in Jun. 2019)</p> <p>Jun. 2019: Standing Audit and Supervisory Board member of the Company (Current)</p>	(Note 5)	6,000
Audit and Supervisory Board member	Yoshiaki Nakagawa	February 14, 1954	<p>Sep. 1990: Director and CFO of Matsushita Radio Singapore Pte. Ltd. (Resigned in May 1996)</p> <p>Jan. 2001: Chief Accountant of China Hualu Matsushita AVC Co., Ltd. (Resigned in Jan. 2004)</p> <p>Apr. 2009: Executive Officer of Panasonic Corporation (currently Panasonic Holdings Corporation)</p> <p>Jun. 2011: Managing Director of Panasonic Corporation (currently Panasonic Holdings Corporation) (Resigned in Jun. 2014)</p> <p>Apr. 2014: President and Representative Director of Sanyo Electric Co., Ltd. (Resigned in Mar. 2017)</p> <p>Apr. 2017: Advisor of Panasonic Corporation (currently Panasonic Holdings Corporation) (Resigned in Mar. 2018)</p> <p>Apr. 2018: Special Advisor of Hardlock Industry Co., Ltd. (Current)</p> <p>Aug. 2020: Advisor of Uokuni Sohonsa Co., Ltd. (Current)</p> <p>Jun. 2021: Audit and Supervisory Board member of the Company (Current)</p> <p>(Main concurrent positions)</p> <p>Jun. 2020: Outside Audit and Supervisory Board member of Asanuma Corporation (Current)</p>	(Note 6)	3,700
Audit and Supervisory Board member	Yoshifumi Otsuka	February 18, 1964	<p>Apr. 2015: Executive Officer of Daiwa Securities Co. Ltd.</p> <p>Oct. 2018: Executive Officer of Daiwa Securities Group Inc.</p> <p>Apr. 2019: Senior Executive Officer of Daiwa Securities Group Inc. Senior Executive Officer of Daiwa Securities Co. Ltd.</p> <p>Apr. 2020: Managing Director of Daiwa Securities Co. Ltd.</p> <p>Apr. 2022: Senior Managing Director of Daiwa Institute of Research Ltd.</p> <p>Jun. 2024: Audit and Supervisory Board member of the Company (Current)</p>	(Note 7)	0
Total					3,497,700

- (Notes) 1. Toshie Ikenaga, Masahiko Mishima, Kenji Iwasaki, Hiroyuki Morita, and Risa Tanaka are outside directors. Shinichiro Nakano, Yoshiaki Nakagawa, and Yoshifumi Otsuka are outside Audit and Supervisory Board members. A legal name of Toshie Ikenaga is Toshie Kobayashi and a legal name of Risa Tanaka is Risa Saito.
2. The Company has implemented an executive officers system in order to expedite decision making and engaged the Board of Directors by separating supervision and execution.
3. One year from the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2024
4. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2022
5. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2023
6. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021
7. Four years from the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2024
8. CEO is Chief Executive Officer, COO is Chief Operating Officer and CTO is Chief Technology Officer.

ALSOK's executive officers consist of the following 21 members:

Post	Name	Title
President and Executive Officer	Ikuji Kayaki	Group COO In charge of East Japan Area Chief Officer of Business Promotion Division In charge of Quality Management
Executive Vice President	Motohisa Suzuki	In charge of General Affairs/PR In charge of Compliance In charge of Risk Management In charge of Information Asset Management In charge of Affiliated Corporate In charge of International Affairs Chief Officer of International Affairs Deputy Chief Officer of Business Promotion Division
Senior Executive Officer	Takashi Kumagai	In charge of Long-Term Care Services Deputy Chief Officer of Business Promotion Division President and Representative Director of Life Co., Ltd. President and Representative Director of ALSOK Care Co., Ltd.
Senior Executive Officer	Kazuhide Shigemi	In charge of Financial & Accounting In charge of Internal Control In charge of Procurement
Senior Executive Officer	Naoki Hyakutake	Chief Officer of Human Resources Affairs In charge of Corporate Ethics
Senior Executive Officer	Yutaka Komatsu	In charge of West Japan Area In charge of Expo 2025 Osaka, Kansai, Japan (General) Deputy Chief Officer of Business Promotion Division In charge of Business Promotion Division (West Japan Area) Chief Officer of Regional Division (II) Chief Officer of Regional Division (X)
Senior Executive Officer	Shinichiro Hayashi	In charge of Corporate Planning & Administration Deputy Chief Officer of Business Promotion Division In charge of Finance
Senior Executive Officer	Satoshi Yoneda	In charge of Business Strategies Deputy Chief Officer of Business Promotion Division In charge of Business Planning & Management
Senior Executive Officer	Seiji Ono	Deputy Chief Officer of Business Promotion Division In charge of Corporate Customers
Senior Executive Officer	Hiroyuki Ono	In charge of Central Japan Area Deputy Chief Officer of Business Promotion Division In charge of Business Promotion Division (Central Japan Area) Chief Officer of Regional Division (III) Chief Officer of Regional Division (VII)
Senior Executive Officer	Yutaka Miyajima	In charge of Electronic Security In charge of HOME ALSOK Business

Post	Name	Title
Senior Executive Officer	Hiroyoshi Yoshida	Chief Officer of Stationed Security In charge of Expo 2025 Osaka, Kansai, Japan (PR)
Senior Executive Officer	Ken Takahashi	In charge of Transportation Security In charge of Facility Management
Executive Officer	Tetsuya Okuda	Second in charge of General Affairs General Manager of General Affairs Department
Executive Officer	Masahiro Kikukawa	Second in charge of Financial & Accounting General Manager of Financial & Accounting
Executive Officer	Wataru Saito	Deputy Chief Officer of Development & Technologies
Executive Officer	Masafumi Sato	In charge of Development & Technologies General Manager of Development & Technologies
Executive Officer	Tomoyuki Arita	Second in charge of Corporate Customers General Manager in charge of Corporate Sales (I)
Executive Officer	Manabu Morimoto	Second in charge of Electronic Security General Manager of Electronic Security
Executive Officer	Kengo Takeda	Chief Officer of Regional Division (I)
Executive Officer	Tetsuya Tsuburaya	Chief Officer of Regional Division (IV) Chief Officer of Regional Division (V)

#### B. Outside directors and Audit and Supervisory Board members

ALSOK's outside directors consist of five members and outside Audit and Supervisory Board members consist of three members. The outside directors and the Audit and Supervisory Board members who have the Company's stocks are listed in A. Directors and officers.

The Company has security service transactions, etc. with Shimizu Corporation and National Hospital Organization where Toshie Ikenaga, outside director, currently serves as outside Audit and Supervisory Board member and director, respectively. The transactions for the most recent fiscal year represent less than 2% of the Company's net sales.

The Company has security service transactions, etc. with Mitsubishi Heavy Industries, Ltd. where Masahiko Mishima, outside director, had worked for until September 2022. The transactions for the most recent fiscal year represent less than 2% of the Company's net sales.

The Company has security service transactions, etc. with Tokio Marine & Nichido Fire Insurance Co., Ltd. and Tokio Marine Holdings, Inc. where Kenji Iwasaki, outside director, had worked for until March 2018 and June 2018, respectively. The transactions for the most recent fiscal year represent less than 2% of the Company's net sales.

The Company has general property management and fire protection service transactions with NS Solutions Corporation where Hiroyuki Morita, outside director, currently serves as director and advisor. The transactions for the most recent fiscal year represent less than 2% of the Company's net sales.

The Company has transportation security service transactions, etc. with Japan Post Co., Ltd. where Risa Tanaka, outside director, had served as outside director until June 2022, and the Company has also security service transactions, etc. with Imuraya Group Co., Ltd. and Metropolitan Expressway Co., Ltd. where she currently serves as outside director and outside Audit and Supervisory Board member, respectively. The transactions for the most recent fiscal year represent less than 2% of the Company's net sales.

The Company has security service transactions, etc. with the Norinchukin Bank where Shinichiro Nakano, outside director, had worked for until March 2019. The transactions for the most recent fiscal year represent less than 2% of the Company's net sales.

The Company has security service transactions, etc. with Panasonic Corporation (currently Panasonic Holdings Corporation) where Yoshiaki Nakagawa, outside director, had worked for until March 2018, with Sanyo Electric Co., Ltd. where he had worked for until March 2017, with Hardlock Industry Co., Ltd. where he currently serves as Special Advisor, with Uokuni Sohonsa Co., Ltd. where he currently serves as Advisor and with Asanuma Corporation where he currently serves as outside Audit and Supervisory Board member. The transactions for the most recent fiscal year represent less than 2% of the Company's net sales.

The Company has security service transactions, etc. with Daiwa Securities Group Inc. and Daiwa Securities Co. Ltd. where Yoshifumi Otsuka, outside Audit and Supervisory Board member, had worked for until March 2022, and the Company also has telecommunication services with Daiwa Institute of Research Ltd. where he worked for until March 2024. The transactions for the most recent fiscal year represent less than 2% of the Company's net sales.

The outside directors and outside Audit and Supervisory Board members are expected to cover the function of observation and supervision of the management team by objective and neutral standpoint. Although we do not have any explicitly stated basis or policy for independence related to appointment of outside directors and outside Audit and Supervisory Board members, we refer to requirements of independent officers stipulated by Tokyo Stock Exchange to confirm whether independent is maintained.

Five outside directors and three outside Audit and Supervisory Board members are reported to Tokyo Stock Exchange as the Company's independent officers.

C. Relationship between oversight or audit by outside directors or outside Audit and Supervisory Board members and internal audit, mutual cooperation of audit by the Audit and Supervisory Board and independent audit and its relationship with Internal Control Department

Outside directors attend meetings of the Board of Directors with outside Audit and Supervisory Board members to provide their opinions, as necessary. Before the meetings, outside directors and outside Audit and Supervisory Board members are reported from managers of departments on the matters to be discussed at the meetings to achieve effective monitoring of management. In addition, outside Audit and Supervisory Board members make visits to branches and subsidiaries as with other Audit and Supervisory Board members, and regularly exchange information and opinions with Inspection Department and the independent auditor, thereby ensuring oversight by outside directors, audit by Audit and Supervisory Board members and mutual cooperation among the Audit and Supervisory Board, internal auditors and the independent auditor.

A relationship between such oversight or audit and Internal Control Department is described as follows.

By participating in the meetings of the Board of Directors, outside directors supervise execution of duties of other directors in Internal Control Department, etc. from an independent standpoint.

Outside Audit and Supervisory Board members assess the legality of operations of Internal Control Department by conducting business and financial audits of Internal Control Department and inspecting various documents.

(3) [Status of audit]

A. Audit by Audit and Supervisory Board members

(A) Organization and members

The Company is a company with the Audit and Supervisory Board and as of the date of filing of this report, the Audit and Supervisory Board consists of four members (including three outside Audit and Supervisory Board members), including one member who has considerable knowledge of finance and accounting. Two employees are assigned to the secretariat of the Audit and Supervisory Board to assist the duties of the members. The consent of the Audit and Supervisory Board is required for personnel changes and performance evaluations of those employees, which maintains independence from directors and ensures the effectiveness of direction of the Audit and Supervisory Board members.

(B) Frequency and attendance of the Audit and Supervisory Board

During the fiscal year ended March 31, 2024, 17 meetings of the Audit and Supervisory Board were held. In the meetings, audit policy, audit plan and other critical matters related to audit were reported, discussed and resolved. Activities of standing Audit and Supervisory Board members and results of visits by the Audit and Supervisory Board members were reported to other members at the meetings of the Audit and Supervisory Board, etc.

<Attendance of Audit and Supervisory Board members>

Position	Name	Attendance
Standing Audit and Supervisory Board member	Juichiro Mochizuki	17 out of 17
Standing Audit and Supervisory Board member (Outside)	Shinichiro Nakano	17 out of 17
Audit and Supervisory Board member (Outside)	Michiko Nagasawa	17 out of 17
Audit and Supervisory Board member (Outside)	Yoshiaki Nakagawa	17 out of 17

(C) Status of audit

Each Audit and Supervisory Board member conducts audit of execution of duties of directors, such as whether the execution of duties of directors, executive officers and employees complies with laws and regulations and the Articles of Incorporation, from an independent standpoint in accordance with Regulation of Audit and Supervisory Board and audit plans. Specifically, the execution of duties is monitored through reporting from directors and employees on critical matters related to businesses, reporting from Inspection Department on audit and reporting from the whistleblowing department on critical matters.

Each Audit and Supervisory Board member is reported from the independent auditor on status and results of audit so that they can monitor and verify the execution of duties of the auditor, such as whether the financial statements are properly audited, to assess the adequacy of the auditor.

In order to achieve these, Audit and Supervisory Board members regularly exchange opinions with the Representative Director and outside directors and hold meetings with Inspection Department and the independent auditor to discuss audit-related matters. Also, Audit and Supervisory Board members attend the meetings of the Board of Directors and the Management Committee to appropriately monitor the execution of duties of management, as well as make visits to the Company's branches, subsidiaries and associates on a regular basis. Audit and Supervisory Board members are also appointed as Audit and Supervisory Board members of subsidiaries and associates, and hold meetings with other officers of the Company who also serve as Audit and Supervisory Board members of subsidiaries and associates.

B. Internal audit

(A) Organization, members and procedures

As a department specialized in internal audit, Inspection Department (41 members as of the date of filing of this report) is established within the Company under the direct control of the Representative Director Group COO.

Based on Internal Audit Regulation, Inspection Department makes efforts to examine and assess overall management of business activities of the Company and its subsidiaries and associates, operational systems and execution of duties in terms of its legality, necessity and reasonableness, and provides guidance, advice and recommendation for improvement.

(B) Mutual cooperation among internal audit, audit by Audit and Supervisory Board members and audit by the independent auditor, relationship between these audits and Internal Control Department, and efforts to ensure effectiveness of internal audit

<Mutual cooperation among internal audit, audit by Audit and Supervisory Board members and audit by the independent auditor>

Inspection Department, Audit and Supervisory Board members and the independent auditor meet generally once a month



in “three-way audit meeting.” Inspection Department, Audit and Supervisory Board members and the independent auditor cooperate with each other by sharing and exchanging opinions on information on audits performed by these auditors.

Four Audit and Supervisory Board members regularly meet with the independent auditor to exchange opinions on matters discussed in the meetings of the Board of Directors and issues recognized by them to cooperate with each other.

<Relationship between internal audit, audit by Audit and Supervisory Board members and audit by the independent auditor, and Internal Control Department>

As part of evaluation procedures for entity-level controls and business process controls, Inspection Department performs control testing over business activities, such as promotion of compliance led by Internal Control Department of General Affairs Department and Financial & Accounting Department, risk management and financial closing and reporting. Results of the internal control testing performed by Inspection Department are reported to the Representative Director Group COO and the officer in charge of internal controls, as necessary, which includes a list of deficiencies that Inspection Department determined to be remediated. The officer in charge of internal controls then requests related departments to remediate those deficiencies by certain due dates, which helps to strengthen the management by Internal Control Department. In addition, the internal audit conducted by Inspection Department consists of audit of the management departments and audit of operating departments and covers all business activities of the Company including Internal Control Department. Results of the internal audit are promptly reported to the Representative Director Group COO, and are also notified to related officers, Audit and Supervisory Board members and managers of related departments. General Manager of Inspection Department requests the managers to remediate the matters by certain due dates, which helps to improve the business processes.

Audit and Supervisory Board members assess legality of the work performed by Internal Control Department through business audit, consideration of business issues recognized during the financial audit, inspection of documents related to the Risk Management Committee and participation in various meetings such as Board of Directors’ meeting, and provides advice to Internal Control Department, as necessary.

The independent auditor conducts internal control audit, audit under the Companies Act, and the financial statements audit and quarterly review based on the audit plans. In the internal control audit, the independent auditor evaluates design and operation of internal controls implemented by Internal Control Department through inspection of results of control testing performed over Internal Control Department by Inspection Department, control testing performed by the independent auditor and inspection of related documents. In the financial statements audit performed in conjunction with the internal control audit, the independent auditor performs procedures over Internal Control Department, including confirmation of significant accounts, examination of accounting estimates and presentation of financial statements. The independent auditor assesses adequacy of the financial statements by making inquiries of managers under the audit and interviews with directors including the officer in charge of Internal Control Department based on the full consideration of control environment and business risks of the Company.

The independent auditor reports the results of audit performed to directors, Audit and Supervisory Board members and Internal Control Department, as necessary, as well as the follow-up of findings in the previous audits.

<Efforts to ensure effectiveness of internal audit>

In order to share audit information, make improvements and ensure effectiveness of internal audit, the results of internal audits conducted and the audit policy for the next fiscal year are reported directly to the Board of Directors once a year by Inspection Department.

#### C. Financial audit

##### (A) Name of the independent auditor

Grant Thornton Taiyo LLC

##### (B) Term

41 consecutive business terms from the period ended June 1984

##### (C) Certified public accountant

Tatsuya Arai

Takayuki Uenishi

Keisuke Uehara

##### (D) Composition of audit assistants

The audit assistants for the Company’s financial audit comprise 7 certified public accountants and 22 other members.

##### (E) Reason and policy for selecting the independent auditor

In selecting an auditor, the Company comprehensively analyzes and assesses the following factors:

- a. Reasons for disqualification based on laws and regulations

- b. Quality control system implemented by the independent auditor
- c. Independence from the Group that should be maintained as an external auditor
- d. Audit fees
- e. Communication with management and Audit and Supervisory Board members
- f. Procedures to address and assess fraud risk
- g. Appropriateness of audit performed for the previous fiscal year
- h. Appropriateness of planned hours and assignment in the audit plan for the current fiscal year

On December 26, 2023, the Financial Services Agency took disciplinary actions against Grant Thornton Taiyo LLC.

- i. Firm subject to the disciplinary action

Grant Thornton Taiyo LLC

- ii. Details of the disciplinary action

- Suspension of operations related to the conclusion of new contracts for a period of three months (from January 1, 2024 to March 31, 2024, other than the renewal of audit contracts and the conclusion of new contracts associated with the listing on a stock exchange for existing audit clients)
- Business improvement order (improvement of business management system)
- Prohibition of partners primarily held accountable for the actions that resulted in the disciplinary action from performing a part of the audit firm's services (audit quality review) for a period of three months (from January 1, 2024 to March 31, 2024)

- iii. Reason for the disciplinary action

Two certified public accountants, who are partners of the said audit firm, failed to exercise due care in an audit of another company's financial statements conducted to issue an amended report, etc. and expressed an opinion on the materially misstated financial statements that there were no material misstatements.

After receiving an explanation from Grant Thornton Taiyo LLC regarding the details of the disciplinary action and the outline of the business improvement plan, we have determined that there is only a limited impact of the disciplinary action on the audit of our financial statements. Based on the analysis and assessment of the aforementioned items a through h, we have determined that Grant Thornton Taiyo LLC has no reason to be disqualified, maintains independence, and has sufficient ability to conduct effective and efficient audit. Based on these reasons, Grant Thornton Taiyo LLC has been appointed as the independent auditor of the Company.

(F) Assessment of the independent auditor

The Company's Audit and Supervisory Board assesses the independent auditor as described below:

Based on the Practical Guidelines for Audit and Supervisory Board Members, etc. regarding Evaluation of Independent Auditors and Development of Selection Criteria published by the Japan Audit & Supervisory Board Members Association, the following three items are evaluated:

- The grounds for dismissal of the independent auditors specified in Article 340, Paragraph 1 of the Companies Act do not apply to the independent auditor and the independent auditor does not conflict with qualifications of the independent auditor under Article 337 of the Companies Act
- Assessment by accounting department under audit
- Assessment based on practical guidelines by the Japan Audit & Supervisory Board Members Association

Based on the above, the Audit and Supervisory Board discusses appropriateness of the reappointment of the auditor in accordance with Policy for Dismissal or Non-Reappointment of the Auditor.

