

SECOM

SECOM REPORT 2023

Year ended March 31, 2023

Profile

SECOM CO., LTD., a pioneer in Japan’s security services industry, was established in 1962. Since then, the Company has sought to create innovative services that benefit society as a whole, in line with its mission of helping achieve a society free from concerns.

Today, SECOM, comprising the parent company and the companies of the SECOM Group, boasts an extensive business portfolio encompassing security services, fire protection services, medical services, insurance services, geospatial information services, business process outsourcing and information and communications technology (BPO and ICT) services, and other services. By striving to create services and systems that deliver safety and peace of mind, as well as make life more comfortable and convenient, SECOM is striving to realize its Social System Industry vision, which describes a framework of distinctive, integrated services and systems.

Operating in an environment characterized by significant upheaval and amplified uncertainties, in 2017 SECOM formulated the SECOM Group’s Vision for 2030 with the aim of accelerating realization of the Social System Industry vision. Guided by this vision, the Company is building the ANSHIN* Platform, a service infrastructure designed to provide peace of mind to people in their everyday lives, as well as to society as a whole. By swiftly and accurately grasping evolving needs and capitalizing on its advanced technologies and extensive know-how, SECOM is working to address social imperatives, positioning it to achieve sustainable growth together with society.

SECOM has also expanded into 16 countries and territories outside Japan. Currently, Group companies extend distinctive SECOM security services, fire protection services, medical services, geospatial information services, and BPO and ICT services customized to reflect local needs and sensibilities. Going forward, SECOM will continue to broaden global awareness of the SECOM brand.

**ANSHIN* is Japanese for “peace of mind.”

SECOM’s Philosophy

SECOM’s Philosophy has been passed down through generations of employees since our establishment and continues to be the driving force behind all we do. This philosophy emphasizes a refusal to be content with the status quo and a commitment to doing what is appropriate. The first element expresses our determination to provide innovative services and systems by challenging accepted norms, while the second means judging the legitimacy of our actions by examining whether they are just, fair and beneficial not only to SECOM but also to society as a whole. We have published SECOM’s Philosophy in the form of a handbook, which has been distributed to employees in Japan and overseas, and continue to capitalize on training and other opportunities to share the philosophy and advance its implementation.



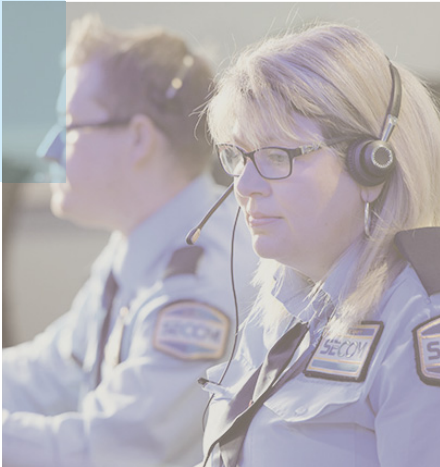
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Corporate Philosophy

Mission

Our role and
raison d’être

We see our mission as being to help achieve **a society free from concerns**. Accordingly, throughout our history we have sought to create services and systems that benefit society as a whole.

Vision

Our ideal view of SECOM
in the future

In 1989, we declared our commitment to **the Social System Industry**. We continue to promote bold initiatives with the aim of realizing this vision.

Our Social System Industry vision describes a framework of innovative and integrated services and systems that deliver safety and peace of mind, as well as make life more comfortable and convenient, whenever and wherever necessary, for anyone and everyone.

Values

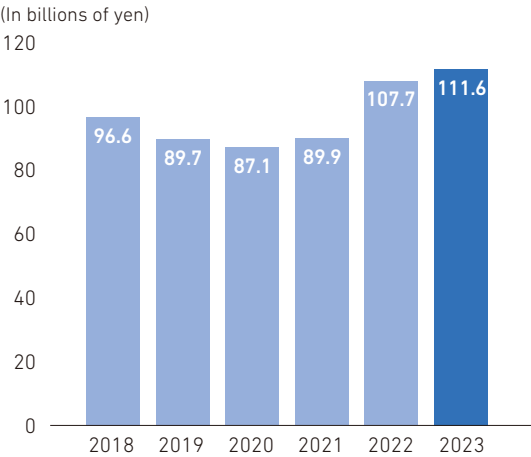
Our shared beliefs
and guiding principles

Since our establishment, we have adhered to SECOM’s Philosophy, which emphasizes contributing to society through our business activities. Ideas and principles of conduct, including this philosophy, which are shared by all employees, guide everything we do and have nurtured **a uniquely SECOM identity** that remains crucial to our ability to achieve our mission.

U.S. GAAP				
SECOM CO., LTD. and Subsidiaries For the years ended/as of March 31	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2023	2022	2021	2023
Net sales and operating revenue	¥1,227,316	¥1,166,098	¥1,135,339	\$ 9,159,075
Operating income	145,552	156,402	135,809	1,086,209
Net income attributable to SECOM CO., LTD.	111,558	107,731	89,913	832,522
Total assets	2,277,379	2,183,466	2,137,806	16,995,365
Total SECOM CO., LTD. shareholders' equity	1,267,205	1,209,512	1,142,323	9,456,755
Per share of common stock:	In yen			In U.S. dollars
Net income attributable to SECOM CO., LTD.	¥ 516.68	¥ 492.83	¥ 411.95	\$ 3.86
Cash dividends	180.00	175.00	170.00	1.34
(Interim dividend)	90.00	90.00	85.00	0.67
SECOM CO., LTD. shareholders' equity	5,906.70	5,546.11	5,233.74	44.08

Notes: 1. Yen amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the approximate rate of ¥134=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2023.
2. Net income attributable to SECOM CO., LTD. per share of common stock is based on the average number of shares outstanding during each period, less treasury stock.
3. SECOM CO., LTD. shareholders' equity per share of common stock is based on the number of shares outstanding at the end of each period, less treasury stock.
4. Cash dividends per share of common stock are based on dividends approved and paid in each fiscal year. At the general shareholders' meeting held on June 27, 2023, approval was granted for a proposal to pay a year-end dividend of ¥95.00 for the year ended March 31, 2023.

Net income attributable to SECOM CO., LTD.
(U.S. GAAP)



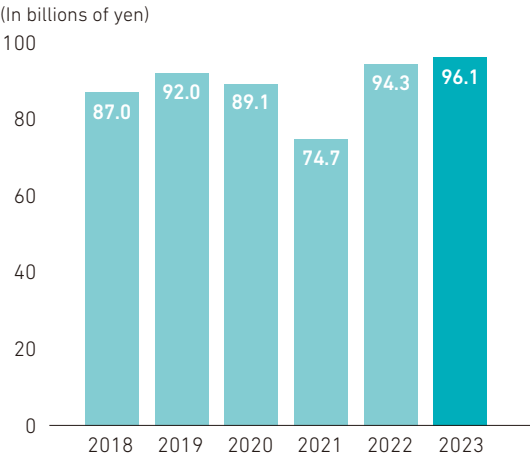
Note: In the fiscal year ended March 31, 2023, net income attributable to SECOM CO., LTD., advanced ¥3.8 billion, to ¥111.6 billion. This was despite a decline in operating income—owing to the fact that the security services and fire protection segments benefited from comparatively profitable projects in the preceding period, as well as to investments in growth, primarily in the security services segment; an increase in losses due to natural disasters in the insurance services segment; and an elevated fuel cost adjustment unit price in the BPO and ICT segment—and reflected increases in gain on private equity investments and equity in net income of affiliated companies.
In the year ended March 31, 2022, net income attributable to SECOM CO., LTD., advanced ¥17.8 billion, to ¥107.7 billion. The principal factor behind this result was higher operating income. This was due to increases in net sales and operating revenue, and in operating income, in three segments. Higher results in the security services segment were underpinned by increases for electronic security services in Japan and overseas and for static security guard services. The fire protection services segment benefited from a concentration of profitable projects during the period. The medical services segment was bolstered by improvements in the earnings of partner hospitals in Japan and a general hospital in India.
In the year ended March 31, 2021, net income attributable to SECOM CO., LTD., advanced ¥2.8 billion, to ¥89.9 billion, notwithstanding the negative impact of COVID-19 in certain areas. This reflected an increase in operating income, which was bolstered by favorable results in the insurance services, BPO and ICT services, and geospatial information services segments, as well as a gain on other-than-temporary impairment of investment securities, compared with a loss in the previous fiscal year.

Pursuant to the applicable Japanese law, SECOM is required to publish results in line with accounting principles generally accepted in Japan (Japanese GAAP). Key financial highlights calculated using Japanese GAAP are shown below for reference.

Japanese GAAP				
SECOM CO., LTD. and Subsidiaries For the years ended/as of March 31	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2023	2022	2021	2023
Revenue	¥1,101,307	¥1,049,859	¥1,035,898	\$ 8,218,709
Operating profit	136,700	143,499	136,925	1,020,149
Ordinary profit	156,124	153,186	138,990	1,165,104
Net income attributable to owners of the parent	96,085	94,273	74,681	717,052
Total assets	1,989,062	1,907,755	1,864,179	14,843,746
Total net assets	1,316,047	1,256,036	1,229,824	9,821,246
Per share of common stock:	In yen			In U.S. dollars
Net income	¥ 445.02	¥ 431.27	¥ 342.17	\$ 3.32
Cash dividends	185.00	180.00	170.00	1.38
(Interim dividend)	90.00	90.00	85.00	0.67
Net assets	5,427.63	5,147.30	4,958.18	40.50

Note: Cash dividends per share of common stock are based on dividends the record dates for which fall in each fiscal year. The consolidated dividend payout ratio for the year ended March 31, 2023, was 41.6%.

Net income attributable to owners of the parent
(Japanese GAAP)





Consolidated operating results

The Japanese economy showed signs of a gradual recovery in the fiscal year ended March 31, 2023. While economic and social activity gradually returned to normal and improvements were seen in corporate earnings and private-sector consumption, among others, as people gradually adapted to the post-COVID-19 “new normal,” downside economic risks, including those associated with the current unstable global situation, supply side constraints, rising prices and tightening monetary policy around the world, as well as fluctuations in financial and capital markets, continued to warrant attention.

Against this backdrop, we pressed forward with efforts to achieve the SECOM Group’s Vision for 2030, formulated with the aim of realizing our Social System Industry vision, which seeks to deliver safety and peace of mind, as well as to make life more comfortable and convenient. These focused on extending meticulously tailored, seamless services that respond to the diverse and sophisticated needs of customers.

Highlights of the period

Guided by our goal of delivering safety and peace of mind, as well as making life more comfortable and convenient, we promoted a variety of initiatives in our various businesses in the period under review. In June 2022, autonomous security robot cocobo began operating at Narita International Airport. Cocobo was also honored with multiple awards, including a

Consolidated net sales and operating revenue for the period under review amounted to ¥1,227.3 billion, up 5.2%, or ¥61.2 billion, owing to contributions from Senon Ltd., which became a consolidated subsidiary in July 2022, and to increases in all segments except fire protection services. Operating income declined 6.9%, or ¥10.9 billion, to ¥145.6 billion, owing to the fact that the security services and fire protection services segments benefitted from comparatively profitable projects in the preceding period, as well as to investments in growth, primarily in the security services segment, an increase in losses due to natural disasters in the insurance services segment and an elevated fuel cost adjustment unit price in the BPO and ICT services segment. Net income attributable to SECOM CO., LTD., rose 3.6%, or ¥3.8 billion, to ¥111.6 billion, reflecting factors such as increases in gain on private equity investments and equity in net income of affiliated companies.

GOOD DESIGN AWARD, an annual evaluation and recommendation program in Japan that acknowledges outstanding examples of industrial design, underscoring the acclaim it has earned. In July, Senon, a leader in the provision of airport security services, joined the SECOM Group. The same month, we launched System Security

AZ-Air, a security system for small and medium-sized commercial facilities and offices. In April 2023, we introduced *anone*, a communication and conversation service for seniors that uses a robot. We also responded to increasingly diverse customer needs by launching YORISOS, an emergency alert and daily health management app that can be linked to the Apple Watch’s fall detection feature to notify SECOM should a fall be detected.

Overseas, we continued to focus on Association of Southeast Asian Nations (ASEAN) member states, which are expected to continue seeing economic growth, promoting the introduction of services customized to reflect local market needs, including an interactive security system that links with smartphones. In February 2023, Turkish subsidiary Secom Aktif Guvenlik Yatirim A.S. provided relief supplies and took part in rescue efforts in the wake of the major earthquake that struck the south of that country.

We also pushed ahead with efforts to enhance our sustainability program, which strives to contribute to

sustainable growth for society and to improve corporate value by addressing key related challenges. In December 2022, we earned the top rating in the climate change disclosure program run by the CDP, an international not-for-profit environmental organization, making the Climate Change A List and earning a place on the Supplier Engagement Leaderboard for the third consecutive year.

During the period, we proceeded with the implementation of strategies in line with the SECOM Group Road Map 2022, developed with the aim of ensuring achievement of the SECOM Group’s Vision for 2030. With some pandemic-related restrictions on business activities remaining in place, inflation and attendant cost surges, together with necessary investments in growth and a second consecutive annual base salary increase implemented to bolster employee motivation, meant that we fell short of the road map’s consolidated operating profit target. Nonetheless, we did make steady progress, posting record-high consolidated revenue.

SECOM Group Road Map 2022: A look back

Over the five years of the SECOM Group Road Map 2022, which was devised in May 2018 and concluded in the period under review, we positioned responding to technological advances and a declining labor force as priority challenges and worked actively to keep abreast of rising needs related to these issues, which we saw as likely to yield significant business opportunities. To ensure achievement of the SECOM Group’s Vision for 2030, we also promoted crucial investments with a medium- to long-term perspective, including concentrated investments in people and systems.

With artificial intelligence (AI), the Internet of Things (IoT), 5G mobile communications and other advanced technologies continuing to evolve at an astounding pace, the security services industry, which is expected to benefit greatly from such progress, has entered an era of transformation. Recognizing that making the most of this opportunity to evolve our businesses will require capabilities and a sense of urgency on an entirely different level, we strove to enhance our R&D system by, for example, promoting open innovation, which allows us to leverage the knowledge and expertise of various partners, in addition to proprietary SECOM technologies.

The spread of COVID-19 had a major impact on all facets of life, including by restricting business activities. At the same time, new business practices and patterns of consumption took hold as the world moved online, accelerating digital transformation (DX) in all aspects of life. One consequence of this is the emergence of new needs for, among others, services that support minimally staffed and unattended retail facilities, employee attendance

management services that accommodate work style reforms, information security improvement and document digitalization services, and monitoring services that help protect elderly parents and other family members, which we took decisive steps to address. We also promoted various investments—including to boost the capacity of our core system, which is critical to our on-line security systems—that enabled us to respond flexibly to these and other new needs, as well as technological change.

In the area of on-line security systems for commercial facilities, the core of our commercial security services business, we developed and actively promoted System Security AZ, which offers excellent scalability that allows its expansion to include, for example, facility control and employee attendance management. In addition to reinforcing and expanding the added value of System Security AZ by adding human resources tech, among others, we strengthened our sales and service systems by assigning human resources with increasingly critical ICT-related knowledge and skills to all regions of Japan, thereby improving the IT literacy and proposal development capabilities of sales staff.

Looking ahead, we will continue to promote System Security AZ as our mainstay on-line commercial security system, capitalizing on its scalability to introduce various new services that add value. To encourage broad adoption of these new value-adding services, we will not only strive to attract new subscribers but also advance a project designed to replace existing subscribers’ currently installed equipment with up-to-date models. Through such efforts,

we will look to increase the percentage of our on-line commercial security system subscribers using System Security AZ.

In home security services, pandemic restrictions on movement made it difficult for people living any distance away to return to their family home, exacerbating the need for assistance in monitoring seniors. We stepped up advertising and publicity activities, highlighting our home security systems, whereby we keep an eye on elderly parents around the clock on behalf of family members living apart and dispatch emergency response personnel from the nearest SECOM emergency depot if required, which succeeded in bolstering the market's awareness of SECOM Home Security as a monitoring solution. We also responded to varied needs by launching a variety of meticulously tailored optional services for SECOM Home Security subscribers, including cloud-based services, and improving user convenience through enhanced connectivity with Apple Watch.

We worked to expand our operations overseas through both organic growth in countries and territories where we currently operate, as well as through M&As, including in new markets, with the objective of boosting revenue generated in markets outside Japan to 10% of the consolidated total, from the current 5%. To this end, as part of the concentrated investments to reinforce human resources called for under the SECOM Group Road Map 2022 we increased hiring of management staff with superior international business skills who share SECOM's principles and philosophies. We also resolved to revamp our service and product lineups from the bottom up with the goal of moving away from our traditional focus on Japanese companies to target local customers as a full-fledged participant in local markets. Our first move was to introduce a highly convenient and scalable cloud-based on-line security system in Thailand, where economic growth has given rise to a burgeoning middle class, leveraging results subsequently by, among others, broadening deployment to other regions. Also in Thailand, we kicked off our first overseas promotional effort, centered on television advertisements, which led to a dramatic rise in inquiries from potential local customers, as well as significant concrete benefits, including improved motivation on the part of local staff and a significant rise in applicants for employment. In addition, we secured major orders for products and system installation projects in multiple other overseas markets, including Singapore, the United Kingdom and Australia, that fortified our local presence. Other moves included acquiring on-line security systems companies in Malaysia, Singapore and Hong Kong, and establishing a new business development project to further advance business alliances and M&As overseas.

In the BPO and ICT services segment, we continued to respond to the ever-increasing demand for vital infrastructure amid labor shortages and the proliferation of DX. In the area

of data center services, we opened data centers not only in Tokyo, but also in the Kansai area, in western Japan, and in several smaller regional cities, taking advantage of low latency and highly reliable connectivity with the megacloud, and opened access points, which simplify connectivity to cloud service providers, in key cities across the country, the first step in a plan to build a nationwide platform with a view to expanding our edge data center business. In ICT services, we built and operated IT systems, enabling us to support the digitalization of customers' operations, as well as to commence sales of new products that offer greater efficiency and safety. In BPO services, with demand driven by COVID-19 appearing to flag but that for outsourcing services flourishing, we established new contact centers and other service facilities in multiple locations.

On another front, operating conditions encouraged us to review our business portfolio and take steps to optimize the SECOM Group. Key among these were the divestiture of a consolidated real estate development and sales subsidiary and the transformation of listed subsidiary Secom Joshinetsu Co., Ltd., into a wholly owned subsidiary. We also acquired Senon, a move aimed at elevating our presence in the market for security services for airports and other major infrastructure, as well as for large-scale facilities, and increasing productivity in the security services business.

To enhance productivity Groupwide, we began working to replace existing in-house business systems that have undergone repeated modifications over many years. This followed a thorough review of the substance of work performed and processes used by each individual department, as well as efforts to revamp administrative rules and promote multitasking among related departments. This is a massive, ongoing undertaking requiring considerable time to consider a broad range of factors, but we made steady progress.

The five years of the SECOM Road Map 2022 brought momentous socioenvironmental changes. Particularly notable, of course, were the pandemic and rapid inflation. Nonetheless, thanks to various initiatives, we reported record-high consolidated operating profit in the fiscal year ended March 31, 2022. In the fiscal year ended March 31, 2023, the plan's final year, we saw key challenges—including improving employee engagement, promoting open innovation and making additional investments to solidify our operating foundation—take on greater urgency to ensure our achievement of the SECOM Group's Vision for 2030, prompting us to focus on decisive related initiatives. One consequence of this was that we fell short of the road map's ultimate consolidated operating profit target. However, we are confident that the accumulated benefits of initiatives implemented under this road map, particularly in the security services business, which is undergoing great change, will help accelerate growth in the years ahead.



SECOM Group Road Map 2027: The path forward

In May 2023, we announced the SECOM Group Road Map 2027, which clarifies our direction through to the fiscal year ending March 31, 2028. This road map sets forth five core strategies for growing and enhancing our operations as we work to achieve the SECOM Group's Vision for 2030: Expand monitoring and security services, strengthen overseas operations, reinforce BPO and ICT services, improve productivity and reward stakeholders.

Initiatives to expand monitoring and security services will emphasize realizing seamless protection by linking diverse information in the *Mimamori** Cloud and creating security-focused services and solutions by, among others, creating highly convenient offerings that combine robust SECOM security services and open cloud services.

* *Mimamori* is Japanese for "monitoring."

To strengthen overseas operations, we will seek to realize further growth in promising overseas markets. Accordingly, we will augment existing businesses by broadening offerings that meet individual market needs, as well as enter untapped markets and create new growth models.

With the aim of reinforcing BPO and ICT services, we will focus on creating business infrastructures and offering services that provide digital support for customers' operations. These will include continuing to bolster our data centers, network, Software as a Service (SaaS) solutions and BPO services.

To improve productivity, in addition to business expansion we will take steps to maximize our service value. We will also leverage the latest technologies to help employees demonstrate their full potential and boost our operational efficiency.

In addition to the ongoing efforts to provide services that earn customer satisfaction and increase returns to shareholders, we will seek to reward stakeholders by promoting investments to secure and foster human resources and stepping up the creation of workplaces that enable each employee to capitalize on their individuality and fully exercise their capabilities. We will also strive to consistently earn the trust of society by actively incorporating sustainability perspectives into management decisions and business standards to accelerate our achievement of sustainable management.

Guided by the SECOM Group Road Map 2027, we will take advantage of our advanced technologies and extensive know-how to address social imperatives and enhance corporate value, positioning us to achieve sustainable growth together with society. Expect great things from SECOM going forward! (For more information on the SECOM Group Road Map 2027, please see pages 14–19.)

Sustainable management

More than ever before, growing sustainably together with society requires that we conduct our operations in a balanced manner, taking into account all of our various stakeholders, that is, our shareholders, customers, employees, business partners and local communities. Reflecting our desire to continue to earn the trust of society, that is, of our stakeholders, we will expedite the integration of management and sustainability strategies under the SECOM Group Road Map 2027. In terms of efforts to date, in

December 2021, we formulated the SECOM Group Basic Sustainability Policy. Having identified material sustainability issues, in October 2022 we formulated related key goal indicators (KGIs) and key performance indicators (KPIs), toward the attainment of which we are promoting a variety of initiatives. We will periodically evaluate our progress and publicize our findings with the aim of encouraging improvement.



» Reinforcing corporate governance

Scrupulous corporate governance is vital to earning the trust of society and bringing our abilities into full play. We are working to strengthen our corporate governance system to improve the transparency and objectivity of management.

Our Board of Directors, which currently has five inside and three outside directors, engages in active discussion. As part of our effort to enhance corporate value over the medium to long term, we are currently considering increasing the diversity of the Board's composition, including by raising the proportion of outside directors and the number of female directors.

Remuneration for directors (excluding outside directors) has to date comprised fixed monthly salary, bonuses and share-based remuneration, with a relative proportion of approximately 80:15:5. We recently resolved to increase the proportion of share-based remuneration to further encourage management that takes a shareholder perspective and emphasized the improvement of corporate value, as a result of which the relative proportion going forward will be 65:15:20. Regarding the method we use to determine bonuses paid to these directors, which are performance-linked, we resolved to give comprehensive consideration to operating profit, earnings per share and employee engagement (employee satisfaction)—key management targets—and to make decisions based on level of achievement of these key management targets.

In June 2023, an outside director was appointed to chair our Nomination and Compensation Committee, established as a discretionary committee of the Board of Directors, to further bolster objectivity and transparency. Looking ahead, we will work to further strengthen our pipeline of candidates for appointment to management positions by debating succession plans.

We hold listed shares for strategic purposes, primarily from a business perspective. The Board of Directors continues to verify the appropriateness of holdings annually. If a holding's appropriateness is judged insufficient, it will be targeted for reduction through the sale of shares.

» Human resources strategy

Our ability to provide high-grade services that earn the satisfaction of customers depends on continuing to secure and foster human resources, and on making it possible for every employee to fully exercise their abilities. To this end, employees must be motivated to work at SECOM and feel job satisfaction. Our human resources strategy thus focuses on enhancing employee engagement and promoting diversity.

We recognize that optimizing the workloads of the front-line employees is essential to our security services business and that improving their terms of employment, including remuneration, is indispensable to better employee engagement. Over the past several years, we have addressed raising productivity, necessary to optimize front-line workloads, as a priority challenge. In the period under review, we implemented a second consecutive annual base salary increase, viewing such outlays as investments in sustainable growth, rather than as expenses, and as a necessity in light of recent socioeconomic conditions. Looking ahead, we will continue to boost returns to employees in a manner that takes socioeconomic factors into consideration. Additionally, to encourage employees' efforts to build assets, and to approach their work with a perspective similar to that of management and investors, we have introduced a benefit plan that grants common stock shares as restricted stock to all employees of the parent company, as well as to employees of certain SECOM Group companies, or approximately 23,000 individuals in total. In March 2024, eligible employees and executive officers will be allotted 25 shares and 50 shares, respectively, to be facilitated by the disposal of treasury stock. This is expected to result in the accumulation of 100 shares for each employee and 200 shares for each executive officer over the next four years. We are confident that these and other efforts to optimize workloads and improve terms of employment for employees will underpin efforts to attract and retain human resources, thereby effectively enhancing our team of employees, which are our most important management resource.

As part of our commitment to promoting diversity, we aim to boost the proportion of management-level positions occupied by women to at least 30% by the fiscal year ending March 31, 2031. To achieve this target, we are focusing on expanding the scope of jobs available to women and actively promoting female employees, as well as on fostering female leaders. We have appointed a number of women to management positions in the home security services business' sales departments and administrative offices. In April 2023, we appointed female employees to the position of manager at security services offices, a move that had long been under consideration.

In a move aimed at expediting the expansion of our operations overseas, in October 2022 we formulated the SECOM Group Human Rights Policy to underpin our efforts to address human rights issues, a global challenge, as well as to ensure we remain an organization that is trusted by society by clarifying our stance as an organization that meets its obligations with respect to human rights.

By continuing to enhance employee engagement, encourage work-life balance, and promote diversity and inclusion, we will strive to bolster the capabilities of our human resources, realize a varied labor force and contribute to the spiritual affluence and well-being of society.

Financial strategies

The SECOM Group Road Map 2027 outlines four financial targets for the fiscal year ending March 31, 2028: Consolidated revenue of at least ¥1,250.0 billion, operating profit of between ¥160.0 billion and ¥180.0 billion, a dividend payout ratio of around 45%, and a return on equity (ROE) of 10%. (Targets are based on Japanese GAAP.)

» Capital management

Our philosophy for the allocation of cash is to earmark cash on hand and cash generated by our portfolio of stable recurring revenue-based businesses, notably on-line security systems, for investments in growth, operating funds and returns to shareholders. With the security services industry in an era of transformation, guaranteeing future growth will require critical investments going forward. Accordingly, our current emphasis is on investments in growth. Recognizing the effective use of cash as a critical management issue, and that investments in growth are a growth driver that enhances corporate value but can at the same time be challenging, our policy is to fund these particular investments from equity, although ensuring the optimal allocation of cash remains a priority.

Operating funds are the funds needed to ensure our ability to provide services without interruption, regardless of changes in the operating environment, thereby fulfilling our responsibility to deliver safety and peace of mind. SECOM Group companies differ in terms of working capital and capital investment needed to guarantee business continuity. Because risk levels for these companies vary depending on the nature of their businesses, this is also taken into account in determining the appropriate level of operating funds.

Regarding returns to shareholders, we ensure the steady and continuous distribution of growing consolidated income as dividends, in line with our dividend payout ratio target, which under the SECOM Group Road Map 2022 was between 40% and 45% and under the SECOM Group Road Map 2027

has been amended to around 45%. In the fiscal year ended March 31, 2023, dividends for the full term—the record dates for which fall during the period—amounted to ¥185.00, an increase of ¥5.00 from the previous fiscal year. Looking ahead, we will continue to promote flexible share buybacks while paying careful heed to such factors as our cash position, the scale and timing of investments in growth, and trends in share prices. We recently repurchased our own shares between February and June 2022 and February and May 2023, with total repurchase prices of approximately ¥30 billion and ¥25 billion, respectively. We resolved to implement a second buyback this term—between August and December 2023—which will have a total repurchase price of ¥30 billion.

We maintain high credit ratings from key ratings agencies (AA+ from Japan Credit Rating Agency, Ltd. (JCR) and AA from Rating and Investment Information, Inc. (R&I)), evidence that our capital strategies are considered agile.

» Investments in growth

In addition to our rapidly evolving security services business, we are promoting investments in other promising areas, including the BPO and ICT services business. We are confident that such investments will accelerate our growth in the years ahead and will continue to proactively seek out appropriate targets while keeping a close eye on capital costs. For investments through M&As, we target companies both in Japan and overseas that will strengthen and add value to our on-line security systems, or broaden our BPO and ICT services, including in such areas as SaaS and health tech. In 2023, we invested in ARTERIA Networks Corporation in Japan, which we followed with Eagle Eye Networks, Inc., and Brivo, Inc. in the United States. Capital investments during the period focused on reinforcing our internal networks to boost productivity, expanding our data centers to meet growing demand and building a second hospital in India.

» Improving capital efficiency

Our target for ROE in the SECOM Group Road Map 2022 was 8%-plus, but in the SECOM Group Road Map 2027 we lifted this to 10%. To reach this target, we will take steps to lift profit levels and control capital. Through organic growth attained through the implementation of core strategies, as well as through M&As and other investments in growth, we will strive to achieve our target for consolidated operating profit in the plan's final year, that is, the fiscal year ending

Ensuring reliable growth

We are confident that security-related needs will remain firm, owing to incipient demand for monitoring services and worsening perceptions of public safety. Nonetheless, operating conditions remain uncertain. Amid the persistent tightening of monetary policy worldwide, downside risks continue to demand attention, including those associated with the possibility that downturns overseas will exert downward pressure on the Japanese economy, as well as with persistent supply side constraints, rising prices, and fluctuations in financial and capital markets. In the fiscal year ending March 31, 2024, we also expect advance investments in, among others, initiatives aimed at boosting productivity, promotions in overseas markets and salary increases, as well as a one-time increase in communications-related outlays, to push up costs.

We have worked hard to absorb the impact of cost increases. However, in August 2023 we were forced to raise subscription fees for SECOM Home Security systems to reflect a sharp surge in costs attributable to labor shortages. In data center services, to mitigate volatility in electricity costs, which significantly impact our operating performance we are amending service contracts to incorporate a billing format that reflects changes in electricity costs. We also expect to begin seeing the positive impact of the various investments and initiatives we have made to date.

Advanced technologies have found practical uses amid significant changes in our operating environment, including a declining birthrate, the aging of Japan's population and labor shortages. These issues, together with the post-pandemic "new normal," are revolutionizing the security services business. We see this as the perfect opportunity for us to hasten growth and secure an unassailable market position by creating new value. To make the most of this opportunity, we recognize that we must tirelessly seek out excellent investments in growth. These include investments not only in facilities and M&As, but also to secure superior human resources and enhance employee engagement. We are confident that this management approach will position us to increase benefits for both ourselves and our stakeholders, underpinning greater corporate value. We

March 31, 2028, of between ¥160.0 billion and ¥180.0 billion. To achieve an ROE of 10%, we will also conduct share buybacks in a timely manner.

We continue to explore ways to make effective use of treasury stock, which has increased as a result of recent share buybacks. In the period under review, we introduced a system for disposing of treasury stock as restricted stock for the purpose of enhancing employee engagement.

believe that this, plus active efforts to addressing environmental, social and governance (ESG)-related issues, will improve our sustainability and enable us to fulfill our mission, unchanged since our founding, of realizing a society free from concerns.

Recent years have given us reason to feel the weight of our responsibility to our stakeholders more than ever before. I remain humbled that I have been entrusted with the management of SECOM at this extraordinary time. I hope that you, our stakeholders, will continue to expect great things from SECOM. In all of our endeavors, I look forward to your ongoing support and guidance.

August 9, 2023

Ichiro Ozeki

President and Representative Director

In Memoriam



Makoto Iida

Career Highlights

- July 1962
President and Representative Director (Founder)
- February 1976
Chairman and Representative Director
- June 1997
Supreme Advisor and Director
- June 2022
Founder and Advisor

Honor

- January 2023
Order of the Rising Sun, Gold and Silver Star, Junior Fourth Rank

SECOM Founder and Advisor Makoto Iida passed away on January 7, 2023, at the age of 89.

Makoto Iida cofounded Japan's first security services company, Nihon Keibi Hoshō (today's SECOM), with the late Juichi Toda, a friend since university, in July 1962. In an era when water, air and safety were thought of as being free, launching a business centered on security services was a challenging proposition. Under their leadership, the Company won the contract to provide security for the athletes' village at the first Tokyo Olympics in 1964, an achievement that would serve as a catalyst for the Company's subsequent growth. In 1966, the Company developed and marketed Japan's first on-line commercial security system, laying the foundation for its evolution as a provider of security services nationwide.

Iida also served as the first chairman of the All Japan Security Service Association from its inauguration in 1980 through to 2002. Today, Japan's security services industry includes more than 10,000 security services companies employing approximately 600,000 security guards and generating annual sales of around ¥3.5 trillion.

Insights articulated by Iida have been handed down throughout the SECOM organization and to all employees since SECOM's founding, underpinning daily efforts to deliver safety and peace of mind and serving as a compass for the Company's operations. We are forever grateful for his guidance and for the solicitude he showed everyone he encountered. As the heirs to his dream of realizing a society free from concerns, we pledge to continue working to drive the Company's growth and evolution and contribute to the betterment of society.



