



**Consolidated Financial Results for the First Quarter Ended June 30, 2023**  
**Prepared in Conformity with Accounting Principles Generally Accepted in Japan**  
**(Japanese GAAP)**

July 28, 2023

Listed Company Name SOHGO SECURITY SERVICES CO., LTD. TSE Stock Market  
Code No.: 2331 URL <https://www.alsok.co.jp/>  
Representative: (Title) Representative Director, Group COO (Name) Ikuji Kayaki  
Financial and accounting: (Title) Director and Senior Executive Officer (Name) Kazuhide Shigemi TEL +81-3-3470-6811  
Quarterly report submission date August 8, 2023 Scheduled cash dividend payment start date -  
Preparation of quarterly supplementary briefing materials on financial results: Yes  
Holding of quarterly results briefing: No

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

1. Consolidated Financial Results for the First Quarter Ended June 30, 2023 (April 1, 2023 - June 30, 2023)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	121,593	6.7	8,699	21.1	9,193	16.7	5,195	16.6
June 30, 2022	114,008	(2.6)	7,182	(26.4)	7,878	(21.5)	4,454	(27.0)

Note: Comprehensive income Three months ended June 30, 2023 ¥7,611 million 34.6%  
Three months ended June 30, 2022 ¥5,656 million (11.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2023	10.26	-
June 30, 2022	8.80	-

Note: On July 1, 2023, there was a stock split in which each share of common stock was split into 5 shares. The “Quarter net income per share attributable to owners of parent” is calculated based on the assumption that the stock split was conducted at the beginning of the preceding fiscal year.

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Three months ended June 30, 2023	514,995	345,379	61.7	627.60
Fiscal year ended March 31, 2023	516,647	343,893	60.9	622.10

Reference: Equity capital Three months ended June 30, 2023 ¥317,674 million  
Fiscal year ended March 31, 2023 ¥314,892 million

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

## 2. Dividend

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	43.00	-	43.00	86.00
March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		8.60	-	8.60	17.20

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

2. On July 1, 2023, there was a stock split in which each share of common stock was split into 5 shares. The annual dividend per share for the fiscal year ending March 31, 2024 (forecast) is stated after taking into account the effect of the stock split. The annual dividend per share for the fiscal year ending March 31, 2024 (forecast), without considering the stock split, will be ¥86.00.

The dividend amount noted for the fiscal year ended March 31, 2023 is the actual dividend amount prior to the stock split.

## 3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
The second quarter (cumulative)	245,000	3.8	16,500	8.4	17,800	7.5	11,100	13.7	21.93
Annual	512,500	4.1	38,600	4.3	41,000	4.5	25,500	6.5	50.38

Note 1. Correction of most recently published forecasted financial results: No

2. On July 1, 2023, there was a stock split in which each share of common stock was split into 5 shares. The amount for net income per share shown is determined after taking into account the effect of the stock split. Net income per share without accounting for this stock split would be ¥109.65 for the second quarter (cumulative) and ¥251.89 for the full year.

\* Notes:

(1) Changes in consolidated subsidiaries in the consolidated cumulative period of 1Q (changes in scope of consolidation): No

Added: -                      Removed: -

(2) Application of specific accounting processing for creation of the quarterly consolidated financial results: Yes

Note: For details, please refer to (4), "Notes on the Preparation of Consolidated Financial Results (application of unique accounting processing for creation of quarterly consolidated financial statements)", of "2. Quarterly Consolidated Financial Statements and Significant Notes", provided on page 8 of the attachment.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

① Changes in accounting policy arising from revision of accounting standards: No

② Changes arising from other factors: No

③ Changes arising from accounting estimate: No

④ Restatement: No

(4) Number of shares outstanding (Ordinary shares)

① Number of shares issued (including treasury stock)	Three months ended June 30, 2023	510,200,210 shares	Fiscal year ended March 31, 2023	510,200,210 shares
② Number of shares of treasury stock	Three months ended June 30, 2023	4,027,560 shares	Fiscal year ended March 31, 2023	4,026,800 shares
③ Average number of shares throughout the fiscal year (quarterly total)	Three months ended June 30, 2023	506,173,039 shares	Three months ended June 30, 2022	506,174,381 shares

\* On July 1, 2023, there was a stock split in which each share of common stock was split into 5 shares. The "number of shares issued", "number of shares of treasury stock", and "average number of shares throughout the fiscal year" are calculated based on the assumption that the stock split was conducted in the Preceding Fiscal Year.

