



SECOM REPORT 2021

Year ended March 31, 2021



Profile

SECOM was established in 1962 as Japan's first security services provider. Since then, the Company has sought to create pioneering 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 a 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, whenever and wherever necessary, for anyone and everyone, the Company is working to realize its Social System Industry vision, which describes a framework of distinctive, integrated services and systems.

In this era of amplified uncertainties, to accelerate the realization of its Social System Industry vision, SECOM has formulated the SECOM Group's Vision for 2030. Guided by this vision, the Company is collaborating with partners who share its philosophy to create 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 resolving key social issues. Through these and other efforts, SECOM continues working to maximize its corporate value.

SECOM has also expanded outside Japan. Currently active in 17 countries and territories, the Group extends distinctively SECOM security services, fire protection services, medical services, geospatial information services, and BPO and ICT services customized to reflect local needs and sensibilities.

*ANSHIN is Japanese for "peace of mind."

CONTENTS

| | | |
|----|--|---|
| 1 | Corporate Philosophy | |
| 2 | Financial Highlights | |
| 4 | A Message to Stakeholders | |
| 10 | The Path to Value Creation | |
| 12 | SECOM at a Glance | |
| 14 | The Value Creation Process | |
| 16 | SECOM's Core Competitive Advantages | |
| 17 | Initiatives Aimed at Maximizing Income | |
| 18 | The SECOM Group's Vision for 2030 | |
| 22 | Special Feature | |
| 24 | SECOM Today | |
| 38 | Sustainability | |
| 40 | ESG Initiatives | |
| 56 | SASB Index | |
| | | Financial Information and References |
| 57 | Financial Review | |
| 62 | Consolidated Financial Statements | |
| 69 | Other Financial Data | |
| 73 | Corporate Information | |
| 77 | Regarding Publication of SECOM Report 2021 | |

Corporate Philosophy



The Social System Industry

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.

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.

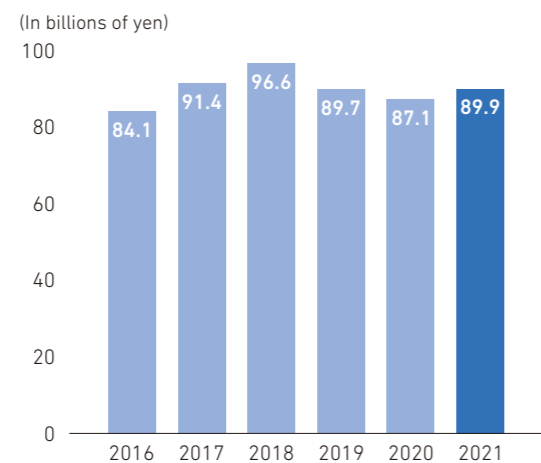


Financial Highlights

| 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 |
| | 2021 | 2020 | 2019 | 2021 |
| Net sales and operating revenue | ¥1,135,339 | ¥1,132,632 | ¥1,087,355 | \$10,228,279 |
| Operating income | 135,809 | 129,627 | 123,307 | 1,223,505 |
| Net income attributable to SECOM CO., LTD. | 89,913 | 87,136 | 89,686 | 810,027 |
| Total assets | 2,137,806 | 2,081,120 | 1,879,710 | 19,259,516 |
| Total SECOM CO., LTD. shareholders' equity | 1,142,323 | 1,088,738 | 1,044,184 | 10,291,198 |
| | | | In yen | In U.S. dollars |
| Per share of common stock: | | | | |
| Net income attributable to SECOM CO., LTD. | ¥ 411.95 | ¥ 399.23 | ¥ 410.91 | \$ 3.71 |
| Cash dividends (Interim dividend) | 170.00 85.00 | 170.00 85.00 | 160.00 80.00 | 1.53 0.77 |
| SECOM CO., LTD. shareholders' equity | 5,233.74 | 4,988.25 | 4,784.12 | 47.15 |

Notes: 1. Yen amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the approximate rate of ¥111=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2021.
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 25, 2021, approval was granted for a proposal to pay a year-end dividend of ¥85.00 for the year ended March 31, 2021.

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



Note: 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.

In the year ended March 31, 2020, net income attributable to SECOM CO., LTD., decreased ¥2.6 billion, to ¥87.1 billion, despite operating income growth led by the fire protection services segment. This was primarily due to a loss on private equity investments, compared with a gain on such investments in the previous fiscal year, and an increase in income taxes that reflected a larger reversal of the valuation allowance in the preceding period.

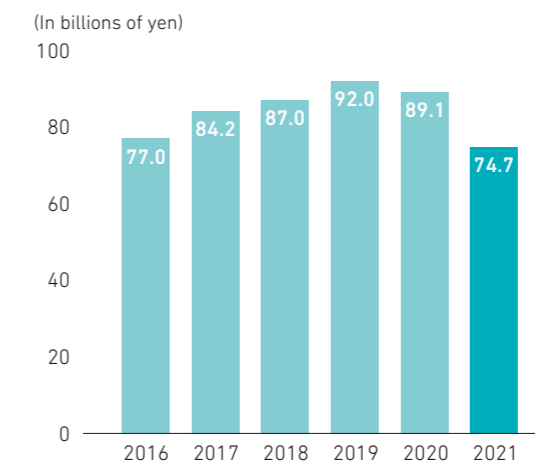
In the year ended March 31, 2019, net income attributable to SECOM CO., LTD., was down ¥6.9 billion, to ¥89.7 billion. Principal factors contributing to this result included the application of a new accounting standard whereby gains or losses on equity investments are now charged to income for the period, which resulted in an increase in loss on other-than-temporary impairment of investment securities; investments to reinforce SECOM's operating foundation with the aim of ensuring sustainable growth; and the impact of multiple major natural disasters on results in the insurance services segment.

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 |
| | 2021 | 2020 | 2019 | 2021 |
| Revenue | ¥1,035,898 | ¥1,060,070 | ¥1,013,823 | \$ 9,332,414 |
| Operating profit | 136,925 | 142,858 | 130,213 | 1,233,559 |
| Ordinary profit | 138,990 | 151,356 | 144,889 | 1,252,162 |
| Net income attributable to owners of the parent | 74,681 | 89,080 | 92,009 | 672,802 |
| Total assets | 1,864,179 | 1,815,121 | 1,765,105 | 16,794,405 |
| Total net assets | 1,229,824 | 1,172,494 | 1,125,954 | 11,079,495 |
| | | | In yen | In U.S. dollars |
| Per share of common stock: | | | | |
| Net income | ¥ 342.17 | ¥ 408.14 | ¥ 421.56 | \$ 3.08 |
| Cash dividends (Interim dividend) | 170.00 85.00 | 170.00 85.00 | 165.00 80.00 | 1.53 0.77 |
| Net assets | 4,958.18 | 4,742.58 | 4,562.08 | 44.67 |

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, 2021, was 49.7%.

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



A Message to Stakeholders

Adhering to SECOM's Philosophy and making forward-looking investments in growth to increase corporate value

Responding to COVID-19

We would like to begin by extending our deepest sympathies to everyone who has been affected by COVID-19. As always, we are especially grateful to the medical professionals and others who are working tirelessly and at considerable danger to themselves to help curb the spread of the virus.

The socioeconomic impact of the pandemic has been significant worldwide. The Basic Policies for Novel Coronavirus Disease Control, published by Japan's government, designates SECOM's medical, security, building maintenance, data center and insurance services, among others, as social infrastructure necessary for safety and security and has requested their continuation even when the country is under a state of emergency.

Against this backdrop, we believe that the greatest contribution we can make to society is to do our utmost to maintain services while placing the highest priority on the

safety of customers and employees. We have established a COVID-19 headquarters and put in place a number of critical measures to prevent infection, thereby ensuring business continuity and our ability to provide services without interruption. We have also created the COVID-19 Risk Response Committee, which spans our International Business Division and overseas subsidiaries, to protect the health of overseas SECOM Group employees, helping prevent infection and ensure business continuity.

Going forward, we will continue to promote stringent measures to limit the further spread of infection and to extend services as appropriate given local conditions, while not causing customers untoward trouble, in line with our abiding commitment to delivering safety and peace of mind and making life more comfortable and convenient.

Consolidated operating results

In the fiscal year ended March 31, 2021, the Japanese economy remained challenging, owing to a significant decline in corporate earnings attributable to COVID-19, with both trends in the spread of the pandemic worldwide and fluctuations in global financial markets requiring constant monitoring. With the socioeconomic activities gradually resuming, the economy has begun to rally, despite the ongoing need for strict measures to curb infections, owing to the positive impact of various strategic measures and improvements in overseas economies.

In this environment, we pressed forward with ongoing efforts to realize our Social System Industry vision, in accordance with our goal of delivering safety and peace of mind, as well as making life more comfortable and convenient, whenever and wherever necessary, for anyone and everyone. To this end, we continued to concentrate on extending high-grade services and systems optimized to meet the increasingly diverse and sophisticated needs of customers in our security services, fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and real estate and other

services businesses. We also accelerated these efforts by clarifying initiatives to be implemented in line with the SECOM Group Road Map 2022 with the goal of achieving the SECOM Group's Vision for 2030.

Notwithstanding the negative impact of COVID-19 in certain areas of the security services, fire protection services and medical services segments, consolidated net sales and operating revenue in the period under review edged up 0.2%, or ¥2.7 billion, to ¥1,135.3 billion, and operating income rose 4.8%, or ¥6.2 billion, to ¥135.8 billion. This was due to an increase in the BPO and ICT services segment and to net realized investment gains (including a gain on other-than-temporary impairment of investment securities) in the insurance services segment, compared with net realized investment losses in the previous fiscal year. Despite a loss from discontinued operations, net of tax, net income attributable to SECOM CO., LTD., advanced 3.2%, or ¥2.8 billion, to ¥89.9 billion, underpinned by an increase in operating income, as well as by a gain on other-than-temporary impairment of investment securities, compared with a loss in the preceding period.

Returns to shareholders

Seeing the provision of fair returns to shareholders as a crucial management task, we determine our consolidated dividend payout ratio and internal reserves based on an overall assessment of efforts to expand our businesses and trends in our consolidated operating performance, in line with our policy of ensuring a consistent and stable

distribution of profits. At the Ordinary General Meeting of Shareholders on June 25, 2021, the payment of a year-end dividend of ¥85.00 per share was approved. As a consequence, dividends for the full term—the record dates for which fall in the period under review—amounted to ¥170.00, level with the previous fiscal year.

Initiatives in the period under review and efforts to thrive in the new normal

Owing to the rampant spread of COVID-19, we faced significant difficulties, including restrictions on business activities such as sales and installations, and cautious customer attitudes toward purchases. In response to these difficulties, we took decisive steps to enhance the stability of business continuity, adopting a sales configuration and developing products that make effective use of information technologies (IT), and building an effective telework system.

It is also important to note that the impact of the pandemic has not been entirely negative. In the security services business, sales of surveillance cameras, access control systems and other merchandise and revenue from the installation of systems decreased, but the influence on on-line security systems and other businesses based on fixed monthly fees was limited, despite concerns prompted by the integration and downsizing of retail premises. Moreover, with many convenience stores and factories that used to operate around the clock now opting to close at

night, needs for security when premises are empty have risen, underscoring increased public awareness of safety and security and the firmness of demand for on-line security systems.

In our fire protection services and medical services businesses, the impact of COVID-19 has indeed largely been adverse, but our BPO and ICT services business has benefited from growing demand for data center services and special demand for contact center services arising from the emergence of new lifestyles and the greater use of telework arrangements.

With a view to thriving during COVID-19, as well as in the post-pandemic world, we continued to implement our four ongoing priority strategies, which are to expand monitoring services, reinforce our BPO and ICT services business, strengthen our overseas operations, and improve productivity.

Promoting four priority strategies

Expand monitoring services

Recognizing that needs for assistance with care for seniors vary depending on age group and have become increasingly diverse as a consequence of changes in family structure, we added a number of new selections to our lineup of remote monitoring services.

Specifically, in addition to SECOM Senior Care Phone Service, an emergency monitoring service that combines emergency medical alert, health consultation and safety confirmation functions, and *Mago* Channel with SECOM, a service that encourages communication with parents living apart while providing unstructured monitoring, we began offering SECOM Monitoring Service for Seniors, an option to SECOM Home Security subscribers that includes a cloud-based smartphone app.

Family members living apart can check up on their parents in a nonintrusive manner to confirm any variations in the frequency or nature of daily activities by accessing information captured by SECOM Home Security sensors installed in the parents' home. By installing an optional

dedicated sensor, subscribers can also monitor the indoor temperature and humidity changes at their parents' home from a smartphone using a dedicated application. SECOM emergency response personnel will be sent as necessary to check on the parents directly if, for example, the security sensors detect no movement over a certain period of time. Family members can also use the app to ask SECOM to dispatch emergency response personnel to check in person. We are also currently developing a new sensor that detects changes in posture, falls and whether the individual is breathing to enable more careful monitoring for parents requiring closer observation.

In addition, we are working to verify the value of new services that link SECOM Home Security with the Apple Watch, thereby making effective use of monitoring information, with the aim of achieving commercialization in the fiscal year ending March 31, 2022. One of these services stores pedometer, calorie expenditure counter, exercise time, heart rate and sleep quality data from the subscriber's Apple Watch, together with information on the frequency or nature

of daily activities detected by SECOM Home Security, in the cloud*1 for analysis and viewing. In addition to enabling family members to monitor parents living apart, these services also assist parents in managing their own health.

Monitoring services in the future will require advanced technological capabilities, in addition to the ability to promptly dispatch emergency response personnel when circumstances demand. In our drive to deliver peace of mind, as well as make life more comfortable and convenient, we will not only promote in-house development but also collaborate actively with various partners who have crucial technologies and devices under our strategy of open innovation. Going forward, we will continue working to help monitor the health of families by combining advanced technologies and human sensibilities to provide distinctively SECOM services that ensure our ability to be there for customers whenever we are needed.

Reinforce BPO and ICT services business

We continue to develop services to meet the diverse BPO and ICT needs of our customers and to take decisive steps in the period under review to accelerate the growth of this business. Our data center business is expanding steadily thanks to the increased use of advanced digital technologies, including artificial intelligence (AI), the Internet of Things (IoT) and cloud-based services, and we continue striving to enhance our capabilities in this area. Subsidiary At Tokyo Corporation, one of Japan's largest data center operators, opened two data centers in the Kansai region in 2020. In light of robust demand, the company also plans to open a new hyperscale urban data center in 2023, while in 2025 Secom Trust System Co., Ltd., plans to open a new data center on a site adjacent to an existing facility. Investment in the two new data centers is expected to be in the area of ¥40 billion. We will continue to expand our data center business in response to rapid digitalization to create a disaster-resilient infrastructure.

In the area of BPO services, we saw a temporary jump in demand for contact center services, including from local governments seeking to set up COVID-19 helpdesks. Telework arrangements, which have become increasingly widespread due to the pandemic, are likely to become the new normal. With the steady decline in Japan's labor force, a structural issue, expected to continue, the need to realize work style reforms and improve operational efficiency will remain common themes for companies in the years ahead. Given such trends, we expect our BPO business to continue expanding steadily. Accordingly, core BPO services company TMJ, Inc., will spearhead further efforts to combine optimal state-of-the-art technologies with the front-line administrative competency and ability to refine services it has fostered to offer distinctively SECOM BPO services that

deliver safety and peace of mind and in so doing respond to demand arising from the need to rely on others.

In ICT services, we are endeavoring to bolster sales of IT products that are also effective in differentiating our on-line security systems. We have also assigned employees with advanced IT skills to regional headquarters to oversee sales promotions, as well as to support and provide direction to regional sales staff, with the aim of expanding the scale of IT product sales. Additionally, we are stepping up efforts to integrate BPO and ICT services with security systems to boost customer convenience.

Strengthen overseas operations

With the goal of extending the reach of our security services business in Asia, between September 2020 and February 2021, we acquired ADT Services (M) Sdn. Bhd. in Malaysia, ADT Integrated Security Solutions Pte. Ltd. in Singapore, and ADT Alarm Monitoring Hong Kong Ltd., all of which became wholly owned subsidiaries. This positions us well to expand operations in promising markets, including services for the region's growing wealthy and middle classes, and accelerate efforts to extend the scope of our overseas operations. These three companies provide cloud-based services and systems via the Internet and will work to enhance smartphone-linked interactive and smart home functions in Asian markets.

With Japan's population expected to continue shrinking over the long term, we believe that strengthening our operations in promising overseas markets is essential to our sustainable growth going forward. In the PRC and Thailand, we have launched projects aimed at cultivating businesses and developing products suited to local needs that incorporate advanced technologies. In early 2021, we also embarked on focused marketing activities designed to broaden awareness of the SECOM brand and enlarge our customer bases in countries and territories where we already have operations.

Improve productivity

We recognize higher productivity as vital to our ability to absorb cost increases associated with additional investments in growth in the years ahead. We are advancing measures aimed at reinforcing in-house IT systems to boost the productivity of individual employees so that we are positioned to handle even a significant surge in work volume resulting from higher subscriber numbers and the expansion of services with current staffing levels.

In the fiscal year ended March 31, 2021, we sought to optimize regional sites by merging SECOM control centers and shifting the sales and administrative functions of smaller offices to larger offices. Additionally, we reorganized sales and operational departments to clarify their roles,

expedite decision making and eliminate waste with the objective of breaking down organizational silos. We will continue working as one to further improve productivity, guided by the concept of refusing to be content with the status quo,*2 a key element of SECOM's Philosophy.

Transformation of the security services business

COVID-19 has brought far-reaching, fundamental changes to society, including business practices, consumer behavior and work styles. With many of these changes likely to remain even after the pandemic has eased, our future depends on responding effectively to survive and thrive in what is emerging as the new normal. At the same time, we must also continue to address challenges associated with a super-aged society and a declining labor force. We are excited at the potential for such socioenvironmental changes to stimulate new needs and create promising business opportunities.

New needs include those for enhanced troubleshooting and security as a result of reduced staff numbers or a shift to an unattended format for retail facilities, as well as those for personnel management-related systems compatible with telework and other work style reforms, information security and document digitalization. With people spending more time at home and making frequent use of delivery services, we are also seeing increased needs for safe and secure home environments, monitoring services that help protect elderly parents and other family members, and remote healthcare. Acknowledging that we have a responsibility to advance social change in this new era, we are striving to develop and offer services that accurately address these and other emerging needs.

The security services business is expected to enter a period of fundamental transformation. Factors behind this include the spread of AI, the IoT and 5G mobile communications technologies, and rapid advances in the area of sensing technologies,*1 which are forecast to support the development of IoT services that respond to various social imperatives. The linking of these to security services will greatly expand the scope of services available to customers.

We also anticipate the realization of services that leverage data science to extract information of value from that captured by sensors installed at subscribers' premises. In the security services industry of the future, we believe

*1 In addition to information from SECOM sensors, information from devices in the home manufactured by other companies can be stored in the cloud and used to enhance monitoring of daily activities and health.

*2 The concept of refusing to be content with the status quo expresses our determination to offer innovative services and systems by challenging outdated beliefs and accepted norms.

that the key to growth will be our ability to create a service framework based on a new concept that involves the use of these technologies.

During the investment phase of the SECOM Group Road Map 2022, we promoted investments to reinforce our business infrastructure and secure individuals with the high-level skills necessary to work in IT in preparation for the digital era.

We currently have more than 2.4 million on-line security subscribers in Japan. By offering a software as a service (SaaS)*2 on-demand service model, we will make it possible for subscribers to access highly convenient IoT and other new services that leverage new technologies. To this end, we must install security equipment with functions and performance features compatible with these services at subscribers' premises.

Based on the belief that the services we provide to society should both be revolutionary and utilize sophisticated technologies, we will systematically replace subscribers' existing security equipment with new models compatible with the new technologies of today and the future. This combination of state-of-the-art equipment with our around-the-clock monitoring services will continue to ensure our ability to offer new value by extending reliable services that improve convenience. In addition to enhancing customer convenience, these sophisticated technologies will also boost the efficiency of our operations.

We see this period of transformation as an important business opportunity. To ensure sustainable growth over the long term, we are working to build next-generation business models—an effort spearheaded by the Business Design Laboratory, which was established in-house in August 2020—and advancing measures to sharpen our competitive edge under the banner of "SECOM DX."

*1 Sensing technologies are technologies that measure and quantify information acquired by sensors.

*2 SaaS is a subscription-based delivery model whereby services are accessed via the Internet.

Promoting ESG initiatives

Since our establishment, we have sought to fulfill our responsibility to society through our business activities, acknowledging the importance of sustainability for ourselves

and for society. The key to our ability to deliver safety and peace of mind, as well as make life more comfortable and convenient, is the human resources who are responsible

for providing our services. With our operating environment expected to undergo major changes in the years ahead, owing to the emergence of a new normal in the wake of COVID-19 and the coming period of transformation for the security services business, securing and training people who excel in terms of adaptability to change, ability to create value and desire to contribute to society, will become an increasingly critical management challenge.

To attract human resources who are a good fit for SECOM and capable of performing at a high level over the long term, it is vital that we offer attractive employment conditions in terms of pay scale, work-life balance and employee welfare, and maintain a high degree of employee motivation by striving constantly to bolster job satisfaction. We thus strive to guarantee safe working environments, create employee-friendly workplaces, offer training to foster employees with superior ethical standards and skills, and advance diversity and inclusion.

Further, we endeavor to encourage a managerial mindset, that is, to nurture individuals who understand our corporate philosophy, including our mission, and are capable of independent judgment and action. To this end, senior management is leading efforts to maximize employees' capabilities and inspire them to fulfill their potential by creating a virtuous circle rooted in job satisfaction and stepping up implementation of our Tri-ion initiative, which seeks to ensure that SECOM's Philosophy fully penetrates every aspect of our operations.

Rigorous corporate governance is indispensable to our ability to earn public trust and fully leverage our competitive edge. Our core business is security services. As such, we appreciate the importance of each and every employee discharging his or her duties in good faith and in keeping with the spirit of related laws. For this reason, we view compliance as an integral component of our day-to-day operations. All employees are required to act in accordance with the SECOM Group Code of Employee Conduct and the Behavioral Guidelines Based on SECOM's Philosophy and to ensure compliance. Preserving confidentiality is also critical to the provision of security services. We have established an information security policy and rules for the handling of various types of information that are applicable to all SECOM employees and promote the scrupulous protection of data and information. We also work actively to reinforce our corporate governance system, recognizing that a robust configuration is crucial for related measures to have teeth. We are also taking steps to enhance the diversity and effectiveness of our Board of Directors, including appointing a female outside director in June 2020.

Recent years have seen natural disasters generally associated with climate change, including large-scale forest fires and heavy rain incidents, occurring with greater

frequency around the world. Seeing our mission as being to help achieve a society free from concerns, we strive to be a company that is capable of providing enduring peace of mind while at the same time fulfilling our responsibilities as a member of society and reducing the impact of our operations on the environment.

With the belief that protecting the environment is essential to our ability to deliver security and support comfortable lifestyles, we incorporate environmental conservation into all aspects of our business activities. For example, we provide on-line security system equipment to security services subscribers mainly on a rental basis. We are thus able to collect all installed equipment after use, recycle what can be repaired and reused, and appropriately dispose of what cannot, a zero-resource waste business model that dates back half a century. In our security services business, which uses a significant number of service vehicles, we have largely completed the planned introduction of fuel-efficient vehicles. We plan to upgrade to electrified vehicles with an even lower environmental impact in the years ahead, and have already replaced a number of vehicles with hydrogen-powered models. In our data center services business, which uses a considerable amount of electric power, our efforts have earned designation by the Tokyo prefectural government as demonstrating particular excellence in the implementation of initiatives to counter global warming.

Seeking to further our goal of helping achieve sustainability for society, in July 2019, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD), pledging to disclose related information in line with TCFD recommendations. In July 2021, we announced our intent to achieve carbon neutrality by 2045 and set a target for reducing CO₂ emissions by 45% from the fiscal year ended March 31, 2019, by the fiscal year ending March 31, 2031. These targets earned certification as science-based targets (SBTs) from the Science Based Targets initiative. In line with these targets, we also joined Renewable Electricity 100% (RE100), a global renewable energy initiative, with the aim of shifting entirely to electricity generated using renewable energy by 2045.

Our day-to-day business activities, into which we incorporate consideration for the expansion of business opportunities and the reduction of business risks, are structured to both nurture continued growth and resolve environmental, social and governance (ESG)-related issues. We believe that increasing corporate value by expanding our business activities directly improves our ability to address ESG issues, which in turn enables us to contribute to the achievement of the United Nations' Sustainable Development Goals (SDGs). These achievements have earned solid marks, as evidenced by our continued inclusion

as a constituent of all four ESG investment indices* for Japanese equities used by Japan's Government Pension Fund (GPIF). Going forward, we will continue working to enhance our provision of ESG- and sustainability-related information to our diverse stakeholders.

* The four indices used by the GPIF are the FTSE Blossom Japan Index, the MSCI Japan ESG Select Leaders Index, the MSCI Japan Empowering Women Index (WIN) and the S&P/JPX Carbon Efficient Index.

Ensuring unwavering, sustainable growth

We continue to operate in an environment characterized by significant upheaval and unprecedented uncertainty, caused by factors such as a declining labor force, climate change and the impact of COVID-19. At the same time, we expect that the rapid digitalization of society, underpinned by the evolution of advanced AI, IoT and 5G mobile communications technologies, and by the rising prevalence of cloud-based services, will drive demand for services utilizing smartphones and wearable mobile equipment.

Against this backdrop, we have begun to offer cloud-based and interactive services that accumulate, analyze and visualize information detected by sensors installed at the premises of security service subscribers. The rapid evolution of sensing technologies is expected to fundamentally transform the security services business in the years ahead. As a consequence, our security services in the future must necessarily evolve into sophisticated high-grade services that combine advanced digital technologies and human support. For this reason, we must evolve as a "tech" company with capabilities in such areas as health tech. SECOM Group companies will also actively introduce new technologies to optimize our performance and ensure unwavering growth. With Japan's labor force expected to continue shrinking, we also recognize that further globalization is essential to the sustainability of our

growth. We have taken the first steps toward a full-scale reinforcement of our overseas operations. We are confident that measures implemented will yield positive results in the near future.

Achieving the goals we have set for ourselves will require continued and decisive investment in growth. We will explore priorities while continuing to promote key investments, including in M&As. Given the dramatic changes in our operating environment and the increasingly uncertain outlook, securing sufficient capital assets has also taken on greater importance. With the aim of enhancing returns to shareholders, we will continue working to improve corporate value and maintain a stable dividend payout ratio of between 40% and 45%, as set forth in the SECOM Group Road Map 2022.

The Olympic and Paralympic Games Tokyo 2020 will be held this year in the shadow of COVID-19. It is our hope that the efforts and commitments of the athletes will bring inspiration and joy to people around the world. We are committed to playing our part in ensuring the secure and successful staging of the games. In this as well as our other endeavors, we look forward to the ongoing support and guidance of our many stakeholders.

July 15, 2021



Makoto Iida

Founder



Yasuo Nakayama

Chairman and Representative Director



Ichiro Ozeki

President and Representative Director


The Path to Value Creation

Established as Japan's first security services company, SECOM has pioneered the creation of services that deliver safety and peace of mind. Going forward, we will continue to develop and provide innovative services and systems that accelerate the realization of our Social System Industry vision.