Helping provide security services for the Tokyo Olympics in 1964



With cofounder Juichi Toda (left) in 1967



Celebrating the launch of a computerized on-line security system in 1975 (center)



Speaking at a meeting of the All Japan Security Service Association in 1999

Delivering enduring peace of mind in an ever-changing society

Creating the ANSHIN Platform: Providing Tailored Services that Deliver Seamless Peace of Mind

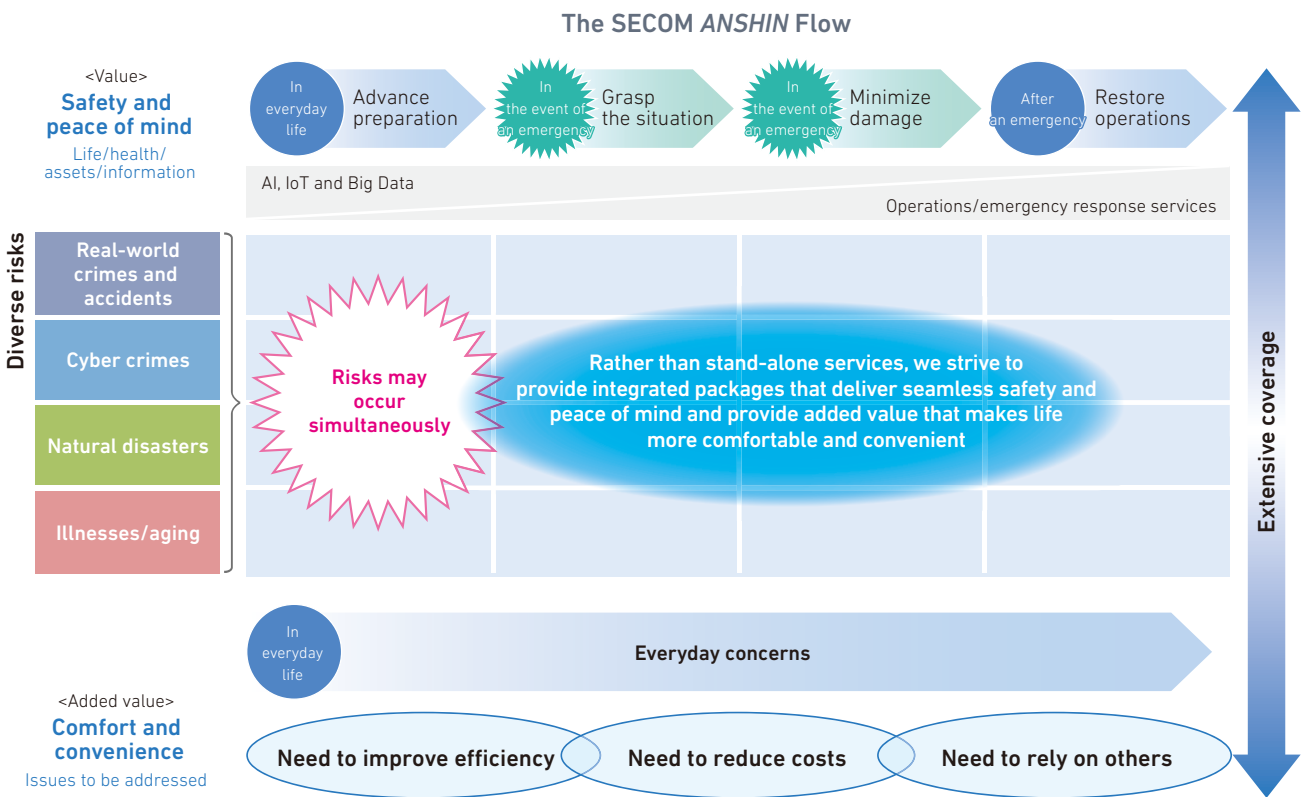
In keeping with our mission, which is to help achieve a society free from concerns, we strive always to provide reliable peace of mind that is trusted by society. Given the increasingly complex and intertwined natures of social imperatives, individual needs regarding safety and peace of mind are becoming more diverse.

In May 2017, we formulated the SECOM Group's Vision for 2030 to clarify our strategic direction through to 2030 as we accelerate efforts to achieve our Social System Industry vision. Guided by the SECOM Group's Vision for 2030, we are working to create the ANSHIN Platform, a service infrastructure through which we strive to provide tailored services that deliver seamless peace of mind. Anchored in the relationship of trust we have cultivated with society, the ANSHIN Platform seeks to help achieve a society free from

concerns through collaboration with partners in industry, government and academia who share our mission and who bring together diverse technologies and expertise. By "seamless," we mean enduring peace of mind for anyone and everyone, whenever and wherever necessary.

Society faces significant risks associated with crimes, accidents, cyber crimes, natural disasters, illnesses and aging. In addition to routine advance preparation, we assist customers in the event of an incident to accurately grasp the situation and minimize damage, as well as after an incident to ensure the swift restoration of operations. In line with this four-pronged concept, which we call the SECOM ANSHIN Flow, we continue to expand and enhance our services and systems.

The ANSHIN Platform Service Infrastructure

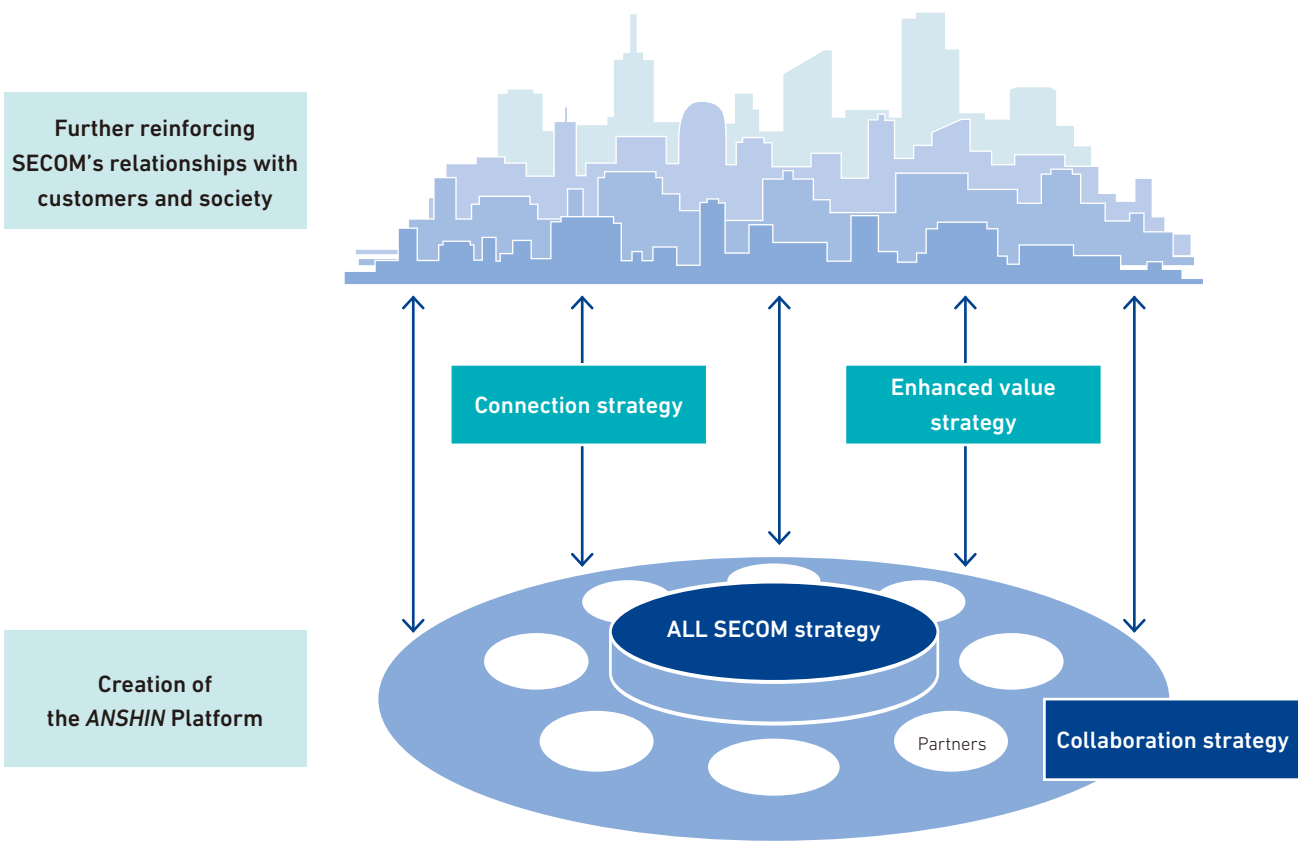


Strategies for creating the ANSHIN Platform

To create the ANSHIN Platform, we are currently promoting initiatives in line with four strategies. The "ALL SECOM" strategy, which focuses on rallying SECOM Group strengths to maximize synergies. Through our "Collaboration" strategy, we are promoting open innovation with the aim of creating new value. Our "Connection" strategy emphasizes leveraging Big Data analysis, which makes use of advanced information technologies, to respond to latent needs and strengthen our relationships with customers. Our "Enhanced value" strategy revolves around adding greater value to services that make

life more comfortable and convenient, thereby accelerating the realization of services and systems that respond to increasingly diverse needs.

To address increasing needs for peace of mind in overseas markets, we will capitalize on know-how cultivated in Japan to develop services tailored to regional characteristics. Through such efforts, we will promote recognition of the SECOM brand and seek to establish ANSHIN as a universally recognized term.



Review of the SECOM Group Road Map 2022

From the fiscal year ended March 31, 2019 through the fiscal year ended March 31, 2023, we promoted initiatives in line with the SECOM Group Road Map 2022 aimed at ensuring realization of the SECOM Group's Vision for 2030. Having positioned responding to technological advances and a declining labor force as priority challenges, we promoted crucial investments expected to yield appropriate returns over the medium to long term—including concentrated investments in people and systems—and worked actively to keep abreast of rising needs related to these issues, which we saw as likely to yield major business opportunities. Key achievements over the road map's five years enabled us to establish a solid foundation for growth going forward.

Of particular note, we launched the new System Security AZ series of platform-like security systems for commercial facilities that provide all-in-one protection against crimes and fires, as well as a variety of other functions. We also worked to reinforce our human resources technology services, which are highly compatible with commercial security services, and reinforced collaborative capabilities. As options for SECOM Home Security subscribers, we began providing the cloud-based SECOM Monitoring Service for Seniors, which uses a dedicated app. In addition, we took steps to strengthen SECOM Home Security's connectivity with third-party devices, including apps for Apple Watch and iPhone that deliver enhanced convenience.

Overseas, in 2019 we began offering security services in Turkey and established the ASEAN Innovation Center in Thailand, where we are striving to establish a full-fledged business firmly rooted in the local community by, among others, devising systems that respond to market needs, and kicking off a local advertising and publicity campaign.

Investments in our people, an important focus, included enhancing returns to employees, including by raising base salaries, and creating work environments conducive to job satisfaction with the objective of improving employee engagement.

We also sought to optimize our business portfolio. In November 2021, we transformed listed subsidiary Secom Joshinetsu into a wholly owned subsidiary. To expand the scale of our security services business, in July 2022 security services company Senon joined the SECOM Group.

Initiatives under the SECOM Group Road Map 2022—notably the introduction of new services, centered on security and monitoring services in Japan, security services overseas, and BPO and ICT services, as well as a variety of measures implemented in-house—thus accelerated the creation of a foundation for future growth.

Formulation of the SECOM Group Road Map 2027

In May 2023, we formulated the SECOM Group Road Map 2027 with the intention of sharing our direction over the next five years with our stakeholders. Together with extraordinary socioenvironmental changes, recent years have brought remarkable technological advances. At the same time, in Japan a declining labor force, the aging of society and worsening perceptions of public safety have taken on greater urgency, while issues such as increasingly frequent and severe natural disasters, together with advancing global inflation, are becoming more and more acute.

We are committed to accurately identifying needs arising from these circumstances, and will continue to promote open innovation, collaborating with a broad range of partners to offer innovative services that deliver safety and peace of mind to customers whatever the situation. At the same time, we will work to address social imperatives, positioning us to achieve sustainable growth together with society.

SECOM Group Road Map 2027: Core strategies

Guided by the SECOM Group Road Map 2027, we will capitalize on our advanced technologies and extensive know-how to further promote five core strategies aimed at ensuring our ability to deliver safety and peace of mind in all situations.

Road Map 2027—Capitalize on advanced technologies and extensive know-how to deliver safety and peace of mind in all situations

Core strategies	Key initiatives
Expand monitoring and security services	Provide innovative security-focused services and solutions <ul style="list-style-type: none">Realize seamless protection by linking diverse information in the <i>Mimamori</i> ("Monitoring") CloudCreate a business infrastructure that combines robust security and an open cloud
Strengthen overseas operations	Realize further growth in promising overseas markets <ul style="list-style-type: none">Add depth to existing security services and medical services businessesCultivate new business portfolios in new overseas markets and new business areas
Reinforce BPO and ICT services	Create an infrastructure that supports customers' operations <ul style="list-style-type: none">Enhance service infrastructure by establishing new data centers and expanding networkExpand solutions to assist customers in ensuring smooth operations and provide effective BPO services
Improve productivity	Enhance productivity by maximizing service value and improving operational efficiency <ul style="list-style-type: none">Implement initiatives that facilitate the provision of a steady stream of new services and maximize service valueLeverage the latest technologies to help employees reach their full potential and improve operational efficiency
Reward stakeholders	Ensure SECOM remains the company of choice for all stakeholders <ul style="list-style-type: none">Securing and fostering human resources by improving working environment including measures designed to bolster employee engagementPress ahead with sustainability initiatives to earn the trust of all stakeholders

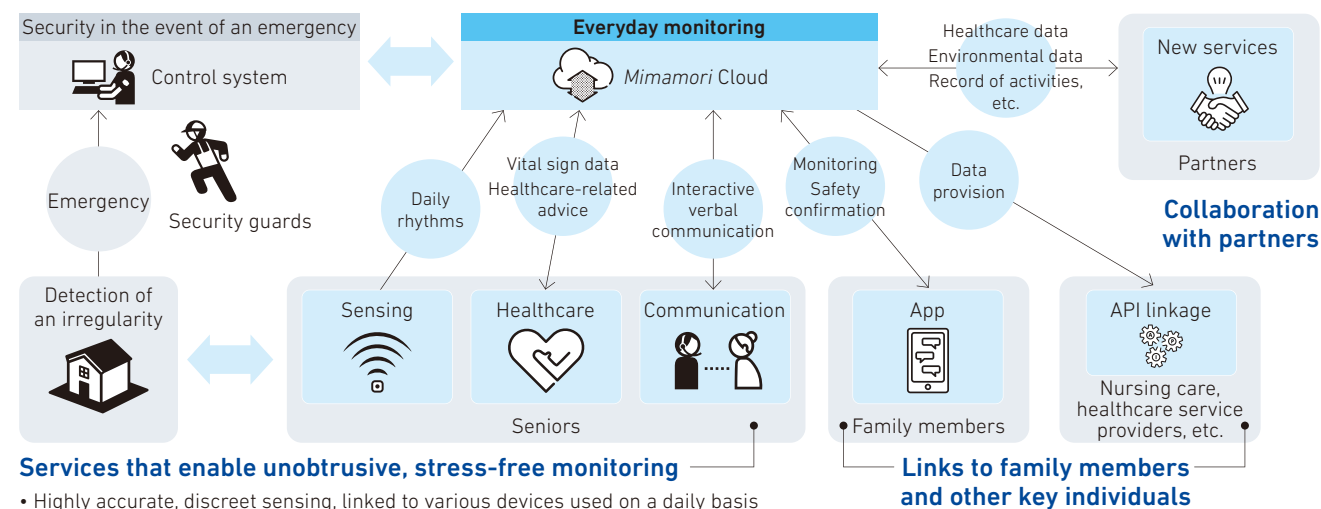
1 Expand monitoring and security services

Develop more advanced monitoring services

We will leverage AI, 5G, cloud and other technologies to provide new services and solutions, particularly in the area of security. For residential subscribers, we will combine home security and the *Mimamori Cloud* to facilitate the seamless monitoring of users, as well as develop services for their families and nursing care providers, thereby providing peace of mind in all aspects of daily life.

Key initiatives to date

- Began providing the cloud-based SECOM Monitoring Service for Seniors, which uses a dedicated smartphone app (June 2021) ➤ See page 35
- Launched SECOM Cantabile, an app for Apple Watch (February 2022) ➤ See page 35
- Introduced *anone*, a communication and conversation service for seniors that uses a robot (April 2023) ➤ See page 35
- Released YORISOS, an app for Apple Watch that assists with everyday health management and can also be linked to the Apple Watch's fall detection feature (April 2023) ➤ See page 35

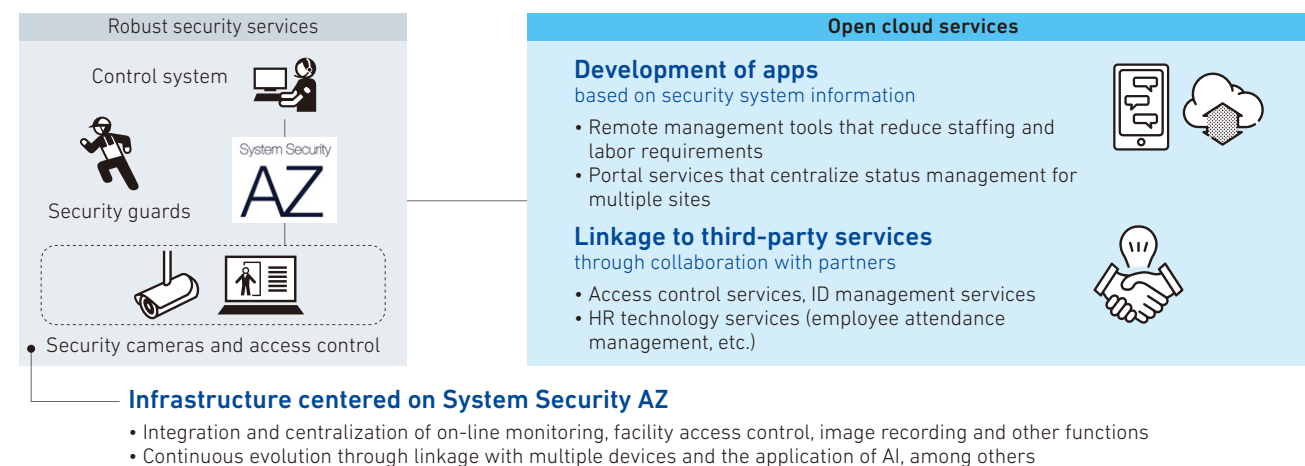


Integrate robust security with and open cloud

For commercial subscribers, we will expand linkable open cloud services to create a service infrastructure centered on System Security AZ that supports subscribers' business activities.

Key initiatives to date

- Began providing System Security AZ-Air, a system optimized for small and medium-sized retail facilities and offices (July 2022) ➤ See page 34
- Launched AZ-Access, an access control system tailored to the needs of subscribers with large-scale facilities (May 2023) ➤ See page 34
- Released dot-i, a web-based service for retail facility management that uses camera images to improve operational efficiency (July 2023) ➤ See page 34



Create SaaS models for the provision of merchandise

We will also transform the provision of merchandise for on-line security systems into a sophisticated yet simple and safe service-based business suited to the cloud era.

Video Surveillance as a Service (VSaaS)

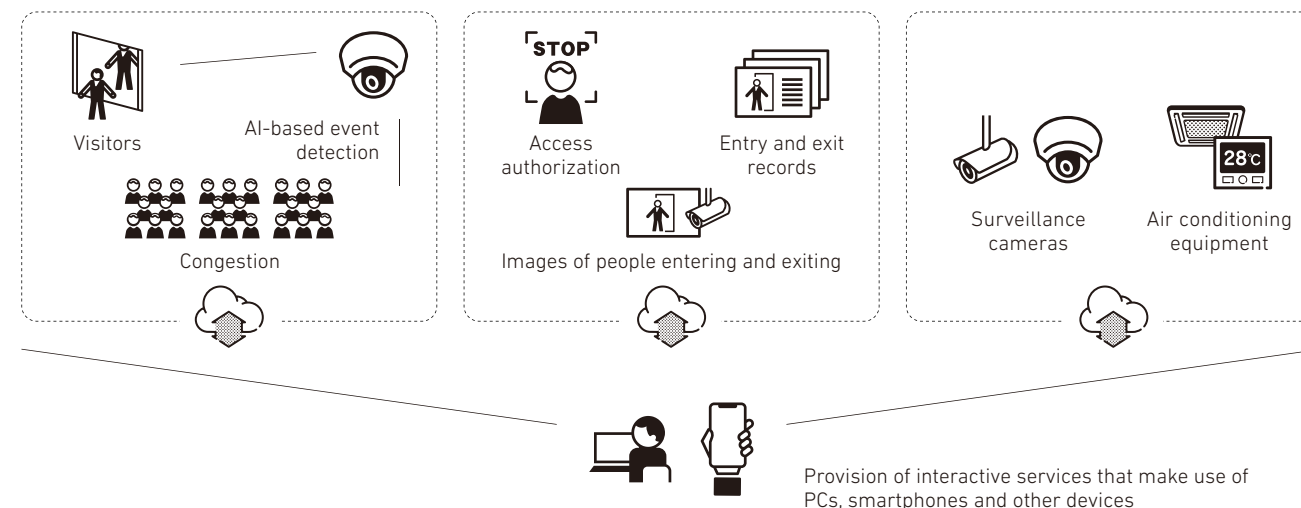
Provision of cloud-based services for managing surveillance camera images and detection events

Access Control as a Service (ACaaS)

Centralized management of access authorization, as well as of entry/exit record and image storage, in the cloud

IoT as a Service (IoTaaS)

Provision of a communications environment and user interface as one set to connect IoT terminals installed in various equipment and facilities

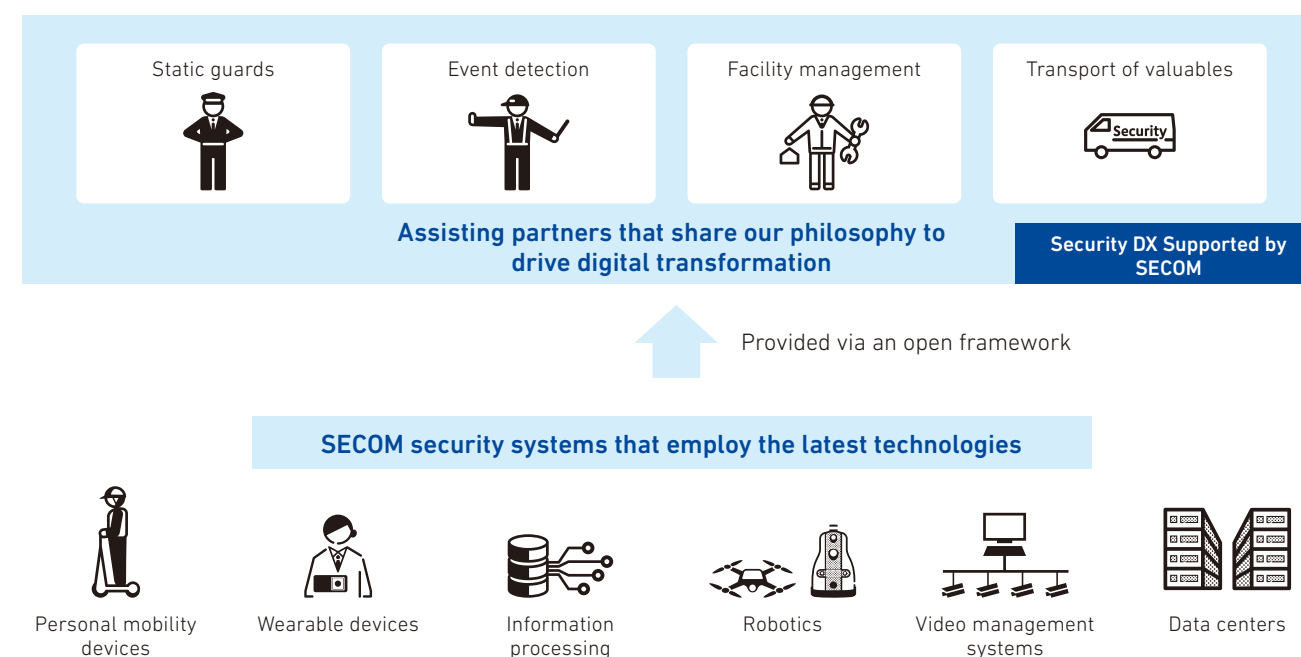


Promote DX in the security services market

In addition, we will promote DX with the objective of extending SECOM systems and know-how to partners who share our philosophy, driving improvements in the quality of safety and peace of mind for communities and society as a whole.

Key initiatives to date

- Released the cocobo security robot and the Virtual *Keibi* System (January 2022)
- Senon joined the SECOM Group (July 2022)

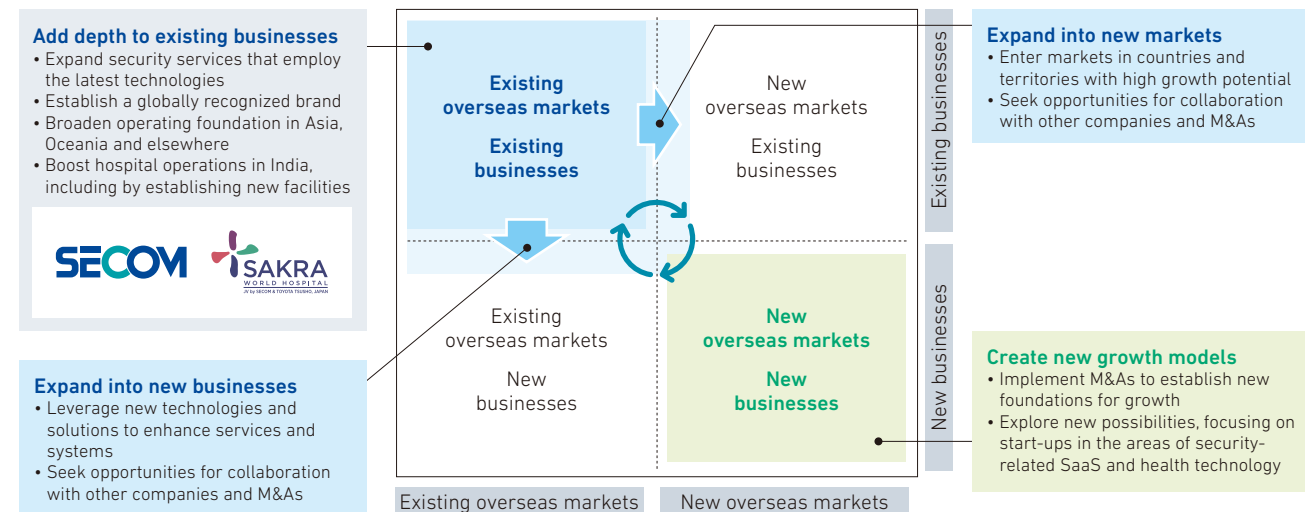


2 Strengthen overseas operations

With the aim of realizing further growth in promising overseas markets, we will add depth to existing security services and medical services businesses while also cultivating business portfolios into new overseas markets and new business areas. In addition to advancing recognition of the SECOM brand worldwide, we will strive to boost revenue generated overseas to 10% of the consolidated total by strengthening operations through both organic growth and the active promotion of M&As.

Key initiatives to date

- Expanded provision of interactive security system that uses a smartphone app in overseas markets ▶ See page 37
- Kicked off advertising and publicity campaign in Thailand ▶ See page 37
- Made investments in cloud-based physical security services providers Eagle Eye Networks and Brivo, which extend SaaS solutions primarily in North America (May 2023) ▶ See page 37



3 Reinforce BPO and ICT services

In addition to enhancing our service infrastructure by establishing new data centers and expanding our network, we will enhance existing and develop new SaaS solutions that assist customers in ensuring smooth operations and provide effective BPO services that help improve operational efficiency. We will also build business infrastructures centered on information security technologies and around-the-clock services that provide digital support for customers' operations.

Key initiatives to date

- Acquired shares in ARTERIA Networks
- Made plans to build two new data centers in the Greater Tokyo Area (scheduled to open in 2024–2025) ▶ See page 45

Service provision framework:

Data centers and networks

- Construction of new data centers in Tokyo and Osaka, and expansion of edge data center business
- Further expansion of interconnection services that improve the experience of cloud-based service users

SaaS solutions that support smooth operations

- Expansion and development of SaaS-based services for businesses including HR and BCP that support operations and business continuity
- Aim: Become a platformer that serves as a hub for HR technology services for small- and medium-sized commercial customers

BPO services that contribute to the improvement of operating efficiency

- Expansion and development of BPO services (contact center and back office support) that respond flexibly to changes in the operating environment, including evolving consumer values and needs, a decline in the labor force and the diversification of work styles



4 Improve productivity

We aim to improve productivity by leveraging technologies to develop a steady stream of high-yield new services, thereby maximizing service value, and by helping employees reach their full potential and enhancing operational efficiency.

Key initiatives to date

- Overhauled work duties
- Revamped corporate structure and business processes
- Updated in-house IT system

5 Reward stakeholders

We will continue investing in efforts to secure and foster human resources that support the SECOM Group's provision of services, as well work to create workplace environments conducive to greater diversity, enhanced well-being, and improved and expanded capabilities. Having worked to fortify our sustainability framework, we will now focus on accelerating the integration of management and sustainability strategies to ensure our ability to evolve as a company that consistently earns the trust of all stakeholders.

Key initiatives to date

- Formulated target for achieving carbon neutrality by 2045 (May 2021), obtained certification of this target from the SBTi and joined RE100 (July 2021) ▶ See pages 63–64
- Formulated the SECOM Group Basic Sustainability Policy (December 2021) ▶ See page 28
- Established KGIs and KPIs based on materiality analysis (October 2022) ▶ See pages 29–31
- Created the SECOM Group Human Rights Policy (October 2022)

Financial strategies and quantitative targets

We have set three financial strategies: Enhance shareholder returns while maintaining a sound financial position, to achieve our dividend payout ratio target of 45%; invest in growth while remaining aware of the cost of capital; and conduct share buybacks in a timely manner to achieve an ROE of 10%.

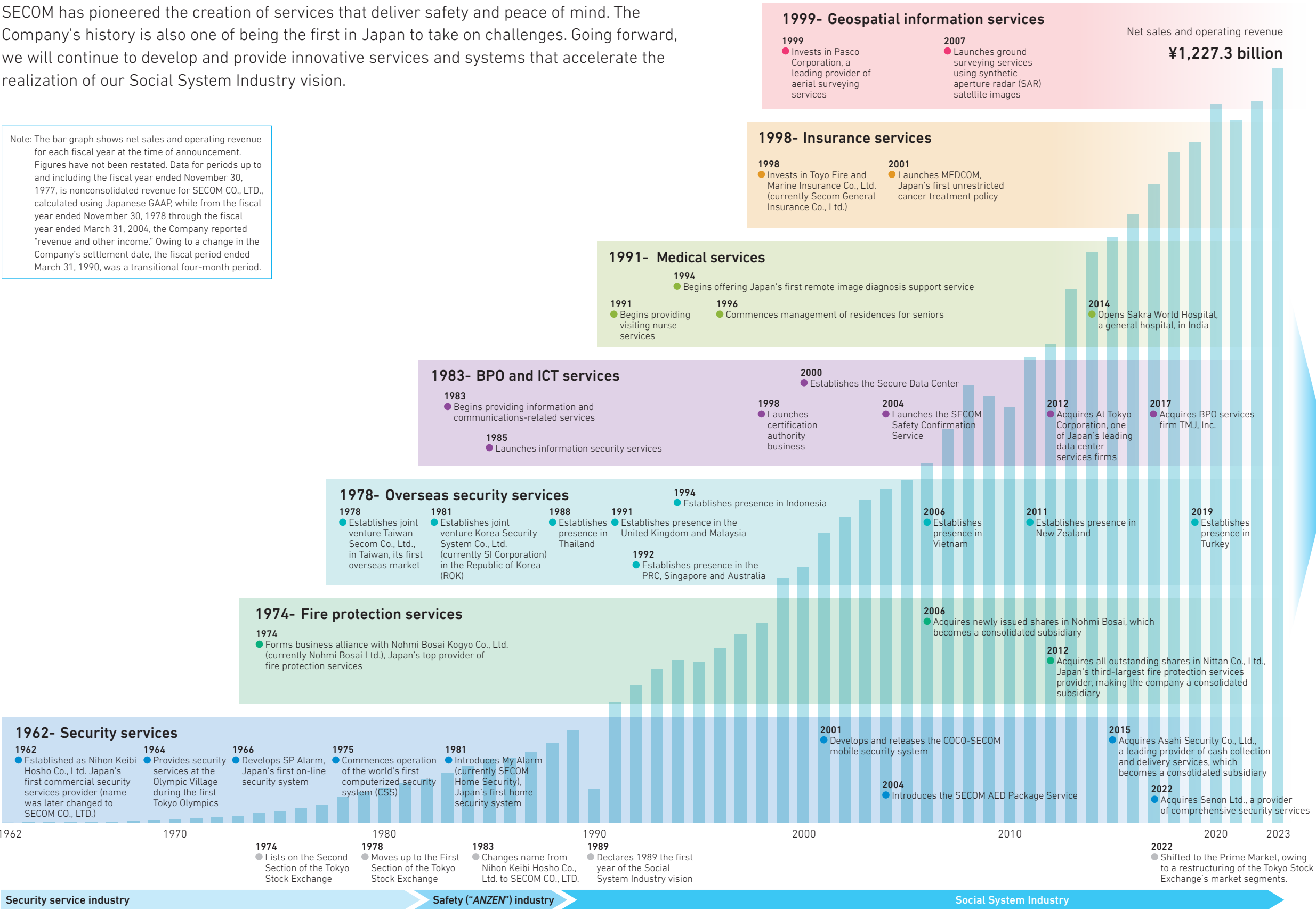
To further expedite the realization of services that will ensure achievement of the goals of the SECOM Group's Vision for 2030, we will continue to share information on the initiatives outlined in this road map with investors, as well as to enhance opportunities for constructive dialog, as we work to achieve the quantitative targets we have set for the fiscal year ending March 31, 2028, and to bolster corporate value.

Targets for the Fiscal Year Ending March 31, 2028 (Japanese GAAP) (Reference)

	Results in the fiscal year ended March 31, 2023	Targets for the fiscal year ending March 31, 2028
Consolidated revenue	¥1,101.3 billion	At least ¥1,250.0 billion
Consolidated operating profit	¥136.7 billion	¥160.0–¥180.0 billion
Dividend payout ratio	41.6%	Around 45%
ROE	8.4%	10%


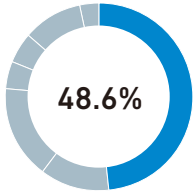
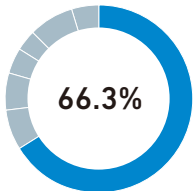

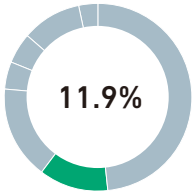
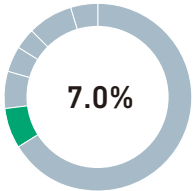

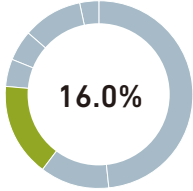
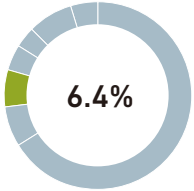

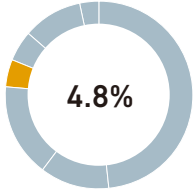
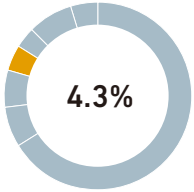
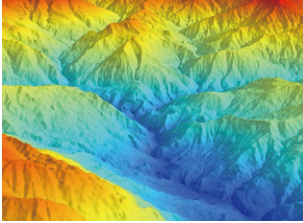
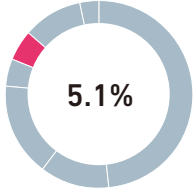
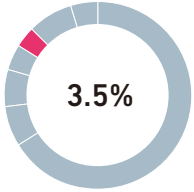

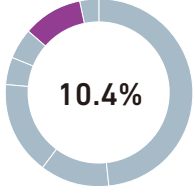
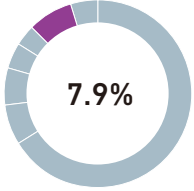

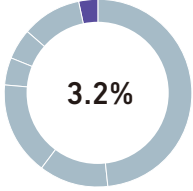
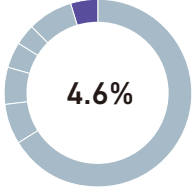
SECOM has pioneered the creation of services that deliver safety and peace of mind. The Company's history is also one of being the first in Japan to take on challenges. Going forward, we will continue to develop and provide innovative services and systems that accelerate the realization of our Social System Industry vision.

