

August 6, 2024

To whom it may concern

(This is an English translation of the Japanese original)

Company: SOHGO SECURITY SERVICES CO., LTD.
Representative: Ikuji Kayaki,
President and Representative Director
(Securities Code: 2331, TSE Prime Market)
Contact: Mototsugu Koga, General Manager of IR Office
(Phone: +81-3-3423-2331)

**Notice Regarding the Reorganization in Hokkaido due to the Company Split
(simplified absorption-type split)**

SOHGO SECURITY SERVICES CO., LTD. (hereinafter the “Company”) announces that its Board of Directors at a meeting held on August 6, 2024 decided to transfer the business (hereinafter the “Business”) of the Hokkaido Branch Office and the Transportation Security Hokkaido Branch Office, which are our business offices in Hokkaido, to our consolidated subsidiary ALSOK HOKKAIDO CO., LTD. a consolidated subsidiary of the Company, by means of a company split (simplified absorption-type company split) as described below.

Since the company split is a simplified absorption-type split carried out jointly with a consolidated subsidiary, some disclosure items and details are omitted for disclosure.

1. Purpose of the Company Split

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

ALSOK HOKKAIDO CO., LTD. will remain a 100% owned subsidiary of the Company even after the company split. As a representative of the ALSOK Group in Hokkaido, we will contribute to the development of the Hokkaido economy by conducting business operations that are more community-based than ever.

2. Overview of the Company Split

(1) Schedule of the company split

Approval of the Company Split Agreement by the Board of Directors August 6, 2024

Date of Conclusion of the Company Split Agreement August 6, 2024

Date of the Company Split (effective date) October 1, 2024 (scheduled)

(Note) Since this Company split satisfies the requirements for a simplified Company split under Article 784, Paragraph 2 of the Companies Act, it will be conducted without obtaining approval at a general meeting of shareholders.

(2) Method of split

An absorption-type split (simplified absorption-type split) in which the Company will be the absorption-type split company and ALSOK HOKKAIDO CO., LTD. will be the successor company in the absorption-type split.

(3) Allocation of Stocks related to the company split

No shares will be allocated to the Company.

(4) Capital, etc. to be increased or decreased by the company split

As a result of the company split, there will be no change in the Company's capital stock, etc.

(5) Treatment of stock acquisition rights and bonds with stock acquisition rights of the absorption-type split company

The Company has not issued any stock acquisition rights or bonds with stock acquisition rights.

(6) Rights and obligations to be inherited by the successor company in absorption-type split.

The successor company in absorption-type split will inherit the assets, liabilities, contracts, and other rights and obligations held by the Company in connection with the Business to the extent provided in the Demerger Agreement.

(7) Prospect of fulfillment of obligations

The Company has determined that there is no problem with the prospects for performance of the obligations to be assumed by the Company and the successor company in absorption-type split.

3. Overview of the Companies Involved in the Split

(1) Main overview of the companies involved in the split

No	Items	Absorption-type Split Company (the Company)	Successor Company in Absorption-type Split
(1)	Trade name	SOHGO SECURITY SERVICES CO., LTD.	ALSOK HOKKAIDO CO., LTD.
(2)	Main Business	Security Services, etc.	Security Services, etc.
(3)	Established	July 16, 1965	May 22, 1975
(4)	Head office location	Minato-ku, Tokyo	Sapporo-shi, Hokkaido
(5)	Representative	Representative Director Ikuji Kayaki	Representative Director Akira Nagao
(6)	Capital stock	¥18,675 million	¥20 million
(7)	Number of shares issued	510,200,210 shares	40,000shares

