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# Semi-Annual Securities Report

(First half of the 60th business term)

From April 1, 2024  
to September 30, 2024

SOHGO SECURITY SERVICES CO., LTD.

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

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INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT

## Cover page

Document filed	Semi-Annual Securities Report
Applicable law	Article 24-5, Paragraph 1, Item 1 of the table of the Financial Instruments and Exchange Act of Japan
Place of filing	Director-General, Kanto Local Finance Bureau
Filing date	November 6, 2024
Interim accounting period	First half of the 60th business term (From April 1, 2024 to September 30, 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
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

Fiscal year		59th business term Six months ended September 30, 2023	60th business term Six months ended September 30, 2024	59th business term
Accounting period		From April 1, 2023 to September 30, 2023	From April 1, 2024 to September 30, 2024	From April 1, 2023 to March 31, 2024
Net sales	(Millions of yen)	246,379	263,280	521,400
Ordinary income	(Millions of yen)	19,406	16,994	42,173
Profit attributable to owners of parent	(Millions of yen)	11,852	10,091	27,327
Comprehensive income	(Millions of yen)	15,181	9,377	54,116
Net assets	(Millions of yen)	349,852	375,647	386,581
Total assets	(Millions of yen)	516,608	565,605	567,561
Net income per share	(Yen)	23.46	20.45	54.34
Diluted net income per share	(Yen)	—	—	—
Equity ratio	(%)	62.0	60.0	62.2
Net cash provided by (used in) operating activities	(Millions of yen)	34,757	19,814	56,063
Net cash provided by (used in) investing activities	(Millions of yen)	(7,358)	(4,464)	(16,913)
Net cash provided by (used in) financing activities	(Millions of yen)	(12,962)	(25,345)	(21,503)
Cash and cash equivalents as of end of the period	(Millions of yen)	66,027	59,228	69,162

(Notes) 1. Selected financial data is not disclosed on a non-consolidated basis as SOHGO SECURITY SERVICES CO., LTD. (the “Company”) prepares interim consolidated financial statements.

2. Diluted net income per share is not disclosed as there are no potentially dilutive shares.

3. Effective July 1, 2023, the Company implemented a 5-for-1 stock split for each share of common stock. “Net income per share” is calculated assuming that the stock split was implemented at the beginning of the fiscal year ended March 31, 2024.

#### 2. Description of business

There have been no significant changes in the businesses that the Group (the Company and its subsidiaries and associates) operates during the six months ended September 30, 2024. However, during the six months ended September 30, 2024, reportable segments were changed. The details are described in IV. Financial Condition, 1. Interim consolidated financial statements, Notes (Segment information etc.).

The Group had the following realignments during the six months ended September, 2024:

- (1) On 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.
- (2) On July 12, 2024, the Company acquired additional shares of Nihon Guard Co., Ltd., an equity-method associate mainly engaging in security services, and Nihon Guard Co., Ltd. became a consolidated subsidiary of the Company.

## II. Business Overview

### 1. Risk factors

During the six months ended September 30, 2024, there have been no newly arising business risks, etc. or no changes in the business risks, etc. disclosed in the Annual Securities Report of the previous fiscal year.

### 2. Management analysis of financial position, operating results, and cash flows

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

#### (1) Financial position and operating results

During the six months ended September 30, 2024, although consumer spending and exports slowed down, the Japanese economy continued to recover moderately, driven by a pickup in production and capital expenditure, as well as improvements in corporate earnings. Looking forward, the economy is expected to continue its moderate recovery under an improving employment and income environment, including anticipated increases in real wages. On the other hand, attention should be paid to trends in financial markets, including foreign exchange rates, in response to election results in Japan and the United States, tensions in the Middle East and Ukraine, and risks of economic downturns in China and Europe.

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 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 this trend has continued. With the deterioration of the domestic sense of security following a series of robbery incidents, particularly in the Tokyo metropolitan area, and crimes committed by some foreign nationals, the Group's role in protecting 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 the safety and security of society (Security Services, Facility Management Services etc., Long-Term Care Services, and Overseas 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 society." In order to respond to the 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 six months ended September 30, 2024 showed net sales of ¥263,280 million (6.9% increase year on year). However, operating income of ¥15,603 million (12.5% decrease year on year), ordinary income of ¥16,994 million (12.4% decrease year on year), and profit attributable to owners of parent of ¥10,091 million (14.9% decrease year on year) were recorded due to increased costs of implementing base pay increases and measures to address 3G service termination and an increase in allowance for doubtful accounts.

The operating results for each segment are described below. During the six months ended September 30, 2024, the reportable segments have been revised. The reportable segments, which previously comprised Security Services, General Property Management and Fire Protection Services, and Long-Term Care Services, have been changed to include Security Services, Facility Management Services etc. Long-Term Care Services, and Overseas Services. Consequently, year on year changes for each segment are calculated by reclassifying the figures for the six months ended September 30, 2023, into the new reportable segment classifications.

The net sales of the Security Services segment were ¥190,422 million (3.1% increase year on year), and operating income was ¥17,224 million (10.3% decrease 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, and we plan to further expand the range of applications to meet our customer needs. In July 2024, we expanded the coverage of our ALSOK IT Rescue and ALSOK Facility Rescue services nationwide. 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. We also launched ALSOK Website Tampering Detection and Restoration Service in October 2023, and in addition to existing solar panel inspection services, we are expanding services utilizing drones to inspect and examine various facilities.