Note: The bar graph shows net sales and operating revenue for each fiscal year at the time of announcement. Figures have not been restated. Data for periods up to and including the fiscal year ended November 30, 1977, is nonconsolidated revenue for SECOM CO., LTD., calculated using Japanese GAAP, while from the fiscal year ended November 30, 1978 through the fiscal year ended March 31, 2004, the Company reported "revenue and other income." Owing to a change in the Company's settlement date, the fiscal period ended March 31, 1990, was a transitional four-month period.



Core competitive advantages

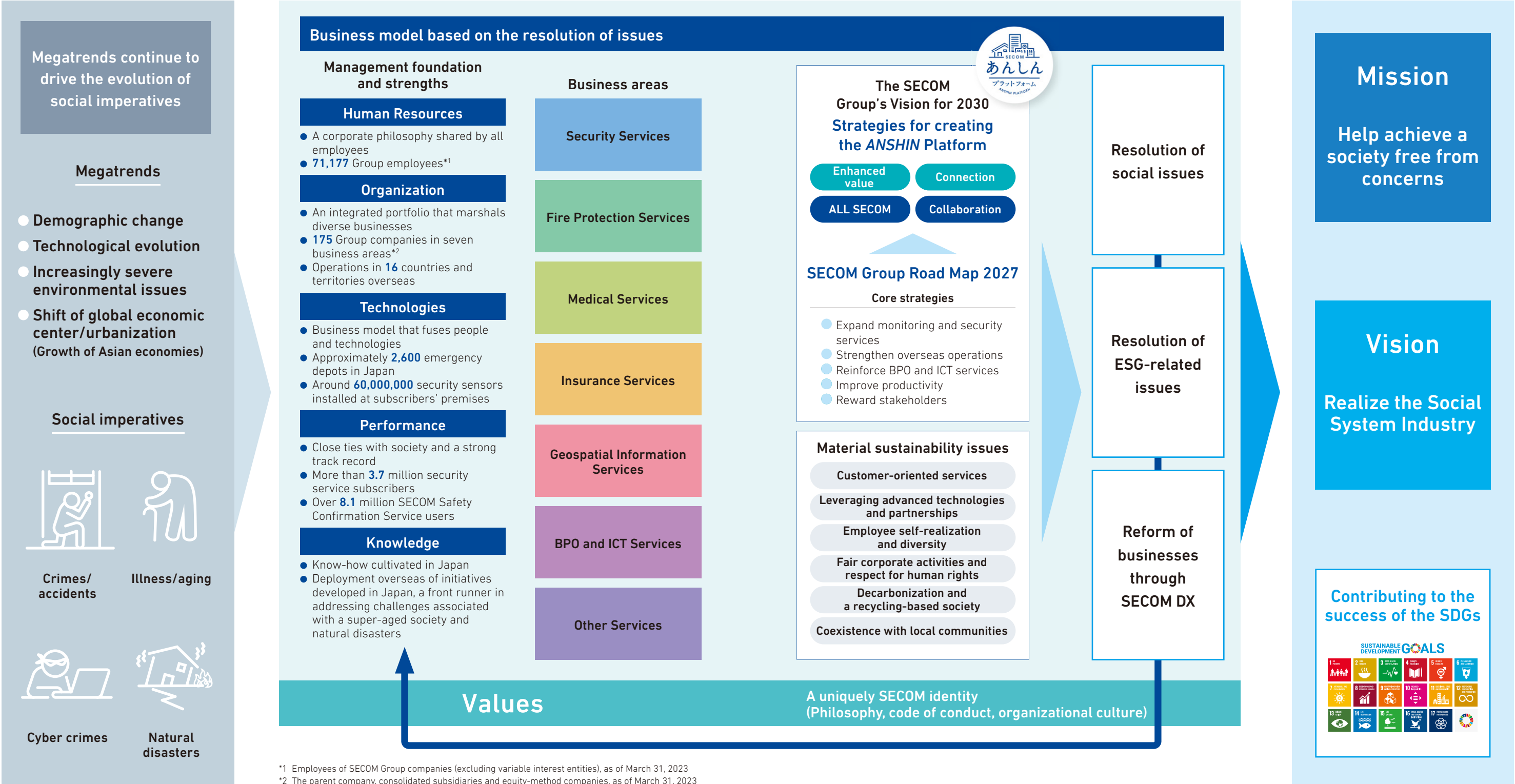
- A powerful brand**
 - ✓ The largest customer base in Japan's security services industry
 - ✓ Know-how and experience
 - ✓ Name recognition and customer trust
 - ✓ Ability to create business opportunities
 - ✓ Top-class talent
- A recurring revenue-based business model**
 - ✓ Stable, expanding earnings
 - ✓ High marginal rate of return
 - ✓ Resources to facilitate active investment in growth
- Group strengths**
 - ✓ Ability to leverage comprehensive strengths of diverse businesses to resolve issues
 - ✓ Multiple per-customer contracts and a high rate of contract renewal
 - ✓ Efficient sales activities that capitalize on collaboration across the Group

Segment		Percentage of Net Sales and Operating Revenue* ¹	Percentage of Operating income* ²	Principal operations	Competitive advantages	Principal Group companies* ³
	Security Services	 48.6%	 66.3%	<ul style="list-style-type: none">On-line security systemsStatic guard servicesArmored car servicesMerchandise and other	<ul style="list-style-type: none">Integrated approach to providing on-line security systemsSolid technological foundation made possible by proprietary research and development configurationNationwide network of 2,600 emergency depots, facilitating swift response in the event of an emergency and appropriate operational controlRental format that minimizes initial costs for subscribers and enables SECOM to take responsibility for equipment maintenance and upkeepSolid income foundation (attributable to stable recurring revenue-based businesses) and robust customer baseExtensive lineup of security merchandise, including surveillance cameras and access control systemsOverseas operations centered on the provision of on-line security systems that reflect local market needs	SECOM CO., LTD.* ⁴ Secom Joshinetsu Co., Ltd. Asahi Security Co., Ltd. Secom plc
	Fire Protection Services	 11.9%	 7.0%	<ul style="list-style-type: none">Fire alarm systemsFire extinguishing systemsMaintenance services	<ul style="list-style-type: none">Two Group companies with the largest and third-largest shares of the Japanese fire protection marketComprehensive lineup of services that respond to a broad range of customer needsIntegrated service configuration encompassing R&D and planning, equipment design and production, installation and maintenanceStable demand for equipment that complies with Japan's Fire Service ActAbility to extend renovation proposals that draw on a wealth of experienceExpertise in fire extinguishing systems for tunnels and other large-scale structures	Nohmi Bosai Ltd.* ⁴ Nittan Co., Ltd.
	Medical Services	 16.0%	 6.4%	<ul style="list-style-type: none">Home medical servicesOperation of residences for seniorsICT-based medical servicesSales of medical equipment and pharmaceuticalsSupport for affiliated medical institutions	<ul style="list-style-type: none">Conviction that protecting health and life is the ultimate expression of the SECOM commitment to delivering safety and peace of mindExperience and extensive know-how in the provision of diverse medical servicesStrong collaboration with local communities aimed at realizing effective comprehensive community healthcare systemsICT-based services that leverage expertise accumulated in the provision of medical services and SECOM's management resources	Secom Medical System Co., Ltd. Takshasila Hospitals Operating Pvt. Ltd.
	Insurance Services	 4.8%	 4.3%	<ul style="list-style-type: none">Fire insurance policiesAutomobile insurance policiesCancer treatment policies	<ul style="list-style-type: none">Belief in the need for both security services, which are preventative by nature, and non-life insurance, which looks after people in the event of misfortuneDevelopment and provision of unique fire insurance policies that take into account the risk mitigating factors of on-line security systemsDevelopment and provision of an automotive insurance policy that includes access to emergency response servicesDevelopment and provision of a cancer treatment policy that features full coverage for all treatment costs	Secom General Insurance Co., Ltd.
	Geospatial Information Services	 5.1%	 3.5%	<ul style="list-style-type: none">Services for public sector entitiesServices for private sector entitiesServices for overseas customers	<ul style="list-style-type: none">Service configuration overseen by the leading company in Japan's aerial surveying and geographic information system (GIS) marketsAbility to provide geospatial information based on geographic data collected by commercial satellites, aircraft, drones, vehicles and shipsTechnological capabilities and expertise in the integration, processing and analysis of geographic and related data to provide geospatial informationActive efforts to cultivate new geospatial information services	Pasco Corporation* ⁵
	BPO and ICT Services	 10.4%	 7.9%	<ul style="list-style-type: none">Data center servicesLarge-scale disaster preparedness servicesInformation security servicesCloud-based servicesBPO services	<ul style="list-style-type: none">Highly secure facilities and equipment and tailored support, as well as data center facilities boasting excellent connectivity that are among Japan's largestOne of Japan's leading disaster management support servicesSeamless information security services encompassing the formulation of strategies, monitoring, implementation of countermeasures and restorationICT services that reflect technological prowess, operational capabilities and know-how that facilitates the construction and operation of network systems that leverage extensive experience in the provision of security servicesProvision of high-grade contact center and other BPO services that deliver safety and peace of mind	Secom Trust Systems Co., Ltd. At Tokyo Corporation TMJ, Inc.
	Other Services	 3.2%	 4.6%	<ul style="list-style-type: none">Construction and installation servicesReal estate leasingHome services	<ul style="list-style-type: none">Provision of integrated services, from the design and installation of air conditioning, plumbing and electrical systems to building maintenanceExtensive maintenance and management services for leased buildings, primarily in TokyoProvision of lifestyle support services that deliver safety and peace of mind and make life more comfortable and convenient	

*¹ Breakdown is based on consolidated net sales and operating revenue (excluding intersegment transactions) for the fiscal year ended March 31, 2023.
*² Breakdown is based on total operating income for seven segments, prior to adjustment for corporate expenses and eliminations, for the fiscal year ended March 31, 2023.

*³ For more information, please see pages 81–84. *⁴ Listed on the Tokyo Stock Exchange Prime Market *⁵ Listed on the Tokyo Stock Exchange Standard Market

In addition to promoting business reforms through SECOM DX, we remain committed to providing enduring peace of mind by keeping abreast or where possible ahead of the times. By reinforcing our relationship with society and addressing increasingly diverse social imperatives and ESG-related issues, we continue working to maximize our corporate value and grow together with society.



We continue to leverage three competitive advantages—a powerful brand, a recurring revenue-based business model, and Group strengths—to respond to the expectations of both individual and corporate customers, as well as to ensure sustainable growth.

A powerful brand

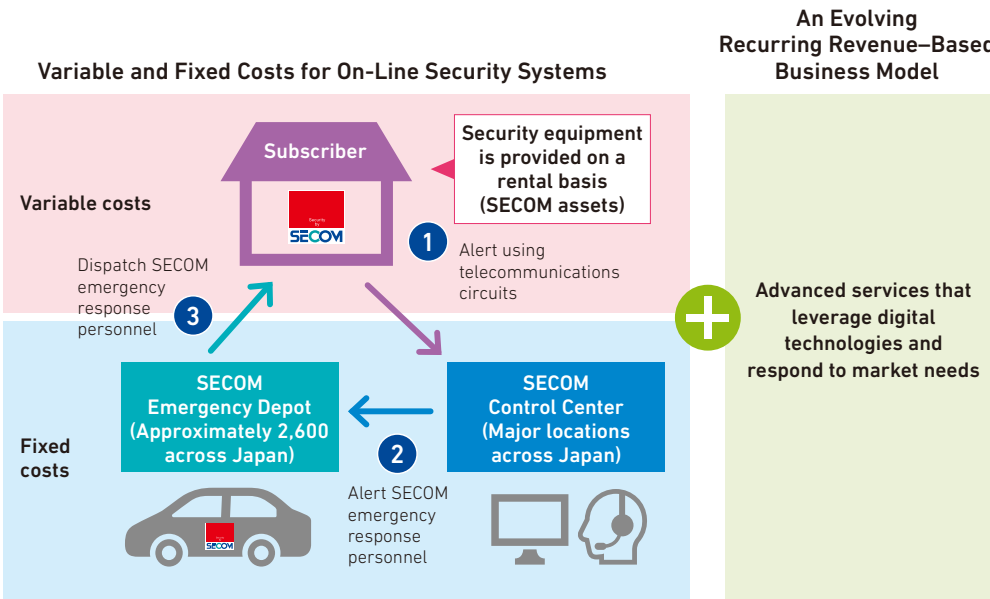
- Domestic market-leading 2.5 million-plus contracts for on-line commercial and home security systems
- Robust local network and sales channels firmly rooted in the community and our reputation as a pioneer in the security services industry
- Ability to resolve customers' apprehensions underpinned by experience and know-how accumulated over our history—the industry's longest—and by the provision of services to a broad range of customers
- Brand name synonymous with safety and peace of mind nurtured through the extension of services that exceed customer expectations
- Continuous efforts to promote the improvement and evolution of systems by communicating the opinions and requests of customers to our R&D team
- Open innovation in collaboration with partners who share our mission and are attracted by our strong brand and domestic market-leading customer base
- Recognition as an industry leader, helping attract talented human resources

A recurring revenue-based business model

- Businesses that are primarily recurring revenue based, including on-line security systems, and boast a stable earnings base whereby expanded contract volume leads to increased income
- Business model that works well with economies of scale, particularly in on-line security systems, which boast a high marginal profit
- Commitment to ensuring long-term relationships with customers by developing and providing services and products that surpass their expectations and respond to latent needs
- Stable generation of cash thanks to recurring revenue-based businesses, facilitating continuous investments to improve quality and functionality, accommodate new contracts and drive future growth

Group strengths

- Efforts to boost per-customer income by addressing concerns through a business portfolio encompassing security services, fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and other services
- Determination to strengthen relations with customers and extend contract periods by encouraging use of multiple Group services
- Focus on fortifying cooperation within the Group, yielding distinctively SECOM services and cross-selling opportunities, thereby streamlining sales activities
- Steady investment in M&As with the aim of further reinforcing Group strengths



Thanks to efforts to expand the scope of jobs available to female employees and foster female leaders, the number of women in positions of responsibility is increasing steadily. We also promote efforts to change the mindsets of female employees and bolster their motivation, including holding roundtable discussions by a female outside director. In April 2023, female employees were appointed to the position of manager at security services offices, which are responsible for the sale, operation and management of on-line security systems. We interviewed two of these individuals for this year's SECOM Report.



Outside Director Miri Hara (front row, second from left) holds a roundtable discussion on career building for female employees

Mayumi Shibue, Manager, Neyagawa Office, Osaka

More than four months have passed since I was appointed office manager. In this position, I have more opportunities to meet directly with customers than ever before. I'm sure some were a bit surprised to meet a female office manager, but I do feel that many are pleased and see this as an example of progress for women in accessing higher-level positions.

SECOM seeks to foster a positive, welcoming corporate climate—which we've dubbed "futa," meaning something like "upbeat and open-minded"—that emphasizes achieving goals with a positive, open attitude. I believe that it is our responsibility, as senior employees, to pass on the SECOM culture, which emphasizes building character. Since joining the Company, I have grown as a person thanks to the support of my colleagues, which I have come to really cherish. I think that having a variety of viewpoints is crucial to resolving issues, so I place an emphasis on communicating with everyone at the office and not naysaying different ways of thinking and doing things.

The work environment at SECOM has improved gradually and female employees today are encouraged to speak up and proactively take on challenges. I recognize that leading boldly increases the likelihood of mistakes, but I'm a firm believer in failing forward. Mistakes are a chance to learn and improve. SECOM promotes such a mindset. It is my hope that my junior female colleagues will take advantage of their unique perspectives to carve out their own niche going forward.



Kazuko Suzuki, Manager, Nerima Office, Tokyo

SECOM has a fairly strong male image, so I was a bit concerned at first whether a female office manager would be accepted. Visiting customers, however, has been illuminating, with many telling me that they find a woman easier to talk to. I've been pleased and impressed with such comments.

Our office has a staff of about 20. I think it's important to create a work environment that is comfortable and positive for everyone. Nobody is perfect, so it is impossible to eliminate errors altogether. I don't want to inculcate a regimented, assembly-line work ethic. My focus is on encouraging people to understand why rules exist as a way to reduce mistakes and improve work quality. I also encourage employees to report their mistakes and to learn from them.



SECOM's efforts to promote career opportunities for women are making steady progress, which to me is proof that the Company is serious about this. Looking ahead, I would like to see the various systems the Company has put in place find broader use. If more male employees were to take advantage of childcare leave or nursing care leave, for example, I think it would encourage new perspectives and help change attitudes, thereby creating a supportive workplace culture that makes it easier for both men and women to continue working.

Regarding career building, I think it is important for women to understand that they don't have to go all out, to the point of sacrificing their personal lives, to get ahead. Cooperation is crucial to creating a healthy, rewarding workplace dynamic that supports everyone's well-being.

Basic philosophy

Since our establishment, we have pursued a basic policy of striving to contribute to society through our business activities, acknowledging the importance of achieving sustainability both for ourselves and for society.

We continue to promote a variety of initiatives aimed at realizing sustainability guided by the SECOM Group Basic Sustainability Policy, which was formulated following deliberations by the Board of Directors. In October 2022, we formulated the SECOM Group Human Rights Policy to underpin our efforts to address human rights issues, a

The SECOM Group Basic Sustainability Policy

SECOM's Philosophy emphasizes contributing to society through our business activities. By providing services that help ensure people's safety and peace of mind, we continue working to address global social imperatives and grow together with society.

1. Provide enduring peace of mind now and in the future

We continue to provide innovative services and systems that address potential risks, thereby ensuring seamless, enduring peace of mind now and in the future.

2. Together with business partners

We promote environmental conservation initiatives across the entire supply chain with the aim of helping realize decarbonization and a recycling-oriented society. We also respect human rights, recognizing the inherent dignity of all people.

3. Earn the trust of society

We strive to ensure legal compliance and manage our operations in line with a stringent code of conduct, and to maintain sound relationships with all stakeholders by conducting our business activities in a manner that is transparent, just, and fair.

4. Our key players are our employees

Responsibility for sustainability lies with each individual SECOM Group employee. In addition to recognizing the importance of job satisfaction and pride in one's work, we continue to provide training and encourage awareness to ensure the achievement of our goals.

December 1, 2021
Ichiro Ozeki
President and Representative Director,
SECOM CO., LTD.

global-scale challenge, and revised the SECOM Group Environmental Policy.

Framework for promotion

We have established the Sustainability Promotion Office, under the jurisdiction of the executive officer in charge of sustainability, with the objective of integrating sustainability initiatives into business strategies. The Sustainability Promotion Office is charged with formulating sustainability policies, disseminating information across the SECOM Group, devising medium-to long-term greenhouse gas reduction targets, addressing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and providing information to stakeholders. The status of sustainability initiatives is reported to the President and Representative Director and to the Board of Directors as appropriate.

The Sustainability Promotion Office also stages the SECOM Group Sustainability Meeting, which is attended by representatives of key Group companies. Participants exchange information and hold discussions to advance initiatives related to domestic and global social imperatives, the SDGs, and our response to TCFD recommendations.

Support for the UNGC

In May 2018, we became a signatory to the United Nations Global Compact (UNGC) and pledged our support for the Ten Principles of the UNGC, which are classified into four categories: "Human rights," "Labour," "Environment" and "Anti-corruption."

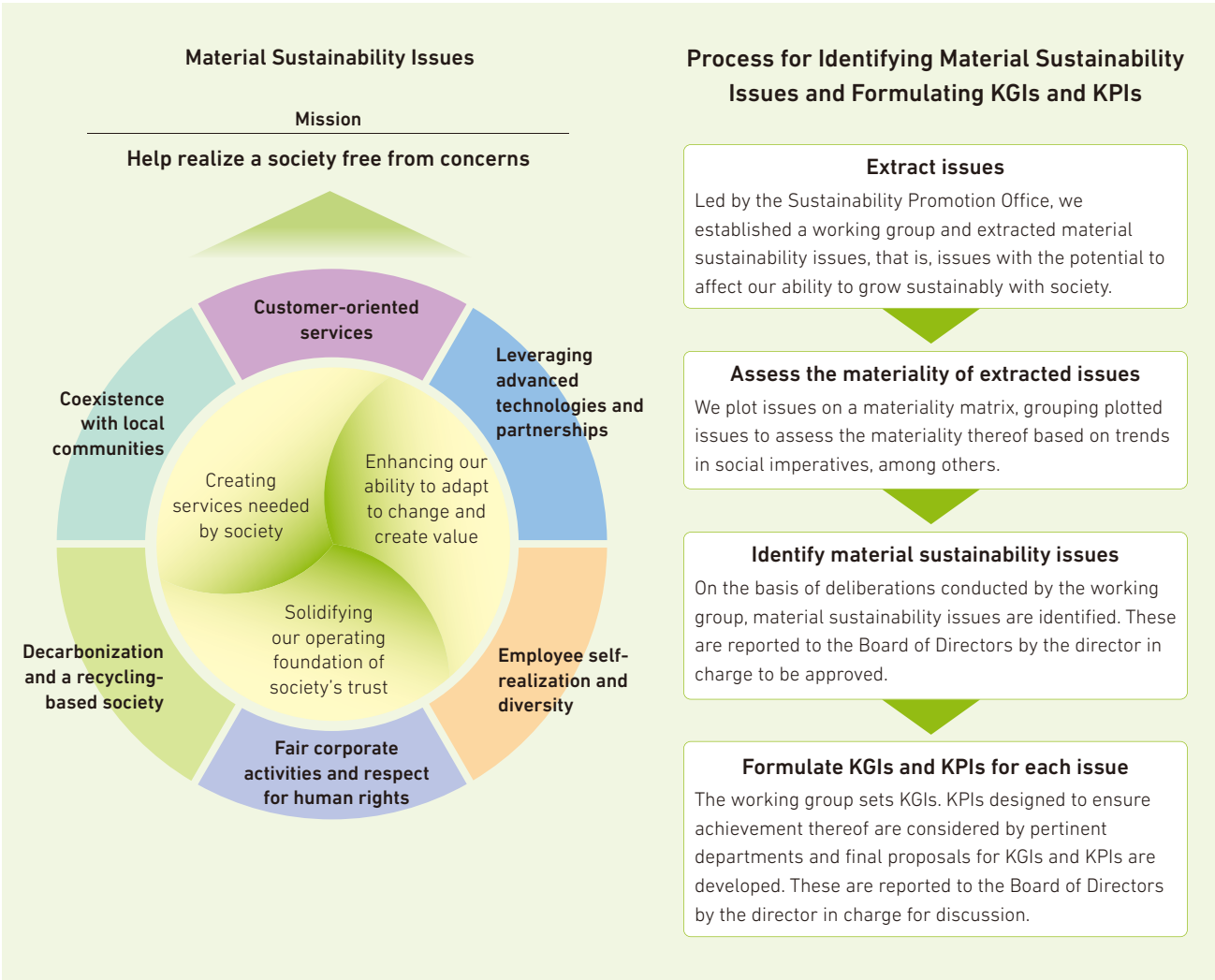


Material sustainability issues and KPIs

SECOM's Philosophy calls for offering services that are beneficial for society as a whole. "The Constitutions of the SECOM Group in Business and Management" sets forth our commitment to provide services and systems that deliver peace of mind and contribute to the betterment of society. In keeping with this fundamental commitment, we continue striving to offer forward-looking services that anticipate what is needed to ensure sustainable growth for society and tirelessly pursuing service innovation.

With the aim of ensuring we remain an organization that is useful and indispensable to society, we have identified

six material sustainability issues, that is, issues of primary importance to sustainable growth, based on a self-assessment conducted in accordance with ISO 26000, the International Organization for Standardization's benchmark for social responsibility, and the Global Reporting Initiative (GRI)'s GRI Standards (global standards for sustainability reporting), and with consideration given to feedback from stakeholders. We have formulated KGIs and KPIs for each of these material issues to encourage deeper understanding and promote their incorporation into individual business strategies Groupwide.



Earning selection for inclusion in ESG investment indices

Our efforts to address ESG-related issues and disclose related information continue to earn high marks from third-party assessment organizations around the world. Of note, we have been selected as a constituent of a number of key global ESG investment indices. These include all six indices for Japanese equities used by Japan's Government Pension Investment Fund (GPIF).*

*The six indexes used by the GPIF are the FTSE Blossom Japan Index, the FTSE Blossom Japan Sector Relative Index, the MSCI Japan ESG Select Leaders Index, the MSCI Japan Empowering Women Index (WIN), the S&P/JPX Carbon Efficient Index and the Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J).






2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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KGIs and KPIs for Material Sustainability Issues

The Sustainability Working Group held repeated discussions on their ideal image of SECOM from a long-term perspective and established KGIs for the six material sustainability issues. More in-depth discussions were held with the goal of clarifying what actions will be necessary to achieve these KGIs, which were then narrowed down into KPIs for each individual issue. We carefully manage progress toward the achievement of KPIs for each material issue and make use of the Plan–Do–Check–Act (PDCA) cycle to evaluate sustainability initiatives promoted.

Material sustainability issues		KGIs
1	Customer-oriented services   	Aim for zero loss of life or property
		Aim for zero customer concerns
2	Leveraging advanced technologies and partnerships    	Continue to create “Japan-first” services that deliver safety and peace of mind
3	Employee self-realization and diversity     	Realize job satisfaction for employees and create employee-friendly workplaces
		Achieve active participation for human resources by capitalizing on diversity
4	Fair corporate activities and respect for human rights     	Earn recognition in society as a company that protects human rights
		Create an open organization in which employees can act autonomously
5	Decarbonization and a recycling-based society       	Achieve carbon neutrality by 2045
		Realize a circular economy
6	Coexistence with local communities     	Earn society’s trust as a company that contributes to the safety of local communities

Note: Results for the fiscal year ended March 31, 2023, are scheduled to be posted on the SECOM website in November 2023.

Scope of targets: SECOM CO., LTD. and its consolidated subsidiaries (“Achieve carbon neutrality by 2045”), SECOM CO., LTD. (all other KGIs)

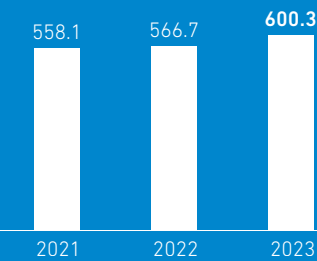
- *1 Crime prevention rate: Indicator SECOM uses to measure progress toward achieving zero intrusions or thefts for subscribers
- *2 Response rate: Percentage of calls answered, excluding calls disconnected by the customer within five seconds
- *3 Cumulative total from 2021 through 2030
- *4 Limited to security equipment developed by SECOM
- *5 Electric vehicles: Hybrid vehicles (HVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel-cell vehicles (FCVs)

KPIs	Targets	Target years
Crime prevention rate*1 for intrusions and thefts	100%	2030
Response rate*2 to telephone calls from customers	96%	2026
“Peace of mind” score in surveys of SECOM Home Security subscribers	100%	2030
News reports on research achievements that contribute to peace of mind for society	30/year	2030
Development/announcement of new systems and services that are firsts in Japan*3	Cumulative total: 10	2030
Number of verification tests conducted together with other companies, local governments, educational institutions and others*3	Cumulative total: 100 (10/year)	2030
Percentage of security equipment requiring no installation*4	10%	2030
Training hours/person	50 hours/year	2030
Paid leave usage rate	80%	2030
Female managers as a percentage of total management team	30%	2030
Gender pay gap	85%	2030
Percentage of male employees taking childcare leave	50%	2025
Percentage of employees completing human rights and harassment prevention e-learning programs	100%	Annual
Contributions to lifesaving, fraud prevention and other initiatives (Commendations received from the president or a division head)	—	Annual
Decrease in greenhouse gas emissions from the fiscal year ended March 31, 2019	45%	2030
Renewable energy as a percentage of total energy used	100%	2045
EVs*5 (excluding special vehicles) as a percentage of total business vehicles	100%	2030
BEVs and FCVs (including motorcycles) as a percentage of total business vehicles	100%	2045
Virgin plastics derived from fossil resources as a percentage of total materials used in containers and packaging*4	0%	2030
Plastics derived from fossil resources as a percentage of total materials used in containers and packaging*4	0%	2045
Participants in child safety workshops (DVD teaching materials)	100,000/year	2027
Annual visits to SECOM’s safety awareness websites	5,000,000 page visits	2027
Partnerships with local enterprises (business collaboration, joint participation, cooperation)	10/year	Annual
Participants in AED training sessions	40,000/year	2030

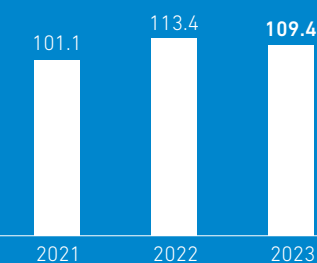
Security Services



Net sales and operating revenue
(In billions of yen)



Operating income
(In billions of yen)



Business summary

A distinguishing feature of our security services business is that it primarily consists of recurring revenue-based services, that is, services based on long-term contracts. The initial contract period for our mainstay on-line security systems, for example, is five years, after which the contract is renewed automatically every year.

Our provision of on-line security systems includes around-the-clock monitoring for intruders, fires or other irregularities by SECOM control center staff via telecommunications circuits linking the control center with security equipment installed at the subscriber's premises. In the event an irregularity is detected, control center staff swiftly appraise the situation and issue instructions to emergency response personnel at a nearby SECOM emergency depot, who race to the subscriber's premises. If necessary, the police and/or fire department are also notified.

Our ability to deliver seamless peace of mind reflects the fact that we maintain security equipment in peak operating condition and extend

it to subscribers on a rental basis. We take responsibility for all aspects of our security services, from R&D through to equipment manufacturing, security planning, installation, around-the-clock monitoring, emergency response services and equipment maintenance, guaranteeing exceptional quality and reliability.

A half-century of providing community-focused services underpins our ability to accurately ascertain customers' wishes and offer the optimum solutions to their needs for safety and peace of mind. This has led to the steady expansion of contracts for our on-line systems in Japan. At present, contracts for commercial and residential security systems number more than 2.5 million, and we continue to enjoy the leading share of the domestic market.

We have continued to leverage our extensive experience and expertise, accumulated over our long history of extending services to a wide range of subscribers, as well as to hone the three components of our operating foundation, namely, our technological prowess, human resources, and

operational and control structure. Such efforts continue to ensure high-grade on-line security systems.



SECOM control center

Technological prowess

Our R&D configuration comprises the SECOM Intelligent Systems Laboratory, which conducts research into new and core technologies, and the SECOM Development Center, which capitalizes on research achievements to develop highly reliable equipment and systems. In addition to analyzing socioenvironmental changes and trends in criminal activity, our R&D team ensures that the invaluable opinions and needs of subscribers communicated to our sales staff, emergency response personnel and other employees in the course of their work are reflected in swift and precise adjustments that

further bolster the quality of our on-line security systems.

Given the astounding pace of technological evolution, along with in-house development we are actively promoting open innovation with various partners with the aim of swiftly creating services more precisely tailored to society's needs. In July 2022, we opened HARAJUKU 3rd Place, a base for related initiatives, at our corporate headquarters in Tokyo. At this new facility, we will focus on pursuing and acquiring cutting-edge digital technologies and promoting practical collaboration, both within the SECOM Group and with outside partners, in a freer, more flexible and increasingly concrete manner.



HARAJUKU 3rd Place

Human resources

We recognize that our people are our most valuable management resource and are essential to building a robust organization and offering high-grade services. In Japan, training for new recruits, emergency response personnel, sales staff, administrative staff and other employees is provided at three training centers. This guarantees that all employees fully understand SECOM's Philosophy and observe a code of conduct befitting security professionals, and equips them with specialized knowledge and technical skills.

Operational and control structure

We have created a proprietary, networked operational and control

structure that facilitates the effective operation of our on-line security systems across the country. This structure focuses on control centers staffed by experienced individuals who make meticulous assessments and issue instructions, dispatching emergency response personnel from one of its approximately 2,600 emergency depots across Japan, thereby ensuring our ability to extend swift, accurate services.

Operating highlights
Commercial security services

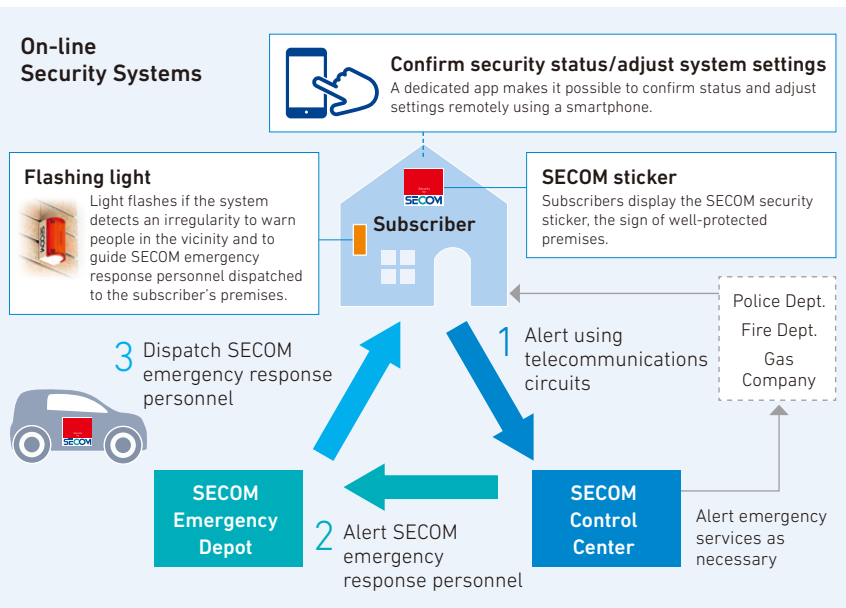
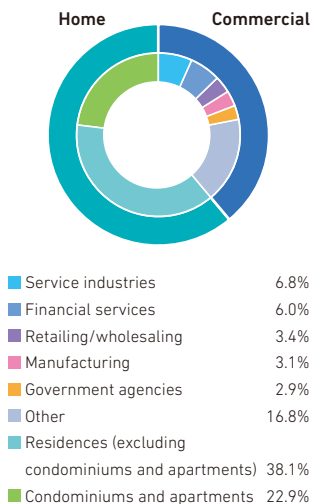
We provide an extensive lineup of security services, centered on on-line security systems, for commercial subscribers. In recent years, such systems must not only offer monitoring for irregularities, such as intruders and fires, but also respond to growing needs for around-the-clock support for subscribers' business activities. In addition to boosting contract volume, we continue to focus on quality, that is, on responding flexibly and attentively to the concerns of subscribers by extending high-value-added services suited to the scale and circumstances of their facilities.