\* This summary of quarterly financial results falls outside the scope of quarterly review of certified public accountants and accounting auditors.

\* Explanation of Appropriate Use of Forecasts and Other Notes

(Cautionary statement regarding forward-looking statements, etc.)

The forward-looking statements such as operational forecasts contained in this summary of financial results are based on the information currently available to the Company and certain assumptions which are regarded as legitimate, and the Company does not promise the achievement of these results. Actual results may differ significantly from these forecasts due to various factors. For more information regarding the assumptions used in making these forecasts and cautionary statements regarding the use of forecasts, please refer to (3), "Explanation of Future Forecasts such as Forecasted Consolidated Financial Results", of 1. "Qualitative Information Concerning Quarterly Financial Results", provided on page 5 of the attachment.

○ Attachment - table of contents

1. Qualitative Information Concerning Quarterly Financial Results .....	5
(1) Explanation of Operating Results .....	5
(2) Explanation of the Financial Position .....	6
(3) Explanation of Future Forecasts such as Forecasted Consolidated Financial Results .....	7
2. Quarterly Consolidated Financial Statements and Significant Notes .....	8
(1) Quarterly Consolidated Balance Sheets .....	8
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income .....	10
Quarterly Consolidated Statements of Income	
Consolidated Cumulative Period of 1Q .....	10
Quarterly Consolidated Statements of Comprehensive Income	
Consolidated Cumulative Period of 1Q .....	11
(3) Quarterly Consolidated Statements of Cash Flows .....	12
(4) Notes on the Preparation of Quarterly Consolidated Financial Results .....	14
(Events or Situations Giving Cause for Serious Doubt Regarding the Premise of a Going Concern) .....	14
(Notes on Considerable Changes to Amount of Shareholders' Equity) .....	14
(Application of Unique Accounting Processing for Creation of Quarterly Consolidated Financial Statement) .....	14
(Segment Information and Other Related Information) .....	15
(Important Subsequent Events) .....	17

## 1. Qualitative Information Concerning Quarterly Financial Results

### (1) Explanation of Operating Results

With regards to the economic circumstances of Japan during the consolidated cumulative period of 1Q, a moderate recovery trend continued with the normalization of social economic activities and recovery of inbound demand as the COVID-19 pandemic subsided, which is marked by the reclassification of the disease to Category 5 under the Infectious Disease Law of the COVID-19 pandemic. Looking ahead, the economy is expected to experience a moderate growth led by private-sector demand, coupled with the realization of the effects of the government's economic measures. On the other hand, however, attention needs to be paid to global inflation trends, sudden changes in currency exchange and financial markets, systemic financial risks, as well as other domestic and international circumstances such as downside risks in the economies of China, the United States, and Europe.

As stated in the government's 2022 strategy to "Make Japan the World's Safest Country," society's demand for security services are rising amid various developments, placing greater expectation on our Group to provide total services including security and facility management services and personal nursing cares. These developments are driven by the declining birthrate, aging of the population, the shrinking workforce, cyber-attacks on critical public infrastructures and supply chains, concerns about the safety and security of the elderly, women, children and other socially vulnerable groups, increases in violent street crimes and traffic accidents, natural disasters, and the aging of public infrastructures. In addition, with the current public anxiety about the domestic state of security following a series of events including the attack on the Prime Minister and widespread robberies and assaults, which caused the number of legally recognized criminal offenses in 2022 surpassing the same of the previous year for the first time since 2002, the society's expectations on our Group to protect public safety and security are growing ever higher.