In the HOME ALSOK Services, orders grew partly due to the expansion of sales of HOME ALSOK Connect, which was launched in April 2023. This product provides safety and security services to a wide range of customers amid a deteriorating sense of

safety. In addition to the conventional Online Security Service, in which ALSOK rushes to the scene of an emergency, this product offers a less expensive Self-Security plan with 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. In May 2024, we launched Sumaho Gate, a controller for HOME ALSOK Connect equipped with a functionality to prevent the smartphone from being lost, which enables users to activate/deactivate the security activities with smooth authentication using smartphones. We are now striving to expand these sales. The Group has also promoted sales of HOME ALSOK Mimamori Support, a service to watch over senior citizens.

For Stationed Security Services, we provide security services 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. Additionally, in connection with the Expo 2025 Osaka, Kansai, Japan, we won several orders for security at venues, pavilion buildings, and other facilities. We will respond to these orders on a group-wide basis. We will also 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. 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. Also, the Group promoted the replacement of equipment in preparation for the issuance of new banknotes, which took place in early July 2024. 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.

The net sales of the Facility Management Services etc. were ¥33,282 million (0.6% increase year on year), and operating income was ¥2,794 million (2.8% decrease year on year). 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.

The net sales of the Long-Term Care Services were ¥26,457 million (5.0% increase year on year), and operating income was ¥826 million (19.3% increase year on year). In addition, on September 26, 2024, the Research Institute of Scientific Nursing Care Inc. started operations. This organization, jointly owned by us, Institute of Science Tokyo (formerly Tokyo Medical and Dental University), and NJI Co., Ltd., focuses on R&D and human resources development in the nursing and caring fields. 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.

The net sales of the Overseas Services were ¥13,119 million (286.6% increase year on year), and operating loss was ¥373 million (¥318 million for the six months ended September 30, 2023) due in part to the effect of M&A. We will continue to provide optimal products and services tailored to each country, leveraging the know-how we have cultivated in Japan, to support our customers' overseas businesses and expand our operations actively.

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.

Total assets as of September 30, 2024 was ¥565,605 million, a decrease of ¥1,955 million from the end of the previous fiscal year. This resulted from ¥13,050 million increase in cash for transportation security service, which was offset by ¥8,592 million decrease in cash and deposits and ¥8,354 million decrease in notes and accounts receivable - trade, and contract assets.

Total liabilities as of September 30, 2024 was ¥189,958 million, an increase of ¥8,978 million from the end of the previous fiscal year. This resulted from ¥18,360 million increase in short-term loans payable, which was partially offset by ¥7,562 million decrease in notes and accounts payable - trade.

## (2) Cash flows

Cash and cash equivalents ("cash") for the six months ended September 30, 2024 are summarized below:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥19,814 million (43.0% decrease year on year) during the six months ended September 30, 2024. This resulted from ¥17,149 million of income before income taxes, ¥9,936 million of depreciation expenses added back and ¥9,011 million decrease in notes and accounts receivable - trade, which was partially offset by ¥10,914 million decrease in notes and accounts payable - trade and ¥5,257 million income tax payment.

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

(Cash flows from investing activities)

The cash used in investing activities was ¥4,464 million (39.3% decrease year on year) during the six months ended September

30, 2024. Although cash increased by ¥4,588 million resulting from the inclusion of subsidiaries in consolidation, it decreased by ¥7,273 million due to the acquisition of property, plant and equipment.

(Cash flows from financing activities)

The cash used in financing activities was ¥25,345 million (95.5% increase year on year) during the six months ended September 30, 2024. The cash decreased due to ¥15,000 million used for purchase of treasury stock, ¥7,511 million used for dividends payment, and ¥3,000 million used for repayment of lease obligations.

(3) Accounting estimates and assumptions used for those estimates

There have been no significant changes in the accounting estimates and assumptions used for those estimates described in “Management analysis of financial position, operating results, and cash flows” of the Annual Securities Report for the previous fiscal year.

(4) Business policies and strategies

There have been no significant changes in the business policies and strategies of the Group during the six months ended September 30, 2024.

(5) Production, orders, and sales

(Production)

The Group is not engaged in production activities. The number of contracts in progress as of September 30, 2024 is as follows:

Segment	As of the end of six months ended September 30, 2024 (As of September 30, 2024)	Year on year change (%)
Security Services		
Electronic Security Services (Thousands of contracts)	590	3.4
HOME ALSOK Services (Thousands of contracts)	512	3.5
Stationed Security Services (Thousands of contracts)	4	4.9
Transportation Security Services (Thousands of contracts)	89	2.9
Total (Thousands of contracts)	1,196	3.4
Facility Management Services etc. (Thousands of contracts)	129	4.0
Long-Term Care Services (Thousands of contracts)	28	4.1
Overseas Services (Thousands of contracts)	4	3.8
Total (Thousands of contracts)	1,359	3.5

(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 ALSOK Services	Home security services for individual customers
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
Facility Management Services etc.	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.
Overseas Services	Security and facility management services etc. provided by overseas subsidiaries

(Sales)

The sales results for each segment are described below:

Segment	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)	Year on year change (%)
Security Services		
Electronic Security Services (Millions of yen)	82,877	2.8
HOME ALSOK Services (Millions of yen)	11,845	4.2
Stationed Security Services (Millions of yen)	60,129	1.8
Transportation Security Services (Millions of yen)	35,568	5.6
Total (Millions of yen)	190,422	3.1
Facility Management Services etc. (Millions of yen)	33,282	0.6
Long-Term Care Services (Millions of yen)	26,457	5.0
Overseas Services (Millions of yen)	13,119	286.6
Total (Millions of yen)	263,280	6.9

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

(6) Priority business and financial challenges

There have been no significant changes in the Group's priority business and financial challenges during the six months ended September 30, 2024.