- Security services
- Overseas security services
- Fire protection services
- Medical services
- Insurance services
- Geospatial information services
- BPO and ICT services

Security service industry


1962
Established as Nihon Keibi Hoshō Co., Ltd. (name was later changed to SECOM CO., LTD.)



1964
● Provides security services at the Olympic Village during the first Tokyo Olympics



1966
● Develops SP Alarm, Japan's first on-line security system



Safety ("ANZEN") industry


1974
Lists on the Second Section of the Tokyo Stock Exchange

1975
● Commences operation of the world's first computerized security system (CSS)

1978
Moves up to the First Section of the Tokyo Stock Exchange

Safety ("ANZEN") industry

1981
● Introduces My Alarm (currently SECOM Home Security), Japan's first home security system



1981
● Establishes joint venture Korea Security System Co., Ltd. (currently SI Corporation) in the Republic of Korea (ROK)

1983
Changes name from Nihon Keibi Hoshō Co., Ltd. to SECOM CO., LTD.

1985
● Launches information security services

1988
● Establishes presence in Thailand

1989
Declares 1989 the first year of the Social System Industry vision

Social System Industry

1991
● Establishes presence in the United Kingdom and Malaysia

1992
● Establishes presence in the PRC, Singapore and Australia

1994
● Establishes presence in Indonesia

1994
● Begins offering Japan's first remote image diagnosis support service

1996
● Commences management of residences for seniors

1998
● Launches certification authority business

2000
● Establishes the Secure Data Center

2001
● Develops and releases the COCO-SECOM mobile security system

2001
● Launches MEDCOM, Japan's first unrestricted cancer treatment policy

Social System Industry

2004
● Introduces the SECOM AED Package Service


2004
● Launches the SECOM Safety Confirmation Service

2006
● Acquires newly issued shares in Nohmi Bosai, which becomes a consolidated subsidiary

2006
● Establishes presence in Vietnam

2007
● Launches ground surveying services using synthetic aperture radar (SAR) satellite images

2007
● Commences operation of private finance initiative (PFI) correctional facility



2011
● Establishes presence in New Zealand

2012
● Acquires all outstanding shares in Nittan Co., Ltd., Japan's third-largest fire protection services provider, making the company a consolidated subsidiary

2012
● Acquires At Tokyo Corporation, one of Japan's leading data center services firm

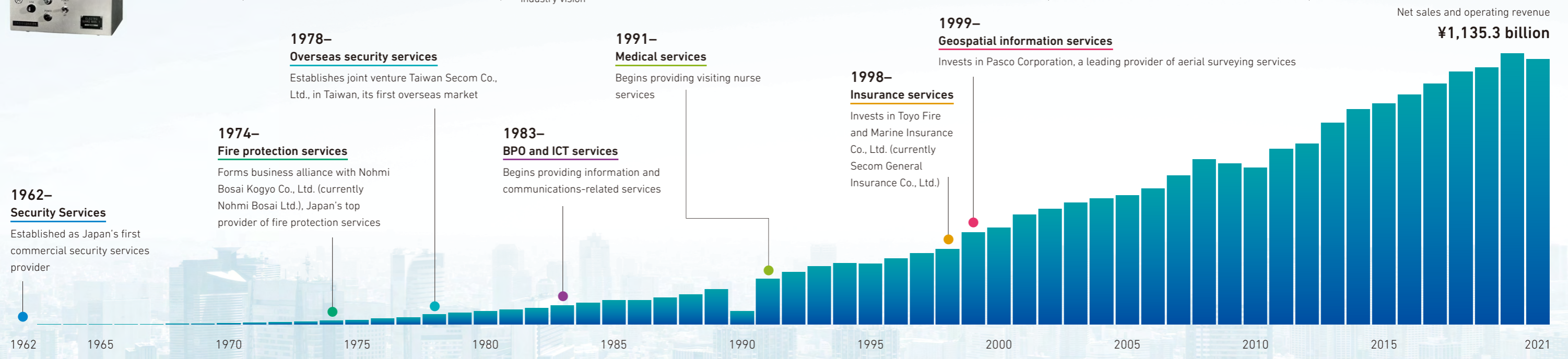
2014
● Establishes presence in Myanmar

2014
● Opens Sakra World Hospital, a general hospital, in India

2015
● Acquires Asahi Security Co., Ltd., a leading provider of cash collection and delivery services, which becomes a consolidated subsidiary

2017
● Acquires BPO services firm TMJ, Inc.

2019
● Establishes presence in Turkey

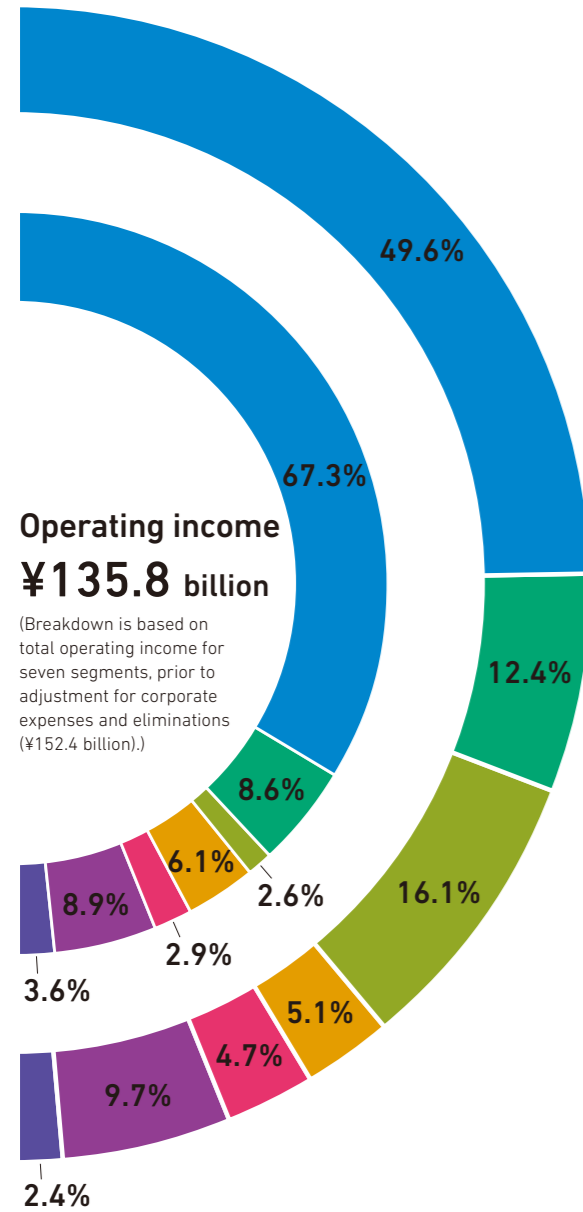


Note: As indicated in the legend, this graph shows net sales and operating revenue for each fiscal year at the time of announcement. Figures have not been readjusted. However, data for periods up to and including the fiscal year ended November 30, 1977, is nonconsolidated revenue for SECOM CO., LTD., 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 year ended March 31, 1990, was a transitional four-month period.

SECOM at a Glance

Net Sales and Operating Revenue ¥1,135.3 billion

(Breakdown is based on consolidated net sales and operating revenue (excluding intersegment transactions) for the fiscal year ended March 31, 2021.)



Operating income ¥135.8 billion

(Breakdown is based on total operating income for seven segments, prior to adjustment for corporate expenses and eliminations (¥152.4 billion).)

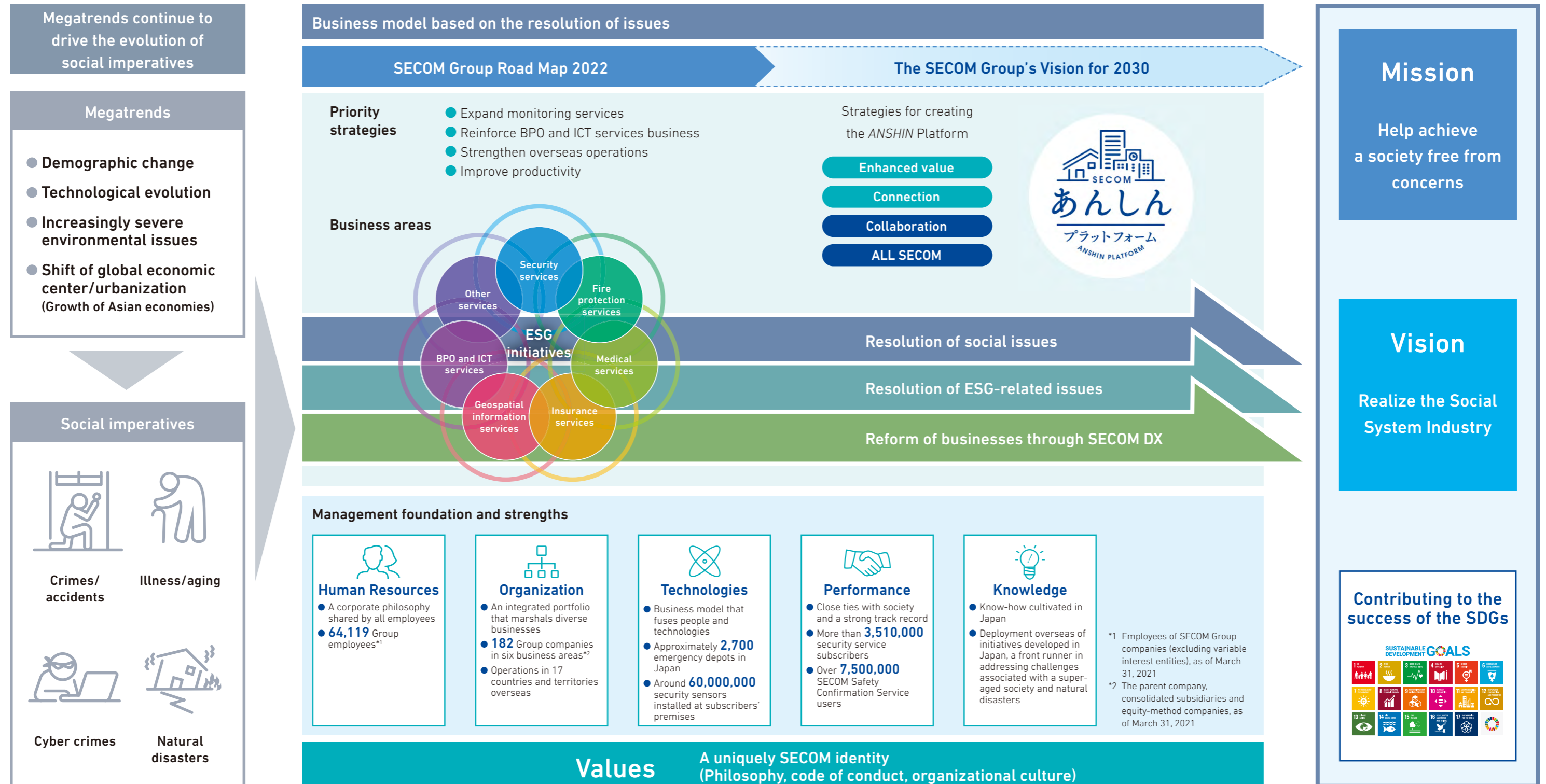
- Security Services
- Fire Protection Services
- Medical Services
- Insurance Services
- Geospatial Information Services
- BPO and ICT Services
- Real Estate and Other Service

| Segment | Principal operations | Competitive advantages | Principal Group companies*1 |
|--|---|---|--|
|  Security Services | <ul style="list-style-type: none"> ● On-line security systems ● Static guard services ● Armored car services ● Merchandise and other | <ul style="list-style-type: none"> • Integrated approach to providing on-line security systems • Solid technological foundation made possible by proprietary research and development configuration • Nationwide network of 2,700 emergency depots, facilitating swift response in the event of an emergency and appropriate operational control • Rental format that minimizes initial costs for subscribers and enables SECOM to take responsibility for equipment maintenance and upkeep • Solid income foundation (attributable to stable recurring revenue-based businesses) and robust customer base • Extensive lineup of security merchandise, including surveillance cameras and access control systems • Overseas operations centered on the provision of on-line security systems that reflect local market needs | SECOM CO., LTD.*2 Secom Joshinetsu Co., Ltd.*3 Asahi Security Co., Ltd. Secom plc |
|  Fire Protection Services | <ul style="list-style-type: none"> ● Fire alarm systems ● Fire extinguishing systems ● Maintenance services | <ul style="list-style-type: none"> • Two Group companies with the largest and third-largest shares of the Japanese fire protection market • Comprehensive lineup of services that respond to a broad range of customer needs • Integrated service configuration encompassing R&D and planning, equipment design and production, installation and maintenance • Stable demand for equipment that complies with Japan's Fire Service Act • Ability to extend renovation proposals that draw on a wealth of experience • Expertise in fire extinguishing systems for tunnels and other large-scale structures | Nohmi Bosai Ltd.*2 Nittan Co., Ltd. |
|  Medical Services | <ul style="list-style-type: none"> ● Home medical services ● Operation of residences for seniors ● Medical services that leverage ICT ● Sales of medical equipment and pharmaceuticals ● Support 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 mind • Experience and extensive know-how in the provision of diverse medical services • Strong collaboration with local communities aimed at realizing effective comprehensive community healthcare systems • ICT-based services that leverage expertise accumulated in the provision of medical services and SECOM's management resources | Secom Medical System Co., Ltd. |
|  Insurance Services | <ul style="list-style-type: none"> ● Fire insurance policies ● Automobile insurance policies ● Cancer 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 misfortune • Development and provision of unique policies that take into account the risk mitigating factors of on-line security systems • Development and provision of an automotive insurance policy that includes access to emergency response services • Development and provision of a cancer treatment policy that features full coverage for all treatment costs | Secom General Insurance Co., Ltd. |
|  Geospatial Information Services | <ul style="list-style-type: none"> ● Services for public sector entities ● Services for private sector entities ● Services 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) markets • Ability to provide geospatial information based on geographic data collected by commercial satellites, aircraft, drones, vehicles and ships • Technological capabilities and expertise in the integration, processing and analysis of geographic and related data to provide geospatial information • Active efforts to cultivate new geospatial information services | Pasco Corporation*2 |
|  BPO and ICT Services | <ul style="list-style-type: none"> ● Data center services ● Large-scale disaster preparedness services ● Information security services ● Cloud-based services ● BPO 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 largest • One of Japan's leading disaster management support services • Seamless information security services encompassing the formulation of strategies, monitoring, implementation of countermeasures and restoration • ICT 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 services • Provision 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. |
|  Real Estate and Other Services*4 | <ul style="list-style-type: none"> ● Construction and installation services ● Real estate leasing ● Home 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 maintenance. • Extensive maintenance and management services for leased buildings, primarily in Tokyo. • Provision of lifestyle support services that deliver safety and security and make life more comfortable and convenient | |

*1 For more information, please see pages 73-76. *2 Listed on the First Section of the Tokyo Stock Exchange *3 Listed on the Second Section of the Tokyo Stock Exchange
 *4 Owing to the transfer of all issued shares in Secom Home Life Co., Ltd., which spearheaded the Real Estate and Other Services business, as of December 22, 2020, the company was excluded from the scope of consolidation.

The Value Creation Process

In addition to promoting business reforms through SECOM Digital Transformation (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.



SECOM's Core Competitive Advantages

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

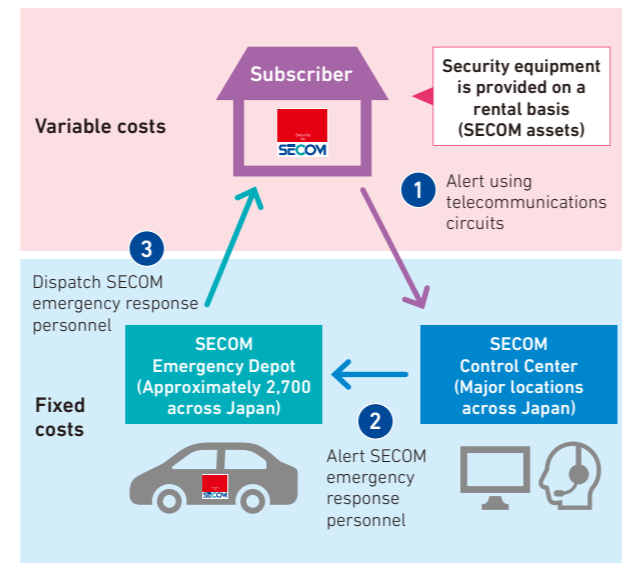
Since our establishment, we have consistently kept abreast of society's evolving needs by providing—and promoting unceasing efforts to improve and evolve—on-line security and other services and systems. At present, we continue to enjoy the leading share of Japan's market for on-line security systems. Our ability to resolve customers'

apprehensions has earned us a reputation for reliability and contributed to the rise of the SECOM brand. Recognition of SECOM as the leader of this country's security services industry also positions us well to secure and foster talented human resources and maintain an edge over the competition.

A recurring revenue-based business model

We are engaged primarily in recurring revenue-based businesses. In addition to securing new contracts, we endeavor to ensure that existing customers are content to leave contracts in place. In our core on-line security systems business, all employees—from emergency response personnel and control center staff to sales, technology, and administrative personnel—work together to increase customer satisfaction by providing services that exceed our subscribers' expectations. We will continue to invest cash generated by recurring revenue-based businesses as necessary to accommodate new contracts, as well as to reinvest in growth to further bolster our competitive edge and ensure sustainable growth, enhancing our ability to deliver seamless safety and peace of mind.

Variable and Fixed Costs for On-Line Security Systems

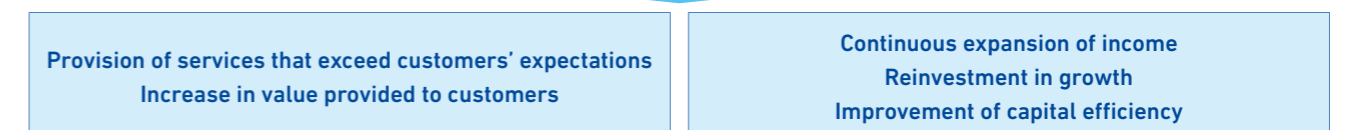
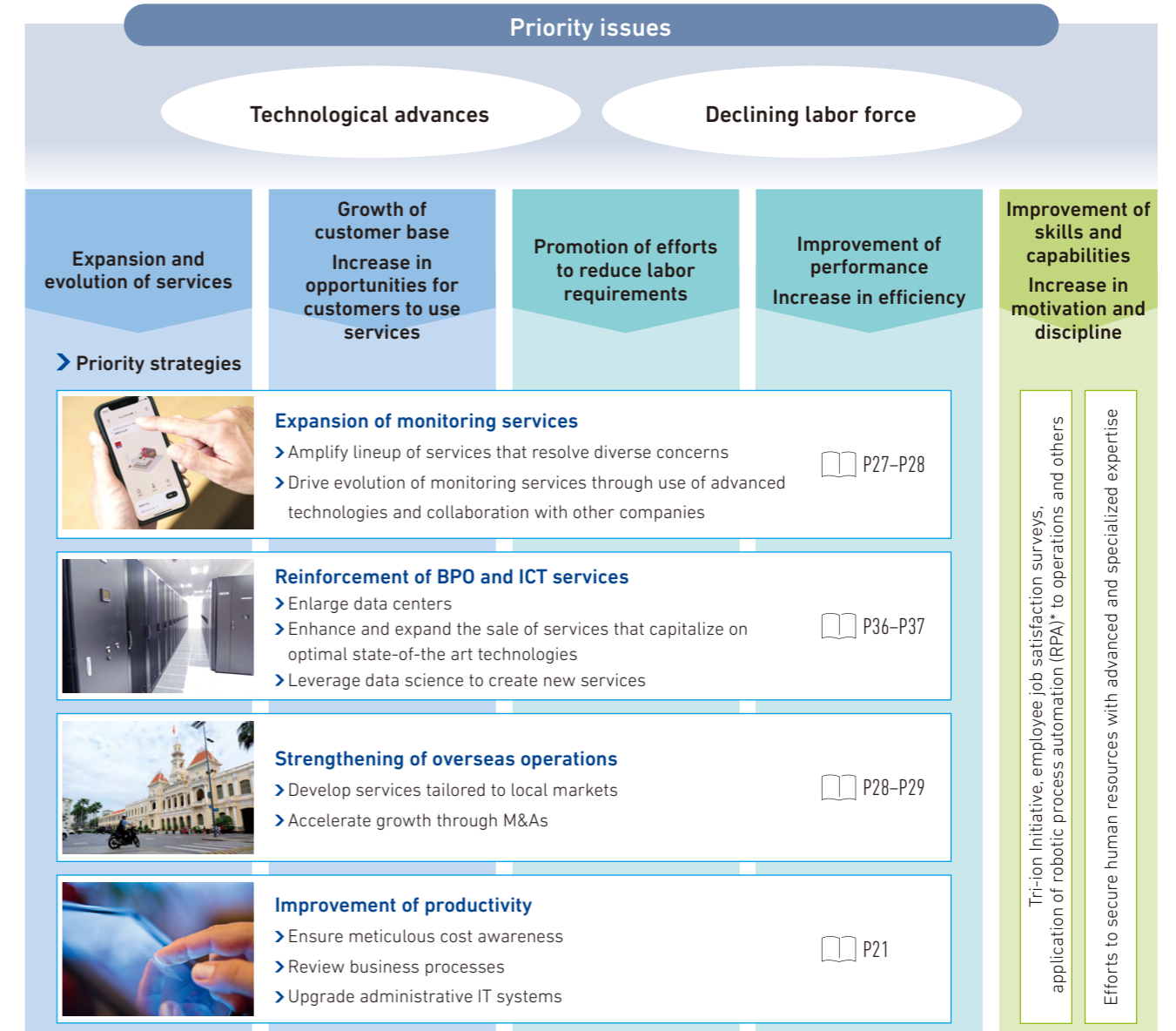


Group strengths

With the aim of realizing our Social System Industry vision, as well as to boost per-customer income, we continue working to address 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. In addition to expanding offerings and streamlining sales activities in each business, we will further fortify collaboration across the Group, as well as invest in M&As with the goal of further reinforcing Group strengths.

Initiatives Aimed at Maximizing Income



*RPA is a form of business process automation technology whereby software robots (bots) perform tasks previously performed by humans, including operating computers.

The SECOM Group's Vision for 2030

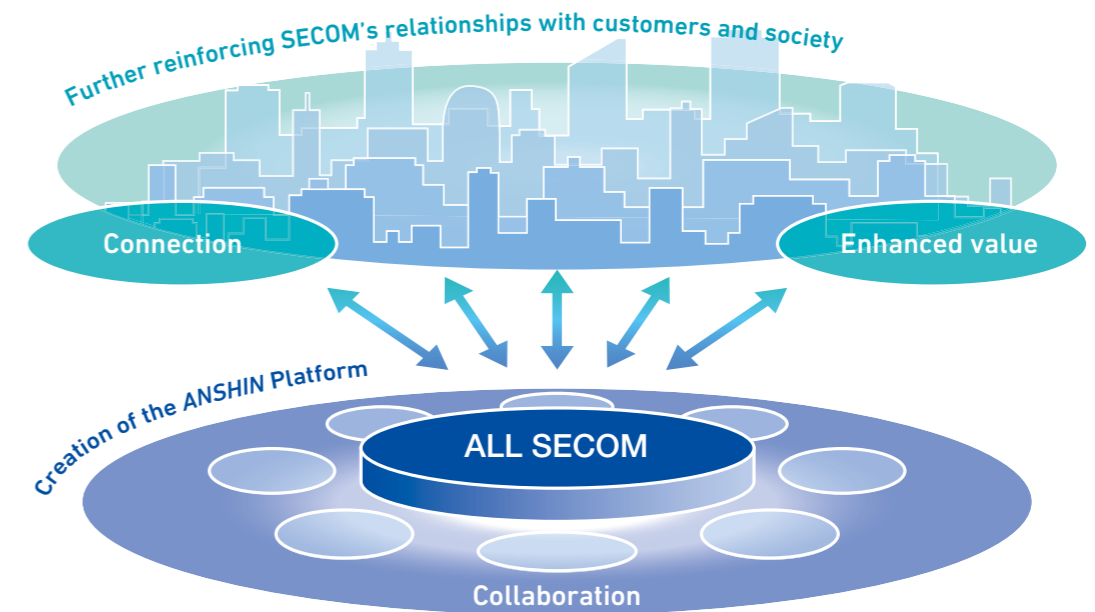
Operating in an environment characterized by significant upheaval, dramatic change, and rising uncertainty, we are proceeding with initiatives aimed at realizing the SECOM Group's Vision for 2030 and the SECOM Group Road Map 2022

Conceptual framework of the ANSHIN Platform

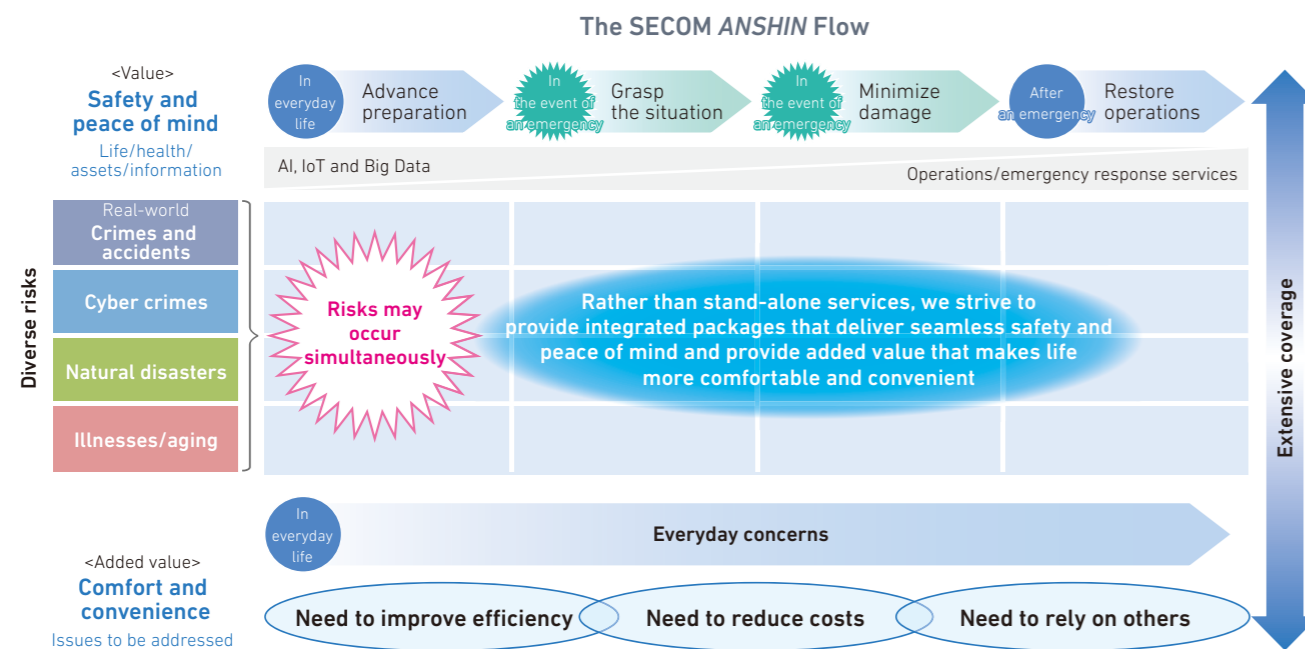
Guided by the SECOM Group's Vision for 2030, formulated in May 2017, we are working to create the ANSHIN Platform, a service infrastructure through which we strive to provide services that deliver seamless peace of mind for anyone and everyone whenever and wherever necessary.

Anchored in the relationship of trust that we have cultivated with society, the ANSHIN Platform seeks to provide peace of mind to people in their everyday lives, as well as to society as a whole through collaboration with partners in industry, government and academia who share our mission to help achieve a society free from concerns and who have diverse technologies and expertise.

For both companies and individuals, the occurrence of an unanticipated crime or disaster can interrupt daily rhythms. For companies, productivity can fall sharply. Moreover, the greater the damage is, the longer it takes to recover. Society faces significant risks associated with crimes, accidents, cyber crimes, natural disasters, illnesses and aging. In addition to recognizing the importance of routine advance preparation, we provide comprehensive services designed to address potential risks by helping customers accurately grasp conditions, minimize impact and achieve restoration. These four approaches, which comprise what we call the SECOM ANSHIN Flow, enable us to provide seamless peace of mind.



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 core strategies. The "ALL SECOM" strategy focuses on rallying SECOM Group strengths to maximize synergies. Through our "Collaboration" strategy we are endeavoring to promote open innovation and create new value by integrating the business ideas and technologies of various partners who share our mission. 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, while our "Enhanced value" strategy revolves around addressing everyday concerns by adding greater value to services that make life more comfortable and convenient.

Targeting sustainable growth: Devising the SECOM Group Road Map 2022

In May 2018, we introduced the SECOM Group Road Map 2022, devised using backcasting,* to clarify the challenges we must address to achieve the SECOM Group's Vision for 2030. In the road map, we have positioned responses to technological advances and a declining labor force—both of which become threats for both companies and society in general—as priority issues. We believe that evolving needs for solutions to these issues will lead to major business opportunities that will allow us to contribute to the improvement of social productivity.

*Backcasting is a planning method that starts with envisioning a desirable future and working backward from there to identify steps necessary to attain that future.

