



Notice of Convocation

The 60th Ordinary General Meeting of Shareholders

The following is an English translation of the Notice of Convocation of the 60th Ordinary General Meeting of Shareholders of SECOM CO., LTD. to be held on June 25, 2021, 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.

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

Notice of Convocation of The 60th Ordinary General Meeting of Shareholders

Dear Shareholders:

Secom Co., Ltd. (the “Company”) hereby notifies you as follows that the 60th Ordinary General Meeting of Shareholders of the Company will be held as described below.

After careful consideration from the perspective of avoiding the risk of COVID-19 infections, we have decided to hold the General Meeting of Shareholders with adequate infection prevention measures.

We strongly recommend that shareholders exercise their voting rights in advance by mail or via the Internet instead of attending the meeting in person.

For those who do not attend the General Meeting of Shareholders in person, a live streaming of its proceedings will be available on the Internet (for more information, please refer to the attachment).

Please exercise your voting rights by mail or via the Internet on or before 6:00 p.m. (JST) June 24, 2021 (Thursday) after studying the Reference Document Concerning the General Meeting of Shareholders attached below:

[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.evotetr.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.

(Platform for Electronic Exercise of Voting Rights)

Institutional shareholders may use the platform for the electronic exercise of voting rights that is operated by ICJ Inc.

Yours very truly,

SECOM CO., LTD.

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

By: ICHIRO OZEKI

President and Representative Director

[English Translation]

(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:

Friday, June 25, 2021 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 60th Fiscal Year (from April 1, 2020 to March 31, 2021) 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 60th Fiscal Year (from April 1, 2020 to March 31, 2021).

Matters to be Resolved upon:

First Item of Business:	Proposed Distribution of Surplus
Second Item of Business:	Election of Eleven (11) Directors
Third Item of Business:	Revision of Remuneration Payable to Directors Enabling Restricted Stock to be Granted to 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.

[English Translation]

(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)

- 1) If you plan to attend the Meeting, please submit the enclosed Voting Rights Exercise Form to the receptionist at the Meeting.
- 2) In order to avoid the risk of COVID-19 infections at the meeting, we will take the following measures at the General Meeting of Shareholders. Your understanding and cooperation will be greatly appreciated.
 - Our administrative staff of the General Meeting of Shareholders will make sure that they will be in good health condition by, for example, measuring their body temperature and wearing masks while working.
 - We will measure your body temperature near the entrance to the venue, and alcohol disinfectant will be available near the reception desk. You are also asked to bring and wear a mask.
 - If you have a fever (37.5°C or higher) or otherwise appear to be feeling unwell, you may be asked by the administrative staff to refrain from entering the venue.
 - Regarding the filming of the proceedings of the meeting for live streaming, the staff will make efforts to avoid filming the appearance of the attending shareholders, but these efforts may not always be successful. In addition, if you make a comment, your voice will be recorded and streamed. Your understanding is requested in advance.
 - If we decide to change the infection prevention measures outlined above due to the status of the spread of infection or the announcement of the government through the date of the General Meeting of

[English Translation]

Shareholders, the change will be notified on the website of the Company on the Internet.

(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.

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 18,552,215,685
- (3) Effective date for distribution of surplus:
June 28, 2021

[English Translation]

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

The term of office of all of the eleven (11) Directors will expire at the close of this Meeting. In connection therewith, we would like to ask shareholders to elect eleven (11) Directors.

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	Re-election	Miri Hara	Outside Director	Independent Officer	Female	Outside Director

[English Translation]

Candidate
Number
1

Makoto Iida

(Date of birth: April 1, 1933)

Re-election



Number of Shares
of the Company
Owned

4,242,238
shares

■ 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.

Candidate
Number
2

Yasuo Nakayama*

(Date of birth: November 1, 1952)

Re-election



Number of Shares
of the Company
Owned

5,827 shares

■ 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
May 2007 Advisor, SECOM Co., Ltd.
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)

<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.

[English Translation]

Candidate
Number
3

Ichiro Ozeki*

(Date of birth: March 1, 1961)

Re-election



Number of Shares
of the Company
Owned
300,965 shares

■ 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.
Jun 2001	Director, Secom General Insurance Co., Ltd.
Apr 2010	President and Representative Director, Secom General Insurance Co., Ltd.
Apr 2015	Executive Officer
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

Following the assumption of the office as Director of the Company, Mr. Ichiro Ozeki has led the sales and operation divisions and holds a high level of knowledge and experience in overall management of the security services business. Following the assumption of the office of President and Representative Director in June 2019, he worked to strengthen the business of the entire SECOM Group including the security services business, overseas business, and ICT business, while focusing on group-wide cost reduction and productivity improvement to achieve steady growth for the Company with his strong leadership and management ability. He also has carried out steadily management reformation 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*

(Date of birth: March 28, 1958)

Re-election



Number of Shares
of the Company
Owned
3,805 shares

■ 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 2012	Director
Jun 2016	Executive Director
Jun 2017	Senior Executive Director (currently)

■ Reasons for Election

Mr. Yasuyuki Yoshida has served as Director of the Company in charge of overall business planning including the security services business and overall management planning including risk management and governance of the SECOM Group. Accordingly, he holds a high level of knowledge and experience in the management of the 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]

Candidate
Number
5

Tatsuro Fuse*

(Date of birth: September 9, 1957)

Re-election



Number of Shares
of the Company
Owned
3,806 shares

■ 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 services 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.

Candidate
Number
6

Tatsuya Izumida*

(Date of birth: November 3, 1960)

Re-election



Number of Shares
of the Company
Owned
1,658 shares

■ 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 broad and longstanding business experience in the security services business and has engaged in the BPO and ICT services business of the SECOM Group. Thus, he possesses an abundance of experience and a high level of knowledge in overall management of our business including the security services business and the BPO and ICT services business. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

[English Translation]

Candidate
Number
7

Tatsushi Kurihara*

(Date of birth: June 5, 1961)

Re-election



Number of Shares
of the Company
Owned
1,058 shares

■ 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)

■ Reasons for Election

After working for the Bank of Japan for many years, Mr. Tatsushi Kurihara has served as Director of the Company in charge of overall administrative business including the general affairs and human resources divisions. He also has a high level of knowledge in overall management including sustainability, ESG and SDGs of the SECOM group. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

Candidate
Number
8

Takaharu Hirose

(Date of birth: October 25, 1944)

Re-election

Candidate for Outside Director

Candidate for Independent Officer



Number of Shares
of the Company
Owned
0 shares

■ 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 and Outline of Expected Role

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. As a member of the Board of Directors, he has provided advice and recommendations in many occasions from a high-level perspective on key directions of management including the future of SECOM that capitalizes on technology. As he has played an appropriate role as Outside Director including the supervision of business execution, in the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Outside Director. After the election, he is expected to continue to play the role mentioned above.