(7) Research and development

Research and development cost was ¥242 million for the six months ended September 30, 2024, which was mainly related to security business.

There have been no significant changes in the Group's research and development activities during the six months ended September 30, 2024.

(8) Analysis of capital resources and liquidity

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 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 by customers into the Cash Deposit and Dispenser Machine on the previous day, which fluctuates significantly on a daily basis. 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 M&A transactions. 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.

During the six months ended September 30, 2024, there have been no significant changes in the Group's capital investment plan, including capital expenditures which were planned as of March 31, 2024.

(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 six months ended September 30, 2024 except for Transportation Security Services. At this point, the Group does not expect any significant change in the capital needs during the fiscal year ending March 31, 2025 and believes that its capital needs will be satisfied by its own funds.

#### (9) Facilities

(Plan for establishment or disposal of facilities)

During the six months ended September 30, 2024, there have been no significant changes in the plan for establishment or disposal of facilities which was under planning as of March 31, 2024. In addition, there were no newly established plans for installation, expansion, renovation, disposal or sale of significant facilities during the six months ended September 30, 2024.

### 3. Material business contracts, etc.

- (1) On April 1, 2024, Life Holdings Co., Ltd. engaging in long-term care services was merged into 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.
- (2) On July 12, 2024, the Company acquired additional shares of Nihon Guard Co., Ltd., an equity-method associate mainly engaging in security services, and Nihon Guard Co., Ltd. became a consolidated subsidiary of the Company.
- (3) On August 6, 2024, the Company entered into an absorption-type company split agreement with ALSOK Hokkaido Co., Ltd., a consolidated subsidiary of the Company, to transfer the business of Hokkaido Branch and Keiso Hokkaido Branch, which are the Company's offices in Hokkaido, to ALSOK Hokkaido Co., Ltd. by way of a company split (simplified absorption-type company split). The effective date of this agreement is October 1, 2024.
- (4) On September 4, 2024, the Company entered into an agreement with H2O Shopping Center Development Co., Ltd. to acquire all shares of Kanso Co., Ltd., mainly engaging in building maintenance business. The effective date of this agreement will be December 1, 2024.

### III. 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

###### ii. Shares issued

Class	Number of shares issued as of September 30, 2024 (Shares)	Number of shares issued as of November 6, 2024 (filing date) (Shares)	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	—	—

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

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

Nothing to report.

###### ii. 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)
From April 1, 2024 to September 30, 2024	—	510,200,210	—	18,675	—	29,320

## (5) Major shareholders

As of September 30, 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)	1-8-1 Akasaka, Minato-ku, Tokyo	57,043	11.76
SOHGO CORPORATION	130-16 Yamabukicho, Shinjuku-ku, Tokyo, Japan	36,943	7.61
Custody Bank of Japan, Ltd. (Trust account) (Note 1)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	34,092	7.02
Saitama Kiki Co., Ltd.	7-1-3 Shimoochiai, Chuo-ku, Saitama, Japan	26,419	5.44
Kizuna Corporation	130-16 Yamabukicho, Shinjuku-ku, Tokyo, Japan	26,150	5.39
SOHGO SECURITY SERVICES CO., LTD. Employee Stockholding Association	1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan	16,751	3.45
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	3.05
Atsushi Murai	Suginami-ku, Tokyo, Japan	14,804	3.05
SMBC Trust Bank Ltd. (as trustee for Sumitomo Mitsui Banking Corporation Retirement Benefits Trust Account)	1-3-2 Marunouchi, Chiyoda-ku, Tokyo	13,678	2.82
National Mutual Insurance Federation of Agricultural Cooperatives	2-7-9 Hirakawacho, Chiyoda-ku, Tokyo	12,660	2.61
Total	—	253,351	52.23

(Notes) 1. 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) 26,221 thousand shares

Custody Bank of Japan, Ltd. (Trust account) 13,601 thousand shares

2. We have been informed that Mizuho Bank Ltd. and other joint holders own the following shares as of April 15, 2024 according to the amended substantial shareholding report, which was made available for public inspection on April 22, 2024. However, these are not included in the above major shareholders as we cannot confirm the actual number of shares held as of September 30, 2024.

The amended substantial shareholding report states as follows:

Name	Address	Number of shares held (Thousands of shares)	Ownership percentage to the total number of shares issued (%)
Mizuho Bank Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	14,807	2.90
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	10,249	2.01
Total	—	25,056	4.91

(6) Voting rights

i. Shares issued

As of September 30, 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 25,197,200	—	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 484,970,400	4,849,704	Same as above
Shares less than one unit	Common stock 32,610	—	Shares less than one unit (100 shares)
Total number of shares issued	510,200,210	—	—
Total number of voting rights	—	4,849,704	—

ii. Treasury stock, etc.

