

Notice of Convocation

The 59th Ordinary General Meeting of Shareholders

The following is an English translation of the Notice of Convocation of the 59th Ordinary General Meeting of Shareholders of SECOM CO., LTD. to be held on June 25, 2020, except for the translation of the INSTRUCTION ON ONLINE VOTING and the ACCESS MAP FOR THE PLACE OF THE MEETING in the Notice. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

Table of Contents

Notice of Convocation of The 59th Ordinary General Meeting of Shareholders	3
Reference Document Concerning the General Meeting of Shareholders ······	7
Business Report ·····	16
Consolidated Financial Statements ······	49
Non-Consolidated Financial Statements ·····	53
Auditors' Reports ·····	57

(Note) This Table of Contents is for this abridged English translation only, and not the same as that in the original Japanese documents.

Stock Exchange Code: 9735

June 3, 2020

Notice of Convocation of The 59th Ordinary General Meeting of Shareholders

Dear Shareholders:

Secom Co., Ltd. (the "Company") hereby notifies you as follows that the 59th Ordinary General Meeting of Shareholders of the Company will be held as described below.

In order to avoid the risk of COVID-19 infections at the meeting, we strongly recommend that shareholders exercise their voting rights by mail or via the Internet instead of attending the meeting in person. Please exercise your voting rights by mail or via the Internet after studying the Reference Document Concerning the General Meeting of Shareholders attached below and exercise your voting rights on or before 6:00 p.m. (JST) June 24, 2020 (Wednesday):

[In case of exercising voting rights by mail]

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval to the proposals on the agenda, and return the form to the Company by mail on or before the time limit stated above.

[In case of exercising voting rights via the Internet]

Please access the website for the exercise of voting rights (https://www.evote.tr.mufg.jp/). Please indicate whether you approve or disapprove the items on the agenda by following the instructions on the display screen by the time limit stated above.

Yours very truly,

SECOM CO., LTD.

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

By: ICHIRO OZEKI
President and Representative Director

(Note) Please note that shareholders with addresses outside Japan may not themselves use these voting procedures. For these shareholders please consult their custodian in Japan as to the exercise of voting rights.

PARTICULARS

1. Date and Time of the Meeting:

Thursday, June 25, 2020 at 10:00 a.m.

2. Place of the Meeting:

Bersarle Hanzomon, Sumitomo Fudosan Hanzomon-Ekimae Building 2F, 6-4, Kojimachi 1-chome, Chiyoda-ku, Tokyo

3. Matters to be dealt with at the Meeting:

Matters to be Reported:

- 1. Report on the Business Report, the Consolidated Financial Statements for the 59th Fiscal Year (from April 1, 2019 to March 31, 2020) and the Results on the Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
- 2. Report on the Non-Consolidated Financial Statements for the 59th Fiscal Year (from April 1, 2019 to March 31, 2020).

Matters to be Resolved upon:

First Item of Business: Proposed Distribution of Surplus Second Item of Business: Election of Eleven (11) Directors

4. Matters related to Exercise of Voting Rights:

- 1) In the event that a shareholder wants to exercise non-uniform voting, he/she shall notify the Company to make non-uniform voting and the reason thereof in writing three (3) days prior to the date of the General Meeting of Shareholders.
- 2) In the event that a shareholder exercises voting rights both via return mail (Voting Rights Exercise Form) and the Internet, the Company will consider the exercise of voting rights via the Internet to be valid.
- 3) In the event that a shareholder exercises voting rights via the Internet more than once, the Company will consider the last exercise of voting rights to be valid.

(Internet disclosure)

Following matters are made available on the Company's website pursuant to the relevant laws and ordinances, and Article 16 of the Articles of Incorporation of the Company and are not included in the Attached Documents.

- 1) "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
- 2) "Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements
 The Company's Website: https://www.secom.co.jp/english/ir/
 (on the "Investor Relations" section)

The Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board consist of each document attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders, as well as the Notes to Consolidated Financial Statements and the Notes to Non-Consolidated Financial Statements available on the Company's Website.

(Note)

If you plan to attend the Meeting, please submit the enclosed Voting Rights Exercise Form to the receptionist at the Meeting.

(Notice)

If there are any amendments to the contents of the Reference Document Concerning the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements, the Company will announce such amendments on the "Investor Relations" section of the Company's website:

(https://www.secom.co.jp/english/ir/).

Reference Document Concerning the General Meeting of Shareholders

Proposal and Reference Items

First Item of Business: Proposed Distribution of Surplus

The Company considers the return of profit to shareholders as one of the important managerial issues, and the Company has determined a dividend payout ratio on a consolidated basis and the level of internal reserves after making an overall judgment on the expansion of the Company's business and trends of future revenues and profits of the Company on a consolidated basis while considering the Company's basic policy that ensures the payment of continual and steady dividends. The Company has made it a basic rule to distribute a dividend twice a year, as the interim dividend whose record date is September 30 each year, and the year-end dividend whose record date is March 31 each year. The interim dividend is determined by the Board of Directors and the year-end dividend is determined by the General Meeting of Shareholders. Furthermore, the Company will utilize internal reserves for investments required for increased new customers, research and development and investments and the like for strategic businesses so that the Company will exert its efforts to reinforce the corporate structure and to expand its business.

Based on the aforesaid basic policy for cash dividends and to reward shareholders' continued support, it is proposed that the year-end dividend for the fiscal year under review is YEN 85 per share. A total amount of dividend per share, together with the interim dividend of YEN 85 per share, will be YEN 170, an increase of YEN 5 per share from the previous fiscal year in which dividend was YEN 165 per share.

Matters related to the year-end dividend:

- (1) Kind of assets distributed: Cash
- (2) Matter related to distribution of cash and total amount: YEN 85 per share of common stock of the Company The total amount: YEN 18,552,134,850
- (3) Effective date for distribution of surplus: June 26, 2020

Second Item of Business: Election of Eleven (11) Directors

The term of office of all of the ten (10) Directors will expire at the close of this Meeting. In order to secure management transparence and strengthen corporate governance function, one Outside Director is proposed to be added. Therefore, we would like to ask shareholders to elect eleven (11) Directors consisting of ten (10) re-election candidates and one (1) new candidate.

The candidates are as follows:

No.		Name			Gender	Current Position at the Company
1	Re-election	Makoto Iida			Male	Supreme Advisor and Director
2	Re-election	Yasuo Nakayama			Male	Chairman and Representative Director
3	Re-election	Ichiro Ozeki			Male	President and Representative Director
4	Re-election	Yasuyuki Yoshida			Male	Senior Executive Director
5	Re-election	Tatsuro Fuse			Male	Executive Director
6	Re-election	Tatsuya Izumida			Male	Director
7	Re-election	Tatsushi Kurihara			Male	Director
8	Re-election	Takaharu Hirose	Outside Director	Independent Officer	Male	Outside Director
9	Re-election	Hirobumi Kawano	Outside Director	Independent Officer	Male	Outside Director
10	Re-election	Hajime Watanabe	Outside Director	Independent Officer	Male	Outside Director
11	New Candidate	Miri Hara	Outside Director	Independent Officer	Female	-

Candidate Number

Makoto Iida

(Date of birth: April 1, 1933)

Re-election

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Jul 1962 President and Representative Director (Founder)

Feb 1976 Chairman and Representative Director Jun 1997 Supreme Advisor and Director (currently)

Reasons for Election

Mr. Makoto Iida established the current SECOM group as the founder of the Company, and gives guidance and advice on overall management from the long-term and wide range of viewpoints. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.



Number of Shares of the Company Owned 4,241,788 shares

Candidate Number

Yasuo Nakayama*

(Date of birth: November 1, 1952)

Re-election

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Jul 2003 Branch Manager, Nagoya Branch, The Bank of Japan

Jul 2005 Director-General, Secretariat of the Policy Board, The Bank of Japan

Advisor, SECOM Co., Ltd. May 2007

Jun 2007 **Executive Director**

May 2016 President and Representative Director

May 2017 Chairman, Tokyo Security Service Association

Jun 2019 Chairman, All Japan Security Association (currently)

Jun 2019 Chairman and Representative Director (currently)



Owned 5,333 shares

<Important Position of Other Organizations Concurrently Assumed> Chairman, All Japan Security Association

Reasons for Election

Mr. Yasuo Nakayama has assumed the office of Chairman and Representative Director of the Company since June 2019, after President and Representative Director in May 2016. Following the assumption of the office of Representative Director, he has achieved steady growth for the Company from a viewpoint of mid- and long-term time span. Additionally, as Chairman of All Japan Security Association, he has made a contribution to foster the development of the industry. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.



Ichiro Ozeki*

Re-election

(Date of birth: March 1, 1961)

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Apr 1983	Joined Sumitomo Bank, Ltd. (presently Sumitomo Mitsui Banking
	Corporation)

Apr 1992 Joined Tokyo Steel Manufacturing Co., Ltd.

Jan 2001 Joined SECOM Co., Ltd.

Jan 2001 Advisor, Secom General Insurance Co., Ltd. Director, Secom General Insurance Co., Ltd.

Apr 2010 President and Representative Director, Secom General Insurance Co., Ltd.

Apr 2015 Executive Officer, SECOM Co., Ltd.

Jun 2016 Chairman and Director, Secom General Insurance Co., Ltd.

Jun 2016 Director

Jun 2017 Chairman and Representative Director, Secom General Insurance Co.,

Ltd.

Jun 2017 Executive Director

Jun 2019 President and Representative Director (currently)

Reasons for Election

Mr. Ichiro Ozeki, in addition to leading a Group Company as Representative Director for many years, following the assumption of office as Director of SECOM Co., Ltd., has led nationwide sales as head of the sales division and has promoted stronger and more efficient field operations as head of the operation division. He holds a high level of knowledge and experience in overall management of the security service business. Following the assumption of the office of Representative Director in June 2019, he has achieved steady growth for the Company with his strong leadership and management ability. He also has carried out steadily management renovation from a viewpoint of mid- and long-term targets. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

Candidate Number **4**

Yasuyuki Yoshida*

Re-election

(Date of birth: March 28, 1958)

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1980 Joined SECOM Co., Ltd.

Feb 1997 Associate General Manager, Strategic Planning Division

Sep 1998 Director, Toyo Fire and Marine Insurance Co., Ltd. (presently Secom

General Insurance Co., Ltd.)

Jun 2002 President and Representative Director, Secom General Insurance Co., Ltd.

Apr 2010 Executive Officer

Jun 2010 Group Companies Supervisor (currently)

Jun 2012 Director

Jun 2016 Executive Director

Jun 2017 Senior Executive Director (currently)

Reasons for Election

Mr. Yasuyuki Yoshida served in charge of overall business planning including security service business, and overall management planning of the group including supervising group companies as Director. He holds a high level of knowledge and experience in overall management including management control and strategic planning areas based on affluent management experience at SECOM group. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

[English Translation]



Number of Shares

300,610 shares

of the Company

Owned

Number of Shares of the Company Owned

3,461 shares

10

Candidate Number

Tatsuro Fuse*

(Date of birth: September 9, 1957)

Re-election

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1982 Joined SECOM Co., Ltd.

Mar 2002 Director, Secom Medical System Co., Ltd.

Jun 2009 President and Representative Director, Secom Medical System Co., Ltd.

Apr 2010 Executive Officer

Jun 2013 Director (retired in Jun 2016)

Apr 2016 Chairman and Representative Director, Secom Medical System Co., Ltd.

Jun 2016 Managing Executive Officer

Jun 2017 Chairman and Director, Secom Medical System Co., Ltd. (currently)

Jun 2017 Executive Director (currently)

<Important Position of Other Organizations Concurrently Assumed> Chairman and Director, Secom Medical System Co., Ltd.

Reasons for Election

Mr. Tatsuro Fuse has been engaged in medical service business as well as corporate communication & marketing division as Director of the Company. He holds affluent management experience at SECOM group and a high level of knowledge and experience in external business activities such as corporate communication & marketing, and in overall management including medical service business. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.