The highly scalable System Security AZ and System Security AZ-Air

System Security AZ is an all-in-one on-line security system for commercial facilities that helps manage risks by preventing crime and fires, as well as improves work efficiency by facilitating the management of employee attendance, among others. This system allows users to confirm security status, and to arm or disarm the system, remotely using a dedicated smartphone app, earning high marks for convenience and ease of operation.

AZ can also be integrated with the SECOM Cloud Video Surveillance service, making it easy for users to

Contracts for On-line Security Systems in Japan
(As of March 31, 2023)



record and confirm surveillance camera images in the cloud to confirm conditions on the ground. This highly scalable system can be installed at locations ranging from offices and stores to large-scale buildings and production facilities.

In July 2022, we began offering System Security AZ-Air, a system optimized for small and medium-sized offices, retail facilities and restaurants—where aesthetics are an important consideration—featuring a downsized controller that can be connected wirelessly to a wide range of sensors. AZ-Air allows users to check security status and operate the system using a dedicated smartphone app. Live video from SECOM IP Camera surveillance cameras can also be checked from the controller, a smartphone or a tablet.



System Security AZ-Air

The AZ-Access access control system, which can be used in large-scale facilities

In May 2023, we launched AZ-Access, an access control system tailored to the needs of subscribers with large-scale facilities or multiple locations. Based on the all-in-one System Security AZ and incorporating customers' wishes, AZ-Access brings together our accrued expertise in access control systems. In addition to facilitating the remote control of security for up to 2,000 entry/exit points and 1,600 zones, this system has the capacity to confirm information on, manage authority granted to and confirm usage status for a

maximum of 120,000 users in real time. AZ-Access' ability to centrally manage as many as 1,000 individual locations makes it the ideal choice for organizations with numerous branches or sales offices.

In addition to contactless IC cards, AZ-Access supports biometric authentication using finger vein, facial and iris recognition. Sensors installed at the subscriber's premises can be managed from the on-site disaster prevention center, while subscribers can also take advantage of on-line monitoring and the dispatch of emergency response personnel in the event an irregularity is detected.

AZ-Access can be integrated with facility management systems, including air conditioning, lighting, broadcasting and elevators, and with personnel management systems, bolstering their efficiency.

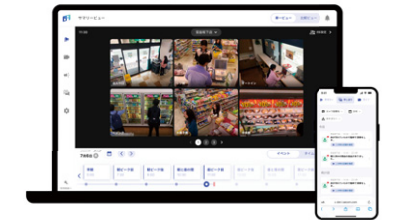


AZ-Access

Release of dot-i web-based management system for retail facilities

We continue working to expand SECOM Business SaaS, an offering that supports subscribers' operations by linking a system in the AZ series with various open cloud services. With the goal of improving operational efficiency and service quality for retail facilities, in July 2023 we released dot-i, a web-based service that uses images captured by an AZ series system's cameras, which was developed in collaboration with an IT firm. This service allows the

safe viewing of images captured on a computer, tablet or smartphone to, for example, check the state of displays or whether the facility has been cleaned, and can also be used as a communication tool to share information, including instructions for facility staff and messages, as well as to enhance efficiency for chain store supervisors and assist in the management of unattended facilities. Linking dot-i with AZ series system cameras and paying a monthly fee reduces initial investment and additional communications costs, and simplifies operation.



dot-i web-based management system

Home security services

SECOM Home Security has expanded beyond essential security functions such as crime and fire prevention, and the sending of alerts when irregularities are detected, to include optional services such as monitoring for gas leaks, medical emergency calls, and monitoring and confirming the safety of individuals. In addition to a compact home controller with an easy-to-use touchscreen LCD, SECOM Home Security NEO can be armed or disarmed remotely from a smartphone and features an automatic notification function that allows subscribers to



SECOM Home Security NEO

receive alerts on their smartphone when someone leaves or enters the home. The system can further be connected with devices on the IoT. Subscriptions to SECOM Home Security NEO have risen steadily since its release in 2017.

High marks for Apple Watch and iPhone app

SECOM Cantabile, an app that enables subscribers to operate their SECOM Home Security remotely from an Apple Watch or an iPhone, has earned solid support since its introduction in February 2022. This app alerts subscribers to either arm or disarm their security system when they are a certain distance away from home simply by tapping the icon. SECOM Cantabile also stores Apple Watch health data, including calories expended, steps taken, sleep time and blood oxygen level to create a "health report" that subscribers can use in everyday health management.

Expansion of monitoring services for seniors and their families

We continue to expand our lineup of monitoring services tailored to various age groups in response to growing needs for safety and peace of mind in Japan's super-aged society. The SECOM Monitoring Service for Seniors, offered as an option to SECOM Home Security subscribers, uses sensors installed in the entryways, windows and interior of seniors' homes. If no movement is detected for a set period of time, an alert is sent to SECOM. Family members living apart can use a dedicated smartphone app to confirm daily rhythms and activity levels (i.e., how many times sensors detect movement), enabling them to keep watch in an unobtrusive manner. If, for example, family members are concerned about a parent's

well-being, they can use the app to request the dispatch of SECOM emergency response personnel for an in-person check.

In April 2023, we began providing a new Apple Watch and iPhone app, YORISOS, as a SECOM Home Security option. If a subscriber senses danger or feels unwell, they can use the app to send an emergency alert and request emergency assistance. YORISOS can also be linked to the Apple Watch's fall detection feature to notify SECOM should a serious fall be detected. In addition, the app uses Apple Watch and iPhone health data to assist with everyday health management, issuing a SECOM Assist Report in the event an issue, such as an irregular heartbeat, a hard fall or a decline in walking stability, arises, encouraging the subscriber to seek prompt medical attention or take other steps.



YORISOS

Introduction of communication services for seniors designed to alleviate loneliness

As the aging of Japan's population leads to an ever-greater number of seniors living alone, needs are increasing for measures to counter risks associated with a decline in opportunities to converse with others in everyday life. In April 2023, we introduced *anone*, a communication and conversation service for seniors that uses BOCCO emo, a communication robot, fostering engagement and helping seniors feel connected. Conversations are transmitted in

recorded and text form to the smartphones of family members. Family members can also send messages to the user.

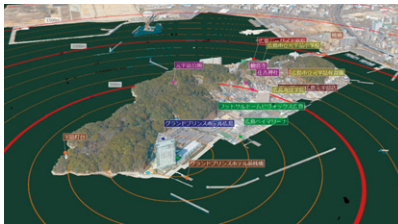
Looking ahead, we will continue working to help improve the quality of life of Japan's seniors by bringing together our experience, the know-how of partner companies and new technologies to help alleviate feelings of isolation in seniors.



anone communication service

Other security services
Efforts to ensure the safety of the G7 Hiroshima Summit

For three days in May 2023, the leaders of the Group of Seven (G7) gathered in Hiroshima for the G7's annual summit. We extended SECOM Aerostat dirigibles and SECOM 3D Security Planning for use by the local police department. SECOM Aerostat dirigibles were moored over Grand Prince Hotel Hiroshima, the summit venue, as well as the Miyajima area, home to Itsukushima Shrine, a National Treasure of Japan and a World Heritage Site, which was visited by participating global leaders and other officials, with images produced by attached cameras used in security checks at both locations. A cloud-based version of SECOM 3D



3D map of the G7 Hiroshima Summit venue and its environs

Security Planning currently under development by SECOM Group company Pasco was also provided to generate high-precision 3D mapping data for use in the preparation of the event's security plan.

COCO-SECOM: High marks for link with smartphone

Location information system COCO-SECOM is used for a broad range of purposes, including confirming the whereabouts of employees working outside the office and valuables, preventing the theft of vehicles, finding missing children and seniors, and sending emergency alerts.

In response to alerts sent from COCO-SECOM transmitters, or to requests from family members, in the event of an emergency, the COCO-SECOM operations center promptly dispatches emergency response personnel. A dedicated smartphone app makes it possible to notify a designated smartphone when an individual carrying a transmitter leaves home, or enters or exits a specific area, or when a vehicle fitted with an onboard transmitter moves

unexpectedly. Going forward, we will continue to capitalize on know-how accumulated over more than two decades providing COCO-SECOM to deliver safety and peace of mind by helping customers address a variety of challenges, from resolving issues affecting their businesses to monitoring individuals.

**Overseas security services
Extension of services in 12 countries and territories**

We made our overseas debut in 1978, when we established a presence in Taiwan. Today, our overseas security services business encompasses operations in 12 countries and territories, through which we extend diverse services and products, notably on-line security systems with emergency response services, customized to reflect local market needs.

Publicly listed Taiwan Secom, the largest security services company in the Taiwanese market, offers a broad lineup of services and products, ranging from home security to safety management systems for large-scale facilities. The company is working actively to incorporate new

technologies by, among others, introducing security that uses wearable cameras and developing smartphone apps, with the aim of improving services.

Operations in the ROK are spearheaded by S1, which is also publicly listed and the leading company in the local security services market, and include the provision of a wide variety of security services and building solutions, centered on on-line security systems. S1 continues to garner praise from customers for its swift emergency response services, which it extends through a network of approximately 750 emergency depots, underscoring growth in subscriber numbers.

We have created an extensive security services network in the PRC encompassing bases in 24 coastal and inland cities, through which we are working to further expand sales. We have also set up a manufacturing facility in Shanghai that produces security equipment tailored to local market needs.

In Southeast Asia, SECOM Group companies in Thailand, Malaysia, Singapore, Indonesia and Vietnam

focus on on-line security systems, local acceptance of which continues to grow.

We also continue to see increased contract volume in Turkey, where our diverse array of security services includes safety management systems for various customers. In 2021, we opened an R&D facility in the country that is devising systems that make extensive use of IT.

Having set forth a policy of being the leading provider of premium security services tailored to advanced needs in Australia, we extend high-grade services, such as large-scale systems integration, to customers across the spectrum, from prominent financial institutions and large commercial facilities to government agencies. In New Zealand, we extend security services, as well as maintenance and inspection services. Our high-performance surveillance camera systems enjoy particularly solid support from customers ranging from major supermarkets to financial institutions.

Subsidiary Secom plc delivers high-grade on-line security systems and other security services across the United Kingdom. The company has built a robust reputation, earning the trust of government agencies, and of leading financial institutions and major corporations.

Expansion of operations in growing markets

We recognize that strengthening our operations in promising overseas markets is essential to ensuring sustainable growth. We are working to accelerate the proliferation of services—particularly in Asia, which is home to rapidly growing wealthy and middle classes—by creating services that better reflect local market needs, promoting the active hiring and

training of local staff, and stepping up marketing to raise awareness of the SECOM brand. Through these and other efforts, we continue striving to increase the percentage of consolidated net sales and operating revenue accounted for by overseas security services to more than 10%.

In the United Kingdom, Thailand, Singapore, Malaysia, Indonesia and Vietnam, we have introduced a cloud-based interactive security system that enables operation and the confirmation of images using a smartphone app, which enhances user convenience. We are also working to expand availability to other countries and territories.

At the China Innovation Center, in Shanghai, and the ASEAN Innovation Center, in Bangkok, we are striving to develop systems that respond to market needs by incorporating advanced technologies, and to foster highly skilled engineers. We are advancing the development of a highly convenient security system that employs smartphones, as well as a platform for the digitization of security services that is scheduled for launch in the PRC and in Southeast Asia.

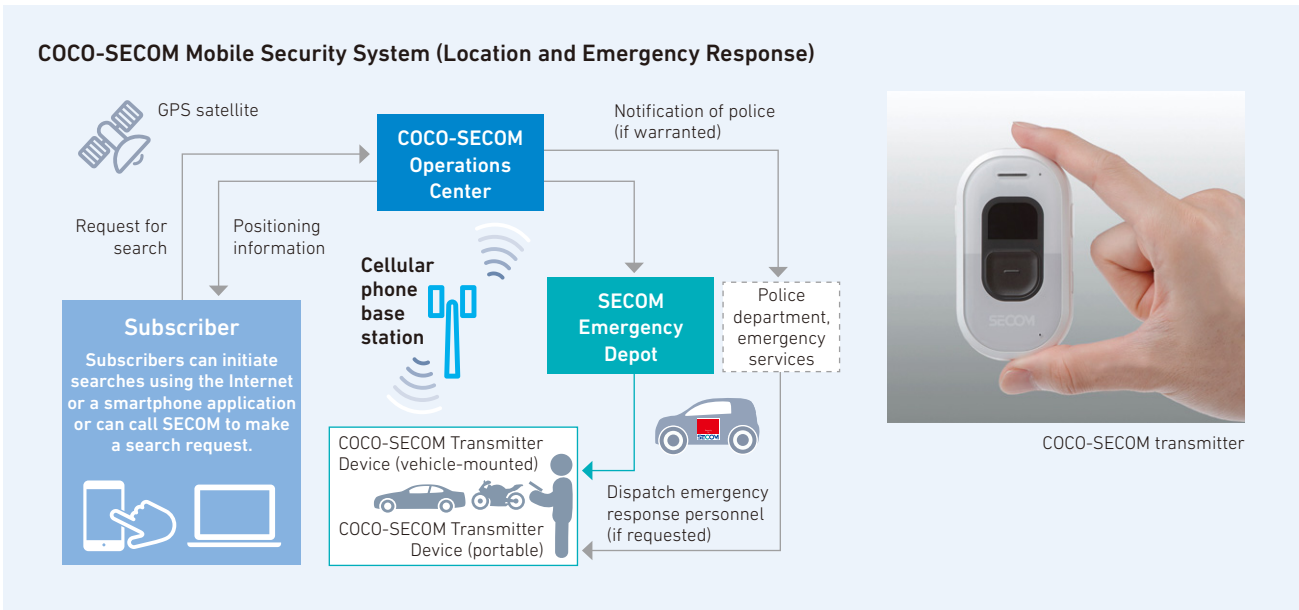
In Thailand, we are analyzing accumulated customer data to formulate optimal proposals, thereby improving the effectiveness of sales activities. This is not only helping boost customer satisfaction, but also contributing to sales in that country. In addition, we have kicked off an advertising and publicity campaign,

featuring television, web and outdoor advertisements, to bolster recognition of the SECOM brand, an initiative that had led to a steady increase in subscriptions.

In another initiative, we have established a business development project team with the objective of building a foundation for new growth and leveraging synergies by promoting business alliances and M&As over the medium to long term to expedite the expansion of our overseas operations. In May 2023, we made investments by way of a third-party allotment in cloud-based physical security services providers Eagle Eye Networks and Brivo, which extend solutions primarily in North America. These two companies are the U.S. leaders in VSaaS*¹ and ACaaS*² two growing areas of the security services market. We look forward to leveraging the advanced technologies and unique solutions of both companies to drive the evolution of our services and systems.

By further popularizing our distinctively SECOM security services in the countries and territories in which we operate, and by capitalizing on opportunities in new geographic and business areas, we will also seek to establish ANSHIN as a universally recognized term synonymous with peace of mind.

*1 VSaaS enables users to access, manage and analyze video surveillance information in the cloud.
*2 ACaaS enables users to control and manage on-premises access control devices in the cloud.



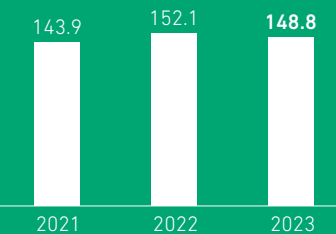
SECOM provides interactive security services in ASEAN member states



Fire Protection Services

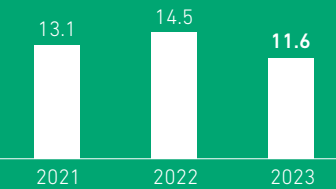
Net sales and operating revenue

(In billions of yen)



Operating income

(In billions of yen)



Operating highlights

This segment centers on the operations of Nohmi Bosai and Nittan, two leaders in Japan's fire protection services market, which have established an integrated service configuration encompassing everything from R&D to system planning, manufacturing, installation and maintenance. This enables the companies to provide comprehensive fire protection systems—including automatic fire alarms and fire extinguishing equipment—tailored to customer needs for a wide range of applications, such as office buildings, production facilities, tunnels, cultural properties, ships and homes.

As well as striving to secure orders for new buildings, Nohmi Bosai and Nittan respond to replacement demand in the renovations market by drawing on their wealth of experience and the trust of customers to propose and extend the most appropriate systems for newly renovated facilities.

Relocation and rebuilding of the Mitaka Factory to bolster productivity

Owing to the aging of its existing facility in Mitaka, Tokyo, in operation since the company's establishment in 1944, and to address a lack of space attributable to rising production volume, Nohmi Bosai relocated to a newly built factory in a neighboring area that commenced operation in June 2022. The new Mitaka Factory boasts a total floor area of around



Nohmi Bosai's new Mitaka Factory

10,000 m², five times the size of its predecessor. The company is taking further steps to improve productivity by introducing production methods suited to individual products, improving work environments and optimizing flow lines.

Addition of two new scenes to Immersive Fire Experience VR: Panic in the Office

With the aim of increasing people's motivation to hone their fire prevention know-how and skills, and to participate in fire drills, Nohmi Bosai created Immersive Fire Experience VR: Panic in the Office, a virtual reality training program, in collaboration with a game software producer, for rental to customers together with equipment. Incorporated into fire prevention training and in-house events by companies and other organizations, this program uses realistic movement and sound to convey the confusion that can be experienced by people caught up in a fire and ensuring a firm grasp of how hazardous and frightening a fire can be. The program has also earned praise for instilling awareness of the importance of acting without hesitation when a fire occurs or a fire alarm sounds.

In response to requests from users, in July 2022, Nohmi Bosai enhanced Immersive Fire Experience VR: Panic in the Office by adding two new scenes that presume the occurrence of a major earthquake and show correct behavior inside the office during



Immersive Fire Experience VR: Panic in the Office allows people to experience evacuating in the wake of a major earthquake (Nohmi Bosai)

evacuation and outside the office once evacuation is complete. In addition to a two-day rental plan, which can be extended to a maximum of five days, the company introduced a one-month plan and a two- to six-month plan, with the objective of helping bolster awareness of fire prevention among an ever-greater number of people.

Consistently robust sales of B Catch Now

Nittan's B Catch Now is an indoor location information system that makes it possible to locate people, items and fires in real time using a smartphone. Since its launch in April 2020, applications for the system have expanded. B Catch Now has also been designated as an IT tool the introduction of which qualifies for the IT introduction subsidy 2023 implemented by the Ministry of Economy, Trade and Industry.

The B Catch Now system uses signals from sensor beacons installed inside fire detectors to pinpoint the location of people and items indoors, where Global Positioning System (GPS) and other radio signals cannot reach. On an everyday basis, the system can be used to confirm the presence of, and make contact with, people working in an office, as well as to check whether conference rooms are being used, and collect and analyze data on personnel allocation, workplace flow lines and working times, with the goal of improving how tasks are performed. In the event of a fire, an immediate

notification is sent displaying the positions of fire extinguishers and hydrants, indicating emergency exits and confirming the status of evacuation efforts, and information is provided to the fire department to assist first responders.

B Catch Now has found further application in medical and long-term care facilities, with beacons attached to equipment and fixtures to prevent misplacement, as well as to optimize management and deployment. In production facilities and warehouses, the system can be used to ascertain where employees are in different site buildings, monitor entry into hazardous areas, and manage heavy machinery and other equipment.

Going forward, Nittan will strive to support the efforts of its customers to improve their operations by proposing the deployment of B Catch Now, a recurring revenue-based system, in increasingly diverse situations. In addition, the company will build on the success of this system to date to add linkability to devices on the IoT and to expand the range of services offered.

Assisting with fire protection training in Cambodia and Vietnam with the aim of growing overseas operations

Nittan, which also manufactures and sells fire protection systems in the United Kingdom and Vietnam, accepts requests for assistance with the provision of fire protection training from numerous countries and territories, bolstering awareness

of the importance of fire protection equipment and contributing to the improvement of firefighting systems in multiple markets.

In November 2022, in an initiative sponsored by the Japan International Cooperation Agency (JICA), a team of inspectors from Cambodia's Ministry of Land Management, Urban Planning and Construction, visited Nittan's head office showroom. Here they were given the opportunity to try a wide range of actual Nittan products, including SPERA fire alarm control panels, which comply with standards set by UL LLC in the United States, fire detectors, the VS Sprinkler system and B Catch Now. The inspectors rated the experience highly, saying it had greatly deepened their understanding.

In February 2023, as part of a collaborative effort between Japan and Vietnam in the area of firefighting, Nittan Asean Co., Ltd.'s production facility in Vietnam was visited by approximately 30 individuals, including officials from the country's Fire and Rescue Police Department. Participants in the visit, which was organized with the aim of improving Vietnam's ability to inspect fire protection equipment, listened intently to explanations of production processes and ideas for enhancing efficiency. Nittan will continue to actively promote efforts to contribute to local communities to encourage the expanded adoption of its high-grade fire protection systems in markets around the world.



Inspection of fire protection equipment at Nittan Asean's production facility



Beacon for installation inside a fire detector



Tag beacon



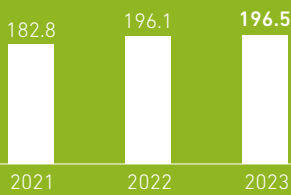
Beacon receiver

B Catch Now indoor location information system smartphone app and sensor beacons (Nittan)

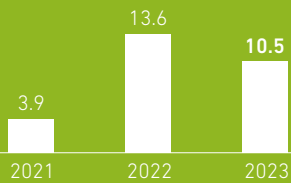
Medical Services



Net sales and operating revenue
(In billions of yen)



Operating income
(In billions of yen)



Operating highlights

In the belief that the ultimate expression of our commitment to delivering safety and peace of mind is the provision of services that protect health and life, we have created a medical services business that focuses on customers who feel anxious about their health. This business comprises four categories: medical care, personal care, healthcare and preventative care, and ICT-based medical services. We also continue to make use of ICT to create seamless, integrated community-based healthcare models encompassing support for affiliated medical institutions and the extension of a variety of services, home nursing, pharmaceutical dispensing, personal care, and health and preventative care.

Medical care services

Our medical care services began with the launch of home nursing services and pharmaceutical dispensing services, both of which assist in the provision of home medical care. Home nursing services focus on dispatching visiting nurses from our nationwide network of 34 visiting nurse stations to offer expert medical treatment and nursing care in the patient's home

under the direction of his or her primary physician. Pharmaceutical dispensing services include filling prescriptions at a pharmacy and delivering needed medications and medical supplies—such as infusion pumps, as well as infusion lines and syringes for home parenteral nutrition (HPN), which is administered via a central venous catheter—and medical hygiene products to patients receiving medical treatment at home.

Our support for affiliated medical institutions centers on 21 partner hospitals and clinics in Japan providing high-level acute care, convalescent rehabilitation and long-term care. We also strive to help reduce costs and improve efficiency for affiliated



Sakra World Hospital

medical institutions by selling and renting medical equipment, and through the joint purchasing and management of pharmaceuticals. In addition, we operate Sakra World Hospital in Bengaluru, India, a general hospital with 307 beds. This facility's medical care system, developed based on medical services know-how from Japan, and staff who offer attentive, advanced care, continues to be highly rated, underpinning steady growth. We are currently planning to establish a second hospital in India.

Personal care services

This category includes visiting personal care services and outpatient care services (adult day care), as well as the management of comprehensive home personal care services centers. We also operate residences for seniors, bringing together our expertise in the provision of security, medical care and personal care services.

Health and preventative care services

Maintaining and improving health, and enhancing quality of life, are crucial in protecting against illness and the need for personal care.

We support health management through, among others, the operation of the membership-based SECOM Health Care Club KENKO and the provision of telephone-based health consultation services.

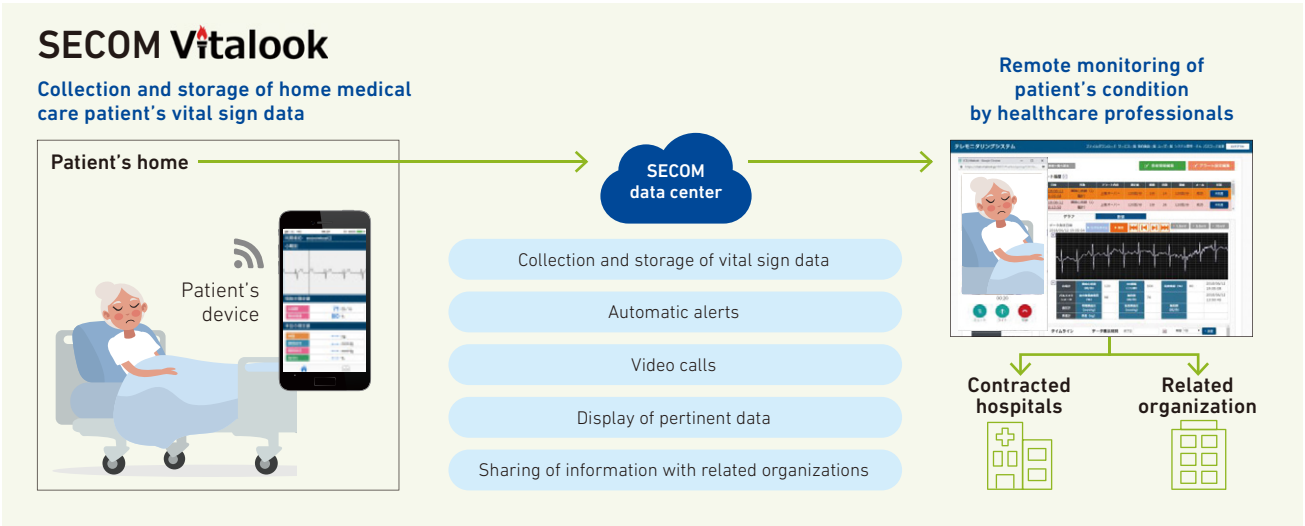
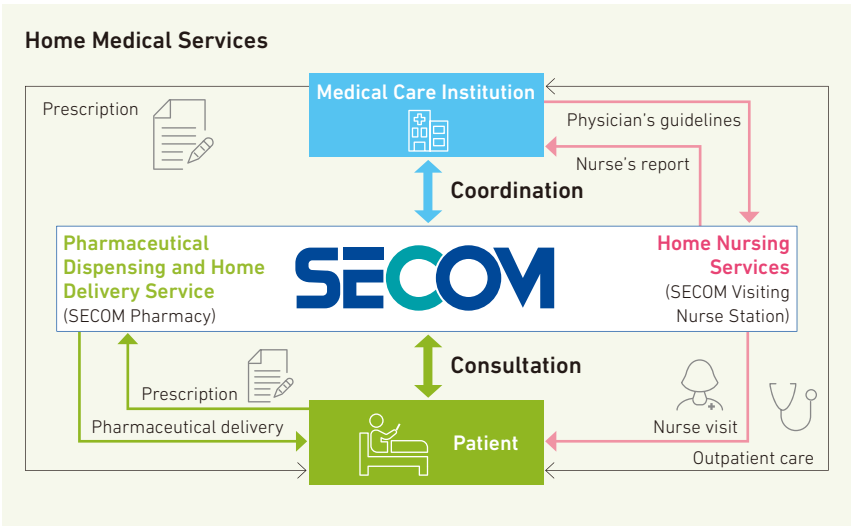
ICT-based medical services

We extend a variety of unique networked services for hospitals and clinics. These include high-grade offerings that make use of our secure information network, such as cloud-based medical reporting services and SECOM LINKus, which allows information entered into electronic medical records to be stored at a SECOM data center and shared among medical professionals. Our Hospi-net remote image diagnosis support service supports the efforts of physicians to diagnose patients by providing topnotch medical imaging reports by highly experienced radiologists with diverse specialties.

Capitalizing on expertise and management resources accumulated in home medical care and in the provision of support for affiliated medical institutions, we also offer the SECOM Vitalook remote medical care support platform. SECOM

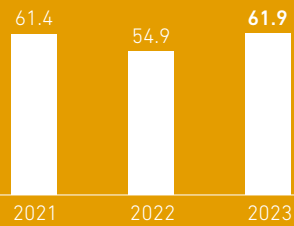
Vitalook collects home medical care patients' vital sign data (i.e., pulse, blood pressure, body temperature and electrocardiogram results) and stores it at a SECOM data center, enabling physicians and nursing staff at contracted medical institutions to review such data in real time and issue appropriate instructions remotely. The acceleration of DX is giving rise to new needs in the area of medical care. In response, we are hastening development aimed at facilitating the effective deployment of SECOM Vitalook within hospitals. We are striving to address the medical information needs of medical institutions by extending SECOM SMASH, a hospital management information analysis system.

Looking ahead, we will continue to expand our ICT-based medical services, crucial to safety and peace of mind, with the goal of supporting medical care and personal care in a super-aged society while at the same time exploring the provision of such services in markets around the world.

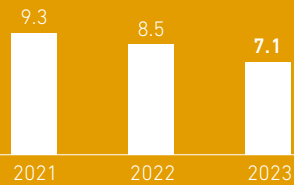




Net sales and operating revenue
(In billions of yen)



Operating income
(In billions of yen)



Operating highlights

Providing both security services, which are preventative by nature, and non-life insurance services, which look after people should misfortune strike, is crucial to our ability to deliver seamless safety and peace of mind. A key feature of our insurance services business is that we leverage the resources of the SECOM Group to offer distinctive insurance products that support the daily lives and commercial endeavors of our customers.

Expanding subscriptions to the MEDCOM cancer treatment policy

MEDCOM is a pioneering indemnity-based cancer treatment policy developed to enable subscribers to pursue the most effective cancer treatment available. In addition to unlimited coverage for all inpatient hospital treatment, including private care, advanced care and care covered by public health insurance, MEDCOM covers outpatient treatment up to ¥10 million per five-year period. This allows subscribers to concentrate on treatment without having to worry about the economic implications thereof, driving the steady expansion of subscriptions.



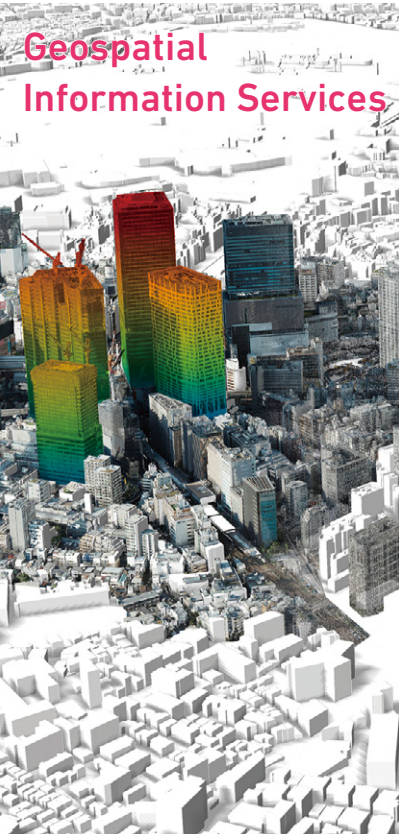
YouTube video introducing MEDCOM
<https://youtu.be/LKelWmxZcXU>

SECOM Anshin My Car: Backed by on-site support from emergency response personnel

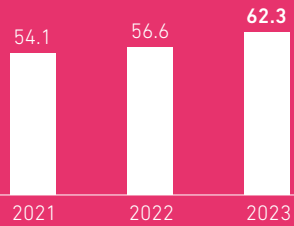
SECOM Anshin My Car is an automotive insurance policy that offers around-the-clock access to on-site support from SECOM emergency response personnel if requested. This policy's customer-focused assistance, which also includes emergency response personnel contacting the police and ambulance, confirming the seriousness of the accident and photographing the site, continues to earn high marks from customers.

Fire insurance policies with discounts for subscribers who have installed security systems

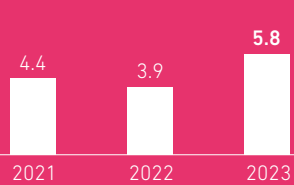
Residential fire insurance policy SECOM Anshin My Home features a discount on premiums for subscribers who have installed an on-line home security system in recognition of the fact that such systems reduce the risk of theft and fire. The Security Discount Fire Policy, for commercial premises such as offices and retail facilities, gives premium discounts of up to 30% to subscribers who have installed a commercial on-line security system, reflecting the risk-mitigating benefits of such systems, earning high marks for its reasonable premiums and extensive coverage. Subscriptions for both of these policies continue to be bolstered by efforts to propose fire insurance when introducing on-line security systems to potential home and commercial security services customers. Going forward, we will continue working to further expand subscriptions in line with the increased deployment of on-line security systems.



Net sales and operating revenue
(In billions of yen)



Operating income
(In billions of yen)



Operating highlights

Subsidiary Pasco collects geospatial data from sensors mounted on commercial satellites, aircraft, drones, proprietary vehicles and ships, among others, which it integrates, processes and analyzes to provide a variety of geospatial information services that contribute to the resolution of key social imperatives. Pasco's operations are divided into services for public sector entities in Japan, which account for approximately 80% of segment net sales and operating revenue; services for domestic private sector customers; and support services for developing countries overseas.

The importance of DX is growing across all industries in Japan today. Against this backdrop, Pasco's measurement and digital technologies are finding expanded use in numerous related initiatives, including the national government's Vision for a Digital Garden City Nation, and the Ministry of Land, Infrastructure, Transport and Tourism-led Project PLATEAU 3D city model open data endeavor.

Expansion of business aimed at resolving social imperatives through collaboration and the formation of alliances

Pasco collaborated with a leading U.S. company in the area of 3D visualization software to create a Japanese-language version of a program that can handle large volumes of 3D data easily and at high speeds. We will leverage this service to further advance the use of 3D data, as well as to diversify its applications, in multiple industries.