The challenge of service innovation

Our fundamental commitment is to offer services that anticipate what is needed to ensure sustainability for society, rather than simply providing services that will sell in any market. This is why people and technology will always be given top priority. Looking ahead, we will continue working tirelessly to enhance our ability to make effective use of these intangible assets, as well as to promote service innovation that helps create new value.

Technological advances have brought an increase in the variety of connected devices. This is driving a variety of profound changes, including the expanded use of drones and robots, the increasing prevalence of unattended retail facilities and cashless transactions, and the rising popularity of smart homes. Such changes are expected to push up demand related to the need for security in a connected society, which involves the fusion of physical and cyber security.

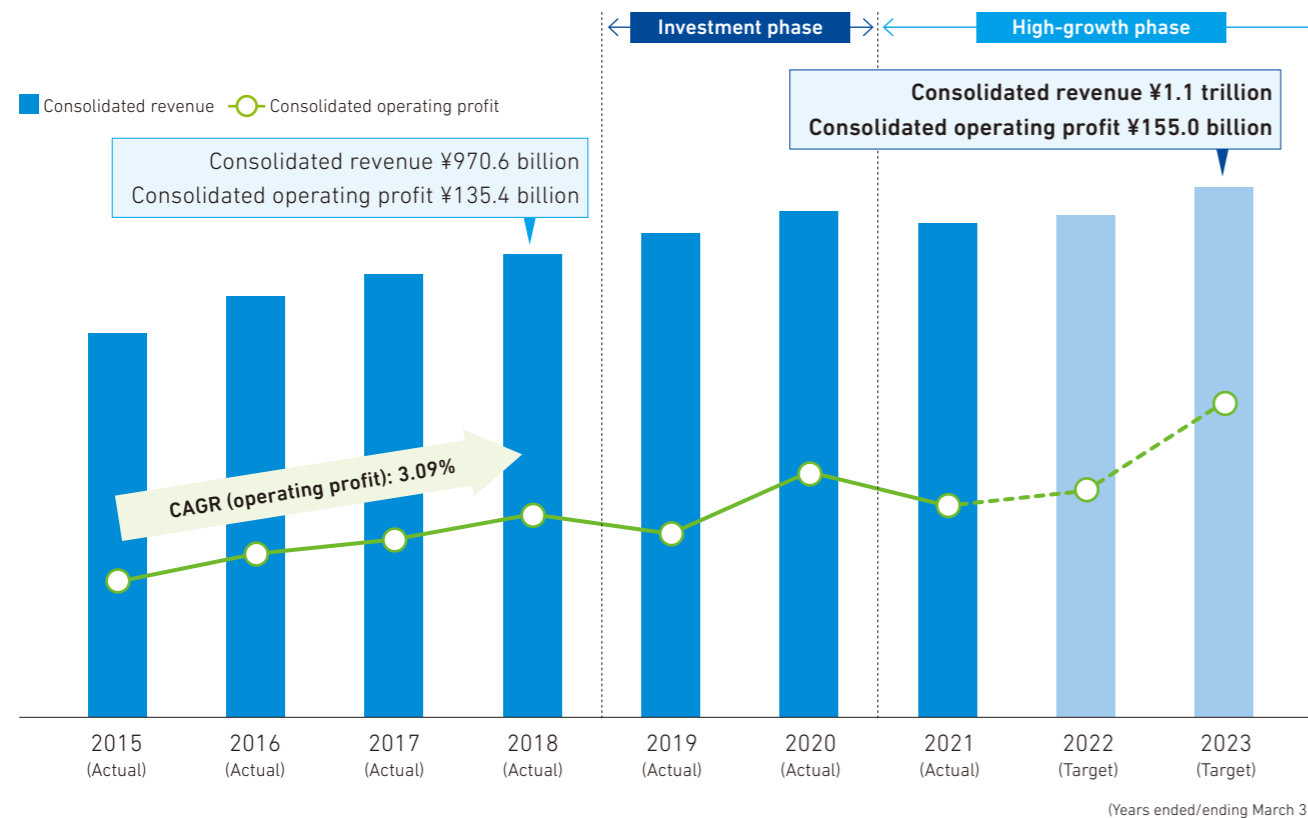
Owing to a declining labor force, companies face growing pressure to outsource noncore functions, which enables them to concentrate on core businesses. With the rising prevalence of families in which both parents work outside the home, we are also seeing an increase in demand related to the care of children and seniors. In response to expanding demand related to the need to rely on others, we will continue working to extend distinctive services that deliver safety and peace of mind and make life more comfortable and convenient.

In addition, we are actively allocating funds to efforts to develop innovative services and products that respond to needs engendered by technological advances and a declining labor force, as well as to replace existing subscribers' security equipment with new models compatible with new technologies.

Our investments to enhance human resources emphasize the reinforcement of critical capabilities. In particular, we are stepping up efforts to attract IT specialists and individuals with global business skills. In addition, we are investing to ensure employees can fulfill their potential, including in the creation of positive working environments and efforts to enhance various training programs, to bolster job satisfaction.

SECOM Group Road Map 2022

Targets for the fiscal year ending March 31, 2023 (Japanese GAAP) (Provided for reference only)



The spread of COVID-19 has brought fundamental changes, including those related to the advance of digitalization and the use of ICT. We will continue to drive efforts to respond to evolving demand in diverse areas related to the pandemic, as well as to help resolve emerging social issues.

Investments in growth and DX

Recognizing that responding to demand arising from an increasingly connected society and from the need to rely on others would require us to change ourselves significantly—a process we dubbed “SECOM-Transformation”—we are promoting focused outlays in the areas of systems and human resources.

Investments in systems center on internal DX, the objective of which is to improve service quality and productivity. The business systems of a security services company involves a variety of unique administrative processes. We are reviewing these processes, as well as integrating and reinforcing currently independent, business-specific systems, to heighten efficiency, as well as upgrading our administrative IT systems to facilitate comprehensive services. We expect these measures to expedite the execution of business and the provision of services and significantly improve the efficiency of administrative procedures. We are also investing in areas that help increase the precision and efficiency of our operations, including AI, the IoT and RPA, with the aim of boosting productivity. In

Achieving the goals of the SECOM Group Road Map 2022

In Japan, we will develop and deploy new services that build on investments to date and work to boost productivity. Overseas we will continue to expand the variety of services we offer, particularly in the ASEAN member states, as well as to actively enter promising new markets. We have also allocated ¥200 billion from equity over five years (April 1, 2018–March 31, 2023) for M&As. During this period, we will seek to invest in key growth businesses, namely, physical security, cyber security, BPO and ICT services, and healthcare, as well as in start-ups with advanced technological capabilities, both in Japan and overseas. In addition, we will take active steps to respond to needs arising from COVID-19. Through these and other decisive efforts, we will strive to continue improving our operating performance, making steady progress toward achieving the targets set forth in the SECOM Group Road Map 2022.

Special Feature The Tri-ion Initiative

Recognizing that a vibrant, diverse team of employees is critical to our ability to provide services that deliver safety and peace of mind, we work to foster employees who understand and share SECOM's Philosophy. In 2018, we launched the Tri-ion initiative, which seeks to ensure that the philosophy fully penetrates every aspect of our operations and to bolster enthusiasm and productivity Groupwide. This initiative seeks to arouse employees' passion, encourage them to share their excitement—a powerful emotion—and bolster motivation (the "ion" in the initiative's name is the last three letters of "passion," "emotion" and "motivation"). Through this initiative, we aim to nurture employees who, by the values they exhibit, embody SECOM's Philosophy to foster a stronger corporate culture, ensure a well-established SECOM brand and further earn the trust of society.

Specific Tri-ion initiative activities to date included holding meetings at Group sites across Japan that brought together employees with different titles and responsibilities to discuss their views on the organization as a whole and their own ambitions. (Under COVID-19, such meetings were held remotely.) We also promote efforts to better tie the day-to-day work of employees more closely to our mission, i.e., our role and raison d'être, and to our ideal future vision for SECOM. In addition, we solicit essays from employees describing actual episodes in their careers that illustrate SECOM's Philosophy and the desire of individuals to earn the trust of customers and contribute to society. These essays are shared Companywide and particularly outstanding submissions receive the Tri-ion Award. Below are two of the award-winning essays.



Tri-ion meetings in the fiscal years ended March 31, 2020 (above) and 2021 (below)

Winning essay 1

Teamwork: Focusing on a Single Purpose

Rena Yaguchi
Staff member, SECOM Control Center,
Kinki Regional Headquarters

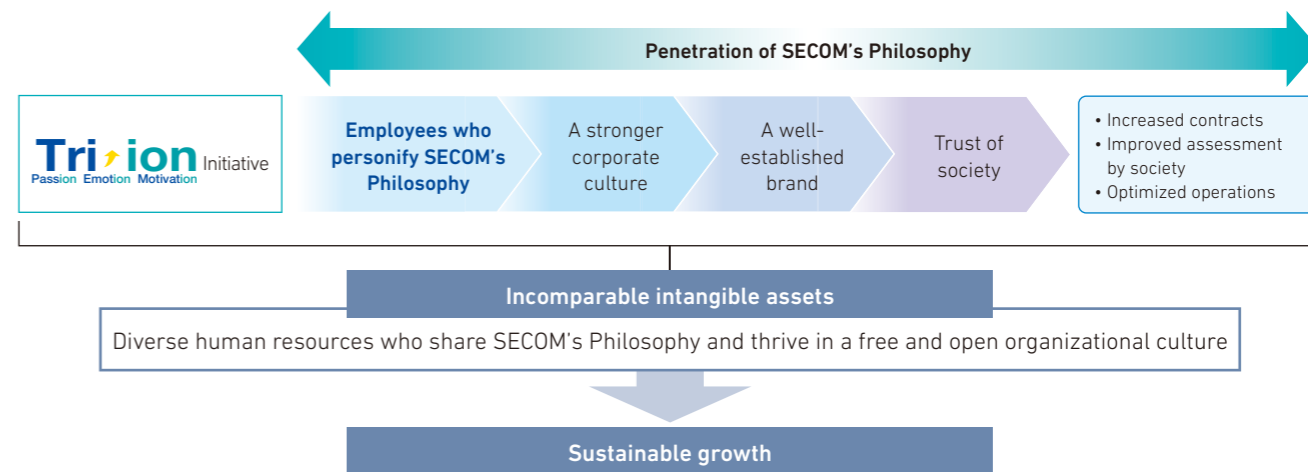


One day at work, I took a call from a Mr. A, one of our emergency response personnel, who said that on his way back to the emergency depot after assisting a subscriber he had witnessed an accident involving a car in front of him, which had turned erroneously and fallen from the roadway into a rice paddy several meters below. Knowing that I needed to immediately alert the fire department and the police, I asked Mr. A for the address where the accident had occurred, but he said that it was a road with no particular identifying features in the middle of nowhere in the countryside. I instructed Mr. A to press the button on his COCO-SECOM transmitter and then I called the COCO-SECOM Operations Center to pinpoint his location. As a result, I was able to promptly give accurate directions to the fire department and police.

I then directed Mr. A to check on the condition of the driver. He answered that the driver was trapped in the car and that she was conscious, but because the door would not

open it would be difficult for him to get her out. Moreover, he said, because of the narrowness of the road there was a risk of a secondary accident. I told Mr. A to ask passers-by for assistance in extracting the driver and to take the appropriate steps to prevent any further problems arising until the fire department and police arrived. A rescue vehicle and an ambulance arrived shortly thereafter and the driver was extracted safely and taken to hospital.

In this episode, the teamwork of Mr. A at the accident site, myself at the SECOM control center and the operator at the COCO-SECOM Operations Center, together with our focus on a single purpose had helped save a life. It reminded me that my ability to make instantaneous decisions and issue accurate instructions is crucial to protecting the lives of customers and emergency response personnel. I will continue to take pride in my job and work to further improve my skills with the aim of helping to ensure the safety of customers.



Winning essay 2

Communicating Passion to Save Lives

Kazushi Makita
Deputy General Manager, Operation Group,
Adachi Office, Tokyo Regional Headquarters



I was on the train home after work one night when I suddenly heard this dull thump. When I looked up, I saw a middle-aged man lying on the floor of the train car. As he drifted in and out of consciousness, I kept talking to him until we arrived at the next station. When the train pulled in, I immediately jumped out and pushed the emergency button and asked the station staff who ran over to call the 119 direct-dial emergency number and bring an AED. Then, with the help of the people around me, I carried the man onto the platform. By this point, he had lost consciousness and was not breathing.

Realizing that there was no time to wait, I started chest compressions. After about 10 minutes, however, I was completely exhausted and didn't think I could continue. Just at that point, two young men came forward and offered to take over. They kept up compressions, exhorting each other to keep going. The AED arrived, and as I got ready to deploy it the man regained consciousness. Just at that point, a doctor who happened to be on the platform rushed over and took control of the situation until the ambulance arrived and took the man to hospital.

I complimented the two young men on their cardiopulmonary resuscitation (CPR) skills. "Actually," explained one of them, "we had an instructor from SECOM come today to train us in the use of AEDs." "You performed

CPR just like our instructor," said the other. Hiding my astonishment, I said I was happy their training that day had proved useful. They replied that they were glad that SECOM offered such training, and went on their way.

As an instructor, I have for many years provided training in CPR and the use of AEDs to subscribers who have installed these devices. At the start of each training session, I tell participants not that I will teach them how to use a device, but rather that I will show them how to save a life. This time, a man's life had actually been saved by two young men who had learned this very lesson from a colleague, another instructor who had communicated passion and sense of mission, and had courageously stepped up to offer assistance. I felt proud of SECOM, which sees being of use to society as a matter of course, and am honored to work for such a company. This sense of pride will continue to underpin my efforts and those of my colleagues at SECOM to work with passion and a common sense of purpose, and to contribute to society.



SECOM training session on AED use and the provision of CPR

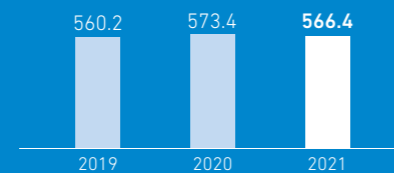
Note: Employees' job descriptions and locations are as of the time they received the Tri-ion Award.



Security Services

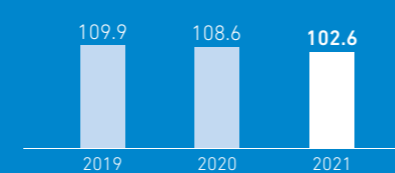
Net sales and operating revenue

(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. For example, the initial contract period for mainstay on-line security systems is five years, after which the contract is automatically renewed annually. The provision of SECOM on-line security systems includes the installation of sensors and other monitoring equipment and around-the-clock monitoring by staff at a SECOM control center via telecommunications circuits. In the event an intruder, fire or other irregularity is detected, control center staff dispatch emergency response personnel from the nearest SECOM emergency depot and, if necessary, notify the police and/or fire department.

We maintain ownership of security equipment and extend it to subscribers on a rental basis. The fact that we take full responsibility for all aspects of our on-line security systems, from R&D through to equipment manufacturing, security planning, installation, around-the-clock monitoring, emergency response services and equipment maintenance, ensures exceptional quality and reliability. This approach has also enabled us to accumulate extensive experience and expertise, which we have leveraged to reinforce the three components of our operating foundation, namely, our technological prowess, human resources, and operational and control structure.

Our technological prowess is underpinned by the SECOM Intelligent Systems Laboratory, which conducts forward-looking research in the area of core technologies, and the

SECOM Development Center, which capitalizes on these core technologies to develop highly reliable security systems. Our R&D team's ability to keep abreast of social imperatives and trends in criminal activity has enabled us to realize innovative services and systems. In addition, 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 conveyed to our R&D team, facilitating swift and precise adjustments that further enhance the quality of our on-line security systems.

We work untiringly to nurture human resources to strengthen our responsiveness to customers. Training for new recruits, as well as for emergency response personnel, sales staff, administrative staff and other employees, is provided at four training centers in Japan. This ensures that employees fully understand our corporate philosophy and observe a code of conduct befitting security professionals, as well as equips them with advanced knowledge and technical skills. We also leverage our wealth of know-how in extending services to customers to improve training programs, enabling us to nurture employees. We recognize that our employees are our most valuable management resource and are essential to building a robust organization that underpins our ability to extend high-grade services.

We have established an incomparable operational and control structure by offering on-line security systems through a nationwide network of approximately 2,700 emergency depots, extensive know-how accumulated over many years, the unerring decision making of our highly experienced control center staff and the swift actions of our emergency response personnel. By maintaining a close proximity to the communities in which we operate, we ensure our ability to promptly ascertain customers' wishes and extend the optimum solutions to their needs for safety and security. Our experience addressing diverse customer needs gives us outstanding flexibility and broad responsiveness. These capabilities have earned us the trust of customers, enhancing the value of the SECOM brand. At present, contracts for our domestic on-line commercial and home security systems number

more than 2.4 million, and we continue to enjoy the leading share of the market. Going forward, we will continue to rally SECOM Group strengths, at the core of which are our on-line security systems, to address the challenges faced by subscribers by proposing optimal services and products, in line with our abiding commitment to delivering safety and peace of mind and making life more comfortable and convenient.

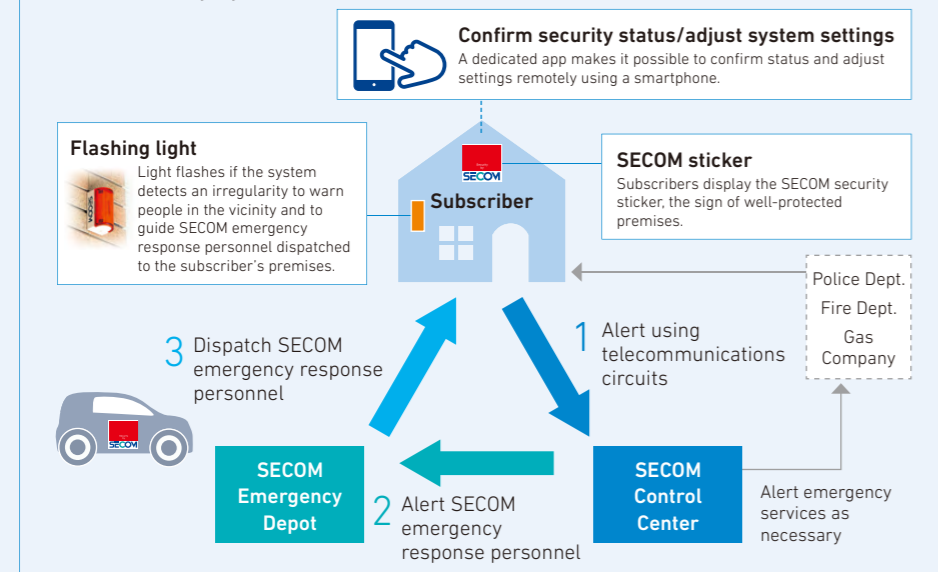
Operating highlights Commercial security services

We work actively to offer an extensive lineup of security services, centered on on-line security systems, that respond to the diverse needs of customers. In recent years, on-line security systems for commercial security subscribers must not only offer monitoring for irregularities to guarantee security and prevent fires, but also support the business activities of subscribers around the clock. We continue to emphasize the quality of subscriptions and propose high-value-added on-line security systems that respond swiftly and flexibly to the needs of subscribers.

Expanding the functions of System Security AZ

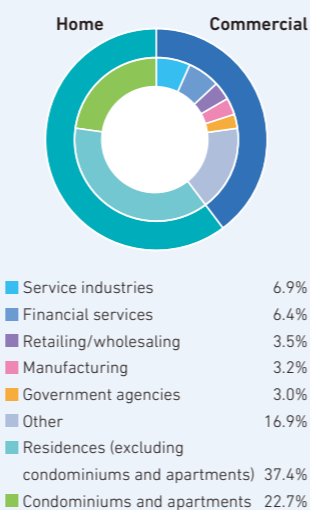
System Security AZ is an all-in-one on-line security and fire prevention system with a variety of functions that helps manage risks by preventing crime and fires, as well as improves work efficiency by facilitating the management of employee attendance, among others. Convenience is also enhanced with this system, which allows the users to confirm their security status and adjust system settings remotely from a smartphone using a dedicated app. AZ also boasts superb expandability, making it possible to heighten the system's functions in response to evolving customer needs, technological innovations and changes in the communications infrastructure. Because it consolidates multiple systems for commercial security subscribers into one, AZ is also expected to benefit us

On-line Security Systems



Contracts for On-line Security Systems in Japan

(As of March 31, 2021)



SECOM Control Center



System Security AZ



Confirmation of security status from a smartphone

by helping reduce our inventory, development and procurement costs.

In March 2021, we integrated this system with the SECOM Cloud Video Surveillance service, making it possible to manage images captured using AZ and IP cameras in the cloud. Linking this service to AZ allows confirmation of high-resolution live images captured by the various IP cameras and recorded images of the arming and disarming of the system from a smartphone. It also expands the lineup of surveillance cameras that can be used. With the aim of preventing users from forgetting to set AZ, a new prompt function was added. A notification function was also introduced that confirms security status to determine if any employees remain on-site and whether the site is still open or has been closed, ensuring the effectiveness of protection. Looking ahead, we will continue responding flexibly to the needs of an increasingly diverse range of industries by further enhancing the functionality of AZ and promoting its adoption.

New services and products that prevent the spread of COVID-19

In this era of COVID-19, the practice of checking the body temperatures of people entering offices, schools, stores and other facilities, and confirming that they are wearing masks have become commonplace to prevent the spread of infection. In July 2020, we released a thermal camera integrated with a tablet that uses AI technology to recognize visitors' faces, measure their facial temperature even if they are masked, and determine their mask status. Linking the thermal camera with an access control system makes it possible to measure the body temperature of people entering against a predetermined body temperature setting and unlock the specified door, reducing the burden on employees and ensuring the problem-free use of facilities.

We also conducted a practical trial of the AI-powered Virtual Security Guard System, which features a virtual character who performs security, receptionist and other static guard duties, linked with a thermographic camera to measure a visitor's body temperature and mask status. This lowers the risk to both visitors and to human guards.

In February 2021, the open innovation development process that yielded the Virtual Security Guard System won the Minister of Economy, Trade and Industry Award, conferred as

part of the Japan Open Innovation Prize, which is sponsored by Japan's Cabinet Office.

**Security services that incorporate new technologies
Development of the cocobo AI- and 5G-equipped security robot**

We recently completed development of cocobo, a security robot that makes use of AI and 5G technologies to patrol and conduct security inspections in place of security



cocobo a security robot

guards at commercial facilities, office buildings and other premises. As it travels autonomously on its predetermined patrol route, cocobo analyzes video captured by its onboard camera in real time using AI, notifying the facility's disaster prevention center if it detects unattended items. If it encounters anyone suspicious, the robot will intimidate them by emitting a combination of sound, light and smoke. If necessary, the unit can also be fitted with an arm attachment to inspect waste receptacles and check whether doors are properly locked. Cocobo also makes use of a wide range of data in the cloud.

Participation in efforts to create a flight control infrastructure for fully autonomous drones

Drones are expected to find use in a wide range of fields, but level 4 operation, that is, beyond-line-of-sight flight over urban and other populated areas, requires a system in which operators are responsible for controlling the flights of their own drones. In March 2021, SECOM participated in a demonstration test with four other companies in which multiple drones with different purposes—including pharmaceuticals transport, security patrol, solar panel inspection and aerial sports photography—were flown simultaneously. The test employed a flight control system developed by a major telecommunications company to validate collision-avoidance and other system technologies. In

the years ahead, we will continue to promote the realization of an effective control infrastructure for fully autonomous flight.

Verification testing of pedestrian area EV developed to boost the efficiency of security patrols

Pedestrian area electric vehicles (EVs) are compact vehicles that use EV technology. We recently conducted verification testing of a pedestrian area EV for use in security patrols developed by a



Security guard patrolling on a pedestrian area EV

leading Japanese automaker to boost patrol efficiency and reduce the physical demands on guards patrolling major events or large-scale commercial facilities and have resolved to officially commence deployment in October 2021. Looking ahead, we will continue to demonstrate the effectiveness of pedestrian area EVs in providing ever-higher grade security services and easing the physical burden on guards.

Home security services

SECOM Home Security, currently celebrating its 40th anniversary, has expanded beyond essential security functions such as monitoring for intruders and fires, and emergency alerts, to include optional services such as monitoring for gas leaks, medical emergency calls and safety confirmation. At present, SECOM Home Security has been installed in all types of residences, including single and multigenerational family homes, condominiums and rentals. SECOM Home Security subscribers in Japan currently number more than 1.45 million.

Expanding subscriptions to SECOM Home Security NEO

In addition to an easy-to-use desktop home controller, SECOM Home Security NEO can be armed and disarmed remotely from a smartphone and includes an automatic notification feature that enables a subscriber to receive alerts on his or her smartphone when the system is

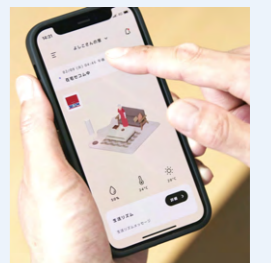
accessed by someone leaving or entering the home, further underpinning this system's growing popularity. SECOM Home Security NEO can also be linked with devices on the IoT to facilitate a variety of services that suit the subscriber's lifestyle. For example, it can be connected to smart speakers to enhance user convenience.



SECOM Home Security NEO

Offering the new Monitoring Service for Seniors

In June 2021, we developed the SECOM Monitoring Service for Seniors, offered as an option to SECOM Home Security subscribers that includes a cloud-based smartphone app. This service stores and analyzes information from SECOM Home Security sensors installed in entryways,



SECOM Monitoring Service for Seniors smartphone app

windows and rooms of the subscriber's parents' home in the cloud. Family members can check up on their parents in a nonintrusive manner by accessing this information using a newly developed smartphone app to confirm any variations in the frequency or nature of daily activities. Subscribers unable to visit their parents because of COVID-19 restrictions who are concerned about their parents' wellbeing can use the app to ask SECOM to dispatch emergency response personnel to check in person. By installing an optional dedicated sensor, subscribers can also monitor the temperature and humidity inside their parents' homes when there is a risk of indoor heatstroke. We will continue to enhance our lineup of monitoring services that deliver safety and peace of mind, as well as make life more comfortable, whenever and wherever necessary, for anyone and everyone.

Linking SECOM Home Security with the Apple Watch for enhanced convenience

We are currently developing two new services that link SECOM Home Security with the Apple Watch. The first of these seeks to improve user experiences by enabling subscribers to arm or disarm SECOM Home Security simply by tapping the SECOM app on their Apple Watch. The second allows the effective use of monitoring information by storing pedometer, calorie expenditure counter, exercise time, heart rate and other data from the subscriber's Apple Watch, as well as information on the frequency or nature of daily activities detected by SECOM Home Security, in the cloud for analysis and viewing. We are working to verify the value provided and plan to begin offering these services, which are designed to assist subscribers not only in managing their own health, but also in monitoring the wellbeing of parents living apart, in the fiscal year ending March 31, 2022.



Using Apple Watch to set SECOM Home Security

Other security services

The new COCO-SECOM

COCO-SECOM, a mobile security system, uses signals from GPS satellites and cellular phone base stations to pinpoint the location of dedicated portable transmitters carried by individuals or attached to objects. In the event of an

emergency, a customer can simply press a button on the transmitter to notify the COCO-SECOM Operations Center, which will promptly dispatch emergency response personnel. Since its release in 2001, COCO-SECOM has been used to locate missing children, women and seniors or to send alerts in the event of an emergency. Commercial customers have used this service to protect the safety of employees, avert robberies and the loss of important items, and manage vehicle fleets and prevent the theft of cars.

In March 2021, we revamped COCO-SECOM by linking it to a newly developed smartphone app. This dedicated app notifies the 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. The transmitter also makes it possible for individuals to speak directly with COCO-SECOM Operations Center staff when an alert is sent. Going forward, we will continue to capitalize on our more than two decades of experience offering this service to provide reliable safety and peace of mind.

Overseas security services

Extending services in 13 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 13 countries and territories, through which we provide diverse services, centered on on-line security systems with emergency response services, customized to reflect local needs and sensibilities.

Publicly listed affiliated company Taiwan Secom, the largest security services company in the Taiwanese market, offers a broad lineup of security services and products, ranging from home security to safety management systems for large-scale facilities. The company is working actively to improve services by incorporating new technologies such as wearable cameras.

Local industry leader S1, which is publicly listed in the ROK, extends a wide variety of security services and building solutions, centered on on-line systems. S1 continues to garner praise from customers for its swift emergency response services, which it provides through approximately 670 emergency depots, underscoring the growth in subscriber numbers.