D. Audit fees, etc.

(A) Fees to the independent auditor

Category	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit and attestation services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit and attestation services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	106	—	104	—
Consolidated subsidiaries	10	—	11	—
Total	117	—	115	—

(B) Fees to entities within the same network as the independent auditor (Grant Thornton International Ltd) (excluding (A))

Category	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit and attestation services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit and attestation services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	—	22	—	4
Consolidated subsidiaries	—	—	—	—
Total	—	22	—	4

The details of the non-audit services provided to the Company are described below:

(Fiscal year ended March 31, 2023)

The Company paid ¥22 million to entities within the same network as the independent auditor of the Company for non-audit services (advisory services related to M&A).

(Fiscal year ended March 31, 2024)

The Company paid ¥4 million to entities within the same network as the independent auditor of the Company for non-audit services (advisory services related to M&A).

(C) Fees for other significant audit and attestation services

Nothing to report.

(D) Policy for determining audit fees

Audit fees to the Company's independent auditor are determined based on the consideration of factors such as days required for audit, the size and nature of businesses of the Company, etc., which requires the consent of the Audit and Supervisory Board.

(E) Reason for the Audit and Supervisory Board's consent to audit fees

In accordance with Practical Guidelines for Cooperation with the Independent Auditor published by the Japan Audit & Supervisory Board Members Association, the Audit and Supervisory Board of the Company confirms the audit plan and actual hours incurred for the previous fiscal year to assess the reasonableness of planned hours and audit fees for the current fiscal year. Based on the consideration, the Audit and Supervisory Board consents to the audit fees for the independent auditor, etc. under Article 399, Paragraph 1 of the Companies Act.

(4) [Compensation of directors and officers]

A. Total amount of compensation by category of directors and officers, the total amount by type of compensation and the number of directors and officers covered

Category of directors and officers	Total amount of compensation (Millions of yen)	Total amount of compensation by type of compensation (Millions of yen)			Number of directors and officers covered
		Fixed compensation	Performance-linked compensation	Retirement benefits	
Directors (excluding outside directors)	237	149	88	—	7
Audit and Supervisory Board members (excluding outside Audit and Supervisory Board members)	23	23	—	—	1
Outside directors and Audit and Supervisory Board members	68	67	1	—	7

B. Total amount of compensation by director and officer of the reporting company, etc. on a consolidated basis

This is omitted as no director or officer receives total amount of compensation of ¥100 million or more on a consolidated basis.

C. Policy related to amount of compensation for directors and officers, etc.

Based on the resolution of the 37th Ordinary General Meeting of Shareholders on June 27, 2002, the Company decided that the maximum compensation paid to directors shall be ¥400 million in total (the number of directors involved in the resolution is seven). Based on the resolution of the 33rd Ordinary General Meeting of Shareholders on June 30, 1998, the maximum compensation paid to Audit and Supervisory Board members shall be ¥120 million in total (the number of Audit and Supervisory Board members involved in the resolution is four) and the compensation shown in A. above is paid within these limits. Based on the resolution of the 59th Ordinary General Meeting of Shareholders on June 25, 2024, the Company revised the maximum compensation paid to directors to ¥600 million in total (the number of directors involved in the resolution is twelve).

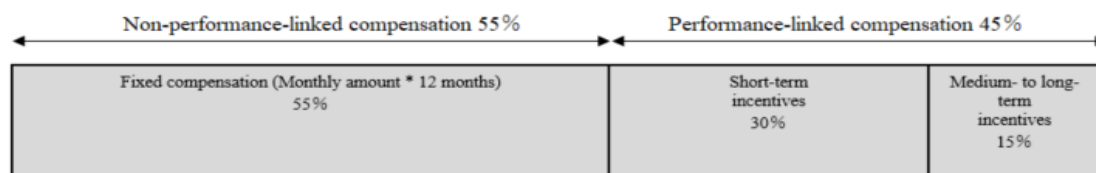
The compensation paid to directors of the Company consists of fixed amount determined for officers and outside directors, and for other directors, as well as performance-linked compensation determined based on performance assessment for execution of duties of each director by certain standards based on the following policies decided by the resolution of the Board of Directors.

The Company's basic policy and decision making regarding the compensation of directors (excluding outside directors) are determined by the Board of Directors after deliberation and report by the Nomination and Compensation Committee, a voluntary committee whose majority members are independent outside directors.

The compensation paid to Audit and Supervisory Board members is fixed amount, which is predetermined based on the standard decided at the meeting of the Audit and Supervisory Board.

D. Policy for determining payment ratio for performance-linked compensation and non-performance-linked compensation

The compensation of the directors (excluding outside directors) includes the fixed compensation notified in advance (so-called bonuses) paid in June every year, which is performance-linked compensation. If the company performance payment rate and the individual performance payment rate are both 100%, the payment ratio will be 45% of the total annual compensation (short-term incentive: 30%, medium- to long-term incentive: 15%). Fixed monthly compensation represents non-performance-linked compensation, and if the company performance payment rate and the individual performance payment rate are both 100%, the payment ratio will be 55% of the total annual compensation.



E. Policy for determining compensation for directors and officers or its calculation method by position

The monthly compensation for the Company's directors (excluding outside directors) is calculated by adding "role allowance" and "director's allowance" to the basic salary, which is predetermined for each position. In addition, the fixed compensation notified in advance is determined according to the monthly compensation.

F. Index related to performance-linked compensation, reason for selecting the index, and method used to determine performance-linked compensation

In calculating fixed compensation notified in advance, which is performance-linked compensation, the company performance payment rate is calculated using the standard index (consolidated operating income + equity method investment income + consolidated bonus) for short-term incentives. In contrast, the company performance payment rate for medium- to long-term incentives, the company performance payment rate is calculated based on the three-year average growth rate of the standard index. In addition, the individual performance payment rate is determined by the degree of achievement of the goals set for each individual. The amount of payment is determined by multiplying the standard amount by each payment rate.

[Formula to calculate average growth rate of the standard index]

$$\text{Annual average growth rate} = \left( \frac{\text{Standard index}}{\text{Standard index for the three}} \right)^{\frac{1}{3}} - 1$$

[Formula for short-term and medium- to long-term incentives]

Compensation amount for individual	=	Standard amount	×	Company performance payment rate	×	Individual performance payment rate
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The reasons for adopting the above standard index are as follows:

- (A) Improving performance of the entire group, including equity method entities, is the main role of directors and officers.
- (B) Consolidated operating income excluding the effect of fluctuations in bonus payments is considered to be a better indicator of company's performance.

G. Name of the person who has the authority to determine compensation etc. for directors and officers or policy for determining the calculation method, as well as details and scope of that authority

In determining performance-linked compensation to be paid to directors in the current fiscal year, it is considered that the Board of Directors of the Company is in a position to conduct performance evaluation most appropriately for each director to determine individual performance payment rate. Therefore, Tsuyoshi Murai, Representative Director Group CEO and Ikuji Kayaki, Representative Director Group COO were delegated to determine the payment rate based on the achievements of each director's goals and targets (KPI) for the current fiscal year.

The Board of Directors of the Company has determined that compensation determined for each director is in line with the decision policy as it is determined based on the report by the Nomination and Compensation Committee, after the Committee discusses matters relating to the basic policy and method of determining the compensation of directors in consultation with the Board of Directors. The Committee is voluntary and the majority of the members are independent outside directors.

H. Activities of the Board of Directors in the process of determining compensation amount for directors and officers in the fiscal year ended March 31, 2024

Compensation for directors of the Company is a matter to be resolved by the Board of Directors in accordance with the Board Regulations. We have deliberated on the compensation system, revision of calculation method for the fixed compensation notified in advance, and company performance payment rate and individual performance payment rate for the fixed compensation notified in advance.

In the current fiscal year, the Board of Directors' meeting held on May 12, 2023 discussed the company performance payment rate and individual performance payment rate for the fixed compensation notified in advance scheduled to be paid in June of the same year.

The actual results for the previous fiscal year (ended March 31, 2023), which is the standard index for the current fiscal year, were ¥63,707 million (achievement rate 86.2%) against the plan of ¥73,848 million.

(5) [Stocks held]

A. Basis and approach for classification of investment stocks

Based on Regulation for Management of Cross-Shareholdings established by the Company, the Company invests in stocks, within the maximum holding limit based on the said regulations, to strengthen and expand business transactions with stock issuers and their associates as well as to expand into other businesses, not for speculative purposes (stock investment mainly for the purpose of generating capital gains and income gains). Accordingly, all shares held by the Company are investment stocks not held for trading.

B. Investment stocks not held for trading

(A) Policy for stock holding, method to assess reasonableness of stock holding and the Board of Directors' assessment for holding of individual share

Based on Regulation for Management of Cross-Shareholdings, the Company measures the benefits of holding investment stocks once a year by taking into account annual sales to stock issuers and their associates, contributions to the Company as service providers and suppliers, the status of business development, and income gains etc. The measurement of benefits of holding stocks is reported to the Board of Directors every year. For the current fiscal year, all shares will continue to be held.

(B) Number of issuers and carrying amount

	Number of issuers	Total carrying amount (Millions of yen)
Unlisted shares	39	984
Shares other than unlisted shares	78	18,015

(Issuers for which number of shares increased during the current fiscal year)

	Number of issuers	Total acquisition cost of the number of shares increased (Millions of yen)	Reason for increase
Unlisted shares	—	—	—
Shares other than unlisted shares	14	1	Mainly acquired for the purpose of strengthening and expanding transactions with the issuer. The number of certain shares increased due to stock split.

(Issuers for which number of shares decreased during the current fiscal year)

	Number of issuers	Total sales value of the number of shares decreased (Millions of yen)
Unlisted shares	3	41
Shares other than unlisted shares	6	183

(C) Information on the number of shares and carrying amount of specified investment stocks and deemed-owned stocks by issuer

Specified investment stocks

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Taiwan Shin Kong Security Co., Ltd	35,778,823	35,778,823	The shares are held in order to build a mutual cooperation system for sales and operations (technical exchange in the field of security and stable procurement of materials and equipment). In addition, the Representative Director of the Company concurrently serves as a director of the company, and the Company builds a cooperation system to improve business performance in the same manner as subsidiaries and equity-method associates. Although it is not disclosed due to confidential nature of the information, we have determined that there are the benefits of holding these shares as we receive a reasonable amount of income and capital gains from the company's shares, and also in consideration of the company's contribution as a supplier of materials and equipment.	No
	6,961	6,385		
Mizuho Financial Group, Inc.	856,343	856,343	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	2,608	1,608		
Seven Bank, Ltd.	5,000,000	5,000,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	1,478	1,325		



Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
FAST RETAILING CO., LTD.	28,800	28,800	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	1,357	831		
Hulic Co., Ltd.	659,100	659,100	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	1,035	716		
The Shiga Bank, Ltd.	100,000	100,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	419	267		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Nitori Holdings Co., Ltd.	12,500	12,500	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	295	199		
KOTOBUKI SPIRITS Co., LTD.	150,000	30,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares. The number of shares increased due to a stock split.	No
	287	281		
LIXIL Group	148,600	148,600	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	278	323		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
The Kiyo Bank, Ltd.	148,900	148,900	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	275	220		
DAIWA HOUSE INDUSTRY CO., LTD.	60,000	60,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	271	186		
Suruga Bank Ltd.	196,000	196,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	175	90		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
OMRON Corporation	30,000	30,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	162	231		
Mitsubishi Electric Corporation	60,000	60,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	150	94		
Sumitomo Realty & Development Co., Ltd.	24,000	24,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	139	71		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Sumitomo Mitsui Financial Group, Inc.	15,200	15,200	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	135	80		
Sumitomo Mitsui Trust Holdings, Inc.	38,654	19,327	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares. The number of shares increased due to a stock split.	No
	127	87		
Tokyu Fudosan Holdings Corporation	95,400	95,400	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	119	60		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Daiwa Securities Group Inc.	103,000	103,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	118	63		
Credit Saison Co., Ltd.	37,100	37,100	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	117	62		
Dai-ichi Life Holdings, Inc.	28,200	28,200	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	108	68		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Sumitomo Corporation	28,600	28,600	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	104	66		
Kintetsu Group Holdings Co., Ltd.	20,000	20,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	89	85		
Tokyo Kiraboshi Financial Group, Inc.	16,307	16,307	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	79	42		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Yamaguchi Financial Group, Inc.	50,000	50,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	77	40		
DYNAM JAPAN HOLDINGS Co., Ltd.	800,000	800,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	69	72		
THE HACHIJUNI BANK, LTD.	55,000	55,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	57	31		



Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
DUSKIN CO., LTD.	15,500	15,500	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	51	49		
The Chiba Bank, Ltd.	36,000	36,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	45	30		
The Keiyo Bank, Ltd.	58,000	58,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	44	32		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
The Shimizu Bank, Ltd.	24,800	24,800	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	39	36		
TOMONY Holdings, Inc.	93,500	93,500	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	39	33		
Seven & i Holdings Co., Ltd.	17,700	5,900	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares. The number of shares increased due to a stock split.	No
	39	35		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
RETAIL PARTNERS CO., LTD.	20,000	20,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	36	27		
East Japan Railway Company	12,000	4,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares. The number of shares increased due to a stock split.	No
	35	29		
Nomura Holdings, Inc.	34,800	34,800	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	34	17		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Hokuhoku Financial Group, Inc.	16,800	16,800	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	32	15		
T-Gaia Corporation	15,700	15,700	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	32	26		
The Shikoku Bank, Ltd.	26,400	26,400	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	32	22		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
North Pacific Bank, Ltd.	62,500	62,500	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	27	17		
SHIMAMURA Co., Ltd.	3,200	1,600	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares. The number of shares increased due to a stock split.	No
	27	21		
The Awa Bank, Ltd.	10,000	10,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	27	19		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
The Musashino Bank, Ltd.	9,300	9,300	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	27	20		
Senshu Ikeda Holdings, Inc.	67,030	67,030	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	26	15		
The Hyakujushi Bank, Ltd.	8,300	8,300	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	24	15		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Fukuoka Financial Group, Inc.	5,220	3,600	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares. The number of shares increased due to a share exchange resulting from the business integration of the company that we hold shares.	Yes
	21	9		
THE BANK OF KOCHI, LTD.	20,000	20,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	21	13		
The Chiba Kogyo Bank, Ltd.	19,300	19,300	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	20	10		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	100,000	4,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares. The number of shares increased due to a stock split.	Yes
	17	15		
Tsukuba Bank, Ltd.	51,400	51,400	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	15	10		
COSMOS INITIA Co.,Ltd.	15,900	15,900	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	15	7		



Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
Aichi Financial Group, Inc.	4,900	4,900	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	12	10		
The 77 Bank, Ltd.	3,031	3,031	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	Yes
	12	6		
Fuji Co., Ltd.	5,801	5,776	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares. As further expansion of transactions with the company was expected, additional shares were acquired during the current fiscal year through participation in client stock ownership association.	No
	10	9		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
NIPPON THOMPSON CO., LTD.	16,655	16,495	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares. As further expansion of transactions with the company was expected, additional shares were acquired during the current fiscal year through participation in client stock ownership association.	No
	10	9		
Lawson, Inc.	1,000	1,000	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	10	5		
The Howa Bank, Ltd.	20,400	20,400	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	10	11		

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding shares, overview of business alliance, quantitative benefit and reasons for increase in the number of shares	Holding of shares of the Company
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)		
TOMATO BANK, LTD.	7,900	7,900	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	10	8		
The Shimane Bank, Ltd.	17,500	17,500	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares.	No
	9	8		
Heiwado Co., Ltd.	4,857	4,770	The Company and its associates have concluded contracts for security services with the company and its associates, and the shares are held for the purpose of maintaining, strengthening and expanding these transactions. Although it is not disclosed due to confidential nature of the information, we earn revenue from the company and its associates based on long-term contracts that are expected, in the future years, to generate the amount of revenue equivalent to the current fiscal year. Based on this reason, we have determined that there are the benefits of holding these shares. As further expansion of transactions with the company was expected, additional shares were acquired during the current fiscal year through participation in client stock ownership association.	No
	9	9		

## V. [Financial Condition]

### 1. Preparation method of consolidated and non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28 of 1976, “Ordinance on Consolidated Financial Statements”).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ministry of Finance Ordinance No. 59 of 1963, “Ordinance on Financial Statements”).

The Company is a special company submitting financial statements and prepares the financial statements in accordance with provisions of Article 127 of the Ordinance on Financial Statements.

### 2. Audit attestation

In accordance with provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated and non-consolidated financial statements for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) have been audited by Grant Thornton Taiyo LLC.

### 3. Special measure to ensure appropriateness of the consolidated financial statements, etc.

The Company undertakes special measure to ensure appropriateness of the consolidated financial statements, etc. Specifically, in order to properly understand the details of accounting standards and other relevant information and to establish a framework to accurately respond to changes in the standards, the Company participates in the Financial Accounting Standards Foundation (“FASF”).

The Company proactively participates in lectures and seminars held by the FASF.

1. [Consolidated financial statements]

(1) [Consolidated financial statements]

i. [Consolidated balance sheet]

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	*3 59,239	*3 76,999
Cash for Transportation Security Services	*1 83,754	*1 74,200
Notes and accounts receivable - trade, and contract assets	*5 65,395	*5 69,054
Lease receivables and investment assets	4,910	4,648
Securities	661	30
Raw materials and supplies	10,290	12,451
Costs on uncompleted construction contracts	98	70
Advances paid	6,457	5,500
Other	*3 8,308	9,230
Allowance for doubtful accounts	(83)	(125)
<b>Total current assets</b>	<b>239,032</b>	<b>252,061</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	*3 64,259	*3 68,989
Accumulated depreciation	(35,053)	(38,441)
Buildings and structures, net	29,205	30,548
Machinery, equipment and vehicles	149,234	156,902
Accumulated depreciation	(128,445)	(132,383)
Machinery, equipment and vehicles, net	20,788	24,518
Land	*2,*3 25,020	*2,*3 26,214
Lease assets	56,987	56,392
Accumulated depreciation	(24,465)	(25,448)
Lease assets, net	32,522	30,943
Construction in progress	3,057	1,330
Other	23,337	25,062
Accumulated depreciation	(17,490)	(18,264)
Other, net	5,846	6,798
<b>Total property, plant and equipment</b>	<b>116,440</b>	<b>120,353</b>
<b>Intangible assets</b>		
Software	7,895	6,891
Goodwill	32,753	31,442
Other	3,527	2,344
<b>Total intangible assets</b>	<b>44,176</b>	<b>40,678</b>
<b>Investments and other assets</b>		
Investment securities	*3,*4 57,529	*3,*4 63,102
Long-term loans receivable	550	546
Leasehold and guarantee deposits	9,247	9,568
Insurance funds	1,473	1,839
Retirement benefit asset	26,614	59,874
Deferred tax assets	7,104	4,966
Other	14,998	15,082
Allowance for doubtful accounts	(521)	(512)
<b>Total investments and other assets</b>	<b>116,997</b>	<b>154,467</b>
<b>Total noncurrent assets</b>	<b>277,615</b>	<b>315,500</b>
<b>Total assets</b>	<b>516,647</b>	<b>567,561</b>

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	29,669	28,512
Short-term loans payable	*1 7,843	*1 6,965
Current portion of long-term loans payable	*3 898	*3 768
Accounts payable - other	21,107	23,485
Lease obligations	5,151	5,129
Income taxes payable	5,295	5,917
Accrued consumption taxes	2,691	5,601
Provision for bonuses	2,202	2,309
Provision for bonuses for directors (and other officers)	99	122
Other	*6 23,897	*6 21,676
<b>Total current liabilities</b>	<b>98,856</b>	<b>100,489</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	*3 2,083	*3 1,658
Lease obligations	37,851	36,056
Deferred tax liabilities	1,200	10,420
Deferred tax liabilities for land revaluation	314	314
Retirement benefit liability	27,319	26,866
Provision for retirement benefits for directors (and other officers)	1,773	1,875
Asset retirement obligations	818	827
Provision for loss on business	299	299
Other	2,236	2,171
<b>Total noncurrent liabilities</b>	<b>73,897</b>	<b>80,490</b>
<b>Total liabilities</b>	<b>172,753</b>	<b>180,980</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Capital stock	18,675	18,675
Capital surplus	33,940	34,011
Retained earnings	256,852	275,464
Treasury stock	(1,072)	(6,074)
<b>Total shareholders' equity</b>	<b>308,395</b>	<b>322,076</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	7,566	11,115
Revaluation reserve for land	*2 (3,379)	*2 (3,379)
Foreign currency translation adjustment	658	1,067
Remeasurements of defined benefit plans, net of tax	1,651	22,047
<b>Total accumulated other comprehensive income</b>	<b>6,496</b>	<b>30,850</b>
<b>Non-controlling interests</b>	<b>29,000</b>	<b>33,654</b>
<b>Total net assets</b>	<b>343,893</b>	<b>386,581</b>
<b>Total liabilities and net assets</b>	<b>516,647</b>	<b>567,561</b>

ii. [Consolidated statement of income and consolidated statement of comprehensive income]