Pasco is also a participant in a real-time hazard map creation working group established as part of the Disaster Prevention Consortium (CORE), a group of companies and organizations from a broad variety of industries. In September 2022, the company developed an AI analytics model that

can immediately grasp flooding caused by torrential rainstorms.

Applying advanced technologies to support DX

As a company that works to help address key social imperatives, Pasco supports DX in diverse industries, in addition to working to accelerate its own internal DX initiatives to improve business efficiency and reform work styles. In November 2022, Pasco's efforts to drive DX, including the formulation of a DX vision, as well as the establishment of related business strategies and an internal framework for promotion, earned it recognition as a DX certified company by Japan's Ministry of Economy, Trade and Industry.

In July 2022, the company set up a new production base in the city of Niigata to improve processing capacity for increasingly precise and high-definition data, as well as to bolster productivity, while in March 2023 it participated in a demonstration test aimed at promoting DX in managing the operation of Shuriyo Castle Park in Okinawa and verified the park's extended reality (XR)* exhibit commentary, which uses virtual reality (VR) content and 3D data.

*XR is a catch-all term for technologies that merge the physical and the virtual world to create new experiences.



VR rendering of the rebuilt Shuriyo Castle Seiden (main building)

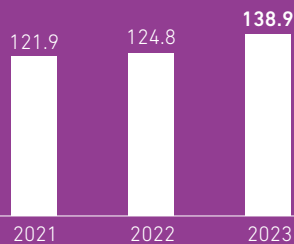


VR cross section showing the structure

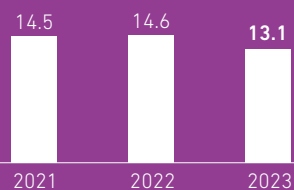


BPO and ICT Services

Net sales and operating revenue
(In billions of yen)



Operating income
(In billions of yen)



Operating highlights

Secom Trust Systems develops and provides ICT services that deliver safety and peace of mind, as well as make life more comfortable and convenient. At Tokyo operates data centers that boast outstanding reliability and connectivity. TMJ extends high-grade contact center, back-office support and other BPO services. Together, these three subsidiaries offer a broad portfolio of services that respond to the diverse needs of customers.

Large-scale disaster preparedness, information security and cloud-based services

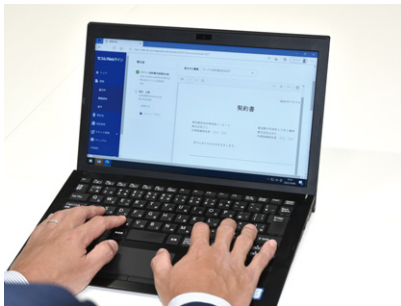
In addition to overseeing the development and operation of SECOM Group IT systems, Secom Trust Systems leverages its superior security and robust Secure Data Center to provide a variety of large-scale disaster preparedness, information security and cloud-based services.

Large-scale disaster preparedness services include assisting customers in the formulation of BCPs to ensure advance preparations, the implementation of effective immediate response measures and the prompt restart of operations in the aftermath of a major disaster. The SECOM Safety Confirmation Service enables subscribers to swiftly ascertain the safety of employees and their families, as well as damage to sites, in the event of a major earthquake or other disaster or the failure of infrastructure. As of March 31, 2023, this service was used by approximately 8,800 companies employing around 8.1 million individuals, making it one of the most widely used crisis management services in Japan. In September 2022, Secom Trust Systems launched the SECOM Safety Confirmation Service Smart Edition, which boasts the same

basic functions at a reasonable price, targeting small and medium-sized companies.

Information security services range from advance diagnostics and preventative measures, which protect customers' information from cyber attacks, to services that help customers deal effectively in the event of an incident, ensuring comprehensive around-the-clock support. Secom Trust Systems also extends cloud-based services that contribute to improved operating efficiency and convenience, as well as to reduced costs. These include diverse human resources technology and document digitization services. In October 2022, the company launched SECOM Passport Plus, which offers trust services necessary to digitize documents, eliminate traditionally used official *hanko* seals, and facilitate safe and secure non-face-to-face transactions in a single platform. Among key features of this service are that it complies with international standards for electronic signatures and can be linked with applications from various vendors and authentication service providers.

The same month, the company also began offering SECOM Web Sign, which ensures the safe and hassle-free execution of electronic contracts. With this service, the identities of the contracting parties are confirmed electronically, based on which



SECOM Web Sign

electronic certificates are issued which the parties use to affix their signatures, providing concrete evidence that will hold up in the event of a dispute. Pertinent customer data is stored in the company's Secure Data Center. Secom Trust Systems will continue to support the proliferation of DX by extending services that deliver safety and peace of mind.

Data center services

At Tokyo's highly reliable power sources, earthquake-resistant buildings and superior network infrastructure enable it to ensure uninterrupted data center services around the clock. The competitive advantages of At Tokyo's data centers include connectivity that facilitates access to network services extended by megacloud service companies and telecommunications carriers, as well as to overseas service providers. The company also offers the ATBeX ("At Tokyo Business eXchange") on-premises connection service platform, which supports communication speeds up to 100 Gbps, allowing flexible connections with corporate systems, thereby supporting the expansion of its customers' operations.

Recent years have intensified the needs of companies and local authorities across Japan for closed network connections to the Government Cloud.* The decentralization of data centers has become another key issue from



At Tokyo data center

the perspective of risk avoidance in the event of a major natural disaster. Accordingly, At Tokyo is focusing on increasing its ATBeX access points, which simplify connectivity to cloud service providers, with the aim of making this service platform accessible from anywhere in the country. The company opened access points in Fukuoka in October 2022 and in Hiroshima and Okinawa in April 2023, and plans to open two additional access points in Sapporo, beginning in July 2023.

In 2024, At Tokyo will launch the At Tokyo Chuo Center #3 (CC3), which boasts outstanding accessibility thanks to its location in central Tokyo, as well as the connectivity and flexibility that will make it ideal for use as an urban server farm. At Tokyo will continue to contribute to the expansion of its customers' businesses by ensuring both zero-downtime operations and adaptable, secure network environments.

*The Government Cloud is a cloud-based service environment built and operated by the government of Japan with the aim of realizing the integration, unification and standardization of national and local administrative systems.

BPO services

TMJ provides an extensive selection of high-grade contact center and back-office support services. These services have earned high marks from a broad variety of companies, including financial institutions.



SleekyC² eKYC operations center, established by TMJ

Among fintech companies, which leverage information technology to realize new methods of delivery for financial services, needs have intensified for electronic know your customer (eKYC), which encompasses processes used for digital identity verification, owing in part to COVID-19. In March 2023, TMJ began offering highly secure eKYC services, ranging from introduction and administration, at the newly established SleekyC² eKYC operations center in Sapporo. The new facility boasts an outstanding level of security, made possible by distinctive SECOM Group capabilities, including enhanced entry and exit security that employs facial recognition and login procedures that use fingerprint authentication to prevent leaks of important user information, to ensure one-stop support for everything from the construction and installation of systems through to actual identity verification operations.

With the advance of DX in the business arena, small and medium-sized companies are facing challenges as the use of cloud-based software fails to yield expected improvements in operational efficiency. TMJ is focusing efforts on the development of packaged back-office support services for such companies by capitalizing on its wealth of know-how in the extension of BPO services to major corporations. As a first step, in April 2023 the company began offering a service called Accounting Standards, which organizes accounting into six standardized procedures and allows customers to choose only the ones they require, helping them reduce labor requirements and strengthen compliance. Looking ahead, TMJ also plans to introduce Personnel Standards, a similar service for personnel management.

Social initiatives

SECOM's approach

In line with our basic philosophy of offering services that are beneficial for society, we believe that the quality of services that deliver “safety and peace of mind” is guaranteed by people. Accordingly, we work to secure and foster human resources with a strong desire to contribute to society.



Occupational health and safety

We have established a system to minimize occupational safety risks in the area of security services, and work to maintain and improve the health of our employees by managing working hours and conducting health checks.

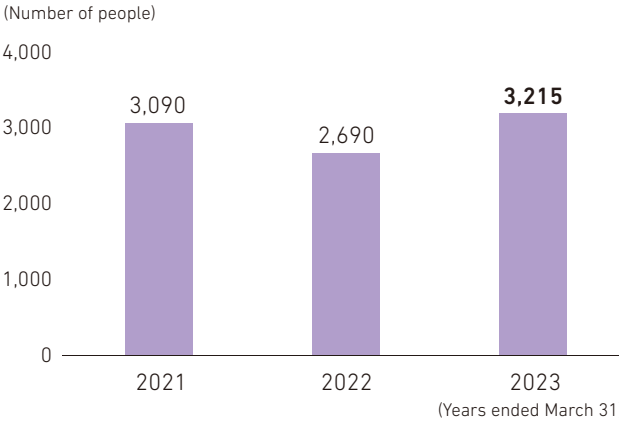
We believe that our ability to provide safety and peace of mind to our customers depends on first ensuring the health and vitality of our employees. Accordingly, we promote various initiatives aimed at protecting and enhancing employee health and creating safe, employee-friendly workplaces.

The Human Resources Department has established a system to comprehensively manage occupational health in collaboration with the Health Promotion Office, which is staffed with occupational health physicians (OHPs), and the SECOM Health Insurance Union. Site health committees across Japan meet to discuss key issues, including employee working hours and efforts to maintain and improve health, enhance work environments, ensure safety and prevent danger. Employee health check results are managed through the system and used by OHPs to provide health guidance. We also actively care for employees' mental health, conducting stress checks, arranging meetings with psychiatrists and specialized counselors, to make certain that employees feel both physically and mentally supported.

To ensure occupational safety, the Operations Division verifies day-to-day security operations and works to reduce

identified occupational safety risks. Our operational and control structure facilitates the efficient exchange of reports and instructions between the front lines and senior management, ensuring that the latter is fully apprised of day-to-day operations across Japan and able to provide instructions for improvements where necessary to bolster

Participants in Training Aimed at Preventing Occupational Accidents



*Scope of reporting: SECOM CO., LTD., and certain SECOM Group companies
The method of calculation was revised in the fiscal year ended March 31, 2023, and data for previous years was revised.

occupational safety. Of note, we have developed training to ensure employee safety in the event of an emergency, as well as programs that seek to improve equipment maintenance to prevent injuries, as well as to enhance driving techniques.

SECOM's Philosophy and the SECOM Group Code of Employee Conduct

Efforts are proceeding to ensure the full penetration of SECOM's Philosophy and encourage strict compliance with the SECOM Group Code of Employee Conduct to bolster employee motivation and earn the trust of society.

Encouraging awareness of SECOM's Philosophy and adherence to the SECOM Group Code of Employee Conduct are essential to maximizing the trust of stakeholders and our corporate value. Handed down since our establishment, SECOM's Philosophy provides a spiritual anchor for Group employees and the entire SECOM Group. The driving force behind our growth and evolution, this philosophy emphasizes a refusal to be content with the status quo and a commitment to doing what is appropriate. The first element expresses our determination to offer innovative services and systems by challenging accepted norms, while the second calls for judging the legitimacy of our actions by examining whether they are just, fair, and beneficial not only to SECOM but also to society as a whole. The SECOM Group Code of Employee Conduct sets forth ideals for the conduct of employees in both public and private life and specific standards for the day-to-day performance of duties. We have published SECOM's Philosophy and the SECOM Group Code of Employee Conduct in the form of handbooks and

Securing and fostering of talented human resources

We are focused on securing and fostering talented human resources with the ability to adapt to change and create value and who seek to contribute to society.

Our vibrant, diverse team of employees, who are critical to our ability to provide services that deliver safety and peace of mind, are our greatest asset and another driving force behind our growth and evolution. Accordingly, we strive to secure and foster talented human resources who have the ability to adapt to change and create value and who seek to contribute to society.

As a company that extends services across Japan and around the world, we promote active recruiting efforts. We also work to enhance employee welfare with the goal of improving our ability to retain human resources and have established a variety of programs designed to encourage motivation and productivity, as well as to create employee-friendly workplaces. One such program enables employees

Ongoing efforts to create safe, employee-friendly workplaces include the provision of extensive training aimed at preventing occupational accidents, including that related to the risk of security accidents in various situations.

pocket-sized guides, which are distributed to employees in Japan and overseas.

Questions on SECOM's Philosophy and the SECOM Group Code of Employee Conduct are included in our e-learning program, which is provided annually, and employees' compliance status is reflected in their semiannual performance reviews. An employee who becomes aware of a violation is obliged to submit a report to his or her superior. In addition, we have established a whistle-blowing system and are currently using IT equipment and taking other steps to encourage observance.

Since 2018, we have promoted the Tri-ion initiative, which seeks to ensure that SECOM's Philosophy fully penetrates every aspect of our operations and to boost motivation and productivity Groupwide. In the fiscal year ended March 31, 2023, we introduced a program to commend sites that take steps to improve workplace culture with the aim of creating a more open atmosphere.

to choose the geographic location to which they are assigned to suit career phase or personal preference.

We provide extensive training to foster human resources with high ethical standards and superior skills. In addition to training for all new employees, we have developed department- and job-specific curricula that reinforce practical capabilities in a manner that benefits employees on the front lines. We have also launched a variety of

Average Hours Spent by Employees in Training

Fiscal year ended March 31, 2022	42.2 hours
Fiscal year ended March 31, 2023	42.6 hours

specialized training options, including an overseas study program and a subsidy system for employees to take correspondence courses. In the area of training for security guards, we have introduced VR technology to improve effectiveness and ensure employees acquire excellent discernment and know-how. Going forward, we aim to expand training for management-level employees, as well as to increase e-learning-based training opportunities.

Employee performance reviews look to impartially evaluate employees' efforts and support self-realization.

Evaluations are based on reports prepared by employees assessing their execution of duties, achievements and areas in need of improvement, as well as on rational assessment categories optimized for each particular job. We use an open and fair format whereby review results are disclosed to employees. In addition, we promote self-actualization through systems designed to assist with career development, including the Self-Reporting System and Challenge Support System, which encourage employees to declare and assist their efforts to realize their own future goals and aspirations.

Diversity

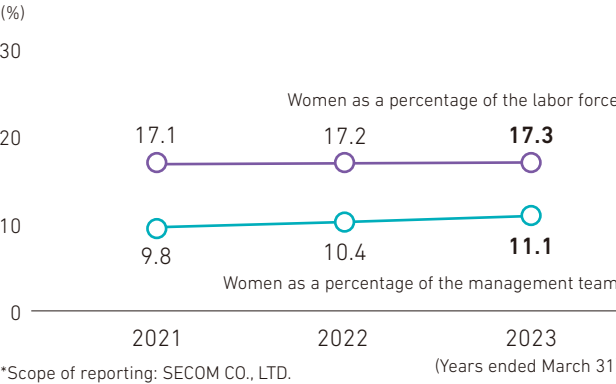
Diversity and inclusion staff have been assigned to the Human Resource Department to promote the creation of positive work environments in which diverse employees can maximize their capabilities.

Recognizing the importance of welcoming a broad spectrum of individuals with wide-ranging ideas to the creation of new value, we actively promote diversity in our labor force, including by advancing career opportunities for female employees. In 2017, we established the Declaration of Promoting Diversity and Inclusions, and assigned diversity and inclusion staff to the Human Resources Department. We currently promote the creation of work environments that maximize the capabilities of all employees regardless of gender, nationality, age, physical ability, sexual orientation, or gender identity.

We continue working to advancing career opportunities for female employees in line with an action plan formulated in April 2021, striving to achieve the plan's objectives by actively fostering female leaders, expanding the scope of jobs available to women, taking steps to prevent harassment, and promoting work-life balance, thereby creating positive work environments for women. Thanks to these efforts, the number of female employees qualified to assume positions of responsibility is increasing steadily.

Women have been appointed to management positions in the home security services business' sales department and in site administrative offices. In April 2023, we appointed female employees to the position of manager at security services offices, a move that had long been under consideration.

Women as a Percentage of the Labor Force and the Management Team



Work-life balance

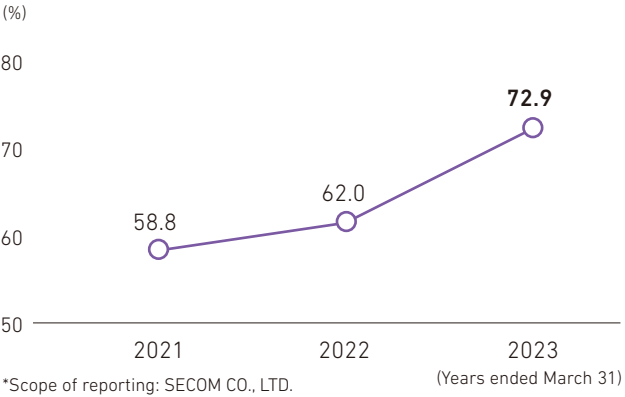
We have established systems that support work styles suited to the different stages of employees' lives and the creation of work environments that encourage job satisfaction and increase employee retention.

We view work-life balance, including sufficient physical and mental rest and a fulfilling private life, as essential to the ability to approach one's work with energy and focus. In addition to actively encouraging employees to take annual paid vacation days, we have established a variety of vacation and leave systems.

- **Flex vacation:** Enables employees to take 10 consecutive vacation days annually, in theory at any time during the year
- **Refresh vacation:** A two-week vacation available to employees every 10 years

- **Maternity leave:** Available for the six weeks prior to and eight weeks after giving birth; an additional two weeks is available to employees who wish to start their maternity leave earlier
- **Childcare leave:** Can be taken by up until the day before the child's third birthday. This system has also been available to male employees since 2002 and we continue working to bolster awareness and use by creating conducive work environments
- **Change in working hours/exemption (shorter working hours) for childcare:** Allows employees who are pregnant or have children who have not yet entered the third grade of elementary school (exceeds legal requirement, which is children under the age of three) to change their working hours or be exempted from minimum working hour rules

Percentage of Annual Paid Vacation Days Taken by Employees



Employee engagement

Initiatives to boost employee job satisfaction, including raising base salaries for the second consecutive year and granting restricted stock, together with the exchange of opinions between the SECOM Employee Union Federation and executives, are facilitating the creation of employee-friendly workplaces.

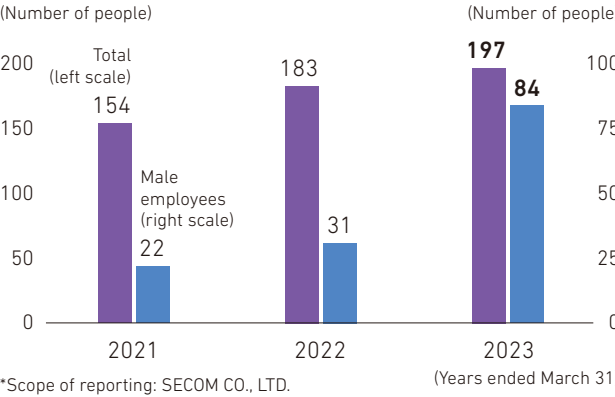
We seek to achieve sustainable growth as a strong, flexible organization by creating a virtuous circle, recognizing the importance of enabling employees to demonstrate their full potential, which helps raise the quality of the services and products we provide, thereby enhancing customer satisfaction and earning the trust of society, which in turn increases employee job satisfaction. Since 2016, we have conducted an annual anonymous employee job satisfaction survey. In the fiscal year ended March 31, 2023, the response rate for this survey was 78.5%.

With the aim of both boosting employee job satisfaction and expanding our operations, we resolved to grant shares of common stock as restricted stock to approximately 23,000 SECOM Group employees in March 2024.

Reflecting our fundamental belief that the growth of our employees is inextricably linked to our prosperity, we signed

- **Nursing care leave or change in working hours/exemption (shorter working hours) for nursing care:** Full leave or adjusted working hours for up to six months (maximum of 186 days) for employees providing nursing care to a family member wishing to return to work full-time after conclusion of nursing care provision
- **SECOM Life Support Program:** Allows employees to temporarily change work style and/or location to which they are assigned to provide childcare or nursing care or to accompany a spouse who has been transferred and provide support for long-term career advancement
- **Job Return Program:** Enables people who have left employment at SECOM for unavoidable reasons such as childbirth, childcare or nursing care to apply to return to work

Employees Taking Childcare Leave



Governance initiatives

SECOM's approach

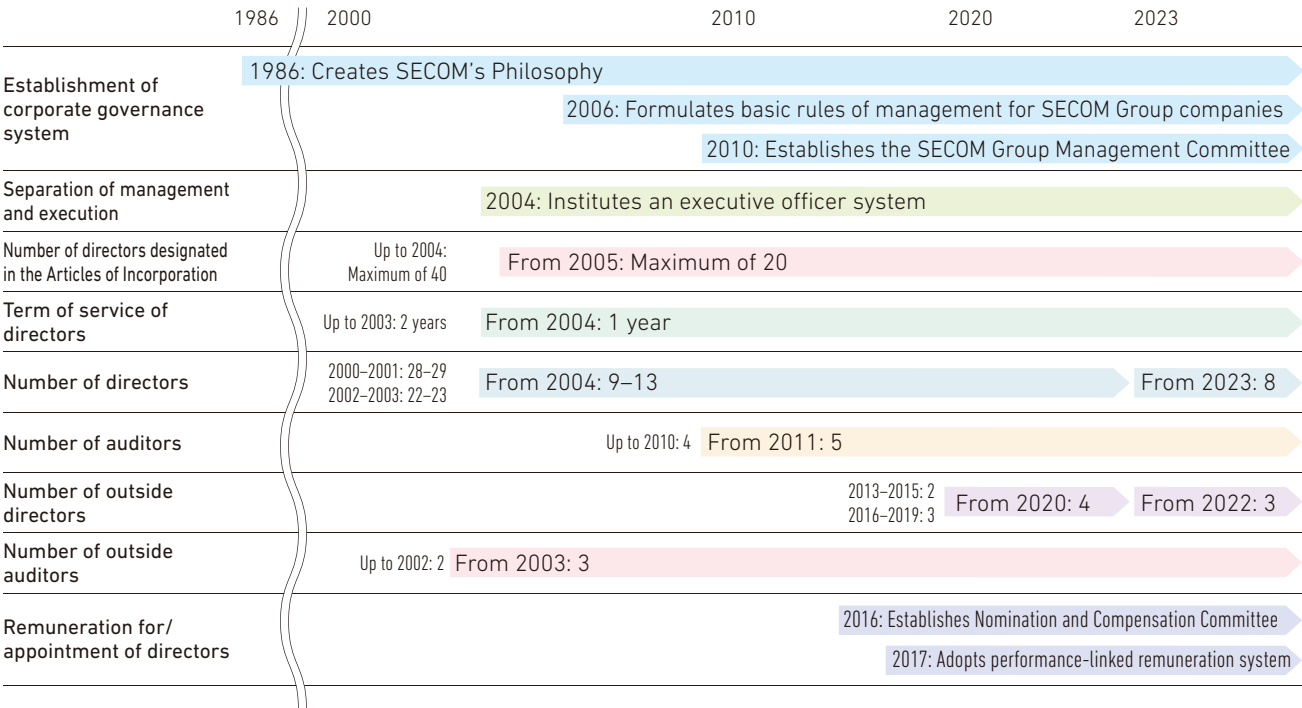
To fulfill our responsibilities to stakeholders, we work continuously to strengthen corporate governance by enhancing transparency, ensuring fairness, expediting decision making and guaranteeing the independent oversight of management, which we have positioned as key management challenges.



Corporate governance

In addition to providing independent oversight of the management team's performance and ensuring the appropriate execution of business activities, we are promoting effective disclosure to stakeholders.

Initiatives to Strengthen Corporate Governance



Basic philosophy

With the aim of earning the continued support of our customers, shareholders, business partners, employees, local communities, and other stakeholders as a company with value that is worthy of trust, we strive to maximize corporate and shareholder value over the medium to long term and recognize the importance of fulfilling our responsibilities as a corporate citizen and achieving sustainable growth and development.

In line with Japan's Corporate Governance Code and at the direction of top management, outside members of the Board of Directors and Audit & Supervisory Board provide independent oversight of the management team's performance in a manner that takes into account the interest of stakeholders and ensures the appropriate execution of business activities. We also work actively to disclose information to shareholders and other stakeholders and strengthen our compliance framework.

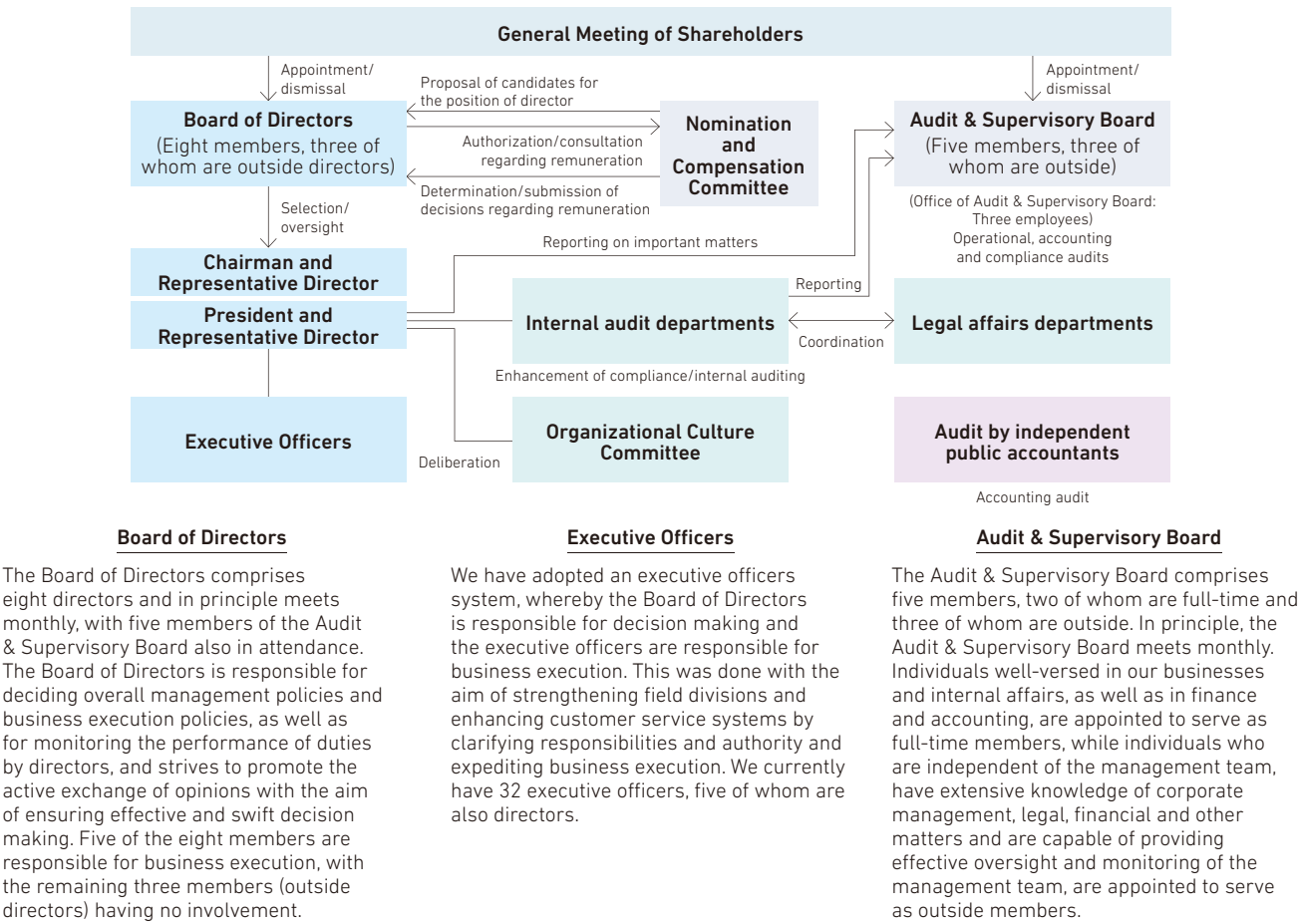
Outline of corporate governance system

We are a company with an Audit & Supervisory Board. The Board of Directors determines overall management and business execution policies. Executive officers, led by the President and Representative Director, are responsible for business execution. The Audit & Supervisory Board, which includes three outside members, and the Board of Directors coordinate with the internal audit departments to audit and supervise directors' and executive officers' discharge of their duties. Under our corporate governance system, three outside directors are also appointed to the Board of Directors to incorporate external perspectives in decision making and ensure the legality and objectivity of

management. We believe that this enables us to conduct independent oversight of management and ensure appropriate business execution.

The Nomination and Compensation Committee has been established as a discretionary committee of the Board of Directors. This committee, which is responsible for presenting candidates for the position of director to the Board of Directors and for ensuring the appropriateness of remuneration for directors, comprises five directors, three of whom are outside. Beginning in June 2023, an outside director has been appointed committee chairperson, a move aimed at improving objectivity and transparency.

Corporate Governance Organization



Nomination of candidates for appointment to the Board of Directors and the Audit & Supervisory Board

In accordance with the policy for appointment set forth by the Board of Directors, candidates for appointment to the Board of Directors and the Audit & Supervisory Board are decided through deliberation by the Board of Directors.

Candidates for the Board of Directors are nominated from among candidates determined through discussion by the Nomination and Compensation Committee, the majority of members and the chairperson of which are outside directors. Candidates for the Audit & Supervisory Board are nominated with the agreement of the Audit & Supervisory Board.

Skills Matrix for SECOM Directors and Audit & Supervisory Board Members

Name and position	Corporate management	Finance and accounting	Legal affairs, compliance and risk management	Sustainability and ESG	Security services industry	Global business	ICT and technology
Yasuo Nakayama Chairman and Representative Director	●	●		●	●		
Ichiro Ozeki President and Representative Director	●	●			●	●	
Yasuyuki Yoshida Senior Executive Director	●	●	●		●		
Tatsuro Fuse Executive Director	●			●	●	●	
Tatsushi Kurihara Director	●	●		●	●		
Takaharu Hirose Outside Director	●			●		●	●
Hajime Watanabe Outside Director	●	●	●				
Miri Hara Outside Director	●	●		●			
Takayuki Ito Audit & Supervisory Board Member	●	●	●		●		
Yasuhiro Tsuji Audit & Supervisory Board Member	●		●		●	●	
Hideki Kato Outside Audit & Supervisory Board Member	●		●	●		●	
Makoto Yasuda Outside Audit & Supervisory Board Member	●	●				●	
Setsuo Tanaka Outside Audit & Supervisory Board Member	●		●		●		

Notes: 1. A maximum of four areas of knowledge and experience are indicated for each Director and Audit & Supervisory Board member.
2. This skills matrix does not represent the entire breadth of knowledge and experience of each Director and Audit & Supervisory Board member.

Internal audits and cooperation among board members and offices

Audits by Audit & Supervisory Board members
Audit & Supervisory Board members attend important meetings, including those of the Board of Directors, to exchange opinions on overall corporate management, as well as to collect reports on the discharge of duties from directors and other pertinent individuals and conduct audits focused on the possible occurrence of violations of laws, regulations, the Articles of Incorporation and/or shareholders' interests. The Audit & Supervisory Board also conducts audits of our overall business activities, as well as those of subsidiaries and affiliates, in accordance with annual audit plans.

Principal Activities of Audit & Supervisory Board Members in the Fiscal Year Ended March 31, 2023

Participation in meetings of the Board of Directors	98.3%
Participation in meetings of the Audit & Supervisory Board	98.3%
Information sessions with directors and other executives of the parent company, subsidiaries and affiliated companies	60 times
Audits conducted by Audit & Supervisory Board members at remote locations	84 locations

Regular meetings between the President and Representative Director and Audit & Supervisory Board members

Audit & Supervisory Board members hold regular (monthly) meetings with the President and Representative Director, during which they exchange opinions on important management-related issues, including the results of audits, to ensure common understanding.

Meetings between Audit & Supervisory Board members and accounting auditors

Audit & Supervisory Board members meet regularly (six times annually) with the accounting auditors, as well as additional meetings as necessary, for the purpose of exchanging opinions and information. Audit & Supervisory Board members receive explanations and exchange opinions regarding annual audit plans and audit results. If necessary, Audit & Supervisory Board members also act as observers during audits conducted by the accounting auditors at remote locations and during audit reviews (19 times in the fiscal year ended March 31, 2023).

Collaboration with internal audit and other departments

Audit & Supervisory Board members hold regular (monthly) meetings with the Internal Audit and Compliance Department, during which they receive reports and exchange opinions on the results of internal audits and, as appropriate, receive reports on inspections of subsidiaries from and exchange opinions and information with the Group Governance Department. If necessary, to ensure the efficiency of audits, Audit & Supervisory Board members ask the internal audit departments to conduct investigations.

Outside directors and outside Audit & Supervisory Board members

We appoint individuals who have extensive knowledge of corporate management to serve as outside directors, thereby incorporating a broad range of external perspectives not constrained by the internal affairs. We thus have a structure that ensures the transparency and objectivity of management.
We appoint Audit & Supervisory Board members who have a wealth of knowledge of corporate management, legal, financial and other matters (including three outside members, who are essentially independent of the management team). We have also established an auditing organization (including the Office of Audit & Supervisory Board Members) that operates independent of day-to-day operations and a process (including periodic meetings between the President and

Representative Director, among others, and the Audit & Supervisory Board members). This ensures that Audit & Supervisory Board members' objective and neutral opinions are reflected promptly in operations. As a consequence, we believe that we fulfill our responsibility to conduct independent oversight of management performance in a manner that takes into account the interests of stakeholders.
We appoint outside directors and outside Audit & Supervisory Board members on the basis of pertinent requirements set forth in Japan's Companies Act and the standards concerning independence set forth by financial instruments exchanges.