[English Translation]

Candidate
Number
9

Hirobumi Kawano

(Date of birth: January 1, 1946)

Re-election

Candidate for Outside Director

Candidate for Independent Officer



Number of Shares
of the Company
Owned
0 shares

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
- 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 (presently Sony Group Corporation)
- Aug 2004 Senior Managing Executive Officer, JFE Steel Corporation
- Apr 2008 President, 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 and Outline of Expected Role

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 the Agency for Natural Resources and Energy as well as in the private sector such as Japan Oil, Gas and Metals National Corporation. As a member of the Board of Directors, he has provided advice and recommendations from a diverse perspective on key directions of management as well as on business in general and the execution and risk management of overseas projects in particular. As he has played an appropriate role as Outside Director including the supervision of business execution, in the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Outside Director. After the election, he is expected to continue to play the role mentioned above.

[English Translation]

Candidate
Number
10

Hajime Watanabe

(Date of birth: November 18, 1951)

Re-election

Candidate for Outside Director

Candidate for Independent Officer



Number of Shares
of the Company
Owned
1,100 shares

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 and Outline of Expected Role

Mr. Hajime Watanabe has engaged in management of Watanabe Pipe Co., Ltd. for many years. He holds rich experience and a high level of knowledge accumulated through his career in the management of the company that has a national network. As a member of the Board of Directors, he has provided effective advice and recommendations in many occasions on key directions of management as well as on the execution and risk management of business in general and other matters including work site operations and employee management. As he has played an appropriate role as Outside Director including the supervision of business execution, in the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Outside Director. After the election, he is expected to continue to play the role mentioned above.

Candidate
Number
11

Miri Hara

(Date of birth: December 20, 1961)

Re-election

Candidate for Outside Director

Candidate for Independent Officer



Number of Shares
of the Company
Owned
0 shares

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)
Oct 2017 Founded Tax Corporation Yokohama Benten Accounting, Inc. and assumed Representative Certified Public Tax Accountant (currently)
Jun 2020 Director, SECOM Co., Ltd. (currently)

<Important Position of Other Organizations Concurrently Assumed>
Representative Certified Public Tax Accountant of Tax Corporation Yokohama Benten Accounting, Inc.

Reasons for Election and Outline of Expected Role

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. As a member of the Board of Directors, she has provided useful advice and recommendations on key directions of management as well as on services for households. As she has played an appropriate role as Outside Director including the supervision of business execution, in the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect her as Outside Director. After the election, she is expected to continue to play the role mentioned above.

[English Translation]

(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 decides 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, Hajime Watanabe and Ms. Miri Hara are candidates for Outside Directors. The designation of Messrs. Takaharu Hirose, Hirobumi Kawano, Hajime Watanabe and Ms. Miri Hara as Independent Officers has been 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. The number of years during which Mr. Takaharu Hirose is in the office of Outside Director of the Company will have been for eight (8) years at the close of this General Meeting of Shareholders.
7. 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 five (5) years at the close of this General Meeting of Shareholders.
8. The number of years during which Ms. Miri Hara is in the office of Outside Director of the Company will have been for a (1) year 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, Hajime Watanabe and Ms. Miri Hara. In case each of them is re-elected, it is scheduled that the liability limit agreement will continuously be made.
Furthermore, the limited amount of compensation liability is the minimum liability limit provided for in Article 425, Paragraph 1 of the Companies Act.
10. The Company has entered into an officers' liability insurance contract with an insurance company. A summary of the contents of the insurance policy is given on page 37 of this Notice of Convocation ("3. Description of the Officers' Liability Insurance Contract"). Each of the candidates is currently a director of the Company and is insured under the relevant insurance contract. If each candidate is reappointed, he or she will continue to be insured under the insurance contract. The Company intends to renew the insurance policy for the same terms during their term of office.

[English Translation]

Third Item of Business: Revision of Remuneration Payable to Directors Enabling Restricted Stock to be Granted to Directors

Following the approval of shareholders for the resolution: “Determination of remuneration payable to Directors enabling restricted stock to be granted to Directors” (“Original Resolution”) at the 56th Ordinary General Meeting of Shareholders held on June 27, 2017, the Company introduced and has operated a restricted stock remuneration plan with a view to giving Directors of the Company (other than Outside Directors; hereinafter the “Subject Directors”) an incentive to continuously enhance the corporate value of the Company and further promote the sharing of common value between Directors and shareholders. For the purpose of giving Subject Directors an incentive to continuously enhance the corporate value of the Company for a longer period and further promote the sharing of common value between Directors and shareholders, the Company proposes to revise the contents of the Original Resolution to change the Non-transferable Period applicable to restricted stock from the “period determined in advance by the Board of Directors of the Company within the range of three (3) year to five (5) year period” to the “period until the day on which the Subject Director resigns or retires from office and ceases to be any of Director, Executive Officer, Audit & Supervisory Board Member, and employee of the Company (including the resignation and retirement due to the death)” and to make any other changes necessary in relation to the change of the Non-transferable Period.

Therefore, shareholders are requested to approve the revision of the Original Resolution as follows with regard to the restricted stock to be granted to Subject Directors in the future.

The Company has determined that the contents of this item are reasonable because the proposed revision is necessary and reasonable in view of the purpose of the remuneration plan mentioned above and the Company’s policy for determining the contents of remuneration of individual directors (which is to be revised) and is in line with the advice of the Nomination and Compensation Committee of the Company, which has been established to strengthen the independence and objectivity of the functions and the accountability of the Board of Directors concerning the remuneration of Directors. (The outline of the current determination policy is as shown on page 38-40 of this Notice of Convocation. Subject to the approval of shareholders for this item, the determination policy will also be revised to change the Non-transferable Period applicable to restricted stock and to make any other necessary changes in a manner consistent with the proposal in this item.)