[Consolidated statement of income]

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net sales	492,226	521,400
Cost of sales	*6 370,998	*6 395,686
Gross profit	121,228	125,713
Selling, general and administrative expenses	*1,*2 84,234	*1,*2 86,630
Operating income	36,993	39,082
Non-operating income		
Interest income	191	215
Dividends income	905	768
Gain on sales of investment securities	32	40
Rent income	351	323
Gain from insurance claim	60	65
Share of profit of entities accounted for using equity method	1,190	2,062
Dividend income of insurance	286	326
Penalty income	419	467
Other	1,692	1,765
Total non-operating income	5,129	6,035
Non-operating expenses		
Interest expenses	1,801	1,823
Loss on sales of investment securities	—	5
Loss on sales of noncurrent assets	2	0
Loss on retirement of noncurrent assets	*3 292	*3 261
Financing expenses	255	257
Other	540	596
Total non-operating expenses	2,892	2,944
Ordinary income	39,230	42,173
Extraordinary income		
Gain on sales of investment securities	322	347
Gain on sales of noncurrent assets	*4 989	*4 38
Gain on negative goodwill	20	466
Gain on liquidation of subsidiaries and associates	—	92
Total extraordinary income	1,332	945
Extraordinary loss		
Loss on valuation of investment securities	41	18
Loss on sales of investment securities	6	12
Impairment losses	*5 366	*5 55
Loss on disasters	—	21
Loss on step acquisitions	24	156
Provision for loss on business	299	—
Total extraordinary loss	739	265
Income before income taxes	39,823	42,853
Income taxes - current	12,946	13,180
Income taxes - deferred	1,046	555
Total income taxes	13,992	13,735
Net income	25,830	29,118
Profit attributable to non-controlling interests	1,880	1,790
Profit attributable to owners of parent	23,950	27,327

[Consolidated statement of comprehensive income]

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net income	25,830	29,118
Other comprehensive income		
Valuation difference on available-for-sale securities	561	3,467
Foreign currency translation adjustment	100	(105)
Remeasurements of defined benefit plans	(1,259)	20,718
Share of other comprehensive income (loss) of entities accounted for using equity method	293	917
Total other comprehensive income (loss)	*(304)	*24,998
Comprehensive income	25,526	54,116
(Contents)		
Comprehensive income attributable to owners of parent	23,751	51,680
Comprehensive income attributable to non-controlling interests	1,774	2,435



iii. [Consolidated statement of changes in net assets]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	18,675	34,129	241,718	(1,072)	293,450
Changes of items during the period					
Dividends from surplus			(8,809)		(8,809)
Profit attributable to owners of parent			23,950		23,950
Purchase of treasury stock				(0)	(0)
Reversal of revaluation reserve for land			0		0
Change in scope of consolidation			(7)		(7)
Changes in ownership interest of the parent company due to transactions with non-controlling interests					—
Purchase of consolidated subsidiary shares resulting in increase or decrease of interest		(189)			(189)
Capital increase of consolidated subsidiaries resulting in increase or decrease of interest					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(189)	15,134	(0)	14,944
Balance at end of year	18,675	33,940	256,852	(1,072)	308,395

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income		
Balance at beginning of year	6,917	(3,378)	321	2,836	6,696	27,362	327,509
Changes of items during the period							
Dividends from surplus							(8,809)
Profit attributable to owners of parent							23,950
Purchase of treasury stock							(0)
Reversal of revaluation reserve for land							0
Change in scope of consolidation							(7)
Changes in ownership interest of the parent company due to transactions with non-controlling interests							—
Purchase of consolidated subsidiary shares resulting in increase or decrease of interest							(189)
Capital increase of consolidated subsidiaries resulting in increase or decrease of interest							—
Net changes of items other than shareholders' equity	649	(0)	336	(1,184)	(199)	1,638	1,439
Total changes of items during the period	649	(0)	336	(1,184)	(199)	1,638	16,383
Balance at end of year	7,566	(3,379)	658	1,651	6,496	29,000	343,893

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	18,675	33,940	256,852	(1,072)	308,395
Changes of items during the period					
Dividends from surplus			(8,715)		(8,715)
Profit attributable to owners of parent			27,327		27,327
Purchase of treasury stock				(5,001)	(5,001)
Reversal of revaluation reserve for land					—
Change in scope of consolidation					—
Changes in ownership interest of the parent company due to transactions with non-controlling interests		0			0
Purchase of consolidated subsidiary shares resulting in increase or decrease of interest					—
Capital increase of consolidated subsidiaries resulting in increase or decrease of interest		70			70
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	71	18,611	(5,001)	13,680
Balance at end of year	18,675	34,011	275,464	(6,074)	322,076

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income		
Balance at beginning of year	7,566	(3,379)	658	1,651	6,496	29,000	343,893
Changes of items during the period							
Dividends from surplus							(8,715)
Profit attributable to owners of parent							27,327
Purchase of treasury stock							(5,001)
Reversal of revaluation reserve for land							—
Change in scope of consolidation							—
Changes in ownership interest of the parent company due to transactions with non-controlling interests							0
Purchase of consolidated subsidiary shares resulting in increase or decrease of interest							—
Capital increase of consolidated subsidiaries resulting in increase or decrease of interest							70
Net changes of items other than shareholders' equity	3,548	—	408	20,395	24,353	4,653	29,006
Total changes of items during the period	3,548	—	408	20,395	24,353	4,653	42,687
Balance at end of year	11,115	(3,379)	1,067	22,047	30,850	33,654	386,581

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net cash provided by (used in) operating activities		
Income before income taxes	39,823	42,853
Depreciation and amortization	17,922	18,727
Impairment losses	366	55
Amortization of goodwill	2,847	3,135
Gain on negative goodwill	—	(466)
Loss (gain) on step acquisitions	24	156
Increase (decrease) in allowance for doubtful accounts	32	19
Increase (decrease) in net defined benefit liability	225	(521)
Increase (decrease) in provision for loss on business	299	—
Increase (decrease) in provision for bonuses	(17)	(29)
Increase (decrease) in provision for bonuses for directors (and other officers)	0	16
Interest and dividends income	(1,097)	(984)
Interest expenses	1,801	1,823
Share of loss (profit) of entities accounted for using equity method	(1,190)	(2,062)
Loss (gain) on sales of noncurrent assets	(1,031)	(43)
Loss on retirement of noncurrent assets	292	261
Loss (gain) on sales of investment securities	(349)	(370)
Loss (gain) on valuation of investment securities	41	18
Loss (gain) on valuation of derivatives	(121)	(148)
Decrease (increase) in notes and accounts receivable - trade	(7,622)	345
Decrease (increase) in inventories	(2,564)	(2,013)
Increase (decrease) in notes and accounts payable - trade	4,267	63
Decrease (increase) in net defined benefit asset	(3,672)	(3,207)
Changes in assets and liabilities of Transportation Security Services	(6,799)	8,276
Other	1,799	2,967
Subtotal	45,280	68,873
Interest and dividends income received	1,783	1,839
Interest expenses paid	(1,790)	(1,823)
Income taxes paid	(13,635)	(12,981)
Income taxes refund	44	156
Net cash provided by (used in) operating activities	31,682	56,063

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(16)	1,383
Payments into long-term time deposits	(21)	(15)
Proceeds from withdrawal of long-term time deposits	—	29
Purchase of property, plant and equipment	(15,166)	(14,419)
Proceeds from sales of property, plant and equipment	2,043	87
Purchase of intangible assets	(2,107)	(1,075)
Purchase of investment securities	(1,326)	(678)
Proceeds from sales of investment securities	992	1,404
Payments for acquisition of businesses	—	(70)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (9,481)	*2 (4,189)
Purchase of shares of subsidiaries and associates	(525)	—
Decrease (increase) in short-term loans receivable	(9)	(3)
Payments of long-term loans receivable	(257)	(61)
Collection of long-term loans receivable	210	67
Proceeds from refund of leasehold and guarantee deposits	494	30
Other	351	598
Net cash provided by (used in) investing activities	(24,818)	(16,913)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,022)	124
Proceeds from long-term loans payable	835	306
Repayment of long-term loans payable	(2,945)	(893)
Purchase of treasury stock	(0)	(5,000)
Repayments of lease obligations	(5,374)	(5,990)
Cash dividends paid	(8,809)	(8,715)
Cash dividends paid to non-controlling interests	(654)	(1,771)
Proceeds from share issuance to non-controlling interests	—	438
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(408)	—
Net cash provided by (used in) financing activities	(19,380)	(21,503)
Effect of exchange rate change on cash and cash equivalents	43	(56)
Net increase (decrease) in cash and cash equivalents	(12,472)	17,591
Cash and cash equivalents at beginning of year	63,644	51,571
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	400	—
Cash and cash equivalents at end of year	*1 51,571	*1 69,162

[Notes]

(Significant matters forming the basis for the preparation of the consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 89

Major consolidated subsidiaries

ALSOK Care Co., Ltd.

Japan Facilio Co., Ltd.

ALSOK Facilities Co., Ltd.

ALSOK Souei Co., Ltd.

Life Co., Ltd.

During the fiscal year ended March 31, 2024, PT. Shield-On Service Tbk and other nine companies have been included in the scope of consolidation due to acquisition of shares. Also, due to acquisition of additional shares, Hokuriku Sohgo Security Services Co., Ltd., which was previously an equity-method associate, has become a consolidated subsidiary. On the other hand, ALSOK Eagles Co., Ltd. has been excluded from the scope of consolidation as it was absorbed by ALSOK Business Support Co., Ltd. in a merger.

(2) Major non-consolidated subsidiaries

Matsuyama New Service Co., Ltd.

(Reason for excluding from the consolidation)

The non-consolidated subsidiaries are small-sized companies, and total assets, net sales, net income (equity pro rata amount) and retained earnings (equity pro rata amount) in aggregate do not have a significant impact on the consolidated financial statements.

2. Application of equity method

(1) Number of equity method associates: 16

Major companies

HOCHIKI Corporation

Nippon Dry-Chemical Co., Ltd.

Nippon Care Supply Co., Ltd.

(2) Major non-consolidated subsidiaries and associates that do not apply equity method

Matsuyama New Service Co., Ltd.

(Reason for not applying equity method)

Considering the net income (equity pro rata amount) and retained earnings (equity pro rata amount) of the non-consolidated subsidiaries and associates not applying equity method, excluding these companies from the consolidation does not have a significant impact on the consolidated financial statements, and these companies are not material in aggregate.

3. Closing dates of consolidated subsidiaries

The closing date of the consolidated subsidiaries, ALSOK (Vietnam) Co., Ltd., ALSOK (Shanghai) Co., Ltd., ALSOK MALAYSIA SDN.BHD., PT. ALSOK BASS Indonesia Security Services, ALSOK Vietnam Security Services Joint Stock Company, and PT. Shield-On Service Tbk and its seven subsidiaries, is December 31. In preparing the consolidated statements, the financial statements of these companies as of December 31 are used. The consolidated financial statements are adjusted for any significant transactions occurred during the period between January 1 and March 31.

#### 4. Accounting policies

##### (1) Valuation basis and method for significant assets

###### i. Valuation basis and method for securities

###### Available-for-sale securities

###### Securities other than equity securities with no quoted prices

It is stated at fair market value based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being recognized directly in equity and the cost of securities sold being generally calculated based on the moving average method).

Securities with embedded derivatives that cannot be bifurcated are stated at fair market value (with the cost of securities sold being generally calculated based on the moving average method).

###### Equity securities with no quoted prices

It is generally stated at cost based on the moving average method.

###### ii. Valuation basis and method for derivatives

It is stated at fair market value.

###### iii. Inventories

###### Raw materials and supplies

It is generally stated at cost based on the first in first out method (the balance sheet carrying amount is reduced to reflect write-downs for decreased profitability).

###### Costs on uncompleted construction contracts

It is generally stated at cost based on specific identification method.

##### (2) Depreciation and amortization method for significant depreciable and amortizable assets

###### i. Property, plant and equipment (other than lease assets)

It is generally depreciated using the straight-line method. The useful lives of major assets are as follows:

Buildings and structures                      15 to 50 years

Machinery, equipment and vehicles    3 to 5 years

###### ii. Intangible assets (other than lease assets)

It is amortized using the straight-line method.

Internal-use software is amortized using the straight-line method over the useful life of five years. Customer-related assets are amortized using the straight-line method based on the period over which its effect is extended (8 to 15 years).

###### iii. Lease assets under finance leases that do not involve transfer of ownership

It is depreciated using the straight-line method over the useful lives equal to lease terms with zero residual values.

##### (3) Basis for recognition of significant provisions

###### i. Allowance for doubtful accounts

To provide for losses due to bad debt including trade receivables and loans, allowance for doubtful accounts is recognized based on default rates for normal receivables and based on recoverability of each receivable for certain doubtful receivables.

###### ii. Provision for bonuses

To provide for payment of bonuses to employees, certain consolidated subsidiaries recognize a provision for the expected amount of future bonuses that is related to the current period.

###### iii. Provision for bonuses for directors (and other officers)

To provide for payment of bonuses to directors and other officers, certain consolidated subsidiaries recognize a provision for the expected amount of future bonuses that is related to the current period.

###### iv. Provision for retirement benefits for directors (and other officers)

To provide for payment of retirement benefits to directors and other officers, certain consolidated subsidiaries recognize a provision for the amount of future benefits required by company rules that is related to the current period.

###### v. Provision for loss on business

To provide for losses on business related to a certain project, provision for loss on business is recorded based on the estimated future loss.

(4) Accounting for retirement benefits

i. Method of attributing estimated retirement benefits to the periods

In calculating defined benefit obligation, the total projected benefits are attributed to the current and prior fiscal years using the benefit formula basis.

ii. Method of amortizing actuarial gains and losses and past service costs

Past service cost is amortized using the straight-line method over a certain period not exceeding the average remaining service period of employees, which is generally five years.

Actuarial gains and losses are amortized using the straight-line method from the following fiscal year over a certain period not exceeding the average remaining service period of employees, which is generally 10 years.

iii. Simplified method for small-sized companies

Certain consolidated subsidiaries apply a simplified method in calculating retirement benefit liability and retirement benefit expenses, under which the amount of required voluntary termination benefits at the fiscal year-end is recognized as defined benefit obligation.

(5) Basis for recognition of significant revenue and expense

The Company and its consolidated subsidiaries recognize revenue and expense from contracts with customers as follows:

i. Contract revenue

For contract revenue earned as a result of providing services, the net sales and cost of sales are recognized over time as performance obligations in the contract with the customers are satisfied.

ii. Construction revenue

For construction revenue earned as a result of installation of security alarm equipment leased or rented to the customers as well as repair/renewal constructions and piping or electrical constructions of various building equipment, the net sales and cost of sales are recognized over time as performance obligations in the contract with the customers are satisfied. For contracts that have very short construction period, such as installation of security alarm equipment, which account for most of the construction revenue, the net sales and cost of sales are recognized at a point in time at completion of construction.

iii. Sales revenue

For sales revenue earned as a result of product sales (including installation of products sold), the net sales and cost of sales are recognized at a point in time on delivery to the customers.

(6) Basis for translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end, and differences arising from the translation are recognized in profit or loss. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end, and income and expenses are translated at the average exchange rates during the period. Differences arising from the translation are recognized in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Significant hedge accounting

i. Hedge accounting

Hedging transactions are accounted for on a deferred basis. Interest rate swaps are accounted for using the special method if it meets certain conditions.

ii. Hedging instruments and hedged items

The hedge accounting was applied to the following hedging instruments and hedged items during the current fiscal year:

Hedging instruments: Interest rate swaps

Hedged items: Bank loans

iii. Hedging policy

In accordance with the internal rules, the risk of interest rate fluctuations is hedged to reduce such risk and to improve financial return.

iv. Method of assessing hedge effectiveness

The assessment for effectiveness of interest rate swaps accounted for by the special method is not performed as the hedge is considered to be highly effective.

(8) Method and period of goodwill amortization

Generally, goodwill is amortized using the straight-line method over an expected investment recovery period not exceeding 20 years, taking the nature of each investment into account.

(9) Cash and cash equivalents in the consolidated statement of cash flows

The cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, cash at banks which can be withdrawn at any time, and short-term investments with a maturity of three months or less from the date of acquisition which can easily be converted to cash and are subject to little risk of change in value.



(Significant accounting estimates)

Goodwill

1. Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Goodwill	32,753	31,442

2. Significant accounting estimates related to identified items

The goodwill recorded as of March 31, 2024, which arose from past business combinations, represents excess earning power that is expected from combining an acquiree with the Group. There is also goodwill that resulted from the effect of synergies that is expected to arise at the Company.

In assessing goodwill for impairment, we are focused on whether the excess earning power and the effect of synergies (which give rise to goodwill) will arise over the future periods. We monitor, on a monthly basis, whether a business plan of a company from which the goodwill arose (including a plan of the effect of synergies expected to arise at the Company) is in line with the actual profit or cash flows recorded. The business plan includes orders, human resource or new care facilities opening plans developed based on certain assumptions.

If the business plan may not be achieved for some reason, resulting in changes in the original assumptions, an impairment loss may need to be recorded and it may have a significant impact on the amount of goodwill recorded in the consolidated financial statements for the following fiscal year.

(Accounting standards, etc. that are not applied yet)

Accounting Standard for Current Income Taxes, etc.

- Accounting Standard for Current Income Taxes, etc. (ASBJ Statement No. 27, October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Implementation Guidance on Tax Effect Accounting (ASBJ Statement No. 28, October 28, 2022)

(1) Overview

In February 2018, ASBJ Statement No. 28, Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (“ASBJ Statement No. 28, etc.”) were issued, completing the transfer of Japanese Institute of Certified Public Accountant’s practical guidelines on tax effect accounting to the ASBJ. In the process of discussions, the following two topics, which were supposed to be re-examined after the issuance of ASBJ Statement No. 28, etc., were discussed and issued as standards.

- Tax expense classification (taxation on other comprehensive income)
- Tax effects on the sale of shares of subsidiaries, etc. (shares of subsidiaries or associates) when group taxation is applied

(2) Scheduled date of application

From the beginning of the fiscal year ending March 31, 2025

(3) Effect of application of the accounting standard

We are currently assessing the impact that application of Accounting Standard for Current Income Taxes, etc. will have on the consolidated financial statements.

(Matters related to consolidated balance sheet)

\*1 Cash for Transportation Security Services

As of March 31, 2023

This represents cash for transportation security services, and its use for other purposes is restricted.

In addition, the short-term loans payable balance includes ¥3,392 million of funds borrowed for the services.

As of March 31, 2024

This represents cash for transportation security services, and its use for other purposes is restricted.

In addition, the short-term loans payable balance includes ¥600 million of funds borrowed for the services.

\*2 In accordance with the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998) and the Partial Amendment to Act on Revaluation of Land (Act No. 24 promulgated on March 31, 1999), the Group revalued its land for business use as of March 31, 2002 and recorded revaluation reserve for land in net assets.

• Method of revaluation

In determining the value of land, which is the calculation basis for the taxable value of the land value tax as prescribed in Article 16 of the Land Price Tax Act (Act No. 69 of 1991) as set forth in Article 2, Item 4 of the Order to Enforce the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998), the Group makes reasonable adjustments (such as land depth adjustment) to the value calculated by the method designated and published by the Commissioner of the National Tax Agency.