Tatsuya Izumida*

(Date of birth: November 3, 1960)

Re-election

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1986 Joined SECOM Co., Ltd.

Jun 2003 Executive Director, Secom Information System Co., Ltd. (presently

Secom Trust Systems Co., Ltd.)

Jul 2009 General Manager, Training Department

May 2010 General Manager, Human Resource Department

Oct 2012 Executive Officer

Jun 2014 President and Representative Director, Secom Trust Systems Co., Ltd.

Dec 2015 Managing Executive Officer

Jun 2016 Director (currently)

Reasons for Election

Mr. Tatsuya Izumida, as Director of the Company, has served as General Manager of the training department as well as the human resource department. Thus he possesses an abundance of experience and a high level of knowledge in overall operations in the security service business. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.



Number of Shares

3,535 shares

of the Company

Owned



Number of Shares of the Company Owned 1,501 shares

Candidate Number

Tatsushi Kurihara*

(Date of birth: June 5, 1961)

Re-election

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Jul 2008 Branch Manager, Niigata Branch, The Bank of Japan

Jul 2010 Deputy Director-General, Financial System and Bank Examination

Department, The Bank of Japan

Jun 2014 Director-General and Internal Auditor, Internal Auditors' Office, The

Bank of Japan

May 2016 Advisor, SECOM Co., Ltd.

Jun 2016 Director (currently)





of the Company

Reasons for Election

Mr. Tatsushi Kurihara holds affluent experience through a long period at The Bank of Japan and the general affairs and human resource divisions of the Company serving as Director. He holds affluent experience in overall administrative business and overall management, and a high level of knowledge. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.



Takaharu Hirose

(Date of birth: October 25, 1944)

Re-election

Candidate for Outside Director

Candidate for Independent Officer

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Sep 1965 Founded Fuji Vending Co., Ltd., and assumed Representative Director
Apr 1972 Founded Food & Beverage Vending Association, and assumed Chairman
Apr 1987 Founded Japan Automatic Merchandising Association, and assumed

Chairman

Apr 2003 Advisor and Director, GAIN Inc. (presently Monitas, Inc.)

May 2008 President and Representative Director, GAIN Inc.

May 2011 Chairman and Representative Director, GAIN Inc. (currently)

Jun 2013 Director, SECOM Co., Ltd. (currently)

<Important Position of Other Organizations Concurrently Assumed> Chairman and Representative Director, Monitas, Inc.

Reasons for Election

Mr. Takaharu Hirose established and managed venture business and made efforts to establish and operate industry groups so that he contributed to development of business and industry. He holds affluent experience and a high level of knowledge in IT enterprises. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Outside Director.



Number of Shares of the Company Owned 0 shares



Hirobumi Kawano

(Date of birth: January 1, 1946)

Re-election

Candidate for Outside Director

Candidate for Independent Officer

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Jul 1969 Joined Ministry of International Trade and Industry (MITI) (presently Ministry of Economy, Trade and Industry (METI))

Jun 1995 Director-General, Petroleum Department, Agency for Natural Resources and Energy, MITI

Aug 1996 Deputy Director-General, Machinery Information Industries Bureau, MITI

Jun 1998 Director-General, Basic Industries Bureau, MITI

Sep 1999 Commissioner, Agency for Natural Resources and Energy, MITI Jul 2002 Retired from Agency for Natural Resources and Energy, METI

Sep 2002 Advisor, The Tokio Marine and Fire Insurance Co., Ltd. (presently Tokio

Marine & Nichido Fire Insurance Co., Ltd.)

Jun 2003 Outside Director, Sony Corporation

Aug 2004 Senior Managing Executive Officer, JFE Steel Corporation
Apr 2008 President, Japan Oil, Gas and Metals National Corporation

Feb 2016 Special Advisor, Japan Oil, Gas and Metals National Corporation

Jun 2016 Director, SECOM Co., Ltd. (currently)

Jun 2018 Outside Audit & Supervisory Board Member, San-Ai Oil Co., Ltd.

(currently)

<Important Position of Other Organizations Concurrently Assumed> Outside Audit & Supervisory Board Member, San-Ai Oil Co., Ltd.

Reasons for Election

Mr. Hirobumi Kawano has a career in important positions at the government offices such as the Ministry of International Trade and Industry (presently Ministry of Economy, Trade and Industry) and Japan Oil, Gas and Metals National Corporation. He holds affluent experience accumulated through his career and a high level of knowledge. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Outside Director.



Hajime Watanabe

(Date of birth: November 18, 1951)

Re-election

Candidate for Outside Director

Candidate for Independent Officer

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1975 Joined Watanabe Pipe Co., Ltd.

Apr 1978 Executive Director, Watanabe Pipe Co., Ltd.

Apr 1983 Senior Executive Director, Watanabe Pipe Co., Ltd.

Jun 1985 Vice President and Representative Director, Watanabe Pipe Co., Ltd.

Nov 1991 President and Representative Director, Watanabe Pipe Co., Ltd.

(currently)

Jun 2016 Director, SECOM Co., Ltd. (currently)

<Important Position of Other Organizations Concurrently Assumed> President and Representative Director, Watanabe Pipe Co., Ltd.

Reasons for Election

Mr. Hajime Watanabe has engaged in management of Watanabe Pipe Co., Ltd. for many years. He holds rich experience accumulated through his career on corporate management and a high level of knowledge. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Outside Director.



Number of Shares

0 shares

of the Company

Owned

Number of Shares of the Company Owned 900 shares

[English Translation]

Candidate Number 11

Miri Hara

New Candidate

Candidate for Outside Director

Candidate for Independent Officer

Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Jun 1988 Joined Hara Jisho Co., Ltd.

Jun 1988 Director, Hara Jisho Co., Ltd. (currently)

(Date of birth: December 20, 1961)

Oct 2017 Founded Tax Corporation Yokohama Benten Accounting, Inc. and

assumed Representative Certified Public Tax Accountant (currently)

Reasons for Election

Ms. Miri Hara has been gaining experience as director of a real estate management company for a long period of time, and possesses rich experience and considerable insight accumulated through her career on tax affairs, corporate accounting, etc., at a tax accountant corporation. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect her as Outside Director.



Number of Shares of the Company Owned 0 shares

(Notes)

- 1. There is no particular interest between the Company and each of the said candidates.
- 2. Candidates with * are Executive Officers currently in office.
- 3. Based on the nomination policy that the Board of Directors established, the nomination of candidates for Directors are decided after discussion at the Board of Directors. The Board of Directors decided the candidates for Directors after the discussion process of the Nomination and Compensation Committee comprising a majority of Outside Directors.
- 4. Messrs. Takaharu Hirose, Hirobumi Kawano and Hajime Watanabe and Ms. Miri Hara are candidates for Outside Directors. The designation of Messrs. Takaharu Hirose, Hirobumi Kawano and Hajime Watanabe as Independent Officers has been filed with Tokyo Stock Exchange, Inc. Additionally, the designation of Ms. Miri Hara as Independent Officer is planned to be filed with Tokyo Stock Exchange, Inc.
- 5. On February 16, 2017 Watanabe Pipe Co., Ltd. of which Mr. Hajime Watanabe is Representative Director received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission for violating the Act Concerning Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act) in connection with a construction work related to horticultural facility placed order by local public body and the like in the designated areas of Miyagi prefecture or Fukushima prefecture as construction sites.
- 6. In November 2019, a former employee of the Company was arrested for a theft and a burglary and was later accused of other crimes as well. In March 2020, he was sentenced by the Kobe District Court to one year and 10 months in prison without a stay of execution (which decision is being appealed by the defendant). Until this case came to light, each of the Outside Directors, Messrs. Takaharu Hirose, Hirobumi Kawano and Hajime Watanabe, had no knowledge of it. However, they had always been making recommendations at Board of Directors meetings and other occasions from the perspective of legal compliance, and upon recognizing the case, made recommendations for thorough investigation and the formulation of measures to

- prevent recurrence and otherwise performed their duties properly.
- 7. The number of years during which Mr. Takaharu Hirose is in the office of Outside Director of the Company will have been for seven (7) years at the close of this General Meeting of Shareholders.
- 8. The number of years during which Messrs. Hirobumi Kawano and Hajime Watanabe are in the office of Outside Director of the Company will have been for four (4) years at the close of this General Meeting of Shareholders.
- 9. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limit agreement limiting a compensation liability provided for in Article 423, Paragraph 1 of the Companies Act with each of Messrs. Takaharu Hirose, Hirobumi Kawano and Hajime Watanabe. In case each of them is re-elected, it is scheduled that the liability limit agreement will continuously be made. Additionally, in case of Ms. Miri Hara is elected, it is scheduled that the same liability limit agreement will be made with her.

Furthermore, the limited amount of compensation liability is the minimum liability limit provided for in Article 425, Paragraph 1 of the Companies Act.

[Attached Documents]

Business Report (Fiscal Year Ended March 31, 2020)

I. Outline of the Group's Business

1. The Current Business Development and Results of Operations

During the fiscal year ended March 31, 2020 ("the current fiscal year"), Japanese economy has been in a moderate upward trend as shown in corporate earnings on high level and improvements in employment environment. On the other hand, continual attentions to the effects of trends in overseas economies related to the situations over trade issues, the prospect of the Chinese economy, the fluctuations in the financial and capital markets, in addition to the impacts of the natural disasters and the consumption tax increase, have been required. Currently, the Japanese economy is substantially affected and facing difficult circumstances due to the COVID-19 infections.

In this environment, we have been continuously pushing forward with efforts to establish the "Social System Industry," which delivers safety and peace of mind, as well as makes life more comfortable and convenient, whenever and wherever necessary for everyone. In 2017, we formulated the SECOM Group's Vision for 2030. Guided by this vision, we have been promoting the "ALL SECOM" concept, which emphasizes cooperation among our various businesses to strengthen the bond of the group. In addition, we are working to realize 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. To create the *ANSHIN* Platform, we are advancing collaborative initiatives with partners having the same philosophy. In 2018, we announced the SECOM Group Road Map 2022, in which we clarified what we should do to achieve our Vision for 2030, and have been actively working to implement the Road Map.

In April 2019, in response to the significant decline in labor force and the rising demand for security services, we developed the world's first AI-powered Virtual Security Guard System in collaboration with three other companies. It features a virtual character performing static guard services including surveillance and receptionist duties. In June, we launched a new security service using autonomous patrol robot SECOM Robot X2, which conducts surveillance with mounted cameras at various points, traveling autonomously along the set routes while determining its own position through laser sensor. During the current fiscal year, we have been accelerating these initiatives to create more advanced security services with improved efficiency by combining manpower and innovative technologies including robots, so as to tackle the two priority issues addressed in the Road Map 2022, namely technological advances and a declining labor force. In addition, as an official sponsor of Rugby World Cup 2019, held from September to November 2019 in Japan, we provided security services at stadiums

and supported the safe and secure staging of the tournaments. In the period under review, we have been continuously seeking to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind through the seamless provision of services.

As a result, consolidated revenue for the current fiscal year increased by 4.6% to 1,060.0 billion yen compared with the previous fiscal year, and consolidated operating profit increased by 9.7% or 12.6 billion yen to 142.8 billion yen, owing to the increases in revenue and operating profit in all segments. Consolidated ordinary profit increased by 4.5% or 6.4 billion yen to 151.3 billion yen, despite the slow profit growth mainly due to the decrease in net gains on private equity investment in the U.S. etc. by 6.3 billion yen. Consolidated net income attributable to owners of the parent decreased by 3.2% to 89.0 billion yen, mainly attributable to the increases in tax expenses and loss on revaluation of investment securities due to the decline in stock prices. Revenue, operating profit and ordinary profit reached a record-high.

(Millions of Yen)

	Revenue	Operating profit	Ordinary profit	Net income attributable to owners of the parent
Current fiscal year (FY2019)	1,060,070	142,858	151,356	89,080
Previous fiscal year (FY2018)	1,013,823	130,213	144,889	92,009

By business segment, in the security services segment, we provided customers chiefly with centralized monitoring services (on-line security systems) for commercial and residential clients, as well as static guard services, armored car services and merchandises.