In the PRC, we have created an extensive security network encompassing bases in 26 cities, through which we continue striving to expand sales. In addition, we have set up a manufacturing facility in Shanghai that produces security equipment tailored to the needs of local customers.

In Southeast Asia, the efforts of SECOM Group companies in Thailand, Malaysia, Singapore, Indonesia, Vietnam and Myanmar are bolstering acceptance of on-line security systems.

We provide a diverse array of security services in Turkey, including safety management systems. Customers in this market range from small and medium-sized companies to large-scale facilities.

Group companies in Australia provide high-grade services, including large-scale systems integration services, to private-sector companies, such as financial institutions and major commercial facilities, and to state and federal government agencies.

In New Zealand, we provide security, as well as maintenance and inspection services. Our high-performance surveillance camera systems enjoy particularly solid support from customers ranging from prominent supermarkets to financial institutions.

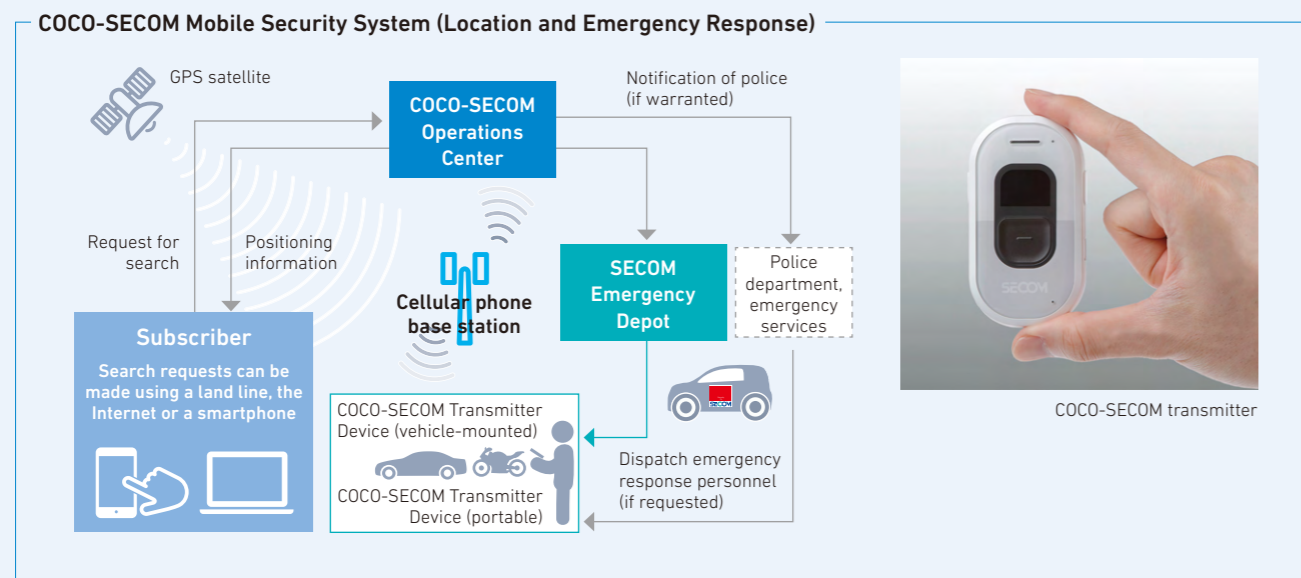
Subsidiary Secom plc provides on-line security systems and other security services across the United Kingdom. The company has built a robust reputation, earning the trust of government agencies, leading financial institutions and major corporations.

Expanding operations in growing markets

To accelerate acceptance of the spread in on-line security systems in the PRC and Southeast Asia, both of which are home to rapidly expanding wealthy and middle classes, we are actively promoting open innovation with local companies to provide services that reflect market needs in the countries and territories in which we operate.

In the PRC, we have established the China Innovation Center in Shanghai, and are working with major local manufacturers, real estate firms and telecommunications companies, among others, to devise services tailored to regional characteristics and customer needs. In Bangkok, we have opened the ASEAN Innovation Center, which is engaged in the planning and introduction of products and services customized for Association of Southeast Asian Nations (ASEAN) member states. In November 2020, we began offering cloud-based on-line security systems, leveraging digital marketing and customer management systems to expand the scope of local operations.

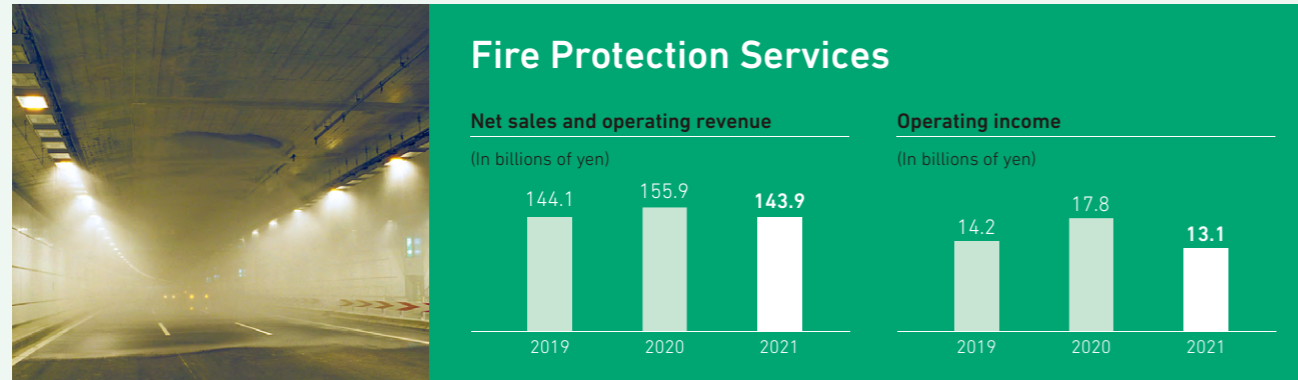
We also continue to expand our presence in Asia, completing the acquisition of three companies, in Malaysia, Singapore and Hong Kong, between September 2020 and February 2021. These new subsidiaries, which provide a wide range of security systems, mainly to residential subscribers, and small and medium-sized companies, will continue to leverage synergies with other SECOM Group companies to accelerate the provision of safety and peace of mind in overseas markets.



Control center (Secom Guardall NZ Ltd.)



Emergency response vehicle (Secom Vietnam Security Service JSC)



Operating highlights

This segment centers on the operations of Nohmi Bosai and Nittan, two of Japan’s leading fire protection services companies, which include the provision of automatic fire alarms and fire extinguishing systems, and equipment inspection and maintenance services, for a broad range of applications, including office buildings, production facilities, tunnels, cultural properties, ships and homes. Both companies boast competitive advantages derived from a wealth of experience and know-how, as well as an integrated service configuration encompassing everything from R&D to system planning, manufacturing, installation and maintenance, allowing them to extend high-grade services tailored to customer needs. In the area of automatic fire alarms, Nohmi Bosai’s and Nittan’s efforts in the period under review focused not only on securing orders for new buildings, but also on responding to replacement demand in the renovations market by drawing on their solid track record and the trust of customers to promote sales based on optimized proposals. In fire extinguishing systems, orders remained brisk despite the impact of COVID-19.

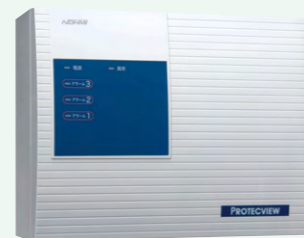
Strengthening the foundation of core businesses and entering new areas

Nohmi Bosai is working to strengthen its core businesses, notably the provision of fire protection systems, and maintenance and inspection services, that comply with Japan’s Fire Service Act, and to improve its ability to offer comprehensive proposals that go beyond the scope of the Fire Service Act, encompassing products and services that will reinforce existing businesses. In recent years, measures have been stepped up to protect national treasures and important cultural properties against fire. At the same time,

rapid digitalization has triggered a rush to build data centers and logistics facilities. In response, Nohmi Bosai is fortifying its ability to propose fire protection systems for such structures. For example, for data centers and similar facilities, the company actively encourages the installation of not only fire alarms and fire extinguishing systems, but also of the high-precision Protecview smoke detector, intended to facilitate early detection and response, thereby minimizing damage.

Delivering fire alarm systems for subway lines in the PRC

Capitalizing on experience in the provision of fire protection systems accumulated in Japan, Nohmi Bosai provides high-value-added services, including proper after sales care, in the PRC, India, Southeast Asia and Taiwan. Fire alarm



Protecview (Nohmi Bosai)



Fire extinguishing system for a cultural property (Nohmi Bosai)

systems manufactured by Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd., were recently installed along two subway lines that opened in the city of Hangzhou, in Zhejiang Province, that commenced operation in December 2020. In 2022, the company will deliver 430 fire alarm receivers and approximately 220,000 sensors for use at 187 stations, including those on six new subway lines currently under construction. Going forward, Nohmi Bosai will continue to reinforce its overseas operations.

Developing and providing products that take into account installation quality and maintenance considerations

Nittan works to develop unique fire detectors, placing emphasis not only on product performance and price, but also on customer feedback regarding design, installation quality and maintenance considerations. The company’s dual optical spot-type smoke detector, with a preventative maintenance display function and a 360-degree omniview operational status indicator, eliminates restrictions on the orientation of installation. Moreover, devices can be maintained in good working order in terms of sensitivity over long periods of time because changes due to grime and other factors can be monitored constantly and automatically rectified. The preventative maintenance display function—an industry first—blinks during inspection if the sensor needs to be replaced.

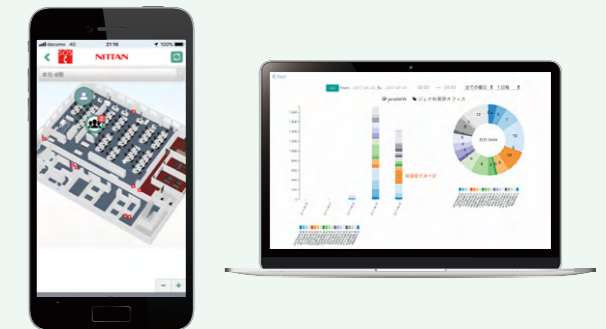
Nittan has also developed Simex, the industry’s smallest high-performance fire detector for apartments. In addition to one-touch installation, this design-forward recessed detector is white—an industry first—so it blends into the ceiling. Nittan will continue to promote the development of products and systems that leverage advanced technologies to protect both the lives and property of its customers.



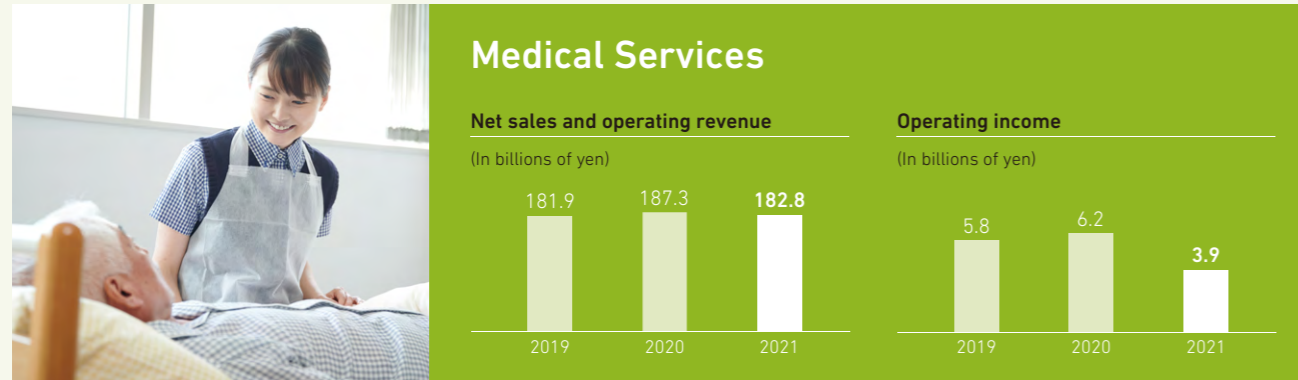
Simex recessed fire detector for apartments (Nittan)

Expanding sales of B Catch Now

When a fire breaks out, Nittan’s B Catch Now indoor location information system uses signals from sensor beacons installed inside the fire detector to pinpoint the location of people, the fire’s point of origin and the position of fire extinguishers and hydrants on a smartphone, supporting initial responses, including swift firefighting and evacuation. On an everyday basis, customers can use the system to analyze staffing and flow lines in the workplace, helping to improve efficiency and reform work styles. Demand for indoor location information systems, especially in offices, hospitals and manufacturing facilities, has increased as a result of the COVID-19 pandemic and the resulting introduction of open plan offices and social distancing measures, and the need to quickly trace close contacts when an infected individual is found. Looking ahead, Nittan will continue to actively market B Catch Now in response to emerging customer needs.



B Catch Now display of location information (left) and movement data (right) (Nittan)



Operating highlights

In the belief that extending services that protect health and life is the ultimate expression of our commitment to delivering true safety and peace of mind to customers, we have created a medical services business that encompasses four categories: medical care, personal care, healthcare and preventative care, and ICT-based services. We also continue to capitalize on ICT to create seamless, integrated community-based healthcare models encompassing, among others, support for affiliated medical institutions and the provision of home nursing, pharmaceutical dispensing, personal care, and health and preventative care services.

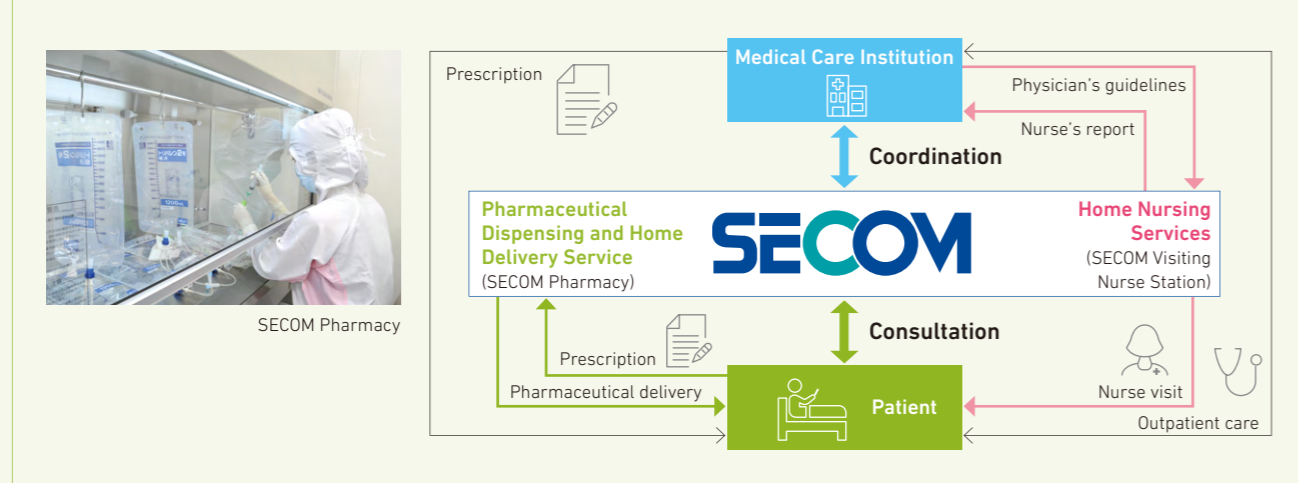
Medical care services

Our medical care services business began with home nursing services and pharmaceutical dispensing services, both of which are offered to patients in the comfort of their own homes. Today, our home nursing services assist home

medical care by dispatching visiting nurses from a nationwide network of 33 visiting nurse stations to provide expert medical treatment and nursing care in the patient's home under the direction of his or her physician. Our pharmaceutical dispensing services involve filling prescriptions and delivering medications needed by patients at home, as well as delivering medical supplies, including infusion lines and syringes for home parenteral nutrition (HPN) administered via central venous catheter, and medical hygiene products.

Our support for affiliated medical institutions focuses on partnering with diverse hospitals and clinics extending services ranging from emergency medicine to convalescent care to help ensure high-grade community-based healthcare. We also leverage our extensive expertise and proficiency in home medical care to assist with the opening and operation of community clinics. We also leverage our experience in Japan to operate Sakra World Hospital, a general hospital in Bengaluru, India.

Home Medical Services



Highlights in this area in the fiscal year ended March 31, 2021 included the development and launch of anticancer agent decomposition solution HD Protect (HD stands for "hazardous drug"), which protects medical staff from the risk of exposure to potentially harmful anticancer agents. We also introduced an anticancer agent exposure investigation service, which includes formulating measures to counter the risk of exposure to anticancer agents in hospitals and develops related proposals. Going forward, we will continue striving to contribute to the safety and security of medical care settings, and to the realization of ever-higher levels of service quality in this business.

Personal care services

This category includes the provision of visiting personal care services and adult day care services, as well as the management of comprehensive senior care centers that extend diverse in-home care services. We also operate residences for seniors, which bring together our know-how in medical and personal care service, as well as our expertise in security services.

Health and preventative care services

We are taking steps to expand health and preventative care services to encourage health maintenance and promotion and enhance quality of life. At membership-based club SECOM Health Care Club KENKO, medical staff, including an attending physician, work as a team to provide a variety of health management services.

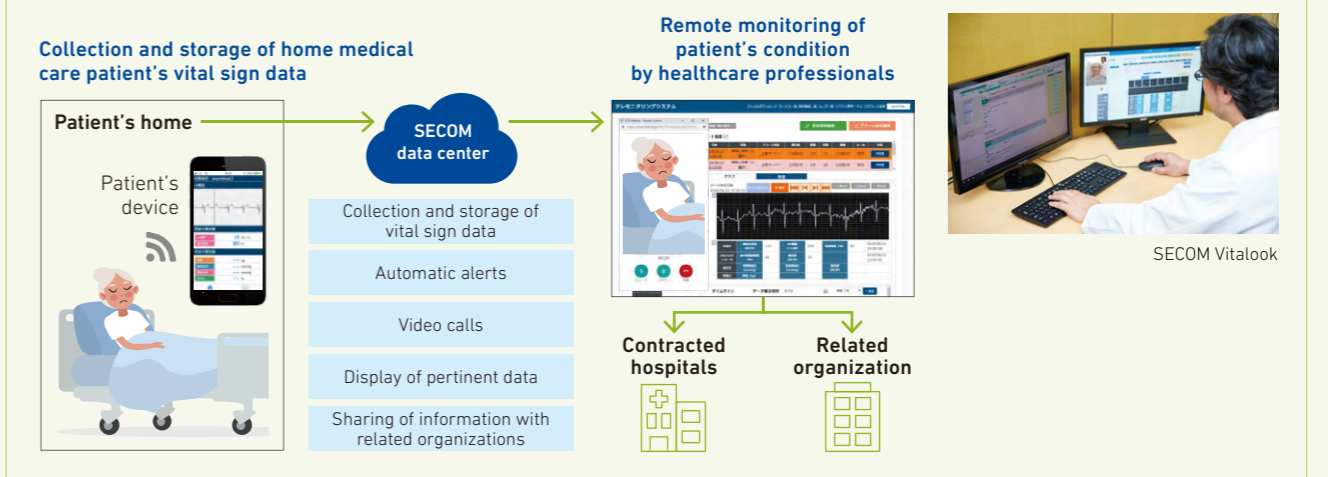
ICT-based services

These services center on the deployment of distinctive networked services for medical institutions. These include cloud-based medical report services SECOM Ubiquitous Electronic Medical Record (EMR) and SECOM OWEL, the Hospinet remote image diagnosis support service and SECOM SMASH, a hospital management information analysis system.

Capitalizing on our accumulated expertise in home medical care and in the provision of assistance to affiliated medical institutions, together with our extensive management resources, we offer the SECOM Vitalook remote medical support platform. SECOM Vitalook collects and stores home medical care patients' vital sign data (e.g., pulse, blood pressure, body temperature and electrocardiogram) at a SECOM data center, allowing physicians, nurses and other healthcare professionals at contracted medical institutions to review such data in real time and provide appropriate instructions remotely. In the period under review, empirical research was conducted using SECOM Vitalook for COVID-19 patients in isolation to maintain the quality of examination and nursing services while reducing the risk of infection for medical staff. This research was chosen by the Japan Agency for Medical Research and Development (AMED) for an official project on the development of innovative medical technologies for use in treating viruses and other infectious diseases.

Going forward, we will continue to capitalize on know-how cultivated in the medical services business and the management resources of the SECOM Group to develop and extend distinctive ICT-based services that contribute to healthier, more comfortable lifestyles.

SECOM Vitalook

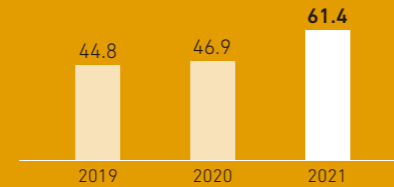




Insurance Services

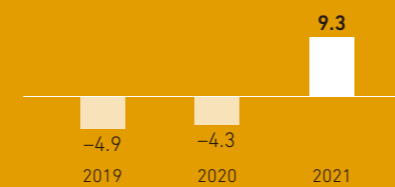
Net sales and operating revenue

(In billions of yen)



Operating income

(In billions of yen)



Operating highlights

We believe that both security services, which seek to prevent risk, and non-life insurance, which looks after people should misfortune strike, are essential to our ability to deliver uninterrupted safety and peace of mind. In keeping with this belief, we continue to provide a diverse range of non-life insurance policies. In April 2020, Secom General Insurance established a second insurance claims center in Kyushu in collaboration with SECOM Group BPO services company TMJ with the aim of reinforcing business continuity planning (BCP) measures and enhancing customer services. Two months later, in June 2020, we deployed a new system extending non-life insurance services that has improved operational efficiency and productivity, as well as further strengthened our ability to offer high-grade services and ensure business continuity.

High marks for the MEDCOM unrestricted cancer treatment policy

MEDCOM is an unrestricted cancer treatment policy that provides coverage for costs associated with all inpatient hospital treatments, including those covered under Japan's National Health Insurance (NHI) scheme, those for advanced medical care, and those for which the individual usually bears the financial burden. Coverage for inpatient treatment is unlimited, while that for outpatient treatment is up to ¥10 million per five-year period. This allows the subscriber to concentrate on treatment without having to worry about the economic implications thereof. Developed from the perspective of the subscriber, MEDCOM continues to earn high marks, underpinning the steady expansion of subscriptions.

Fire insurance policies with unique discounts

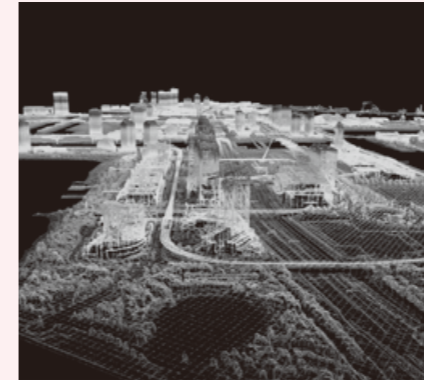
SECOM *Anshin My Home* is a fire insurance policy for residential customers that features a discount on premiums for subscribers who have installed on-line security systems, in recognition of the fact that such systems reduce the risk of theft and fire. The Security Discount Fire Policy is a similar policy for commercial customers who have installed on-line security systems in which premiums are discounted to reflect the risk-mitigating benefits of such systems. Active efforts to also propose these policies when introducing on-line security systems, as well as rising appreciation for discounted premiums and enhanced coverage, continue to push up subscriptions. Looking ahead, we will continue working to further expand sales of fire insurance, as well as to promote the installation of security systems.

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

SECOM *Anshin My Car* is an automotive insurance policy that includes around-the-clock access to on-site support by SECOM emergency response personnel in the event of an accident if requested, thereby helping ensure the peace of mind guaranteed by the SECOM brand. This policy's customer-focused assistance, which also includes emergency response personnel contacting the police and ambulance services, confirming the seriousness of the accident and photographing the site, continues to be highly evaluated by subscribers.



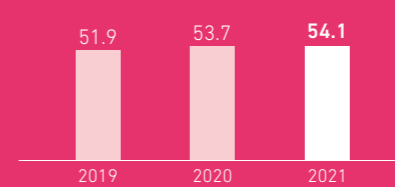
SECOM Insurance claim center



Geospatial Information Services

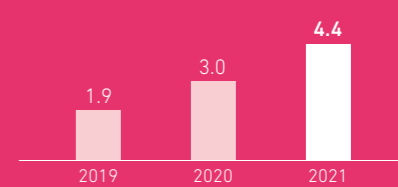
Net sales and operating revenue

(In billions of yen)



Operating income

(In billions of yen)



Operating highlights

Subsidiary Pasco Corporation collects geospatial data from commercial satellites, aircraft, drones and proprietary vehicle- and ship-mounted sensors, among others, which it integrates, processes and analyzes to provide geospatial information services, assisting efforts to address diverse social imperatives. In recent years, the growing need for disaster prevention and mitigation—a consequence of the increased frequency of natural disasters—and measures to resolve issues caused by aging infrastructure has broadened the scope of use for geospatial information. Pasco's operations are divided into services for domestic public sector entities, services for domestic private sector customers, and support services for developing countries overseas, with the first category accounting for approximately 80% of segment net sales and operating revenue.

Leveraging 3D geospatial information technologies to address social imperatives

With the aim of realizing smart cities and enhancing national resilience, Pasco is promoting efforts to create digital twins, that is, living digital replicas of physical assets, using data captured by sensors. In November 2020, the company began operating the new Real Dimension vehicle-mounted road condition surveying system. Equipped with a laser system that measures 3D coordinate data, a 3D camera that captures images of road surface conditions, and a digital camera that captures continuous images of the overall surroundings, Real Dimension can capture all relevant geospatial information in a single run. Based on this information, Pasco conducts simulations in the virtual space and applies it to the resolution of issues pertaining to an aging infrastructure and national resilience, and the revitalization of industry.



Real Dimension

Building the Risk Information Platform business

Pasco is collaborating with a leading geological services firm to create the Risk Information Platform in response to a growing need for information critical to grasping and effectively countering natural disasters, and to helping ensure business continuity. As a first step, in April 2021 Pasco completed the foundation of this platform and began providing the Land Information Report service. Targeted mainly at real estate, insurance, logistics and retail firms, this service involves the extension of on-demand information on risks associated with natural disasters, ground conditions and soil pollution, as well as on population distribution, commercial environment and traffic patterns, to bolster understanding of business risks, as well as to support marketing activities. Pasco will continue to seek the participation of new partners to enhance the platform's content and services.



Conceptual image of the Risk Information Platform

Promoting satellite-based services

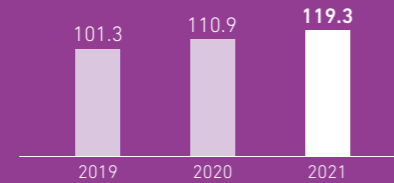
In June 2021, Pasco, together with five other leading domestic satellite data services companies collaborated to establish Satellite Data Services Co., Ltd., to commercialize satellite data analysis services with the aim of providing information critical to, among others, prompt situational awareness in the event of a disaster and regular monitoring of infrastructure. This new firm will capitalize on the expertise of each participating company to develop business schemes that benefit a wide range of customers, including the national government and local authorities, and intends to launch full-scale services in the fiscal year ending March 31, 2024.



BPO and ICT Services

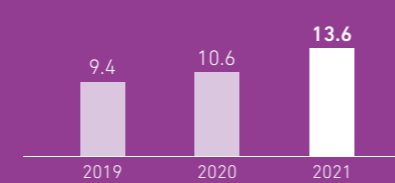
Net sales and operating revenue

(In billions of yen)



Operating income

(In billions of yen)



Operating highlights

This segment encompasses the operations of subsidiaries Secom Trust Systems, which develops and provides ICT services that deliver safety and peace of mind and makes lives more comfortable and convenient; At Tokyo, one of Japan's largest data center operators, which offers services boasting excellent connectivity to cloud-based services; and TMJ, which extends contact center, and other BPO services. All three companies work to respond to the diverse, ever-changing needs of customers.

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

In addition to overseeing the development and operation of IT systems for SECOM Group companies in the security services and other businesses, Secom Trust Systems leverages its accumulated ICT know-how to provide large-scale disaster preparedness services that underpin business continuity, as well as information security services and cloud-based services.