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
The amount by which the fair value of revalued land at the end of the fiscal year is below its carrying amount	310	180

\*3 Pledged assets and secured obligations

Pledged assets comprise the following:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Cash and deposits	210	210
Buildings and structures	1,994	624
Land	1,156	943
Investment securities	160	1
Other current assets	213	—
Total	3,735	1,779

Secured obligations comprise the following:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Current portion of long-term loans payable	171	52
Long-term loans payable	161	109
Total	333	161

\*4 The following amount relates to non-consolidated subsidiaries and associates:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Investments in securities (stocks)	29,467	30,456

\*5 The amount of receivables and contract assets arising from contracts with customers is as follows:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Notes receivable - trade	2,723	2,236
Accounts receivable - trade	59,688	63,070
Contract assets	2,983	3,747

\*6 The amount of contract liabilities is as follows:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Contract liabilities	19,753	18,807

(Matters related to consolidated statement of income)

\*1 Selling, general and administrative expenses mainly comprise the following:

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Advertising expenses	2,052	2,221
Salary allowances	41,075	42,920
Provision for bonuses	399	405
Provision for bonuses for directors (and other officers)	100	116
Provision for retirement benefits for directors (and other officers)	159	151
Provision for allowance for doubtful accounts	82	89
Welfare expenses	7,564	8,008
Retirement benefit expenses	1,423	1,527
Rent expenses	5,688	5,779
Depreciation and amortization	3,696	3,730
Taxes and dues	3,452	3,574
Communication expenses	1,609	1,619
Amortization of goodwill	2,847	3,135

\*2 Total research and development costs

Research and development costs included in selling, general and administrative expenses

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
	603	538

\*3 Loss on retirement of noncurrent assets

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Machinery and equipment	111	138
Other	181	122
Total	292	261

\*4 Gain on sales of noncurrent assets

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

During the fiscal year ended March 31, 2023, the Group recorded ¥989 million gain on sales of buildings (Koto-ku, Tokyo).

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

During the fiscal year ended March 31, 2024, the Group recorded ¥38 million gain on sales of land (Hiroshima city, Hiroshima).

\*5 Impairment loss

The Group recognized impairment losses on the following assets:

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

Class	Intended use	Impairment losses
Software	Internal-use Idle assets	100
Buildings and structures	Business use	88
Other property, plant and equipment, such as furniture and fixtures	Business use Idle assets	85
Goodwill	—	80
Lease assets	Internal-use	12
Land	Idle assets	0

For idle assets, assets for sale and rental properties, the Company and its consolidated subsidiaries consider each asset as one asset group. For business assets, the grouping for managerial accounting is used.

For idle assets (other property, plant and equipment, such as software and furniture and fixtures, and land) for which future use was no longer expected, the carrying amounts were reduced to the recoverable amounts or the memorandum value and an impairment loss of ¥173 million was recognized as an extraordinary loss. The recoverable amount of the asset group was calculated based on the net realizable value. The net realizable values of idle assets and rental properties are calculated by deducting the estimated cost of disposal from the value calculated by making reasonable adjustments (such as land depth adjustment) based on the land assessments or the appraised value. For assets for sale, the net realizable value is determined based on the sales contract amount.

We assessed the recoverability of certain goodwill based on future cash flows. Based on the assessment, we reduced the carrying amount of the goodwill to the recoverable amount based on its value in use and the impairment loss of ¥80 million was recognized as an extraordinary loss. The value in use was determined by discounting the future cash flows using 7.44% discount rate.

We assessed the recoverability of certain facilities and assets owned by subsidiaries for internal use based on future cash flows. Based on the assessment, we reduced the carrying amount of property, plant and equipment, etc. related to the facilities (buildings and structures, lease assets, software as well as other property, plant and equipment such as furniture and fixtures) to the recoverable amounts or the memorandum value, based on the net realizable value, and an impairment loss of ¥113 million was recognized as an extraordinary loss. The net realizable value is determined based on the property tax appraisal value.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

Class	Intended use	Impairment losses
Land	Assets for sale	31
Buildings	Assets for sale	24

For idle assets, assets for sale and rental properties, the Company and its consolidated subsidiaries consider each asset as one asset group. For business assets, the grouping for managerial accounting is used.

For assets for sale whose fair values had declined, the carrying amounts were reduced to the recoverable amounts and an impairment loss of ¥55 million was recognized as an extraordinary loss. The recoverable amount of the asset group was calculated based on the net realizable value. The net realizable value is determined based on the sales contract amount.

\*6 The inventory balance at the end of fiscal year is after writing down the carrying amount due to the decrease in profitability, and the following losses on valuation of inventories are included in cost of sales:

(Millions of yen)

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
60	39

(Matters related to consolidated statement of comprehensive income)

\* Reclassification adjustments and tax effects related to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities:		
Gain (loss) during the fiscal year	1,115	5,407
Reclassification adjustments	(328)	(361)
Before tax effect	786	5,046
Tax effect	(225)	(1,578)
Valuation difference on available-for-sale securities	561	3,467
Foreign currency translation adjustment:		
Gain (loss) during the fiscal year	100	(105)
Remeasurements of defined benefit plans:		
Gain (loss) during the fiscal year	(2,050)	29,380
Reclassification adjustments	226	760
Before tax effect	(1,824)	30,140
Tax effect	565	(9,422)
Remeasurements of defined benefit plans	(1,259)	20,718
Share of other comprehensive income (loss) of entities accounted for using equity method:		
Gain (loss) during the fiscal year	288	911
Reclassification adjustments	5	6
Share of other comprehensive income (loss) of entities accounted for using equity method	293	917
Total other comprehensive income (loss)	(304)	24,998

(Matters related to consolidated statement of changes in net assets)

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Class and number of shares issued and treasury stock

	Number of shares at beginning of year (Shares)	Increase in number of shares during the year (Shares)	Decrease in number of shares during the year (Shares)	Number of shares at end of year (Shares)
Number of shares issued				
Common stock	102,040,042	—	—	102,040,042
Total	102,040,042	—	—	102,040,042
Treasury stock				
Common stock (Note)	804,851	509	—	805,360
Total	804,851	509	—	805,360

(Note) The increase of 509 shares of common stock held in treasury is due to repurchase of shares less than one unit and an increase in the number of shares held by subsidiaries and associates.

2. Subscription rights to shares and subscription rights to shares held in treasury

Nothing to report.

3. Dividends

(1) Cash dividends

(Resolution)	Class	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2022	Common stock	4,455	44.0	March 31, 2022	June 27, 2022
Board of Directors' meeting on October 28, 2022	Common stock	4,354	43.0	September 30, 2022	December 5, 2022

(2) Dividends that have record date during the fiscal year ended March 31, 2023 and effective date of which is in the following fiscal year

(Resolution)	Class	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2023	Common stock	4,354	Retained earnings	43.0	March 31, 2023	June 28, 2023

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Class and number of shares issued and treasury stock

	Number of shares at beginning of year (Shares)	Increase in number of shares during the year (Shares)	Decrease in number of shares during the year (Shares)	Number of shares at end of year (Shares)
Number of shares issued				
Common stock (Note 1)	102,040,042	408,160,168	—	510,200,210
Total	102,040,042	408,160,168	—	510,200,210
Treasury stock				
Common stock (Note 2)	805,360	8,767,060	—	9,572,420
Total	805,360	8,767,060	—	9,572,420

(Notes) 1. The increase of 408,160,168 shares of common stocks issued reflects a 5-for-1 stock split for each share of common stock implemented effective July 1, 2023.

2. The increase of 8,767,060 shares of common stock held in treasury consists of an increase of 5,543,600 shares due to the acquisition of treasury stocks in accordance with the resolution at the Board of Directors' meeting on July 28, 2023, an increase of 3,222,048 shares due to the 5-for-1 stock split for each share of common stock implemented effective July 1, 2023, an increase of 1,154 shares held by subsidiaries and associates, and repurchase of 258 shares of less than one unit.

2. Subscription rights to shares and subscription rights to shares held in treasury

Nothing to report.

3. Dividends

(1) Cash dividends

(Resolution)	Class	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2023	Common stock	4,354	43.0	March 31, 2023	June 28, 2023
Board of Directors' meeting on October 31, 2023	Common stock	4,361	8.7	September 30, 2023	December 4, 2023

(2) Dividends that have record date during the fiscal year ended March 31, 2024 and effective date of which is in the following fiscal year

(Resolution)	Class	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2024	Common stock	7,511	Retained earnings	15.0	March 31, 2024	June 26, 2024

(Matters related to consolidated statement of cash flows)

\*1 Reconciliation between the cash and cash equivalents balance at the fiscal year-end and the amount presented on the consolidated balance sheet

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Cash and deposits accounts	59,239	76,999
Deposits with deposit term of over three months	(7,967)	(7,836)
Short-term investment (securities) whose redemption is due within three months from the acquisition date	300	—
Other (deposit at securities company)	0	0
Cash and cash equivalents	51,571	69,162

\*2 Major components of assets and liabilities of the companies that became consolidated subsidiaries due to the acquisition of shares during the fiscal year ended March 31, 2024

The assets and liabilities of newly acquired consolidated subsidiaries at the time of inclusion into the Group comprise the following, and the reconciliation between the acquisition cost of shares and the expenditures related to the acquisition (net) is as follows:

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(ALSOK Joy Life Co., Ltd.)

	(Millions of yen)
Current assets	1,133
Noncurrent assets	10,978
Goodwill	7,298
Current liabilities	(8,579)
Noncurrent liabilities	(2,884)
Acquisition cost of shares	7,945
Cash and cash equivalents	(447)
Less: Payments for acquisition	7,497

(ALSOK Life Support Co., Ltd.)

	(Millions of yen)
Current assets	454
Noncurrent assets	3,731
Goodwill	1,257
Current liabilities	(3,266)
Noncurrent liabilities	(119)
Acquisition cost of shares	2,058
Cash and cash equivalents	(190)
Less: Payments for acquisition	1,867



(Okinawa Sohgo Security Services Co., Ltd.)

	(Millions of yen)
Current assets	1,181
Noncurrent assets	1,015
Gain on negative goodwill	(20)
Current liabilities	(636)
Noncurrent liabilities	(330)
Non-controlling interests	(426)
Acquisition cost up to obtaining control	(7)
Equity method valuation up to obtaining control	(197)
Loss on step acquisitions	24
Acquisition cost of shares	604
Cash and cash equivalents	(488)
Less: Payments for acquisition	115

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)  
(PT. Shield-On Service Tbk and its seven subsidiaries)

	(Millions of yen)
Current assets	4,294
Noncurrent assets	331
Goodwill	1,604
Current liabilities	(2,279)
Noncurrent liabilities	(60)
Net assets increased during the period between obtaining control and additional acquisition	142
Non-controlling interests	(502)
Acquisition cost of shares	3,530
Cash and cash equivalents	(659)
Less: Payments for acquisition	2,871

(Hokuriku Sohgo Security Services Co., Ltd.)

	(Millions of yen)
Current assets	4,369
Noncurrent assets	4,293
Gain on negative goodwill	(466)
Current liabilities	(904)
Noncurrent liabilities	(100)
Non-controlling interests	(3,302)
Acquisition cost up to obtaining control	(224)
Equity method valuation up to obtaining control	(958)
Loss on step acquisitions	156
Acquisition cost of shares	2,861
Cash and cash equivalents	(2,000)
Less: Payments for acquisition	860

(Matters related to lease transactions)

1. Finance lease transactions (lessee)

Finance lease transactions without transfer of ownership

i. Lease assets

Property, plant and equipment

It primarily consists of long-term care facilities (buildings), security alarm equipment and vehicles (machinery, equipment and vehicles).

ii. Depreciation method for lease assets

It is described in 4. Significant matters forming the basis for the preparation of the consolidated financial statements, (2) Depreciation and amortization method for major depreciable and amortizable assets.

2. Operating lease transactions

Future minimum lease payments under non-cancellable operating lease transactions

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Due within one year	3,680	3,611
Due after one year	20,309	18,359
Total	23,989	21,971

(Matters related to financial instruments)

1. Financial instruments

(1) Policy for financial instruments

The Group limits its fund management to long-term and stable management within the amount of surplus funds. The Group's policy is to obtain funding mainly through bank borrowings. Derivative instruments are used to hedge the risk of future fluctuations in interest rates. In addition, certain consolidated subsidiaries hold available-for-sale securities with embedded derivatives (such as FX-linked bonds) and use equity options as part of their fund management.

(2) Details of financial instruments, risks and risk management structure

Notes and accounts receivable - trade, and contract assets are exposed to the credit risk of customers. To address the risk, the Group makes efforts to prevent loans to become non-performing, select quality business partners and strengthen its business infrastructure in accordance with the Group's Credit Management Rule. In addition, the Group manages the due dates and balances of receivables for each customer in accordance with Trade Receivables Management Rule.

Stocks, which are investment securities, are exposed to the risk of fluctuations in market prices. However, they are mainly companies' shares with which we have business relationships, and their fair market values are reported to the Board of Directors on a regular basis. Furthermore, embedded derivatives are exposed to the risk of fluctuations in interest rates and impairment of principal arising from future foreign currency fluctuations. However, the counterparties to the transactions are financial institutions with high credit ratings and therefore, the Group does not expect any credit losses arising from default of the counterparties.

The majority of notes and accounts payable - trade, which are trade payables, are due within one year.

Short-term loans payable mainly represent the funding for Transportation Security Services, while long-term loans payable are primarily for capital expenditures.

Loans payable with variable interest rates are exposed to the risk of fluctuations in interest rates. For certain long-term loans payable, derivative transactions (interest rate swaps) are used as hedging instruments for each contract in order to avoid the risk of fluctuations in interest rates and to fix interest expenses. Assessment of hedge effectiveness may be omitted when an interest rate swap meets certain conditions to be accounted for using the special method. The interest rate swaps qualify for the special method and the assessment of hedge effectiveness is omitted.

The execution and management of derivative transactions are conducted in accordance with internal rules that stipulate trading authorizations and transaction limits, etc. When using derivatives, the Group conducts transactions only with highly rated financial institutions in order to mitigate credit risk.

Trade payables and loan payables are exposed to liquidity risk. In order to manage the risk, the Group has each company prepare a consolidated management plan.

Lease obligations under finance lease transactions have fixed interest rates, and therefore, are not subject to interest rate fluctuation risk.

(3) Supplementary explanation on fair value of financial instruments

The contract amounts of derivative transactions described in 2. Fair value of financial instruments below do not represent the market risk related to derivative transactions.

## 2. Fair value of financial instruments

Carrying amount, fair value and the difference between these are as follows. The table below does not include equity securities with no quoted prices (see Note 1).

As of March 31, 2023

	Carrying amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Notes and accounts receivable - trade, and contract assets	65,395	65,393	(2)
(2) Securities	661	661	—
(3) Investment securities			
Shares of subsidiaries and associates	18,647	16,721	(1,926)
Available-for-sale securities	26,405	26,405	—
Total assets	111,110	109,181	(1,928)
(1) Derivative transactions	131	131	—
(2) Long-term loans payable *4	2,981	2,979	(2)
(3) Lease obligations *5	43,002	42,032	(969)
Total liabilities	46,115	45,143	(971)

\*1 Cash is not included as it is cash, and deposits are not included as these are settled in a short period of time and the fair value approximates its carrying amount.

\*2 Cash for Transportation Security Services is not included as it is cash.

\*3 Notes and accounts payable - trade, short-term loans payable and accounts payable - other are not included as these are settled in a short period of time and the fair value approximates its carrying amount.

\*4 Long-term loans payable include current portion of long-term loans payable.

\*5 Lease obligations include current portion of lease obligations.

\*6 Share of investments in partnerships and similar entities recorded in the consolidated balance sheet at net is not included. The share of investments in partnerships recorded in the consolidated balance sheet is ¥1,017 million.

As of March 31, 2024

	Carrying amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Notes and accounts receivable - trade, and contract assets	69,054	69,052	(1)
(2) Securities	30	30	—
(3) Investment securities			
Shares of subsidiaries and associates	20,181	22,485	2,303
Available-for-sale securities	31,027	31,027	—
Total assets	120,293	122,595	2,302
(1) Long-term loans payable *4	2,426	2,426	(0)
(2) Lease obligations *5	41,185	39,303	(1,882)
Total liabilities	43,612	41,730	(1,882)

\*1 Cash is not included as it is cash, and deposits are not included as these are settled in a short period of time and the fair value approximates its carrying amount.

\*2 Cash for Transportation Security Services is not included as it is cash.

\*3 Notes and accounts payable - trade, short-term loans payable and accounts payable - other are not included as these are settled in a short period of time and the fair value approximates its carrying amount.

\*4 Long-term loans payable include current portion of long-term loans payable.

\*5 Lease obligations include current portion of lease obligations.

\*6 Share of investments in partnerships and similar entities recorded in the consolidated balance sheet at net is not included. The share of investments in partnerships recorded in the consolidated balance sheet is ¥1,117 million.

## (Note 1) Unlisted shares and unlisted shares of subsidiaries and associates

As of March 31, 2023

Equity securities with no quoted prices

Category	Carrying amount (Millions of yen)
Unlisted shares	1,655
Unlisted shares of subsidiaries and associates	10,820
Total	12,476

As of March 31, 2024

Equity securities with no quoted prices

Category	Carrying amount (Millions of yen)
Unlisted shares	1,595
Unlisted shares of subsidiaries and associates	10,275
Total	11,870

## (Note 2) Scheduled redemption of monetary receivables and securities with maturity dates after the fiscal year-end

As of March 31, 2023

	Within 1 year (Millions of yen)	1 year to 5 years (Millions of yen)	5 years to 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	59,239	—	—	—
Cash for Transportation Security Services	83,754	—	—	—
Notes receivable - trade	2,723	—	—	—
Accounts receivable - trade	59,628	59	0	—
Available-for-sale securities with maturity dates				
(1) Government bonds, municipal bonds, etc.	—	—	100	—
(2) Corporate bonds	511	2,421	891	2,878
(3) Other	49	185	299	—
Total	205,906	2,666	1,290	2,878

As of March 31, 2024

	Within 1 year (Millions of yen)	1 year to 5 years (Millions of yen)	5 years to 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	76,999	—	—	—
Cash for Transportation Security Services	74,200	—	—	—
Notes receivable - trade	2,236	—	—	—
Accounts receivable - trade	63,024	45	—	—
Available-for-sale securities with maturity dates				
(1) Government bonds, municipal bonds, etc.	—	—	99	—
(2) Corporate bonds	30	2,539	664	2,541
(3) Other	—	480	—	98
Total	216,490	3,066	764	2,640

(Note 3) Scheduled repayment of long-term loans payable, lease obligations and other interest-bearing liabilities after the fiscal year-end

As of March 31, 2023

	Within 1 year (Millions of yen)	1 year to 2 years (Millions of yen)	2 years to 3 years (Millions of yen)	3 years to 4 years (Millions of yen)	4 years to 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term loans payable	7,843	—	—	—	—	—
Long-term loans payable	898	650	504	362	240	325
Lease obligations	5,151	4,206	3,432	2,628	1,968	25,613
Total	13,893	4,857	3,937	2,991	2,209	25,938

As of March 31, 2024

	Within 1 year (Millions of yen)	1 year to 2 years (Millions of yen)	2 years to 3 years (Millions of yen)	3 years to 4 years (Millions of yen)	4 years to 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term loans payable	6,965	—	—	—	—	—
Long-term loans payable	768	577	424	302	179	174
Lease obligations	5,129	4,171	3,330	2,610	1,969	23,975
Total	12,863	4,748	3,754	2,912	2,149	24,150

### 3. Fair value of financial instruments by level

The fair values of financial instruments are categorized into the following three levels based on observability of input to the fair value measurement and its significance:

Level 1: Quoted prices for assets or liabilities subject to the fair value measurement in active markets

Level 2: Observable inputs other than inputs included within Level 1

Level 3: Unobservable inputs

When significant inputs from multiple levels are used, the fair value is categorized in the lowest level of a significant input.