(8)	Net assets	¥273,107 million	¥1,530million																				
(9)	Total assets	¥365,356 million	¥2,770million																				
(10)	Fiscal year end	March	March																				
(11)	Employees	11,818	460																				
(12)	Major Shareholders and Shareholding ratio	<table border="1"> <tr> <td>Japan Master Trust Bank, Ltd. (Trust account)</td> <td>11.10%</td> </tr> <tr> <td>SOHGO CORPORATION</td> <td>7.37%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust account)</td> <td>7.20%</td> </tr> <tr> <td>Saitama Machinery Co., Ltd.</td> <td>5.27%</td> </tr> <tr> <td>Kizuna Corporation</td> <td>5.22%</td> </tr> <tr> <td>Employees Shareholding Association</td> <td>3.46%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (as trustee for Mizuho Bank Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)</td> <td>2.95%</td> </tr> <tr> <td>Atsushi Murai</td> <td>2.88%</td> </tr> <tr> <td>SMBC Trust Bank Ltd. (as trustee for retirement benefit of Sumitomo Mitsui Banking Corporation)</td> <td>2.73%</td> </tr> <tr> <td>National Mutual Insurance Federation of Agricultural Cooperatives</td> <td>2.52%</td> </tr> </table>	Japan Master Trust Bank, Ltd. (Trust account)	11.10%	SOHGO CORPORATION	7.37%	Custody Bank of Japan, Ltd. (Trust account)	7.20%	Saitama Machinery Co., Ltd.	5.27%	Kizuna Corporation	5.22%	Employees Shareholding Association	3.46%	Custody Bank of Japan, Ltd. (as trustee for Mizuho Bank Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	2.95%	Atsushi Murai	2.88%	SMBC Trust Bank Ltd. (as trustee for retirement benefit of Sumitomo Mitsui Banking Corporation)	2.73%	National Mutual Insurance Federation of Agricultural Cooperatives	2.52%	SOHGO SECURITY SERVICES CO., LTD. 100%
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(Note) The outline of the parties involved in the split is as of March 31, 2024.

(2) Business results of the companies at the time of the split for the most recent fiscal year (fiscal year ended March 31, 2024)

	Non-consolidated	Successor Company	Consolidated
Net sales	¥256,633 million	¥4,510 million	¥521,400 million
Operating income	¥18,714 million	¥443 million	¥39,082 million
Ordinary income	¥33,335 million	¥456 million	¥42,173 million

Net income	¥26,479 million	¥259 million	¥27,327 million
Net assets per share	¥545.40	¥38,256.70	¥704.97
Net income per share	¥52.64	¥6,478.18	¥54.34

(3) Business details of the split to be divided

Electronic Security, Transportation Security, and Facility Management Services etc. that the Company conducts in Hokkaido.

(4) Operating results of the split to be divided (fiscal year ended March 31, 2024)

Net sales of split : ¥7,316 million

(5) Items and amounts of assets and liabilities to be divided (fiscal year ended March 31, 2024)

Assets		Liabilities	
Items	book value	Items	book value
Current assets	¥807million	Current liabilities	¥452million
Noncurrent assets	¥4,224million	Noncurrent liabilities	¥1,714million
Total	¥5,032million	Total	¥2,167million

(Note) The above amounts are calculated based on the balance sheet as of March 31, 2024, so the actual amount to be succeeded will be the above amount plus or minus any increase or decrease up to the day before the effective date.

4 Status of the Company After the Split

The trade name, business activities, head office address, representative, capital stock, or fiscal year end of the Company and the successor company in absorption-type split after the absorption-type split are as described in 3(1), and there will be no change due to the company Split.

5. Future Outlook

The effect of the company split on non-consolidated and consolidated business results for the current fiscal year is immaterial.

Reference: Forecast of consolidated financial results for the fiscal year ending March 31, 2025

	Net sales	Operating income	Ordinary income	Profit attributable to owners of the parent
Fiscal Year Ending March 31, 2025 (Forecast)	¥550,000million	¥40,300 million	¥43,100 million	¥27,600 million
Fiscal Year Ended March 31, 2024	¥521,400million	¥39,082 million	¥42,173 million	¥27,327 million

End