For our commercial security services, we launched System Security AZ in September 2019, and worked to expand its sales. System Security AZ is an all-in-one system that accommodates a variety of functions that help customers' business operations, including security and fire protection, as well as work efficiency solutions such as employee attendance management. In response to the increasingly diverse needs for video surveillance, we started offering SECOM IP Camera System and SECOM Cloud Video Surveillance. Our extensive lineup of surveillance cameras, together with our cloud capability, has positioned us to respond flexibly to wide range of needs associated with security regardless of the scale of facilities.

For our residential security services, in addition to security and fire protection, there are rising needs related to care for children and seniors, owing to a declining birthrate and an aging population, and growing prevalence of families in which

both parents work outside the home. In this circumstance, we have made continuous efforts to market SECOM Home Security NEO, a flexible system suited to modern lifestyles that can be linked with various devices, facilitating expansion of services. In January 2020, using the functions of an autonomous entertainment robot linked with SECOM Home Security, we began offering a service of house-watching, welcoming back home, and remotely checking up on home through the robot. In April 2019, we introduced SECOM Senior Care Phone Service, reflecting the growing concerns for looking after elderlies living apart from their families. In addition to the medical emergency notification system and health consultation services which we have been providing, this new service enables safety confirmation among family members without any equipment installation. In December, we also launched a new service *Mago*-channel with SECOM, which provides discreet monitoring of parents living apart from their children while enjoying communications.

Outside Japan, we promoted our "SECOM-style" security services, which has specialty in emergency response services, especially in economically developing areas, such as People's Republic of China and Southeast Asia. We have accelerated efforts to develop and introduce systems adapted to local market while incorporating latest technologies.

As a result, revenue increased by 2.0% to 569.3 billion yen, mainly due to the brisk sales of centralized monitoring services for commercial and residential clients, as well as the increase in revenue in static guard services chiefly owing to the contribution of Secom Tosec Co., Ltd., a subsidiary consolidated from the second quarter of the previous fiscal year, and in Asahi Security Co., Ltd., a provider of cash collection and delivery services. Operating profit increased by 1.4% to 115.8 billion yen.

In the fire protection services segment, we provided a broad range of fire protection systems such as high-quality fire alarm systems and fire extinguishing systems along with customers' needs to a wide variety of facilities such as office buildings, production facilities, tunnels, cultural properties, ships and residences. In the current fiscal year, two major fire protection companies, Nohmi Bosai Ltd. and Nittan Co., Ltd., promoted various fire protection systems based on each company's business infrastructure and product development expertise.

Revenue increased by 8.7% to 152.3 billion yen, mainly attributable to the active marketing efforts, which brought favorable results in revenue from fire extinguishing systems for small, medium and large sized facilities. Operating profit increased by 28.5% to 18.1 billion yen, chiefly owing to the concentration of relatively profitable projects and the outcome of cost reduction efforts including operational efficiency improvement.

In the medical services segment, we provided various medical services such as our core home medical services, including home nursing services and pharmaceutical dispensing and home delivery services, operation of residences

[English Translation]

for seniors, sales of electronic medical report systems, sales of medical equipment and pharmaceutical products, personal care services, and the leasing of real estate for medical institutions.

Revenue increased by 5.5% to 76.2 billion yen, mainly due to the increase in sales of drugs, medical equipment and pharmaceutical dispensing and home delivery services. Operating profit increased by 7.0% to 5.4 billion yen.

In the insurance services segment, we expanded marketing efforts for our unique non-life insurance offerings, including Security Discount Fire Policy for commercial facilities that offers discounts on premiums to customers who have installed on-line security systems, recognizing such systems as a risk-mitigating factor; SECOM *Anshin* My Home, the comprehensive fire insurance policy for residences that offers a variety of compensation plans and discount policies; MEDCOM, an unrestricted cancer treatment policy that offers compensation of actual cost of medical treatment; and SECOM *Anshin* My Car, a comprehensive automobile insurance policy that offers on-site support services provided by our emergency response personnel in the event of an accident.

Revenue increased by 5.6% to 47.3 billion yen, mainly due to the firm increase in sales of MEDCOM, an unrestricted cancer treatment policy, fire insurance policy and automobile insurance policy provided by Secom General Insurance Co., Ltd. Operating profit was 1.6 billion yen, from an operating loss of 0.3 billion yen in the previous fiscal year.

In the geospatial information services segment, we collected geographic data from aerial photography, vehicle/ground surveying systems and satellite images, and provided the geospatial data services, by integrating, processing, and analyzing the geographic data, to domestic national and local governmental agencies, private sectors, and foreign governmental agencies including emerging and developing countries.

Revenue increased by 4.6% to 53.9 billion yen, chiefly owing to the rise in revenue from services for the public sector, with increase in surveying services using airborne laser. Operating profit increased by 31.7% to 3.5 billion yen.

In the BPO and ICT services segment, our distinctive portfolio includes business continuity planning (BCP) support, information security services and a variety of cloud-based services centering on the data centers as well as BPO related services including operation of contact center services.

Revenue increased by 9.9% to 101.2 billion yen, chiefly owing to the increase in revenue in data center business and TMJ, Inc., a provider of BPO services including contact centers and back office services. Operating profit increased by 21.5% to 9.8 billion yen.

Real estate and other services segment comprises developing and selling condominiums equipped with advanced security and disaster preparedness features, real estate leasing, and construction and installation services.

Revenue increased by 9.7% to 59.6 billion yen, mainly due to the increase in revenue in the real estate development and sales business. Operating profit increased by 34.5% to 5.9 billion yen.

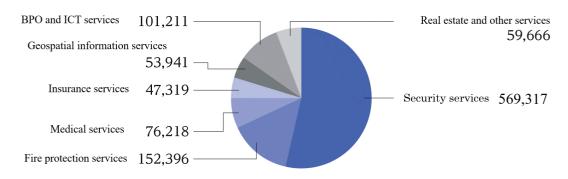
Results by Business Segment (59th Fiscal Year – current fiscal year)

(Millions of Yen)

Dusinass saamant	Revenue			Operating
Business segment	Customers	Intersegment	Total	profit
Security services	569,317	12,370	581,688	115,829
Fire protection services	152,396	4,050	156,446	18,154
Medical services	76,218	220	76,438	5,488
Insurance services	47,319	3,413	50,732	1,637
Geospatial information services	53,941	201	54,142	3,578
BPO and ICT services	101,211	13,149	114,360	9,876
Real estate and other services	59,666	1,271	60,938	5,978
Total	1,060,070	34,676	1,094,747	160,544
Eliminations and corporate items	-	(34,676)	(34,676)	(17,685)
Consolidated revenue	1,060,070	-	1,060,070	142,858

With respect to the results by geographical segments, in Japan, revenue increased by 4.7% to YEN 1,010.8 billion. Overseas revenue increased by 1.7% to YEN 49.1 billion.

$\textbf{Revenue by business segment, excluding intersegment transactions} \quad (\textbf{Millions of Yen})$



2. Issues the Group Has to Cope with

The circumstances surrounding the SECOM Group pose certain social challenges to be addressed, including the declining birthrate and aging population, manpower reduction, and rapidly-changing lifestyles due to technological innovation. With these circumstances in mind, the SECOM Group considers technological advances and a declining labor force as priority issues, and promotes the following efforts to find solutions to these challenges:

(1) Capitalizing on advanced technologies and expertise

Amid ongoing technological evolution, we will proactively collect and deploy information on advanced technologies and know-how, in order to achieve the creation of added value, the improvement of service quality, etc., through the effective use of digitalization and cutting-edge technologies. Based on these efforts, we will work diligently to create products and services in Japan and overseas that fuse advanced technologies with human capability.

(2) Domestic businesses (Increasing the competitiveness of our services and products)

For domestic businesses, we will improve our competitiveness by boosting the qualities and functionality of our services and products for commercial clients, and also focus on further cultivating individual consumer markets, through the provision of new services, including care for seniors. We will make best use of the business resources of the SECOM Group, in order to offer high value-added services that meet diversified customer needs, thereby aiming to establish a society that enjoys "safety, peace of mind, comfort and convenience."

(3) Strengthening overseas businesses

For overseas businesses, we will proactively adopt cutting-edge technologies and strengthen our business development with increasing security needs in mind, including business planning and product development targeted at overseas local markets suitable for local needs, in addition to services for large-scale properties. Furthermore, we will promote active local hiring, and improve the quality of services in overseas operations by fortifying education and training.

(4) Improving operating efficiency and quality

As part of efforts to address the manpower reduction resulting from the decreasing labor force population, we will promote operational efficiency through system investments to improve functionalities, thereby improving productivity, profitability, and service quality. At the same time, we will review operational processes and internal operational procedures to promote cost reduction.

(5) Securing human resources that will increase competitiveness

[English Translation]

Due to the decreasing labor force population, securing talented human resources represents a challenge. The SECOM Group will set up efforts to recruit talented human resources including individuals with IT skills or the ability to function in global business environments, and promote education, training, etc., to develop existing employees and improve their abilities to adapt to change. We will also accelerate organizational strategies to strengthen growing sectors, including the reallocation of human resources, as well as efforts to improve the SECOM Group's competitiveness.

(6) Strengthening compliance and governance systems

In promoting the efforts described above, securing and maintaining customer trust through compliance with laws and the spirit of the law, is one of the most important management issues for the SECOM Group, which aims to provide "safety and peace of mind." The SECOM Group has been making efforts to further strengthen its compliance system, based on SECOM's Philosophy, which has been passed down since the establishment of the business. It has also been working to ensure business management that gives consideration to stakeholders through the development of the governance system.

We look forward to the support from our shareholders in these and all of our endeavors.

3. Capital Expenditures

Capital expenditures for the current fiscal year totaled YEN 69.7 billion (a breakdown is given below). A major portion was for system investments (including those for security equipment and control stations) etc. in the security services segment, which totaled to YEN 40.9 billion.

(Millions of Yen)

Business segment	Amount
Security services	40,980
Fire protection services	2,459
Medical services	3,566
Insurance services	4,792
Geospatial information services	2,987
BPO and ICT services	12,799
Real estate and other services	2,093
Subtotal	69,678
Eliminations and corporate items	77
Total	69,756

4. Fund Raising

During the current fiscal year, no funds were raised by the Group in capital markets through the issuance of corporate bonds or new shares.

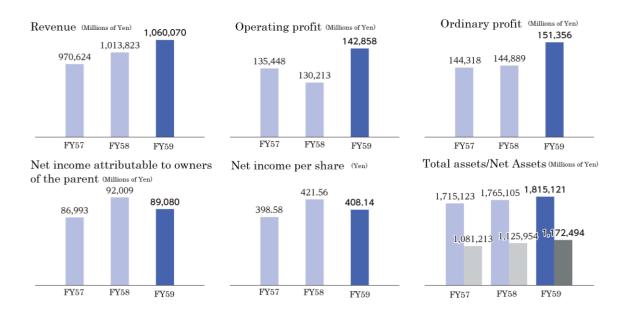
5. Trends in Earnings and Assets of the Group

(Millions of Yen except for net income per share)

Fiscal years Category	56th fiscal year (4/1/2016– 3/31/2017)	57th fiscal year (4/1/2017– 3/31/2018)	58th fiscal year (4/1/2018– 3/31/2019)	59th fiscal year (current fiscal year) (4/1/2019– 3/31/2020)
Revenue	928,098	970,624	1,013,823	1,060,070
Operating profit	131,050	135,448	130,213	142,858
Ordinary profit	147,033	144,318	144,889	151,356
Net income attributable to owners of the parent	84,170	86,993	92,009	89,080
Net income per share (Yen)	385.64	398.58	421.56	408.14
Return on Equity	9.8%	9.4%	9.4%	8.8%
Total assets	1,650,176	1,715,123	1,765,105	1,815,121
Net assets	1,013,253	1,081,213	1,125,954	1,172,494

(Note)

Since the 58th fiscal year, we have applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018). Total assets shown for the 57th fiscal year are after retroactive application of this Standard.