#### (1) Financial instruments recognized at fair value in the consolidated balance sheet

As of March 31, 2023

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	18,715	—	—	18,715
Government and municipal bonds	—	100	—	100
Corporate bonds	—	6,698	—	6,698
Other	—	1,552	—	1,552
Total assets	18,715	8,351	—	27,067
Derivative transactions				
Equity options	—	131	—	131
Total liabilities	—	131	—	131

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	23,194	—	—	23,194
Government and municipal bonds	—	99	—	99
Corporate bonds	—	5,772	—	5,772
Other	—	1,990	—	1,990
Total assets	23,194	7,863	—	31,057

(2) Other financial instruments recognized at fair value in the consolidated balance sheet

As of March 31, 2023

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	—	65,393	—	65,393
Securities and investment securities				
Shares of subsidiaries and associates	16,721	—	—	16,721
Total assets	16,721	65,393	—	82,114
Long-term loans payable	—	2,979	—	2,979
Lease obligations	—	42,032	—	42,032
Total liabilities	—	45,012	—	45,012

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	—	69,052	—	69,052
Securities and investment securities				
Shares of subsidiaries and associates	22,485	—	—	22,485
Total assets	22,485	69,052	—	91,537
Long-term loans payable	—	2,426	—	2,426
Lease obligations	—	39,303	—	39,303
Total liabilities	—	41,730	—	41,730

(Note) Explanation of valuation technique used and input to the fair value measurement

Securities and investment securities

The fair value of listed shares is determined based on quoted prices. As these are traded in an active market, the fair value is categorized as Level 1.

The fair value of available-for-sale securities, such as corporate bonds and investment trusts, is determined based on quoted prices from financial institutions. As these are less actively traded and do not have quoted prices in an active market, the fair value is categorized as Level 2.

Derivative transactions

The fair value of derivative transactions, such as equity options and interest rate swaps, is determined based on quoted prices from financial institutions. As these are less actively traded and do not have quoted prices in an active market, the fair value is categorized as Level 2.

A hybrid financial instrument that contains an embedded derivative is measured at fair value in its entirety as securities and

investment securities with changes in fair value recognized in profit or loss. This is because the embedded derivative cannot be separately measured at fair value on a reasonable basis.

Notes and accounts receivable - trade, and contract assets

The fair values are determined, for each group of receivables categorized by term, based on the present value of receivables discounted using the interest rate adjusted for the period to maturity and credit risk. The fair value is categorized as Level 2.

Long-term loans payable

The fair value of long-term loans payable with variable interest rates is its carrying amount as these reflect market interest rates in a short period of time.

The fair value of long-term loans payable with fixed interest rates is determined based on the present value of principal and interest discounted using the interest rate that would be applied to new loans. This fair value is categorized as Level 2.

Lease obligations

The fair value of lease obligations is determined based on the present value of principal and interest discounted using the interest rate that would be applied to new leases. This fair value is categorized as Level 2.



(Matters related to securities)

1. Available-for-sale securities

As of March 31, 2023

	Class	Carrying amount (Millions of yen)	Cost or amortized cost (Millions of yen)	Difference (Millions of yen)
Carrying amount exceeds cost or amortized cost	(1) Shares	17,573	6,134	11,439
	(2) Bonds			
	Government bonds, municipal bonds, etc.	100	100	0
	Corporate bonds	1,168	1,149	18
	(3) Other	331	244	87
	Subtotal	19,173	7,627	11,545
Carrying amount does not exceed cost or amortized cost	(1) Shares	1,141	1,383	(241)
	(2) Bonds			
	Government bonds, municipal bonds, etc.	—	—	—
	Corporate bonds	5,530	5,776	(246)
	(3) Other	1,220	1,308	(87)
	Subtotal	7,893	8,468	(575)
Total		27,067	16,096	10,970

As of March 31, 2024

	Class	Carrying amount (Millions of yen)	Cost or amortized cost (Millions of yen)	Difference (Millions of yen)
Carrying amount exceeds cost or amortized cost	(1) Shares	22,899	6,749	16,149
	(2) Bonds			
	Government bonds, municipal bonds, etc.	—	—	—
	Corporate bonds	950	936	13
	(3) Other	995	833	161
	Subtotal	24,844	8,519	16,324
Carrying amount does not exceed cost or amortized cost	(1) Shares	295	353	(58)
	(2) Bonds			
	Government bonds, municipal bonds, etc.	99	100	(0)
	Corporate bonds	4,822	4,967	(145)
	(3) Other	995	1,036	(40)
	Subtotal	6,213	6,457	(244)
Total		31,057	14,977	16,080

## 2. Available-for-sale securities sold

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Class	Proceeds from sales (Millions of yen)	Total gain on sales (Millions of yen)	Total loss on sales (Millions of yen)
(1) Shares	628	355	6
(2) Bonds			
Government bonds, municipal bonds, etc.	—	—	—
Corporate bonds	170	0	—
(3) Other	194	—	—
Total	992	356	6

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Class	Proceeds from sales (Millions of yen)	Total gain on sales (Millions of yen)	Total loss on sales (Millions of yen)
(1) Shares	1,023	365	12
(2) Bonds			
Government bonds, municipal bonds, etc.	—	—	—
Corporate bonds	202	2	—
(3) Other	123	20	—
Total	1,349	387	12

## 3. Securities impaired

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

An impairment loss of ¥41 million (shares of ¥41 million) was recognized on available-for-sale securities.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

An impairment loss of ¥18 million (shares of ¥18 million) was recognized on available-for-sale securities.

(Matters related to retirement benefits)

1. Overview of adopted retirement benefit plans

The Company has defined benefit plans, including corporate pension plan and lump-sum payment plan, as well as defined contribution plans.

In addition to these plans, certain consolidated subsidiaries have defined benefit plans and defined contribution plans such as Smaller Enterprise Retirement Allowance Mutual Aid System.

Certain consolidated subsidiaries apply a simplified method in calculating retirement benefit liability and retirement benefit expenses, under which the amount of required voluntary termination benefits at the fiscal year-end is recognized as defined benefit obligation.

2. Defined benefit plans

(1) Reconciliation of beginning to ending balance of defined benefit obligation (excluding plans accounted for under the simplified method as described in (3))

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Defined benefit obligation at beginning of year	121,199	122,258
Service cost	5,379	5,438
Interest cost	814	828
Actuarial gains and losses	(448)	(11,080)
Retirement benefits paid	(4,831)	(5,619)
Increase due to business combination	145	48
Defined benefit obligation at end of year	122,258	111,873

(2) Reconciliation of beginning to ending balance of plan asset (excluding plans accounted for under the simplified method as described in (3))

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Plan assets at beginning of year	121,618	124,300
Expected return on plan assets	2,998	3,066
Actuarial gains and losses	(2,498)	18,299
Contributions from employers	4,833	4,854
Retirement benefits paid	(2,651)	(2,853)
Plan assets at end of year	124,300	147,667

(3) Reconciliation of beginning to ending balance of retirement benefit liability under the simplified method

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Retirement benefit liability at beginning of year	2,599	2,747
Retirement benefit expenses	383	263
Retirement benefits paid	(196)	(274)
Contributions to the plans	(39)	(45)
Reclassification due to changes from the simplified method to the principle method	—	95
Retirement benefit liability at end of year	2,747	2,786

(4) Reconciliation of ending balances of defined benefit obligation and plan assets to retirement benefit liability and retirement benefit asset reported on the consolidated balance sheet

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Defined benefit obligation for funded plans	97,906	87,843
Plan assets	124,493	148,502
	(26,586)	(60,658)
Defined benefit obligation for unfunded plans	27,291	27,650
Net retirement benefit liability (asset)	705	(33,007)
Retirement benefit liability	27,319	26,866
Retirement benefit asset	(26,614)	(59,874)
Net retirement benefit liability (asset)	705	(33,007)

(Note) Include plans accounted for under the simplified method.

(5) Retirement benefit expense and its components

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Service cost	5,379	5,438
Interest cost	814	828
Expected return on plan assets	(2,998)	(3,066)
Amortization of actuarial gains and losses	199	733
Amortization of past service cost	27	27
Retirement benefit expenses calculated under the simplified method	383	263
Other	118	128
Retirement benefit expenses related to defined benefit plans	3,923	4,352

(6) Reclassification adjustments of defined benefit plans

Reclassification adjustments of defined benefit plans, before tax, comprise the following:

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Past service cost	(27)	(27)
Actuarial gains and losses	1,851	(30,113)
Total	1,824	(30,140)

(7) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans, before tax, comprise the following:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Unrecognized past service cost	106	78
Unrecognized actuarial gains and losses	(2,102)	(32,215)
Total	(1,995)	(32,136)

(8) Plan assets

i. Major categories of plan assets

Major categories of plan assets and its percentage allocation are as follows:

	As of March 31, 2023	As of March 31, 2024
Bonds	34 %	43 %
Stocks	43	38
Cash and deposits	1	1
General accounts	10	8
Other	12	10
Total	100	100

ii. Method of determining expected long-term rate of return on plan assets

The expected long-term rate of return on plan assets is determined by taking into account the existing and future plan asset portfolios and the current and expected long-term rates of return from the various components of those plan assets.

(9) Actuarial assumptions

Key actuarial assumptions (in weighted average) are as follows:

	As of March 31, 2023	As of March 31, 2024
Discount rate	0.68 %	1.61 %
Expected long-term rate of return on plan assets	2.50	2.50
Expected rate of future salary increase	1.1 to 1.9	1.1 to 1.9

(Note) The discount rate applied in the calculation at the beginning of the fiscal year ended March 31, 2024 was 0.68%, but as a result of review of the discount rate at the end of the fiscal year, it was determined that a change in the discount rate would have a significant impact on the amount of retirement benefit obligation, and the discount rate was changed to 1.61%.

3. Defined contribution plans

The required amount of contribution to the defined contribution plans of the Company and its consolidated subsidiaries is ¥679 million for the fiscal year ended March 31, 2023 and ¥685 million for the fiscal year ended March 31, 2024.

(Matters related to tax-effect accounting)

1. Major components of deferred tax assets and liabilities

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Accrued business taxes	553	647
Provision for bonuses	743	774
Allowance for doubtful accounts	184	188
Retirement benefit liability	8,658	8,449
Accrued retirement benefits for directors (and other officers)	608	642
Depreciation and amortization	2,492	2,165
Disallowed expenses related to installation of security alarm equipment	3,559	4,591
Loss on valuation of investment securities	316	331
Net operating loss carryforwards (Note 1)	1,730	1,399
Revaluation reserve for land	1,302	1,302
Other	1,606	1,792
Deferred tax assets - subtotal	21,757	22,285
Valuation allowance related to net operating loss carryforwards (Note 1)	(745)	(378)
Valuation allowance related to aggregation of deductible temporary differences and others	(3,059)	(3,421)
Less: Valuation allowance	(3,805)	(3,800)
Total deferred tax assets, net	17,951	18,485
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(3,360)	(4,959)
Retirement benefit asset	(8,450)	(18,756)
Foreign stock dividends	(115)	(115)
Revaluation reserve for land	(314)	(314)
Reserve for advanced depreciation of noncurrent assets	(15)	(5)
Liability adjustment account	(105)	(102)
Total deferred tax liabilities	(12,361)	(24,254)
Net deferred tax assets (liabilities)	5,590	(5,768)

(Note 1) Net operating loss carryforwards and the amount of related deferred tax assets by carryforward period

As of March 31, 2023

	Within 1 year (Millions of yen)	1 year to 2 years (Millions of yen)	2 years to 3 years (Millions of yen)	3 years to 4 years (Millions of yen)	4 years to 5 years (Millions of yen)	Over 5 years (Millions of yen)	Total (Millions of yen)
Net operating loss carryforwards (*1)	5	6	361	292	337	727	1,730
Valuation allowance	(4)	(6)	(110)	(105)	(3)	(514)	(745)
Deferred tax assets (*2)	0	—	250	186	333	213	984

(\*1) Net operating loss carryforward is the amount after multiplied by the statutory tax rate.

(\*2) Deferred tax asset is recognized for net operating loss carryforwards of certain consolidated subsidiaries. We determined that the deferred tax asset is recoverable because it is likely that taxable income (before adjusted for temporary differences) will be available in the future based on the consideration of recent actual taxable income and achievement of business plans.

As of March 31, 2024

	Within 1 year (Millions of yen)	1 year to 2 years (Millions of yen)	2 years to 3 years (Millions of yen)	3 years to 4 years (Millions of yen)	4 years to 5 years (Millions of yen)	Over 5 years (Millions of yen)	Total (Millions of yen)
Net operating loss carryforwards (*1)	238	217	191	186	186	378	1,399
Valuation allowance	—	—	—	—	—	(378)	(378)
Deferred tax assets (*2)	238	217	191	186	186	—	1,020

(\*1) Net operating loss carryforward is the amount after multiplied by the statutory tax rate.

(\*2) Deferred tax asset is recognized for net operating loss carryforwards of certain consolidated subsidiaries. We determined that the deferred tax asset is recoverable because it is likely that taxable income (before adjusted for temporary differences) will be available in the future based on the consideration of recent actual taxable income and achievement of business plans.

(Note 2) Net deferred tax assets are included in the following accounts on the consolidated balance sheet:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Noncurrent assets - Deferred tax assets	7,104	4,966
Noncurrent liabilities - Deferred tax liabilities	(1,200)	(10,420)
Noncurrent liabilities - Deferred tax liabilities for revaluation	(314)	(314)

2. Reconciliation of significant differences between the statutory tax rate and the effective tax rate after applying tax effect accounting

	As of March 31, 2023	As of March 31, 2024
Statutory tax rate	30.6 %	30.6 %
(Adjustment)		
Non-deductible permanent differences such as entertainment expenses	0.3	0.3
Non-taxable permanent differences such as dividend income	(1.0)	(1.2)
Equal division of municipal tax	1.2	1.1
Amortization of goodwill	2.2	2.2
Share of profit of entities accounted for using equity method	(0.9)	(1.5)
Difference in tax rates among subsidiaries	1.3	1.2
Special corporate tax credit	(0.2)	(1.7)
Valuation allowance (the amount deducted from deferred tax assets)	0.2	0.3
Other	1.5	0.6
Effective tax rate after applying tax effect accounting	35.1	32.1

(Matters related to business combination)

(Business combination by way of acquisition)

1. Acquisition of shares of PT. Shield-On Service Tbk

(1) Business combination

A. Name of acquired company and its business

Name of the acquired company: PT. Shield-On Service Tbk and its seven subsidiaries

Business: Staffing, security, cleaning and parking lot management services

B. Reason for business combination

The Company established a local subsidiary in Indonesia in 2013, and we acquired shares of a major local security company to further expand its security services business in 2016. Changing the company name to PT. ALSOK BASS Indonesia Security Services (“ALSOK BASS”), we have been serving various companies, mainly Japanese companies, to meet the local security needs.

PT. Shield-On Service Tbk (“SOS”) is a comprehensive outsourcing company that provides staffing, security, cleaning, and parking lot management services. It is the only outsourcing company listed on the Indonesian Stock Exchange and has a large account, Sinarmas Group, the local conglomerate. SOS’s participation in ALSOK BASS will make ALSOK’s comprehensive safety and security services, which it has been providing to Japanese companies, widely available to Indonesian companies and financial institutions that support the largest economy in the ASEAN region.

Through the acquisition of shares, the Company will contribute to the ALSOK BASS and SOS businesses, to the development of mutually beneficial relationships in human capital development leveraging the close bilateral relationship between Japan and Indonesia, and to the improvement of safety and security service standards, while further strengthening its business development in the ASEAN region.

C. Date of business combination

Obtaining control on August 15, 2023

Acquisition of additional shares on December 18, 2023

D. Legal form of business combination

Acquisition of stocks

E. Name of the company after the business combination

There is no name change.

F. Share of voting rights acquired

Voting rights acquired on the date of obtaining control	51.2 %
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Dilution due to the exercise of warrants by non-controlling shareholders from the date of obtaining control to after the date of obtaining control	(8.7)
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Voting rights additionally acquired after obtaining control	36.8
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Voting rights after the additional acquisition	79.3
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G. Reason for selecting company to acquire

ALSOK BASS acquired the stocks in exchange for cash consideration.

(2) Accounting treatment

This business combination was conducted pursuant to an agreement related to stock acquisitions concluded on June 9, 2023, under which the Company acquired shares of SOS in two steps on August 15, 2023 and December 18, 2023. In accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019), the two-step acquisitions on August 15, 2023 and December 18, 2023 constitute one business combination transaction, and therefore, are accounted for collectively. Accordingly, a portion of goodwill related to the additional shares acquired after obtaining control is calculated as if the goodwill was recorded at the time when control was obtained.

(3) Period of operating results of the acquired company included in the consolidated statement of income for the year ended March 31, 2024

The closing date of the acquired company is December 31, which is three months different from the closing date of the Company. As the deemed date of acquisition is June 30, 2023, the operating results of the acquired company for the period from July 1, 2023 to December 31, 2023 are included in the consolidated statement of income for the fiscal year ended March 31, 2024.

(4) Acquisition cost of the acquired company and type of consideration paid

			(Millions of yen)
Consideration	At the time of obtaining control	Cash and deposits	1,909
	At the time of acquisition of additional shares	Cash and deposits	1,621
Acquisition cost			<u>3,530</u>

(5) Major components and amount of acquisition related costs

	(Millions of yen)
Advisory fees	194

(6) Amount of goodwill

	(Millions of yen)
At the time of obtaining control	1,027
At the time of acquisition of additional shares	577
Total	<u>1,604</u>

A. Causes

The goodwill mainly arises from the excess earning power expected from combining the business of ALSOK BASS with the business of SOS.

B. Method and period of amortization

Straight-line method over six years

(7) Amount of assets acquired and liabilities assumed and the major components as of the date of business combination

	(Millions of yen)
Current assets	4,294
Noncurrent assets	<u>331</u>
Total assets	<u>4,625</u>
Current liabilities	2,279
Noncurrent liabilities	<u>60</u>
Total liabilities	<u>2,340</u>

- (8) Estimated amount and calculation method of the impact of the business combination on the consolidated statement of income for the fiscal year ended March 31, 2024, assuming that the business combination had been completed at the beginning of the fiscal year

	(Millions of yen)
Net sales	8,333
Operating income	198
Ordinary income	192
Income before income taxes	192
Profit attributable to owners of parent	120
Net income per share	0.24 yen

(Method to determine the estimated amount)

The estimated amount of the impact is calculated as the difference between net sales and profit/loss amounts determined assuming that the business combination had been completed at the beginning of the fiscal year, and net sales and profit/loss amounts included in the consolidated statement of income of the acquiring company. Amortization of goodwill is calculated as if the goodwill recognized at the date of business combination had been incurred at the beginning of the fiscal year.

Note that this note has not been audited.

## 2. Acquisition of additional shares of Hokuriku Sohgo Security Services Co., Ltd.

### (1) Overview of business combination

#### A. Name of acquired company and its business

Name of acquired company: Hokuriku Sohgo Security Services Co., Ltd.

Business: Security services, general property management and fire protection services, and other services

#### B. Date of business combination

October 31, 2023

#### C. Legal form of business combination

Acquisition of stocks

#### D. Name of the company after the business combination

There is no name change.

#### E. Share of voting rights acquired

Voting rights held before the business combination	15.0%
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Voting rights additionally acquired on the date of business combination	41.8
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Voting rights after the acquisition	56.8
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#### F. Reason for selecting company to acquire

The Company acquired the stocks in exchange for cash consideration.

### (2) Reason for business combination

Hokuriku Sohgo Security Services Co., Ltd., the Company's equity-method associate, had been providing the Security Services and General Property Management and Fire Protection Services. The Company has acquired additional shares of Hokuriku Sohgo Security Services Co., Ltd. with the aim of increasing the ratio of voting rights in order to achieve stable business management and strengthen governance.

### (3) Period of operating results of the acquired company included in the consolidated statement of income for the year ended March 31, 2024

As the deemed date of acquisition is October 1, 2023, the operating results for the period from October 1, 2023 to March 31, 2024 are included in the consolidated statement of income for the year ended March 31, 2024. As the acquired company was an equity-method associate, the operating results from April 1, 2023 to September 30, 2023 were recorded as "Share of profit of entities accounted for using equity method."