Outside Directors and Outside Audit & Supervisory Board Members

	Name	Principal activities	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Board meetings
Outside directors	Takaharu Hirose	Mr. Hirose offers advice and recommendations at meetings of the Board of Directors based on experience and insights gained in the foundation and management of multiple enterprises and industry organizations. In addition, he participates in deliberations of the Nomination and Compensation Committee as a member thereof. Through these activities, he performs his supervisory function as an outside director adequately.	12	—
			12	
	Hirobumi Kawano	Mr. Kawano offers advice and recommendations at meetings of the Board of Directors based on experience and insights gained through the holding of important positions in government. In addition, he participates in deliberations of the Nomination and Compensation Committee as a member thereof. Through these activities, he performs his supervisory function as an outside director adequately.	3	—
			7	
	Hajime Watanabe	Mr. Watanabe offers advice and recommendations at meetings of the Board of Directors based on experience and insights gained through his many years of experience in corporate management. In addition, he participates in deliberations of the Nomination and Compensation Committee as a member thereof. Through these activities, he performs his supervisory function as an outside director adequately.	12	—
			12	
Outside Audit & Supervisory Board members	Miri Hara	Ms. Hara offers advice and recommendations at meetings of the Board of Directors based on experience and insights gained as a corporate officer and a tax accountant. In addition, she participates in deliberations of the Nomination and Compensation Committee as a member thereof. Through these activities, she performs her supervisory function as an outside director adequately.	12	—
			12	
	Hideki Kato	Mr. Kato offers advice and recommendations at meetings of the Board of Directors, among others, based on experience gained through the execution of national policies and insights gained as a result of his accomplishments at a policy think tank. He also asks questions and states opinions to clarify issues.	12	12
			12	12
	Makoto Yasuda	Mr. Yasuda offers advice and recommendations at meetings of the Board of Directors, among others, based on experience and insights gained in the management of a global enterprise. He also asks questions and states opinions to clarify issues.	12	12
			12	12
	Setsuo Tanaka	Mr. Tanaka offers advice and recommendations at meetings of the Board of Directors, among others, based on experience and insights gained through the holding of important positions in government. He also asks questions and states opinions to clarify issues.	11	11
			12	12

Notes: 1. Information on attendance at meetings of the Board of Directors and Audit & Supervisory Board is for the fiscal year ended March 31, 2023.
2. Information for Outside Director Hirobumi Kawano is for meetings held prior to his retirement on November 5, 2022.

Philosophy regarding the diversity and size of the Board of Directors

The Board of Directors consists of internal directors, who are familiar with SECOM's businesses and have diverse knowledge, and several outside directors with extensive insight in corporate management and other areas. Diversity in terms of gender and international experience is ensured

and the number of members is appropriate to facilitate discussions and resolutions of substance. We will continue working to enhance the effectiveness of the Board of Directors by promoting further diversity and ensuring the appropriate size of the Board.

Remuneration for directors and Audit & Supervisory Board members

Remuneration for directors consists of pecuniary remuneration (fixed monthly salary and bonuses) and share-based remuneration (shares with restrictions on transfer). Outside directors receive a fixed salary only. The fixed monthly salary portion of pecuniary remuneration paid to directors and the share-based remuneration paid to directors (excluding outside directors) are determined comprehensively in consideration of job responsibilities and years of service, as well as the performance of the Company. Bonuses paid to directors (excluding outside directors) are determined based on consolidated operating profit, a key management target, as well as on job responsibilities and years of service. The relative proportion of fixed monthly salary, bonuses, and shared-based remuneration paid to directors (excluding outside directors) is approximately 80:15:5. It has been

resolved that from the fiscal year ending March 31, 2025, the relative proportion will be 65:15:20. It has also been resolved that beginning in the fiscal year ending March 31, 2025, bonuses for directors (excluding outside directors) will be made with comprehensive consideration given to degree of achievement of targets for operating profit, earnings per share and employee engagement (employee satisfaction).
Remuneration for Audit & Supervisory Board members, which comprises pecuniary remuneration only, is determined through discussion involving Audit & Supervisory Board members in amounts commensurate with job responsibilities. Remuneration for Audit & Supervisory Board members is set within the maximum limit resolved at the Ordinary General Meeting of Shareholders.

Remuneration for Directors and Audit & Supervisory Board Members in the Fiscal Year Ended March 31, 2023

Position	Total remuneration (Millions of yen)	Breakdown of total remuneration (Millions of yen)				Number of entitled individuals
		Basic remuneration	Performance-based remuneration		Nonpecuniary remuneration	
		Fixed salary	Stock options	Bonus	Restricted stock	
Directors (excluding outside directors)	323	262	—	45	16	7
Audit & Supervisory Board members (excluding outside members)	46	46	—	—	—	2
Outside directors	37	37	—	—	—	4
Outside Audit & Supervisory Board members	27	27	—	—	—	3
Total	435	374	—	45	16	16

Notes: 1. Director and Advisor Makoto Iida retired on June 28, 2022. Outside Director Hirobumi Kawano retired on November 5, 2022.
2. The Company's target for consolidated operating profit in the fiscal year ended March 31, 2023, was ¥134,000 million. The actual result was ¥136,700 million. (Calculated based on Japanese GAAP)

Evaluation of the Board of Directors’ effectiveness

Evaluation process

The effectiveness of the Board of Directors is evaluated annually. In the period under review, a survey was conducted in January 2023 and responses were collated by the Board’s secretariat in late February. Findings were subsequently discussed by the Board.

Summary of findings

Composition of the Board of Directors

The opinion was expressed that the appointment of a female director and other measures have ensured the diversity of the Board of Directors, that the balance between execution and oversight is suitable and the Board is an appropriate size to ensure active discussion and swift decision making. Constructive views were also expressed regarding further diversification of the Board’s composition, including by promoting female directors from within and appointing directors with various backgrounds.

Administration of Board of Directors’ Meetings

The Board of Directors meets once monthly in principle to enable swift discussion and resolution of critical matters. To ensure that directors and Audit & Supervisory Board members are able to make appropriate decisions, matters deemed particularly critical are discussed by the Board of Directors prior to resolution and a progress report on those matters is made to the Board of Directors subsequent to resolution. Both outside directors and outside Audit & Supervisory Board members actively made comments and expressed the opinion that the atmosphere was conducive to

free and open discussion. The view was also expressed that improvements in the process for advance discussion and reporting on ongoing progress, the explaining and reporting of various matters, the prior delivery of pertinent materials to the Board of Directors, and the move toward paperless procedures had been seen since the previous survey. Various opinions were also expressed, including that opportunities should be created for free debate, thereby invigorating discussion, as well as for further communication with outside directors.

Oversight function of the Board of Directors

Matters handled by the Board of Directors were selected appropriately, based on the Rules of the Board of Directors, and the opinion was expressed that discussions on management policies and corporate philosophy were adequate. In addition, constructive views were expressed regarding concrete discussions on the progress of discussions, currently being undertaken from a medium- to long-term perspective, on the general direction of management strategies and changes in the operating environment and related risks arising from technological innovation and a declining labor force.

Future initiatives

To further enhance corporate value and realize an even more effective Board of Directors, we will continue to promote efforts to improve the Board’s functions based on evaluations and opinions expressed.

Status of strategic shareholdings

Policy on shareholdings

We may, after comprehensive examination, acquire and/or hold listed shares for the purpose of collaboration, capital or business tie-up, business incubation, or the maintenance or expansion of transactions involving our services and products. If as the result of an assessment, the appropriateness of such a holding is judged insufficient, it will be targeted for reduction through the sale of shares.

Verification of the rationality of shareholdings

The Board of Directors assesses the benefits and risks arising from each holding annually. In addition to confirming the status of transactions with, as well as the growth potential and profitability of, each investee company, based on financial condition and operating performance, we comprehensively examine the appropriateness of the holding and determine whether it should be maintained.

Directors, Audit & Supervisory Board Members and Executive Officers

(As of July 31, 2023)

Directors



Yasuo Nakayama
Chairman and
Representative Director



Ichiro Ozeki
President and
Representative Director



Yasuyuki Yoshida
Senior Executive
Director



Tatsuro Fuse
Executive Director



Tatsushi Kurihara
Director



Takaharu Hirose
Outside Director



Hajime Watanabe
Outside Director



Miri Hara
Outside Director

Audit & Supervisory Board Members



Takayuki Ito
Audit & Supervisory
Board Member



Yasuhiro Tsuji
Audit & Supervisory
Board Member



Hideki Kato
Outside
Audit & Supervisory
Board Member



Makoto Yasuda
Outside
Audit & Supervisory
Board Member



Setsuo Tanaka
Outside
Audit & Supervisory
Board Member

Executive Team

Directors

Yasuo Nakayama
Chairman and
Representative Director

Ichiro Ozeki
President and
Representative Director

Yasuyuki Yoshida
Senior Executive Director

Tatsuro Fuse
Executive Director

Tatsushi Kurihara
Director

Executive Officers

Kenichi Furukawa
Managing Executive Officer

Tatsuya Izumida
Managing Executive Officer

Osamu Ueda
Managing Executive Officer

Yoshinori Yamanaka
Managing Executive Officer

Yoichi Sugimoto
Executive Officer

Sumiyuki Fukumitsu
Managing Executive Officer

Osamu Nagai
Managing Executive Officer

Sadahiro Sato
Managing Executive Officer

Kensuke Shindo
Executive Officer

Yasufumi Kuwahara
Executive Officer

Noriyuki Fukuoka
Executive Officer

Takeshi Akagi
Executive Officer

Seiya Nagao
Executive Officer

Noriyuki Uematsu
Executive Officer

Atsushi Komatsu
Executive Officer

Takehiko Senda
Executive Officer

Takashi Nakada
Executive Officer

Michiyoshi Morita
Executive Officer

Makoto Inaba
Executive Officer

Toshinori Sugimoto
Executive Officer

Satoshi Araki
Executive Officer

Satoshi Takizawa
Executive Officer

Izumi Sawamoto
Executive Officer

Akira Kubota
Executive Officer

Masahiko Naito
Executive Officer

Shinji Kiren
Executive Officer

Minoru Takezawa
Executive Officer

Message from an Outside Officer



Hajime Watanabe
Outside Director

Important position concurrently held in another organization

Chairman and Representative Director, Watanabe Pipe Co., Ltd.

Seven years have passed since my appointment as one of SECOM's outside directors. In the decade or so since Japan inaugurated game-changing corporate governance reforms, the role of outside directors has become clearer. At SECOM, too, we have become better at fulfilling our responsibilities. Because outside directors are unconstrained by any material relationship with the Company, we are uniquely positioned to speak our minds unreservedly at Board of Directors' meetings. I think the job of an outside director also sometimes includes pushing inside directors to take the right path. I recognize that steps taken over time have greatly enhanced our ability to engage in meaningful discussion. These include the digitalization of pertinent materials in advance of each Board of Directors' meeting, which ensures all participants have an adequate understanding of matters to be addressed, thereby encouraging outside directors and outside members of the Audit & Supervisory Board to actively exchange opinions and offer proposals. As a result, we continue to see a steady improvement in the effectiveness of the Board of Directors.

Recent years have brought dramatic socioenvironmental changes, including population decline, increasingly severe natural disasters and deteriorating public safety. The resulting diversification of needs for safety and peace of mind has heightened SECOM's responsibilities, but it has also expanded opportunities. The Company's on-line security systems and pioneering subscription-based security services format is a superb business model that has proven essential in the creation of a security services infrastructure that delivers safety and peace of mind. However, I believe it is important

that the Company does not rest on its laurels, but rather works continuously to refine its current services, as well as to develop new business models. For many years, I too helmed a company that provides essential infrastructure nationwide. This, as well as my experience as an outside director at SECOM, underpin my belief that a company's customers should always be its top priority. In practice, this means paying maximum attention to the views of those closest to customers, namely, employees on the front lines. At meetings of SECOM's Board of Directors, I enthusiastically offer advice and suggestions on front-line operations and the Company's organization, both of which are essential to the Company's ability to capitalize on opportunities and evolve with the times.

I believe that human resources strategies will be essential to sustainable future growth. The SECOM brand, known for trustworthiness and dependability, has been cultivated through the day-to-day efforts of each and every employee and is something the Company must work hard to protect and enhance. The same is true of SECOM's DNA, unchanged since its founding, that is, what makes it distinctive, including its willingness to take on challenges and its spirit of creativity and innovation. Reviewing and raising salaries and employee welfare programs is an investment in the future. Continuing to treat employees generously going forward will bolster the Company's ability to attract and secure diverse, talented human resources, including women, as well as help improve employee engagement.

I appreciate that SECOM is extremely proactive in investing in future growth. I am particularly excited about its May 2023 investment in U.S. SaaS firms, which I think will be key to the development of new services and products deploying the latest technologies. It is my hope that the Company continues to leverage its solid financial foundation to promote forward-looking investments, including in human resources, facilities and acquisitions, that will position it for further growth. The SECOM Group encompasses many excellent companies that are industry leaders in their own rights, but I still see considerable scope for capitalizing on synergies to drive the Group's evolution. Looking ahead, strengthening cross-business functions and deepening collaboration within the Group will also create new business opportunities. Given the rapid evolution of technology today, I also believe it will be critical to step up open innovation, which has been a key focus in recent years.

As an outside director, I will continue working to help SECOM increase its corporate value to ensure its ability to appropriately reward all stakeholders—society at large, as well as its customers, employees and shareholders—over the medium to long term.

Compliance

We strive to improve compliance by promoting strict adherence to the SECOM Group Code of Employee Conduct.

Basic philosophy

We provide security services, the objective of which is to protect the lives and assets of our customers from legal violations or malfeasance by third parties. As such, we recognize that it is essential that we conduct our duties in good faith and in a manner deserving of the trust of our customers and society. A key feature of the security services business is that the employees who provide services are in a position of regulating others. Because they are in this position of regulating others, employees must also conduct themselves in a disciplined manner, discharging their duties in good faith and in compliance with the letter and the spirit of the law, to earn the trust of customers, which is critical to the security services business. Since our establishment, we have viewed compliance as a matter of utmost importance. Accordingly, our basic policy has always been to promote

systematic measures to ensure all employees' unqualified compliance with the letter and spirit of the law. This has earned us the trust of a wide range of customers and supported steady growth.

The SECOM Group Code of Employee Conduct prescribes specific standards for employee behavior and ethical principles that must be observed by all executives and employees in their relationships with stakeholders, including communities, customers, and business partners. The code, which is also published in the form of a pocket-sized guide, thus serves as a universal and timeless template for everyone in the SECOM family. Standards govern, among others, deterring relations with antisocial elements, prohibiting of corruption and bribery, and complying with related laws.

System for promotion and administration

We recognize compliance as not only the observance of laws and regulations, and of SECOM's Articles of Incorporation, but also the foundation of the stringent management of our day-to-day operations. Individual employees are responsible for promoting adherence to the SECOM Group Code of Employee Conduct. Managers are charged with providing guidance regarding the SECOM Group Code of Employee Conduct, including standards governing compliance, and supervising the actions of employees to ensure compliance. Executive officers are responsible for overseeing the departments they supervise, while the President and Representative Director provides control for the Company as a whole.

Once annually, executive officers analyze and evaluate business and malfeasance risks in the business for which they are responsible and report their findings to the President and Representative Director and the members of the Audit & Supervisory Board, as well as review established internal rules and various manuals and make revisions as necessary.

The duties of the internal audit departments, i.e., the Internal Audit and Compliance Department and the Group Governance Department, include inspecting each group, department, and subsidiary, providing guidance on addressing matters requiring corrective action, and reporting inspection results to the President and Representative Director, as well as to relevant executive officers.

SECOM formulates an AI Ethics Charter

With the rapid proliferation of AI-based services and mechanisms, it is important for companies to commit themselves to the ethical and proper use of these technologies. In October 2022, we formulated the SECOM AI Ethics Charter, becoming the first security services company in Japan to establish guidelines for the use of AI. In accordance with this charter, we will continue to develop and extend advanced services that customers can use with peace of mind.

Whistle-blowing system

The SECOM Group Code of Employee Conduct requires employees to report to their superior should they discover that an employee, executive, or individual affiliated with a subcontractor has engaged in or appears likely to engage in an action that violates the code or could damage the credibility of the Company. In the event that no corrective measures are taken after a report has been made, or if circumstances make reporting to a supervisor difficult, employees may report directly to the Internal Audit and Compliance Department via the Hot Helpline, or to the Human Resources Department and Internal Audit and Compliance Department via the Harassment Help Desk. Executives and employees of subsidiaries may report violations via the Group Head Office Helpline directly to the Group Governance Department.

Whistle-blower’s names and the content of whistle-blower reports are kept confidential. As long as a report has been made in good faith, whistle-blowers are protected from any adverse impacts even if the report is not borne out by the subsequent investigation. Pertinent executive officers are obliged to swiftly assess the results of investigations and take appropriate corrective measures to resolve the situation. Whistle-blowers are notified confidentially of the nature and outcome of investigations.

Whistle-Blower Reports Received

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Number of reports	74	92	153

Note: Numbers represent the actual number of reports received across the SECOM Group. Since the fiscal year ended March 31, 2022, this has included reports received through the Hot Helpline, the Group Head Office Helpline and the Harassment Help Desk.

Organizational Culture Committee

The Organizational Culture Committee is a standing committee chaired by the President and Representative Director that meets periodically or as necessary at the direction of the President and Representative Director and examines important organizational culture-related issues and determines important official commendations and punishments.

The Organizational Culture Committee also deliberates on matters related to compliance with and the administration of the SECOM Group Code of Employee Conduct that have

been reported to the President and Representative Director by the Internal Audit and Compliance Department or the executive officer in charge. If necessary, the committee examines proposals for modifying the system for administering compliance or amending the SECOM Group Code of Employee Conduct. All such proposals must be deliberated by the Organizational Culture Committee, reviewed by Audit & Supervisory Board members and approved by the Board of Directors.

Global compliance training

We have translated SECOM’s Philosophy and the SECOM Group Code of Employee Conduct, which outlines the basic concept and specific standards for employee behavior, into multiple different languages and work to advance awareness

across the global SECOM Group. We also provide training to the senior management of overseas Group companies on key aspects of compliance, including observance of laws and regulations, the prevention of bribery, and internal controls.



The establishment of the SECOM Group Information Security Basic Policy and the creation and operation of a robust information security system enable us to provide services that can be used with peace of mind.

Policy and system for promoting information security

With the rapid spread of IT, information security risks have risen significantly, as can be seen from the increasing sophistication of cyber attacks. Any leaks of personal or confidential information entrusted to us by a customer have the potential to seriously hinder our ability to provide security services, damage or adversely impact the customer, and result in the forfeiture of our brand image and reputation for reliability. Accordingly, we have created and maintain a robust information security system.

We have also established the SECOM Group Information Security Basic Policy to guide our efforts to strengthen our

information security. When we outsource work, we enter into appropriate contracts and provide guidance and supervision to subcontractors. We have put an executive officer in charge of information security for the Group as a whole. In addition, executive officers in charge of each business have been made responsible for information security-related matters for their particular business, as well as for collaborating with the executive officer in charge of information security to report on issues and presenting proposals to the President and Representative Director.

Reducing information security risk

We have implemented powerful security measures to reduce risks associated with information leaks and cyber attacks. We also work to ensure that all employees of the SECOM Group, regardless of employment format, comply fully with our information security rules, which include rules governing the use of personal computers and cellular telephones that must be protected for confidentiality reasons, the storage and carrying of information, and steps to be taken when an information security-related incident arises, or a violation of any other information security rule is discovered. Information

system controls and audits are the responsibility of subsidiary Secom Trust Systems and are conducted in accordance with Japan’s Information Security Management System (ISMS) standards under the guidance of the executive officer in charge of information security. As well as conducting regular assessments of vulnerability to external cyber attack risks, we monitor information systems around the clock to ensure we are prepared to respond to risks, including those related to large-scale disasters and cyber attacks.

Protecting personal information

The SECOM Group Code of Employee Conduct states that all information obtained in the course of business is confidential and must not be leaked, a stipulation with which all executives and employees must strictly comply. We strive to prevent leakage, loss, and damage through employee training and efforts to promote awareness regarding the treatment of personal information, as well as by ensuring stringent management.

All employees are required to participate in e-learning programs and tests annually to confirm understanding of and adherence to basic procedures and rules. The internal audit departments conduct periodic inspections of the handling of personal information, data management, and access control at each SECOM Group site. In addition, we have established a contact point for queries regarding the handling of personal

information and for complaints and consultations regarding our system for managing and protecting personal information, facilitating quick and appropriate responses. The parent company and Secom Trust Systems have earned certification under Japan’s Privacy Mark, which is granted to organizations that take appropriate measures to protect personal information.

Thorough information security (Year ended March 31, 2023)

- Annual e-learning and testing to confirm understanding and adherence (participation: 100% of employees)
- Voluntary audits (implementation: 100% of sites)
- No leaks of information

*Scope of reporting: SECOM CO., LTD.



Environmental Initiatives

SECOM's approach

We recognize that preservation of the global environment is critical to the realization of safe and comfortable lifestyles, and we deploy environmental management systems to ensure consideration for the environment across the supply chain.



Environmental management

In line with the SECOM Group Environmental Policy, we advance a variety of environmental conservation initiatives, evaluating and managing the progress thereof against key environmental performance indicators.

In October 2022, we formulated the SECOM Group Environmental Policy, substantially revising our existing environmental policy, and clarified our basic stance of contributing to the resolution of global environmental issues through our business activities. We are also promoting

dissemination initiatives in-house to heighten employees' awareness of both our new policy and our environmental conservation initiatives. We evaluate and manage the progress of these initiatives against seven major environmental performance indicators.

Environmental performance indicators

- 1. Greenhouse gas emissions (Scopes 1 and 2)
- 2. Greenhouse gas emissions across the supply chain (Scope 3)
- 3. Reduction of greenhouse gas emissions as against base year (%)
- 4. CO₂ emissions per unit of production (emissions intensity)
- 5. Electricity used and percent accounted for by that generated using renewable energy
- 6. Consumption of fuel by vehicles and percentage of vehicles replaced by electric models
- 7. Resources with market value/recycled resources and industrial waste

- Scope 1:** Direct emissions (including those from the combustion of gasoline by vehicles, use of diesel and use of kerosene)
- Scope 2:** Indirect emissions (including those from the consumption of purchased electric power, cold and hot water, and steam)
- Scope 3:** Other indirect emissions (those not covered in Scope 1 or 2, from the activities of other companies up and down the supply chain)

Addressing climate change

Recognizing the risks posed to our operations by climate change, we are actively working to achieve carbon neutrality by 2045.

Initiatives to fight climate change

The Risk Committee, which is chaired by the director in charge of risk management and consists of the heads of major departments at SECOM headquarters, is charged with grasping Groupwide risks, including those related to climate change, as well as with considering countermeasures. Risks identified based on the findings of Groupwide surveys are assessed from multiple perspectives, including scope of impact, scale, estimated monetary cost of damage, urgency and frequency of occurrence, and countermeasures are formulated. Risk analysis and assessment results are reported to the President and Representative Director and matters of high importance are further reported to the Board of Directors.

Addressing climate change is a global challenge. At the same time, it is an issue that is crucial to our ability to ensure the stable and continuous provision of security, data center, medical and other services. This recognition prompted us to declare our support for the TCFD in 2019. We subsequently conducted an assessment in line with the TCFD's recommendations through which we identified the

following risks and opportunities related to climate change as having the potential to impact our business activities.

The Sustainability Promotion Office plays a central role in assessing risks and opportunities and proposing responses. We continue to collect and examine a broad range of information on medium- to long-term climate change-related risks and opportunities, including on climate trends and the outlook for carbon taxes and emissions regulations, from the SBTi, the RE100, the TCFD and other sources.

The SECOM Group Sustainability Meeting, which is attended by representatives of Group companies, is held as necessary to share information on climate change-related risks, policies for reducing greenhouse gas emissions and related issues, as well as to promote initiatives aimed at meeting our target of achieving carbon neutrality by 2045.

Note: For more information on SECOM's climate change-related medium- and long-term targets, KGIs and KPIs, please see pages 30–31.



Principal Climate Change-Related Risks and Opportunities

Physical risks	False readings by security equipment due to rising temperatures
	Suspension of operations due to heatstroke/infectious diseases affecting security guards
	Flood damage to sites caused by rising sea levels
	Delays in the procurement of security equipment due to damage suffered by suppliers
Transition risks	Tightening of regulations through the imposition of carbon taxes, etc.
	Obligation to adopt energy from renewable sources
Opportunities	Increased demand for safety confirmation services
	Increased demand for BCP services
	Increased demand for monitoring services
	Increased demand for fire insurance
	Increased demand for green data centers

Acquisition of environmental certification for new training facility

The new SECOM HD Center Gotemba training facility, which is scheduled to be completed in May 2026 (completion of structures is scheduled for January 2025), is our first to qualify for "Nearly ZEB"* certification. In addition to the installation of solar panels on the roof and the east side of the site, we plan to construct a heliport that can be used in the event of a disaster. Going forward, we will continue to consider improving environmental and energy performance when building new or renovating existing facilities with the aim of achieving our target of carbon neutrality by 2045.

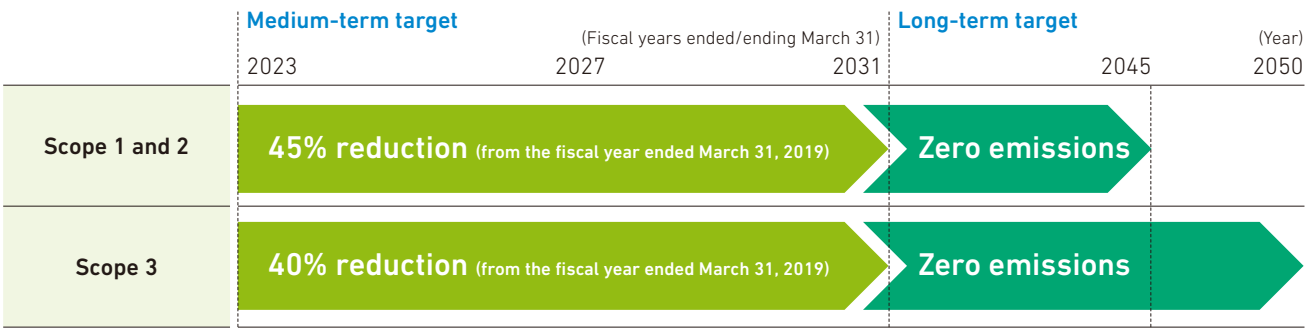


Artist's rendering of the SECOM HD Center Gotemba



* A net Zero Energy Building (ZEB) is a building that achieves a reduction in energy consumption of 100% or more, i.e., net zero or negative net primary energy consumption, while maintaining a quality indoor environment. A Nearly ZEB building is, as its name indicates, almost ZEB, achieving a net reduction in energy consumption of 75% or more through energy saving (at least 50%) and energy creation.

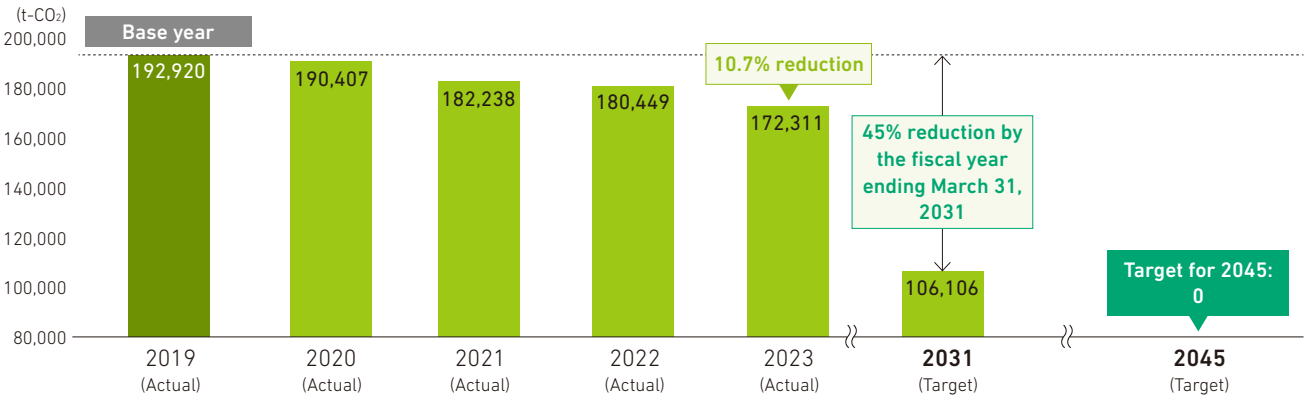
Medium- and Long-Term Targets for Reducing Greenhouse Gas Emissions



- These targets have been certified under the SBTi, an initiative that seeks to drive climate action in the private sector.
- We have also joined RE100, a global initiative, with the objective of transitioning fully to electricity generated using renewable energy for our operations by 2045.



Greenhouse Gas Emissions: Actual Results and Medium- to Long-term Targets



Note: The market-based method used to calculate emissions.

(Fiscal years ended/ending March 31, except for 2045)

SASB Index

We have prepared a report under Sustainability Accounting Standards Board (SASB) guidance for the Professional & Commercial Services sector, which most closely aligns with the business of SECOM. This report can be accessed from the IR section of our corporate website.

SECOM's SASB Index

Professional & Commercial Services Sector Sustainability Indicators

Topic	Code	Accounting Metric
Data Security	SV-PS-230a.1	Description of approach to identifying and addressing data security risks
	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information
	SV-PS-230a.3	(1) Number of data breaches, (2) Percentage involving customers' confidential business information or personally identifiable information, (3) Number of customers affected
Workforce Diversity & Engagement	SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees
	SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for employees
	SV-PS-330a.3	Employee engagement as a percentage
Professional Integrity	SV-PS-510a.1	Description of approach to ensuring professional integrity
	SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity

Topic	Code	Activity Metric	Data*
Activity metrics	SV-PS-000.A	Number of employees by: (1) full-time and part-time	(1) Full-time employees: 14,156
		(2) temporary	(2) Temporary employees: 1,212
		(3) contract	(3) Contract employees: 1,767
	SV-PS-000.B	Employee hours worked, percentage billable	Employee hours worked: 33,004,955
			Percentage billable: N/A

* Data for "Activity metrics" is for SECOM CO., LTD., and is as of March 31, 2023, or for the fiscal year ended March 31, 2023. Because billing for electronic security services, our principal business, is based on fixed monthly fees, "percentage billable" is not applicable.

Financial Review

Operating Results

Overview

In the fiscal year ended March 31, 2023, SECOM CO., LTD. and its consolidated subsidiaries (collectively, "the Company") sought to provide high-quality services and products that respond to the diverse needs of customers in its core security services segment, as well as in its fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and other services segments.

Consolidated net sales and operating revenue for the period under review amounted to ¥1,227.3 billion, up 5.2%, or ¥61.2 billion, from the previous fiscal year, owing to contributions from Senon, which became a consolidated subsidiary in July 2022, and to increases in all segments except fire protection services. Operating income declined 6.9%, or ¥10.9 billion, to ¥145.6 billion, owing to the fact that the security services and fire protection services segments benefited from comparatively profitable projects in the preceding period, as well as to investments in growth, primarily in the security services segment, an increase in losses due to natural disasters in the insurance services segment and an elevated fuel cost adjustment unit price in the BPO and ICT services segment. Net income attributable to SECOM CO., LTD., rose 3.6%, or ¥3.8 billion, to ¥111.6 billion, reflecting factors such as increases in gain on private equity investments and equity in net income of affiliated companies.

Net Sales and Operating Revenue

Consolidated net sales and operating revenue in the period under review amounted to ¥1,227.3 billion, up 5.2%, or ¥61.2 billion, owing to contributions from Senon, which became a consolidated subsidiary in July 2022, and to increases in all segments except fire protection services. (For further information, please see Segment Information below.)

Costs and Expenses

Total costs and expenses advanced 7.1%, or ¥72.1 billion, to ¥1,081.8 billion. Cost of sales, at ¥861.8 billion, rose 7.4%, or ¥59.4 billion. This accounted for 70.2% of net sales and operating revenue, up from 68.8%, boosted by higher cost of sales ratios in the insurance services and the BPO and ICT services segments, attributable to, respectively, increased losses due to natural disasters and rising electric power charges due to an elevated fuel cost adjustment unit price. Selling, general and administrative (SG&A) expenses, rose 5.8%, or ¥11.8 billion, to ¥216.0 billion, and represented 17.6% of net sales and operating revenue, up from 17.5%. Impairment loss on long-lived assets climbed ¥2.5 billion, to ¥2.6 billion, owing to, among others, the recognition of impairment losses on ground systems related to the failure to launch of an advanced optical satellite in the geospatial information services segment. However, because losses related to the satellite's failure to launch are covered by insurance, a related insurance payout will be reported in the fiscal year ending March 31, 2024. Impairment loss on goodwill increased ¥1.2 billion, to

¥1.5 billion. The Company also posted a ¥173 million gain on sales and disposal of fixed assets, net, compared with a ¥2.7 billion loss in the preceding period.

Operating Income

Operating income declined 6.9%, or ¥10.9 billion, to ¥145.6 billion, owing mainly to decreases in the security services, fire protection services, medical services, insurance services, and BPO and ICT services segments. The operating margin fell to 11.9%, down from 13.4%. (For further information, please see Segment Information below.)

Other Income and Expenses

Other income rose ¥10.4 billion, to ¥20.0 billion. In contrast, other expenses decreased ¥1.8 billion, to ¥2.6 billion. Net other income thus amounted to ¥17.4 billion, advancing ¥12.2 billion. This was due largely to an ¥11.8 billion gain on private equity investments, up ¥8.7 billion.

Income Taxes

Income taxes amounted to ¥49.5 billion, an increase of ¥292 million. This was equivalent to 30.3% of income from continuing operations before income taxes and equity in net income of affiliated companies, compared with 30.4% in the preceding period.

Equity in Net Income of Affiliated Companies

Equity in net income of affiliated companies rose ¥1.5 billion, to ¥8.2 billion. This primarily reflected higher equity in net income of such companies overseas.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests slipped ¥1.3 billion, to ¥10.1 billion, hindered mainly by decreases in operating income in the fire protection services and the BPO and ICT services segments, as well as to the fact that Secom Joshinetsu became a wholly owned subsidiary in the preceding period.

Net Income Attributable to SECOM CO., LTD.

Net income attributable to SECOM CO., LTD., advanced 3.6%, or ¥3.8 billion, to ¥111.6 billion, equivalent to 9.1% of net sales and operating revenue, edging down from 9.2%. Net income attributable to SECOM CO., LTD., per share was ¥516.68, up from ¥492.83. The figure of ¥180.00 for cash dividends per share that appears in the consolidated financial statements represents cash dividends approved and paid to shareholders during the period under review, namely, a ¥90.00 per share year-end dividend for the fiscal year ended March 31, 2022, approved at the Ordinary General Meeting of Shareholders held on June 28, 2022, and a ¥90.00 per share interim dividend determined by the Board of Directors and paid to shareholders of record as of September 30, 2022. The year-end cash dividend for the fiscal year ended March 31, 2023, approved at the Ordinary General Meeting of Shareholders held on June 27, 2023, was ¥95.00 per share.

Segment Information

Security Services

Security services include electronic security services, which center on on-line security systems, other security services, and merchandise and other. In the fiscal year ended March 31, 2023, net sales and operating revenue in this segment rose 5.9%, or ¥33.6 billion, from the previous fiscal year, to ¥600.3 billion. Excluding intersegment transactions, segment net sales and operating revenue totaled ¥597.1 billion, representing 48.6% of overall net sales and operating revenue, up from 48.3%.