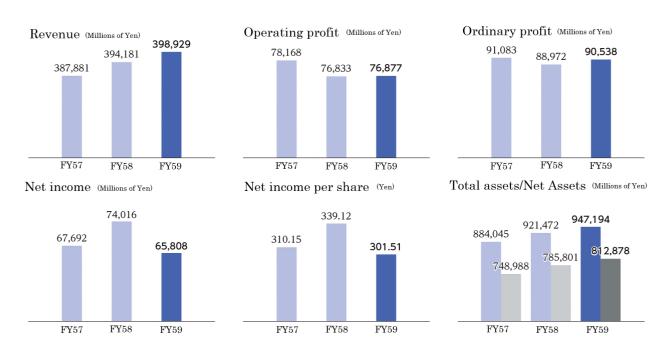
6. Trends in Earnings and Assets of the Company

(Millions of Yen except for net income per share)

Fiscal years Category	56th fiscal year (4/1/2016– 3/31/2017)	57th fiscal year (4/1/2017– 3/31/2018)	58th fiscal year (4/1/2018– 3/31/2019)	59th fiscal year (current fiscal year) (4/1/2019– 3/31/2020)
Revenue	382,476	387,881	394,181	398,929
Operating profit	76,283	78,168	76,833	76,877
Ordinary profit	86,543	91,083	88,972	90,538
Net income	63,260	67,692	74,016	65,808
Net income per share (Yen)	289.84	310.15	339.12	301.51
Return on Equity	9.1%	9.3%	9.6%	8.2%
Total assets	850,851	884,045	921,472	947,194
Net assets	713,263	748,988	785,801	812,878

(Note)

Since the 58th fiscal year, we have applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018). Total assets shown for the 57th fiscal year are after retroactive application of this Standard.



7. Matters Concerning Principal Subsidiaries

7. Watters Concerning I	. Matters Concerning Principal Subsidiaries					
		Percentage of				
Company name	Issued capital	ownership	Principal business activities			
		(Percentage of				
		voting rights)				
	(Millions of Yen)	(%)				
Secom Joshinetsu Co., Ltd.	3,530	53.42	Security and safety services			
		(54.57)				
Asahi Security Co., Ltd.	(Millions of Yen)	(%)	Cash collection and			
Asam Security Co., Etc.	100	100.00	delivery services			
	100	(100.00)	delivery services			
Nohmi Bosai Ltd.	(Millions of Yen)	(%)	Comprehensive fire			
Nomini Bosai Etd.	13,302	50.36	protection services			
		(50.71)	procession services			
Nittan Co., Ltd.	(Millions of Yen)	(%)	Comprehensive fire			
Nittaii Co., Ltd.	2,302	100.00	protection services			
	2,302	(100.00)	-			
Secom Medical System Co.,	(Millions of Yen)	(%)	Home medical services and			
Ltd.	100	100.00	remote image diagnosis			
	100	(100.00)	support services			
Secom General Insurance	(Millions of Yen)	(%)	Non-life insurance			
Co., Ltd.	16,808	97.11	Non-me msurance			
55, 266	10,000	(97.82)				
Pasco Corporation	(Millions of Yen)	(%)	Surveying, measuring and			
r asco Corporation	8,758	69.84	geospatial information system			
		(72.18)	services			
Secom Trust Systems Co.,	(Millions of Yen)	(%)	Information security services			
Ltd.	1,468	100.00	and software development			
	1,400	(100.00)	and sorth are development			
	(Millions of Yen)	(%)				
At Tokyo Corporation	13,378	50.88	Data center business			
		(50.88)				
TMJ, Inc.	(Millions of Yen)	(%)	BPO business including			
11713, 1110.	100	100.00	contact center business			
		(100.00)				
Secom Home Life Co., Ltd.	(Millions of Yen)	(%)	Development and sales of			
Secon Home Ene Co., Etu.	3,700	99.99	real estate			
		(100.00)				
	(US\$)	(%)				
The Westec Security Group,	301	100.00	Holding company in the U.S.			
Inc.	501	(100.00)				

Company name	Issued capital	Percentage of ownership (Percentage of voting rights)	Principal business activities
Secom Plc	(Thousands of UK Pounds) 44,126	(%) 100.00 (100.00)	Security business in the U.K.

(Notes)

- The percentages of ownership (percentages of voting rights) are truncated to two decimal places.
- 2. The percentages of ownership (percentages of voting rights) for Secom Joshinetsu Co., Ltd. and Nohmi Bosai Ltd. include those owned by the Company's subsidiaries.

8. Principal Business of the Group

The Group consists of the Company, 166 consolidated subsidiaries and 16 affiliated companies accounted for under the equity method. The principal business activities of the Group are as follows: Security Services centering on contracted security services; Fire Protection Services centering on comprehensive fire protection services; Medical Services focusing on home medical services and management of residences for seniors; Insurance Services consisting mainly of non-life insurance; Geospatial Information Services that mainly entails the provision of surveying and measuring operations; BPO and ICT Services centering on information security services, large-scale anti-disaster operations, datacenter and BPO business; and Real Estate and Other Services centering on development and sales of condominiums and other services.

9. Principal Offices of the Group

- (i) Headquarters of the Company: 5-1, Jingumae 1-chome, Shibuya-ku, Tokyo
- (ii) Regional Headquarters:

Hokkaido (Sapporo City), Tohoku (Sendai City), West Kanto (Saitama City), East Kanto (Chiba City), Tokyo (Minato-ku, Tokyo), Metropolitan Static Guard Service (Shibuya-ku, Tokyo), Metropolitan Armored Car Service (Shibuya-ku, Tokyo), Kanagawa (Yokohama City), Shizuoka (Shizuoka City), Chubu (Nagoya City), Kinki (Kyoto City), Osaka (Osaka City), Kansai Static Guard Service (Osaka City), Hyogo (Kobe City), Chugoku (Hiroshima City), Shikoku (Takamatsu City), Kyushu (Fukuoka City).

(iii) Domestic Subsidiaries:

Secom Joshinetsu Co., Ltd. (Niigata City), Asahi Security Co., Ltd. (Minatoku, Tokyo), Nohmi Bosai Ltd. (Chiyoda-ku, Tokyo), Nittan Co., Ltd. (Shibuya-ku, Tokyo), Secom Medical System Co., Ltd. (Shibuya-ku, Tokyo), Secom General Insurance Co., Ltd. (Chiyoda-ku, Tokyo), Pasco Corporation (Meguro-ku, Tokyo), Secom Trust Systems Co., Ltd. (Shibuya-ku, Tokyo), At Tokyo Corporation (Koto-ku, Tokyo), TMJ, Inc. (Shinjuku-ku, Tokyo), Secom Home Life Co., Ltd. (Shibuya-ku, Tokyo), Arai & Co., Ltd. (Shibuya-ku, Tokyo).

[English Translation]

(iv) Overseas Subsidiaries:

The Westec Security Group, Inc. (Dover, Delaware, USA), Secom Plc (Kenley, Surrey, UK), Secom (China) Co., Ltd. (Beijing, China).

10. Matters Concerning Employees of the Group and the Company

(1) Matters Concerning Employees of the Group

Number of employees	Increase from the end of the previous fiscal year	
58,404	1,481	

(2) Matters Concerning Employees of the Company

Number of employees	Increase from the end of the previous fiscal year	Average age	Average years of service
16,153	167	43.0	16.5

(Note)

The number of employees refers to the number of full-time employees.

11. Principal Lenders

(Millions of Yen)

Lenders	Balance
MUFG Bank, Ltd.	12,024
Mizuho Bank, Ltd.	10,108
Sumitomo Mitsui Banking Corp.	4,661
Resona Bank Ltd.	1,700

12. Other Important Matters Concerning the Group

There is no matter applicable.

II. Matters Concerning the Company's Shares and Shareholders

1. Total Number of Shares to be Issued: 900,000,000

2. Total Number of Issued Shares:

233,293,998

(including 15,033,588 shares of treasury stock held by the Company)

3. Number of Shareholders at the End of the Fiscal Year: 23,297

4. Number of Shares Constituting a Unit of Shares: 100 shares

5. Major Shareholders (Top 10)

Name of Shareholders	Number of shares held (Thousands of Shares)	Percentage of ownership (%)	
The Master Trust Bank of Japan,	33,246	15.23	
Ltd. (Trust Account)	,		
Japan Trustee Services Bank, Ltd.	16,857	7.72	
(Trust Account)	10,037	1.12	
JP MORGAN CHASE BANK 380055	9,344	4.28	
STATE STREET BANK AND	5,687	2.60	
TRUST COMPANY 505223	5,007	2.00	
STATE STREET BANK WEST	4,367	2.00	
CLIENT-TREATY 505234	4,507	2.00	
Makoto Iida	4,241	1.94	
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052088)	4,201	1.92	
Japan Trustee Services Bank, Ltd.	4,191	1.92	
(Trust Account 7)	7,171	1.92	
Japan Trustee Services Bank, Ltd.	4,129	1.89	
(Trust Account 5)	7,129	1.07	
Secom Science and Technology	4,025	1.84	
Foundation			

(Note)

Although the Company holds treasury stock of 15,033,588 shares, it is not included in the table above. The percentage of ownership is calculated on the basis of the total number of shares outstanding excluding treasury stock. The percentage of ownership is truncated to two decimal places.

III. Directors and Audit & Supervisory Board Members

1. Names and Titles of Directors and Audit & Supervisory Board Members (As of March 31, 2020)

		Field of responsibility and		
Position	Name	important position of other		
		organization		
		concurrently assumed		
Director	Makoto Iida	Supreme Advisor		
Chairman and Representative Director	Yasuo Nakayama	Executive Officer Chairman, All Japan Security Association		
President and Representative Director	Ichiro Ozeki	Executive Officer		
Senior Executive Director	Yasuyuki Yoshida	Executive Officer (in charge of planning administration, group companies supervisor and risk control)		
Executive Director	Tatsuro Fuse	Executive Officer (head of corporate communication & marketing division) Chairman and Director of Secom Medical System Co., Ltd.		
Director	Tatsuya Izumida	Executive Officer (head of operation division)		
Director	Tatsushi Kurihara	Executive Officer (head of general affairs division and head of human resource division)		
Director	Takaharu Hirose	Chairman and Representative Director of Monitas, Inc.		
Director	Hirobumi Kawano	Outside Audit & Supervisory Board Member of San-Ai Oil Co., Ltd.		
Director	Hajime Watanabe	President and Representative Director of Watanabe Pipe Co., Ltd.		

Position	Name	Field of responsibility and important position of other organization concurrently assumed
Audit & Supervisory Board Member	Takayuki Ito	Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member	Koji Kato	Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member	Hideki Kato	Outside Director of SMBC Nikko Securities Inc.
Audit & Supervisory Board Member	Makoto Yasuda	President and Representative Director of Yasuda Makoto & Co., Ltd., Outside Director of Sanwa Holdings Corp.
Audit & Supervisory Board Member	Setsuo Tanaka	

(Notes)

- 1. Messrs. Takaharu Hirose, Hirobumi Kawano and Hajime Watanabe are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
- 2. Messrs. Hideki Kato, Makoto Yasuda and Setsuo Tanaka are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
- 3. The Audit & Supervisory Board Member, Mr. Takayuki Ito has long-term experience working at a financial institution and has considerable knowledge of finance and accounting matters.
- 4. There are no particular interests between the Company and other corporations employing Outside Director, Messrs. Takaharu Hirose, Hirobumi Kawano and Hajime Watanabe.
- There are no particular interests between the Company and other corporations employing Outside Audit & Supervisory Board Member, Messrs. Hideki Kato and Makoto Yasuda.
- 6. The notice of Outside Directors, Messrs. Takaharu Hirose, Hirobumi Kawano and Hajime Watanabe being independent officers was submitted to Tokyo Stock Exchange, Inc.
- 7. The notice of Outside Audit & Supervisory Board Members, Messrs. Hideki Kato, Makoto Yasuda and Setsuo Tanaka being independent officers was submitted to Tokyo Stock Exchange, Inc.
- 8. Change in important position of other organization concurrently assumed by Director President and Representative Director, Mr. Yasuo Nakayama retired from Chairman of Tokyo Security Service Association as of May 31, 2019. Additionally he has assumed the office of Chairman of All Japan Security Association as of June 5, 2019.
- 9. Changes in post of Audit & Supervisory Board Members during the current fiscal year
 - 1) Audit & Supervisory Board Member, Mr. Masao Yokomizo resigned from Audit & Supervisory Board Member at the close of the 58th Ordinary General Meeting of the Shareholders held on June 26, 2019.
 - 2) Mr. Setsuo Tanaka was elected as Audit & Supervisory Board Member at the 58th Ordinary General Meeting of Shareholders held on June 26, 2019 and assumed the office.
- 10. Changes in post of Directors during the current fiscal year
 - 1) President and Representative Director, Mr. Yasuo Nakayama assumed the office of Chairman and Representative Director as of June 26, 2019.
 - 2) Executive Director, Mr. Ichiro Ozeki assumed the office of President and Representative Director as of June 26, 2019.