As of September 30, 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	25,197,200	—	25,197,200	4.93
Total	—	25,197,200	—	25,197,200	4.93

2. Information on officers and directors

Nothing to report.

## IV. Financial Condition

### 1. Preparation method of interim consolidated financial statements

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

In addition, the Company falls under the category of companies listed in the Article 24-5, Paragraph 1, upper column of item 1 of the table of the Financial Instruments and Exchange Act and prepares Type 1 interim consolidated financial statements in accordance with the provisions of Part 1 and Part 3 of the Ordinance on Consolidated Financial Statements.

### 2. Audit attestation

In accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the interim consolidated financial statements for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024) were reviewed by Grant Thornton Taiyo LLC.

# 1. Interim consolidated financial statements

## (1) Interim consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	76,999	68,406
Cash for Transportation Security Services	*74,200	* 87,250
Notes and accounts receivable - trade, and contract assets	69,054	60,699
Securities	30	352
Raw materials and supplies	12,451	13,915
Costs on uncompleted construction contracts	70	122
Advances paid	5,500	5,400
Other	13,879	15,693
Allowance for doubtful accounts	(125)	(128)
Total current assets	252,061	251,712
Noncurrent assets		
Property, plant and equipment	120,353	122,175
Intangible assets		
Goodwill	31,442	29,961
Other	9,236	8,606
Total intangible assets	40,678	38,567
Investments and other assets		
Investment securities	63,102	58,674
Retirement benefit asset	59,874	61,848
Other	32,003	33,530
Allowance for doubtful accounts	(512)	(904)
Total investments and other assets	154,467	153,150
Total noncurrent assets	315,500	313,892
Total assets	567,561	565,605
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	28,512	20,949
Short-term loans payable	* 7,734	* 26,095
Income taxes payable	5,917	6,724
Provisions	2,432	2,754
Other	55,892	54,355
Total current liabilities	100,489	110,880
Noncurrent liabilities		
Long-term loans payable	1,658	1,445
Retirement benefit liability	26,866	26,720
Provisions	2,175	2,203
Asset retirement obligations	827	832
Other	48,962	47,875
Total noncurrent liabilities	80,490	79,078
Total liabilities	180,980	189,958

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	34,011	34,198
Retained earnings	275,464	278,119
Treasury stock	(6,074)	(21,074)
Total shareholders' equity	322,076	309,918
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,115	10,274
Revaluation reserve for land	(3,379)	(3,454)
Foreign currency translation adjustment	1,067	1,257
Remeasurements of defined benefit plans, net of tax	22,047	21,177
Total accumulated other comprehensive income	30,850	29,254
Non-controlling interests	33,654	36,474
Total net assets	386,581	375,647
Total liabilities and net assets	567,561	565,605

## (2) Interim consolidated statement of income and interim consolidated statement of comprehensive income

## Interim consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Net sales	246,379	263,280
Cost of sales	185,909	202,334
Gross profit	60,469	60,946
Selling, general and administrative expenses	* 42,644	* 45,342
Operating income	17,825	15,603
Non-operating income		
Interest income	97	119
Dividends income	562	622
Gain on sales of investment securities	28	9
Share of profit of entities accounted for using equity method	729	673
Dividend income of insurance	300	306
Penalty income	244	282
Other	974	826
Total non-operating income	2,936	2,840
Non-operating expenses		
Interest expenses	890	920
Financing expenses	127	156
Other	337	372
Total non-operating expenses	1,355	1,449
Ordinary income	19,406	16,994
Extraordinary income		
Gain on sales of investment securities	58	181
Gain on negative goodwill	—	835
Gain on sales of noncurrent assets	—	61
Total extraordinary income	58	1,079
Extraordinary loss		
Loss on valuation of investment securities	15	15
Impairment losses	55	0
Loss on sales of investment securities	11	303
Loss on step acquisitions	—	605
Total extraordinary loss	82	924
Income before income taxes	19,382	17,149
Income taxes	6,801	6,290
Net income	12,581	10,858
Profit attributable to non-controlling interests	729	766
Profit attributable to owners of parent	11,852	10,091



## Interim consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Net income	12,581	10,858
Other comprehensive income		
Valuation difference on available-for-sale securities	1,657	(788)
Foreign currency translation adjustment	135	297
Remeasurements of defined benefit plans, net of tax	249	(916)
Share of other comprehensive income (loss) of entities accounted for using equity method	556	(73)
Total other comprehensive income (loss)	2,599	(1,480)
Comprehensive income	15,181	9,377
(Contents)		
Comprehensive income attributable to owners of parent	14,233	8,569
Comprehensive income attributable to non-controlling interests	947	807