### (4) Acquisition cost of the acquired company and type of consideration paid

	(Millions of yen)
Fair value of shares held before the business combination on the date	
Consideration of the business combination	1,026
Cash and deposits paid for acquisition of additional shares	2,861
Acquisition cost	3,887

### (5) Difference between the acquisition cost of the acquired company and the total acquisition cost related to transactions that led to the acquisition

	(Millions of yen)
Loss on step acquisitions	156

### (6) Major components and amount of acquisition related costs

Nothing to report.

### (7) Amount of gain on negative goodwill and its causes

#### A. Amount of gain on negative goodwill

¥466 million

#### B. Causes

As the net asset value of the acquired company as of the date of business combination exceeded the acquisition cost, the difference is recorded as gain on negative goodwill.

(8) Amount of assets acquired and liabilities assumed and the major components as of the date of business combination

	(Millions of yen)
Current assets	4,369
Noncurrent assets	4,293
Total assets	8,662
Current liabilities	904
Noncurrent liabilities	100
Total liabilities	1,005

(9) Estimated amount and calculation method of the impact of the business combination on the consolidated statement of income for the fiscal year ended March 31, 2024, assuming that the business combination had been completed at the beginning of the fiscal year

	(Millions of yen)
Net sales	3,347
Operating income	161
Ordinary income	161
Income before income taxes	161
Profit attributable to owners of parent	100
Net income per share	0.20 yen

(Method to determine the estimated amount)

The estimated amount of the impact is calculated as the difference between net sales and profit/loss amounts determined assuming that the business combination had been completed at the beginning of the fiscal year, and net sales and profit/loss amounts included in the consolidated statement of income of the acquiring company. Amortization of goodwill is calculated as if the goodwill recognized at the date of business combination had been incurred at the beginning of the fiscal year.

Note that this note has not been audited.

(Matters related to asset retirement obligations)

Asset retirement obligations reported on the consolidated balance sheet

1. Overview of asset retirement obligations

It is an obligation to restore the site to its original state in accordance with real estate lease agreements such as offices.

2. Method to determine the amount of asset retirement obligations

The amount of asset retirement obligations is generally determined based on the expected usage period of 50 years from the acquisition with the discount rate of 0.0% to 2.3% depending on the expected remaining usage period.

3. Changes in asset retirement obligations

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Balance at beginning of year	486	818
Adjustment due to passage of time	9	9
Decrease due to fulfillment of asset retirement obligations	(15)	—
Increase due to acquisition of new consolidated subsidiary	337	—
Balance at end of year	818	827

(Matters related to revenue recognition)

1. Disaggregation of revenue from contracts with customers

The information on disaggregation of revenue from contract with customers is described in Notes (Segment information).

2. Information relating to revenue from contracts with customers

(1) Contract revenue

Contract revenue is earned as a result of the Company or its consolidated subsidiaries providing services to customers such as security services.

While considerations for providing such services are collected in a lump sum in cash in the following month, monthly fees in exchange for providing Electronic Security Services to individual customers and lump-sum move-in fees for the long-term care services are collected in the form of advance payment before the service is provided.

A performance obligation related to the contract revenue is to provide the service specified in the contract to a customer. The Company and its consolidated subsidiaries recognize revenue as the performance obligation is satisfied over time.

A transaction price is specified in the contract and does not contain significant variable consideration or financing component. If a single contract has multiple performance obligations, the transaction price is allocated based on the price specified in the contract.

(2) Construction revenue

Construction revenue is earned as a result of installation of security alarm equipment leased or rented to the customer as well as repair/renewal constructions and piping or electrical constructions of various building equipment.

In most cases, considerations for providing such services are collected in a lump sum in cash in the following month. A partial payment is received for long-term construction contract by reference to the stage of completion.

A performance obligation related to the construction revenue is to provide the construction service specified in the contract. Generally, revenue from construction contracts is recognized as the performance obligation is satisfied over time. This is because the partially completed contract is an asset that cannot be used for other purposes and gives rise to a right to receive consideration. As the completion of a contract corresponds to costs incurred for the construction, the percentage of completion for the performance obligation can be reasonably estimated based on the costs incurred. Therefore, the percentage of completion is determined, for each contract, based on the costs incurred to the fiscal year-end to the estimated total cost to complete.

For contracts that have a very short construction period, such as installation of security alarm equipment, which accounts for most of the construction revenue, revenue is recognized at a point in time at completion of contract when a right to receive consideration is confirmed.

A transaction price is specified in the contract and does not contain significant variable consideration or financing component. If a single contract has multiple performance obligations, the transaction price is allocated based on the price specified in the contract.

(3) Sales revenue

Sales revenue is earned as a result of product sales (including installation of products sold).

In most cases, considerations for transferring such products are collected in a lump sum in cash in the following month. For only a few contracts, considerations are received in installments approximately over two to five years.

A performance obligation related to the sales revenue is to transfer products to a customer. The performance obligation is satisfied at a point in time when a customer accepts the product and the legal title, physical possession and significant risk and rewards of ownership of the product are transferred to the customer. Therefore, the revenue is recognized at a point in time of delivery.

A transaction price is specified in the contract and does not contain significant variable consideration or financing component. If a single contract has multiple performance obligations, the transaction price is allocated based on the price specified in the contract.

3. Relationship between satisfaction of performance obligations based on contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to arise in the following years from contracts with customers existed as of March 31, 2024

(1) Contract assets and liabilities

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Receivables arising from contracts with customers (beginning balance)	55,406	62,411
Receivables arising from contracts with customers (ending balance)	62,411	65,306
Contract assets (beginning balance)	1,052	2,983
Contract assets (ending balance)	2,983	3,747
Contract liabilities (beginning balance)	11,211	19,753
Contract liabilities (ending balance)	19,753	18,807

A contract asset is the Company's and its consolidated subsidiaries' right to unbilled consideration in exchange for construction contract partially completed as of the fiscal year-end. When the Company's and its consolidated subsidiaries' right to consideration becomes unconditional, the contract asset is reclassified to a receivable from contracts with customers.

A contract liability represents payments received in advance related to Electronic Security Services and lump-sum move-in fees for the long-term care services. The former is debited mainly within one year and the latter is debited within 4 to 17 years, depending on the average tenancy of the resident of a long-term care facility, as the revenue is recognized.

(2) Transaction price allocated to remaining performance obligation

The Company and its consolidated subsidiaries apply practical expedient to the notes on transaction price allocated to remaining performance obligation. Notes on a contract with initial expected contract term of one year or less are not included. The performance obligation is related to construction revenue from General Property Management and Fire Protection Services. Total transaction price to which remaining performance obligations are allocated and the periods for which revenue is expected to be recognized are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Within 1 year	11,978	10,537
1 to 2 years	5,785	6,873
2 to 3 years	1,107	583
Over 3 years	—	191
Total	18,871	18,185

(Segment information etc.)

[Segment information]

1. Overview of reportable segment

The Group's reportable segments are components of the group for which discrete financial information is available and which are reviewed by the Board of Directors on a regular basis to make decisions about resources and assess their performance.

The Group has three reportable segments: Security Services, which includes Electronic Security Services, Stationed Security Services and Transportation Security Services, General Property Management and Fire Protection Services, which includes equipment installation (such as piping or electrical construction services), facility management, environmental hygiene management, janitorial services, inspection and installation of fire equipment and sales of various disaster prevention equipment, and Long-Term Care Services, which includes home care support, home-visit care, day care and facility care.

Other Services category includes business segments not included in other reportable segments, including information security, staffing, PCR test and food inspection services.

2. Method to determine the amount of net sales, income (loss) and other items

Accounting treatment used for reportable segments is mostly the same as the accounting treatment applied in preparing the consolidated financial statements.

Segment income is based on operating income.

Intersegment sales and transfers are based on prevailing market prices.

3. Information on the amount of net sales and income (loss) and disaggregation of revenue by reportable segment

I. Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment				Other Services (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated statement of income (Note 3)
	Security Services	General Property Management and Fire Protection Services	Long-Term Care Services	Total				
Net sales								
Contract revenue	329,203	34,500	47,394	411,097	4,854	415,951	—	415,951
Construction revenue	5,762	24,665	22	30,450	2	30,453	—	30,453
Sales revenue	31,382	13,824	79	45,286	534	45,821	—	45,821
Revenue from contracts with customers	366,348	72,990	47,495	486,835	5,391	492,226	—	492,226
Sales to external customers	366,348	72,990	47,495	486,835	5,391	492,226	—	492,226
Intersegment sales and transfers	87	88	9	185	238	423	(423)	—
Total	366,435	73,079	47,505	487,020	5,629	492,650	(423)	492,226
Income by reportable segment	37,284	7,661	528	45,474	960	46,435	(9,442)	36,993
Depreciation and amortization	14,151	1,285	2,123	17,560	337	17,897	24	17,922
Amortization of goodwill	849	24	1,897	2,770	77	2,847	—	2,847

(Notes) 1. “Other Services” category includes business segments not included in other reportable segments, such as information security, PCR test and food inspection services.

2. ¥(9,442) million adjustment to income by reportable segment represents common expenses that cannot be allocated to any specific reportable segment. These expenses are primarily general and administrative expenses not associated with specific reportable segment.

3. Income by reportable segment is adjusted for the operating income per the consolidated statement of income.

4. Assets are not allocated to business segments.



II. Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment				Other Services (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated statement of income (Note 3)
	Security Services	General Property Management and Fire Protection Services	Long-Term Care Services	Total				
Net sales								
Contract revenue	337,642	36,585	50,850	425,078	8,928	434,006	—	434,006
Construction revenue	7,405	26,301	22	33,729	4	33,734	—	33,734
Sales revenue	37,604	15,506	88	53,199	460	53,659	—	53,659
Revenue from contracts with customers	382,652	78,393	50,961	512,007	9,393	521,400	—	521,400
Sales to external customers	382,652	78,393	50,961	512,007	9,393	521,400	—	521,400
Intersegment sales and transfers	88	325	11	426	120	546	(546)	—
Total	382,741	78,719	50,972	512,433	9,513	521,947	(546)	521,400
Income by reportable segment	37,897	8,369	1,309	47,577	936	48,514	(9,431)	39,082
Depreciation and amortization	14,822	1,382	2,252	18,458	247	18,705	22	18,727
Amortization of goodwill	899	58	2,043	3,001	134	3,135	—	3,135

(Notes) 1. “Other Services” category includes business segments not included in other reportable segments, such as information security, staffing, PCR test and food inspection services.

2. ¥(9,431) million adjustment to income by reportable segment represents common expenses that cannot be allocated to any specific reportable segments. These expenses are primarily general and administrative expenses not associated with specific reportable segment.

3. Income by reportable segment is adjusted for the operating income per the consolidated statement of income.

4. Assets are not allocated to business segments.

[Related information]

I. Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Information by product and service

It is omitted as the information is described in the segment information.

2. Information by region

(1) Net sales

It is omitted as the net sales to domestic customers account for more than 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

It is omitted as the amount of property, plant and equipment located in Japan account for more than 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

It is omitted as no single external customer accounts for more than 10% of net sales on the consolidated statement of income.

II. Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

It is omitted as the information is described in the segment information.

2. Information by region

(1) Net sales

It is omitted as the net sales to domestic customers account for more than 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

It is omitted as the amount of property, plant and equipment located in Japan account for more than 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

It is omitted as no single external customer accounts for more than 10% of net sales on the consolidated statement of income.

[Information on impairment losses of noncurrent assets by reportable segment]

I. Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

No impairment loss was allocated to any of the reportable segments. Impairment losses not allocated to reportable segments were ¥366 million, which mainly comprised ¥100 million for software, ¥88 million for buildings and structures, ¥85 million for other property, plant and equipment, such as furniture and fixtures, ¥80 million for goodwill, ¥12 million for leased assets and ¥0 million for land.

II. Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

No impairment loss was allocated to any of the reportable segments. Impairment losses not allocated to reportable segments were ¥55 million, which comprised ¥31 million for land and ¥24 million for building and structures.

[Information on amortized and unamortized goodwill by reportable segment]

I. Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Amortized and unamortized goodwill)

It is omitted as the information on amortized goodwill is described in the segment information.

Unamortized goodwill as of March 31, 2023 is ¥32,753 million. As assets are not allocated to business segments, the unamortized goodwill is not included in the reportable segments as of March 31, 2023.

II. Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Amortized and unamortized goodwill)

It is omitted as the information on amortized goodwill is described in the segment information.

Unamortized goodwill as of March 31, 2024 is ¥31,442 million. As assets are not allocated to business segments, the unamortized goodwill is not included in the reportable segments as of March 31, 2024.

[Information on gain on negative goodwill by reportable segment]

I. Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

During the fiscal year ended March 31, 2023, due to the inclusion of Okinawa Sohgo Security Services Co., Ltd. in the scope of consolidation, gain on negative goodwill of ¥20 million is recognized. The gain on negative goodwill is not allocated to any reportable segments.

II. Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

During the fiscal year ended March 31, 2024, due to the inclusion of Hokuriku Sohgo Security Services Co., Ltd. in the scope of consolidation, gain on negative goodwill of ¥466 million is recognized. The gain on negative goodwill is not allocated to any reportable segments.

[Related parties]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Related party transactions

1. Transactions between the reporting company and its related parties

Nothing to report.

2. Transactions between consolidated subsidiary of the reporting company and its related parties

Nothing to report.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Related party transactions

1. Transactions between the reporting company and its related parties

Nothing to report.

2. Transactions between consolidated subsidiary of the reporting company and its related parties

Nothing to report.

(Special purpose entities subject to disclosure)

Nothing to report.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net assets per share	622.10	704.97
Net income per share	47.32	54.34

(Notes) 1. Diluted net income per share is not disclosed as there are no potentially dilutive shares.

2. Effective July 1, 2023, the Company implemented a 5-for-1 stock split of the common stock. Net assets per share and Net income per share are calculated assuming that the stock split was implemented at the beginning of the fiscal year ended March 31, 2023.

3. The following is the basis of calculating net income per share:

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	23,950	27,327
Amount not attributable to ordinary shareholders (Millions of yen)	—	—
Profit attributable to ordinary shareholders of parent (Millions of yen)	23,950	27,327
Average number of shares during the period (Thousands of shares)	506,173	502,894

4. The following is the basis of calculating net assets per share:

	As of March 31, 2023	As of March 31, 2024
Total net assets (Millions of yen)	343,893	386,581
Amount deducted from total net assets (Millions of yen)	29,000	33,654
(Of which, non-controlling interests) (Millions of yen)	(29,000)	(33,654)
Net assets related to common stocks at fiscal year-end (Millions of yen)	314,892	352,927
Number of common stocks at fiscal year-end used to calculate net assets per share (Thousands of shares)	506,173	500,627

(Significant subsequent events)

(Repurchase of shares)

At the Board of Directors meeting held on May 14, 2024, the Company resolved matters related to the repurchase of shares in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the Act.

1. Reason for repurchase of shares

The Company intends to repurchase its own shares as part of the execution of flexible capital policies in response to changes in the business environment and as part of the scheme to distribute returns to shareholders.

2. Details of repurchase

(1) Type of shares to be repurchased	Common stock
(2) Total number of shares to be purchased	Up to 17,700,000 shares
(3) Total acquisition cost of shares	Up to ¥15,000 million
(4) Repurchase period	From May 15, 2024 to October 31, 2024
(5) Method of repurchase	Purchase on the Tokyo Stock Exchange

- v. [Supplementary schedules]  
 [Schedule of corporate bonds]  
 Nothing to report.  
 [Schedule of borrowings]

Category	Balance at beginning of year (Millions of yen)	Balance at end of year (Millions of yen)	Average interest rate (%)	Repayment date
Short-term loans payable	7,843	6,965	1.80	—
Current portion of long-term loans payable	898	768	0.80	—
Current portion of lease obligations	5,151	5,129	3.72	—
Long-term loans payable (excluding current portion)	2,083	1,658	0.64	From April 1, 2025 to March 31, 2032
Lease obligations (excluding current portion)	37,851	36,056	4.16	—
Other interest-bearing liabilities	—	—	—	—
Total	53,827	50,578	—	—

- (Notes) 1. “Average interest rate” is weighted average rate for borrowings outstanding at the fiscal year-end.  
 2. Scheduled repayment amount of long-term loans payable and lease obligations (excluding current portion) within five years after the fiscal year-end is as follows:

	1 to 2 years (Millions of yen)	2 to 3 years (Millions of yen)	3 to 4 years (Millions of yen)	4 to 5 years (Millions of yen)
Long-term loans payable	577	424	302	179
Lease obligations	4,171	3,330	2,610	1,969

[Schedule of asset retirement obligations]

The amounts of asset retirement obligations as of the beginning and ending of the current fiscal year are less than 1/100 of total liabilities and net assets as of the beginning and ending of the current fiscal year, respectively. In accordance with Article 92-2 of the Ordinance on Consolidated Financial Statements, this disclosure is omitted.

## (2) [Other]

## Quarterly information for the fiscal year ended March 31, 2024

Period	Three months ended June 30	Six months ended September 30	Nine months ended December 31	Fiscal year ended March 31, 2024
Net sales (Millions of yen)	121,593	246,379	378,990	521,400
Income before income taxes (Millions of yen)	9,167	19,382	29,871	42,853
Profit attributable to owners of parent (Millions of yen)	5,195	11,852	18,442	27,327
Net income per share (Yen)	10.26	23.46	36.62	54.34

(Note) Effective July 1, 2023, the Company implemented a 5-for-1 stock split of the common stock. Net income per share is presented at the amount adjusted for the impact of the stock split.

Period	Three months ended June 30	Three months ended September 30	Three months ended December 31	Three months ended March 31
Net income per share (Yen)	10.26	13.21	13.16	17.75

(Note) Effective July 1, 2023, the Company implemented a 5-for-1 stock split of the common stock. Net income per share is presented at the amount adjusted for the impact of the stock split.