[English Translation]

(Reference)

Executive Officers who are not Directors are as follows:

(As of May 1, 2020)

Title	Name	
Managing Executive Officer	Kenichi Furukawa, Masahiro Takeda, Toshiaki Mizuno, Shokichi Ishimura, Keitaro Arai, Osamu Ueda	
Executive Officer	Yoichi Sugimoto, Sumiyuki Fukumitsu, Kensuke Shindo, Yasufumi Kuwahara, Noriyuki Fukuoka, Takeshi Akagi, Sadahiro Sato, Yoshinori Yamanaka, Seiya Nagao, Noriyuki Uematsu, Osamu Nagai, Atsushi Komatsu, Kazuhiro Mitomo, Takehiko Senda, Takashi Nakada, Michiyoshi Morita, Makoto Inaba	

(Notes)

1. Executive Officer, Mr. Osamu Ueda was appointed to Managing Executive Officer as of June 27, 2019.

2. Description of the Agreement Limiting Liabilities

The Company has entered into with each of the Outside Directors and each of the Outside Audit & Supervisory Board Members an agreement limiting their liabilities as prescribed by Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The maximum amount of the liabilities under this agreement which each of the Outside Directors and each of the Outside Audit & Supervisory Board Members incurs is equal to the lowest amount of liabilities stipulated in Article 425, Paragraph 1 of the Companies Act.

3. Remuneration of Directors and Audit & Supervisory Board Members

	Total amount of remuneration etc.	Breakdown of total amount of remuneration etc. (Millions of Yen)			No.of entitled	
	(Millions of Yen)	Basic	Stock option	Bonus	Restricted stock*	officers
Directors (excluding Outside Directors)	341	272	-	52	15	7
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	45	45	-	-	-	2
Outside Directors	30	30	-	-	-	3
Outside Audit & Supervisory Board Members	25	25	-	-	-	4
Total	442	373	-	52	15	16

4. Policy for Determining the Amount of Remuneration of Directors and Audit & Supervisory Board Members

(1) Remuneration of Directors

The remuneration for the directors of the Company consists of pecuniary remuneration and share-based remuneration (by means of share with limited transfer). Outside directors receive only pecuniary remuneration.

The pecuniary remuneration of Directors is determined by the consultation of the Nomination and Compensation Committee, which is authorized by the Board of Directors meeting, within the limit of the amount of remuneration resolved at the General Meeting of Shareholders. The share-based remuneration is determined by the Board of Directors meeting, after considering the deliberations made by the Nomination and Compensation Committee with respect, within the limit of the amount of remuneration resolved at the General Meeting of Shareholders, which is separately set from the one of the pecuniary remuneration.

(2) Remuneration of Audit & Supervisory Board Members

The remuneration for Audit & Supervisory Board Members of the Company consists of pecuniary remuneration. The remuneration of Audit & Supervisory Board Members is determined by the discussion among Audit & Supervisory Board Members, the amount of which is commensurate with the duties of Audit & Supervisory Board Members on an individual basis, within the limit of the amount of remuneration resolved at the General Meeting of Shareholders.

5. Outside Directors and Outside Audit & Supervisory Board Members

Activities of Outside Directors and Outside Audit & Supervisory Board Members during the current fiscal year

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Director	Takaharu Hirose	11 (out of 11)	-	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through the foundation and the management of many enterprises and organizations. He also asked questions and stated opinions in order to clarify unclear issues.

		Attendance of	Attendance of the	
	the Meetings of Meetings of the		Art Control	
Category	Name	the Board of	Audit &	Main Activities
		Directors	Supervisory Board	
Outside Director	Hirobumi Kawano	11 (out of 11)	-	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through the important positions in government. He also asked questions and stated opinions in order to clarify unclear issues.
Outside Director	Hajime Watanabe	11 (out of 11)	-	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through corporate management for many years as a corporate executive. He also asked questions and stated opinions in order to clarify unclear issues.
Outside Audit & Supervisory Board Member	Hideki Kato	11 (out of 11)	11 (out of 11)	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience in the execution of national policies and insight gained through many accomplishments at a policy think tank. He also asked questions and stated opinions in order to clarify unclear issues.
Outside Audit & Supervisory Board Member	Makoto Yasuda	11 (out of 11)	11 (out of 11)	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through serving as a management of global enterprise. He also asked questions and stated opinions in order to clarify unclear issues.
Outside Audit & Supervisory Board Member	Setsuo Tanaka	7 (out of 8)	7 (out of 8)	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through the important positions in government. He also asked questions and stated opinions in order to clarify unclear issues. He also makes efforts to understand the contents of the meetings of the Board of Directors and Audit & Supervisory Board which he had missed by receiving reports on resolutions and such from an operating chief of the Board and full-time Audit & Supervisory Board Members, respectively.

[English Translation]

(Notes)

- 1. Mr. Setsuo Tanaka was elected as Audit & Supervisory Board Member at the 58th ordinary general meeting of shareholders held on June 26, 2019, and assumed the office. Therefore, the table shows the attendance figures of the meetings of the board of directors and audit & supervisory board held on and after June 26, 2019.
- 2. In November 2019, a former employee of the Company was arrested for a theft and a burglary and was later accused of other crimes as well. In March 2020, he was sentenced by the Kobe District Court to one year and 10 months in prison without a stay of execution (which decision is being appealed by the defendant). Until this case came to light, each of the Outside Directors and Outside Audit & Supervisory Board Members of the Company had no knowledge of it. However, they had always been making recommendations at Board of Directors meeting and other occasions from the perspective of legal compliance, and upon recognizing the case, made recommendations for thorough investigation and the formulation of measures to prevent recurrence and otherwise performed their duties properly.

IV. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

2. Remuneration of Accounting Auditor

(Millions of Yen)

	Previous	Fiscal Year	Current Fiscal Year		
Category	Audit certification work	Non-audit work	Audit certification work	Non-audit work	
Company	211	28	204	0	
Consolidated Subsidiaries	381	42	372	65	
Total	592	71	577	65	

(Notes)

- 1. Based on the audit contract between the Company and the Accounting Auditor, the remuneration paid to the auditor is not distinguished between that which relates to the audits under the Companies Act and that which relates to the audits under Financial Instruments and Exchange Act as they cannot be distinguished. Therefore, the amount given in the Company shown above is the combined total of these amounts.
- 2. Of the major subsidiaries of the Company, the Westec Security Group Inc. is audited by WEAVER AND TIDWELL LLP and Secom Plc by KPMG LLP.

3. Consent for the Amount of Remunerations for Accounting Auditor

Audit & Supervisory Board consents under Article 399, Paragraph 1 of the Companies Act for the amount of remunerations for Accounting Auditors upon verifying the basis for calculation of remunerations of Accounting Auditors, including contents of audit plan prepared by the Accounting Auditors, the status of implementation of accounting audits, etc.

4. Non-Audit Duties

The Company pays consideration to the Accounting Auditor for services as non-audit duties, including verifying work for the status of preparedness on internal control system, in accordance with Auditing and Assurance Practice Committee Practical Guideline No 86, "Assurance Reports on Controls at a Service Organization."

5. Policy for Decision for Dismissal or Non-reappointment

Whenever there occurs any material event which could be a substantial hazard to the performance of audit duties of the Company, such as a case when it is deemed that the Accounting Auditor has come to fall within the purview of Article 340, Paragraph 1 of the Companies Act or the Accounting Auditor or the firm of the Accounting Auditor is subjected to the disposition of suspension of business by the supervisory authorities, the Audit & Supervisory Board will hold Meeting of Audit & Supervisory Board Members, and, when all Audit & Supervisory Board

[English Translation]

Members have consented thereto, the Audit & Supervisory Board Member will take action for the dismissal of the subject Accounting Auditor or the subject firm of the Accounting Auditor. In such case, the Audit & Supervisory Board will make decision on appointment of a temporary Accounting Auditor or a substitute Accounting Auditor and will submit a proposal of the appointment of a substitute Accounting Auditor to the general meeting of shareholders convened for the first time after such decision. The Audit & Supervisory Board Member selected by the Audit & Supervisory Board will also report the reasons for the dismissal at the general meeting of shareholders.

Aside from the above, when there exists any situations from the view point of execution of duties and audit system, etc. where it is acknowledged that the Accounting Auditor is not fit to act as Accounting Auditor, the Audit & Supervisory Board will make decision on non-reappointment of the subject Accounting Auditor and appointment of a substitute Accounting Auditor, with a majority approval, and will submit a proposal to the general meeting of shareholders.

V. System under which the Company's Business is Ensured to be Properly Executed

1. Basic Policy Regarding Internal Control System

Outline of the "system under which the execution of duties by Directors is ensured to comply with laws and regulations and the Articles of Incorporation, and the system under which the Company's business and the group of enterprises consisting of the Company and subsidiaries is ensured to properly execute its business" (so-called the basic policy regarding the internal control system) of the Company, which the Board of Directors' Meeting resolved, is as follows. (The latest revision was made on April 4, 2019.)

The "Audit and Compliance Department" has changed its name to the "Internal Audit and Compliance Department" since April 1, 2020.

(1) General

This resolution manifests the basic policy regarding the internal control system of the Company to be specifically established by the President and Representative Director based on Article 362, Paragraph 5 of the Companies Act.

The internal control system based on this resolution shall be established urgently by Executive Officers in charge, and shall be constantly reviewed and improved.