Under these circumstances, the ALSOK Group has continued to provide appropriate services as an operator of service businesses related to the safety and security of society (the Security Services business, General Property Management and Fire Protection Services business, and the Lifestyle Support Services business including Long-term Care Services), which are indispensable for ensuring the stability of the lives of the people and the national economy. As stated in "Grand Design 2025," our medium-term management plan, we aim to be a safety and security service provider who persistently aims to serve the society's various needs for greater safety and security. To meet the expanding safety and security needs of our customers and society amid diversifying risks, we are working to provide new services that combine a variety of service functions, including security and facility management services and personal nursing care.

We are pleased to report that the consolidated net sales during the consolidated cumulative period showed a significant improvement over the previous quarter, with steady results even when compared to Q1 of fiscal year ended 2019 and Q1 of fiscal year ended 2020 before the COVID-19 pandemic. Specifically, consolidated net sales increased 6.7% year on year to ¥121,593 million, operating income increased 21.1% to ¥8,699 million, ordinary income increased 16.7% to ¥9,193 million, and the quarterly profit attributable to owners of parent increased 16.6% to ¥5,195 million.

By business segment, the figures achieved are as follows. Note that, effective from the consolidated accounting period of 1Q, the Company has changed its reportable segments and the method of allocation of certain revenues and expenses. For the purpose of comparison with the consolidated cumulative period of the Preceding Fiscal Year, the results of the Preceding Fiscal Year have been restated in accordance with the new classification and allocation method.

Sales in the Security Services segment increased 3.5% year on year to ¥92,370 million, while operating income increased 15.8% year on year to ¥9,210 million.

We have provided services for corporate clients through our Electronic Security Services business, promoting sales of ALSOK-G7, which includes live video monitoring as a standard feature, and optional services such as image storage and remote monitoring using images, as well as remote equipment control, which helps meet customers' manpower-saving needs. In the future, we will further expand the utilization of ALSOK-G7 to meet the needs of our customers. In April 2023, the Company also launched HOME ALSOK Connect, a new home security product as a service for personal users. In addition to the conventional Online Security Service, in which ALSOK rushes to the scene of an emergency, this product offers a less expensive self-security plan with optional on-site confirmation by ALSOK after notification of an emergency. The Self-Security plan can be upgraded to online security at any time. We have also continued and will continue to actively promote sales of HOME ALSOK MIMAMORI SUPPORT, a monitoring service for elderly individuals.

In the areas of stationed security services, we have provided security services for various G7 minister meetings, such as the G7 Hiroshima Summit, as well as security at airport facilities that reopened thanks to recovery of inbound demand. Going forward, we will work to reduce manpower and improve the efficiency of Stationed Security by utilizing DX and other automation technologies, and respond to the recovery of production sites in Japan and the post-COVID-19 full-scale resumption of domestic activity.

In the field of Transportation Security (= transportation of valuables) services, although the number of ATMs is decreasing due to the consolidation and closing of branches of financial institutions, the need to streamline cash management operations in the

public and private sectors remains as strong as ever. We will continue to aim at expanding our sales of online deposit (withdrawal) machine systems and other related products. We also offer a series of Tax Payment Receipt Systems, which automate counter services provided at satellite offices of municipal governments by utilizing our online deposit/withdrawal machine system. In addition, as a new solution to support regional financial institutions and others to improve operational efficiency and to reduce costs, we offer a centralized "electronic clearinghouse" service package to process bills and checks. We will continue to gain an understanding of various outsourcing needs and expand our service offerings.

In the General Property Management and Fire Protection Services businesses, net sales increased 19.1% year on year to ¥15,429 million due to steady growth in construction completions, etc., and operating income increased 32.2% year on year to ¥1,200 million. We will continue to expand Facilities Management Services based on the concept of integration of security, facilities, and construction, as we also strengthen our sustainability initiatives, including sales, installation, and maintenance of EV charging equipment.