When this remuneration is paid and how much remuneration is paid to each of the Subject Directors shall continue to be decided at the Board of Directors of the Company. The number of Directors is currently 11 (including four Outside Directors) and will continue to be 11 (including four Outside Directors) at the

[English Translation]

close of the General Meeting of Shareholders if the Second Item of Business: Election of Eleven (11) Directors is approved as proposed.

1 Grant of restricted stock

The Company shall provide the Subject Directors with monetary claim as remuneration to grant restricted stock (hereinafter the “Monetary Remuneration Claims”). Based on the resolution of the Board of Directors of the Company, the Subject Directors shall transfer to the Company the whole of the Monetary Remuneration Claim as contribution in kind and thereby receive Company’s shares of common stock issued or disposed by the Company as restricted stock.

2 Upper limits of the total amount of Monetary Remuneration Claims and the total number of Company’s shares of common stock issued or disposed

The total amount of Monetary Remuneration Claims shall be a reasonable amount in the light of the purpose of the remuneration plan mentioned above, which shall not exceed 100 million yen separately from pecuniary remuneration. The provision of Monetary Remuneration Claims to each of the Subject Directors shall be made by the relevant Subject Director’s consent to the abovementioned contribution in kind and entering into the Allotment Agreement (meaning the Allotment Agreement defined in 3 below). The total number of Company’s shares of common stock issued or disposed as restricted stock by the Company shall be 20,000 or less per year; provided, however, that in the event that the Company consummates stock split of common stock of the Company, free distribution of shares of common stock, or consolidation of shares of common stock or any other event necessitating adjustment of the total number of Company’s shares of common stock issued or disposed as restricted stock, such total number of Company’s shares of common stock shall be adjusted to the reasonable extent. The dilution rate on the Company’s shares of common stock by granting such restricted stock shall be less than 0.01 percent per annum and therefore the Company recognizes that the effect such granting of restricted stock will have on the shareholders of the Company is minor.

The payment amount per share of the Company’s shares of common stock issued or disposed as restricted stock shall be determined at the Board of Directors of the Company within the range not specially favorable to certain Subject Directors subscribing the shares on the basis of the closing price of the shares of common stock of the Company on the Tokyo Stock Exchange on the business day preceding the date of resolution of the Board of Directors pertaining to such issuance or disposition (or the closing price on the transaction date immediately prior thereto if no transaction is made on such business day).

3 Contents of restricted stock allotment agreement

In connection with issuance and disposition of shares of common stock of the Company as restricted stock, a restricted stock allotment agreement including the following content (hereinafter the “Allotment Agreement”) shall be entered into between the Company and each of the Subject Directors.

[English Translation]

(1) Non-transferable period

The Subject Director shall not transfer, create a mortgage on, or otherwise dispose of, shares of common stock of the Company allotted to the Subject Director (hereinafter the "Allotted Stock") by the Allotment Agreement during the period (the "Non-transferable Period") following the date of such issuance or disposition of the Allotted Stock (hereinafter the "Grant Date") until the day on which the Subject Director resigns or retires from office and ceases to be any of Director, Executive Officer, Audit & Supervisory Board Member, and employee of the Company (hereinafter the "Directors, etc.") (including the resignation and retirement due to the death, hereinafter the "Retirement, etc.") (hereinafter, such restrictions shall be referred to as the "Restriction"). The Restriction shall be rescinded after the Non-transferable Period has passed.

(2) Treatment of restricted stock upon the expiration of the Non-transferable Period

Upon the expiration of the Non-transferable Period, the Company shall acquire all Allotted Stock free of charge as a matter of course unless the Retirement, etc. of a Subject Director from the office of Director, etc. is determined by the Board of Directors of the Company to be due to a reasonable cause, such as expiration of the term of office, mandatory retirement due to age, or death.

Upon the expiration of the Non-transferable Period, notwithstanding the determination by the Board of Directors that the Retirement, etc. of a Subject Director from the office of Director, etc. is due to a reasonable cause, such as expiration of the term of office, mandatory retirement due to age, or death, if the Retirement, etc. occurs before the close of the first Ordinary General Meeting of Shareholders held after the Grant Date, except for a certain number of Allotted Stock determined in accordance with the reasonable standard set out in advance by the Board of Directors of the Company among the Allotted Stock held by such a Subject Director, the Company shall acquire the rest of Allotted Stock held by such Subject Director free of charge as a matter of course.

(3) Treatment in case of reorganization and the like

Notwithstanding any provisions of (1) and (2) above, in the event that the General Meeting of Shareholders of the Company (or the Board of Directors of the Company in case of the reorganization and the like which is not subject to approval by resolution of the General Meeting of Shareholders of the Company under applicable laws) approves by resolution any merger agreement under which the Company is absorbed or any stock exchange agreement under which the Company becomes a wholly owned company or any item related to stock transfer plan or other reorganization and the like (limited to the case where the effective date of such reorganization and the like arrives before the Non-transferable Period expires) before the maturity of the Non-transferable Period, the Restriction shall be rescinded at the time immediately before the business day preceding the effective date of such reorganization and the like with respect to

[English Translation]

certain number of Allotted Stock determined in accordance with the reasonable standard set out in advance by the Board of Directors of the Company among the Allotted Stock held by Subject Directors as of the date of such approval, and the Company shall acquire the rest of Allotted Stock held by Subject Directors free of charge as a matter of course.

(4) Other matters

In addition to the above, indication of intention and method of correspondence, method to amend the Allotment Agreement and other matters to be determined at the Board of Directors shall be included in the Allotment Agreement.

[Attached Documents]

Business Report (Fiscal Year Ended March 31, 2021)

I. Outline of the Group's Business

1. The Current Business Development and Results of Operations

During the fiscal year ended March 31, 2021 (“the current fiscal year”), the Japanese economy remained challenging with a significant decline in corporate earnings due to COVID-19, and required continual attention to the trends of the infectious disease in Japan and overseas as well as the effects of fluctuations in the financial and capital markets. With the resume of social and economic activities, while measures are taken to prevent the spread of infections, the economy has shown some signs of recovery owing to the effects of various policies and improvements in overseas economies.

Under these circumstances, we have been actively working to implement initiatives to achieve the SECOM Group's Vision for 2030, formulated with an aim to establish the “Social System Industry,” which delivers safety and peace of mind, as well as makes life more comfortable and convenient, and the SECOM Group Road Map 2022, in which we clarified what we should do now to achieve the vision.