Large-scale disaster preparedness services include assisting customers in the formulation of BCPs to ensure advance arrangements, 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 and damage to sites in the event of a major earthquake or other disaster or the failure of key infrastructure. As of March 31, 2021, this service was used by approximately 8,300 companies employing around 7.5 million individuals, making it the most widely used crisis management service in Japan.* Against a backdrop of rising COVID-19 infections, a new function was added to this service to check the health of employees on a

daily basis, thereby supporting the efforts of subscribing companies to ensure effective personnel management.

Information security services provide comprehensive support to protect customers' information from increasingly shrewd and sophisticated cyber attacks, from advance diagnostics and preventative measures to monitoring and the implementation of countermeasures in the event of an incident. We also capitalize on our competitive advantages as a certification authority, which is responsible for the management of cryptographic keys, to guarantee the safe and secure transmission of information using IoT devices.

Secom Trust Systems also offers a variety of cloud-based services that improve the efficiency and convenience of customers' operations, thereby helping to reduce costs. Contracts for SECOM *Anshin* Eco Document Digitization Service, which digitizes documents in compliance with related legislation, have exceeded 100,000 since the service was launched in 2009. Secom Trust Systems is also capitalizing on our distinctively SECOM high-level security and robust Secure Data Center capabilities to accelerate sales of a safe, legally compliant contract and application digitization service for local authorities that responds to government and private sector digital transformation (DX) needs.

In August 2020, Secom Trust Systems launched SECOM *Anshin* Telework via USB Remote Device, a service that allows employees to securely log into their company's internal systems simply by inserting a USB memory into their own device. In addition to being considerably less costly than equipping every employee



SECOM *Anshin* Telework via USB Remote Device

with a company-issued telework device, this service reduces the risk of unauthorized access and leaks of information. Through this new service, the SECOM Group will continue to support the efforts of companies to reform work styles.

*In August 2020, SECOM Safety Confirmation Service was rated the top large-scale disaster preparedness service for commercial users in Japan in terms of contract volume and number of users by research firm Shopper's Eye Inc.

Data center services

Data center operator At Tokyo capitalizes on its more than two decades of experience and operational know-how to offer a broad range of customers uninterrupted,



At Tokyo data center

around-the-clock data center services that respond to diverse needs and have earned a reputation for world-class quality and reliability. Of note, the company's key competitive advantage is its ability to provide high-grade services that boast low latency and excellent connectivity with megacloud, internet exchange (IX) and diverse other services, creating an important IT infrastructure for companies for which system outages would significantly impact society.

In recent years, we have seen increased demand for and heightened the importance of cloud-based services, not only as a measure for large-scale disaster preparedness but also to respond to rapid digitalization. Against this backdrop, needs are rising for network redundancy in the Tokyo metropolitan area and the Kansai region. At Tokyo, which had originally focused its efforts to establish data centers in Tokyo, opened two facilities in the Kansai region in 2020 and will open one in Kyushu in 2021. This will position it to assist customers in constructing and operating efficient and seamless networks.

At Tokyo's data centers bring together multiple domestic and overseas service providers and telecommunications carriers. This ensures efficient, on-demand access to providers of megacloud, IX and a wide range of other network and platform services. In 2023, At Tokyo will open a new hyperscale urban data center in Tokyo.

At Tokyo will continue to help customers generate new business opportunities via its platform, which promotes flexible connectivity and mutual connections, making it a

global network hub and a central connection point for data centers across Japan and around the world.

BPO services

Owing to a declining labor force and the spread of COVID-19, Japan has seen robust demand for BPO services. TMJ continues to earn praise for its high-grade contact center and back-office support services tailored to the needs of financial institutions and other major companies.

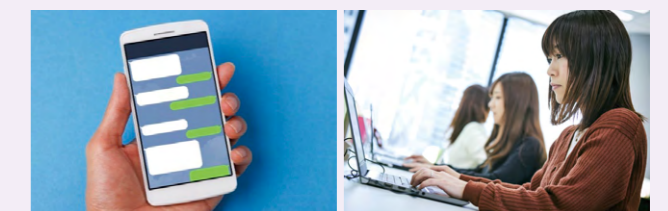
TMJ recently began providing an AI text classification service that accelerates data analysis by using machine learning to classify large amounts of text previously analyzed and classified by people. TMJ's ability to leverage its expertise in text mining*1 to conduct analysis and propose improvements enables it to assist the operations of customers in a broad range of industries.

To assist companies facing challenges extracting and analyzing customer comments, TMJ has also launched a new chatbot*2 service that facilitates swift responses to customer inquiries, as well as reduces labor requirements. This service involves the implementation of chatbots and optimizes their operation, from the preparation of automatic responses to the routing of inquiries to live operators. TMJ provides backup for the prompt, cost-effective implementation of chatbots programmed to deal with customer-specific inquiries (for example, admissions questions for companies offering membership services and repair requests or procedural queries for manufacturers and financial services firms).

By promoting the construction of next-generation contact centers, TMJ will continue to assist companies seeking to improve customer experiences, as well as to resolve issues in the provision of customer support.

*1 Text mining is the process of deriving meaningful information from large volumes of text.

*2 A chatbot is a software application used to conduct an online chat with a caller by responding to text input or speech.



Chatbot service, featuring chatbot-generated responses to customer inquiries (left) and routing to live operators when necessary (right)

Sustainability

Basic philosophy

Since our establishment, we have sought to contribute to society through our business activities, acknowledging the importance of sustainability for ourselves and for society. We are working to create the ANSHIN Platform, a service infrastructure designed to provide services that counter the increasing risks associated with crimes and accidents, cyber crimes, natural disasters, illness and aging, to deliver seamless peace of mind to anyone and everyone, whenever and wherever necessary.

The key to our efforts to further enhance corporate value is having human resources who are committed to providing satisfaction that exceeds customers' expectations. Securing and fostering talented human resources who have the ability to adapt to change and create value and who seek to contribute to society are thus vital. By ensuring that SECOM's Philosophy permeates our operations and encouraging adherence to the SECOM Group Code of Employee Conduct, we have built a diverse team of people who thrive in a free and open corporate culture, which we recognize as our greatest asset. We also understand the importance of rigorous corporate governance in increasing the trust of society and fully leveraging our competitive edge.

Recognizing that protecting the environment is essential to our ability to provide services that deliver safety and peace of mind and make life more comfortable and convenient, we incorporate consideration for the environment into all aspects of our operations.

We believe that increasing corporate value by expanding our business activities directly improves our ability to

address ESG-related issues, which in turn enables us to contribute to the achievement of the sustainable development goals (SDGs).

Framework for promotion

We continue to place a priority on maintaining strong relationships and encouraging dialogue with our various stakeholders as we advance sustainability. Accordingly, we have established the Sustainability Promotion Office, which is tasked with integrating sustainability initiatives into business strategies.

The Sustainability Promotion Office periodically stages the SECOM Group Sustainability Meeting, a forum for sharing information with Group companies, which is attended by environmental and CSR managers and staff from individual business segments across the Group. Participants exchange information and hold discussions to advance initiatives aimed at addressing domestic and global social imperatives, contributing to the achievement of the SDGs, and responding to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

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 the four categories of "Human rights," "Labour," "Environment" and "Anti-corruption."



Earning selection for inclusion in ESG investment indices

Our efforts to address ESG-related issues 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 four indices for Japanese equities used by Japan's GPIF.*

*The four indexes used by the GPIF are the FTSE Blossom Japan Index, the MSCI Japan ESG Select Leaders Index, the MSCI Japan Empowering Women Index (WIN) and the S&P/JPX Carbon Efficient Index.



2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF SECOM CO., LTD., IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SECOM CO., LTD., BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

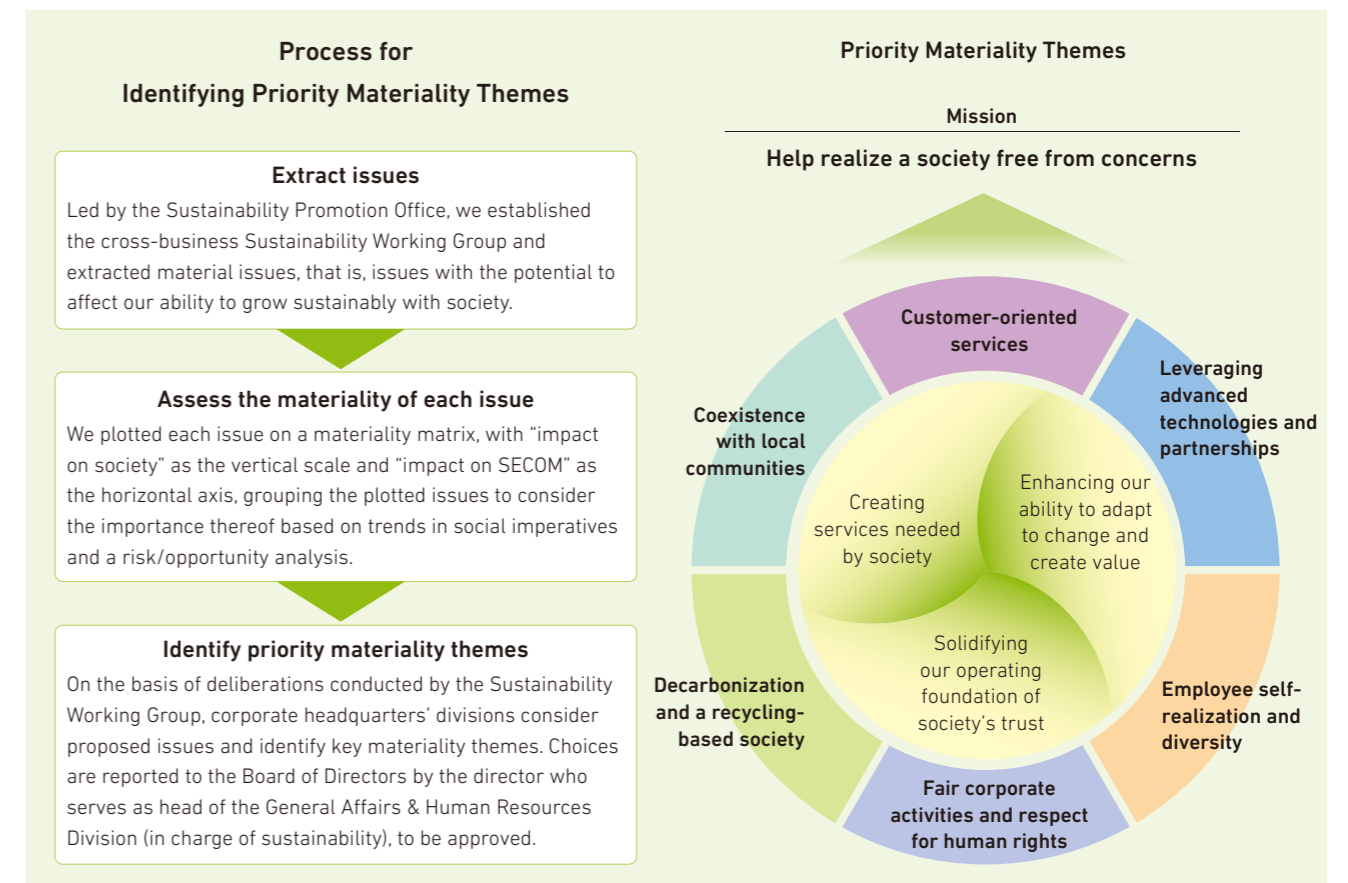
Materiality

In keeping with our fundamental commitment is to offer services that anticipate what is needed to ensure sustainability for society, we promote corporate social responsibility (CSR) and creating shared value (CSV) through our business activities and tirelessly pursuing service innovation.

To continue creating innovative services and systems that help resolve diverse issues affecting today's rapidly evolving society, we have identified six priority materiality themes, that is, themes 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, and with consideration given to feedback from stakeholders.

In assessing the materiality of issues, we employ three perspectives, based on SECOM's Philosophy and the core concepts of The Constitutions of SECOM Group in Business and Management, described as "solidifying our foundation of society's trust," "enhancing our ability to adapt to change and create value," and "creating services needed by society." This has enabled us to identify six themes from among a large pool of ESG-related issues of primary importance to our ability to address social imperatives through our business activities and achieve sustainable growth in corporate value.

Our mission is to realize a society free from concerns. With this in mind, we will incorporate the six priority materiality themes we have identified into individual business strategies and promote them Groupwide.



Social initiatives

| Relevant SDGs | Central themes | Summary |
|---------------|--|---|
| | Occupational health and safety | Preparation of manuals that draw on our accumulated know-how and promotion of training to ensure employee safety and collaboration with the SECOM Health Insurance Union to manage employee health |
| | SECOM's Philosophy and the SECOM Group Code of Employee Conduct | Efforts 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 |
| | Securing and fostering talented human resources | Focus on securing and fostering talented human resources who have the ability to adapt to change and create value and who seek to contribute to society |
| | Advancing diversity | Assignment of diversity and inclusion staff to the Human Resource Department to promote the creation of positive work environments in which diverse employees can maximize their capabilities |
| | Promoting work-life balance | Establishment of programs and promotion of ongoing efforts to enhance work-life balance and increase employee retention |
| | Dialogue with employees | Employee job satisfaction surveys and the exchange of opinions between the SECOM Employee Union Federation and executives to facilitate the creation of employee-friendly workplaces |

Occupational health and safety

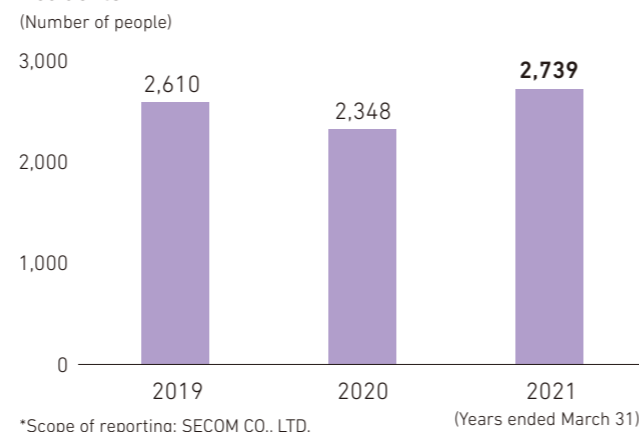
We believe that our ability to provide safety and peace of mind to our customers depends on first ensuring the health and vitality of our employees. Accordingly, we promote various initiatives aimed at protecting and enhancing employee health and creating safe, employee-friendly workplaces.

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. To promote continuous improvements in occupational health and safety, health committees nationwide meet monthly to discuss key issues, including employee working hours and efforts to improve health, enhance work environments, ensure safety and prevent risks. 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 guidance for the improvements where necessary to enhance occupational safety. The division has developed procedures and equipment designed to prevent accidents and promotes initiatives to improve employee skills, including a program that seeks to improve driving techniques. Efforts to ensure safe, employee-friendly workplaces also include the provision of extensive training aimed at preventing occupational accidents, including that related to the risk of security accidents in various situations.

Participants in Training Aimed at Preventing Occupational Accidents



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

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 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. We are currently using IT equipment and taking other steps to promote more strict 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 bolster motivation and productivity Groupwide. Through this initiative, we aim to nurture employees who embody SECOM's Philosophy to foster a stronger corporate culture, ensure a well-established brand and further earn the trust of society.

Securing and fostering talented human resources

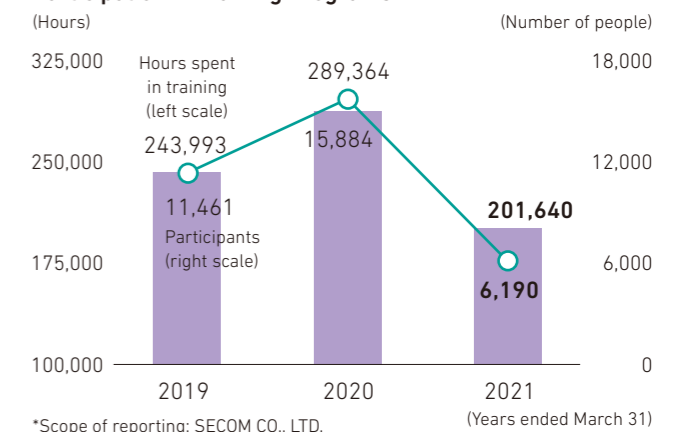
Our vibrant, diverse team of employees, who are critical to our ability to provide services that deliver safety and peace of mind, are our greatest asset and another driving force behind our growth and evolution. Accordingly, we strive to secure and foster talented human resources who have the ability 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 boost motivation and productivity, as well as to create employee-friendly workplaces. One such program enables employees 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 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, among others, to improve effectiveness and ensure employees acquire excellent discernment and know-how.

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, and rational assessment categories optimized for each particular job. We use an open, 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 assists their efforts to realize their own future goals and aspirations.

Participation in Training Programs



Advancing Diversity

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 Resource Department. We currently promote the creation of positive work environments that maximize the capabilities of all employees regardless of gender, nationality, age, physical ability, sexual orientation, or gender identity.

In April 2021, we formulated a new action plan for advancing career opportunities for female employees. We continue working to create positive working environments for women, including by actively fostering female leaders, expanding the scope of jobs available to female employees, taking steps to prevent harassment, and promoting work-life balance.

| Labor Force by Gender | | |
|-----------------------|----------------------|--------|
| | As of March 31, 2021 | |
| | Male | Female |
| Executive management | 90.3% | 9.7% |
| Other | 79.4% | 20.6% |
| Total | 82.9% | 17.1% |

*Scope of reporting: SECOM CO., LTD.

Action Plan for Fostering Career Opportunities for Female Employees

➤ **Period:**
April 1, 2021–March 31, 2026

➤ **Objectives:**

- Increase the number of female employees at manager level*1 to at least 200 and at supervisor level*2 to at least 400.

*1 Manager level: Corporate headquarters, regional headquarters and regional office manager or higher
*2 Supervisor level: regional headquarters and regional office supervisor

- Expand the scope of jobs available to women and increase the number of female employees by more than 500 from 2,396 in 2016 (the year the previous management plan was formulated).
- To prevent harassment, provide online training for all employees once annually and training for newly appointed regional office general managers at least once.
- Extend the average length of service of female employees by more than one year from 12.2 years in the fiscal year ended March 31, 2020.
- Increase the percentage of annual paid vacation days taken by employees by more than 10% from 53.2% in the fiscal year ended March 31, 2020.

Promoting work-life balance

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 vacation and leave systems in line with which we promote ongoing efforts to help employees achieve a balance between their careers and private lives and enhance employee retention.

- **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

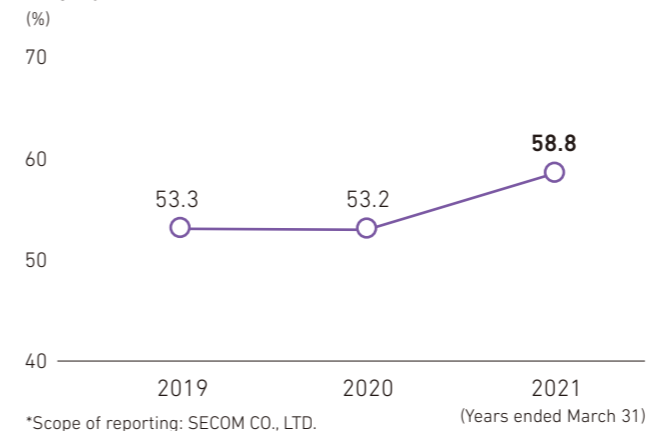
- **Maternity leave:** Available for the six weeks prior to and eight weeks after giving birth; an additional two weeks is available to employees who wish to start their maternity leave earlier
- **Childcare leave:** Can be taken by both female and male employees up until the day before the child's third birthday
- **Change in working hours/exemption (shorter working hours) for childcare:** Available within certain restrictions on request to employees who are pregnant or have children who have not yet entered the second grade of elementary school (exceeds legal requirement, which is children under the age of three)

➤ **Nursing care leave or change in working hours/ exemption (shorter working hours) for nursing care:**

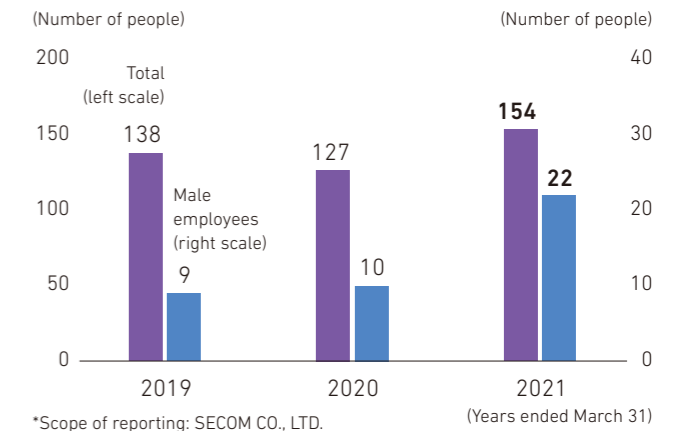
Full leave or adjusted working hours for up to six months (maximum of 186 days) for employees providing nursing care to a family member wishing to return to work full-time after conclusion of nursing care provision

- **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 overseas and provides 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

Percentage of Annual Paid Vacation Days Taken by Employees



Employees Taking Childcare Leave



Dialogue with employees



We seek to achieve sustainable growth as a strong, flexible organization that is impervious to the impact of social change and the competitive environment. We are thus working to create a virtuous circle, recognizing the importance of enabling employees who share SECOM's Philosophy 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 employees' job satisfaction. Since 2016, we have conducted an annual anonymous employee job satisfaction survey. In the fiscal year ended March 31, 2021, the response rate for this survey was 77.9%.

Reflecting our fundamental belief that the growth of our employees is inextricably linked to our prosperity, we signed a union membership qualification agreement with SECOM Lively Union (the SECOM Employee Union Federation), which

was established in 1964, and became a union shop, meaning that in principle employees automatically become union members when they are hired. As a consequence, our union membership rate for eligible employees is 100%.

We place a priority on dialogue between labor and management. With the aim of boosting employee morale, building a vibrant and healthy organizational culture and maximizing organizational energy, the management representatives, including the President and Representative Director, meet monthly with SECOM Lively Union to exchange views. Discussions are also held at SECOM Group companies and branches across Japan to address issues such as improving workplace environments and operating procedures and ensuring occupational health and safety. SECOM Lively Union also exchanges views with management through meetings with employees on organizational culture and the SECOM Employee Central Council.

Governance initiatives

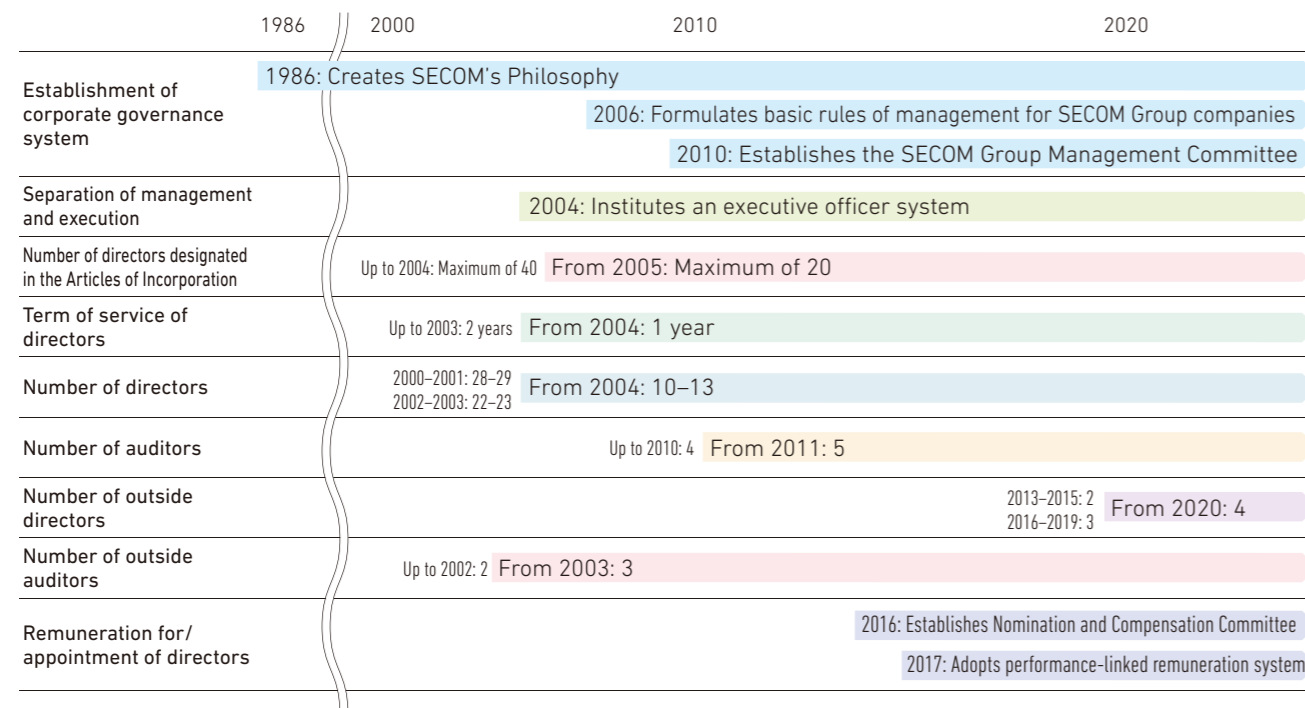
| Relevant SDGs | Central themes | Summary |
|--|---|--|
|   | Corporate governance | Independent oversight of management and ensure proper business execution while working to actively disclose information to shareholders and other stakeholders |
| | Compliance | Efforts to improve compliance by promoting strict adherence to the SECOM Group Code of Employee Conduct |
| | Information security/data security | Promotion of information security through establishment of the SECOM Group Information Security Basic Policy and creating and operating a robust information security system |

Basic philosophy

With the aim of earning the continued support of our customers, shareholders, clients, 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.

Initiatives to strengthen corporate governance



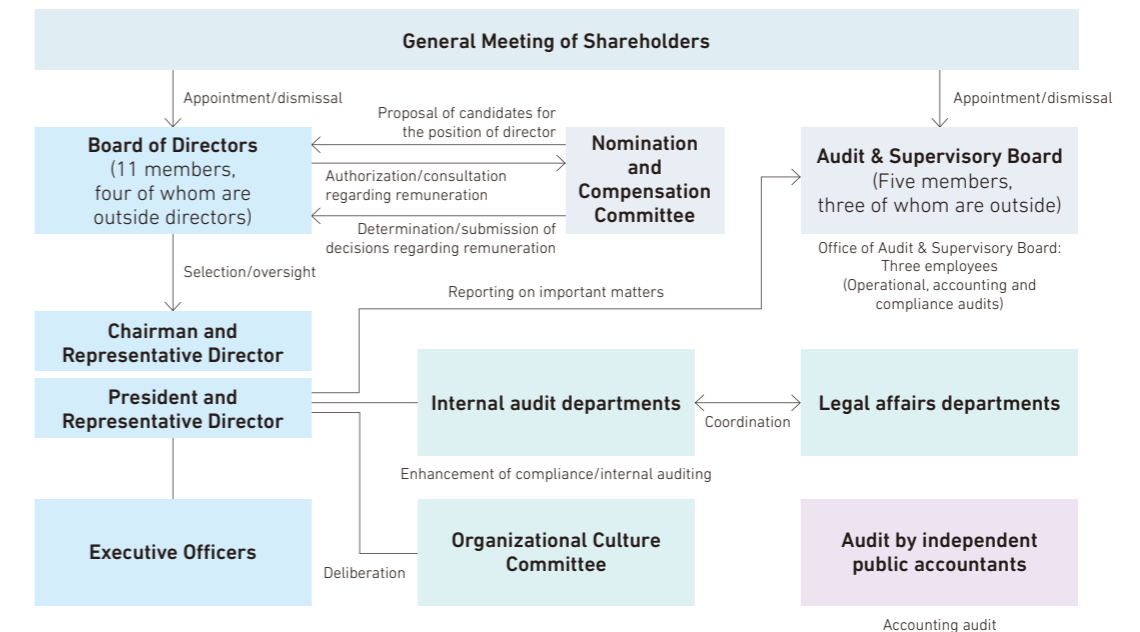
Outline of corporate governance system

We are a company with an Audit & Supervisory Board. The Board of Directors, which includes four outside members, determines overall management and business execution policies and supervises the execution of duties by directors. Executive officers, led by the President and Representative Director, are responsible for business execution. Under our corporate governance system, 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. 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 seven directors, four of whom are outside.