In the nursing care service business, net sales increased 20.2% year on year to ¥12,538 million due to the effect of M&A, etc., in addition to the opening of new nursing care facilities and the greater occupancy achieved at our existing facilities. However, operating income decreased 15.2% year on year to ¥326 million. We entered into collaboration agreements with NJI Co., Ltd. and Tokyo Medical and Dental University (an incorporated national university) and began joint research on the development of standardization and guidelines for a total nursing care package that includes technologies for predicting end-of-life care and avoiding, mitigating, and responding to emergency events in nursing care. We will continue to strengthen our management base and expand our facilities by streamlining nursing care operations through the use of AI robots and other technologies to support nursing care, while striving to expand services under the unified "ALSOK's Care" Long-Term Care Services brand.

In other fields, we provide our existing inspection services for panels of solar power facilities. We continue to expand this business to include inspections and surveys of various facilities using drones.

The Group will continue to aptly meet the expanding safety and security needs of society by continuing to utilize new technologies and improve productivity, while fulfilling our responsibilities as a provider of services related to the safety and security of society.

## (2) Explanation of the Financial Position

With regards to the total assets as of the end of the consolidated accounting period of 1Q, there was a decrease of ¥1,652 million year on year, to a total of ¥514,995 million.

This is a result of the following factors: cash and deposits increased ¥12,006 million and other current assets such as prepaid expenses increased ¥7,309 million, while cash for Transportation Security (transportation of valuables) Services decreased ¥13,606 million and notes receivable, accounts receivable, and contract assets decreased ¥8,005 million.

Total liabilities decreased ¥3,138 million year on year to ¥169,615 million. This is a result of the following factors: "Other" current liabilities such as deposits received increased ¥9,583 million while notes and accounts payable decreased ¥8,660 million and income taxes payable decreased ¥3,610 million.

The status of cash flows is as follows.

(Cash flows from operating activities)

During the consolidated cumulative period of 1Q, net cash provided by operating activities amounted to ¥18,287 million, 164.4% more than the same quarter of the preceding fiscal year. This is a combined result of the following factors: an increase of ¥10,723 million due to an increase in assets and liabilities for Transportation Security (= transportation of valuables) Services, an increase of ¥9,167 million due to the quarterly income before income taxes, a decrease of ¥8,037 million due to decrease in notes and accounts receivable, and an increase of ¥4,492 million due to decrease in internal reserves due to depreciation and amortization, as well as a decrease of ¥9,187 million due to the decrease in notes and accounts payable and a decrease of ¥4,357 million due to corporate income and other related payments.

The increase in assets and liabilities for Transportation Security Services reflects changes in the amounts of funds procured for Transportation Security Services, which are part of "the cash and short-term loans payable for Transportation Security Services".

(Net cash provided by (and used in) investing activities)

During the consolidated cumulative period of 1Q, net cash provided by investment activities amounted to ¥1,839 million, 84.4% less than the same of the preceding fiscal year. This is a result of the decrease of ¥2,651 million due to acquisition of properties, plants and equipment.

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

During the consolidated cumulative period of 1Q, net cash provided by financing activities amounted to ¥3,962 million, 31.0% less than the same of the preceding fiscal year. This is a combined result of the following factors: while an increase in short-

term loans payable resulted in an increase of ¥3,678 million, there was a decrease of ¥4,354 million due to payment of cash dividends, a decrease in cash dividends paid to non-controlling interests of ¥1,771 million, and a decrease of ¥1,363 million in repayment of lease obligations.

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

With regards to the forecasted consolidated financial results of the fiscal year ending March 2024, there have not been any changes from the forecasts published on May 12, 2023.