(2) System under which the execution of duties by Directors and employees is ensured to comply with laws and regulations and the Articles of Incorporation

Executives and employees are required to act in accordance with *the SECOM Group Code of Employee Conduct*, which sets behavioral standards for the execution of duties, including compliance with laws and regulations, and the Article of Incorporation. The *SECOM Group Code of*

[English Translation]

Employee Conduct is based on the philosophy of SECOM, which we have followed since the establishment of the business. These ethical guidelines prescribe ideals covering the official and private affairs of all executives and employees and action standards (including the blocking relationships with anti-social forces) to be followed in the execution of specific daily duties. As such, these guidelines provide the basis of all actions. The compliance management system is as follows:

- (i) From the start, compliance with laws and regulations and the Articles of Incorporation has been an indispensable requirement of our business, and we have always sought to operate in strict adherence to this spirit. Therefore, compliance is a part of the Company's daily routines, which should not require a system in which a specific section or manager is responsible for implementation. Each and every employee is at the front line of promoting the code of conduct, including legal compliance. The implementation of guidelines is carried out by the line managers of the organization. Further control is provided by the Executive Officers in charge of departments under their control, with the President and Representative Director providing companywide control.
- (ii) The Executive Officers in charge of each area are responsible for having thorough knowledge particularly of regulations related to their duties and the relationships of such regulations with their own operations. They are responsible for proposing responses to any revisions of laws to the President and Representative Director. The Legal Affairs Department and other relevant departments and sections support them, providing cross-organization coordination.
- (iii) Following the orders of the President and Representative Director, the Internal Audit and Compliance Department provides cross-organizational inspection in a timely manner over the execution of duties, indicating how to improve morale through the observance of laws and regulations and the Company's rules and at the same time pointing out matters that need correction. The Internal Audit and Compliance Department will promptly report the findings of the inspection to the President and Representative Director.
- (iv) When executives and employees of the Company become aware of unethical actions, they have the obligation to report such actions to the proper superior without hesitation. A "Hot Helpline" is established to facilitate direct contact with the Internal Audit and Compliance Department if corrective actions are not taken even after reporting to superiors or it is difficult to report. Pursuant to the "Basic Policy of the SECOM Group for Compliance," the Company will keep the reported matters confidential, and promptly take necessary investigation and appropriate measures. The reporter will suffer no disadvantage on the grounds of such report.
- (v) The Company establishes a standing Organizational Culture Committee, chaired by the President and Representative Director. The Organizational Culture Committee examines important organizational culture-related issues (including compliance-related matters), which are the cornerstone of developing and maintaining the corporate

- organization, and determines important official commendations and punishments.
- (vi) Revisions of the SECOM Group Code of Employee Conduct and/or critical compliance-related matters are undertaken after discussion with the Organizational Culture Committee and subject to the approval of the Board of Directors after obtaining the opinions of the Audit & Supervisory Board Members.
- (vii) Basic plans and policies concerning internal controls related to financial reporting are determined and evaluated in accordance with the standards of the Business Accounting Council.
- (3) System under which information regarding execution of business by Directors shall be maintained and controlled

Information regarding the execution of duties of Directors (minutes of the Meetings of the Board of Directors and decision-making documents), etc. shall be properly maintained, administered (including destruction) pursuant to the rules of the Company, which will be amended upon reviewing the operating conditions if necessary.

- (4) System regarding control of risk of loss and other system
 - (i) The Company's approach to risk management is embedded in day-to-day business activities, with acknowledgement that risk management itself is the Company's business. Executive Officers in charge, under the direction of the President and Representative Director, analyze and assess business risk and fraud risk in the operational areas for which they are responsible, and revise established rules and manuals as conditions change. Rules and manuals are based on risk analysis and assessment, and stipulate preventive measures, prompt and appropriate communication and emergency preparedness when incidents occur, daily risk monitoring and other systems.
 - (ii) The Executive Officer in charge shall report to the President and Representative Director and the Audit & Supervisory Board on the results of risk analysis and assessment.
 - (iii) In order to grasp company wide risks and consider necessary measures, a Risk Committee, which is chaired by the Director responsible for risk management, shall be convened and report as necessary to the President and Representative Director.
 - (iv) Any important changes of the Company's risk control system shall be subject to the approval of the Board of Directors after obtaining the opinions of the Audit & Supervisory Board Members.

The risks at times of large scale calamities and at ordinary times are as follows.

	Risk Category	Example
Large scale calamity	(1) Large scale calamity risk	Earthquake, wind, flood, volcanic disasters, radiation leakage, etc.
	(2) Compliance risk	Noncompliance with "Constitution of SECOM's Business and Operation," "SECOM Group Code of Employee Conduct," other internal rules and guidelines, etc., risk accompanied by establishment or changes in regulations (in the area of tax system, medical system, etc.), breach of law, etc.
Ordinary times	(3) System risk	Information system shut down, electronic data extinguishment, large scale blackout, wide area circuit disturbance, ICT (information and communication technology) related risk, etc.
	(4) Service providing risk	Risk incurred when providing services (Accidents related to security, fire alarm or equipment maintenance, etc.)
	(5) Administrative work and accounting risk	Input error or input omission in administrative or account processing, estimation error for allowance, etc.
	(6) Others	Offence from outsiders (groundless rumor, calumniation, theft, terror, etc.), risk related to M&A, risk related to new system development, other risk related to business infrastructure (fire on the Company's premises, pandemic influenza, disease epidemic, etc.), etc.

- (5) System by which efficient execution of duties of Directors shall be ensured
 - (i) All Directors shall carry out the operation and execution of business on the basis of the "Constitution of SECOM's Business and Operation" so that they may share the ideas essential to the execution of the duties such as decision making for management by the Board of Directors and decision making for the execution of duties by the Directors.
 - (ii) On the basis of the preceding item, the Company, aiming to implement the execution of duties efficiently, introduces the system of Executive Officers so that decision making and the execution of business shall be further facilitated.
 - (iii) The Company develops the IT system for dissemination of notices, etc., and decision making by managerial decision requests, and maintains the

- system for swiftly enabling full introduction and implementation.
- (iv) The Company will share the medium and long-term business vision, and for the purpose of the accomplishment thereof, the Board of Directors will design an annual business plan and deliberate the progress of the plan.
- (6) System under which the group of enterprises consisting of the Company and subsidiaries is ensured to properly execute its business
- (6-1) System under which the execution of duties by Directors, etc. and employees of subsidiaries is ensured to comply with laws and regulations and the Articles of Incorporation
 - (i) Abiding by the "Constitution of SECOM's Business and Operation," each of the subsidiaries shares the *SECOM Group Code of Employee Conduct*, which applies to all executives and employees. United by these guidelines, the executives and employees work to accomplish the corporate goals in an appropriate manner.
 - (ii) Each of the subsidiaries carries out IT controls in conformance with the "Basic Policy of the SECOM Group for Information Security." The Company's IT Executive Officers conduct timely inspections covering the IT management of major subsidiaries.
 - (iii) The "SECOM Group Management Committee," which is chaired by the Company's President and Representative Director and whose members are composed of the presidents of major subsidiaries and other parties appointed by the chairperson, works to ensure that appropriate operations are carried out. It accomplishes this goal by conducting discussions of issues related to the Group's internal controls in an effort to share Group information and operating philosophy. Where necessary, the President and Representative Director reports the results to the Board of Directors and the Audit & Supervisory Board.
 - (iv) The President and Representative Director of the Company issues orders to the internal audit departments (Internal Audit and Compliance Department and Group Governance Department) to inspect subsidiaries, if necessary. The subsidiaries accept the inspection by the Company, and at the same time promote the understanding and improvement of compliance-related issues by exchanging information with the Company. Furthermore, the Company establishes the whistle-blowing system "Group Head Office Helpline" which enables executives and employees of subsidiaries to directly report to the Company's Group Governance Department, whenever they become aware of any non-compliance. Pursuant to the "Basic Policy of the SECOM Group for Compliance," the Company will keep the reported matters confidential, and promptly take necessary investigation and appropriate measures. The reporter will suffer no disadvantage on the grounds of such report.
 - (v) The Audit & Supervisory Board Members of the Company visit major subsidiaries and conduct audits regarding internal controls.

- (vi) The Company establishes a liaison meeting with Group Audit & Supervisory Board Members after discussion with its Audit & Supervisory Board in an attempt to share information.
- (6-2) System under which the matters related to the execution of duties by Directors, etc., of subsidiaries are reported to the Company

In order to enhance Group synergy leading to the achievement of the business vision by the entire SECOM Group, the Company establishes and implements the "Basic Rules for SECOM Group Corporate Management," which clarify the guidelines for the reporting of the important items, the items to be coordinated in advance with the Company and the items to be approved by the Company.

(6-3) Rules and other systems for controlling risks of loss of subsidiaries

Pursuant to the "Meaning of the Risk Control and Risk Control Basic Policy for SECOM and SECOM Group," the subsidiaries develop risk control systems. Furthermore, upon the occurrence of important events, the subsidiaries will take appropriate measures under the Company's control.

- (6-4) System which ensures that Directors, etc., of the subsidiaries execute their duties efficiently
 - (i) All Directors of the subsidiaries will efficiently carry out the operation and execution of business on the basis of the "Constitution of SECOM's Business and Operation."
 - (ii) The Company and the subsidiaries will formulate the business plans for the next year based on the business vision by the entire SECOM Group, and confirm the progress of the plans.
- (7) Matters related to employees to assist duties of Audit & Supervisory Board Members when Audit & Supervisory Board Members requests to do so
 - (i) The Company establishes the system to assist audit duties, by establishing the Office of Audit & Supervisory Board manned by at least two employees who are fully familiarized with the exclusive duties and internal situations.
 - (ii) The assistants for the Audit & Supervisory Board Members may conduct investigations necessary for the audit by the Audit & Supervisory Board Members, following the instructions of the Audit & Supervisory Board Members.
- (8) Matters related to the independence of the employees in item (7) from Directors and ensuring the effectiveness of the instructions of the Audit & Supervisory Board Members

Transfer and evaluation of the assistants for the Audit & Supervisory Board Members shall be subject to the approval of the Audit & Supervisory Board. The assistants who received necessary instruction on audit duties by Audit & Supervisory Board Members shall not be subject to any instruction or

- order from Directors and Executive Officers and employees with respect to the subject audit duties, nor be obligated to report to them.
- (9) The following systems and other systems under which any report is made to Audit & Supervisory Board Members
- (9-1) System under which Directors and Accounting Advisors and employees make any reports to the Audit & Supervisory Board Members
 - (i) Upon discussion with the Audit & Supervisory Board, the following matters shall be considered as the matters to be reported by Directors to the Audit & Supervisory Board Members.
 - (1) matters resolved by the Organization Culture Committee and other committees;
 - (2) matters likely to be materially harming the Company;
 - (3) important matters relating to monthly business conditions;
 - (4) important matters relating to internal audit and risk management;
 - (5) material violation of laws and regulations or the Articles of Incorporation; and
 - (6) important matters from viewpoint of compliance.
 - (ii) Notwithstanding (i) above, the Audit & Supervisory Board Members may, where necessary and in a timely manner, request that Directors and employees make a report.
 - (iii) The matters reported to the "*Hot* Helpline" will be reported to the Audit & Supervisory Board Members from the Internal Audit and Compliance Department.
- (9-2) System under which persons executing duties as the subsidiary's Directors, Accounting Advisors, Audit & Supervisory Board Members, Executive Officers, members who execute the business, etc., other persons equivalent to such persons, and employees, or any persons receiving reports from these persons, make reports to the Audit & Supervisory Board Members
 - The matters reported to the "Group Head Office Helpline" will be reported to the Audit & Supervisory Board Members from the Group Governance Department.
- (10) System which ensures that the persons who made the reports under (9) above will not be treated disadvantageously on the grounds of such reports

 Pursuant to the "Basic Policy of the SECOM Group for Compliance," the Company will keep the reported matters confidential, and promptly take necessary investigation and appropriate measures, while the reporter will suffer no disadvantage on the grounds of such report.
- (11) Matters regarding the policies for the procedures of the advance payment or reimbursement of expenses incurred for the execution of duties by the Audit & Supervisory Board Members and other processing of expenses or debts incurred for the execution of such duties.

The Company bears the expenses incurred for the execution of duties by the Audit & Supervisory Board Members.

- (12) System under which audit by Audit & Supervisory Board Members is ensured to be performed efficiently
 - (i) The Company establishes the system under which the Audit & Supervisory Board shall regularly hold meetings with the President and Representative Director and the Accounting Auditor, to exchange opinions so that audits shall be performed efficiently.
 - (ii) The Audit & Supervisory Board Members attend the meetings of the Board of Directors, attend important meetings to exchange opinions regarding overall management-related matters, if necessary, and conduct periodical interviews with Directors and employees of the Company and the subsidiaries.
 - (iii) The Company ensures that the Audit & Supervisory Board may retain attorneys-at-law at its discretion and, if necessary, have opportunities to retain and consult professional accountants with respect to their audit duties.

2. Outline of Status of Operation of Internal Control System

The Company, pursuant to the basic policy described above, has established the Internal Control System, and is continuously operating this System in a proper manner. An outline of the status of operation of the System during the current fiscal year is as follows.