2. [Non-consolidated financial statements]

(1) [Non-consolidated financial statements]

i. [Non-consolidated balance sheet]

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	8,788	20,312
Cash for Transportation Security Services	*1 80,534	*1 70,475
Notes receivable - trade	200	445
Accounts receivable - trade	*2 31,125	*2 31,142
Lease receivables and investment assets	6,907	6,831
Supplies	8,129	10,218
Prepaid expenses	1,897	1,945
Advances paid	*2 6,056	*2 5,038
Other	*2 10,742	*2 11,717
Allowance for doubtful accounts	(47)	(72)
<b>Total current assets</b>	<b>154,335</b>	<b>158,054</b>
Noncurrent assets		
Property, plant and equipment		
Buildings	11,188	10,790
Structures	318	289
Machinery and equipment	16,399	19,157
Vehicles	6	7
Tools, furniture and fixtures	2,363	2,934
Land	8,901	8,901
Lease assets	2,152	2,160
Rental assets	1,281	1,340
Construction in progress	2,580	1,154
<b>Total property, plant and equipment</b>	<b>45,192</b>	<b>46,735</b>
Intangible assets		
Software	6,949	5,975
Software in progress	1,094	145
Right to use telecommunication facilities	0	0
<b>Total intangible assets</b>	<b>8,044</b>	<b>6,120</b>
Investments and other assets		
Investment securities	*3 15,502	*3 19,000
Shares of subsidiaries and associates	94,170	100,323
Long-term loans receivable	*2 362	*2 455
Long-term prepaid expenses	288	241
Leasehold and guarantee deposits	5,150	5,377
Insurance funds	193	176
Prepaid pension costs	14,355	16,617
Deferred tax assets	1,979	357
Other	12,134	12,242
Allowance for doubtful accounts	(344)	(345)
<b>Total investments and other assets</b>	<b>143,792</b>	<b>154,445</b>
<b>Total noncurrent assets</b>	<b>197,029</b>	<b>207,301</b>
<b>Total assets</b>	<b>351,364</b>	<b>365,356</b>

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	*2 16,286	*2 15,659
Short-term loans payable	*1,*2 24,757	*2 23,761
Lease obligations	3,497	3,470
Accounts payable - other	*2 7,743	*2 7,548
Accrued expenses	3,344	3,387
Income taxes payable	1,898	2,239
Accrued consumption taxes	563	2,967
Contract liabilities	8,873	8,905
Deposits received	*2 2,496	*2 838
Other	315	308
Total current liabilities	69,778	69,086
Noncurrent liabilities		
Lease obligations	5,980	5,943
Deferred tax liabilities for land revaluation	314	314
Provision for retirement benefits	15,380	14,908
Guarantee deposits received	1,387	1,280
Asset retirement obligations	412	414
Provision for loss on business	299	299
Total noncurrent liabilities	23,775	23,162
Total liabilities	93,553	92,248
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus		
Legal capital surplus	29,320	29,320
Other capital surplus	3,422	3,422
Total capital surplus	32,742	32,742
Retained earnings		
Legal retained earnings	792	792
Other retained earnings		
General reserve	14,000	14,000
Retained earnings brought forward	189,178	206,942
Total retained earnings	203,970	221,734
Treasury stock	(1,030)	(6,030)
Total shareholders' equity	254,357	267,121
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	6,838	9,371
Revaluation reserve for land	(3,385)	(3,385)
Total valuation and translation adjustments	3,453	5,985
Total net assets	257,811	273,107
Total liabilities and net assets	351,364	365,356

## ii. [Non-consolidated statement of income]

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net sales	*2 248,977	*2 256,633
Cost of sales	*2 180,021	*2 186,083
Gross profit	68,955	70,550
Selling, general and administrative expenses	*1,*2 52,070	*1,*2 51,836
Operating income	16,885	18,714
Non-operating income		
Interest and dividends income	*2 12,335	*2 13,377
Other	*2 2,562	*2 2,763
Total non-operating income	14,898	16,141
Non-operating expenses		
Interest expenses	*2 533	*2 483
Other	*2 1,057	*2 1,036
Total non-operating expenses	1,590	1,519
Ordinary income	30,192	33,335
Extraordinary income		
Gain on sales of investment securities	3	80
Gain on sales of noncurrent assets	989	—
Gain on liquidation of subsidiaries	1	—
Gain on liquidation of subsidiaries and associates	—	92
Gain on extinguishment of tie-in shares	552	—
Total extraordinary income	1,547	173
Extraordinary loss		
Loss on valuation of investment securities	9	—
Loss on valuation of shares of subsidiaries	441	—
Loss on sales of investment securities	6	—
Impairment losses	171	—
Provision for loss on business	299	—
Loss on transfer of shares of subsidiaries	—	629
Total extraordinary loss	928	629
Income before income taxes	30,811	32,879
Income taxes - current	5,869	5,895
Income taxes - deferred	463	504
Total income taxes	6,332	6,399
Net income	24,478	26,479

## (Statement of cost of sales)

Category	Note	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)		Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
I. Labor cost					
Salaries		37,618		38,026	
Bonuses		7,736		8,990	
Retirement benefit expenses		1,272		1,419	
Legal welfare expenses		7,105		7,454	
Other		163	53,896	166	56,056
			29.9		30.1
II. Expenses					
Outsourcing expenses		44,672		40,835	
Depreciation and amortization		9,234		9,620	
Rent expenses		8,492		8,813	
Fuel expenses		991		986	
Security-related communication expenses		6,124		6,167	
Other		19,716	89,231	21,486	87,911
			49.6		47.2
Cost of security services			143,127		143,967
			79.5		77.4
Cost of equipment and construction			36,894		42,115
			20.5		22.6
Cost of sales			180,021		186,083
			100.0		100.0

iii. [Non-consolidated statement of changes in net assets]

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Shareholders' equity Total
		Legal capital surplus	Other capital surplus	Capital surplus Total	Legal retained earnings	Other retained earnings		Retained earnings Total		
						General reserve	Retained earnings brought forward			
Balance at beginning of year	18,675	29,320	3,422	32,742	792	14,000	173,508	188,301	(1,030)	238,688
Changes of items during the period										
Dividends from surplus							(8,809)	(8,809)		(8,809)
Net income							24,478	24,478		24,478
Purchase of treasury stock									(0)	(0)
Reversal of revaluation reserve for land							0	0		0
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	15,669	15,669	(0)	15,669
Balance at end of year	18,675	29,320	3,422	32,742	792	14,000	189,178	203,970	(1,030)	254,357

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of year	6,038	(3,384)	2,653	241,342
Changes of items during the period				
Dividends from surplus				(8,809)
Net income				24,478
Purchase of treasury stock				(0)
Reversal of revaluation reserve for land				0
Net changes of items other than shareholders' equity	800	(0)	799	799
Total changes of items during the period	800	(0)	799	16,468
Balance at end of year	6,838	(3,385)	3,453	257,811

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Shareholders' equity Total
		Legal capital surplus	Other capital surplus	Capital surplus Total	Legal retained earnings	Other retained earnings		Retained earnings Total		
						General reserve	Retained earnings brought forward			
Balance at beginning of year	18,675	29,320	3,422	32,742	792	14,000	189,178	203,970	(1,030)	254,357
Changes of items during the period										
Dividends from surplus							(8,715)	(8,715)		(8,715)
Net income							26,479	26,479		26,479
Purchase of treasury stock									(5,000)	(5,000)
Reversal of revaluation reserve for land										—
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	17,764	17,764	(5,000)	12,763
Balance at end of year	18,675	29,320	3,422	32,742	792	14,000	206,942	221,734	(6,030)	267,121

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of year	6,838	(3,385)	3,453	257,811
Changes of items during the period				
Dividends from surplus				(8,715)
Net income				26,479
Purchase of treasury stock				(5,000)
Reversal of revaluation reserve for land				—
Net changes of items other than shareholders' equity	2,532	—	2,532	2,532
Total changes of items during the period	2,532	—	2,532	15,296
Balance at end of year	9,371	(3,385)	5,985	273,107

[Notes]

(Significant accounting policies)

1. Valuation basis and method for securities

(1) Shares of subsidiaries and associates

It is stated at cost based on the moving average method.

(2) Available-for-sale securities

Securities other than equity securities with no quoted prices

It is stated at fair market value (with any unrealized gains or losses being recognized directly in equity and the cost of securities sold being generally calculated based on the moving average method).

Equity securities with no quoted prices

It is stated at cost based on the moving average method.

2. Valuation basis and method for derivatives

It is stated at fair market value.

3. Valuation basis and method for inventories

It is generally stated at cost based on the first in first out method (the balance sheet carrying amount is reduced to reflect write-downs for decreased profitability).

4. Depreciation method for property, plant and equipment

(1) Property, plant and equipment (other than lease assets)

It is depreciated using the straight-line method.

The useful lives of major assets are as follows:

Buildings and structures      15 to 50 years

Machinery and equipment      5 years

(2) Intangible assets (other than lease assets)

It is amortized using the straight-line method.

Internal-use software is amortized using the straight-line method over the useful life of five years.

(3) Lease assets under finance leases that do not involve transfer of ownership

It is depreciated using the straight-line method over the useful lives equal to lease terms with zero residual values.

5. Basis for recognition of provisions

(1) Allowance for doubtful accounts

To provide for losses due to bad debt including trade receivables and loans, allowance for doubtful accounts is recognized based on default rates for normal receivables and based on recoverability of each receivable for certain doubtful receivables.

(2) Provision for retirement benefits

To provide for employee retirement benefits, provision for retirement benefits is recorded based on the estimated amount of defined benefit obligations and pension assets at the end of the current fiscal year.

In calculating defined benefit obligation, the total projected benefits are attributed to the current and prior fiscal years using the benefit formula basis.

Past service cost is amortized using the straight-line method over a certain period not exceeding the average remaining service period of employees, which is five years.

Actuarial gains and losses are amortized using the straight-line method from the following fiscal year over a certain period not exceeding the average remaining service period of employees, which is 10 years.

(3) Provision for loss on business

To provide for losses on business related to a certain project, provision for loss on business is recorded based on the estimated future loss.

## 6. Basis for recognition of revenue and expense

### (1) Contract revenue

For contract revenue earned as a result of providing services, the net sales and cost of sales are recognized over time as performance obligations in the contract with the customers are satisfied.

### (2) Construction revenue

Construction revenue earned from contracts that have a very short construction period, such as installation of security alarm equipment leased or rented to customers, is recognized at a point in time at completion of the construction.

### (3) Sales revenue

For sales revenue earned as a result of product sales (including installation of products sold), the net sales and cost of sales are recognized at a point in time on delivery to the customers.

## 7. Other significant matters in the preparation of consolidated financial statements

### (1) Accounting treatment for deferred assets

#### Share issuance costs

The entire amount is expensed at the time of expenditure.

### (2) Hedge accounting

#### A. Hedge accounting

Hedging transactions are accounted for on a deferred basis. Interest rate swaps are accounted for using the special method if it meets certain conditions.

#### B. Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Bank loans

#### C. Hedging policy

In accordance with the internal rules, the risk of interest rate fluctuations is hedged to reduce such risk and to improve financial return.

#### D. Method of assessing hedge effectiveness

The assessment for effectiveness of interest rate swaps accounted for by the special method is not performed as the hedge is considered to be highly effective.

### (Significant accounting estimates)

#### Shares of subsidiaries and associates

##### 1. Amount recorded in the financial statements for the fiscal year ended March 31, 2024

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Shares of subsidiaries and associates	94,170	100,323

##### 2. Significant accounting estimates related to identified items

Shares of subsidiaries and associates recorded as of March 31, 2024 include shares acquired in past M&A transactions, and the acquisition costs are determined based on the excess earning power that is expected from inclusion of the company into the Group. The acquisition costs of certain shares of subsidiaries and associates are determined based on the effect of synergies that is expected to arise at the Company, not the company included into the Group.

In evaluating shares of subsidiaries and associates, we are focused on whether the excess earning power and the effect of synergies will arise over the future periods. We monitor, on a monthly basis, whether a business plan of a company included into the Group (including a plan of the effect of synergies expected to arise at the Company) is in line with the actual profit or cash flows recorded. The business plan includes orders, human resource or new care facilities opening plans developed based on certain assumptions.

If the business plan may not be achieved for some reason, resulting in changes in the original assumptions, a loss on valuation of shares of subsidiaries and associates may need to be recorded and it may have a significant impact on the amount of shares of subsidiaries and associates recorded in the non-consolidated financial statements for the following fiscal year.



(Matters related to non-consolidated balance sheet)

\*1 Cash for Transportation Security Services

As of March 31, 2023

This represents cash for transportation security services, and its use for other purposes is restricted.

In addition, the short-term loans payable balance includes ¥2,742 million of funds borrowed for the services.

As of March 31, 2024

This represents cash for transportation security services, and its use for other purposes is restricted.

\*2 Monetary claims and obligations to subsidiaries and associates

The monetary claims and obligations to subsidiaries and associates are as follows:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Short-term monetary claims	8,368	8,917
Long-term monetary claims	257	353
Short-term monetary obligations	23,521	24,438

\*3 Pledged assets

The following assets are pledged as collateral for the borrowings of investing companies:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Investment securities	1	1

4. Guarantee obligations

Obligations of the following subsidiaries are guaranteed by the Company:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Future minimum lease payments of ALSOK Care Co., Ltd.'s rental property	990	874

(Matters related to non-consolidated statement of income)

\*1 Selling expense account for approximately 36.8% and 39.0% and general and administrative expenses account for approximately 63.2% and 61.0% of the total selling, general and administrative expenses for the fiscal year ended March 31, 2023 and 2024, respectively.

Major expenses comprise the following:

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Advertising expenses	1,620	1,721
Salaries	19,746	19,527
Bonuses	5,024	5,853
Provision for allowance for doubtful accounts	121	69
Welfare expenses	5,035	5,286
Retirement benefit expenses	1,018	1,136
Rent expenses	3,531	3,577
Depreciation and amortization	2,739	2,649
Taxes and dues	1,821	1,814
Communication expenses	1,043	1,036
Outsourcing expenses	4,902	3,577

\*2 Total amount related to transactions with subsidiaries and associates is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Amount of transactions from operating transactions		
Net sales	12,210	10,940
Operating expenses	38,008	35,056
Amount of transactions from non-operating transactions	12,028	13,070

(Matters related to securities)

Shares of subsidiaries and associates

As of March 31, 2023

Category	Carrying amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Shares of associates	10,844	16,721	5,876

(Note) Carrying amount of equity securities with no quoted prices not included in the above

Category	As of March 31, 2024 (Millions of yen)
Shares of subsidiaries	80,508
Shares of associates	2,817

As of March 31, 2024

Category	Carrying amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Shares of associates	10,844	22,485	11,640

(Note) Carrying amount of equity securities with no quoted prices not included in the above

Category	As of March 31, 2024 (Millions of yen)
Shares of subsidiaries	86,900
Shares of associates	2,578

(Matters related to tax-effect accounting)

1. Major components of deferred tax assets and liabilities

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Accrued business taxes	266	328
Allowance for doubtful accounts	119	128
Provision for retirement benefits	4,709	4,565
Depreciation and amortization	474	562
Disallowed expenses related to installation of security alarm equipment	3,416	3,808
Loss on valuation of investment securities	99	99
Revaluation reserve for land	1,611	1,509
Other	971	1,272
Deferred tax assets - subtotal	11,669	12,273
Valuation allowance related to aggregation of deductible temporary differences	(2,143)	(2,501)
Total deferred tax assets, net	9,526	9,772
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(3,018)	(4,135)
Prepaid pension costs	(4,395)	(5,088)
Foreign stock dividends	(115)	(115)
Revaluation reserve for land	(314)	(314)
Other	(17)	(75)
Total deferred tax liabilities	(7,861)	(9,729)
Net deferred tax assets	1,664	43

(Note 1) Net deferred tax assets are included in the following accounts on the non-consolidated balance sheet:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Noncurrent assets - Deferred tax assets	1,979	357
Noncurrent liabilities - Deferred tax liabilities for revaluation	(314)	(314)

(Note 2) The Company made contribution adjustments as a result of transfer of shares to certain consolidated subsidiaries during the fiscal year ended March 31, 2024. Due to the contribution adjustments, the Company determined that deductible temporary differences were unschedulable at the end of the fiscal year ended March 31, 2024, and accordingly, a significant change has occurred in valuation allowance. The increase in valuation allowance due to this event is ¥265 million.

2. Reconciliation of significant differences between the statutory tax rate and the effective tax rate after applying tax effect accounting

	As of March 31, 2023	As of March 31, 2024
Statutory tax rate	30.6 %	30.6 %
(Adjustment)		
Non-deductible permanent differences such as entertainment expenses	0.2	0.2
Non-taxable permanent differences such as dividend income	(11.2)	(11.4)
Equal division of municipal tax	1.1	1.0
Special corporate tax credit	(0.2)	(1.9)
Valuation allowance (the amount deducted from deferred tax assets)	0.5	1.1
Other	(0.5)	(0.2)
Effective tax rate after applying tax effect accounting	20.6	19.5

(Matters related to business combination)

This is omitted as it is described in Notes (Matters related to business combination) in the consolidated financial statements.

(Matters related to revenue recognition)

Information relating to revenue from contracts with customers is omitted as it is described in Notes (Matters related to revenue recognition) in the consolidated financial statements.

(Significant subsequent events)

This is omitted as it is described in Notes (Significant subsequent events, Purchase of treasury stock) in the consolidated financial statements.

iv. [Supplementary schedules]  
[Schedule of property, plant and equipment, etc.]

(Millions of yen)

Category	Class	Balance at beginning of year	Increase during the period	Decrease during the period	Depreciation and amortization during the period	Balance at end of year	Accumulated depreciation or amortization
Property, plant and equipment	Buildings	26,344	245	83	639	26,506	15,716
	Structures	1,019	8	2	38	1,026	736
	Machinery and equipment	116,355	9,571	6,312	6,512	119,614	100,457
	Vehicles	122	3	14	3	111	104
	Tools, furniture and fixtures	12,370	1,360	1,128	781	12,601	9,667
	Lease assets	5,217	974	1,339	942	4,852	2,692
	Land	8,901	—	—	—	8,901	—
	Rental assets	3,317	567	263	481	3,621	2,280
	Construction in progress	2,580	960	2,386	—	1,154	—
	Total	176,229	13,693	11,532	9,398	178,390	131,654
Intangible assets	Software	12,998	1,824	1,241	2,798	13,580	7,605
	Software in progress	1,094	145	1,094	—	145	—
	Right to use telecommunication facilities	1	—	0	0	1	1
	Total	14,094	1,969	2,336	2,798	13,728	7,607

- (Notes) 1. “Increase during the period” of “Machinery and equipment” mainly comprises a large number of insignificant security alarm equipment installed for electronic security services. “Decrease during the period” comprises disposal of a large number of insignificant security alarm equipment resulting from cancellation of electronic security service contracts.
2. “Balance at beginning of year” and “Balance at end of year” represent acquisition costs.

[Schedule of provisions]

(Millions of yen)

Account	Balance at beginning of year	Increase during the period	Decrease during the period (Intended use)	Decrease during the period (Other)	Balance at end of year
Allowance for doubtful accounts	391	64	37	—	418
Provision for loss on business	299	—	—	—	299

(2) [Major assets and liabilities]

This is omitted as the consolidated financial statements are prepared.

(3) [Other]

Nothing to report.

## VI. [Stock-Related Administration of Reporting Company]

Fiscal Year	From April 1 to March 31
Ordinary General Meeting of Shareholders	In June
Record date	March 31
Record date for dividends from surplus	September 30 March 31
Number of shares in one unit	100 shares
Purchase of shares less than one unit	
Handling office	(Special account) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Securities Agent Department, Sumitomo Mitsui Trust Bank, Limited
Custodian of shareholder register	(Special account) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Handling location	_____
Commissions	Amount equivalent to commissions related to sales and purchase of stocks
Public notice	The public notice is given electronically. If the public notice cannot be given electronically due to the event of an accident or other unavoidable reason, it is published in the Nihon Keizai Shimbun (newspaper). Public notice URL <a href="https://www.alsok.co.jp/">https://www.alsok.co.jp/</a>
Shareholder privileges	Nothing to report.

(Note) In accordance with the Articles of Incorporation of the Company, shareholders of less than one unit do not have rights other than those set forth in Article 189, Paragraph 2 of the Companies Act.

## VII. [Reference Information of Reporting Company]

### 1. [Information on parent company of reporting company]

The Company has no parent company, etc. as stipulated in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

### 2. [Other reference information]

The following documents were filed during the period between the beginning of the current fiscal year and the date of filing of this report.

#### (1) Annual Securities Report and its supplementary documents and representation letter

The 58th business term (from April 1, 2022 to March 31, 2023), filed with Director-General, Kanto Local Finance Bureau on June 27, 2023

#### (2) Internal control report and its supplementary documents

Filed with Director-General, Kanto Local Finance Bureau on June 27, 2023

#### (3) Quarterly Securities Report and representation letter

The 1st quarter of 59th business term (from April 1, 2023 to June 30, 2023), filed with Director-General, Kanto Local Finance Bureau on August 8, 2023

The 2nd quarter of 59th business term (from July 1, 2023 to September 30, 2023), filed with Director-General, Kanto Local Finance Bureau on November 7, 2023

The 3rd quarter of 59th business term (from October 1, 2023 to December 31, 2023), filed with Director-General, Kanto Local Finance Bureau on February 6, 2024

#### (4) Extraordinary report

Filed with Director-General, Kanto Local Finance Bureau on June 30, 2023

Under Article 19, Paragraph 2, Item 9-2 of Cabinet Office Order on Disclosure of Corporate Affairs (results of exercise of voting rights at the General Meeting of Shareholders)

#### (5) Report on purchase of treasury stock

The reporting period (from July 28, 2023 to July 31, 2023), filed with Director-General, Kanto Local Finance Bureau on September 8, 2023

The reporting period (from August 1, 2023 to August 31, 2023), filed with Director-General, Kanto Local Finance Bureau on September 13, 2023

The reporting period (from September 1, 2023 to September 30, 2023), filed with Director-General, Kanto Local Finance Bureau on October 13, 2023

The reporting period (from October 1, 2023 to October 31, 2023), filed with Director-General, Kanto Local Finance Bureau on November 14, 2023

The reporting period (from November 1, 2023 to November 30, 2023), filed with Director-General, Kanto Local Finance Bureau on December 13, 2023

## Part 2. [Information on Guarantors of the Company, etc.]

Nothing to report.