Corporate governance organization



Board of Directors

The Board of Directors comprises 11 directors and in principle meets monthly, with five members of the Audit & Supervisory Board also in attendance. The Board of Directors is responsible for deciding overall management policies and business execution policies, as well as for monitoring the performance of duties by directors, and strives to promote the active exchange of opinions with the aim of ensuring effective and swift decision making. Six of the 11 members are responsible for business execution, with the remaining five members (the founder and the four outside directors) having no involvement.

Executive Officers

We have adopted an executive officers system, whereby the Board of Directors is responsible for decision making and the executive officers are responsible for business execution. This was done with the aim of strengthening field divisions and enhancing customer service systems by clarifying responsibilities and authority and expediting business execution. We currently have 31 executive officers, six of whom are also directors.

Audit & Supervisory Board

The Audit & Supervisory Board comprises five members, two of whom are full-time and three of whom are outside. In principle, the Audit & Supervisory Board meets monthly. Individuals well-versed in our businesses and internal affairs, as well as in finance and accounting, are appointed to serve as full-time members, while individuals who are independent of the management team, have extensive knowledge of corporate management, legal, financial and other matters and are capable of providing effective oversight and monitoring of the management team, are appointed to serve as outside members.

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 whom are outside directors. Candidates for the Audit & Supervisory Board are nominated with the agreement of the Audit & Supervisory Board.

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

Principal Activities of Audit & Supervisory Board members in the Fiscal Year Ended March 31, 2021

| | |
|---|--------------|
| Participation in meetings of the Board of Directors | 100% |
| Participation in meetings of the Audit & Supervisory Board | 100% |
| Information sessions with directors and other executives of the parent company, subsidiaries and affiliated companies | 63 times |
| Audits conducted by Audit & Supervisory Board members at remote locations | 55 locations |

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.

audits of our overall business activities, as well as those of subsidiaries and affiliates, in accordance with annual audit plans.

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 witnesses during audits conducted by the accounting auditors at remote locations and during audit reviews (16 times in the fiscal year ended March 31, 2021).

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.

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. | 10 10 | — |
| | 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. | 10 10 | — |
| | 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. | 10 10 | — |
| 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. | 8 8 | — |
| | Hideki Kato | Mr. Kato offers advice and recommendations at meetings of the Board of Directors 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. | 10 10 | 11 11 |
| | Makoto Yasuda | Mr. Yasuda offers advice and recommendations at meetings of the Board of Directors based on experience and insights gained in the management of a global enterprise. He also asks questions and states opinions to clarify issues. | 10 10 | 11 11 |
| | Setsuo Tanaka | Mr. Tanaka 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. He also asks questions and states opinions to clarify issues. | 10 10 | 11 11 |

Notes: 1. Information on attendance at meetings of the Board of Directors and Audit & Supervisory Board is for the fiscal year ended March 31, 2021.

2. Miri Hara was elected and assumed the position of outside director at the ordinary general meeting of shareholders held on July 25, 2020. Accordingly, the figures for her attendance are for meetings of the Board of Directors held on or after that date.

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 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.

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 (Fiscal year ended March 31, 2021)

| 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) | 366 | 293 | — | 55 | 17 | 7 | |
| Audit & Supervisory Board members (excluding outside members) | 45 | 45 | — | — | — | 2 | |
| Outside directors | 39 | 39 | — | — | — | 4 | |
| Outside Audit & Supervisory Board members | 25 | 25 | — | — | — | 3 | |
| Total | 476 | 403 | — | 55 | 17 | 16 | |

Note: The target for consolidated operating profit for the fiscal year ended March 31, 2021, was ¥124,000 million, while the actual result was ¥136,925 million. (Japanese GAAP)

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.

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 2021 and responses were collated by the Board's secretariat in early March. Findings were subsequently discussed by the Board.

Summary of findings

Composition of the Board of Directors

The opinion was expressed that the diversity of the Board of Directors and the balance between execution and oversight are suitable and that the Board is an appropriate size to ensure active discussion and swift decision making. While it was acknowledged that the appointment of a female director has improved gender diversity, and that the percentage of outside directors has increased, constructive views were also expressed regarding further diversification of the Board's composition in terms of gender and other considerations, including the need to promote female directors from within.

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. In 2021, both outside directors and outside Audit & Supervisory Board members actively made comments and expressed the opinion that further improvements in the administration of the Board of Directors had been seen since the 2020 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 in 2020 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 rigorous. In addition, constructive views were expressed regarding concrete discussions on preparations for a post-COVID-19 world, as well as the progress of discussions—currently being undertaken from a medium- to long-term perspective—on 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

The Company may, after comprehensive examination, acquire and/or hold listed shares for the purpose of business participation, collaboration, capital or business tie-up, business incubation, or the maintenance or expansion of transactions involving the Company's services and products.

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 growth potential and profitability of each investee company, giving consideration to status of transactions, 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, 2021)

Directors



Makoto Iida
Founder



Yasuo Nakayama
Chairman and
Representative Director



Ichiro Ozeki
President and
Representative Director



Yasuyuki Yoshida
Senior Executive
Director



Tatsuro Fuse
Executive Director



Tatsuya Izumida
Director



Tatsushi Kurihara
Director



Takaharu Hirose
Outside Director



Hirobumi Kawano
Outside Director



Hajime Watanabe
Outside Director



Miri Hara
Outside Director

Audit & Supervisory Board Members

Takayuki Ito

Koji Kato

Hideki Kato*

Makoto Yasuda*

Setsuo Tanaka*

*Outside

Executive Team

Directors

Yasuo Nakayama
Chairman and
Representative Director

Ichiro Ozeki
President and
Representative Director

Yasuyuki Yoshida
Senior Executive
Director

Tatsuro Fuse
Executive Director

Tatsuya Izumida
Director

Tatsushi Kurihara
Director

Executive Officers

Kenichi Furukawa
Managing Executive
Officer

Masahiro Takeda
Managing Executive
Officer

Toshiaki Mizuno
Managing Executive
Officer

Shokichi Ishimura
Managing Executive
Officer

Keitaro Arai
Managing Executive
Officer

Osamu Ueda
Managing Executive
Officer

Yoshinori Yamanaka
Managing Executive
Officer

Yoichi Sugimoto
Executive Officer

Sumiyuki Fukumitsu
Executive Officer

Kensuke Shindo
Executive Officer

Yasufumi Kuwahara
Executive Officer

Noriyuki Fukuoka
Executive Officer

Takeshi Akagi
Executive Officer

Sadahiro Sato
Executive Officer

Seiya Nagao
Executive Officer

Noriyuki Uematsu
Executive Officer

Osamu Nagai
Executive Officer

Atsushi Komatsu
Executive Officer

Kazuhiro Mitomo
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

Compliance

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 not only abide by the Constitution of Japan but also operate in a manner that complies with the letter and the spirit of pertinent laws and regulations.

Because they are in the 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 unqualified compliance with the letter and spirit of the law.

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 suppliers. 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

Our approach to compliance is notable in that it does not involve the establishment of a dedicated system overseen by a specific department or director, but rather positions each and every employee on the front line of promoting the SECOM Group Code of Employee Conduct, including standards governing compliance, and ensuring ethical behavior.

Compliance is the foundation of each employee's day-to-day work. Managers are responsible for providing guidance regarding the SECOM Group Code of Employee Conduct and overseeing the actions of employees to ensure compliance. Executive officers are responsible for providing control for the department they supervise, while the President and Representative Director provides control for the company as a whole. Each executive officer must also have a thorough knowledge of the laws and regulations pertinent to the department he or she supervises, for which he or she may seek the assistance of the Legal Department and other

related departments. When such laws and regulations are revised, executive officers are responsible for determining appropriate responses, including examining the need to amend the SECOM Group Code of Employee Conduct and, here again with cooperation of the Legal Department and other related departments, presenting related proposals to the President and Representative Director.

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.

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 other individual affiliated with a subcontractor has engaged in or appears likely to engage in an action that violates the code. 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. 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, 2019 | Year ended March 31, 2020 | Year ended March 31, 2021 |
|-------------------|------------------------------|------------------------------|------------------------------|
| Number of reports | 48 | 56 | 74 |

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.

Information and Data Security

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 has 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 promote stringent

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 swift 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, 2021)

- 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 | | |
|---|--|---|
| Relevant SDGs | Central themes | Summary |
|   | Prevention of global warming | Evaluation and management of the progress of environmental conservation initiatives against environmental key management indicators |
|   | Reduction of environmental impact across the supply chain | Efforts to grasp and reduce greenhouse gas emissions (Scopes 1, 2 and 3) and promote environment-friendly design |
|   | Response to the recommendations of the TCFD | Evaluation of risks and opportunities based on climate change scenario analysis and promotion of disclosure |
|  | | |

Prevention of global warming

We have established an environmental philosophy and basic environmental policy, in line with which we incorporate initiatives aimed at resolving environmental issues with the aim of achieving sustainable development. We evaluate and manage the SECOM Group's progress in promoting these initiatives over the long term against seven major environmental management indicators.

Environmental management key performance indicators

- Greenhouse gas emissions (Scopes 1 and 2)
- Greenhouse gas emissions across the supply chain (Scope 3)
- Reduction of greenhouse gas emissions as against base year (%)
- CO₂ emissions per unit of production (emissions intensity)
- Electricity used and percent accounted for by that generated using renewable energy
- Consumption of fuel by vehicles
- Industrial waste and resources with market value

- 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)

Long-term targets

- Scope 1 and 2:**
Reduction of greenhouse gas emissions to zero by 2045
- Scope 3:**
Reduction of greenhouse gas emissions to zero by 2050

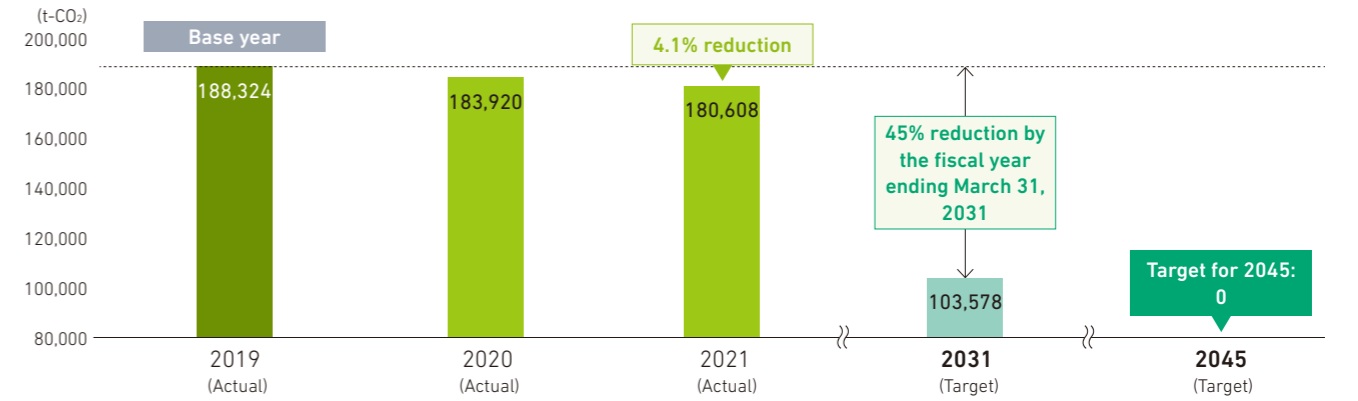
Medium-term targets

- Scope 1 and 2:**
45% reduction in greenhouse gas emissions from the fiscal year ended March 31, 2019, by the fiscal year ending March 31, 2031
- Scope 3:**
40% reduction in greenhouse gas emissions from the fiscal year ended March 31, 2019, by the fiscal year ending March 31, 2031

The above emissions reduction targets, formulated in May 2021, have been certified under the Science Based Targets initiative (SBTi), which seeks to drive climate action in the private sector. We have also joined the RE100 (for "Renewable Electricity 100%"), a global initiative, with the objective of transitioning fully to electricity generated using renewable energy 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)

Reduction of environmental impact across the supply chain

We continue working to reduce greenhouse gases across our supply chain.

- Efforts to identify and reduce greenhouse gas emission (Scopes 1, 2 and 3)
We request suppliers to calculate and report greenhouse gas emissions and water usage, among others, for products and services supplied to the SECOM Group.
- Efforts to promote environment-friendly design
We have distributed green engineering guidelines to suppliers and work to eliminate harmful chemical substances, reduce consumption of electric power, conserve resources, extend the useful life of products and promote recycling.

Example of a System with a Reduced Environmental Impact

HANKS IIIs Security System for Financial Institutions

Consumption of electric power: **-57%**
Volume: **-55%**
Mass: **-66%**

Response to the recommendations of the TCFD

In July 2019, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD), pledging to proactively disclose information on the financial impacts of risks and opportunities associated with climate change on our future business activities in line with TCFD recommendations.

In businesses such as security services, data center services and medical services, the ability to provide stable and uninterrupted services is critical. To maintain services and systems at an acceptable level, we have established a Risk Committee and assess risks from multiple perspectives, including scope of impact, scale, anticipated monetary cost of damage, urgency and frequency of occurrence, based on the results of Companywide risk analysis. For example, we are using a scenario that assumes we suffer damage due to a natural disaster to explore measures to minimize destruction and have created a management system whereby a report is made to the Board of Directors if the seriousness of damage warrants it.

We recognize that the price of fuel consumed by vehicles used in our security services business and climate change-related risks affecting our nonlife insurance and data center services businesses will increase, but we also understand that shifting customer needs will yield opportunities to expand demand for new services. Accordingly, we will promote strategies that seek to capitalize on opportunities while remaining mindful of the potential impact of risks on our operations.



Note: The TCFD was established in 2015 under the auspices of the Financial Stability Board (FSB) with the goal of developing basic disclosure recommendations to provide information on the potential impact of climate change on their profitability and cash flows.

ESG Initiatives

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: 14,602 |
| | | (2) temporary | (2) Temporary employees: 1,332 |
| | (3) contract | (3) Contract employees: 1,688 | |
| | SV-PS-000.B | Employee hours worked, percentage billable | Employee hours worked: 29,866,147 |
| Percentage billable: | | N/A | |

*Data for "Activity metrics" is for SECOM CO., LTD., and is as of March 31, 2021, or for the fiscal year ended March 31, 2021. 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, 2021, 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 real estate and other services segments.

Notwithstanding the negative impact of COVID-19 in certain areas of the security services, fire protection services and medical services segments, consolidated net sales and operating revenue in the period under review edged up 0.2%, or ¥2.7 billion, to ¥1,135.3 billion, and operating income rose 4.8%, or ¥6.2 billion, to ¥135.8 billion. This was due to an increase in the BPO and ICT services segment and to net realized investment gains (including a gain on other-than-temporary impairment of investment securities) in the insurance services segment, compared with net realized investment losses in the previous fiscal year. Despite a loss from discontinued operations, net of tax, net income attributable to SECOM CO., LTD., advanced 3.2%, or ¥2.8 billion, to ¥89.9 billion, underpinned by an increase in operating income, as well as by a gain on other-than-temporary impairment of investment securities, compared with a loss in the preceding period.

Net Sales and Operating Revenue

Consolidated net sales and operating revenue in the period under review edged up 0.2%, or ¥2.7 billion, to ¥1,135.3 billion, notwithstanding the negative impact of the pandemic on certain areas of the fire protection services, security services and medical services segments, and reflected an increase in the BPO and ICT services segment, together with net realized investment gains (including a gain on other-than-temporary impairment of investment securities) in the insurance services segment, compared with net realized investment losses in the previous fiscal year. (For further information, please see Segment Information below.)

Costs and Expenses

Total costs and expenses slipped 0.3%, or ¥3.5 billion, to ¥999.5 billion. Cost of sales was down 0.6%, or ¥5.0 billion, to ¥790.3 billion, and was equivalent to 69.6% of net sales and operating revenue, compared with 70.2% in the preceding period. Contributing factors included net realized investment gains (including a gain on other-than-temporary impairment of investment securities) in the insurance services segment, as well as an increase in net sales and operating revenue and a decrease in the cost of sales ratio—attributable to the presence of profitable projects—in the BPO and ICT services segment.

Selling, general and administrative (SG&A) expenses, at ¥201.7 billion, were down 0.7%, or ¥1.5 billion, and equivalent to 17.8% of net sales and operating revenue, slightly better than the previous fiscal year's 17.9%, reflecting cost-cutting efforts and the voluntary suspension of business travel as a measure to prevent the spread of COVID-19, among others. The Company also reported an impairment loss on goodwill (in the security

services business) of ¥5.7 billion, up ¥4.9 billion. In contrast, impairment loss on long-lived assets fell ¥857 million, to ¥95 million, and loss on sales and disposal of fixed assets, net, slipped ¥990 million, to ¥1.8 billion.

Operating Income

Operating income rose 4.8%, or ¥6.2 billion, to ¥135.8 billion, as favorable results in the insurance services, BPO and ICT services, and geospatial information services segments outweighed declines in the security services, fire protection services and medical services segments, while corporate expenses and eliminations decreased. The operating margin improved to 12.0%, from 11.4%. (For further information, please see Segment Information below.)

Other Income and Expenses

Other income increased ¥2.3 billion, to ¥12.1 billion, while other expenses fell ¥3.6 billion, to ¥2.8 billion. Net other income thus amounted to ¥9.3 billion, up ¥5.9 billion. This was primarily attributable to a more encouraging investment environment, as a consequence of which the Company reported a gain on other-than-temporary impairment of investment securities of ¥4.6 billion, compared with a loss on other-than-temporary impairment of investment securities of ¥3.7 billion in the preceding period. The Company had also reported a ¥2.3 billion gain on sales of securities, net, in the previous fiscal year, as the result of the sale of a U.S. subsidiary in the geospatial information services business.

Income Taxes

Income taxes amounted to ¥47.6 billion, up ¥6.8 billion, owing to higher income from continuing operations before income taxes and equity in net income of affiliated companies, as well as to an increase in the income tax expense rate, reflecting the increase in impairment loss on goodwill. This was equivalent to 32.8% of income from continuing operations before income taxes and equity in net income of affiliated companies, compared with 30.7% in the preceding period.

Equity in Net Income of Affiliated Companies

Equity in net income of affiliated companies edged down ¥76 million, to ¥6.6 billion.

Loss from Discontinued Operations, Net of Tax

In December 2020, all issued shares in consolidated subsidiary Secom Home Life Co., Ltd., were transferred to a third party. As a consequence, Secom Home Life and its subsidiary, previously included in the real estate and other, and security services segments, were excluded from the scope of consolidation and their operations classified as discontinued. Accordingly, the operating results of these companies are reported in income (loss) from discontinued operations. Figures for prior periods have been restated. As a consequence of this and other factors, loss from discontinued operations, net of tax, in the period under review was ¥2.6 billion, compared with income from discontinued operations, net of tax, of ¥975 million in the preceding period.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests declined ¥1.0 billion, to ¥11.6 billion. The principal factor behind this result was a decrease in operating income in the fire protection services segment.

Net Income Attributable to SECOM CO., LTD.

Net income attributable to SECOM CO., LTD., advanced 3.2%, or ¥2.8 billion, to ¥89.9 billion, equivalent to 7.9% of net sales, rising from 7.7% in the preceding period. Net income attributable to SECOM CO., LTD., per share was ¥411.95, up from ¥399.23. The figure of ¥170.00 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, an ¥85.00 per share year-end dividend for the fiscal year ended March 31, 2020, approved at the Ordinary General Meeting of Shareholders held on June 25, 2020, and an ¥85.00 per share interim dividend determined by the Board of Directors and paid to shareholders of record as of September 30, 2020. Cash dividends for the fiscal year ended March 31, 2021, approved at the Ordinary General Meeting of Shareholders held on June 25, 2021, were also ¥85.00 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, 2021, net sales and operating income in this segment declined 1.2%, or ¥7.0 billion, to ¥566.4 billion. Excluding intersegment transactions, segment net sales and operating income were ¥563.3 billion, representing 49.6% of overall net sales and operating revenue, down from 50.3% in the previous fiscal year.

In addition to on-line commercial and home security systems, electronic security services include large-scale proprietary security systems, which focus on surveillance at subscribers' premises. On-line commercial and home security systems use sensors, controllers and other equipment installed at subscribers' premises to detect events, including intrusions, fires and equipment malfunctions. Equipment is linked to a SECOM control center via telecommunications circuits to facilitate around-the-clock monitoring. Should an irregularity be detected, relevant information is relayed to the control center, where staff dispatch emergency response personnel to take appropriate measures. If necessary, control center staff also notify the police, fire department or other emergency services.

The Company employs a rental format, whereby it maintains ownership of security equipment and provides it to subscribers on a rental basis. This minimizes initial costs for subscribers and guarantees the quality and stability of its services. The initial contract period for security services is five years, with contracts renewed automatically each subsequent year. Depreciation for security equipment is computed using the declining balance method principally over five years.

The Company takes full responsibility for all aspects of its on-line commercial and home security systems, from R&D through to equipment manufacturing, security planning, installation, around-the-clock monitoring, emergency response services and equipment maintenance. This integrated approach leverages the Company's half-century-plus of experience and knowhow in providing electronic security services, together with its R&D team's ability to recognize and address false alarms, to ensure highly efficient operations.

Net sales and operating income from electronic security services edged up 0.1%, or ¥198 million, to ¥347.4 billion. In overseas markets, net sales and operating income in this category fell, hindered by the spread of COVID-19 and a weak yen. In contrast, net sales and operating income in this category in Japan rose, underpinned by increased sales of high-value-added on-line security systems such as System Security AZ, which boasts superb expandability, as well as peripheral services, and of SECOM Home Security NEO and other home security services that address growing needs for help in caring for vulnerable members of society.

Other security services include static guard and armored car services. Net sales and operating revenue generated by static guard services, which are provided by highly trained professional security guards for systems requiring human judgment and flexible responsiveness, decreased 1.0%, or ¥684 million, to ¥69.4 billion. Armored car services, which involve the transport of cash, securities and other valuables using specially fitted armored cars and security professionals, generated net sales and operating revenue of ¥62.8 billion, down 1.2%, or ¥761 million, mainly due to changes in the operations of financial institutions.

The merchandise and other category encompasses a wide range of security products, including security camera systems, access control systems, automated fire extinguishing systems and external monitoring systems, which can be freestanding or linked to on-line security systems. Net sales and operating revenue in this category declined 6.1%, or ¥5.4 billion, to ¥83.7 billion, largely owing to the negative impact of the pandemic on merchandise turnover.

Operating income in the security services segment decreased 5.6%, or ¥6.1 billion, to ¥102.6 billion. The operating margin was 18.1%, slipping from 18.9% in the preceding period. These results mainly reflected an impairment loss on goodwill of ¥5.7 billion, up ¥4.9 billion, and lower sales in the merchandise and other category.

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, plants, tunnels, cultural properties, ships and residences. In the period under review, Nohmi Bosai and Nittan, two of Japan's leading domestic fire protection services providers, sought to leverage their respective business foundations and product development capabilities to secure orders.

Net sales and operating revenue in this segment declined 7.7%, or ¥12.0 billion, to ¥143.9 billion. Principal factors behind this result included the impact of COVID-19 and the fact that major projects had pushed up results in the previous fiscal year. Operating income fell 26.5%, or ¥4.7 billion, to ¥13.1 billion, reflecting the absence of the concentrated number of profitable projects that had buoyed results in the preceding period. The operating margin was 9.1%, down from 11.4%.

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 services, which include electronic medical report systems. Additionally, this segment includes the operations of variable interest entities (VIEs) of which the Company is the primary beneficiary, which manage hospitals and health care-related institutions.

Segment net sales and operating revenue, at ¥182.8 billion, was down 2.4%, or ¥4.5 billion. This was primarily due to a decline in the number of patients at affiliated medical institutions, a consequence of the pandemic, which hindered net sales and operating revenue of VIEs, as well as a reduction in revenue reported by a hospital operated by the Company in India. Operating income fell 36.8%, or ¥2.3 billion, to ¥3.9 billion, while the operating margin decreased to 2.2%, from 3.3% in the previous fiscal year.

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—and SECOM *Anshin* My Car, a comprehensive automobile insurance policy that offers onsite support services provided by SECOM emergency response personnel should the policyholders be involved in an accident, and MEDCOM, an unrestricted cancer treatment policy that covers the entire cost of medical treatment for cancer.

Net sales and operating revenue in this segment climbed 30.8%, or ¥14.4 billion, to ¥61.4 billion, bolstered by brisk sales of MEDCOM and automobile insurance policies, as

well as by net realized investment gains (including gains on other-than-temporary impairments of investment securities) of ¥7.7 billion, compared with net realized investment losses of ¥4.1 billion in the preceding period. Thanks to net realized investment gains, the segment reported operating income of ¥9.3 billion, compared with an operating loss of ¥4.3 billion.

Geospatial Information Services

The geospatial information services segment centers on the collection of geographic data using commercial satellites, aircraft and surveying using 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. Segment net sales and operating revenue edged up 0.7%, or ¥376 million, to ¥54.1 billion, bolstered by an increase in revenue from domestic public-sector customers, to which the provision of surveying services employing aerial lasers expanded. Operating income climbed 46.6%, or ¥1.4 billion, to ¥4.4 billion, while the operating margin rose to 8.2%, from 5.6%, owing mainly to an improvement in the cost of sales ratio in the area of services for domestic public-sector customers, a result of higher revenue and enhanced production efficiency, as well as to declines in SG&A expenses attributable to the optimization of services for overseas customers and efforts to adapt sales processes to a remote environment.

BPO and ICT Services

BPO and ICT services, which focus on the provision of data center services, also encompass distinctively SECOM BCP support, telework support, information security and cloud-based services, and BPO services, which include the operation of contact centers. Net sales and operating revenue in this segment advanced 7.6%, or ¥8.4 billion, to ¥119.3 billion, thanks principally to special demand associated with COVID-19 and expanded revenue in the area of BPO services, underpinned by efforts to cultivate customers, and in the data center services business. Operating income, at ¥13.6 billion, increased 28.4%, or ¥3.0 billion, while the operating margin rose to 11.4%, from 9.6%, reflecting an improvement in the cost of sales ratio, with contributing factors including higher net sales and operating revenue in the data center business, and a number of profitable BPO services projects.

Real Estate and Other Services

The real estate and other services segment comprises real estate leasing, construction, installation and other services. Segment net sales and operating revenue was down 7.1%, or ¥2.1 billion, to ¥28.1 billion, owing to a decrease in major construction projects and the absence of real estate sales that boosted results in the preceding period, among others. Operating income was up 1.6%, or ¥86 million, to ¥5.4 billion, reflecting an improvement in the cost of sales ratio in the area of maintenance services. The operating margin improved to 19.3%, from 17.6%.

Financial Position

Total assets as of March 31, 2021, amounted to ¥2,137.8 billion, an increase of ¥56.7 billion from the end of the previous fiscal year. Total current assets climbed ¥35.0 billion, to ¥979.4 billion, and accounted for 45.8% of total assets. The current ratio was 2.3 times, compared with 2.2 times a year earlier. Current assets included cash and cash equivalents of ¥502.2 billion, up ¥87.5 billion. (For further information, please see Cash Flows, which follows this section.) Notes and accounts receivable, trade, at ¥153.4 billion, were down ¥13.2 billion, owing to such factors as a decline in net sales and operating revenue in the fire protection services segment. Notes and accounts receivable, trade, are affected by the fact that income in the fire protection services and geospatial information services businesses tends to be concentrated toward the end of the fiscal year. Cash deposits for armored car services decreased ¥2.0 billion, to ¥138.9 billion. These cash deposits are funded primarily through bank overdrafts and deposits and their use by the Company is restricted. Inventories fell ¥24.5 billion, to ¥31.8 billion, a consequence of the exclusion of consolidated real estate development and sales subsidiary Secom Home Life, all issued shares in which were transferred to a third party.

Investments and long-term receivables, at ¥347.7 billion, rose ¥22.4 billion, and represented 16.3% of total assets. Investment securities advanced ¥19.3 billion, to ¥214.1 billion. The key factor behind this was the purchase of new corporate bonds and other debt securities following the redemption and sales of the corporate bonds and other debt securities due within one year.

Property, plant and equipment, less accumulated depreciation, amounted to ¥429.1 billion, an increase of ¥3.6 billion. This accounted for 20.1% of total assets.