## 2. Quarterly Consolidated Financial Statements and Significant Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	59,239	71,245
Cash for Transportation Security Services	83,754	70,147
Notes and accounts receivable-trade and contract assets	65,395	57,389
Short-term investment securities	661	340
Raw materials and supplies	10,290	11,100
Costs on uncompleted construction contracts	98	117
Advances paid	6,457	6,474
Other	13,218	20,528
Allowance for doubtful accounts	(83)	(93)
<b>Total current assets</b>	<b>239,032</b>	<b>237,251</b>
<b>Noncurrent assets</b>		
Property, plant and equipment	116,440	115,458
<b>Intangible assets</b>		
Goodwill	32,753	32,021
Other	11,423	10,842
<b>Total intangible assets</b>	<b>44,176</b>	<b>42,863</b>
<b>Investments and other assets</b>		
Investment securities	57,529	59,017
Other	59,989	60,936
Allowance for doubtful accounts	(521)	(532)
<b>Total investments and other assets</b>	<b>116,997</b>	<b>119,421</b>
<b>Total noncurrent assets</b>	<b>277,615</b>	<b>277,743</b>
<b>Total assets</b>	<b>516,647</b>	<b>514,995</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	29,669	21,008
Short-term loans payable	8,741	9,615
Income taxes payable	5,295	1,684
Provision	2,302	1,256
Other	52,847	62,430
<b>Total current liabilities</b>	<b>98,856</b>	<b>95,997</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	2,083	2,002
Net defined benefit liability	27,319	27,513
Provision	2,073	1,977
Asset retirement obligations	818	820
Other	41,602	41,304
<b>Total noncurrent liabilities</b>	<b>73,897</b>	<b>73,618</b>
<b>Total liabilities</b>	<b>172,753</b>	<b>169,615</b>



(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	33,940	34,011
Retained earnings	256,852	257,693
Treasury stock	(1,072)	(1,072)
Total shareholders' equity	308,395	309,307
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,566	8,956
Revaluation reserve for land	(3,379)	(3,379)
Foreign currency translation adjustment	658	1,017
Remeasurements of defined benefit plans, net of tax	1,651	1,773
Total valuation and translation adjustments	6,496	8,367
Non-controlling interests	29,000	27,704
Total net assets	343,893	345,379
Total liabilities and net assets	516,647	514,995

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	114,008	121,593
Cost of sales	85,520	91,348
Gross profit	28,488	30,244
Selling, general and administrative expenses	21,306	21,544
Operating income	7,182	8,699
Non-operating income		
Interest income	46	48
Dividends income	217	204
Share of profit of entities accounted for using equity method	157	178
Gain on sales of investment securities	0	27
Dividend income of insurance	245	7
Penalty income	118	151
Other	554	518
Total non-operating income	1,340	1,136
Non-operating expenses		
Interest expenses	426	443
Financing expenses	64	64
Other	152	134
Total non-operating expenses	643	642
Ordinary income	7,878	9,193
Extraordinary income		
Gain on sales of investment securities	0	56
Total extraordinary income	0	56
Extraordinary loss		
Loss on sales of investment securities	0	11
Loss on valuation of investment securities	25	15
Impairment loss	-	55
Total extraordinary loss	25	82
Net income before income taxes	7,852	9,167
Income taxes	3,006	3,556
Net income	4,846	5,610
Net income attributable to non-controlling interests	392	415
Net income attributable to owners of parent	4,454	5,195

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net income	4,846	5,610
Other comprehensive income		
Valuation difference on available-for-sale securities	425	1,399
Foreign currency translation adjustment	113	82
Remeasurements of defined benefit plans, net of tax	46	124
Share of other comprehensive income (loss) of associates accounted for using equity method	224	393
Total other comprehensive income (loss)	809	2,000
Comprehensive income	5,656	7,611
(Contents)		
Comprehensive income attributable to owners of the parent	5,278	7,065
Comprehensive income attributable to non-controlling interests	377	545