(1) "System under which the execution of duties by Directors and employees is ensured to comply with laws and regulations and the Articles of Incorporation"

The Company promotes to instill awareness of the importance of compliance with the SECOM Group Code of Employee Conduct and the Behavioral Guidelines Based on SECOM's Philosophy, which set behavioral standards for the execution of duties, including compliance with laws, regulations, and the Articles of Incorporation in day-to-day business operations. In addition, all training curriculum contains training related to the philosophy of SECOM, and the Company is also making efforts to instill and entrench the philosophy of SECOM through "Tri-ion" initiative and e-learning system and in-house newsletter. The Company takes appropriate actions to respond to any revisions of laws and regulations by requiring its Executive Officers in charge of each area to have thorough knowledge of laws and regulations related to their areas and to obtain information concerning revisions of relevant laws and regulations on a regular basis. The Internal Audit and Compliance Department, as a leading organization, conducts operational audits based on the audit plan, reports the audit results to the President and Representative Director and the Audit & Supervisory Board Members on a monthly basis, and instructs to take correctional measures necessary to solve any issues identified. Furthermore, any internal reports made through "Hot Helpline" are dealt with in a proper manner in collaboration with relevant departments. Any important organizational culture-related issues (including compliance-related matters) are deliberated and dealt with at a meeting of the Organizational

Culture Committee when necessary. The effectiveness of internal control related to financial reporting is properly evaluated based on the basic plans and policies.

(2) "System under which information regarding execution of business by Directors shall be maintained and controlled"

Minutes of the meetings of the Board of Directors and decision-making documents are recorded in a paper form or electromagnetic media, and stored and managed in a proper manner.

(3) "System regarding control of risk of loss and other system"

Each Executive Officer in charge analyzes and assesses business risks and fraud risks in the operational areas for which he/she is responsible, and reports the results to the President and Representative Director and Audit & Supervisory Board Members once a year, and further, reviews internal rules and manuals that have been established as appropriate and makes amendments as needed. Furthermore, a Risk Committee, which is chaired by the Director responsible for risk management, has been established. The Risk Committee grasps company wide risk and considers necessary measures.

(4) "System by which efficient execution of duties of Directors shall be ensured"

The Board of Directors of the Company consists of 10 Directors including 3 outside Directors. As a general rule, a meeting of the Board of Directors is held once a month with the attendance of Directors as well as 5 Audit & Supervisory Board Members including 3 outside Audit & Supervisory Board Members. At a meeting of the Board of Directors, important management matters are deliberated and the status of execution of duties by Directors is reported, based on the business vision of the Company, and the Board of Directors strives for accurate and prompt decision-making. 29 Executive Officers including 6 Directors are making efforts to make decisions and to execute their duties in a more expeditious manner.

(The above officer structure is as of March 31, 2020.)

(5) "System under which the group of enterprises consisting of the Company and its subsidiaries is ensured to properly execute its business"

Directors of the Company and its subsidiaries are promoting proper operation based on the "Constitution of SECOM's Business and Operation" as their basic philosophy. The President and Representative Director of the Company convened a meeting of the "SECOM Group Management Committee" semi-annually to share the Group information and operating philosophy and to ensure the appropriate operations of each company. To enhance subsidiaries' corporate governance, Audit & Supervisory Board Members visited and interviewed subsidiaries (total of 54 times). Furthermore, to reinforce cooperation, Audit & Supervisory Board held the "SECOM Group Audit & Supervisory Board Members and Internal Audit Departments Joint Liaison Meeting" (once) with Group Audit & Supervisory Board Members, internal audit departments and Accounting Auditor, besides cooperation with Group Audit & Supervisory Board Members (total of 25 times). Internal audit departments inspect and provide guidance to subsidiaries as needed, and take appropriate steps in collaboration with relevant sections and subsidiaries in response to any

internal reports made through the "Group Head Office Helpline." Through decision-making on important matters upon prior consultation and reporting of important matters by subsidiaries in accordance with the "Basic Rules for SECOM Group Corporate Management," the Company and its subsidiaries strive to ensure that subsidiaries' operations are properly carried out.

(6) "Matters related to employees to assist duties of Audit & Supervisory Board Members when Audit & Supervisory Board Members request to do so"

The Company has established the Office of Audit & Supervisory Board manned by at least two designated employees at all times, who assists Audit & Supervisory Board Members in carrying out audits following the instructions of Audit & Supervisory Board Members.

(7) "Matters related to the independence of the employees in item (6) above from Directors and ensuring the effectiveness of the instructions of the Audit & Supervisory Board Members"

The assistants for the Audit & Supervisory Board Members carry out their duties following the instructions of the Audit & Supervisory Board Members.

(8) "System under which any report is made to Audit & Supervisory Board Members"

Audit & Supervisory Board Members receive from the internal audit departments, in addition to the matters to be reported by Directors to Audit & Supervisory Board Members pursuant to the basic policies of internal control system, any matter internally reported through the whistle-blowing system, namely, "*Hot* Helpline" and "Group Head Office Helpline," at each time it occurs.

(9) "System which ensures that the persons who made the reports under item (8) above will not be treated disadvantageously on the grounds of such reports"

Any internal report is handled as confidential pursuant to the "Basic Policy on the SECOM Group for Compliance" and a system under which a person who made a report is not treated disadvantageously has been established. This has been complied with during the current fiscal year.

(10) "Matters regarding the policies for the procedures of the advance payment or reimbursement of expenses incurred for the execution of duties by Audit & Supervisory Board Members and processing of other expenses or debts incurred for the execution of such duties"

Budget for expenses that will arise in relation to the execution of duties by Audit & Supervisory Board Members are determined by resolution of the Audit & Supervisory Board and reported to the Board of Directors. These expenses are paid by the Company.

(11) "System under which audit by Audit & Supervisory Board Members is ensured to be performed efficiently"

Audit & Supervisory Board Members held meetings twelve times with the President and Representative Director and eleven times with Accounting

Auditors to exchange opinions. In addition, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings to exchange opinions, and conduct interviews with Directors and employees of the Company and its subsidiaries on a regular basis.

3. Result of Evaluation of the Board of Directors

The Company has conducted the evaluation of the Board of Directors through the questionnaires conducted at the Board of Directors and Audit & Supervisory Board Members. As a result, it was confirmed that the diversity and the appropriateness of the size of the Board of Directors are secured, and the Outside Directors are actively making a comment and thus the business execution and the oversight of the management are well-balanced.

Consolidated Balance Sheet (As of March 31, 2020)

1376		ions of Yen)
AMOUNT		AMOUNT
· · · · · · · · · · · · · · · · · · ·		374,284
-		47,409
-		38,364
· ·		2,916
-		4,702
		42,927
42,768		24,740
12.062	*	11,666
-		7,294
· ·		118,302
		31,224
		18,213
-		2,391
,		21120
	Other	24,129
(1,677)		
		268,343
· · · · · · · · · · · · · · · · · · ·		4,143
· · · · · · · · · · · · · · · · · · ·		8,674
		11,865
8,480	-	32,632
		7,866
-		794
-		
· ·		
7,034		23,710
		174,602
· · · · · · · · · · · · · · · · · · ·		
,		
69,615	Other	4,052
31,606		
389,580		
252,299		
34,351		
14,591		
24,741	Total liabilities	642,627
31,789		- ,-
		1,035,328
12,899	= -	66,401
(12,647)		81,874
		960,828
		(73,775)
		(212)
		(212)
	` /	12,095
		(15) (13,388)
		(13,388)
		1.006
		1,096
		125 250
	noncontrolling interests:	137,378
	Total net assets TOTAL LIABILITIES AND NET	1,172,494
	389,580 252,299 34,351 14,591 24,741 31,789 31,554 12,899	914,465 414,199 140,905 141,609 40,745 32,442 Payables – other 42,768 Accrued income taxes Accrued expenses 13,862 Acgrued expenses Deposits received for armored car services Deferred revenue Accrued bonuses Provision for losses on construction contracts Other Long-term liabilities: Straight bonds Long-term loans Lease obligations Provision for losses on construction contracts Other Long-term liabilities: Straight bonds Long-term loans Lease obligations Guarantee deposits received Deferred income taxes Accrued retirement benefits for directors and audit & supervisory board members Net defined benefit liability Investment deposits by policyholders, unearned premiums and other insurance liabilities Other 389,580 252,299 34,351 14,591 24,741 31,789 31,554 12,899 Common stock Current liabilities: Notes and accounts payable, trade Labilities: Notes and accounts payable, trade Labilities: Notes and accounts payable, trade Bank loans Current protion of straight bonds Lease obligations accrued expenses Provision for losses on construction contracts Other 10,780 Accrued expenses Provision for losses on construction contracts Other Long-term liabilities: Straight bonds Long-term leabilities: Straight bonds Long-term leabilities: Straight bonds Long-term leabilities: Straight bonds Long-term leabilities: Other 13,802 Current protion of straight bonds Accrued expenses Accrued expenses Provision for losses on construction contracts Other 10,780 Accrued expenses Provision for losses on construction contracts Other 11,790 Common stock NET ASSETS Shareholders' equity: Common stock

<u>Consolidated Statement of Income</u> (Fiscal Year from April 1, 2019 to March 31, 2020)

(Millions of					
ITEM	AMO	UNT			
Revenue		1,060,070			
Costs of revenue	722,546				
Gross profit		337,523			
Selling, general and administrative expenses	194,664				
Operating profit		142,858			
Non-operating income:		,			
Interest income	1,492				
Dividends income	807				
Gain on sales of investment securities	923				
Net gains from investment in affiliated companies	5,982				
accounted for under the equity method	-,				
Gain on private equity investments	2,015				
Other	2,556	13,778			
Non-operating expenses:	_,=,===	,			
Interest expenses	780				
Loss on sales of investment securities	225				
Loss on sales and disposal of fixed assets	1,885				
Write-off of long-term prepaid expenses	620				
Foreign exchange loss, net	483				
Provision of allowance for doubtful accounts	8				
Other	1,276	5,281			
Ordinary profit	·	151,350			
Extraordinary profit:					
Gain on sales of investment securities in subsidiaries and affiliates	2,016				
Gain on sales of investment securities	562				
Gain on sales of fixed assets	243				
Other	649	3,47			
Extraordinary losses:					
Loss on revaluation of investment securities	2,274				
Impairment losses on fixed assets	1,671				
Net losses on disposal of fixed assets	1,151				
Loss on valuation of investment in capital	877				
Other	996	6,97			
Income before income taxes		147,85			
Income taxes - current	45,488	_ : : ,60			
Income taxes - deferred	128	45,61			
Net income	-20	102,23			
Net income attributable to noncontrolling interests		13,15			
Net income attributable to owners of the parent	-	89,080			

Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2019 to March 31, 2020)

	Shareholders' equity						
	Common stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' Equity		
Balance at the beginning of the fiscal year	66,392	80,360	908,852	(73,759)	981,846		
Changes during the fiscal year:					4.5		
Issuance of new stocks	8	8	(27.104)		16		
Cash dividends			(37,104)		(37,104)		
Net income attributable to owners of the parent			89,080		89,080		
Purchase of treasury stock				(16)	(16)		
Disposal of treasury stock		0		0	0		
Changes in shares of parent arising from transactions with non-controlling interest		1,505			1,505		
Changes due to changes in accounting standards of overseas consolidated subsidiaries					-		
Net changes of items other than shareholders' equity							
Total changes during the fiscal year	8	1,513	51,975	(16)	53,481		
Balance at the end of the fiscal year	66,401	81,874	960,828	(73,775)	1,035,328		

						(1:1111101	is of Tell)
	Unrealized gains (losses) on securities		Foreign currency translation adjustments	Remeasure- ments of defined benefit plans, net of taxes	Total accumulated other comprehen- sive income	Noncontroll- ing interests	Total net assets
Balance at the beginning of the fiscal year Changes during the fiscal year:	18,157	(21)	(10,683)	6,421	13,873	130,234	1,125,954
Issuance of new stocks							16
Cash dividends							(37,104)
Net income attributable to owners of the parent							89,080
Purchase of treasury stock							(16)
Disposal of treasury stock							0
Changes in shares of parent arising from transactions with non-controlling interests							1,505
Changes due to changes in accounting standards of overseas consolidated subsidiaries							-
Net changes of items other than shareholders' equity	(6,061)	5	(2,704)	(5,325)	(14,085)	7,143	(6,942)
Total changes during the fiscal year	(6,061)	5	(2,704)	(5,325)	(14,085)	7,143	46,539
Balance at the end of the fiscal year	12,095	(15)	(13,388)	1,096	(212)	137,378	1,172,494