## (3) Interim consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
<b>Cash flows from operating activities</b>		
Income before income taxes	19,382	17,149
Depreciation and amortization	9,073	9,936
Impairment losses	55	0
Amortization of goodwill	1,517	1,580
Gain on negative goodwill	—	(835)
Loss (gain) on step acquisitions	—	605
Increase (decrease) in allowance for doubtful accounts	34	391
Increase (decrease) in net defined benefit liability	28	(18)
Increase (decrease) in provision for bonuses	334	339
Increase (decrease) in provision for bonuses for directors (and other officers)	(21)	(33)
Interest and dividends income	(659)	(742)
Interest expenses	890	920
Share of loss (profit) of entities accounted for using equity method	(729)	(673)
Loss (gain) on sales of noncurrent assets	(0)	(77)
Loss on retirement of noncurrent assets	117	133
Loss (gain) on sales of investment securities	(76)	111
Loss (gain) on valuation of investment securities	15	15
Loss (gain) on valuation of derivatives	(107)	—
Decrease (increase) in notes and accounts receivable - trade	8,339	9,011
Decrease (increase) in inventories	(1,529)	(1,454)
Increase (decrease) in notes and accounts payable - trade	(8,249)	(10,914)
Decrease (increase) in net defined benefit asset	(1,682)	(3,459)
Changes in assets and liabilities of Transportation Security Services	11,612	2,871
Other	2,766	(162)
Subtotal	41,112	24,696
Interest and dividends income received	1,385	1,218
Interest expenses paid	(894)	(914)
Income taxes paid	(7,001)	(5,257)
Income taxes refund	156	70
Net cash provided by (used in) operating activities	34,757	19,814

(Millions of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	1,012	(239)
Payments into long-term time deposits	(10)	(119)
Proceeds from withdrawal of long-term time deposits	21	—
Purchase of property, plant and equipment	(6,247)	(7,273)
Proceeds from sales of property, plant and equipment	0	408
Purchase of intangible assets	(665)	(969)
Purchase of investment securities	(444)	(387)
Proceeds from sales of investment securities	632	329
Payments for acquisition of businesses	(60)	(3)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,249)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	4,588
Decrease (increase) in short-term loans receivable	(1)	(3)
Payments of long-term loans receivable	(26)	(20)
Collection of long-term loans receivable	34	32
Proceeds from refund of leasehold and guarantee deposits	30	74
Other	(384)	(882)
Net cash provided by (used in) investing activities	(7,358)	(4,464)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	789	2,580
Proceeds from long-term loans payable	120	120
Repayment of long-term loans payable	(487)	(434)
Purchase of treasury stock	(4,470)	(15,000)
Repayments of lease obligations	(2,786)	(3,000)
Cash dividends paid	(4,354)	(7,511)
Cash dividends paid to non-controlling interests	(1,772)	(705)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(1,393)
Net cash provided by (used in) financing activities	(12,962)	(25,345)
Effect of exchange rate change on cash and cash equivalents	19	61
Net increase (decrease) in cash and cash equivalents	14,455	(9,934)
Cash and cash equivalents at beginning of period	51,571	69,162
Cash and cash equivalents at end of period	* 66,027	*59,228

## Notes

(Changes in scope of consolidation or scope of application of equity method)

During the six months ended September 30, 2024, the Company acquired shares of Nihon Guard Co., Ltd., an equity-method associate, which became a consolidated subsidiary of the Company.

(Change in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company applied Accounting Standard for Current Income Taxes, etc. (ASBJ Statement No. 27, October 28, 2022, "Revised Accounting Standard (2022)") from April 1, 2024.

For the revision related to the classification of income taxes (taxation on other comprehensive income), the Company applied the transitional treatment provided in the proviso of Paragraph 20-3 of the Revised Accounting Standard (2022) and the transitional treatment provided in the proviso of Paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Statement No. 28, October 28, 2022, "Revised Implementation Guidance (2022)"). The application has no impact on the interim consolidated financial statements for the six months ended September 30, 2024.

For the revision to amend the treatment in the consolidated financial statements in cases where a gain or loss on the sale of subsidiaries shares between consolidated companies is deferred for tax purposes, the Company applied Revised Implementation Guidance (2022) from April 1, 2024. This change in accounting policy has been applied retrospectively, and the interim consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024 have been adjusted retrospectively. The application has no impact on the interim consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024.

(Specific accounting treatment applied in preparing interim consolidated financial statements)

(Calculation of tax expense)

Tax expense is calculated by reasonably estimating the effective tax rate after applying tax effect accounting for income before income taxes for the consolidated fiscal year including the six months ended September 30, 2024 and then by multiplying the income before income taxes for the period by such estimated effective tax rate.

Income taxes - deferred is included in income taxes.

(Additional information)

(Business combination by way of acquisition)

At the Board of Directors' meeting held on September 3, 2024, the Company resolved to acquire ordinary shares of Kanso Co., Ltd. as its subsidiary and entered into a share transfer agreement on September 4, 2024. The share transfer is scheduled to take place on December 1, 2024, and discussions with the relevant parties are in progress.

1. Overview of business combination

(1) Name of acquired company and its business

Name of the company: Kanso Co., Ltd.

Description of business: Building Maintenance Business, Security Services

(2) Reason for business combination

The Company provides a wide variety of security services for governments and local public organizations, financial institutions, general business operators, and individual customers, in an effort to provide safety and security.

In addition, starting with the security services, the Company is working to expand into new business areas, such as Facility Management Services that address maintenance and management of buildings and Long-Term Care Services that address the aging society, to respond to the increasing safety and security needs of customers due to diversification of risks.