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
<b>Cash flows from operating activities</b>		
Net income before income taxes	7,852	9,167
Depreciation and amortization	4,289	4,492
Impairment loss	-	55
Amortization of goodwill	599	779
Increase (decrease) in allowance for doubtful accounts	7	20
Increase (decrease) in net defined benefit liability	386	303
Increase (decrease) in provision for bonuses	(1,026)	(988)
Increase (decrease) in provision for directors' bonuses	(58)	(59)
Interest and dividends income	(264)	(252)
Interest expenses	426	443
Share of loss (profit) of entities accounted for using equity method	(157)	(178)
Loss (gain) on sales of noncurrent assets	(25)	(0)
Loss on retirement of non-current assets	48	54
Loss (gain) on sales of investment securities	(0)	(71)
Loss (gain) on valuation of investment securities	25	15
Loss (gain) on valuation of derivatives	(46)	(86)
Decrease (increase) in notes and accounts receivable -trade	5,305	8,037
Decrease (increase) in inventories	(612)	(828)
Increase (decrease) in notes and accounts payable - trade	(6,123)	(9,187)
Decrease (increase) in net defined benefit asset	(848)	(729)
Decrease (increase) in assets and liabilities for Transportation Security Services	2,579	10,723
Other	(140)	549
Subtotal	12,217	22,258
Interest and dividends income received	798	837
Interest expenses paid	(434)	(452)
Income taxes paid	(5,681)	(4,357)
Income taxes refund	19	-
<b>Cash flows from operating activities</b>	<b>6,917</b>	<b>18,287</b>
<b>Net cash provided by (used in) investing activities</b>		
Decrease (increase) in time deposits	1,220	839
Payments into long-term time deposits	(11)	(5)
Proceeds from withdrawal of long-term time deposits	-	10
Purchase of property, plant and equipment	(3,572)	(2,651)
Proceeds from sales of property, plant and equipment	85	0
Purchase of intangible assets	(741)	(377)
Purchase of investment securities	(414)	(121)
Proceeds from sales of investment securities	175	506
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,365)	-
Decrease (increase) in short-term loans receivable	(6)	(0)
Payments of long-term loans receivable	(8)	(8)
Collection of long-term loans receivable	169	17
Proceeds from refund of leasehold and guarantee deposits	377	29
Other	304	(79)
<b>Net cash provided by (used in) investing activities</b>	<b>(11,787)</b>	<b>(1,839)</b>

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,696	3,678
Proceeds from long-term loans payable	145	120
Repayment of long-term loans payable	(711)	(272)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(1,363)	(1,363)
Cash dividends paid	(4,455)	(4,354)
Cash dividends paid to attributable to non-controlling interests	(648)	(1,771)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(408)	-
Net cash provided by (used in) financing activities	(5,745)	(3,962)
Effect of exchange rate change on cash and cash equivalents	45	61
Net increase (decrease) in cash and cash equivalents	(10,570)	12,546
Cash and cash equivalents at beginning of period	63,644	51,571
Increase in cash and cash equivalents from new consolidation	359	-
Cash and cash equivalents at end of quarter	53,433	64,117

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

(Events or Situations Giving Cause for Serious Doubt Regarding the Premise of a Going Concern)

Not applicable

(Notes on Considerable Changes to Amount of Shareholders' Equity)

Not applicable

(Application of Unique Accounting Processing for Creation of Quarterly Consolidated Financial Statement)

With regards to tax expenditures, a reasonable estimate was made of the effective tax rate following application of tax effect accounting on the income before taxes of the year under review, which includes the consolidated accounting period of 1Q, to make a calculation by multiplying the income before taxes by the estimated effective tax rate.

Note that deferred tax expenses are included in the income taxes.

(Segment Information and Other Related Information)

Segment Information

I Consolidated Cumulative Period of 1Q of Preceding Fiscal Year (From April 1, 2022 to June 30, 2022)

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

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Elimination and corporate (Note 2)	Amount on Consolidated Statements of Income (Note 3)
	Security Services	General Property Management and Fire Protection Services	Long- term Care Services	Total				
Net sales								
Contract proceeds	81,768	8,117	10,409	100,295	1,257	101,553	-	101,553
Construction proceeds	1,391	2,847	4	4,243	0	4,243	-	4,243
Proceeds from sales	6,114	1,993	15	8,123	88	8,212	-	8,212
Revenue generated from contracts with customers	89,274	12,958	10,429	112,662	1,346	114,008	-	114,008
Outside sales	89,274	12,958	10,429	112,662	1,346	114,008	-	114,008
Intersegment sales	5	14	2	22	52	74	(74)	-
Total	89,279	12,972	10,431	112,684	1,399	114,083	(74)	114,008
Income by reportable segment	7,956	908	385	9,249	271	9,520	(2,338)	7,182

Note 1. The Other Services category incorporates operations not included in reportable segments. This segment includes operations such as information security services, as well as PCR testing and food inspection services.