Dealing with COVID-19, we provided products and services that contribute to preventing the spread of infections. In July 2020, we launched a thermal camera integrated with a tablet device, which can measure face surface temperatures despite wearing face masks. Responding to the needs for teleworking, we started to offer SECOM *Anshin* Telework via USB Remote Device in August, a service that allows employees to securely access to their companies' IT systems from their private PCs. In order to further accelerate overseas businesses by promoting business operations in new potential markets such as growing wealthy and middle-classes in Asia, we acquired 100% outstanding shares of three security services providers under Johnson Controls International PLC (headquartered in Cork, Ireland) in Malaysia in September 2020, in Singapore in October, and in Hong Kong in February 2021, making each a subsidiary. In March 2021, we revamped COCO-SECOM, a mobile security system for outdoor use, with a newly invented function that links to a smartphone app and improves convenience for a variety of purposes including business and home use. In the period under review, we continued to provide meticulous and seamless services through various initiatives to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind.

As a result, consolidated revenue for the current fiscal year decreased by 2.3% to 1,035.8 billion yen compared with the previous fiscal year, and consolidated operating profit decreased by 4.2% to 136.9 billion yen, largely attributable to the

[English Translation]

effect of COVID-19. Consolidated ordinary profit decreased by 8.2% to 138.9 billion yen, mainly due to the recognition of net losses of 3.5 billion yen on private equity investment in the U.S. etc., compared with net gains of 2.0 billion yen in the previous fiscal year, in non-operating income/expenses. Consolidated net income attributable to owners of the parent decreased by 16.2% to 74.6 billion yen, mainly attributable to the recognition of amortization of goodwill of 5.6 billion yen and net losses of 2.9 billion yen on sales of investment securities in subsidiaries and affiliates in extraordinary losses.

(Millions of Yen)

	Revenue	Operating profit	Ordinary profit	Net income attributable to owners of the parent
Current fiscal year (FY2020)	1,035,898	136,925	138,990	74,681
Previous fiscal year (FY2019)	1,060,070	142,858	151,356	89,080

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 worked to expand the sales of System Security AZ, an all-in-one system that accommodates a variety of functions that benefit 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 offered SECOM IP Camera System and SECOM Cloud Video Surveillance, which can be integrated with AZ and flexibly respond to a wide range of requests regardless of the scale of facilities, with the extensive lineup of surveillance cameras and cloud capability.

For our residential security services, in addition to responding to security and fire protection needs, we improved the functions of SECOM Home Security NEO, a flexible system suited to modern lifestyles that can expand its services by linking with various devices, and have made continuous efforts to market it. Also, we provided *Mago*-channel with SECOM, a service that enables discreet monitoring of parents whom children have difficulties of visiting during the COVID-19 calamity.

Outside Japan, we promoted our "SECOM-style" security services, characterized by its emergency response services, mainly in economically developing areas, such as People's Republic of China and Southeast Asia. We accelerated efforts to develop and introduce security systems adapted to local market while

[English Translation]

advancing initiatives for digital transformation of on-line security systems by incorporating latest technologies.

As a result, revenue decreased by 1.4% to 561.5 billion yen, mainly due to the decreases in sales of merchandise and revenue from installation largely affected by COVID-19, despite the brisk sales of on-line security systems for commercial and residential use. Operating profit decreased by 2.2% to 113.3 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 decreased by 6.4% to 142.6 billion yen, mainly attributable to the effect of COVID-19 and the inclusion of large projects in the previous fiscal year. Operating profit decreased by 28.5% to 12.9 billion yen, chiefly owing to the concentration of projects with high profitability in the previous fiscal year.

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 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 decreased by 6.0% to 71.6 billion yen, mainly due to the decreases in sales of medical equipment and drugs largely affected by COVID-19 and in revenue in Takshasila Hospitals Operating Pvt. Ltd., a general hospital operating company in India. Operating profit decreased by 25.2% to 4.1 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 4.6% to 49.4 billion yen, mainly due to the firm increase in sales of MEDCOM, an unrestricted cancer treatment policy, and automobile insurance policy provided by Secom General Insurance Co., Ltd. Operating profit decreased by 51.5% to 0.7 billion yen, chiefly owing to the effect of major

[English Translation]

disasters including the Typhoon No.10 and the Heavy Rain Event of July 2020.

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 1.6% to 54.8 billion yen, chiefly owing to the rise in revenue from domestic public-sector customers, with the increase in surveying services using airborne laser. Operating profit increased by 31.8% to 4.7 billion yen, attributable to the rise in revenue from domestic public-sector customers and the improvement in cost ratio as a result of the enhanced production efficiency, as well as the decrease in selling, general and administrative expenses due to the business optimization efforts in the international division and changes in sales procedures utilizing remote environments.

In the BPO and ICT services segment, our distinctive portfolio includes business continuity planning (BCP) support, teleworking 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 10.7% to 112.0 billion yen, chiefly owing to the increase in revenue in TMJ, Inc., a provider of BPO services including contact centers and back office services, and data center business. Operating profit increased by 19.5% to 11.8 billion yen.

Real estate and other services segment comprises real estate leasing and construction and installation services.

Revenue decreased by 26.7% to 43.7 billion yen, chiefly owing to the effect of the exclusion of the consolidated subsidiary, Secom Home Life Co., Ltd., from the scope of consolidation, due to the transfer of all of the issued shares in December 2020. Operating profit decreased by 7.0% to 5.5 billion yen.

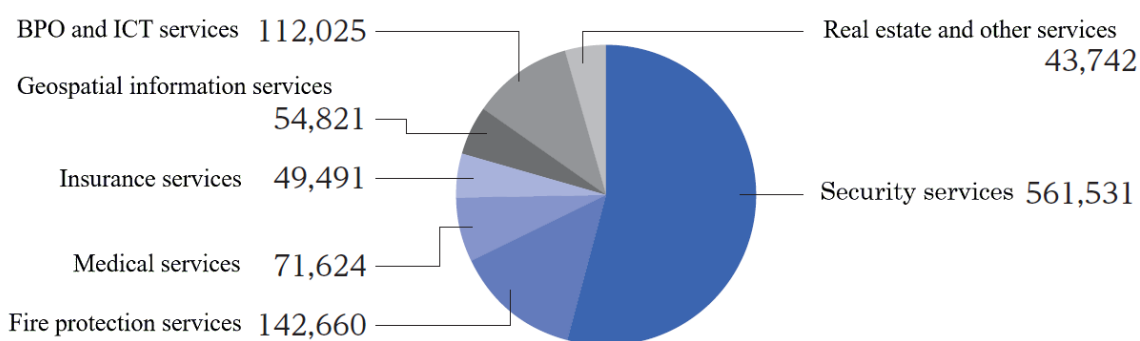
Results by Business Segment (60th Fiscal Year – current fiscal year)