Electronic security services generated net sales and operating revenue of ¥357.0 billion, up 2.4%, or ¥8.2 billion. This primarily reflected an increase in sales by overseas Group companies and the impact of currency exchange rates on these sales, contributions from newly consolidated subsidiary Senon and firm sales of on-line commercial and home security systems in Japan. Other security services include static guard and armored car services. Sales and operating revenue from static guard services, which are provided by highly trained professional security guards for systems requiring human judgment and flexible responsiveness, rose 18.2%, or ¥13.7 billion, to ¥89.2 billion. This was despite a negative rebound after the Company's provision of security services for competition venues and other facilities for the Olympic and Paralympic Games Tokyo 2020, held in the preceding period, and was thanks to the inclusion of the results of Senon, among others. Net sales and operating revenue from armored car services, which involve the transport of cash, securities and other valuables using specially fitted armored cars and security professionals, edged up 0.7%, or ¥453 million, to ¥62.9 billion. Merchandise and other, which includes security camera systems, access control systems, automated fire extinguishing systems and external monitoring systems that can be freestanding or linked to on-line security systems, generated net sales and operating revenue of ¥88.0 billion, an increase of 14.3%, or ¥11.0 billion, underpinned by robust sales-type leases of large-scale security systems in Japan and rising sales of such systems overseas.

Operating income in the security services segment declined 3.5%, or ¥4.0 billion, to ¥109.4 billion. The operating margin slipped to 18.2%, from 20.0%. Principal factors behind these results included comparatively profitable projects in the preceding period; higher SG&A expenses, attributable to investments in growth; and a ¥1.0 billion increase in impairment loss on goodwill, to ¥1.1 billion.

Fire Protection Services

The fire protection services segment focuses on high-grade, tailored automatic fire alarm systems, fire extinguishing systems and other fire protection systems for a wide range of applications, including office buildings, production facilities, tunnels, cultural properties, ships and homes. In the period under review, the segment's core companies, Nohmi Bosai and Nittan, leaders in Japan's fire protection services market, sought to leverage their respective operating foundations, product development capabilities and other strengths to secure orders.

Segment net sales and operating revenue was ¥148.8 billion, a decline of 2.2%, or ¥3.3 billion, primarily reflecting the absence of major projects that benefited the segment in the preceding period. Owing to the concentration of comparatively profitable projects in the preceding period, among others, segment operating income declined 20.4%, or ¥3.0 billion, to ¥11.6 billion, while the operating margin was 7.8%, down from 9.5%.

Medical Services

Medical services include the provision of home nursing services, pharmaceutical dispensing services, support for affiliated medical institutions in Japan, sales of medical equipment, the operation of a general hospital in India, the operation of residences for seniors and other personal care services, health and preventative care services, and ICT-based medical services, notably electronic medical report systems. The operations of variable interest entities (VIEs) of which the Company is the primary beneficiary, which manage hospitals and health care-related institutions, are also accounted for in this segment.

Net sales and operating revenue in this segment edged up 0.2%, or ¥423 million, to ¥196.5 billion. This was despite deteriorating revenue at affiliated hospitals in Japan and lower sales in the pharmaceutical dispensing services business, the latter due to the revision of drug reimbursement prices under the country's National Health Insurance system, and reflected, among others, an increase in patient numbers at the Company's general hospital in India. Owing to factors such as declining profits at domestic affiliated hospitals, operating income fell 23.0%, or ¥3.1 billion, to ¥10.5 billion. The operating margin was 5.3%, down from 7.0%.

Insurance Services

The insurance services segment continued to expand sales of an extensive lineup of distinctive non-life insurance policies, including the Security Discount Fire Policy, a commercial fire insurance policy, and SECOM *Anshin* My Home, a comprehensive fire insurance policy for homes (both of which extend discounts on premiums to customers who have installed on-line security systems, recognizing this as a risk-mitigating factor), the MEDCOM unrestricted cancer treatment policy, which covers the entire cost of medical treatment for cancer, and SECOM *Anshin* My Car, a comprehensive automobile insurance policy that offers on-site support services provided by SECOM emergency response personnel should the policyholders be involved in an accident.

Segment net sales and operating revenue rose 12.7%, or ¥7.0 billion, to ¥61.9 billion, owing to firm sales of MEDCOM, as well as to net realized investment gains (including gains on other-than-temporary impairments of investment securities) of ¥5.0 billion, compared with net realized investment losses of ¥1.2 billion in the previous fiscal year. Operating income, at ¥7.1 billion, was down 17.0%, or ¥1.5 billion, owing to an increase in losses due to natural disasters, although this was partially offset by the aforementioned net realized investment gains.

Geospatial Information Services

Geospatial information services center on the collection of geographic data using commercial satellites, aircraft and surveying with proprietary vehicles, among others, which is integrated, processed and analyzed to provide geospatial information services to public-sector entities—including national and local governments—and customers in the private sector in Japan. These services are also offered to government agencies overseas.

Net sales and operating revenue in this segment advanced 10.2%, or ¥5.7 billion, to ¥62.3 billion, primarily reflecting higher revenue from domestic public sector entities and overseas customers. Despite an increase in impairment loss on long-lived assets, operating income climbed 49.9%, or ¥1.9 billion, to ¥5.8 billion, thanks to an improvement in the cost of sales ratio for services provided to domestic public-sector entities. The operating margin rose to 9.3%, from 6.8%.

BPO and ICT Services

BPO and ICT services, which focus on the provision of data center services, also encompass distinctively SECOM BCP support, information security and cloud-based services, and BPO services, which include the operation of contact centers.

Segment net sales and operating revenue rose 11.3%, or ¥14.1 billion, to ¥138.9 billion, as revenue advanced in the BPO services business—underpinned by the expansion of services related to COVID-19, the cultivation of new customers and expanded orders from existing customers—and in the data center services business. Operating income declined 10.0%, or ¥1.5 billion, to ¥13.1 billion, notwithstanding the positive impact of higher net sales and operating revenue, as an elevated fuel cost adjustment unit price pushed up costs in data center services. The operating margin declined to 9.4%, from 11.7%.

Other services

The other services segment provides real estate leasing, as well as construction and installation services. The vehicle fleet operation services business of Senon, which became a consolidated subsidiary in July 2022, is also accounted for in this segment. Net sales and operating revenue in this segment rose 16.1%, or ¥5.7 billion, to ¥41.1 billion, with contributing

factors including the consolidation of Senon. Operating income advanced 22.9%, or ¥1.4 billion, to ¥7.5 billion, while the operating margin was 18.3%, up from ¥17.3%.

Financial Position

Total assets as of March 31, 2023, amounted to ¥2,277.4 billion, an increase of ¥93.9 billion from the end of the previous fiscal year. Total current assets rose ¥9.8 billion, to ¥1,036.5 billion, and accounted for 45.5% of total assets. The current ratio was 2.4 times, level with the end of the previous fiscal year.

Cash and cash equivalents, the principal component of current assets, was ¥524.8 billion, down ¥6.8 billion. (For further information, please see Cash Flows, which follows this section.) Notes and accounts receivable, trade, increased ¥7.5 billion, to ¥172.9 billion, a result of such factors as higher net sales and operating revenue in the geospatial information services segment. Notes and accounts receivable, trade, are affected by the fact that net sales and operating revenue in the fire protection services and geospatial information services segments tends to be concentrated toward the end of the fiscal year. Cash deposits for armored car services declined ¥1.0 billion, to ¥135.5 billion. These cash deposits are funded largely through bank overdrafts and deposits and their use by the Company is restricted. Inventories, at ¥46.8 billion, were up ¥8.6 billion, owing primarily to steps taken to expand inventories of components for fire protection services–related products to circumvent procurement difficulties.

Investments and long-term receivables, at ¥383.7 billion, advanced ¥34.2 billion, and represented 16.8% of total assets. This was due mainly to investment securities of ¥235.0 billion, an increase of ¥20.0 billion, bolstered by a gain on private equity investments, and to investments in affiliated companies of ¥79.6 billion, up ¥8.0 billion, thanks to strong performances by overseas affiliated companies combined with yen depreciation.

Property, plant and equipment, less accumulated depreciation, rose ¥11.2 billion, to ¥436.0 billion, accounting for 19.1% of total assets. This largely reflected a ¥10.8 billion increase in construction in progress, to ¥20.6 billion, underpinned by investments in the construction of new data centers.

Other assets climbed ¥38.7 billion, to ¥421.1 billion, equivalent to 18.5% of total assets, a consequence primarily of the acquisition of Senon, which boosted goodwill ¥32.0 billion, to ¥141.6 billion, and other intangible assets ¥7.1 billion, to ¥65.7 billion.

Total liabilities as of March 31, 2023, amounted to ¥841.9 billion, up ¥3.4 billion, and represented 37.0% of total liabilities and equity. Total current liabilities rose ¥14.9 billion, to ¥434.1 billion, accounting for 19.1% of total liabilities and equity. This was due mainly to an increase in other current liabilities of ¥13.9 billion, to ¥44.5 billion, reflecting higher payables for the purchase of equipment for the construction of new data centers. Total long-term liabilities declined ¥11.6 billion, to ¥407.8 billion, equivalent to 17.9% of total liabilities and equity.

Total SECOM CO., LTD. shareholders’ equity advanced ¥57.7 billion, to ¥1,267.2 billion, lifting the equity ratio to 55.6%, from 55.4% a year earlier. Retained earnings rose ¥72.4 billion, to ¥1,212.3 billion, with contributing factors including net income attributable to SECOM CO., LTD., and the payment of dividends. As a result of yen depreciation, foreign currency translation adjustments climbed ¥16.1 billion, to ¥19.0 billion, boosting accumulated other comprehensive income by ¥14.9 billion, to ¥23.6 billion. Common stock in treasury, at cost, was ¥109.2 billion, an increase of ¥29.8 billion, owing to the purchase of treasury stock on the open market. Noncontrolling interests, at ¥168.3 billion, were up ¥32.9 billion, equivalent to 7.4% of total liabilities and equity, a consequence primarily of the acquisition of Senon.

Cash Flows

The Company is committed to maintaining sufficient liquidity to allow flexibility in its operations and ensure a solid financial foundation. To the best of its ability, the Company is also firmly committed to financing strategic investments with cash generated by its operating activities.

In the fiscal year ended March 31, 2023, net cash provided by operating activities amounted to ¥156.2 billion. Principal components of this included net income of ¥121.7 billion, and depreciation and amortization, including amortization of deferred charges, of ¥78.7 billion. Key negative adjustments

included a gain on private equity investments of ¥11.8 billion, equity in net income of affiliated companies of ¥8.2 billion, an increase in inventories of ¥9.0 billion and an increase in deferred charges of ¥8.0 billion. Net cash provided by operating activities was down ¥29.1 billion from the fiscal year ended March 31, 2022, with major causes including a decline in operating income and a ¥4.0 billion decrease in accrued income taxes, compared with a ¥4.0 billion increase in the preceding period.

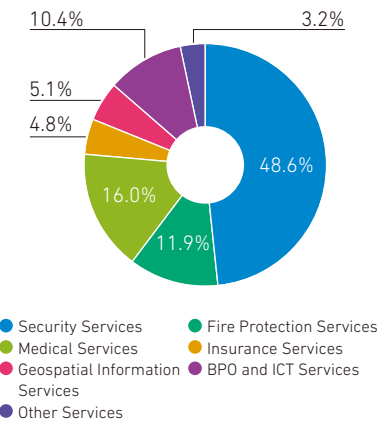
Net cash used in investing activities was ¥77.3 billion. The main applications of cash included payments for purchases of property, plant and equipment of ¥52.8 billion, used primarily for purchases of equipment necessitated by expanded subscriptions for security services; and acquisitions, net of cash acquired, of ¥18.9 billion, a consequence primarily of the acquisition of Senon. With the principal contributing factor being the aforementioned ¥18.9 billion applied to acquisitions, net of cash acquired, net cash used in investing activities was up ¥17.0 billion from the previous fiscal year, when there were no acquisitions. Investments in the insurance services segment and private equity investments in the United States yielded net proceeds from sales and redemptions of investment securities of ¥1.9 billion, up from ¥1.6 billion.

Net cash used in financing activities amounted to ¥87.2 billion. This was due mainly to dividends paid to SECOM CO., LTD. shareholders of ¥39.1 billion, an increase in treasury stock, net, of ¥29.8 billion attributable to the purchase of treasury stock on the open market, and repayments of long-term debt of ¥16.7 billion. Net cash used in financing activities was down ¥10.1 billion from the previous fiscal year, despite the increase in treasury stock, net, largely reflecting the absence of ¥28.6 billion in payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders in the preceding period, mainly in relation to the acquisition of the ownership interests of Secom Joshinetsu via a tender offer.

Owing to the Company’s operating, investing and financing activities in the period under review, cash and cash equivalents at end of year amounted to ¥524.8 billion, down ¥6.8 billion from cash and cash equivalents at beginning of year of ¥531.6 billion.

Percentage of Consolidated Net Sales and Operating Revenue*

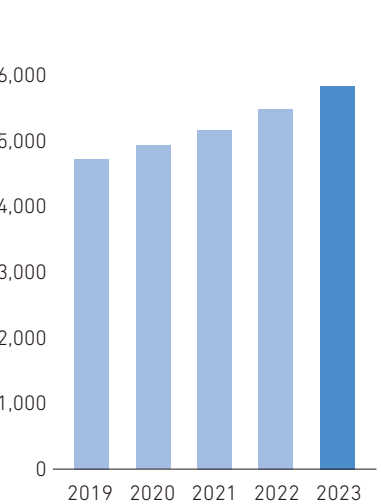
(Year ended March 31, 2023)



*Pie chart shows percentage of consolidated net sales and operating revenue (excluding intersegment transactions)

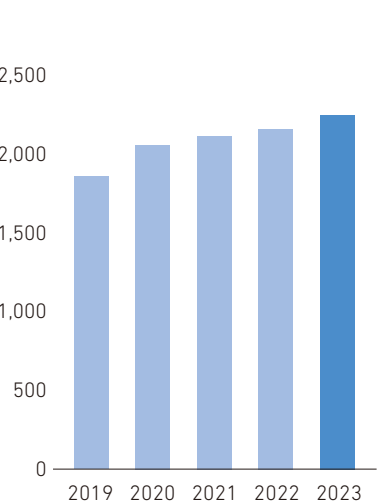
SECOM CO., LTD. Shareholders’ Equity per Share

(In yen)



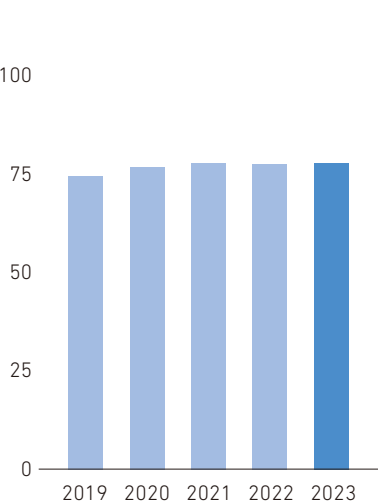
Total Assets

(In billions of yen)



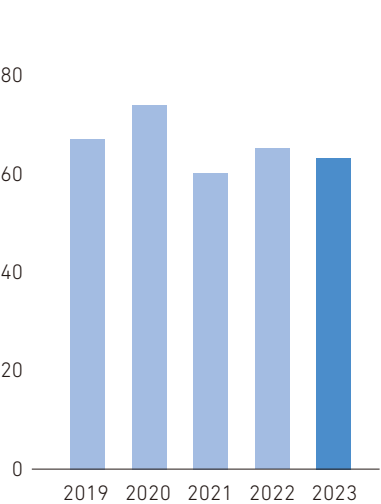
Depreciation and Amortization

(In billions of yen)



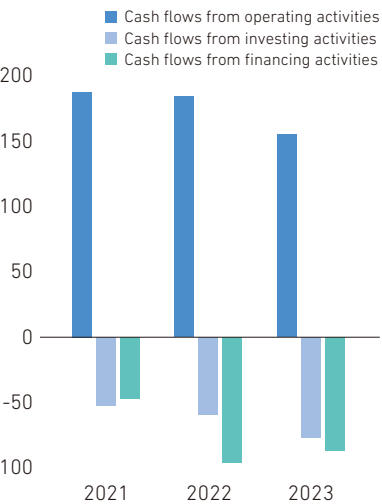
Purchases of Property, Plant and Equipment and Intangible Assets

(In billions of yen)



Cash Flows

(In billions of yen)



Consolidated Financial Statements

Consolidated Balance Sheets

SECOM CO., LTD. and Subsidiaries
March 31, 2023 and 2022

	In millions of yen		Translation into thousands of U.S. dollars
	2023	2022	2023
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 524,777	¥ 531,555	\$ 3,916,246
Time deposits.....	9,211	8,972	68,739
Cash deposits for armored car services.....	135,460	136,478	1,010,896
Short-term investments.....	25,938	26,528	193,567
Notes and accounts receivable, trade.....	172,946	165,415	1,290,642
Due from subscribers.....	61,781	61,300	461,052
Inventories	46,756	38,171	348,925
Short-term deferred charges	7,565	7,973	56,455
Short-term receivables.....	29,730	26,192	221,866
Allowance for doubtful accounts	(2,202)	(2,077)	(16,433)
Deferred insurance acquisition costs.....	2,704	3,554	20,179
Other current assets.....	21,839	22,597	162,978
Total current assets.....	1,036,505	1,026,658	7,735,112
Investments and long-term receivables:			
Investment securities	235,003	215,012	1,753,754
Investments in affiliated companies.....	79,647	71,663	594,381
Long-term receivables.....	38,712	34,984	288,896
Lease deposits	22,078	20,699	164,761
Other investments	12,457	11,380	92,963
Allowance for doubtful accounts	(4,175)	(4,201)	(31,157)
	383,722	349,537	2,863,598
Property, plant and equipment:			
Land	123,197	121,890	919,381
Buildings and improvements	397,640	388,254	2,967,463
Security equipment and control stations	372,650	365,350	2,780,970
Machinery, equipment and automobiles.....	168,973	163,887	1,260,993
Construction in progress.....	20,558	9,773	153,417
	1,083,018	1,049,154	8,082,224
Accumulated depreciation	(646,969)	(624,313)	(4,828,127)
	436,049	424,841	3,254,097
Other assets:			
Operating lease right-of-use assets	130,584	137,412	974,507
Long-term deferred charges.....	12,559	13,174	93,724
Goodwill	141,626	109,653	1,056,910
Other intangible assets.....	65,743	58,676	490,619
Prepaid pension and severance costs.....	55,552	47,852	414,567
Deferred income taxes.....	15,039	15,663	112,231
	421,103	382,430	3,142,558
Total assets	¥2,277,379	¥2,183,466	\$16,995,365

	In millions of yen		Translation into thousands of U.S. dollars
	2023	2022	2023
LIABILITIES AND EQUITY			
Current liabilities:			
Bank loans	¥ 30,096	¥ 31,814	\$ 224,597
Current portion of long-term debt.....	12,527	15,121	93,485
Notes and accounts payable, trade.....	48,148	46,038	359,313
Other payables.....	46,284	44,669	345,403
Deposits received.....	124,117	124,001	926,246
Deferred revenue.....	37,747	38,259	281,694
Accrued income taxes	23,121	26,665	172,545
Accrued payroll	46,476	41,526	346,836
Current operating lease liabilities.....	21,040	20,450	157,015
Other current liabilities	44,547	30,622	332,440
Total current liabilities.....	434,103	419,165	3,239,574
Long-term liabilities:			
Long-term debt.....	47,414	51,844	353,836
Guarantee deposits received.....	23,229	23,238	173,351
Accrued pension and severance costs.....	31,090	30,244	232,015
Long-term deferred revenue.....	16,121	16,545	120,306
Unearned premiums and other insurance liabilities	129,034	133,014	962,940
Investment deposits by policyholders	14,363	16,966	107,187
Deferred income taxes	20,222	14,277	150,910
Noncurrent operating lease liabilities	109,544	116,962	817,493
Other long-term liabilities.....	16,767	16,262	125,125
Total long-term liabilities.....	407,784	419,352	3,043,163
Total liabilities	841,887	838,517	6,282,737
Commitments and contingent liabilities			
Equity:			
SECOM CO., LTD. shareholders' equity:			
Common stock			
Authorized—900,000,000 shares, issued 233,299,898 shares in 2023			
Authorized—900,000,000 shares, issued 233,298,049 shares in 2022.....	66,427	66,419	495,724
Additional paid-in capital.....	63,082	63,014	470,761
Legal reserve	11,067	10,972	82,590
Retained earnings.....	1,212,269	1,139,866	9,046,784
Accumulated other comprehensive income (loss):			
Unrealized gains on securities.....	(1,220)	2,424	(9,104)
Pension liability adjustments.....	5,814	3,325	43,388
Foreign currency translation adjustments.....	18,991	2,929	141,724
	23,585	8,678	176,008
Common stock in treasury, at cost:			
18,763,110 shares in 2023 and 15,215,218 shares in 2022	(109,225)	(79,437)	(815,112)
Total SECOM CO., LTD. shareholders' equity.....	1,267,205	1,209,512	9,456,755
Noncontrolling interests.....	168,287	135,437	1,255,873
Total equity	1,435,492	1,344,949	10,712,628
Total liabilities and equity	¥2,277,379	¥2,183,466	\$16,995,365

Consolidated Statements of Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2023

	In millions of yen			Translation into thousands of U.S. dollars
	Years ended			Year ended
	2023	2022	2021	2023
Net sales and operating revenue	¥1,227,316	¥1,166,098	¥1,135,339	\$9,159,075
Costs and expenses:				
Cost of sales	861,802	802,443	790,288	6,431,358
Selling, general and administrative expenses	216,032	204,190	201,723	1,612,179
Impairment loss on long-lived assets	2,647	113	95	19,754
Impairment loss on goodwill	1,456	268	5,660	10,866
Gain and loss on sales and disposal of fixed assets, net	(173)	2,682	1,764	(1,291)
	1,081,764	1,009,696	999,530	8,072,866
Operating income	145,552	156,402	135,809	1,086,209
Other income:				
Interest and dividends	2,325	1,784	1,880	17,351
Gain and loss on sales of securities, net	—	334	—	—
Gain on other-than-temporary impairment of investment securities	478	—	4,594	3,567
Gain on private equity investments	11,792	3,072	—	88,000
Other	5,445	4,480	5,647	40,634
	20,040	9,670	12,121	149,552
Other expenses:				
Interest	1,183	1,165	1,168	8,828
Gain and loss on sales of securities, net	111	—	121	828
Loss on other-than-temporary impairment of investment securities	—	848	—	—
Loss on private equity investments	—	—	302	—
Other	1,298	2,370	1,254	9,687
	2,592	4,383	2,845	19,343
Income from continuing operations before income taxes and equity in net income of affiliated companies	163,000	161,689	145,085	1,216,418
Income taxes:				
Current	45,872	46,738	43,743	342,329
Deferred	3,584	2,426	3,855	26,746
	49,456	49,164	47,598	369,075
Income from continuing operations before equity in net income of affiliated companies	113,544	112,525	97,487	847,343
Equity in net income of affiliated companies	8,152	6,639	6,578	60,836
Income from continuing operations	121,696	119,164	104,065	908,179
Income (loss) from discontinued operations, net of tax	—	—	(2,570)	—
Net income	121,696	119,164	101,495	908,179
Less: Net income attributable to noncontrolling interests	(10,138)	(11,433)	(11,582)	(75,657)
Net income attributable to SECOM CO., LTD.	¥ 111,558	¥ 107,731	¥ 89,913	\$ 832,522

	In yen			Translation into thousands of U.S. dollars
	Years ended			Year ended
	2023	2022	2021	2023
Per share data:				
Income from continuing operations attributable to SECOM CO., LTD.	¥516.68	¥492.83	¥423.73	\$3.86
Income (loss) from discontinued operations attributable to SECOM CO., LTD.	—	—	(11.78)	—
Net income attributable to SECOM CO., LTD.	516.68	492.83	411.95	3.86
Cash dividends per share	¥180.00	¥175.00	¥170.00	\$1.34

Consolidated Statements of Comprehensive Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2023

	In millions of yen			Translation into thousands of U.S. dollars
	Years ended			Year ended
	2023	2022	2021	2023
Comprehensive income:				
Net income	¥121,696	¥119,164	¥101,495	\$ 908,179
Other comprehensive income (loss), net of tax:				
Unrealized gains on securities	(3,644)	(142)	519	(27,194)
Pension liability adjustments	2,716	3,976	4,462	20,269
Foreign currency translation adjustments	16,885	11,678	(3,975)	126,007
Total comprehensive income	137,653	134,676	102,501	1,027,261
Less: Comprehensive income attributable to noncontrolling interests	(11,188)	(12,055)	(11,739)	(83,492)
Comprehensive income attributable to SECOM CO., LTD.	¥126,465	¥122,621	¥ 90,762	\$ 943,769

Consolidated Statements of Changes in Equity

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2023

	In millions of yen									
	Number of shares issued	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other com- prehensive income (loss)	Common stock in treasury, at cost	SECOM CO., LTD. shareholders' equity	Noncontrolling interests	Total
Balance, March 31, 2020	233,293,998	¥66,401	¥74,680	¥10,833	¥1,017,661	(¥ 7,061)	(¥ 73,776)	¥1,088,738	¥138,669	¥1,227,407
Comprehensive income:										
Net income	—	—	—	—	89,913	—	—	89,913	11,582	101,495
Other comprehensive income (loss), net of tax:										
Unrealized gains on securities	—	—	—	—	—	519	—	519	—	519
Pension liability adjustments	—	—	—	—	—	3,942	—	3,942	520	4,462
Foreign currency translation adjustments	—	—	—	—	—	(3,612)	—	(3,612)	(363)	(3,975)
Total comprehensive income								90,762	11,739	102,501
Issuance of new stocks	1,928	9	9	—	—	—	—	18	—	18
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(37,104)	—	—	(37,104)	—	(37,104)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(2,523)	(2,523)
Transfer to legal reserve	—	—	—	51	(51)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	—	(82)	—	—	—	—	(82)	935	853
Gains on disposal of treasury stock	—	—	—	—	—	—	—	—	—	—
Net changes in treasury stock	—	—	—	—	—	—	(9)	(9)	—	(9)
Balance, March 31, 2021	233,295,926	66,410	74,607	10,884	1,070,419	(6,212)	(73,785)	1,142,323	148,820	1,291,143
Comprehensive income:										
Net income	—	—	—	—	107,731	—	—	107,731	11,433	119,164
Other comprehensive income (loss), net of tax:										
Unrealized gains on securities	—	—	—	—	—	(142)	—	(142)	—	(142)
Pension liability adjustments	—	—	—	—	—	3,983	—	3,983	(7)	3,976
Foreign currency translation adjustments	—	—	—	—	—	11,049	—	11,049	629	11,678
Total comprehensive income								122,621	12,055	134,676
Issuance of new stocks	2,123	9	9	—	—	—	—	18	—	18
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(38,196)	—	—	(38,196)	—	(38,196)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(2,965)	(2,965)
Transfer to legal reserve	—	—	—	88	(88)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	—	(11,602)	—	—	—	—	(11,602)	(22,473)	(34,075)
Gains on disposal of treasury stock	—	—	0	—	—	—	0	0	—	0
Net changes in treasury stock	—	—	—	—	—	—	(5,652)	(5,652)	—	(5,652)
Balance, March 31, 2022	233,298,049	66,419	63,014	10,972	1,139,866	8,678	(79,437)	1,209,512	135,437	1,344,949
Comprehensive income:										
Net income	—	—	—	—	111,558	—	—	111,558	10,138	121,696
Other comprehensive income (loss), net of tax:										
Unrealized gains on securities	—	—	—	—	—	(3,644)	—	(3,644)	—	(3,644)
Pension liability adjustments	—	—	—	—	—	2,490	—	2,490	226	2,716
Foreign currency translation adjustments	—	—	—	—	—	16,061	—	16,061	824	16,885
Total comprehensive income								126,465	11,188	137,653
Issuance of new stocks	1,849	8	8	—	—	—	—	16	—	16
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(39,060)	—	—	(39,060)	—	(39,060)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(3,199)	(3,199)
Transfer to legal reserve	—	—	—	95	(95)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	—	60	—	—	—	—	60	24,861	24,921
Gains on disposal of treasury stock	—	—	0	—	—	—	0	0	—	0
Net changes in treasury stock	—	—	—	—	—	—	(29,788)	(29,788)	—	(29,788)
Balance, March 31, 2023	233,299,898	¥66,427	¥63,082	¥11,067	¥1,212,269	¥23,585	(¥109,225)	¥1,267,205	¥168,287	¥1,435,492

	Translation into thousands of U.S. dollars									
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other com- prehensive income (loss)	Common stock in treasury, at cost	SECOM CO., LTD. shareholders' equity	Noncontrolling interests	Total	
Balance, March 31, 2022	\$495,664	\$470,254	\$81,881	\$8,506,463	\$ 64,761	(\$592,813)	\$9,026,210	\$1,010,724	\$10,036,934	
Comprehensive income:										
Net income	—	—	—	832,522	—	—	832,522	75,657	908,179	
Other comprehensive income (loss), net of tax:										
Unrealized gains on securities	—	—	—	—	(27,194)	—	(27,194)	—	(27,194)	
Pension liability adjustments	—	—	—	—	18,582	—	18,582	1,687	20,269	
Foreign currency translation adjustments	—	—	—	—	119,859	—	119,859	6,148	126,007	
Total comprehensive income							943,769	83,492	1,027,261	
Issuance of new stocks	60	60	—	—	—	—	120	—	120	
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	(291,492)	—	—	(291,492)	—	(291,492)	
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(23,873)	(23,873)	
Transfer to legal reserve	—	—	709	(709)	—	—	—	—	—	
Equity transactions with noncontrolling interests and other	—	447	—	—	—	—	447	185,530	185,977	
Gains on disposal of treasury stock	—	0	—	—	—	0	0	—	0	
Net changes in treasury stock	—	—	—	—	—	(222,299)	(222,299)	—	(222,299)	
Balance, March 31, 2023	\$495,724	\$470,761	\$82,590	\$9,046,784	\$176,008	(\$815,112)	\$9,456,755	\$1,255,873	\$10,712,628	

Consolidated Statements of Cash Flows

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2023

	In millions of yen			Translation into thousands of U.S. dollars
		Years ended March 31		Year ended March 31
	2023	2022	2021	2023
Cash flows from operating activities:				
Net income	¥121,696	¥119,164	¥101,495	\$ 908,179
Adjustments to reconcile net income to net cash provided by operating activities—				
Depreciation and amortization, including amortization of deferred charges	78,718	78,507	78,716	587,448
Accrual for pension and severance costs, less payments	(2,661)	(2,659)	(2,110)	(19,858)
Deferred income taxes, including discontinued operations	3,584	2,426	3,859	26,746
Gain and loss on sales and disposal of fixed assets, net	(173)	2,682	1,788	(1,291)
Impairment loss on long-lived assets	2,647	113	95	19,754
Write-down on real estate inventories	—	—	20	—
Gain and loss on private equity investments	(11,792)	(3,072)	302	(88,000)
Impairment loss on goodwill	1,456	268	5,660	10,866
Gain on sales of securities, net	(2,713)	(709)	2,476	(20,246)
Loss on other-than-temporary impairment of investment securities	(2,609)	2,373	(11,441)	(19,470)
Equity in net income of affiliated companies	(8,152)	(6,639)	(6,578)	(60,836)
Changes in assets and liabilities, net of effects from acquisitions and disposals:				
(Increase) decrease in cash deposits for armored car services	1,060	2,412	2,016	7,910
(Increase) decrease in receivables and due from subscribers, net of allowances	(3,797)	(10,450)	14,319	(28,336)
(Increase) decrease in inventories	(8,960)	(5,415)	(787)	(66,866)
Increase in deferred charges	(8,026)	(8,015)	(8,985)	(59,896)
Increase (decrease) in notes and accounts payable	2,117	2,986	(4,077)	15,799
Increase (decrease) in deposits received	(99)	163	1,061	(739)
Increase (decrease) in deferred revenue	(1,148)	(1,391)	(1,807)	(8,567)
Increase (decrease) in accrued income taxes	(4,015)	4,022	(935)	(29,963)
Increase (decrease) in guarantee deposits received	(136)	(210)	(1,197)	(1,015)
Increase (decrease) in unearned premiums and other insurance liabilities	(3,980)	(103)	4,209	(29,701)
Increase (decrease) in accrued consumption tax	(1,376)	(4,121)	1,295	(10,269)
Other, net	4,568	12,961	9,329	34,090
Net cash provided by operating activities	156,209	185,293	188,723	1,165,739
Cash flows from investing activities:				
(Increase) decrease in time deposits	(173)	738	(593)	(1,291)
Proceeds from sales of property, plant and equipment	6,514	3,602	766	48,612
Payments for purchases of property, plant and equipment	(52,846)	(55,075)	(50,122)	(394,373)
Payments for purchases of intangible assets	(12,004)	(10,778)	(10,738)	(89,582)
Proceeds from sales and redemptions of investment securities	53,331	33,243	47,859	397,993
Payments for purchases of investment securities	(48,829)	(31,683)	(55,991)	(364,396)
(Increase) decrease in short-term investments	(2,554)	—	9,269	(19,060)
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	(156)	(3)	14,633	(1,164)
Acquisitions, net of cash acquired	(18,929)	—	(7,098)	(141,261)
(Increase) decrease in short-term receivables, net	(187)	57	310	(1,396)
Payments for long-term receivables	(737)	(703)	(1,472)	(5,500)
Proceeds from long-term receivables	1,509	1,975	1,947	11,261
Other, net	(2,264)	(1,734)	(1,719)	(16,895)
Net cash used in investing activities	(77,325)	(60,361)	(52,949)	(577,052)
Cash flows from financing activities:				
Proceeds from long-term debt	2,837	5,349	16,699	21,172
Repayments of long-term debt	(16,701)	(16,953)	(18,752)	(124,634)
Increase (decrease) in bank loans, net	(1,275)	(1,903)	(4,500)	(9,515)
Increase (decrease) in investment deposits by policyholders	(2,603)	(2,863)	(1,687)	(19,425)
Dividends paid to SECOM CO., LTD. shareholders	(39,060)	(38,196)	(37,104)	(291,492)
Dividends paid to noncontrolling interests	(3,427)	(2,965)	(2,600)	(25,575)
Payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders	(38)	(28,573)	(241)	(284)
Increase in treasury stock, net	(29,788)	(11,241)	(9)	(222,299)
Other, net	2,847	72	478	21,246
Net cash used in financing activities	(87,208)	(97,273)	(47,716)	(650,806)
Effect of exchange rate changes on cash and cash equivalents	1,546	1,695	(525)	11,537
Net increase in cash and cash equivalents	(6,778)	29,354	87,533	(50,582)
Cash and cash equivalents at beginning of year	531,555	502,201	414,668	3,966,828
Cash and cash equivalents at end of year	¥524,777	¥531,555	¥502,201	\$3,916,246