2. The ¥2,338 million deduction to income by reportable segment under eliminations and corporate represents Company-wide expenses that cannot be attributed to any specific reportable segment. These expenses are primarily administrative costs not associated with specific reportable segments.

3. Income by reportable segment has been adjusted for the operating income figure on the Quarter Consolidated Statements of Income.

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

(Significant Impairment Losses Pertaining to Noncurrent Assets)

Not applicable

(Significant Changes in Goodwill Amount)

In the consolidated cumulative period of 1Q, ALSOK Joy Life Co., Ltd. and ALSOK Life Support Co., Ltd. became consolidated subsidiaries, which caused a significant change in the goodwill amount. The resulting increase in goodwill amount is ¥8,556 million. This gain in goodwill is not allocated to specific reportable segments.

(Significant Negative Goodwill)

Not applicable

II Consolidated Cumulative Period of 1Q (From April 1, 2023 to June 30, 2023)

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

	Reportable segments				Other (Note 1)	Total	Elimination and corporate (Note 2)	Amount on Consolidated Statements of Income (Note 3)
	Security Services	General Property Management and Fire Protection Services	Long- term Care Services	Total				
Net sales								
Contract proceeds	83,212	8,755	12,511	104,480	1,179	105,659	-	105,659
Construction proceeds	1,543	4,045	6	5,595	0	5,595	-	5,595
Proceeds from sales	7,614	2,628	20	10,263	74	10,337	-	10,337
Revenue generated from contracts with customers	92,370	15,429	12,538	120,338	1,254	121,593	-	121,593
Outside sales	92,370	15,429	12,538	120,338	1,254	121,593	-	121,593
Intersegment sales	18	64	2	85	26	112	(112)	-
Total	92,388	15,494	12,540	120,423	1,281	121,705	(112)	121,593
Income by reportable segment	9,210	1,200	326	10,737	246	10,984	(2,284)	8,699

Note 1. The Other Services category incorporates operations not included in reportable segments. This segment includes operations such as information security services, as well as PCR testing and food inspection services.

2. The ¥2,284 million deduction to income by reportable segment under eliminations and corporate represents Company-wide expenses that cannot be attributed to any specific reportable segment. These expenses are primarily administrative costs not associated with specific reportable segments.
3. Income by reportable segment has been adjusted for the operating income figure on the Quarterly Consolidated Statements of Income.

2. Change, etc. to reportable segments

In the consolidated cumulative period of 1Q, the Group reviewed its management system with the aim of more accurately grasping the actual operating results of each segment, and changed the method of allocating revenues and expenses to the security business and the General Property Management and Fire Protection Services businesses.

Moreover, figures for the consolidated cumulative period of 1Q of the preceding fiscal year have been restated to reflect the earnings and expense allocation methods in the consolidated cumulative period of 1Q.

3. Information on Impairment Loss and Goodwill in Noncurrent Assets by Reportable Segment  
(Significant Impairment Losses Pertaining to Noncurrent Assets)

There were no impairment losses attributed to reportable segments. The Company generated an impairment loss of ¥55 million not attributed to reportable segments, consisting mainly of ¥31 million on land and ¥23 million on buildings.

(Significant Changes in Goodwill Amount)

Not applicable

(Significant Negative Goodwill)

Not applicable



(Important Subsequent Events)

(Acquisition of treasury stock)

The Company, at the Board of Directors meeting held on July 28, resolved matters regarding the acquisition of treasury stock as outlined below, based on regulations in Article 156 of the Companies Act, adapted in accordance with the regulations of Article 165, Paragraph 3 of the same Act.

1. Reasons for acquisition of treasury stock

This acquisition of treasury stock is connected to the execution of a flexible capital policy supporting changes in the business environment and plays a part in our shareholder return policy.

2. Details about the purchase of treasury stock

(1) Type of stock to be acquired	Shares of common stock
(2) Total number of purchased shares	6,500,000 (maximum)
(3) Amount paid for purchase	¥5,000 million (maximum)
(4) Acquisition period	From August 1, 2023 to November 30, 2023
(5) Acquisition method	Market purchase from the Tokyo Stock Exchange