(Millions of Yen)

Business segment	Revenue			Operating profit
	Customers	Intersegment	Total	
Security services	561,531	11,553	573,084	113,331
Fire protection services	142,660	3,277	145,938	12,972
Medical services	71,624	206	71,831	4,104
Insurance services	49,491	3,087	52,579	793
Geospatial information services	54,821	207	55,029	4,716
BPO and ICT services	112,025	9,580	121,606	11,805
Real estate and other services	43,742	1,093	44,835	5,558
Total	1,035,898	29,006	1,064,904	153,282
Eliminations and corporate items	-	(29,006)	(29,006)	(16,356)
Consolidated revenue	1,035,898	-	1,035,898	136,925

With respect to the results by geographical segments, in Japan, revenue decreased by 1.9% to YEN 991.7 billion. Overseas revenue decreased by 10.3% to YEN 44.1 billion.

Revenue by business segment, excluding intersegment transactions (Millions of Yen)



[English Translation]

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 59.4 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 38.9 billion.

(Millions of Yen)

Business segment	Amount
Security services	38,982
Fire protection services	4,982
Medical services	1,308
Insurance services	2,100
Geospatial information services	2,052
BPO and ICT services	6,879
Real estate and other services	3,508
Subtotal	59,814
Eliminations and corporate items	(330)
Total	59,484

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.

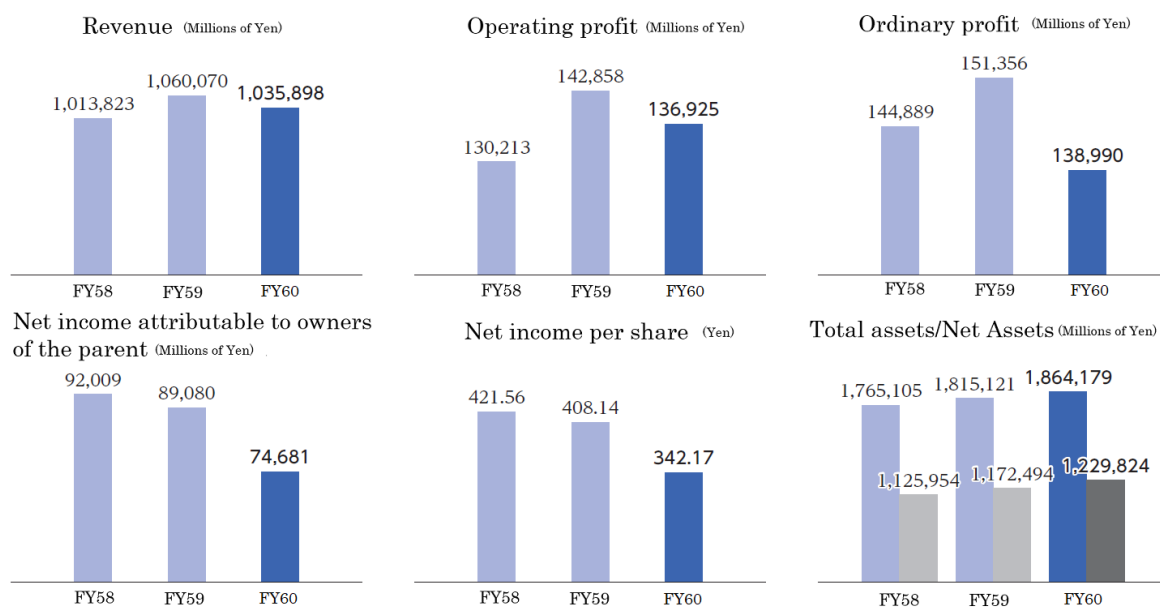
5. Trends in Earnings and Assets of the Group

(Millions of Yen except for net income per share)

Fiscal years \ Category	57th fiscal year (4/1/2017– 3/31/2018)	58th fiscal year (4/1/2018– 3/31/2019)	59th fiscal year (4/1/2019– 3/31/2020)	60th fiscal year (current fiscal year) (4/1/2020– 3/31/2021)
Revenue	970,624	1,013,823	1,060,070	1,035,898
Operating profit	135,448	130,213	142,858	136,925
Ordinary profit	144,318	144,889	151,356	138,990
Net income attributable to owners of the parent	86,993	92,009	89,080	74,681
Net income per share (Yen)	398.58	421.56	408.14	342.17
Return on Equity	9.4%	9.4%	8.8%	7.1%
Total assets	1,715,123	1,765,105	1,815,121	1,864,179
Net assets	1,081,213	1,125,954	1,172,494	1,229,824

(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.



[English Translation]

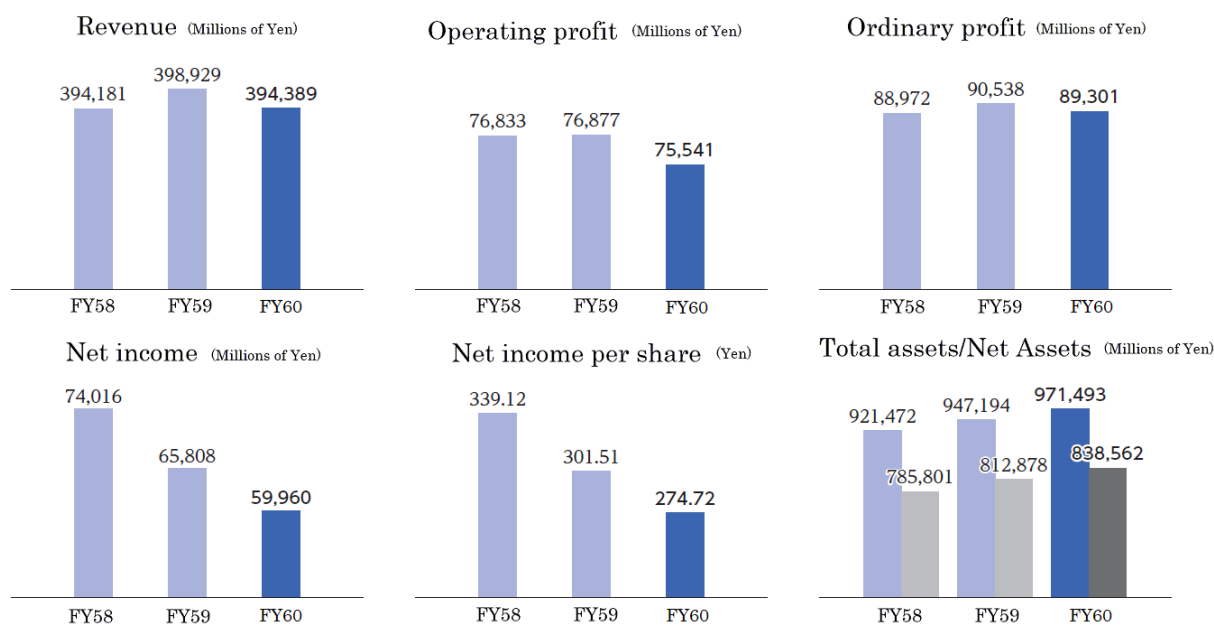
6. Trends in Earnings and Assets of the Company