Segment Information

Information by business and geographic segments for the years ended and as of March 31, 2023, 2022 and 2021 is as follows:

(1) Business Segment Information

	In millions of yen			In thousands of U.S. dollars
		Years ended March 31		Year ended March 31
	2023	2022	2021	2023
Net sales and operating revenue:				
Security services—				
Customers	¥ 597,071	¥ 563,623	¥ 555,060	\$4,455,754
Intersegment	3,235	3,093	3,064	24,142
	600,306	566,716	558,124	4,479,896
Fire protection services—				
Customers	145,662	148,804	140,599	1,087,031
Intersegment	3,125	3,302	3,275	23,321
	148,787	152,106	143,874	1,110,352
Medical services—				
Customers	196,246	195,826	182,573	1,464,522
Intersegment	239	236	206	1,784
	196,485	196,062	182,779	1,466,306
Insurance services—				
Customers	58,876	51,769	58,291	439,373
Intersegment	3,012	3,151	3,084	22,478
	61,888	54,920	61,375	461,851
Geospatial information services—				
Customers	62,086	56,371	53,908	463,328
Intersegment	226	194	204	1,687
	62,312	56,565	54,112	465,015
BPO and ICT services—				
Customers	127,854	115,544	112,144	954,134
Intersegment	11,012	9,212	9,709	82,179
	138,866	124,756	121,853	1,036,313
Other services—				
Customers	39,521	34,161	32,764	294,933
Intersegment	1,560	1,235	1,187	11,642
	41,081	35,396	33,951	306,575
Total	1,249,725	1,186,521	1,156,068	9,326,308
Eliminations	(22,409)	(20,423)	(20,729)	(167,233)
Total net sales and operating revenue	¥1,227,316	¥1,166,098	¥1,135,339	\$9,159,075
	In millions of yen			In thousands of U.S. dollars
		Years ended March 31		Year ended March 31
	2023	2022	2021	2023
Operating income (loss):				
Security services	¥109,420	¥113,380	¥101,096	\$ 816,567
Fire protection services	11,559	14,516	13,091	86,261
Medical services	10,504	13,636	3,938	78,388
Insurance services	7,090	8,547	9,309	52,910
Geospatial information services	5,807	3,874	4,443	43,336
BPO and ICT services	13,112	14,562	14,495	97,851
Other services	7,519	6,120	6,046	56,112
Total	165,011	174,635	152,418	1,231,425
Corporate expenses and eliminations	(19,459)	(18,233)	(16,609)	(145,216)
Operating income	¥145,552	¥156,402	¥135,809	\$1,086,209
Other income	20,040	9,670	12,121	149,552
Other expenses	(2,592)	(4,383)	(2,845)	(19,343)
Income from continuing operations before income taxes	¥163,000	¥161,689	¥145,085	\$1,216,418
	In millions of yen			In thousands of U.S. dollars
		March 31		March 31
	2023	2022		2023
Assets:				
Security services	¥ 961,134	¥ 916,912		\$ 7,172,642
Fire protection services	192,783	190,544		1,438,679
Medical services	203,876	203,299		1,521,463
Insurance services	244,332	247,258		1,823,373
Geospatial information services	77,827	77,954		580,799
BPO and ICT services	252,319	241,694		1,882,978
Other services	128,970	121,195		962,460
Total	2,061,241	1,998,856		15,382,394
Corporate items	136,491	112,948		1,018,590
Investments in affiliated companies	79,647	71,662		594,381
Total assets	¥2,277,379	¥2,183,466		\$16,995,365

Segment Information

	In millions of yen			In thousands of U.S. dollars
	Years ended			Year ended
	2023	2022	2021	2023
Depreciation and amortization:				
Security services	¥ 51,739	¥51,573	¥51,645	\$386,113
Fire protection services	2,955	2,836	2,662	22,052
Medical services.....	7,829	8,055	8,496	58,425
Insurance services	2,328	2,509	2,556	17,373
Geospatial information services	1,773	1,751	1,665	13,231
BPO and ICT services.....	9,917	9,751	9,816	74,008
Other services.....	1,303	1,158	1,008	9,724
Total	77,844	77,633	77,848	580,926
Corporate items.....	874	874	868	6,522
Total depreciation and amortization	¥ 78,718	¥78,507	¥78,716	\$587,448
Capital expenditure:				
Security services	¥ 66,278	¥44,059	¥44,276	\$494,612
Fire protection services	4,043	5,176	5,249	30,172
Medical services.....	5,620	4,018	4,057	41,940
Insurance services	3,075	2,770	1,936	22,948
Geospatial information services	2,600	2,608	2,052	19,403
BPO and ICT services.....	20,961	7,871	6,928	156,425
Other services.....	8,108	4,182	3,677	60,507
Total	110,685	70,684	68,175	826,007
Corporate items.....	795	584	486	5,933
Total capital expenditures.....	¥111,480	¥71,268	¥68,661	\$831,940

The capital expenditures in the above table represent the additions to property, plant and equipment and intangible assets of each segment. The Company has no single customer that accounts for more than 10 percent of total revenues. The following table is a breakdown of security services revenue to external customers by service category. The security services business is managed as a single operating segment by the Company's management.

	In millions of yen			In thousands of U.S. dollars
	Years ended			Year ended
	2023	2022	2021	2023
Electronic security services	¥356,962	¥348,749	¥344,882	\$2,663,896
Other security services:				
Static guard services.....	89,200	75,459	69,370	665,672
Armored car services.....	62,920	62,467	62,841	469,552
Merchandise and other.....	87,989	76,948	77,967	656,634
Total security services	¥567,071	¥563,623	¥555,060	\$4,455,754

(2) Geographic Segment Information

Net sales and operating revenue attributed to countries based on the geographical location of customers for the years ended March 31, 2023, 2022 and 2021 and long-lived assets as of March 31, 2023 and 2022 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended			Year ended
	2023	2022	2021	2023
Net sales and operating revenue:				
Japan	¥1,168,628	¥1,117,929	¥1,091,216	\$8,721,105
Other	58,688	48,169	44,123	437,970
Total	¥1,227,316	¥1,166,098	¥1,135,339	\$9,159,075
Long-lived assets:				
Japan	¥798,435	¥755,252		\$5,958,470
Other	15,855	15,125		118,321
Total	¥814,290	¥770,377		\$6,076,791

There are no individually material countries other than Japan with respect to net sales and operating revenue and long-lived assets.

Other Financial Data

Summary of Selected Financial Data

SECOM CO., LTD. and Subsidiaries
Years ended/as of March 31

	In millions of yen					
	2023	2022	2021	2020	2019	2018
Composition of consolidated net sales and operating revenue by segment						
Net sales and operating revenue.....	¥1,227,316	¥1,166,098	¥1,135,339	¥1,132,632	¥1,087,355	¥1,058,568
Security services:	597,071	563,623	555,060	561,067	548,271	547,015
As a percentage of net sales and operating revenue ...	48.6%	48.3%	48.9%	49.5%	50.4%	51.7%
Electronic security services.....	356,962	348,749	344,882	344,992	342,299	339,445
As a percentage of net sales and operating revenue ...	29.1	29.9	30.4	30.5	31.5	32.0
Other security services—						
Static guard services	89,200	75,459	69,370	70,054	66,289	59,054
As a percentage of net sales and operating revenue ...	7.3	6.5	6.1	6.2	6.1	5.6
Armored car services	62,920	62,467	62,841	63,602	62,417	61,089
As a percentage of net sales and operating revenue ...	5.1	5.4	5.5	5.6	5.7	5.8
Subtotal.....	152,120	137,926	132,211	133,656	128,706	120,143
Merchandise and other	87,989	76,948	77,967	82,419	77,266	87,427
As a percentage of net sales and operating revenue ...	7.1	6.6	6.9	7.2	7.1	8.3
Fire protection services.....	145,662	148,804	140,599	151,861	140,139	136,559
As a percentage of net sales and operating revenue ...	11.9	12.8	12.4	13.4	12.9	12.9
Medical services.....	196,246	195,826	182,573	187,101	181,705	175,318
As a percentage of net sales and operating revenue ...	16.0	16.8	16.1	16.5	16.7	16.6
Insurance services	58,876	51,769	58,291	43,515	41,637	44,683
As a percentage of net sales and operating revenue ...	4.8	4.4	5.1	3.8	3.8	4.2
Geospatial information services	62,086	56,371	53,908	53,535	51,510	50,906
As a percentage of net sales and operating revenue ...	5.1	4.8	4.7	4.7	4.7	4.8
BPO and ICT services.....	127,854	115,544	112,144	99,833	90,225	71,475
As a percentage of net sales and operating revenue ...	10.4	9.9	9.9	8.8	8.2	6.7
Other services.....	39,521	34,161	32,764	35,720	33,868	32,612
As a percentage of net sales and operating revenue ...	3.2	3.0	2.9	3.3	3.3	3.1

Net income attributable to SECOC CO., LTD., cash dividends and SECOC CO., LTD. shareholders' equity

Net income attributable to SECOC CO., LTD.	¥ 111,558	¥ 107,731	¥ 89,913	¥ 87,136	¥ 89,686	¥ 96,623
Cash dividends paid ⁽²⁾	39,060	38,196	37,104	37,104	34,922	32,738
SECOC CO., LTD. shareholders' equity	1,267,205	1,209,512	1,142,323	1,088,738	1,044,184	1,000,277

Consolidated financial ratios

Percentage of working capital accounted for by:

Debt—						
Bank loans	2.2	2.4	2.7	3.3	3.4	3.5
Current portion of long-term debt.....	0.9	1.2	1.2	1.5	1.6	1.7
Straight bonds	0.2	0.3	0.3	0.3	0.4	0.5
Other long-term debt.....	3.3	3.7	4.0	3.4	3.6	4.1
Total debt.....	6.6	7.6	8.3	8.5	8.9	9.8
SECOC CO., LTD. shareholders' equity.....	93.4	92.4	91.7	91.5	91.1	90.2
Total capitalization.....	100.0	100.0	100.0	100.0	100.0	100.0
Return on total assets (percentage) ^(a)	4.9	4.9	4.2	4.2	4.8	5.3
Return on equity (percentage) ^(b)	8.8	8.9	7.9	8.0	8.6	9.7
Percentage of net sales and operating revenue absorbed by ^(c) :						
Depreciation and amortization	6.4	6.7	6.9	5.7	6.8	7.3
Rental expense under operating leases	2.6	2.5	2.6	2.4	2.5	2.3
Ratio of accumulated depreciation to depreciable assets (percentage)	68.9	68.0	66.6	65.3	65.4	64.6
Net property turnover (times) ^(c)	2.81	2.75	2.65	2.73	2.67	2.63
Before-tax interest coverage (times) ^{(c) (d)}	138.8	139.8	125.2	117.5	109.6	123.0

Note: Installation revenue is included in the corresponding electronic security services.

Summary of Selected Financial Data

	2023	2022	2021	2020	2019	2018
Number of shares outstanding						
Issued.....	233,299,898	233,298,049	233,295,926	233,293,998	233,292,219	233,290,441
Owned by SECOM CO., LTD.....	18,763,110	15,215,218	15,034,565	15,033,588	15,031,867	15,030,573
Balance.....	214,536,788	218,082,831	218,261,361	218,260,410	218,260,352	218,259,868
Per share information:						
Net income attributable to SECOM CO., LTD.						
per share (in yen) ⁽¹⁾	¥ 516.68	¥ 492.83	¥ 411.95	¥ 399.23	¥ 410.91	¥ 442.70
Cash dividends paid per share (in yen) ⁽²⁾	180.00	175.00	170.00	170.00	160.00	150.00
SECOM CO., LTD. shareholders' equity						
per share (in yen) ⁽³⁾	5,906.70	5,546.11	5,233.74	4,988.25	4,784.12	4,582.96
Cash flow per share (in yen) ^{(1)(e)}	700.34	677.24	602.60	533.88	590.91	649.44
Price/Book value ratio.....	1.38	1.60	1.78	1.80	1.98	1.73
Price/Earnings ratio	15.80	17.99	22.61	22.48	23.08	17.89
Price/Cash flow ratio.....	11.66	13.09	15.45	16.81	16.05	12.20
Stock price at year-end (in yen)	8,164	8,868	9,313	8,974	9,482	7,920

Notes: (a) Net income attributable to SECOM CO., LTD. / Total assets
(b) Net income attributable to SECOM CO., LTD. / SECOM CO., LTD. shareholders' equity
(c) Including discontinued operations
(d) (Income before income taxes and equity in net income of affiliated companies + Interest expense) / Interest expense
(e) (Net income attributable to SECOM CO., LTD. + Depreciation and amortization – Dividends approved) / Average number of shares outstanding during each period

(1) Per share amounts are based on the average number of shares outstanding during each period.
(2) Subsequent to March 31, 2023, cash dividends of ¥20,381 million (¥95 per share) were approved at the general shareholders' meeting on June 27, 2023.
(3) Per share amounts are based on the number of shares outstanding at the end of each period, less treasury stock.

Common Stock Data

SECOM CO., LTD.
As of March 31

SHAREHOLDER INFORMATION	2023	2022	2021	2020	2019	2018
Number of shareholders.....	24,202	23,401	21,739	23,297	24,023	26,809
Common shares held by:						
Financial institutions.....	36.98%	39.13%	39.44%	38.65%	37.14%	35.94%
Securities firms.....	3.22	3.05	2.81	1.95	3.30	1.63
Other domestic corporations.....	2.73	2.78	2.45	2.50	2.46	2.53
Foreign investors	41.44	40.96	41.55	42.76	42.74	44.85
Individuals and others	7.59	7.56	7.31	7.70	7.92	8.61
Treasury stock	8.04	6.52	6.44	6.44	6.44	6.44
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

PRICE INFORMATION (TOKYO STOCK EXCHANGE)

		Price per share (in yen)		Nikkei Stock Average (in yen)	
		High	Low	High	Low
2021	April–June.....	¥ 9,555	¥8,201	¥30,089.25	¥27,448.01
	July–September.....	8,704	8,027	30,670.10	27,013.25
	October–December	8,318	7,536	29,794.37	27,528.87
2022	January–March	9,100	7,610	29,332.16	24,717.53
	April–June.....	9,449	7,917	28,246.53	25,748.72
	July–September.....	9,266	8,132	29,222.77	25,935.62
2023	October–December	8,789	7,511	28,383.09	26,093.67
	January–March	8,221	7,301	28,623.15	25,716.86

Common Stock Data

COMMON STOCK ISSUES

Date	Additional shares issued (In thousands)	Shares outstanding after issue (In thousands)	Share capital after issue (In thousands of yen)	Allotment ratio to shareholders	Remarks
June 15, 1974	1,968	9,200	¥ 460,000	—	Issue at market price (¥900)
Dec. 21, 1974	2,760	11,960	598,000	3 for 10	Stock split
May 21, 1975	1,196	13,156	657,800	1 for 10	Stock split
May 21, 1975	1,244	14,400	720,000	—	Issue at market price (¥1,134)
Dec. 1, 1975	4,320	18,720	936,000	3 for 10	Stock split
May 31, 1976	1,880	20,600	1,030,000	—	Issue at market price (¥2,570)
June 1, 1976	2,060	22,660	1,133,000	1 for 10	Stock split
Dec. 1, 1976	6,798	29,458	1,472,900	3 for 10	Stock split
Nov. 30, 1977	2,042	31,500	1,575,000	—	Issue at market price (¥1,700)
Dec. 1, 1977	6,300	37,800	1,890,000	2 for 10	Stock split
Dec. 1, 1978	7,560	45,360	2,268,000	2 for 10	Stock split
June 1, 1981	3,000	48,360	2,418,000	—	Issue at market price (¥2,230)
Dec. 1, 1981	4,836	53,196	2,659,800	1 for 10	Stock split
Jan. 20, 1983	5,320	58,516	3,000,000	1 for 10	Stock split
Nov. 30, 1983	194	58,710	3,280,942	—	Conversion of convertible bonds
Nov. 30, 1984	1,418	60,128	5,329,282	—	Conversion of convertible bonds
Nov. 30, 1985	186	60,314	5,602,945	—	Conversion of convertible bonds
Jan. 20, 1986	6,031	66,345	5,602,945	1 for 10	Stock split
Nov. 30, 1986	2,878	69,223	11,269,932	—	Conversion of convertible bonds
Nov. 30, 1987	1,609	70,832	15,021,200	—	Conversion of convertible bonds
Jan. 20, 1988	3,541	74,373	15,021,200	0.5 for 10	Stock split
Nov. 30, 1988	439	74,812	16,063,099	—	Conversion of convertible bonds
Nov. 30, 1989	1,808	76,620	21,573,139	—	Conversion of convertible bonds
Jan. 19, 1990	22,986	99,606	21,573,139	3 for 10	Stock split
Mar. 31, 1990	1,446	101,052	25,070,104	—	Conversion of convertible bonds
Mar. 31, 1991	2,949	104,001	32,244,732	—	Conversion of convertible bonds
Mar. 31, 1992	2,035	106,036	37,338,751	—	Conversion of convertible bonds
Mar. 31, 1993	267	106,303	37,991,568	—	Conversion of convertible bonds
Mar. 31, 1994	6,986	113,289	56,756,263	—	Conversion of convertible bonds
Mar. 31, 1995	477	113,766	58,214,178	—	Conversion of convertible bonds
Mar. 31, 1996	613	114,379	59,865,105	—	Conversion of convertible bonds
Mar. 31, 1997	1,825	116,204	65,253,137	—	Conversion of convertible bonds
Mar. 31, 1998	29	116,233	65,327,060	—	Conversion of convertible bonds
Mar. 31, 1999	159	116,392	65,709,927	—	Conversion of convertible bonds
Nov. 19, 1999	116,410	232,802	65,709,927	10 for 10*	Stock split
Mar. 31, 2000	273	233,075	66,096,852	—	Conversion of convertible bonds
Mar. 31, 2001	25	233,100	66,126,854	—	Conversion of convertible bonds
Mar. 31, 2002	175	233,275	66,360,338	—	Conversion of convertible bonds
Mar. 31, 2003	6	233,281	66,368,827	—	Conversion of convertible bonds
Mar. 31, 2005	8	233,289	66,377,829	—	Conversion of convertible bonds
July 27, 2017	1	233,290	66,385,263	—	Issue of new shares as restricted stock compensation
July 26, 2018	2	233,292	66,392,692	—	Issue of new shares as restricted stock compensation
July 26, 2019	2	233,294	66,401,083	—	Issue of new shares as restricted stock compensation
July 22, 2020	2	233,296	66,410,237	—	Issue of new shares as restricted stock compensation
July 21, 2021	2	233,298	66,419,390	—	Issue of new shares as restricted stock compensation
July 27, 2022	2	233,300	66,427,074	—	Issue of new shares as restricted stock compensation

Note: The above is a record of SECOM's common stock issues since the common stock was listed on the Tokyo Stock Exchange in June 1974.
*One share was split into two.

Corporate Information

(As of June 30, 2023)	
Headquarters:	5-1, Jingumae 1-chome, Shibuya-ku, Tokyo 150-0001, Japan
Independent auditors:	KPMG AZSA LLC
Administrator of the register of shareholders:	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital (In millions of yen)	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2023)
Domestic				
Security services				
Secom Joshinetsu Co., Ltd.	¥3,530	100.0%	Security services	
Secom Hokuriku Co., Ltd.	201	59.1	Security services	
Secom Yamanashi Co., Ltd.	15	70.0	Security services	
Secom Mie Co., Ltd.	50	51.0	Security services	
Secom Sanin Co., Ltd.	290	64.3	Security services	
Secom Kochi Co., Ltd.	50	40.0	Security services	
Secom Miyazaki Co., Ltd.	30	68.3	Security services	
Secom Ryukyu Co., Ltd.	76	50.0	Security services	
Secom Jastic Co., Ltd.	100	100.0	Security services	
Secom Jastic Joshinetsu Co., Ltd.	40	(100.0)	Security services	
Secom Jastic Hokuriku Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Yamanashi Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Sanin Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Kochi Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Miyazaki Co., Ltd.	10	(100.0)	Security services	
Secom Static Hokkaido Co., Ltd.	50	100.0	Security services	
Secom Static Tohoku Co., Ltd.	50	100.0	Security services	
Secom Static Nishi-Nihon Co., Ltd.	50	100.0	Security services	
Secom Static Kansai Co., Ltd.	50	100.0	Security services	
Secom Static Ryukyu Co., Ltd.	10	(100.0)	Security services	
Secom Sado Co., Ltd.	24	(100.0)	Security services	
JK. Siress Co., Ltd.	10	(100.0)	Security services	
Japan Safety Guard Co., Ltd.	100	60.0	Security services	
Japan Nuclear Security System Co., Ltd.	200	50.0	Security services	
Meian Co., Ltd.	60	51.0	Security services	
Secom Tech Sanin Co., Ltd.	23	(100.0)	Installation of security equipment	
Secom Techno Joshinetsu Co., Ltd.	30	(100.0)	Installation of security equipment	
Secom Win Co., Ltd.	15	76.7	Installation of security equipment and facilities	
Secom Industries Co., Ltd.	499	100.0	Manufacturing of security equipment	
Otec Electronics Co., Ltd.	200	82.0	Manufacturing and sales of security systems	
Secom Alpha Co., Ltd.	271	100.0	Sales and leasing of security and water-treatment equipment	
Secom Mine Security Co., Ltd.	30	100.0	Security services	
Social Rehabilitation Support Kitsuregawa Co., Ltd.	10	51.7	Operation of PFI correctional facilities	
Secom Kitsuregawa Security Co., Ltd.	50	100.0	Security services	
Asahi Security Co., Ltd.	100	100.0	Security services	
Secom Tosec Co., Ltd.	30	80.1	Security services	
Aroba Inc.	255	100.0	Software development	
Senon Ltd.	100	54.9	Security services	
Oriental Security Service Co., Ltd.	10	(100.0)	Security services	
Far East Security Co., Ltd.	70	(100.0)	Security services	
Kyokuto Keibi Center Co., Ltd.	10	(100.0)	Security services	

Notes: 1. () indicates the percentage of equity/voting rights held by both SECOM CO., LTD. and certain of its subsidiaries, or by certain subsidiaries independently.
2. Subsidiaries are categorized into segments above according to their major lines of business.

(Continued)

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital (In millions of yen)	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2023)
Fire protection services				
Nohmi Bosai Ltd.	¥13,302	(50.4)%	Manufacturing and sales of fire protection equipment and facilities	
Ichibou Co., Ltd.	28	(100.0)	Installation of fire protection equipment	
Kyushu Nohmi Co., Ltd.	30	(100.0)	Installation and maintenance of fire protection equipment	
Chiyoda Service Co., Ltd.	20	(70.0)	Building management	
Nohmi Engineering Corp.	80	(100.0)	Installation of fire protection equipment	
Nohmi System Co., Ltd.	20	(100.0)	Maintenance of fire protection equipment	
Iwate Nohmi Co., Ltd.	30	(100.0)	Installation of fire protection equipment	
Tohoku Nohmi Co., Ltd.	32	(100.0)	Installation of fire protection equipment	
Aomori Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Nissin Bohsai Co., Ltd.	50	(100.0)	Installation of fire protection equipment	
Chiba Nohmi Co., Ltd.	10	(100.0)	Installation of fire protection equipment	
Shikoku Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Nohmi Techno Engineering Co., Ltd.	40	(100.0)	Installation of environmental monitoring systems	
Akita Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Fukushima Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Niigata Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Hokkaido Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Yashima Bosai Setsubi Co., Ltd.	20	(85.0)	Installation of fire protection equipment	
System Service Co., Ltd.	80	(100.0)	Installation and maintenance of fire protection equipment	
Sakamoto Densetsu Co., Ltd.	20	(100.0)	Installation of electrical equipment	
Nittan Co., Ltd.	2,303	100.0	Installation, sales and maintenance of fire protection equipment	
Nittan Hokkaido Service Center Co., Ltd.	10	(100.0)	Installation and maintenance of fire protection equipment	
Consilium Nittan Marine Ltd.	42	(50.0)	Sales of fire protection equipment	
Medical services				
Secom Medical System Co., Ltd.	100	100.0	Home health/nursing care and other medical-related services	
Mac Corp.	95	(100.0)	Sales of medical equipment	
Yoshikikaku Co., Ltd.	20	(100.0)	Operation of restaurants and shops at medical facilities	
Kensei Co., Ltd.	100	(100.0)	Management of pharmacies	
Secomfort Tama Co., Ltd.	100	(100.0)	Management of nursing homes	
Alive Medicare Co., Ltd.	50	(100.0)	Establishment and management of nursing homes	
Secomfort Co., Ltd.	100	(100.0)	Management of nursing homes	
Secomfort West Co., Ltd.	100	(100.0)	Management of nursing homes	
US Chemical Co., Ltd.	3	(100.0)	Management of pharmacies	
Secom Medipharma Co., Ltd.	10	(100.0)	Wholesaling of pharmaceuticals	

Notes: 1. () indicates the percentage of equity/voting rights held by both SECOM CO., LTD. and certain of its subsidiaries, or by certain subsidiaries independently.
2. Subsidiaries are categorized into segments above according to their major lines of business.

(Continued)

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital (In millions of yen)	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2023)
Insurance services				
Secom Insurance Service Co., Ltd.	¥ 100	(100.0)%	Non-life insurance agency	
Secom General Insurance Co., Ltd.	16,809	97.2	Non-life insurance	
Geospatial information services				
Pasco Corp.	8,758	71.6	Geospatial information services	
GIS Hokkaido Co., Ltd.	50	(100.0)	Geospatial information services	
GIS Kanto Co., Ltd.	40	(52.6)	Geospatial information services	
Mid Map Tokyo Corp.	15	(60.0)	Geospatial information services	
Higashi-Nihon Sogo Keikaku Co., Ltd.	200	(100.0)	Geospatial information services	
Satellite Image Marketing Corp.	60	(100.0)	Geospatial information services	
BPO and ICT services				
Secom Trust Systems Co., Ltd.	1,469	100.0	Information, communication, information security services, and development and sales of software	
At Tokyo Corp.	13,379	50.9	Data center business	
TMJ, Inc.	100	100.0	BPO services	
BIOS, Inc.	39	(90.0)	Bilingual IT services	
Mobile Select, Inc.	10	(100.0)	Contact center support services	
Other services				
Arai & Co., Ltd.	3,000	86.7	Real estate leasing	
Arai Corporation, Inc.	10	(100.0)	Management of real estate	
Secom Credit Co., Ltd.	400	100.0	Credit services	
Secom Corp.	100	100.0	Clerical services	
Secom Auto Service Co., Ltd.	45	100.0	Sales and maintenance of vehicles	
Wonder Dream Co., Ltd.	100	100.0	Employee welfare for SECOM Group	
Secom Business Plus Co., Ltd.	20	100.0	General office services	
Secom Home Service Co., Ltd.	32	100.0	Lifestyle support services	
Secom Engineering Co., Ltd.	100	100.0	Design, construction and maintenance of facilities	
Toko Create Co., Ltd.	50	96.6	Electrical engineering	
Kumalift Co., Ltd.	100	100.0	Manufacture, sales and maintenance of freight elevators	

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2. Subsidiaries are categorized into segments above according to their major lines of business.

(Continued)

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2023)
Overseas				
Security services				
Secom plc	£44,126 thousand	100.0%	Security services	
Scan Alarms Ltd.	£20 thousand	(100.0)	Holding company	
Scan Alarms & Security Systems (UK) Ltd.	£50 thousand	(100.0)	Security services	
Secom (China) Co., Ltd.	¥5,550 million	100.0	Holding company	
Dalian Secom Security Co., Ltd.	US\$2,000 thousand	(95.0)	Security services	
Shanghai Secom Security Co., Ltd.	Rmb80,000 thousand	(85.0)	Security services	
Beijing Jingdun Secom Electronic Security Co., Ltd.	US\$2,500 thousand	(80.0)	Security services	
Qingdao Secom Security Co., Ltd.	US\$1,000 thousand	(80.0)	Security services	
Guangdong Secom Security Co., Ltd.	US\$4,500 thousand	(100.0)	Security services	
Fujian Secom Security Co., Ltd.	Rmb29,000 thousand	(97.4)	Security services	
Sichuan Secom Security Co., Ltd.	Rmb10,000 thousand	(100.0)	Security services	
Shaanxi Secom Security Co., Ltd.	Rmb10,000 thousand	(100.0)	Security services	
Zhejiang Secom Security Co., Ltd.	Rmb15,000 thousand	(97.0)	Security services	
Liaoning Secom Security Co., Ltd.	Rmb10,000 thousand	(60.0)	Security services	
Tianjin Secom Security Co., Ltd.	Rmb7,000 thousand	(100.0)	Security services	
Jiangsu Secom Security Co., Ltd.	Rmb15,000 thousand	(100.0)	Security services	
ADT Alarm Monitoring Hong Kong Ltd.	HK\$3,000 thousand	100.0	Security services	
PT. Secom Indonesia	US\$4,111 thousand	80.0	Security services	
PT. Secom Bhayangkara	I.RPA3,200 million	(40.0)	Security services	
PT. Secom Realty Indonesia	I.RPA97,972 million	(99.9)	Real estate leasing	
Thai Secom Security Co., Ltd.	THB378,934 thousand	49.0	Security services	
Secom Australia Pty. Ltd.	AUD21,172 thousand	100.0	Security services	
Secom Technical Services Unit Trust	AUD5,951 thousand	(100.0)	Security services	
Secom Guardall NZ Ltd.	NZD1,604 thousand	(100.0)	Security services	
Secom Trading Co., Ltd.	¥120 million	100.0	Sales of security equipment	
Secom Vietnam Security Service JSC	VND160,949 million	(88.2)	Security services	
Secom (Singapore) Pte. Ltd.	S\$5,000 thousand	46.6	Security services	
Secom Smart (Singapore) Pte. Ltd.	S\$26,476 thousand	100.0	Security services	
Secom Smart (Malaysia) Sdn. Bhd.	MYR17,505 thousand	100.0	Security services	
Secom Aktif Guvenlik Yatirim A.S.	TRY110,579 thousand	50.0	Security services	
Secom Aktif Elektronik Guvenlik Cozumleri A.S.	TRY266,661 thousand	(100.0)	Security services	
Other services				
Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd.	US\$14,300 thousand	(100.0)	Manufacturing and sales of fire protection equipment and facilities	
Nohmi Taiwan Ltd.	NT\$15,000 thousand	(100.0)	Manufacturing and sales of fire protection equipment and facilities	
Nittan Europe Ltd.	£1,194 thousand	(100.0)	Sales of fire protection equipment	
Nittan Asean Co., Ltd. – Vietnam Headquarters	US\$3,236 thousand	(100.0)	Manufacturing of fire protection equipment	
Anbao Corp.	US\$1,820 thousand	(95.1)	Installation and maintenance of fire protection equipment	
Viet Bao Firefighting and Preventing Equipment JSC	US\$654 thousand	(96.6)	Sales of fire protection equipment	
Secom Medical System (Singapore) Pte. Ltd.	S\$107,159 thousand	(100.0)	Holding company	
Takshasila Hospitals Operating Pvt. Ltd.	INR5,926 million	(60.0)	Hospital management	
Takshasila Healthcare and Research Service Pvt. Ltd.	INR15 million	(100.0)	Management of hospital real estate	
Pasco Philippines Corp.	PHP108,953 thousand	(100.0)	Geospatial information services	
Pasco (Thailand) Co., Ltd.	THB129,000 thousand	(100.0)	Geospatial information services	
PT. Nusantara Secom InfoTech	US\$3,304 thousand	(100.0)	Geospatial information services, and development and sales of software	
Pasco North America Inc.	US\$5,621 thousand	(100.0)	Geospatial information services	
TMJP BPO Services, Inc.	PHP35,900 thousand	(99.9)	BPO services	
The Westec Security Group, Inc.	US\$0.3 thousand	100.0	Holding company	
ClearLight Partners II, LLC	—	(99.0)	Investment	
ClearLight Partners III, LLC	—	(98.0)	Investment	

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Regarding Publication of SECOM Report 2023

SECOM Report 2023 was prepared with a focus on the SECOM Group Road Map 2027—announced in May 2023 with the aim of helping realize the SECOM Group’s Vision for 2030—and taking into account requests and advice received in the course of dialog with a broad range of stakeholders. As we continue working to provide services that deliver safety and peace of mind, as well as make life more comfortable and convenient, in an ever-changing society, it is our hope that the report will deepen readers’ understanding of the evolution of key strategies aimed at improving corporate value, and at enhancing benefits to stakeholders.

The International Integrated Reporting Framework established by the International Financial Reporting Standards (IFRS) Foundation (formerly the Sustainability Accounting Standards Board (SASB)) and the Guidance for Collaborative Value Creation put out by Japan’s Ministry of Economy, Trade and Industry (METI) were referenced in the preparation of this report. Looking ahead, we will continue to devote our best efforts to advancing effective IR initiatives with the objective of further bolstering corporate value.

Scope of Reporting

In principle, this report provides information on SECOM CO., LTD., and its consolidated subsidiaries, equity-method companies and variable interest entities. (In instances where the scope differs, an explanation is provided.)

Reporting Period

This report is for the fiscal year ended March 31, 2023. (Some information for early in the subsequent period is included.)

Accounting Principles

Unless otherwise indicated, all financial data has been prepared in accordance with U.S. GAAP.

Forward-Looking Statements

This report contains forward-looking statements about future plans and strategies, as well as forecasts and expectations regarding SECOM’s performance. Actual results may differ materially from these statements.



Tatsuro Fuse
Executive Director
Head of Corporate
Communication &
Marketing Division

Framework for Communicating with Stakeholders

	Financial information	Nonfinancial information
Dialog	Financial results presentations	
	Ordinary General Meeting of Shareholders	
	One-on-one/small group meetings with analysts/institutional investors	
		Stakeholder engagement
Reports	Annual securities report*	
	Financial reports and presentations	
	Shareholder newsletters*	
	SECOM Report (integrated report)	
Corporate website	IR information	Sustainability Report
	Financial data (U.S. GAAP)	ESG data
		SECOM SASB Report
		Corporate governance report



Access IR information
<https://www.secom.co.jp/english/ir/>



Access sustainability-related information
<https://www.secom.co.jp/english/sustainability/>

*The annual securities report and shareholder newsletters are published in Japanese only.



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