Other assets decreased ¥4.2 billion, to ¥381.6 billion, and were equivalent to 17.8% of total assets. Owing to an improvement in the investment environment, prepaid pension

and severance costs rose ¥7.7 billion, to ¥39.5 billion. In contrast, deferred income taxes fell ¥6.4 billion, to ¥19.3 billion, and long-term deferred charges declined ¥3.1 billion, to ¥13.9 billion.

Until the fiscal year ended March 31, 2020, all costs related to installation services for security equipment used in the provision of on-line security systems were included in deferred charges in other assets. Effective from the fiscal year ended March 31, 2021, the portion of these costs to be amortized within one year was shifted to short-term deferred charges in current assets. (For further information, please see note 2 (13) of Notes to Consolidated Financial Statements.)

Total liabilities as of March 31, 2021, were ¥846.7 billion, a decrease of ¥7.1 billion from a year earlier, and represented 39.6% of total liabilities and equity. Total current liabilities, at ¥420.0 billion, were down ¥11.2 billion and accounted for 19.6% of total liabilities and equity. This primarily reflected a ¥5.2 billion decline in bank loans, to ¥33.9 billion, due mainly to a reduction in bank loans related to armored car services, and a ¥4.2 billion decrease in notes and accounts payable, trade, to ¥44.3 billion.

Total long-term liabilities rose ¥4.1 billion, to ¥426.7 billion, equivalent to 20.0% of total liabilities and equity. This was due to a ¥9.2 billion increase in long-term debt, to ¥53.5 billion, largely the result of an increase in long-term debt held by VIEs managing hospitals and other healthcare-related institutions.

Until the fiscal year ended March 31, 2020, lump-sum payments for residences for seniors were presented as guarantee deposits in long-term liabilities. Effective from the fiscal year ended March 31, 2021, these payments are included in long-term deferred revenue in long-term liabilities. (For further information, please see note 2 (26) of Notes to Consolidated Financial Statements.)

Total SECOM CO., LTD. shareholders' equity advanced ¥53.6 billion, to ¥1,142.3 billion. Retained earnings rose ¥52.8 billion, to ¥1,070.4 billion, owing primarily to net income attributable

to SECOM CO., LTD., and the payment of dividends. As a consequence, the equity ratio was 53.4%, up from 52.3% at the previous fiscal year-end.

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, 2021, net cash provided by operating activities amounted to ¥188.7 billion. The principal components of this were net income of ¥101.5 billion and depreciation and amortization, including amortization of deferred charges—a non-cash item—of ¥78.7 billion. Net cash provided by operating activities was ¥4.3 billion higher than in the fiscal year ended March 31, 2020, as a decrease in receivables and due from subscribers, net of allowances, of ¥14.3 billion, compared with an increase of ¥10.6 billion in the preceding period, pushed up cash provided by operating activities, while an increase in inventories of ¥787 million, compared with a decrease of ¥9.3 billion, and decreases in notes and accounts payable and accrued income taxes of ¥4.1 billion and ¥935 million, respectively, compared with increases of ¥2.4 billion and ¥5.1 billion in the previous fiscal year boosted cash used in operating activities.

Net cash used in investing activities was ¥52.9 billion. The main applications of cash were payments for purchases of property, plant and equipment of ¥50.1 billion, applied to purchases of equipment necessitated by rising security services subscriptions; payments for purchases of intangible assets of ¥10.7 billion; and acquisitions, net of cash acquired, of ¥7.1 billion. In contrast, cash proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of, provided ¥14.6 billion. Net cash used in investing activities was down ¥13.7 billion from

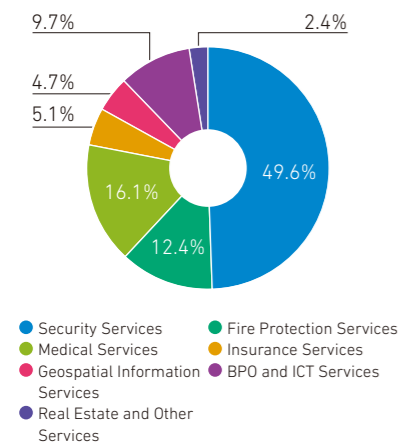
the previous fiscal year, with contributing factors including a ¥13.0 billion decline in payments for purchases of property, plant and equipment, and a ¥12.0 billion increase in proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of. In contrast, cash used for acquisitions, net of cash acquired, was up ¥6.4 billion. Investments in the insurance services segment and private equity investments in the United States yielded an increase in net proceeds from sales and redemptions of investment securities of ¥1.1 billion, down from ¥3.6 billion.

Net cash used in financing activities amounted to ¥47.7 billion, mainly reflecting dividends paid to SECOM CO., LTD. shareholders of ¥37.1 billion. Net cash used in financing activities was ¥5.2 billion less than in the preceding period, due principally to higher net proceeds from long-term debt in the medical services segment.

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 ¥502.2 billion, up ¥87.5 billion from cash equivalents at beginning of year, which were ¥414.7 billion.

Percentage of Consolidated Net Sales and Operating Revenue*

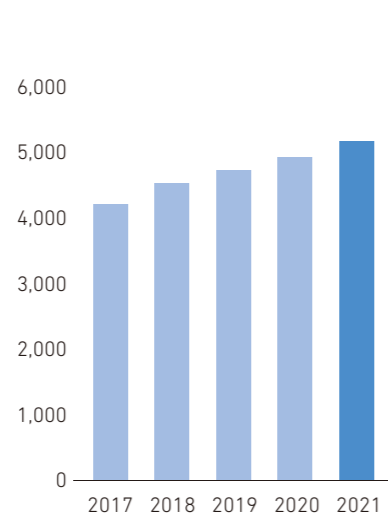
(Year ended March 31, 2021)



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

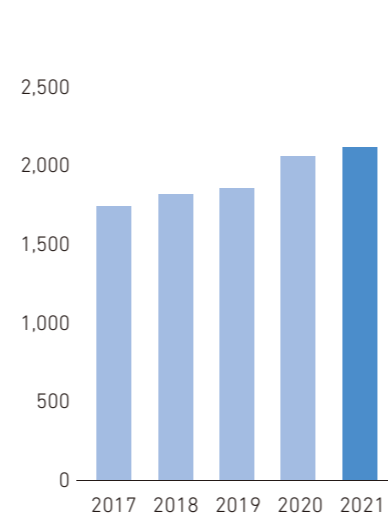
SECOM CO., LTD. Shareholders' Equity per Share

(In yen)



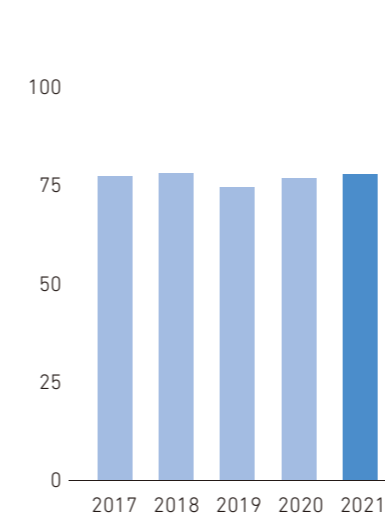
Total Assets

(In billions of yen)



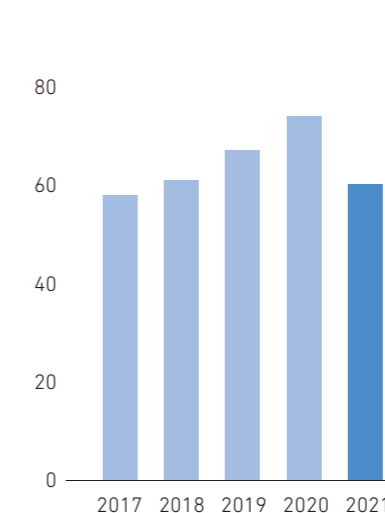
Depreciation and Amortization

(In billions of yen)



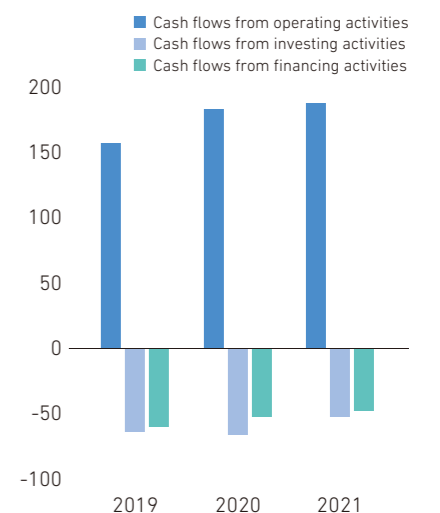
Purchases of Property, Plant and Equipment and Intangible Assets

(In billions of yen)



Cash Flows

(In billions of yen)



Consolidated Financial Statements

Consolidated Balance Sheets

SECOM CO., LTD. and Subsidiaries
March 31, 2021 and 2020

| | In millions of yen | | Translation into thousands of U.S. dollars |
|---|--------------------|-------------------|--|
| | 2021 | March 31 2020 | March 31 2021 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | ¥ 502,201 | ¥ 414,668 | \$ 4,524,333 |
| Time deposits..... | 9,587 | 9,097 | 86,369 |
| Cash deposits for armored car services..... | 138,890 | 140,906 | 1,251,261 |
| Short-term investments..... | 21,220 | 31,084 | 191,171 |
| Notes and accounts receivable, trade..... | 153,410 | 166,612 | 1,382,072 |
| Due from subscribers..... | 61,479 | 63,112 | 553,865 |
| Inventories..... | 31,784 | 56,297 | 286,342 |
| Short-term deferred charges..... | 7,887 | 8,612 | 71,054 |
| Short-term receivables..... | 27,666 | 25,679 | 249,243 |
| Allowance for doubtful accounts..... | (1,708) | (1,641) | (15,387) |
| Deferred insurance acquisition costs..... | 2,640 | 4,301 | 23,784 |
| Other current assets..... | 24,375 | 25,749 | 219,595 |
| Total current assets..... | 979,431 | 944,476 | 8,823,702 |
| Investments and long-term receivables: | | | |
| Investment securities..... | 214,107 | 194,822 | 1,928,892 |
| Investments in affiliated companies..... | 67,130 | 64,499 | 604,775 |
| Long-term receivables..... | 39,602 | 41,566 | 356,775 |
| Lease deposits..... | 19,731 | 17,725 | 177,757 |
| Other investments..... | 11,105 | 10,947 | 100,045 |
| Allowance for doubtful accounts..... | (4,002) | (4,237) | (36,054) |
| | 347,673 | 325,322 | 3,132,190 |
| Property, plant and equipment: | | | |
| Land..... | 120,613 | 117,457 | 1,086,604 |
| Buildings and improvements..... | 377,361 | 365,362 | 3,399,649 |
| Security equipment and control stations..... | 355,945 | 346,168 | 3,206,712 |
| Machinery, equipment and automobiles..... | 160,139 | 156,830 | 1,442,694 |
| Construction in progress..... | 10,166 | 7,026 | 91,586 |
| | 1,024,224 | 992,843 | 9,227,245 |
| Accumulated depreciation..... | (595,115) | (567,339) | (5,361,396) |
| | 429,109 | 425,504 | 3,865,849 |
| Other assets: | | | |
| Operating lease right-of-use assets..... | 140,500 | 143,468 | 1,265,766 |
| Long-term deferred charges..... | 13,905 | 17,052 | 125,270 |
| Goodwill..... | 109,946 | 108,925 | 990,505 |
| Other intangible assets..... | 58,376 | 58,814 | 525,910 |
| Prepaid pension and severance costs..... | 39,532 | 31,790 | 356,144 |
| Deferred income taxes..... | 19,334 | 25,769 | 174,180 |
| | 381,593 | 385,818 | 3,437,775 |
| Total assets..... | ¥2,137,806 | ¥2,081,120 | \$19,259,516 |

LIABILITIES AND EQUITY

| | In millions of yen | | Translation into thousands of U.S. dollars |
|---|--------------------|-------------------|--|
| | 2021 | March 31 2020 | March 31 2021 |
| Current liabilities: | | | |
| Bank loans..... | ¥ 33,852 | ¥ 39,002 | \$ 304,973 |
| Current portion of long-term debt..... | 15,457 | 17,983 | 139,252 |
| Notes and accounts payable, trade..... | 44,265 | 48,466 | 398,784 |
| Other payables..... | 43,679 | 44,331 | 393,505 |
| Deposits received..... | 123,808 | 122,796 | 1,115,387 |
| Deferred revenue..... | 37,938 | 39,331 | 341,784 |
| Accrued income taxes..... | 23,560 | 24,811 | 212,252 |
| Accrued payroll..... | 41,119 | 39,650 | 370,441 |
| Current operating lease liabilities..... | 20,448 | 19,171 | 184,216 |
| Other current liabilities..... | 35,876 | 35,623 | 323,207 |
| Total current liabilities..... | 420,002 | 431,164 | 3,783,801 |
| Long-term liabilities: | | | |
| Long-term debt..... | 53,492 | 44,255 | 481,910 |
| Guarantee deposits received..... | 23,346 | 23,342 | 210,324 |
| Accrued pension and severance costs..... | 29,868 | 31,393 | 269,081 |
| Long-term deferred revenue..... | 17,944 | 20,715 | 161,658 |
| Unearned premiums and other insurance liabilities..... | 133,118 | 128,908 | 1,199,261 |
| Investment deposits by policyholders..... | 19,829 | 21,516 | 178,640 |
| Deferred income taxes..... | 13,470 | 13,132 | 121,351 |
| Noncurrent operating lease liabilities..... | 120,052 | 124,297 | 1,081,550 |
| Other long-term liabilities..... | 15,542 | 14,991 | 140,021 |
| Total long-term liabilities..... | 426,661 | 422,549 | 3,843,796 |
| Total liabilities..... | 846,663 | 853,713 | 7,627,597 |
| Commitments and contingent liabilities | | | |
| Equity: | | | |
| SECOM CO., LTD. shareholders' equity: | | | |
| Common stock | | | |
| Authorized—900,000,000 shares, issued 233,295,926 shares in 2021 | | | |
| Authorized—900,000,000 shares, issued 233,293,998 shares in 2020..... | 66,410 | 66,401 | 598,288 |
| Additional paid-in capital..... | 74,607 | 74,680 | 672,135 |
| Legal reserve..... | 10,884 | 10,833 | 98,054 |
| Retained earnings..... | 1,070,419 | 1,017,661 | 9,643,414 |
| Accumulated other comprehensive income (loss): | | | |
| Unrealized gains on securities..... | 2,566 | 2,046 | 23,117 |
| Pension liability adjustments..... | (658) | (4,601) | (5,928) |
| Foreign currency translation adjustments..... | (8,120) | (4,506) | (73,152) |
| | (6,212) | (7,061) | (55,963) |
| Common stock in treasury, at cost: | | | |
| 15,034,565 shares in 2021 and 15,033,588 shares in 2020..... | (73,785) | (73,776) | (664,730) |
| Total SECOM CO., LTD. shareholders' equity..... | 1,142,323 | 1,088,738 | 10,291,198 |
| Noncontrolling interests..... | 148,820 | 138,669 | 1,340,721 |
| Total equity..... | 1,291,143 | 1,227,407 | 11,631,919 |
| Total liabilities and equity..... | ¥2,137,806 | ¥2,081,120 | \$19,259,516 |

Consolidated Statements of Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2021

| | In millions of yen | | | Translation into thousands of U.S. dollars |
|---|--------------------|------------|------------|--|
| | Years ended | | | Year ended |
| | 2021 | 2020 | 2019 | 2021 |
| Net sales and operating revenue | ¥1,135,339 | ¥1,132,632 | ¥1,087,355 | \$10,228,279 |
| Costs and expenses: | | | | |
| Cost of sales | 790,288 | 795,318 | 763,459 | 7,119,711 |
| Selling, general and administrative expenses | 201,723 | 203,223 | 198,551 | 1,817,324 |
| Impairment loss on long-lived assets | 95 | 952 | 595 | 856 |
| Impairment loss on goodwill | 5,660 | 758 | — | 50,991 |
| Gain and loss on sales and disposal of fixed assets, net | 1,764 | 2,754 | 1,443 | 15,892 |
| | 999,530 | 1,003,005 | 964,048 | 9,004,774 |
| Operating income | 135,809 | 129,627 | 123,307 | 1,223,505 |
| Other income: | | | | |
| Interest and dividends | 1,880 | 1,961 | 1,639 | 16,937 |
| Gain and loss on sales of securities, net | — | 2,297 | — | — |
| Gain on other-than-temporary impairment of investment securities | 4,594 | — | — | 41,387 |
| Gain on private equity investments | — | — | 4,673 | — |
| Other | 5,647 | 5,545 | 4,747 | 50,874 |
| | 12,121 | 9,803 | 11,059 | 109,198 |
| Other expenses: | | | | |
| Interest | 1,168 | 1,120 | 1,111 | 10,523 |
| Gain and loss on sales of securities, net | 121 | — | 115 | 1,090 |
| Loss on other-than-temporary impairment of investment securities | — | 3,738 | 3,959 | — |
| Loss on private equity investments | 302 | 139 | — | 2,721 |
| Other | 1,254 | 1,477 | 1,123 | 11,297 |
| | 2,845 | 6,474 | 6,308 | 25,631 |
| Income from continuing operations before income taxes and equity in net income of affiliated companies | 145,085 | 132,956 | 128,058 | 1,307,072 |
| Income taxes: | | | | |
| Current | 43,743 | 45,546 | 47,088 | 394,081 |
| Deferred | 3,855 | (4,711) | (12,076) | 34,730 |
| | 47,598 | 40,835 | 35,012 | 428,811 |
| Income from continuing operations before equity in net income of affiliated companies | 97,487 | 92,121 | 93,046 | 878,261 |
| Equity in net income of affiliated companies | 6,578 | 6,654 | 7,002 | 59,261 |
| Income from continuing operations | 104,065 | 98,775 | 100,048 | 937,522 |
| Income (loss) from discontinued operations, net of tax | (2,570) | 975 | 393 | (23,153) |
| Net income | 101,495 | 99,750 | 100,441 | 914,369 |
| Less: Net income attributable to noncontrolling interests | (11,582) | (12,614) | (10,755) | (104,342) |
| Net income attributable to SECOM CO., LTD. | ¥ 89,913 | ¥ 87,136 | ¥ 89,686 | \$ 810,027 |

| | In yen | | | Translation into thousands of U.S. dollars |
|--|----------------|---------|---------|--|
| | Years ended | | | Year ended |
| | 2021 | 2020 | 2019 | 2021 |
| Per share data: | | | | |
| Income from continuing operations attributable to SECOM CO., LTD. | ¥423.73 | ¥394.76 | ¥409.11 | \$3.82 |
| Income (loss) from discontinued operations attributable to SECOM CO., LTD. | (11.78) | 4.47 | 1.80 | (0.11) |
| Net income attributable to SECOM CO., LTD. | 411.95 | 399.23 | 410.91 | 3.71 |
| Cash dividends per share | ¥170.00 | ¥170.00 | ¥160.00 | \$1.53 |

Consolidated Statements of Comprehensive Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2021

| | In millions of yen | | | Translation into thousands of U.S. dollars |
|--|--------------------|----------|----------|--|
| | Years ended | | | Year ended |
| | 2021 | 2020 | 2019 | 2021 |
| Comprehensive income: | | | | |
| Net income | ¥101,495 | ¥99,750 | ¥100,441 | \$914,369 |
| Other comprehensive income (loss), net of tax: | | | | |
| Unrealized gains on securities | 519 | (263) | 274 | 4,676 |
| Pension liability adjustments | 4,462 | (4,037) | (2,566) | 40,200 |
| Foreign currency translation adjustments | (3,975) | (2,934) | (4,908) | (35,810) |
| Total comprehensive income | 102,501 | 92,516 | 93,241 | 923,435 |
| Less: Comprehensive income attributable to noncontrolling interests | (11,739) | (12,364) | (10,060) | (105,758) |
| Comprehensive income attributable to SECOM CO., LTD. | ¥ 90,762 | ¥80,152 | ¥ 83,181 | \$817,677 |

Consolidated Statements of Changes in Equity

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2021

| | Number of shares issued | In millions of yen | | | | | | | | |
|---|-------------------------|--------------------|----------------------------|---------------|-------------------|---|-----------------------------------|--------------------------------------|--------------------------|----------------|
| | | Common stock | Additional paid-in capital | Legal reserve | Retained earnings | Accumulated other comprehensive income (loss) | Common stock in treasury, at cost | SECOM CO., LTD. shareholders' equity | Noncontrolling interests | Total |
| Balance, March 31, 2018 | 233,290,441 | ¥66,385 | ¥73,133 | ¥10,733 | ¥ 896,586 | ¥27,189 | (¥73,749) | ¥1,000,277 | ¥131,028 | ¥1,131,305 |
| Cumulative effect adjustments resulting from adoption of new accounting standards, net of tax | — | — | — | — | 16,379 | (20,762) | — | (4,383) | (421) | (4,804) |
| Comprehensive income: | | | | | | | | | | |
| Net income | — | — | — | — | 89,686 | — | — | 89,686 | 10,755 | 100,441 |
| Other comprehensive income (loss), net of tax: | | | | | | | | | | |
| Unrealized gains on securities | — | — | — | — | — | 274 | — | 274 | — | 274 |
| Pension liability adjustments | — | — | — | — | — | (2,320) | — | (2,320) | (246) | (2,566) |
| Foreign currency translation adjustments | — | — | — | — | — | (4,459) | — | (4,459) | (449) | (4,908) |
| Total comprehensive income | | | | | | | | 83,181 | 10,060 | 93,241 |
| Issuance of new stocks | 1,778 | 8 | 7 | — | — | — | — | — | 15 | 15 |
| Cash dividends paid to SECOM CO., LTD. shareholders | — | — | — | — | (34,922) | — | — | (34,922) | — | (34,922) |
| Cash dividends paid to noncontrolling interests | — | — | — | — | — | — | — | — | (6,252) | (6,252) |
| Transfer to legal reserve | — | — | — | 50 | (50) | — | — | — | — | — |
| Equity transactions with noncontrolling interests and other | — | — | 26 | — | — | — | — | 26 | (2,697) | (2,671) |
| Changes in the scope of application of the equity method | — | — | — | — | — | — | — | — | — | — |
| Gains on disposal of treasury stock | — | — | — | — | — | — | — | — | — | — |
| Net changes in treasury stock | — | — | — | — | — | — | (10) | (10) | — | (10) |
| Balance, March 31, 2019 | 233,292,219 | 66,393 | 73,166 | 10,783 | 967,679 | (78) | (73,759) | 1,044,184 | 131,718 | 1,175,902 |
| Comprehensive income: | | | | | | | | | | |
| Net income | — | — | — | — | 87,136 | — | — | 87,136 | 12,614 | 99,750 |
| Other comprehensive income (loss), net of tax: | | | | | | | | | | |
| Unrealized gains on securities | — | — | — | — | — | (263) | — | (263) | — | (263) |
| Pension liability adjustments | — | — | — | — | — | (3,858) | — | (3,858) | (178) | (4,036) |
| Foreign currency translation adjustments | — | — | — | — | — | (2,862) | — | (2,862) | (72) | (2,934) |
| Total comprehensive income | | | | | | | | 80,153 | 12,364 | 92,517 |
| Issuance of new stocks | 1,779 | 8 | 8 | — | — | — | — | — | 16 | 16 |
| Cash dividends paid to SECOM CO., LTD. shareholders | — | — | — | — | (37,104) | — | — | (37,104) | — | (37,104) |
| Cash dividends paid to noncontrolling interests | — | — | — | — | — | — | — | — | (3,438) | (3,438) |
| Transfer to legal reserve | — | — | — | 50 | (50) | — | — | — | — | — |
| Equity transactions with noncontrolling interests and other | — | — | 1,506 | — | — | — | — | 1,506 | (1,975) | (469) |
| Changes in the scope of application of the equity method | — | — | — | — | — | — | — | — | — | — |
| Gains on disposal of treasury stock | — | — | 0 | — | — | — | 0 | 0 | — | 0 |
| Net changes in treasury stock | — | — | — | — | — | — | (17) | (17) | — | (17) |
| Balance, March 31, 2020 | 233,293,998 | 66,401 | 74,680 | 10,833 | 1,017,661 | (706) | (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 |
| Changes in the scope of application of the equity method | — | — | — | — | — | — | — | — | — | — |
| 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 |

| | Translation into thousands of U.S. dollars | | | | | | | | |
|---|--|----------------------------|-----------------|--------------------|---|-----------------------------------|--------------------------------------|--------------------------|---------------------|
| | Common stock | Additional paid-in capital | Legal reserve | Retained earnings | Accumulated other comprehensive income (loss) | Common stock in treasury, at cost | SECOM CO., LTD. shareholders' equity | Noncontrolling interests | Total |
| Balance, March 31, 2020 | \$598,207 | \$672,793 | \$97,595 | \$9,168,117 | (\$63,613) | (\$664,649) | \$9,808,450 | \$1,249,270 | \$11,057,720 |
| Comprehensive income: | | | | | | | | | |
| Net income | — | — | — | 810,027 | — | — | 810,027 | 104,342 | 914,369 |
| Other comprehensive income (loss), net of tax: | | | | | | | | | |
| Unrealized gains on securities | — | — | — | — | 4,676 | — | 4,676 | — | 4,676 |
| Pension liability adjustments | — | — | — | — | 35,515 | — | 35,515 | 4,685 | 40,200 |
| Foreign currency translation adjustments | — | — | — | — | (32,541) | — | (32,541) | (3,269) | (35,810) |
| Total comprehensive income | | | | | | | 817,677 | 105,758 | 923,435 |
| Issuance of new stocks | 81 | 81 | — | — | — | — | 162 | — | 162 |
| Cash dividends paid to SECOM CO., LTD. shareholders | — | — | — | (334,271) | — | — | (334,271) | — | (334,271) |
| Cash dividends paid to noncontrolling interests | — | — | — | — | — | — | — | (22,730) | (22,730) |
| Transfer to legal reserve | — | — | 459 | (459) | — | — | — | — | — |
| Equity transactions with noncontrolling interests and other | — | (739) | — | — | — | — | (739) | 8,423 | 7,684 |
| Changes in the scope of application of the equity method | — | — | — | — | — | — | — | — | — |
| Gains on disposal of treasury stock | — | — | — | — | — | — | — | — | — |
| Net changes in treasury stock | — | — | — | — | — | (81) | (81) | — | (81) |
| Balance, March 31, 2021 | \$598,288 | \$672,135 | \$98,054 | \$9,643,414 | (\$55,963) | (\$664,730) | \$10,291,198 | \$1,340,721 | \$11,631,919 |