In the area of Facility Management Services, after entering the building maintenance business in 1966, the Company has built, through M&A and mergers between subsidiaries, a system that can make comprehensive proposals, such as for building facility inspection, repair, fire and disaster prevention, facility maintenance, cleaning, and hygiene management. In July 2024, as part of its efforts to improve service quality, the Company launched ALSOK Facility Rescue service nationwide, in which security guards check the site, investigate the cause, and take emergency measures when they receive a report of an equipment abnormality or are asked to check for equipment failure.

Facility Management Services are in a business environment that faces numerous issues, such as acquiring human resources and improving productivity. The Company believes the inclusion of Kanso will benefit in the further expansion and strengthening of the Group's Facility Management Services, mainly in the Kansai region, while tackling

these issues.

The Company will strive to improve the quality of services provided to customers to develop the entire business of the Group and improve corporate value.

(3) Scheduled date of business combination

December 1, 2024

(4) Legal form of business combination

Acquisition of stocks

(5) Name after the business combination

There is no name change.

(6) Share of voting rights to be acquired

100.0%

(7) Reason for selecting company to acquire

The Company acquired the stocks in exchange for cash consideration.

2. Acquisition cost of the acquired company and type of consideration paid

These have not been determined yet.

3. Major components of acquisition related costs and type of consideration paid

These have not been determined yet.

(Matters related to interim consolidated balance sheet)

\* Cash for Transportation Security 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.

As of September 30, 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 ¥16,311 million of funds borrowed for the services.

(Matters related to interim consolidated statement of income)

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

	(Millions of yen)	
	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Salary allowances	20,798	22,382
Provision for bonuses	454	438
Provision for bonuses for directors (and other officers)	79	89
Provision for retirement benefits for directors (and other officers)	74	84
Provision for allowance for doubtful accounts	70	410
Retirement benefit expenses	768	187

(Matters related to interim consolidated statement of cash flows)

\* The relationship between the cash and cash equivalents at the end of the period and the amount presented on the interim consolidated balance sheet is as follows:

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Cash and deposits accounts	72,886	68,406
Deposits with deposit term of over three months	(6,958)	(9,386)
Short-term investment (securities) whose redemption is due within three months from the acquisition date	100	100
Other (deposit at securities company)	0	107
Cash and cash equivalents	66,027	59,228

(Matters related to total shareholders' equity)

I. Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Cash dividends paid

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

2. Dividends that have a record date during the six months ended September 30, 2023 and an effective date of which is after September 30, 2023

(Resolution)	Class	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of Directors' meeting on October 31, 2023	Common stock	4,361	8.7	September 30, 2023	December 4, 2023	Retained earnings

3. Notes on substantial changes in the amount of shareholder's equity

The Company has completed the acquisition of 4,947,500 shares of treasury stock (acquisition cost of ¥4,470 million) by September 30, 2023 based on the resolution of the Board of Directors' meeting held on July 28, 2023. As a result, the number and amount of treasury stock as of September 30, 2023 are 8,976,575 shares and ¥5,544 million, including the shares acquired through requests for the purchase of shares less than one unit and changes in the number of shares held by subsidiaries and associates.

II. Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Cash dividends paid

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

2. Dividends that have a record date during the six months ended September 30, 2024 and an effective date of which is after September 30, 2024

(Resolution)	Class	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of Directors' meeting on November 6, 2024	Common stock	6,014	12.4	September 30, 2024	December 3, 2024	Retained earnings

3. Notes on substantial changes in the amount of shareholder's equity

The Company has completed the acquisition of 15,741,100 shares of treasury stock (acquisition cost of ¥14,999 million) by September 30, 2024 based on the resolution of the Board of Directors' meeting held on May 14, 2024. As a result, the number and amount of treasury stock as of September 30, 2024 are 25,314,208 shares and ¥21,074 million, including the shares acquired through requests for the purchase of shares less than one unit and changes in the number of shares held by subsidiaries and associates.

(Segment information etc.)

Segment information

I. Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Information on the amount of net sales and income (loss) and disaggregation of revenue by reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in the interim consolidated statement of income (Note 2)
	Security Services	Facility Management Services etc.	Long-Term Care Services	Overseas Services	Total		
Net sales							
Contract revenue	165,132	16,861	25,156	3,056	210,206	—	210,206
Construction revenue	3,170	10,335	12	15	13,533	—	13,533
Sales revenue	16,393	5,882	40	321	22,638	—	22,638
Revenue from contracts with customers	184,696	33,079	25,209	3,393	246,379	—	246,379
Sales to external customers	184,696	33,079	25,209	3,393	246,379	—	246,379
Intersegment sales and transfers	22	125	7	—	155	(155)	—
Total	184,719	33,205	25,216	3,393	246,534	(155)	246,379
Income (loss) by reportable segment	19,201	2,875	692	(318)	22,451	(4,626)	17,825
Depreciation and amortization	7,246	665	1,123	26	9,062	11	9,073
Amortization of goodwill	461	17	1,021	17	1,517	—	1,517

(Notes) 1. ¥(4,626) 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 any specific reportable segment.

2. Income by reportable segment is adjusted for the operating income per the interim consolidated statement of income.

2. Information on impairment losses on noncurrent assets or goodwill, etc. by reportable segment

(Significant impairment loss on noncurrent assets)

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 ¥23 million for buildings.