Non-Consolidated Balance Sheet (As of March 31, 2020)

ITEM	AMOUNT	ITEM	AMOUNT
ASSETS	MINIOCIVI	LIABILITIES	MINIOCITI
ASSETS		<u>ETABILITIES</u>	
Current assets:	301,340	Current liabilities:	112,258
Cash on hand and in banks	164,370	Accounts payable	4,125
Cash deposits for armored car	36,730	Bank loans	22,565
services		Lease obligations	271
Notes receivable	586	Payables – other	17,381
Due from subscribers	18,241	Payables – construction	4,127
Accounts receivable, trade	12,280	Accrued income taxes	11,848
Receivables – other	4,353	Accrued consumption taxes	5,106
Short-term investments	1,499	Accrued expenses	739
Merchandise	7,144	Deposits received for armored car	14,192
Supplies	2,111	services	•
Prepaid expenses	2,432	Deferred revenue	20,147
Short-term loans receivable	42,473	Accrued bonuses	6,849
Other	9,208	Other	4,902
Allowance for doubtful accounts	(89)		
		Long-term liabilities:	22,058
Fixed assets:	645,853	Lease obligations	3,867
Tangible assets:	121,203	Guarantee deposits received	16,347
Buildings and improvements	17,427	Accrued pension and severance	1,517
Automobiles	492	costs	
Security equipment and control stations	71,533	Other	326
Machinery and equipment	114		
Tools, furniture and fixtures	4,193		
Land	22,281		
Construction in progress	3,433	TD - 4 - 1 1' - 1. '1'4'	124.216
Other	1,725	Total liabilities	134,316
		NET ASSETS	
Intangible assets:	9,783		000 000
Software	8,181	Shareholders' equity:	809,383
Other	1,602	Common stock	66,401
		Capital surplus:	83,078
Investments and others:	514,866	Additional paid-in capital	83,077
Investment securities	17,749	Other capital surplus	0
Investment securities in	353,592	Retained earnings:	733,679
subsidiaries and affiliated		Legal reserve	9,028
companies		Other retained earnings	724,651
Investments in subsidiaries and	2,179	Reserve for system	800
affiliated companies	01.15	developments General reserve	2 212
Long-term loans receivable	81,174	Accumulated earnings carried	2,212
Lease deposits	7,564	<u> </u>	721,639
Long-term prepaid expenses	20,876	forward Common stock in treasury, at cost	(73,775)
Prepaid pension and severance	22,614	Common stock in treasury, at cost	(73,773)
costs	5 207	Valuation, translation	3,494
Deferred income taxes	5,306	adjustments and others:	3,474
Insurance funds	4,227	Unrealized gains on securities	3,494
Other Allowance for doubtful accounts	2,408 (2,826)	Chicanzeu gams on securities	J, 4 J4
_		Total net assets	812,878
TOTAL ASSETS	947,194	TOTAL LIABILITIES AND NET ASSETS	947,194

Non-Consolidated Statement of Income (Fiscal Year from April 1, 2019 to March 31, 2020)

ITEM	AMOUNT	
Revenue		398,929
Costs of revenue	236,397	
Gross profit		162,531
Selling, general and administrative expenses	85,654	,
Operating profit	, in the second	76,877
Non-operating income:		,
Interest income	1,086	
Dividends income	14,678	
Other	1,186	16,950
Non-operating expenses:	,	
Interest expenses	188	
Loss on sales and disposal of fixed assets	1,662	
Write-off of long-term prepaid expenses	522	
Other	917	3,289
Ordinary profit		90,538
Extraordinary profit:		70,230
Reversal of allowance for doubtful accounts	1,594	
Gain on sales of investment securities	52	
Other	3	1,651
Extraordinary losses:		1,001
Loss on revaluation of investment securities in	859	
subsidiaries and affiliated companies		
Loss on disposal of tangible assets	701	
Loss on revaluation of investment securities	530	
Other	0	2,092
Income before income taxes		_,0>_
Income taxes - current		90,097
Income taxes - deferred	23,439	
Net income	849	24,289
		65,808

Non-Consolidated Statement of Changes in Net Assets (Fiscal Year from April 1, 2019 to March 31, 2020)

(Millions of Yen)

	Shareholders' equity						
		Capital surplus					
	Common stock	Additional paid- in capital	Other capital surplus	Total capital surplus			
Balance at the beginning of the fiscal year	66,392	83,069	0	83,069			
Changes during the fiscal year:							
Issuance of new stocks	8	8		8			
Cash dividends							
Net income							
Purchase of treasury stock							
Disposal of treasury stock			0	0			
Net changes of items other than shareholders' equity							
Total changes during the fiscal year	8	8	0	8			
Balance at the end of the fiscal year	66,401	83,077	0	83,078			

	Shareholders' equity					
	Retained earnings					
	Legal reserve	Reserve for system developments	General reserve	Accumulated earnings carried forward	Total retained earnings	
Balance at the beginning of						
the fiscal year	9,028	800	2,212	692,935	704,976	
Changes during the fiscal year:						
Issuance of new stocks						
Cash dividends				(37,104)	(37,104)	
Net income				65,808	65,808	
Purchase of treasury stock						
Disposal of treasury stock						
Net changes of items other than shareholders' equity						
Total changes during the fiscal year	-		-	28,703	28,703	
Balance at the end of the fiscal year	9,028	800	2,212	721,639	733,679	

	Shareholde	ers' equity	Valuation adjustment		
	Common stock in treasury, at cost	Total shareholders' equity	Unrealized gains (losses) on securities	Total valuation, translation adjustments and others	Total net assets
Balance at the beginning of the					
fiscal year	(73,759)	780,679	5,122	5,122	785,801
Changes during the fiscal year:					
Issuance of new stocks		16			16
Cash dividends		(37,104)			(37,104)
Net income		65,808			65,808
Purchase of treasury stock	(16)	(16)			(16)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			(1,628)	(1,628)	(1,628)
Total changes during the fiscal year	(16)	28,704	(1,628)	(1,628)	27,076
Balance at the end of the fiscal year	(73,775)	809,383	3,494	3,494	812,878

Certified Copy of the Accounting Auditor's Report (Consolidated)

[English Translation of the Accounting Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 19, 2020

The Board of Directors of SECOM Co., Ltd.:

KPMG AZSA LLC Tokyo Office, Japan

Kiyoyuki Sakurai (Seal) Designated Engagement Partner Certified Public Accountant

Hideki Yoshida (Seal) Designated Engagement Partner Certified Public Accountant

Shuji Ezawa (Seal)
Designated Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SECOM Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Accounting Auditor's Report (Non-Consolidated)

[English Translation of the Accounting Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 19, 2020

The Board of Directors of SECOM Co., Ltd.:

KPMG AZSA LLC Tokyo Office, Japan

Kiyoyuki Sakurai (Seal)
Designated Engagement Partner
Certified Public Accountant

Hideki Yoshida (Seal)
Designated Engagement Partner
Certified Public Accountant

Shuji Ezawa (Seal)
Designated Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of SECOM Co., Ltd. ("the Company") as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if

such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Audit & Supervisory Board's Report

[English Translation of the Audit & Supervisory Board's Report Originally Issued in the Japanese Language]

Audit Report

Mr. Ichiro Ozeki President and Representative Director SECOM Co., Ltd.

May 19, 2020

Audit & Supervisory Board of SECOM Co., Ltd.

Takayuki Ito (Seal) Audit & Supervisory Board Member (Full-time)

Koji Kato (Seal) Audit & Supervisory Board Member (Full-time)

Hideki Kato (Seal) Outside Audit & Supervisory Board Member

Makoto Yasuda (Seal) Outside Audit & Supervisory Board Member

Setsuo Tanaka (Seal) Outside Audit & Supervisory Board Member

The Audit & Supervisory Board has received the audit reports of the performance of duties of the Directors during the 59th business term from April 1, 2019 through March 31, 2020 from each of the Audit & Supervisory Board Members. After deliberating such reports, we have prepared this Audit Report and report as follows:

- 1. Method and Details of Audit Performed by Audit & Supervisory Board Members and the Audit & Supervisory Board
- (1) The Audit & Supervisory Board has established the audit policy and audit plan for the current fiscal year, received reports on the status and results of audits from each Audit & Supervisory Board Member, received reports on the status of execution of duties from Directors, etc. and the Accounting Auditor, and requested explanations when necessary.

- (2) Each of the Audit & Supervisory Board Members, in accordance with the Audit & Supervisory Board audit standards determined by the Audit & Supervisory Board, and following the audit policy, audit plan, etc. worked to communicate with Directors, the internal audit division and other employees, etc., and along with making efforts to gather information and establish the audit environment, performed the audit using the following methods.
 - (i) Each Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports from the Directors and other managers, etc. on their duties, requested explanations when necessary, inspected documents concerning matters such as important decisions, and investigated the conditions of the business and financial conditions at the head office and the principal offices. Also, each Audit & Supervisory Board Members worked to communicate and exchange information with Directors and Audit & Supervisory Board Members of subsidiaries, receiving reports from subsidiaries when necessary.
 - (ii) The Audit & Supervisory Board Members, on a regular basis, received reports from Directors and employees, etc. on the establishment and operation of the system (internal control system) based on the resolution of the Board of Directors as stipulated in Article 100, Paragraph 1 or Paragraph 3 of the Companies Act Enforcement Order to ensure the system under which the execution of duties by Directors is ensured to comply with laws and regulations and the Articles of Incorporation and to ensure the system under which the group of enterprises consisting of the Company and its subsidiaries is ensured to properly execute its business, both of which are on the Business Report, obtained explanation from them, and expressed opinions when necessary.
 - (iii) The Audit & Supervisory Board Members received reports from Directors, etc. and the Accounting Auditor on the status of discussions between them and the status of evaluation and audit of the internal control on financial reporting, and requested explanations as necessary.
 - (iv) In addition to monitoring and examining whether the Accounting Auditor maintained independence and performed auditing appropriately, the Audit & Supervisory Board Members received reports from the Accounting Auditor on the execution of their duties and requested explanations when necessary. The Audit & Supervisory Board received notice from the Accounting Auditor that "The systems for ensuring the proper execution of duties" (set forth in each Item of Article 131 of the Ordinance for Corporate Accounting) is organized in accordance with the "Standards for Quality Control of Audit" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations when necessary.

Based on the above methods, the Audit & Supervisory Board has considered the Business Report and its supplementary schedules, the financial statements (balance sheet, statement of income, statement of changes in net assets and related notes) and its supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and related notes) for the current fiscal year.

2. Result of audit

- (1) Result of audit of business report etc.
 - i)The Business Report and supplementary schedules fairly represent the condition of the Company in accordance with laws and regulations and the Articles of Incorporation of the Company.
 - ii) We have determined that there were no serious occurrences of misconduct or violations of any laws or regulations or the Articles of Incorporation of the Company by any of the Directors in carrying out their duties.
 - iii) We believe the contents of the resolution of the Board of Directors regarding the internal control system are appropriate. We found no matters to note regarding the execution of duties of Directors regarding the internal control system, as well as the internal control system regarding financial reporting.

With regard to a case as described in the business report that a former employee of the Company was arrested for a theft and a burglary, and was sentenced without a stay of execution, we have confirmed that the Company made thorough investigation and the formulation of measures to prevent recurrence

- (2) Result of audit of financial statements and supplementary schedules In our opinion, the audit procedures and audit results of the Accounting Auditor KPMG AZSA LLC are appropriate.
- (3) Result of audit of consolidated financial statements
 In our opinion, the audit procedures and audit results of the Accounting
 Auditor KPMG AZSA LLC are appropriate.

End