Consolidated Statements of Cash Flows

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2021

| | In millions of yen | | | Translation into thousands of U.S. dollars |
|---|--------------------|-----------------|-----------------|--|
| | 2021 | 2020 | 2019 | Year ended March 31 2021 |
| Cash flows from operating activities: | | | | |
| Net income | ¥101,495 | ¥ 99,750 | ¥100,441 | \$ 914,369 |
| Adjustments to reconcile net income to net cash provided by operating activities— | | | | |
| Depreciation and amortization, including amortization of deferred charges | 78,716 | 77,574 | 75,300 | 709,153 |
| Accrual for pension and severance costs, less payments | (2,110) | 1,193 | 614 | (19,009) |
| Deferred income taxes, including discontinued operations | 3,859 | (4,715) | (12,086) | 34,766 |
| Gain and loss on sales and disposal of fixed assets, net | 1,788 | 2,770 | 1,444 | 16,108 |
| Impairment loss on long-lived assets | 95 | 952 | 595 | 856 |
| Write-down on real estate inventories | 20 | 66 | 580 | 180 |
| Gain and loss on private equity investments | 302 | 139 | (4,673) | 2,721 |
| Impairment loss on goodwill | 5,660 | 758 | — | 50,991 |
| Gain on sales of securities, net | 2,476 | (2,962) | (901) | 22,306 |
| Loss on other-than-temporary impairment of investment securities | (11,441) | 8,540 | 8,991 | (103,072) |
| Equity in net income of affiliated companies | (6,578) | (6,654) | (7,002) | (59,261) |
| Changes in assets and liabilities, net of effects from acquisitions and disposals: | | | | |
| (Increase) decrease in cash deposits for armored car services | 2,016 | 1,430 | (6,527) | 18,162 |
| (Increase) decrease in receivables and due from subscribers, net of allowances | 14,319 | (10,576) | (17,404) | 129,000 |
| (Increase) decrease in inventories | (787) | 9,256 | 4,285 | (7,090) |
| Increase in deferred charges | (8,985) | (11,754) | (10,716) | (80,946) |
| Increase (decrease) in notes and accounts payable | (4,077) | 2,361 | 3,388 | (36,730) |
| Increase (decrease) in deposits received | 1,061 | (4,822) | 8,690 | 9,559 |
| Increase (decrease) in deferred revenue | (1,807) | 1,874 | 938 | (16,279) |
| Increase (decrease) in accrued income taxes | (935) | 5,146 | (4,914) | (8,423) |
| Increase (decrease) in guarantee deposits received | (1,197) | (352) | (164) | (10,784) |
| Increase in unearned premiums and other insurance liabilities | 4,209 | 4,600 | 9,495 | 37,919 |
| Increase (decrease) in accrued consumption tax | 1,295 | 4,529 | (831) | 11,667 |
| Other, net | 9,329 | 5,295 | 8,784 | 84,044 |
| Net cash provided by operating activities | 188,723 | 184,398 | 158,327 | 1,700,207 |
| Cash flows from investing activities: | | | | |
| (Increase) decrease in time deposits | (593) | 1,564 | (1,251) | (5,342) |
| Proceeds from sales of property, plant and equipment | 766 | 1,178 | 3,379 | 6,901 |
| Payments for purchases of property, plant and equipment | (50,122) | (63,126) | (56,401) | (451,550) |
| Payments for purchases of intangible assets | (10,738) | (11,722) | (11,454) | (96,739) |
| Proceeds from sales and redemptions of investment securities | 47,859 | 50,259 | 43,597 | 431,162 |
| Payments for purchases of investment securities | (55,991) | (45,325) | (36,686) | (504,423) |
| (Increase) decrease in short-term investments | 9,269 | (1,357) | (4,256) | 83,505 |
| Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of | 14,633 | 2,670 | (0) | 131,829 |
| Acquisitions, net of cash acquired | (7,098) | (725) | (3,133) | (63,946) |
| (Increase) decrease in short-term receivables, net | 310 | (147) | 62 | 2,793 |
| Payments for long-term receivables | (1,472) | (1,416) | (1,024) | (13,261) |
| Proceeds from long-term receivables | 1,947 | 1,578 | 1,685 | 17,541 |
| Other, net | (1,719) | (42) | 1,052 | (15,488) |
| Net cash used in investing activities | (52,949) | (66,611) | (64,430) | (477,018) |
| Cash flows from financing activities: | | | | |
| Proceeds from long-term debt | 16,699 | 8,802 | 7,161 | 150,441 |
| Repayments of long-term debt | (18,752) | (18,793) | (20,184) | (168,937) |
| Increase (decrease) in bank loans, net | (4,500) | 162 | (1,789) | (40,541) |
| Increase (decrease) in investment deposits by policyholders | (1,687) | (2,099) | (1,592) | (15,198) |
| Dividends paid to SECOM CO., LTD. shareholders | (37,104) | (37,104) | (34,922) | (334,271) |
| Dividends paid to noncontrolling interests | (2,600) | (3,425) | (6,263) | (23,423) |
| Payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders | (241) | (659) | (3,033) | (2,171) |
| Proceeds from sales of shares of consolidated subsidiaries to noncontrolling interest holders | — | — | — | — |
| Increase in treasury stock, net | (9) | (16) | (10) | (81) |
| Other, net | 478 | 190 | 331 | 4,307 |
| Net cash used in financing activities | (47,716) | (52,942) | (60,301) | (429,874) |
| Effect of exchange rate changes on cash and cash equivalents | (525) | 93 | (595) | (4,730) |
| Net increase in cash and cash equivalents | 87,533 | 64,938 | 33,001 | 788,585 |
| Cash and cash equivalents at beginning of year | 414,668 | 349,730 | 316,729 | 3,735,748 |
| Cash and cash equivalents at end of year | ¥502,201 | ¥414,668 | ¥349,730 | \$4,524,333 |

Segment Information

Information by business and geographic segments for the years ended and as of March 31, 2021, 2020 and 2019 is as follows:

(1) Business Segment Information

| | In millions of yen | | | In thousands of U.S. dollars |
|---|--------------------|------------|------------|---------------------------------|
| | 2021 | 2020 | 2019 | Year ended March 31 2021 |
| Net sales and operating revenue: | | | | |
| Security services— | | | | |
| Customers | ¥ 563,349 | ¥ 570,041 | ¥ 557,123 | \$ 5,075,216 |
| Intersegment | 3,072 | 3,370 | 3,039 | 27,676 |
| | 566,421 | 573,411 | 560,162 | 5,102,892 |
| Fire protection services— | | | | |
| Customers | 140,599 | 151,861 | 140,139 | 1,266,658 |
| Intersegment | 3,275 | 4,050 | 3,942 | 29,505 |
| | 143,874 | 155,911 | 144,081 | 1,296,163 |
| Medical services— | | | | |
| Customers | 182,573 | 187,101 | 181,705 | 1,644,802 |
| Intersegment | 206 | 220 | 168 | 1,856 |
| | 182,779 | 187,321 | 181,873 | 1,646,658 |
| Insurance services— | | | | |
| Customers | 58,291 | 43,515 | 41,637 | 525,144 |
| Intersegment | 3,084 | 3,413 | 3,120 | 27,784 |
| | 61,375 | 46,928 | 44,757 | 552,928 |
| Geospatial information services— | | | | |
| Customers | 53,908 | 53,535 | 51,510 | 485,658 |
| Intersegment | 204 | 201 | 386 | 1,838 |
| | 54,112 | 53,736 | 51,896 | 487,496 |
| BPO and ICT services— | | | | |
| Customers | 109,619 | 97,616 | 88,162 | 987,559 |
| Intersegment | 9,709 | 13,321 | 13,121 | 87,468 |
| | 119,328 | 110,937 | 101,283 | 1,075,027 |
| Real estate and other services— | | | | |
| Customers | 27,000 | 28,963 | 27,079 | 243,242 |
| Intersegment | 1,087 | 1,271 | 1,786 | 9,793 |
| | 28,087 | 30,234 | 28,865 | 253,035 |
| Total | 1,155,976 | 1,158,478 | 1,112,917 | 10,414,199 |
| Eliminations | (20,637) | (25,846) | (25,562) | (185,920) |
| Total net sales and operating revenue | ¥1,135,339 | ¥1,132,632 | ¥1,087,355 | \$10,228,279 |
| Operating income (loss): | | | | |
| Security services | ¥102,579 | ¥108,646 | ¥109,879 | \$ 924,135 |
| Fire protection services | 13,091 | 17,817 | 14,188 | 117,937 |
| Medical services | 3,938 | 6,232 | 5,782 | 35,477 |
| Insurance services | 9,309 | (4,319) | (4,856) | 83,865 |
| Geospatial information services | 4,443 | 3,030 | 1,878 | 40,027 |
| BPO and ICT services | 13,636 | 10,624 | 9,390 | 122,847 |
| Real estate and other services | 5,422 | 5,336 | 4,947 | 48,847 |
| Total | 152,418 | 147,366 | 141,208 | 1,373,135 |
| Corporate expenses and eliminations | (16,609) | (17,739) | (17,901) | (149,630) |
| Operating income | ¥135,809 | ¥129,627 | ¥123,307 | \$1,223,505 |
| Other income | 12,121 | 9,803 | 11,059 | 109,198 |
| Other expenses | (2,845) | (6,474) | (6,308) | (25,631) |
| Income from continuing operations before income taxes | ¥145,085 | ¥132,956 | ¥128,058 | \$1,307,072 |
| Assets: | | | | |
| Security services | ¥ 915,768 | ¥ 853,101 | | \$ 8,250,162 |
| Fire protection services | 180,083 | 175,854 | | 1,622,369 |
| Medical services | 202,191 | 201,449 | | 1,821,541 |
| Insurance services | 242,071 | 231,650 | | 2,180,820 |
| Geospatial information services | 72,703 | 68,516 | | 654,982 |
| BPO and ICT services | 245,129 | 243,152 | | 2,208,369 |
| Real estate and other services | 109,670 | 137,425 | | 988,018 |
| Total | 1,967,615 | 1,911,147 | | 17,726,261 |
| Corporate items | 103,059 | 105,473 | | 928,459 |
| Investments in affiliated companies | 67,132 | 64,500 | | 604,796 |
| Total assets | ¥2,137,806 | ¥2,081,120 | | \$19,259,516 |

Financial Information and References/Consolidated Financial Statements

Segment Information

| | In millions of yen | | | In thousands of U.S. dollars |
|-------------------------------------|--------------------|---------|---------|---------------------------------|
| | 2021 | 2020 | 2019 | 2021 |
| Depreciation and amortization: | | | | |
| Security services | ¥41,360 | ¥50,383 | ¥49,409 | \$372,612 |
| Fire protection services | 2,662 | 2,537 | 2,375 | 23,982 |
| Medical services | 8,496 | 8,321 | 8,684 | 76,541 |
| Insurance services | 2,556 | 2,290 | 1,792 | 23,027 |
| Geospatial information services | 1,665 | 1,700 | 2,249 | 15,000 |
| BPO and ICT services | 9,647 | 10,644 | 9,075 | 86,910 |
| Real estate and other services | 909 | 842 | 953 | 8,189 |
| Total | 67,295 | 76,717 | 74,537 | 606,261 |
| Corporate items | 868 | 857 | 763 | 7,820 |
| Total depreciation and amortization | ¥68,163 | ¥77,574 | ¥75,300 | \$614,081 |
| Capital expenditure: | | | | |
| Security services | ¥44,525 | ¥44,930 | ¥48,451 | \$401,126 |
| Fire protection services | 5,249 | 2,569 | 2,269 | 47,288 |
| Medical services | 4,057 | 8,778 | 4,750 | 36,550 |
| Insurance services | 1,936 | 4,440 | 2,972 | 17,441 |
| Geospatial information services | 2,052 | 2,987 | 2,420 | 18,486 |
| BPO and ICT services | 6,824 | 12,894 | 9,085 | 61,477 |
| Real estate and other services | 3,532 | 2,121 | 4,550 | 31,820 |
| Total | 68,175 | 78,719 | 74,497 | 614,188 |
| Corporate items | 486 | 1,116 | 1,291 | 4,378 |
| Total capital expenditures | ¥68,661 | ¥79,835 | ¥75,788 | \$618,566 |

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 |
|------------------------------|--------------------|----------|----------|---------------------------------|
| | 2021 | 2020 | 2019 | 2021 |
| Electronic security services | ¥347,407 | ¥347,209 | ¥344,362 | \$3,129,794 |
| Other security services: | | | | |
| Static guard services | 69,370 | 70,054 | 66,289 | 624,954 |
| Armored car services | 62,841 | 63,602 | 62,417 | 566,132 |
| Merchandise and other | 83,731 | 89,176 | 84,055 | 754,336 |
| Total security services | ¥563,349 | ¥570,041 | ¥557,123 | \$5,075,216 |

(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, 2021, 2020 and 2019 and long-lived assets as of March 31, 2021 and 2020 were as follows:

| | In millions of yen | | | In thousands of U.S. dollars |
|----------------------------------|--------------------|------------|------------|---------------------------------|
| | 2021 | 2020 | 2019 | 2021 |
| Net sales and operating revenue: | | | | |
| Japan | ¥1,091,216 | ¥1,083,446 | ¥1,038,978 | \$ 9,830,774 |
| Other | 44,123 | 49,186 | 48,377 | 397,505 |
| Total | ¥1,135,339 | ¥1,132,632 | ¥1,087,355 | \$10,228,279 |
| Long-lived assets: | | | | |
| Japan | ¥771,547 | ¥772,155 | | \$6,950,874 |
| Other | 13,711 | 13,122 | | 123,523 |
| Total | ¥785,258 | ¥785,277 | | \$7,074,397 |

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 | | | | | |
|---|--------------------|------------|------------|------------|------------|----------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Composition of consolidated net sales and operating revenue by segment | | | | | | |
| Net sales and operating revenue | ¥1,135,339 | ¥1,132,632 | ¥1,087,355 | ¥1,058,568 | ¥1,004,094 | ¥961,202 |
| Security services: | 563,349 | 570,041 | 557,123 | 555,444 | 536,897 | 498,385 |
| As a percentage of net sales and operating revenue | 49.6% | 50.3% | 51.2% | 52.4% | 53.4% | 51.9% |
| Electronic security services | 347,407 | 347,209 | 344,362 | 341,207 | 338,797 | 330,894 |
| As a percentage of net sales and operating revenue | 30.6 | 30.7 | 31.7 | 32.2 | 33.7 | 34.4 |
| Other security services— | | | | | | |
| Static guard services | 69,370 | 70,054 | 66,289 | 59,054 | 56,438 | 55,925 |
| As a percentage of net sales and operating revenue | 6.1 | 6.2 | 6.1 | 5.6 | 5.6 | 5.8 |
| Armored car services | 62,841 | 63,602 | 62,417 | 61,089 | 57,873 | 32,990 |
| As a percentage of net sales and operating revenue | 5.5 | 5.6 | 5.7 | 5.8 | 5.8 | 3.4 |
| Subtotal | 132,211 | 133,656 | 128,706 | 120,143 | 114,311 | 88,915 |
| Merchandise and other | 83,731 | 89,176 | 84,055 | 94,094 | 83,789 | 78,576 |
| As a percentage of net sales and operating revenue | 7.4 | 7.9 | 7.7 | 8.9 | 8.3 | 8.2 |
| Fire protection services | 140,599 | 151,861 | 140,139 | 136,559 | 126,232 | 131,743 |
| As a percentage of net sales and operating revenue | 12.4 | 13.4 | 12.9 | 12.9 | 12.6 | 13.7 |
| Medical services | 182,573 | 187,101 | 181,705 | 175,318 | 168,819 | 163,538 |
| As a percentage of net sales and operating revenue | 16.1 | 16.5 | 16.7 | 16.6 | 16.8 | 17.0 |
| Insurance services | 58,291 | 43,515 | 41,637 | 44,683 | 43,780 | 40,654 |
| As a percentage of net sales and operating revenue | 5.1 | 3.8 | 3.8 | 4.2 | 4.4 | 4.2 |
| Geospatial information services | 53,908 | 53,535 | 51,510 | 50,906 | 51,609 | 52,553 |
| As a percentage of net sales and operating revenue | 4.7 | 4.7 | 4.7 | 4.8 | 5.1 | 5.5 |
| BPO and ICT services | 109,619 | 97,616 | 88,162 | 69,713 | 49,741 | 48,368 |
| As a percentage of net sales and operating revenue | 9.7 | 8.6 | 8.1 | 6.6 | 5.0 | 5.0 |
| Real estate and other services | 27,000 | 28,963 | 27,079 | 25,945 | 27,016 | 25,961 |
| As a percentage of net sales and operating revenue | 2.4 | 2.6 | 2.5 | 2.5 | 2.7 | 2.7 |

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

| | | | | | | |
|--|-----------|-----------|-----------|-----------|----------|----------|
| Net income attributable to SECOM CO., LTD. | ¥ 89,913 | ¥ 87,136 | ¥ 89,686 | ¥ 96,623 | ¥ 91,387 | ¥ 84,072 |
| Cash dividends paid ⁽²⁾ | 37,104 | 37,104 | 34,922 | 32,738 | 30,557 | 28,373 |
| SECOM CO., LTD. shareholders' equity | 1,142,323 | 1,088,738 | 1,044,184 | 1,000,277 | 929,242 | 865,278 |

Consolidated financial ratios

Percentage of working capital accounted for by:

| | | | | | | |
|--|-------|-------|-------|-------|-------|-------|
| Debt— | | | | | | |
| Bank loans | 2.7 | 3.3 | 3.4 | 3.5 | 4.0 | 5.6 |
| Current portion of long-term debt | 1.2 | 1.5 | 1.6 | 1.7 | 1.9 | 1.8 |
| Straight bonds | 0.3 | 0.3 | 0.4 | 0.5 | 0.7 | 0.8 |
| Other long-term debt | 4.0 | 3.4 | 3.6 | 4.1 | 4.5 | 5.3 |
| Total debt | 8.3 | 8.5 | 8.9 | 9.8 | 11.1 | 13.5 |
| SECOM CO., LTD. shareholders' equity | 91.7 | 91.5 | 91.1 | 90.2 | 88.9 | 86.5 |
| Total capitalization | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Return on total assets (percentage) ^(a) | 4.2 | 4.2 | 4.8 | 5.3 | 5.2 | 5.0 |
| Return on equity (percentage) ^(b) | 7.9 | 8.0 | 8.6 | 9.7 | 9.8 | 9.7 |
| Percentage of net sales and operating revenue absorbed by ^(c) : | | | | | | |
| Depreciation and amortization | 6.9 | 5.7 | 6.8 | 7.3 | 7.6 | 7.4 |
| Rental expense under operating leases | 2.6 | 2.4 | 2.5 | 2.3 | 2.5 | 2.5 |
| Ratio of accumulated depreciation to depreciable assets (percentage) | 66.6 | 65.3 | 65.4 | 64.6 | 63.2 | 62.8 |
| Net property turnover (times) ^(c) | 2.65 | 2.73 | 2.67 | 2.63 | 2.49 | 2.38 |
| Before-tax interest coverage (times) ^{(c) (d)} | 125.2 | 117.5 | 109.6 | 123.0 | 107.1 | 89.2 |

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

Summary of Selected Financial Data

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|
| Number of shares outstanding | | | | | | |
| Issued..... | 233,295,926 | 233,293,998 | 233,292,219 | 233,290,441 | 233,288,717 | 233,288,717 |
| Owned by SECOM CO., LTD..... | 15,034,565 | 15,033,588 | 15,031,867 | 15,030,573 | 15,028,470 | 15,026,824 |
| Balance..... | 218,261,361 | 218,260,410 | 218,260,352 | 218,259,868 | 218,260,247 | 218,261,893 |
| Per share information: | | | | | | |
| Net income attributable to SECOM CO., LTD. per share (in yen) ⁽¹⁾ | ¥ 411.95 | ¥ 399.23 | ¥ 410.91 | ¥ 442.70 | ¥ 418.71 | ¥ 385.19 |
| Cash dividends paid per share (in yen) ⁽²⁾ | 170.00 | 170.00 | 160.00 | 150.00 | 140.00 | 130.00 |
| SECOM CO., LTD. shareholders' equity per share (in yen) ⁽³⁾ | 5,233.74 | 4,988.25 | 4,784.12 | 4,582.96 | 4,257.50 | 3,964.40 |
| Cash flow per share (in yen) ^{(1)(e)} | 602.60 | 533.88 | 590.91 | 649.44 | 631.91 | 582.27 |
| Price/Book value ratio..... | 1.78 | 1.80 | 1.98 | 1.73 | 1.87 | 2.11 |
| Price/Earnings ratio..... | 22.61 | 22.48 | 23.08 | 17.89 | 19.03 | 21.72 |
| Price/Cash flow ratio..... | 15.45 | 16.81 | 16.05 | 12.20 | 12.61 | 14.37 |
| Stock price at year-end (in yen)..... | 9,313 | 8,974 | 9,482 | 7,920 | 7,969 | 8,366 |

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, 2021, cash dividends of ¥18,552 million (¥85 per share) were approved at the general shareholders' meeting on June 25, 2021 (see Note 18 of the accompanying notes to consolidated financial statements).

(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 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------------------|----------------|---------|---------|---------|---------|---------|
| Number of shareholders..... | 21,739 | 23,297 | 24,023 | 26,809 | 25,200 | 24,975 |
| Common shares held by: | | | | | | |
| Financial institutions..... | 39.44% | 38.65% | 37.14% | 35.94% | 35.05% | 32.50% |
| Securities firms..... | 2.81 | 1.95 | 3.30 | 1.63 | 3.89 | 3.52 |
| Other domestic corporations..... | 2.45 | 2.50 | 2.46 | 2.53 | 2.51 | 2.92 |
| Foreign investors..... | 41.55 | 42.76 | 42.74 | 44.85 | 43.42 | 44.46 |
| Individuals and others..... | 7.31 | 7.70 | 7.92 | 8.61 | 8.69 | 10.16 |
| Treasury stock..... | 6.44 | 6.44 | 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 |
| 2019 | April–June..... | ¥ 9,670 | ¥8,830 | ¥22,307.58 | ¥20,408.54 |
| | July–September..... | 10,005 | 8,149 | 22,098.84 | 20,261.04 |
| | October–December..... | 10,095 | 9,288 | 24,066.12 | 21,341.74 |
| 2020 | January–March..... | 9,965 | 7,188 | 24,083.51 | 16,552.83 |
| | April–June..... | 9,700 | 8,240 | 23,178.10 | 17,818.72 |
| | July–September..... | 10,330 | 9,061 | 23,559.30 | 21,710.00 |
| 2021 | October–December..... | 10,625 | 8,735 | 27,568.15 | 22,977.13 |
| | January–March..... | 10,265 | 9,073 | 30,467.75 | 27,055.94 |

Financial Information and References/Other Financial Data

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 |

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, 2021)

| | |
|---|--|
| 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, 2021) |
|---|-------------------------------------|------------------------------------|---|-----------------------|
| Domestic | | | | |
| Security services | | | | |
| Secom Joshinetsu Co., Ltd. | ¥3,530 | (53.4)% | 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 | 66.7 | 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 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 | |

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, 2021) |
|--|--|---|---|-----------------------|
| Fire protection services | | | | |
| Nohmi Bosai Ltd. | ¥13,302 | (50.4)% | Manufacturing and sales of fire protection equipment and facilities | |
| Ichibou Co., Ltd. | 28 | (73.2) | 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 | |
| Nittan Co., Ltd. | 2,303 | 100.0 | Installation, sales and maintenance of fire protection equipment | |
| Nittan Denko Co., Ltd. | 10 | (100.0) | Installation and maintenance of fire protection equipment | |
| Nittan Hokkaido Service Center Co., Ltd. | 10 | (100.0) | Installation and maintenance of fire protection equipment | |
| Shell Beach 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) | 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, 2021) |
|--|--|---|--|-----------------------|
| Insurance services | | | | |
| Secom Insurance Service Co., Ltd. | ¥ 100 | (100.0)% | Non-life insurance agency | |
| Secom General Insurance Co., Ltd. | 16,809 | 97.1 | 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 | |
| RIIC Corp. | 20 | (100.0) | 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 software development | |
| 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 | Car maintenance | |
| 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 | |

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 | Percentage of equity/ voting rights | Lines of business | (As of June 30, 2021) |
|--|----------------------|--|---|-----------------------|
| 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. | Rmb15,000 thousand | (95.0) | 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. | Rmb5,000 thousand | (100.0) | Security services | |
| Jiangsu Secom Security Co., Ltd. | Rmb15,000 thousand | (100.0) | Security services | |
| ADT Alarm Monitoring Hong Kong Ltd. | HK\$105,510 thousand | 100.0 | Security services | |
| PT. Secom Indonesia | US\$4,111 thousand | 49.0 | 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. | AUD18,126 thousand | 100.0 | Security services | |
| Secom Technical Services Unit Trust | AUD7,373 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 | VND95,177 million | (80.0) | Security services | |
| Secom (Singapore) Pte. Ltd. | S\$5,000 thousand | 46.6 | Security services | |
| D'Garde Security Pte. Ltd. | S\$100 thousand | (100.0) | Security services | |
| ADT Integrated Security Solutions Pte. Ltd. | S\$26,476 thousand | 100.0 | Security services | |
| ADT Services (M) Sdn. Bhd. | MYR850 thousand | 100.0 | Security services | |
| Secom Aktif Güvenlik Yatirim A.S. | TRY80,579 thousand | 50.0 | Security services | |
| Secom Aktif Elektronik Güvenlik Çözümleri A.S. | TRY80,661 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\$344 thousand | (75.0) | Installation and maintenance of fire protection equipment | |
| Viet Bao Firefighting and Preventing Equipment JSC | US\$86 thousand | (75.0) | Sales of fire protection equipment | |
| Secom Medical System (Singapore) Pte. Ltd. | S\$66,587 thousand | (100.0) | Holding company | |
| Takshasila Hospitals Operating Pvt. Ltd. | INR3,926 million | (60.0) | Hospital management | |
| Takshasila Healthcare and Research Service Pvt. Ltd. | INR15 million | (100.0) | Management of hospital real estate | |
| Pasco Philippines Corp. | PHP50,400 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 software development | |
| Pasco North America Inc. | US\$5,621 thousand | (100.0) | Geospatial information services | |
| Value Communication Services (Shanghai), Inc. | Rmb35,749 thousand | (100.0) | BPO services | |
| Jie Sheng Communication Services (Shanghai), Inc. | Rmb5,000 thousand | (100.0) | BPO 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, LLC | — | (99.7) | Investment | |
| ClearLight Partners II, LLC | — | (99.0) | Investment | |
| ClearLight Partners III, LLC | — | (98.0) | Investment | |

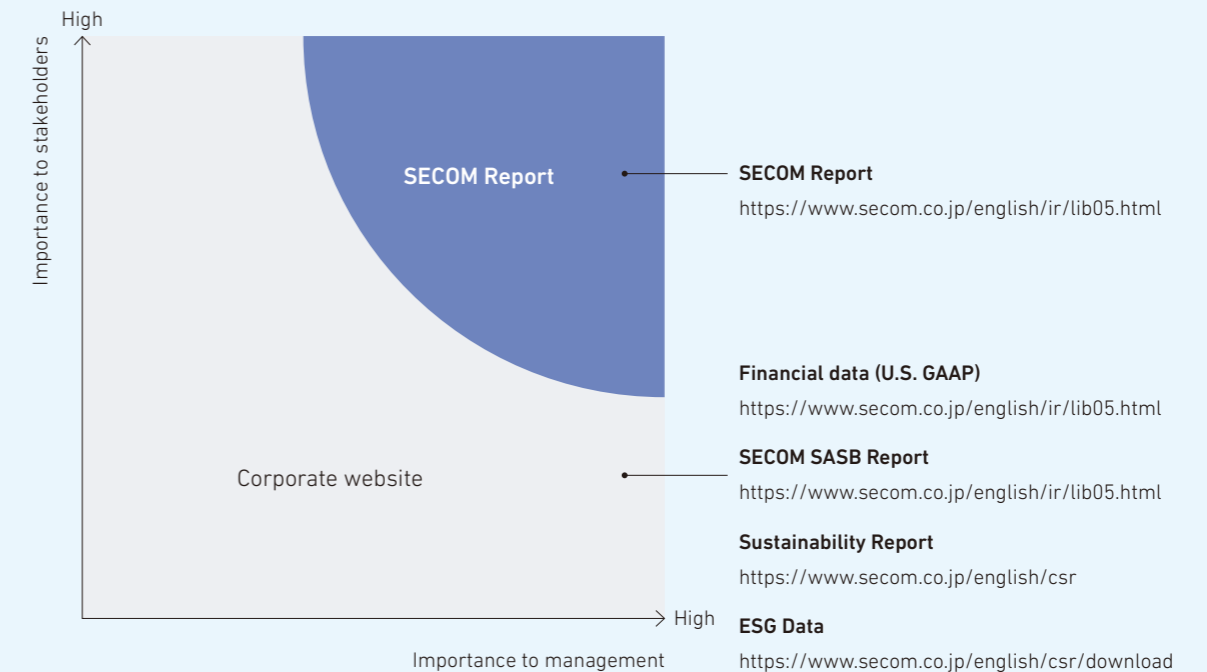
Notes: 1. () indicates the percentage of equity/voting rights held by both SECOM CO., LTD. and certain of its subsidiaries, or by certain subsidiaries independently.
2. Subsidiaries are categorized into segments above according to their major lines of business.

Regarding Publication of SECOM Report 2021

Disclosure Configuration

The IR and Sustainability sections of the SECOM corporate website provide additional detailed information on our operating performance, including financial statements prepared in accordance with U.S. GAAP, and initiatives aimed at helping realize a sustainable society.

Scope of reporting



Editorial Policy

References used in the production of SECOM Report 2021 include the disclosure framework for integrated reports issued by the International Integrated Reporting Council (IIRC) and Guidance for Collaborative Value Creation, put out by Japan's Ministry of Economy, Trade and Industry (METI). We have positioned this report as a core tool that systematically and concisely communicates with shareholders and investors by combining information on the various strategies that are essential to the creation of corporate value with financial and nonfinancial information.

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, 2021. (Some data subsequent to that 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.



SECOM CO., LTD.

5-1, Jingumae 1-chome, Shibuya-ku, Tokyo 150-0001, Japan

www.secom.co.jp