(Millions of Yen except for net income per share)

Fiscal years \ Category	57th fiscal year (4/1/2017– 3/31/2018)	58th fiscal year (4/1/2018– 3/31/2019)	59th fiscal year (4/1/2019– 3/31/2020)	60th fiscal year (current fiscal year) (4/1/2020– 3/31/2021)
Revenue	387,881	394,181	398,929	394,389
Operating profit	78,168	76,833	76,877	75,541
Ordinary profit	91,083	88,972	90,538	89,301
Net income	67,692	74,016	65,808	59,960
Net income per share (Yen)	310.15	339.12	301.51	274.72
Return on Equity	9.3%	9.6%	8.2%	7.3%
Total assets	884,045	921,472	947,194	971,493
Net assets	748,988	785,801	812,878	838,562

(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.



[English Translation]

7. Matters Concerning Principal Subsidiaries

Company name	Issued capital	Percentage of ownership (Percentage of voting rights)	Principal business activities
Secom Joshinetsu Co., Ltd.	(Millions of Yen) 3,530	(%) 53.42 (54.56)	Security and safety services
Asahi Security Co., Ltd.	(Millions of Yen) 100	(%) 100.00 (100.00)	Cash collection and delivery services
Nohmi Bosai Ltd.	(Millions of Yen) 13,302	(%) 50.36 (50.71)	Comprehensive fire protection services
Nittan Co., Ltd.	(Millions of Yen) 2,302	(%) 100.00 (100.00)	Comprehensive fire protection services
Secom Medical System Co., Ltd.	(Millions of Yen) 100	(%) 100.00 (100.00)	Home medical services and remote image diagnosis support services
Secom General Insurance Co., Ltd.	(Millions of Yen) 16,808	(%) 97.11 (97.82)	Non-life insurance
Pasco Corporation	(Millions of Yen) 8,758	(%) 69.84 (72.17)	Surveying, measuring and geospatial information system services
Secom Trust Systems Co., Ltd.	(Millions of Yen) 1,468	(%) 100.00 (100.00)	Information security services and software development
At Tokyo Corporation	(Millions of Yen) 13,378	(%) 50.88 (50.88)	Data center business
TMJ, Inc.	(Millions of Yen) 100	(%) 100.00 (100.00)	BPO business including contact center business
The Westec Security Group, Inc.	(US\$) 301	(%) 100.00 (100.00)	Holding company in the U.S.
Secom Plc	(Thousands of UK Pounds) 44,126	(%) 100.00 (100.00)	Security business in the U.K.

[English Translation]

(Notes)

1. 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.
3. The Company transferred all of the issued shares of Secom Home Life Co., Ltd. as of 22 December, 2020. Accordingly it is no more a subsidiary of the Company.

8. Principal Business of the Group

The Group consists of the Company, 165 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 real estate leasing and construction and installation services 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), 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. (Minato-ku, 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), Arai & Co., Ltd. (Shibuya-ku, Tokyo).

(iv) Overseas Subsidiaries:

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

[English Translation]

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
59,436	1,032

(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
16,290	137	43.2	16.8

(Note)

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

11. Principal Lenders

(Millions of Yen)

Lenders	Balance
MUFG Bank, Ltd.	11,726
Mizuho Bank, Ltd.	8,292
Sumitomo Mitsui Banking Corp.	5,002
Resona Bank Ltd.	3,049

12. Other Important Matters Concerning the Group

There is no matter applicable.

[English Translation]

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:** 233,295,926
(including 15,034,565 shares of treasury stock held by the Company)
3. **Number of Shareholders at the End of the Fiscal Year:** 21,739
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, Ltd. (Trust Account)	36,082	16.53
Custody Bank of Japan, Ltd. (Trust Account)	16,969	7.77
JP MORGAN CHASE BANK 380055	9,358	4.28
STATE STREET BANK AND TRUST COMPANY 505223	5,453	2.49
Custody Bank of Japan, Ltd. (Trust Account 7)	4,870	2.23
STATE STREET BANK WEST CLIENT-TREATY 505234	4,321	1.98
Makoto Iida	4,242	1.94
Secom Science and Technology Foundation	4,025	1.84
Custody Bank of Japan, Ltd. (Investment Trust Account)	3,291	1.50
STATE STREET BANK AND TRUST COMPANY 505103	2,996	1.37

(Note)

Although the Company holds treasury stock of 15,034,565 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.

6. Shares Granted to Officers of the Company for Their Business Execution during Current Fiscal Year

	Number of shares	Number of Grantees
Directors (excluding Outside Directors)	1,928	7

[English Translation]

III. Directors and Audit & Supervisory Board Members

1. Names and Titles of Directors and Audit & Supervisory Board Members

(As of March 31, 2021)

Position	Name	Field of responsibility and 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 (in charge of BPO and ICT)
Director	Tatsushi Kurihara	Executive Officer (head of general affairs & human resources 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.
Director	Miri Hara	Representative Certified Public Tax Accountant of Tax Corporation Yokohama Benten Accounting, Inc.