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND INTERNAL CONTROL  
OVER FINANCIAL REPORTING

June 25, 2024

To the Board of Directors of

SOHGO SECURITY SERVICES CO., LTD.

Grant Thornton Taiyo LLC

Tokyo Office

Tatsuya Arai

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Takayuki Uenishi

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Keisuke Uehara

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

<Consolidated Financial Statements Audit>

*Opinion*

We have audited, pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the accompanying consolidated financial statements of SOHGO SECURITY SERVICES CO., LTD. and its consolidated subsidiaries (the "Group") in "Financial Condition," which comprise the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets and the consolidated statement of cash flows for the year then ended, significant matters forming the basis of preparation of the consolidated financial statements, the notes to the consolidated financial statements, as well as supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and its consolidated financial performance and cash flows for the year then ended in accordance with the accounting principles generally accepted in Japan.

*Basis for Opinion*

We conducted our audit in accordance with the auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill ([Notes] (Significant accounting estimates) (Matters related to business combination))							
Description of key audit matter	How the matter was addressed in our audit						
<p>As of March 31, 2024, the Group records goodwill of 31,442 million yen. The amount is considered to be financially material and mostly related to M&amp;A of companies engaging especially in Security Services and Long-Term Care Services. During the current fiscal year, the Group acquired shares of PT. Shield-On Service Tbk engaging in staffing, security, cleaning, and parking lot management services. This acquisition resulted in goodwill of 1,604 million yen.</p> <p>The Group determines whether there is any indication of impairment and whether impairment losses should be recognized for each group of assets to which the goodwill is allocated by considering whether the excess earning power will arise over the future periods and by monitoring the operating income and undiscounted future cash flows based on the business plan.</p> <p>The business plan may include a business plan of a combined company and the effect of synergies arising from the company. In assessing the reasonableness of the business plan, the Group considers the following significant assumptions used in the plan:</p> <p>(1) Security Services, General Property Management and Fire Protection Services, and others Orders for stationed security, electronic security, and transportation security services, human resource planning, sales growth, etc.</p> <p>(2) Long-Term Care Services Long-Term Care Services is classified into in-home care services, facility care services and residential care home for senior citizens, and the significant assumptions used for each category are as follows:</p> <table border="1"> <tbody> <tr> <td>In-home care services</td> <td>Net sales per employee, profit margin of existing locations, human resource planning, etc.</td> </tr> <tr> <td>Facility care services</td> <td>Development status of new facilities, occupancy rate of facilities, human resource planning, etc.</td> </tr> <tr> <td>Residential care home for senior citizens</td> <td>Development status of new facilities, occupancy rate of facilities, human resource planning, etc.</td> </tr> </tbody> </table> <p>As the identification of indications of goodwill impairment and assessment for recognition of impairment losses are significantly affected by the management's assumptions and judgements incorporated into the business plan, we determined that this is a key audit matter.</p>	In-home care services	Net sales per employee, profit margin of existing locations, human resource planning, etc.	Facility care services	Development status of new facilities, occupancy rate of facilities, human resource planning, etc.	Residential care home for senior citizens	Development status of new facilities, occupancy rate of facilities, human resource planning, etc.	<p>We mainly performed the following procedures to assess the valuation of goodwill:</p> <ul style="list-style-type: none"> <li>• Evaluation of internal controls We evaluated the design and operating effectiveness of the internal controls related to the valuation process of goodwill which contains grouping of assets, identification of indications of impairment, and recognition and measurement of impairment losses. The evaluated internal controls included review of the business plans used in the valuation of goodwill and the approval process.</li> <li>• Identification of indications of impairment In order to confirm whether the indications of impairment were properly identified, we compared the business plans used in the valuation of goodwill in the past with the actual results, and if there was any variance, we performed an analysis to understand its cause. If the effect of synergies was reflected in the business plans, we performed a comparative analysis to determine whether the effect of synergies arose as planned. In addition, for the significant assumptions considered in the business plans, we compared them with the actual results for the past and current fiscal years, current economic situations, and other related factors for consistency. If necessary, we discussed with the financial reporting manager as to whether the assumptions should be revised to verify the reasonableness. Regarding PT. Shield-On Service Tbk that was newly acquired during the current fiscal year, we examined whether the management made new significant assumptions that were different from those for subsidiaries engaging in existing Security Services, General Property Management and Fire Protection Services, and others.</li> <li>• Assessment for recognition of impairment losses If an indication of impairment was identified, we assessed the reasonableness of the business plans, including the significant assumptions considered in the business plans, to confirm whether the assessment for recognition of impairment losses was properly performed.</li> </ul> <p>We mainly performed the following procedures to assess the reasonableness of the business plans:</p> <ul style="list-style-type: none"> <li>• We assessed the estimation uncertainty related to the business plans by comparing the business plans used in the valuation of goodwill in the past with the actual results.</li> <li>• We reviewed supporting documents for the business plans and significant assumptions considered in the plans to assess the reasonableness.</li> </ul>
In-home care services	Net sales per employee, profit margin of existing locations, human resource planning, etc.						
Facility care services	Development status of new facilities, occupancy rate of facilities, human resource planning, etc.						
Residential care home for senior citizens	Development status of new facilities, occupancy rate of facilities, human resource planning, etc.						

### *Other Information*

The other information comprises the information included in Annual Securities Report, but does not include the consolidated and non-consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and disclosure of the other information. The Audit and Supervisory Board Members and Audit and Supervisory Board are responsible for overseeing performance of duties of directors in the design, implementation, and maintenance of the Group's reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### *Responsibilities of Management, Audit and Supervisory Board Members, and Audit and Supervisory Board for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing matters related to going concern as applicable in accordance with the accounting principles generally accepted in Japan.

The Audit and Supervisory Board Members and Audit and Supervisory Board are responsible for overseeing performance of duties of directors in the design, implementation, and maintenance of the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, based on our audit and to issue an auditor's report that includes our opinion from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit, in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We also design and perform audit procedures responsive to those risks. The audit procedures are selected and performed based on the auditor's judgment. We also obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In assessing risks, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group to express an opinion on the

consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate the Audit and Supervisory Board Members and Audit and Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, as well as other matters that are required in accordance with auditing standards.

We also provide the Audit and Supervisory Board Members and Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan and communicate with them all relationships, other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate inhibiting factors or apply safeguards to reduce them to an acceptable level.

From the matters communicated with the Audit and Supervisory Board Members and Audit and Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### <Internal Control Audit>

##### *Opinion*

We have audited, pursuant to the provisions of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan, the accompanying internal control report of SOHGO SECURITY SERVICES CO., LTD. as of March 31, 2024.

In our opinion, the accompanying internal control report, which represents that the internal control over financial reporting as of March 31, 2024, of SOHGO SECURITY SERVICES CO., LTD. is effective, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan.

##### *Basis for Opinion*

We conducted our audit of internal control report in accordance with the auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Internal Control Report" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Responsibilities of Management, Audit and Supervisory Board Members, and Audit and Supervisory Board for the Internal Control Report*

Management is responsible for the design, implementation, and maintenance of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Board Members and Audit and Supervisory Board are responsible for overseeing and examining the design, implementation, and maintenance of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

##### *Auditor's Responsibilities for the Audit of the Internal Control Report*

Our responsibilities are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of internal control report and to issue an auditor's report that includes our opinion from an independent point of view.

As part of our audit in accordance with the auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the management assessment of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the management presentation of scope, assessment procedures, and results of the assessments of internal control over financial reporting.
- Obtain sufficient appropriate audit evidence regarding the results of the management assessment of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision, and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate the Audit and Supervisory Board Members and Audit and Supervisory Board regarding the planned scope and timing of the audit of internal control report, the results thereof, significant deficiencies in internal control that we identify during our audit of internal control report, those that were remediated, as well as other matters that are required in accordance with auditing standards for internal control over financial reporting.

We also provide the Audit and Supervisory Board Members and Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan and communicate with them all relationships, other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate inhibiting factors or apply safeguards to reduce them to an acceptable level.

<Fee-related information>

The fees for the audits of the financial statements of SOHGO SECURITY SERVICES CO., LTD. and its consolidated subsidiaries and other services provided by us and other GT member firms for the year ended March 31, 2024 are presented in paragraph (3) titled “Status of Audit” in Section 4 “Corporate governance” included in Item IV “Information on Reporting Company” in Part 1 of the Annual Securities Report for the year ended March 31, 2024 of the Group.

*Interest Required to be Disclosed by the Certified Public Accounting Act of Japan*

Our firm and its engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Notes:

1. The original copy of the above Independent Auditor’s Report on the Financial Statements and Internal Control over Financial Reporting is in the custody of SOHGO SECURITY SERVICES CO., LTD. (the submitter of this Annual Securities Report).
2. The XBRL data is not in the scope of the audit.
3. The English version of the consolidated financial statements consists of an English translation of the audited Japanese consolidated financial statements. The actual text of the English translation of the consolidated financial statements is not in the scope of the audit. Consequently, for the auditor’s report of the English consolidated financial statements, the Japanese original is the official text, and the English version is a translation of that text.

# INDEPENDENT AUDITOR'S REPORT

June 25, 2024

To the Board of Directors of

SOHGO SECURITY SERVICES CO., LTD.

Grant Thornton Taiyo LLC

Tokyo Office

Tatsuya Arai

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Takayuki Uenishi

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Keisuke Uehara

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

<Financial Statements Audit>

## *Opinion*

We have audited, pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the accompanying non-consolidated financial statements of SOHGO SECURITY SERVICES CO., LTD. (the "Company") in "Financial Condition," which comprise the non-consolidated balance sheet as of March 31, 2024, and the non-consolidated statement of income and the non-consolidated statement of changes in net assets for the year then ended, the significant accounting policies, and the notes to the non-consolidated financial statements, as well as supplementary schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and its financial performance for the year then ended in accordance with the accounting principles generally accepted in Japan.

## *Basis for Opinion*

We conducted our audit in accordance with the auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of shares of subsidiaries and associates ([Notes] (Significant accounting estimates))							
Description of key audit matter	How the matter was addressed in our audit						
<p>As of March 31, 2024, the Company records 100,323 million yen of shares of subsidiaries and associates. The amount is considered to be financially material and mostly related to M&amp;A of companies engaging especially in Security Services and Long-Term Care Services. During the current fiscal year, the Company acquired shares of PT. Shield-On Service Tbk engaging in staffing, security, cleaning, and parking lot management services for 3,530 million yen.</p> <p>The Company evaluates the growth potential of a company at the time of acquisition based on the business plan, and determines the acquisition price based on the consideration of excess earning power arising from the acquisition.</p> <p>The Company determines whether the excess earning power initially expected is impaired by monitoring the operating income and undiscounted future cash flows based on the business plan. The business plan may include a business plan of a combined company and the effect of synergies expected to arise from the acquisition.</p> <p>In assessing the reasonableness of the business plan, the Company considers the following significant assumptions used in the plan:</p> <p>(1) Security Services, General Property Management and Fire Protection Services, and others Orders for stationed security, electronic security, and transportation security services, human resource planning, sales growth, etc.</p> <p>(2) Long-Term Care Services Long-Term Care Services is classified into in-home care services, facility care services and residential care home for senior citizens, and the significant assumptions used for each category are as follows:</p> <table border="1"> <tr> <td>In-home care services</td> <td>Net sales per employee, profit margin of existing locations, human resource planning, etc.</td> </tr> <tr> <td>Facility care services</td> <td>Development status of new facilities, occupancy rate of facilities, human resource planning, etc.</td> </tr> <tr> <td>Residential care home for senior citizens</td> <td>Development status of new facilities, occupancy rate of facilities, human resource planning, etc.</td> </tr> </table> <p>As the assessment of impairment of excess earning power is significantly affected by the management's assumptions and judgements incorporated into the business plan, we determined that this is a key audit matter.</p>	In-home care services	Net sales per employee, profit margin of existing locations, human resource planning, etc.	Facility care services	Development status of new facilities, occupancy rate of facilities, human resource planning, etc.	Residential care home for senior citizens	Development status of new facilities, occupancy rate of facilities, human resource planning, etc.	<p>We mainly performed the following procedures to assess the valuation of shares of subsidiaries and associates:</p> <ul style="list-style-type: none"> <li>Evaluation of internal controls We evaluated the design and operating effectiveness of the internal controls related to the valuation of shares of subsidiaries and associates. The evaluated internal controls included review of the business plans used in the valuation of shares of subsidiaries and associates and the approval process.</li> <li>Valuation of shares of subsidiaries and associates We assessed the reasonableness of the business plans used in the valuation of shares of subsidiaries and associates including the significant assumptions considered in the plans. The assessment included the effect of synergies. We mainly performed the following procedures to assess the reasonableness of the business plans: <ul style="list-style-type: none"> <li>We assessed the estimation uncertainty related to the business plans by comparing the business plans used in the valuation of shares of subsidiaries and associates in the past with the actual results.</li> <li>We reviewed supporting documents for the business plans and significant assumptions considered in the plans to assess the reasonableness.</li> <li>For the significant assumptions considered in the business plans, we compared them with the actual results for the past and current fiscal years, current economic situations, and other related factors for consistency. If necessary, we discussed with the financial reporting manager as to whether the assumptions should be revised to verify the reasonableness.</li> <li>Regarding PT. Shield-On Service Tbk that was newly acquired during the current fiscal year, we examined whether the management made new significant assumptions that were different from those for subsidiaries engaging in existing Security Services, General Property Management and Fire Protection Services, and others.</li> </ul> </li> </ul>
In-home care services	Net sales per employee, profit margin of existing locations, human resource planning, etc.						
Facility care services	Development status of new facilities, occupancy rate of facilities, human resource planning, etc.						
Residential care home for senior citizens	Development status of new facilities, occupancy rate of facilities, human resource planning, etc.						

### *Other Information*

The other information comprises the information included in Annual Securities Report, but does not include the consolidated and non-consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and disclosure of the other information. The Audit and Supervisory Board Members and Audit and Supervisory Board are responsible for overseeing performance of duties of directors in the design, implementation, and maintenance of the Company's reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### *Responsibilities of Management, Audit and Supervisory Board Members, and Audit and Supervisory Board for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing matters related to going concern as applicable in accordance with the accounting principles generally accepted in Japan.

The Audit and Supervisory Board Members and Audit and Supervisory Board are responsible for overseeing performance of duties of directors in the design, implementation, and maintenance of the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our responsibilities are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, based on our audit and to issue an auditor's report that includes our opinion from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We also design and perform audit procedures responsive to those risks. The audit procedures are selected and performed based on the auditor's judgment. We also obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In assessing risks, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate the Audit and Supervisory Board Members and Audit and Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, as well as other matters that are required in accordance with auditing standards.

We also provide the Audit and Supervisory Board Members and Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan and communicate



with them all relationships, other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate inhibiting factors or apply safeguards to reduce them to an acceptable level.

From the matters communicated with the Audit and Supervisory Board Members and Audit and Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-related information>

Fee-related information is presented in Independent Auditor's Report on the Financial Statements and Internal Control over Financial Reporting.

*Interest Required to be Disclosed by the Certified Public Accounting Act of Japan*

Our firm and its engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Notes:

1. The original copy of the above Independent Auditor's Report is in the custody of SOHGO SECURITY SERVICES CO., LTD. (the submitter of this Annual Securities Report).
2. The XBRL data is not in the scope of the audit.
3. The English version of the non-consolidated financial statements consists of an English translation of the audited Japanese non-consolidated financial statements. The actual text of the English translation of the non-consolidated financial statements is not in the scope of the audit. Consequently, for the auditor's report of the English non-consolidated financial statements, the Japanese original is the official text, and the English version is a translation of that text.

[Cover page]

[Document filed]	Confirmation
[Applicable law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General, Kanto Local Finance Bureau
[Filing date]	June 25, 2024
[Company name]	総合警備保障株式会社 ( <i>Sogo Keibi Hosho Kabushiki Kaisha</i> )
[Company name in English]	SOHGO SECURITY SERVICES CO., LTD.
[Name and title of representative]	Ikuji Kayaki, Representative Director Group COO
[Name and title of Chief Financial Officer]	Kazuhide Shigemi, Director and Senior Executive Officer
[Address of head office]	1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Matters related to the appropriateness of the contents of the Annual Securities Report

Ikuji Kayaki, Representative Director Group COO and Kazuhide Shigemi, Director and Senior Executive Officer confirmed that the contents in the Annual Securities Report for the 58th business term (From April 1, 2023 to March 31, 2024) are appropriately disclosed in accordance with the Financial Instruments and Exchange Act.

2. [Special note]

There is nothing special to note.

[Cover page]

[Document filed]	Internal control report
[Applicable law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General, Kanto Local Finance Bureau
[Filing date]	June 25, 2024
[Company name]	綜合警備保障株式会社 ( <i>Sogo Keibi Hoshō Kabushiki Kaisha</i> )
[Company name in English]	SOHGO SECURITY SERVICES CO., LTD.
[Name and title of representative]	Ikuji Kayaki, Representative Director Group COO
[Name and title of Chief Financial Officer]	Kazuhide Shigemi, Director and Senior Executive Officer
[Address of head office]	1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

## 1. [Basic framework of internal control over financial reporting]

Ikuji Kayaki, Representative Director Group COO, and Kazuhide Shigemi, Director and Senior Executive Officer, are responsible for the design and operation of internal control over financial reporting of the Company.

In fulfilling the responsibilities, the Company has designed and operated internal control over financial reporting pursuant to the basic framework of internal control set forth in “Standards and Practical Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting” published by Business Accounting Council.

Generally, internal controls may not operate effectively due to the inherent limitations. Therefore, internal control over financial reporting may not completely prevent or detect financial statement misstatements.

## 2. [Scope of assessment, base date and assessment procedures]

Management assessment of internal control over financial reporting was conducted as of March 31, 2024 or the fiscal year-end in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, internal controls (entity-level controls) that had a significant impact on the overall financial reporting on a consolidated basis were evaluated, and based on the results, the business processes to be evaluated were selected. In assessing operating effectiveness of business process controls, key controls that had a significant impact on the reliability of financial reporting were identified after analyzing the selected business processes, and the design and operation of those key controls were assessed.

The scope of assessment of internal control over financial reporting was determined based on the materiality of the impact on the reliability of financial reporting for the Company, its consolidated subsidiaries and equity-method associates. The materiality of the impact on the reliability of financial reporting was determined in consideration of the materiality of both quantitative and qualitative impact. Based on the results of assessment of entity-level controls conducted for the Company, 85 consolidated subsidiaries and 13 equity-method associates, the scope of assessment of business process controls was reasonably determined. 4 consolidated subsidiaries and 3 equity-method associates were not included in the scope of assessment of entity-level controls because they were considered insignificant quantitatively and qualitatively.

The scope of business process controls was determined based on “Significant locations” selected in order of net sales (after eliminating intercompany sales) of each location for the previous fiscal year, which accounts for approximately 2/3 of the consolidated net sales for the previous fiscal year. For significant locations selected, sales, trade receivables and inventories were included in the scope of assessment of business process controls as accounts significantly related to the company’s business purpose. In addition, regardless of the significant locations selected, significant business processes of other locations were included in the assessment in consideration of impact on the financial reporting of business processes related to significant accounts that involved estimates and forecasts with high possibility of material misstatements or business processes related to businesses or operations with high risk transactions.

## 3. [Results of assessment]

Based on the assessment procedures above, the Company’s internal control over financial reporting is effective as of March 31, 2024.

## 4. [Note]

There was no significant subsequent event that had a significant impact on the assessment of effectiveness of internal control over financial reporting.

## 5. [Special note]

There is nothing special to note.