(Significant change in the amount of goodwill)

During the six months ended September 30, 2023, there was a significant change in the amount of goodwill as PT. Shield-On Service Tbk and its seven subsidiaries became the Company's consolidated subsidiaries. An increase in goodwill due to this event is ¥1,604 million. The goodwill is not allocated to any reportable segments.

(Significant gain on negative goodwill)

Nothing to report.



II. Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Information on the amount of net sales and income (loss) and disaggregation of revenue by reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in the interim consolidated statement of income (Note 2)
	Security Services	Facility Management Services etc.	Long-Term Care Services	Overseas Services	Total		
Net sales							
Contract revenue	169,735	18,026	26,400	12,670	226,832	—	226,832
Construction revenue	3,623	9,442	14	13	13,093	—	13,093
Sales revenue	17,063	5,812	42	435	23,354	—	23,354
Revenue from contracts with customers	190,422	33,282	26,457	13,119	263,280	—	263,280
Sales to external customers	190,422	33,282	26,457	13,119	263,280	—	263,280
Intersegment sales and transfers	51	202	3	—	257	(257)	—
Total	190,473	33,484	26,461	13,119	263,538	(257)	263,280
Income (loss) by reportable segment	17,224	2,794	826	(373)	20,472	(4,868)	15,603
Depreciation and amortization	7,991	721	1,121	92	9,927	9	9,936
Amortization of goodwill	345	54	1,021	159	1,580	—	1,580

(Notes) 1. ¥(4,868) 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 any specific reportable segment.

2. Income by reportable segment is adjusted for the operating income per the interim consolidated statement of income.

2. Changes in reportable segment

During the six months ended September 30, 2024, the Group reviewed its management structure, and the reportable segments, which previously comprised Security Services, General Property Management and Fire Protection Services, and Long-Term Care Services, have been changed to include Security Services, Facility Management Services etc., Long-Term Care Services, and Overseas Services.

Segment information for the six months ended September 30, 2023, has been prepared based on the reportable segments after the change.

3. Information on impairment losses on noncurrent assets or goodwill, etc. by reportable segment

(Significant impairment loss on noncurrent assets)

No impairment loss was allocated to any of the reportable segments. Impairment losses not allocated to reportable segments were ¥0 million, which comprised ¥0 million for land.

(Significant change in the amount of goodwill)

Nothing to report.

(Significant gain on negative goodwill)

During the six months ended September 30, 2024, due to the inclusion of Nihon Guard Co., Ltd. in the scope of consolidation, a gain on negative goodwill of ¥835 million is recognized. The gain on negative goodwill is not allocated to any reportable segment.

(Matters related to business combination)

1. Business combination by way of acquisition (acquisition of additional shares of Nihon Guard Co., Ltd.)

(1) Overview of business combination

A. Name of acquired company and its business

Name of acquired company: Nihon Guard Co., Ltd.

Description of business: Security Services, Facility Management Services etc.

B. Date of business combination

July 12, 2024

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	31.3%
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Voting rights additionally acquired on the date of business combination	25.9
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Voting rights after the acquisition	57.1
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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

Nihon Guard Co., Ltd., the Company's equity-method associate, had been providing the Security Services and Facility Management Services etc., The Company has acquired additional shares of Nihon Guard 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 interim consolidated statement of income for the six months ended September 30, 2024

As the deemed date of acquisition is July 1, 2024, the operating results for the period from July 1, 2024 to September 30, 2024 are included in the interim consolidated statement of income for the six months ended September 30, 2024.

As the acquired company was an equity-method associate, the operating results from April 1, 2024 to June 30, 2024 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)
Consideration	Fair value of shares held before the business combination on the date of the business combination	2,759
	Cash and deposits paid for acquisition of additional shares	2,283
	Acquisition cost	5,042

(5) Difference between the acquisition cost of the acquired company and the total acquisition cost related to transactions that led to the acquisition

Loss on step acquisitions: ¥605 million

(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

¥835 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.

2. Business combination under common control (acquisition of additional shares of ALSOK Souei Co., Ltd.)

(1) Overview of transaction

A. Name of merged company and its business

Name of acquired company: ALSOK Souei Co., Ltd.

Description of business: Security Services, Facility Management Services etc.

B. Date of acquisition of stocks

September 10, 2024

C. Legal form of business combination

Acquisition of shares from non-controlling interests

D. Name of the company after the business combination

There is no name change.

E. Other

The additional shares acquired accounted for 33.4% of the total voting rights. This transaction resulted in the Company's ratio of voting rights in ALSOK Souei Co., Ltd. increasing to 100.0%.

(2) Accounting treatment

This acquisition was accounted for as a transaction with non-controlling interest under common control in accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

(3) Matters related to acquisition of additional subsidiary shares

		(Millions of yen)
Consideration	Cash and deposits	1,362
Acquisition cost		1,362

(Matters related to revenue recognition)

Information on disaggregation of revenue from contract with customers is as described in "Notes (Segment information etc.)."

(Per share information)

The following is the amount and basis of calculating net income per share:

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Net income per share	23.46 yen	20.45 yen
(Basis of calculation)		
Profit attributable to owners of parent (Millions of yen)	11,852	10,091
Amount not attributable to ordinary shareholders (Millions of yen)	—	—
Profit attributable to ordinary shareholders of parent (Millions of yen)	11,852	10,091
Average number of common stocks during the period (Thousands of shares)	505,151	493,518

(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 income per share" is calculated assuming that the stock split was implemented at the beginning of the fiscal year ended March 31, 2024.