[English Translation]

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.,
Audit & Supervisory Board Member	Setsuo Tanaka	Representative Director of Public Interest Incorporated Foundation Japan Police Support Association Representative Director of Public Interest Incorporated Foundation Japan Police Scholarship Association

(Notes)

- Messrs. Takaharu Hirose, Hirobumi Kawano, Hajime Watanabe and Ms. Miri Hara are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
- 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.
- 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.
- There are no particular interests between the Company and other corporations employing Outside Director, Messrs. Takaharu Hirose, Hirobumi Kawano, Hajime Watanabe and Ms. Miri Hara.
- There are no particular interests between the Company and other corporations employing Outside Audit & Supervisory Board Member, Messrs. Hideki Kato and Makoto Yasuda.
- The Company made donation to two foundations which Outside Audit & Supervisory Board Member Mr. Setsuo Tanaka concurrently assumes positions. However, the amounts of donation were less than 10 million yen, respectively. Moreover, both of foundations are certified as designated public interest corporations to contribute to promote public interest so that it is unlikely that independency between both foundations and the Company, also between him and the Company would be suspicious, nor conflict of interest as to ordinary shareholders would be endangered.
- The notice of Outside Directors, Messrs. Takaharu Hirose, Hirobumi Kawano, Hajime Watanabe and Ms. Miri Hara being independent officers was submitted to Tokyo Stock Exchange, Inc.
- 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.
- Change in important position of other organization concurrently assumed by Director Ms. Miri Hara has assumed the office of Director at the 59th Ordinary General Meeting of the Shareholders held on June 26, 2020.
- Changes in post of Audit & Supervisory Board Members during the current fiscal year
Audit & Supervisory Board Member, Mr. Makoto Yasuda resigned from Outside Director of Sanwa Holdings Corporation as of June 24, 2020.

[English Translation]

<Reference>

Executive Officers who are not Directors are as follows:

(As of May 1, 2021)

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

(Notes)

1. Executive Officer, Mr. Yoshinori Yamanaka was appointed to Managing Executive Officer as of June 1, 2020.
2. Mr. Toshinori Sugimoto was appointed to Executive Officer as of June 1, 2020.
3. Mr. Satoshi Araki was appointed to Executive Officer as of October 1, 2020.

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. Description of the Officers' Liability Insurance Contract

The Company has entered into an officers' liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to compensate the insured persons for any damage that they may incur when a claim for damages is made against them, including damages and litigation cost.

The insured persons of this insurance contract are main business executives of the Company, including Directors, Audit & Supervisory Board Members, and Executive Officers.

However, if the insurance policy provides for a deductible amount and does not cover damage that does not reach the deductible amount, or if certain exemptions apply, such as when an act is committed with the knowledge that it violates laws and regulations, the insurance policy shall not cover the damage to ensure that the appropriateness of the performance of duties by directors and officers is not impaired.

The insurance premiums are paid by the Company, including those for special clauses such as the special clause on indemnity for shareholder representative lawsuits, and the insured does not bear the actual cost of the premiums.

[English Translation]

4. Remuneration of Directors and Audit & Supervisory Board Members

	Total amount of remuneration etc. (Millions of Yen)	Breakdown of total amount of remuneration etc. (Millions of Yen)				No. of entitled officers
		Basic remuneration	Performance-based remuneration		Non-pecuniary remuneration	
		Fixed	Stock option	Bonus	Restricted stock	
Directors (excluding Outside Directors)	366	293	-	55	17	7
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	45	45	-	-	-	2
Outside Directors	39	39	-	-	-	4
Outside Audit & Supervisory Board Members	25	25	-	-	-	3
Total	476	403	-	55	17	16

(Notes)

Both the performance-based remuneration and non-pecuniary remuneration described above are in accordance with the policy for determining the content of individual remuneration for Directors, which was established in advance by the Board of Directors.

With regard to the above performance-based remuneration, the target of consolidated operating profit for the fiscal year under review was 124,000 million yen, and the actual result was 136,925 million yen.

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

(1) Remuneration of Directors

The Company has established a policy for determining the contents of remuneration of individual directors (hereinafter referred to as the “Determination Policy”), and its outline is as follows:

The remuneration of Directors shall consist of pecuniary remuneration (fixed monthly remuneration and bonus) and share-based remuneration. Outside Directors shall be entitled only to fixed monthly remuneration. In the case of a death of an incumbent Director of the Company (excluding Outside Directors), officer condolence money shall be paid to the bereaved family of the deceased Director in accordance with the Regulations on the Provision of Officer Condolence Money established by the resolution of the Board of Directors subject to the approval of the General Meeting of Shareholders.

Regarding pecuniary remuneration (fixed monthly remuneration and bonus), it was resolved at the 44th Ordinary General Meeting of Shareholders held on June 29, 2005 that the total amount shall not exceed 600 million yen per year (the number of Directors pertaining to the resolution was eleven). The pecuniary remuneration of each director is determined by the Nomination and Compensation Committee, which is authorized by the Board of Directors, within the limit of the maximum amount of such remuneration resolved at the

[English Translation]

General Meeting of Shareholders. Regarding share-based remuneration, it was resolved at the 56th Ordinary General Meeting of Shareholders held on June 27, 2017 that the total amount of monetary claims to be provided to grant restricted stock shall not exceed 100 million yen per year, which is separate from pecuniary remuneration, and that the number of common stock shares to be issued or disposed as restricted stock shall not exceed 20,000 shares per year (the number of Directors pertaining to the resolution (excluding Outside Directors) was eight); that the Non-transferable Period shall be determined by the Board of Directors in advance to be a period not shorter than three years, but not longer than five years from the day on which each Director receives common stock of the Company through the issuance or disposition of shares; and that in the event that a Director who has received common stock of the Company through the issuance or disposition of shares resigns or retires from office and ceases to be any of Director, Executive Officer, Audit & Supervisory Board Member and employee of the Company before the maturity of the Non-transferable Period the Company shall acquire all such common stock free of charge as a matter of course unless the resignation or retirement is determined by the Board of Directors of the Company to be due to a reasonable cause such as expiration of the term of office, mandatory retirement due to age, or death. The share-based remuneration of each director (excluding Outside Directors) is determined by the Board of Directors based on the result of deliberation by the Nomination and Compensation Committee within the limit of the abovementioned maximum amount and number resolved at the General Meeting of Shareholders.

The amount of fixed monthly remuneration (pecuniary remuneration) of each Director and the amount of share-based remuneration (the amount of monetary claims provided to grant restricted stock) of each Director (excluding Outside Directors) shall be determined in comprehensive consideration of the job responsibility and the number of years of office of each Director as well as the financial performance of the Company. The amount of bonus of each Director (excluding Outside Directors) shall be determined in comprehensive consideration of consolidated operating profit, which is one of the key management targets of the Company, as well as the job responsibility and the number of years of office of each Director.