(Significant subsequent events)

Business combination under common control (reorganization of business in Hokkaido within the Group)

As part of the Group business reorganization, the Company transferred the business of Hokkaido branch and Keiso Hokkaido branch, which are the Company's offices in Hokkaido, to ALSOK Hokkaido Co., Ltd., a consolidated subsidiary of the Company, by way of a company split (simplified absorption-type company split) with an effective date of October 1, 2024.

1. Overview of transaction

(1) Description of business transferred

Security Services and Facility Management Services etc. in Hokkaido

(2) Date of business combination

October 1, 2024

(3) Legal form of business combination

Simplified absorption-type company split with the Company as the absorption-type split company and ALSOK Hokkaido Co., Ltd. as the successor company

(4) Other

The purpose of the company split is to respond to changes in the market environment and to further strengthen the sales capabilities and competitiveness of the ALSOK Group's Electronic Security, Transportation Security, Facility Management and other businesses in Hokkaido.

ALSOK Hokkaido Co., Ltd. continues to be a wholly owned subsidiary of the Company after the company split. As a representative of the ALSOK Group in Hokkaido, it will contribute to the development of the Hokkaido economy by operating its businesses in a way that are more rooted in community than ever.

2. Accounting treatment

This merger will be accounted for as a business combination under common control in accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

2. Other

At the Board of Directors' meeting held on November 6, 2024, the following resolutions on interim dividends were made for the current period.

(i) Total amount of interim dividends	¥6,014 million
(ii) Dividend per share	¥12.4
(iii) Effective date for payment request and commencement date of payment	December 3, 2024

(Note) Payment will be made to the shareholders recorded in the shareholder register as of September 30, 2024.

Part 2. Information on Guarantors of the Company, etc.

Nothing to report.

## INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT

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November 1, 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

Kazuhiko Doi  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Keisuke Uehara  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### Auditor's Conclusion

We have reviewed, pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the accompanying interim consolidated financial statements of SOHGO SECURITY SERVICES CO., LTD. and its consolidated subsidiaries (the "Group") in "Financial Condition," which comprise the interim consolidated balance sheet as of September 30, 2024, and the interim consolidated statement of income, the interim consolidated statement of comprehensive income, and the interim consolidated statement of cash flows for the six-month period then ended, and the related notes.

Based on our interim review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the interim consolidated financial position of the Group as of September 30, 2024 and its interim consolidated results of its financial performances and cash flows for the six-month period then ended in accordance with the accounting principles generally accepted in Japan.

### Basis for Auditor's Conclusion

We conducted our review in accordance with the interim review standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Review of the Interim Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the interim financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have obtained the evidence to provide a basis of our conclusion.

### Responsibilities of Management, Audit and Supervisory Board Members, and Audit and Supervisory Board for the Interim Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the interim 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 interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim 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 Review of the Interim Consolidated Financial Statements

Our responsibilities are to issue an auditor's interim review report that includes our conclusion based on our interim review from an independent point of view.

In accordance with the interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the interim review. We also:

- Perform interim review procedures consists of making inquiries to primarily of management and persons responsible for financial and accounting matters, applying analytical procedures, and other interim review procedures. An interim review is substantially less in scope than an annual audit of financial statements conducted in accordance with auditing standards generally accepted in Japan.
- Conclude, based on the evidence obtained, on whether anything has come to our attention that causes us to believe that the interim consolidated financial statements are not presented fairly in accordance with the accounting principles generally accepted in Japan if we determine that 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. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the interim consolidated financial statements or, if such disclosures are inadequate, to express a qualified or adverse conclusion on the interim consolidated financial statements. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim consolidated financial statements, including the disclosures, and whether anything has come to our attention that causes us to believe that the interim consolidated financial statements do not represent the underlying transactions and events in a manner that achieves fair presentation in accordance with the accounting principles generally accepted in Japan.
- Obtain sufficient and appropriate evidence regarding the financial information of the Group that forms a basis for expressing a conclusion on the interim consolidated financial statements. We are responsible for the direction, supervision and inspection of the review of the interim consolidated financial statements. We remain solely responsible for our review conclusion.

We communicate with the Audit and Supervisory Board Members and Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the interim review and significant review findings.

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 review of the interim 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.

#### 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 Interim Review Report of Independent Auditors is in the custody of the Company (the submitter of this Semi-Annual Securities Report).
2. The XBRL data is not in the scope of the interim review.
3. The English version of the interim consolidated financial statements consists of an English translation of the reviewed Japanese interim consolidated financial statements. The actual text of the English translation of the interim consolidated financial statements was not covered by our review. Consequently, for the auditor's report of the English interim 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 24-5-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Place of filing	Director-General, Kanto Local Finance Bureau
Filing date	November 6, 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. Matters related to the appropriateness of the contents of the Semi-Annual Securities Report

Ikuji Kayaki, Representative Director Group COO and Kazuhide Shigemi, Director and Senior Executive Officer confirmed that the contents in the Semi-Annual Securities Report for the first half of 60th business term (From April 1, 2024 to September 30, 2024) are appropriately disclosed in accordance with the Financial Instruments and Exchange Act.

2. Special note

There is nothing special to note.