The relative proportion of fixed monthly remuneration, bonus, and share-based remuneration in the total amount of remuneration of each Director (excluding Outside Directors) shall be roughly 80:15:5. Fixed monthly remuneration is paid every month. Bonus for each fiscal year is paid in July of the following fiscal year. Share-based remuneration for each fiscal year is paid in July of the same year subject to the Non-transferable Period above.

As the remuneration of each Director for the current fiscal year has been determined in accordance with the procedure outlined above, the Board of Directors has determined that the contents of the remuneration are in line with the Determination Policy.

To strengthen the independence and objectivity of the functions and the accountability of the Board of Directors concerning the nomination and remuneration of Directors, the Company has established a Nomination and

[English Translation]

Compensation Committee. The Committee submits a proposal on the election and removal of Directors to the Board of Directors and determines and advises on the remuneration of Directors. The Nomination and Compensation Committee consists of the following seven members in total (including four Outside Directors): Makoto Iida (Chairperson, Supreme Advisor and Director), Yasuo Nakayama (Director), Ichiro Ozeki (Director), Takaharu Hirose (Outside Director), Hirobumi Kawano (Outside Director), Hajime Watanabe (Outside Director), and Miri Hara (Outside Director).

(2) Remuneration of Audit & Supervisory Board Members

The remuneration of Audit & Supervisory Board Members of the Company consists of pecuniary remuneration. It was resolved at the 50th Ordinary General Meeting of Shareholders held on June 24, 2011 that the total amount of remuneration of Audit & Supervisory Board Members shall not exceed 80 million yen per year (the number of Audit & Supervisory Board Members pertaining to the resolution was five). The amount of remuneration of each Audit & Supervisory Board Member shall be determined by consultation among Audit & Supervisory Board Members based on the job responsibility of each Audit & Supervisory Board Member within the limit of the maximum amount of such remuneration resolved at the General Meeting of Shareholders.

No performance-based remuneration has been introduced as remuneration of Audit & Supervisory Board Members.

6. 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	10 (out of 10)	-	He offered advice and recommendations at the meetings of the Board of Directors by making use of his extensive experience and insight gained through the foundation and the management of many enterprises and industry organizations. He also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, he has performed the supervisory function adequately and has played an appropriate role as an Outside Director.

[English Translation]

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Director	Hirobumi Kawano	10 (out of 10)	-	He offered advice and recommendations at the meetings of the Board of Directors by making use of his extensive experience and insight gained through holding important positions in government as well as in industry. He also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, he has performed the supervisory function adequately and has played an appropriate role as an Outside Director.
Outside Director	Hajime Watanabe	10 (out of 10)	-	He offered advice and recommendations at the meetings of the Board of Directors by making use of his extensive experience and insight gained from many years of involvement in corporate management. He also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, he has performed the supervisory function adequately and has played an appropriate role as an Outside Director.
Outside Director	Miri Hara	8 (out of 8)	-	She offered advice and recommendations at the meetings of the Board of Directors by making use of her extensive experience and insight gained from her experience as a corporate officer and a tax accountant. She also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, she has performed the supervisory function adequately and has played an appropriate role as an Outside Director.

[English Translation]

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Audit & Supervisory Board Member	Hideki Kato	10 (out of 10)	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	10 (out of 10)	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	10 (out of 10)	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.

(Note)

Ms. Miri Hara was elected as Director at the 59th ordinary general meeting of shareholders held on June 25, 2020, and assumed the office. Therefore, the table shows the attendance figures of the meetings of the Board of Directors held on and after June 25, 2020.

[English Translation]

IV. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

2. Remuneration of Accounting Auditor

(Millions of Yen)

Category	Previous Fiscal Year		Current Fiscal Year	
	Audit certification work	Non-audit work	Audit certification work	Non-audit work
Company	204	0	198	4
Consolidated Subsidiaries	372	65	378	62
Total	577	65	576	67

(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

Consolidated subsidiaries pay 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.)

(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 Employee Conduct* is based on the philosophy of SECOM, which we have followed since the establishment of the business. These ethical guidelines

[English Translation]

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.

[English Translation]

- (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, 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.
Ordinary times	(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.
	(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, calumny, 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

[English Translation]

- 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.

[English Translation]

(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

[English Translation]

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.

[English Translation]

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

[English Translation]

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 11 Directors including 4 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. 31 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, 2021.)

- (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 Group subsidiaries (total of 52 times), and held information exchange meetings to reinforce cooperation with Group Audit & Supervisory Board Members (total of 22 times). Internal audit departments inspect (by way of leveraging online meetings utilizing teleconference system as a preventive measure against spread of COVID-19) 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

[English Translation]

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 7 times with the President and Representative Director and 19 times with Accounting Auditors to exchange opinions. In addition, Audit & Supervisory Board

[English Translation]

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 to 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. Moreover constructive comments regarding changes in business environment and risks involved were made for further progress based on medium to long term perspective.

Consolidated Balance Sheet

(As of March 31, 2021)

(Millions of Yen)

ITEM	AMOUNT	ITEM	AMOUNT
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:	942,033	Current liabilities:	361,106
Cash on hand and in banks	499,247	Notes and accounts payable, trade	42,858
Cash deposits for armored car services	138,889	Bank loans	33,806
Notes and accounts receivable, trade	132,886	Current portion of straight bonds	439
Due from subscribers	39,980	Lease obligations	4,730
Short-term investments	21,579	Payables – other	42,215
Lease receivables and investment in leased assets	41,511	Accrued income taxes	23,440
Merchandise and products	14,289	Accrued consumption taxes	12,652
Real estate inventories	186	Accrued expenses	7,828
Work in process	4,880	Deposits received for armored car services	119,334
Costs on uncompleted construction contracts	7,524	Deferred revenue	30,192
Raw materials and supplies	11,003	Accrued bonuses	18,298
Short-term loans receivable	3,053	Provision for losses on construction contracts	1,820
Other	28,714	Other	23,488
Allowance for doubtful accounts	(1,715)		
Fixed assets:	922,145	Long-term liabilities:	273,248
Tangible assets:	391,775	Straight bonds	3,899
Buildings and improvements	152,770	Long-term loans	10,444
Machinery and equipment and automobiles	8,897	Lease obligations	12,854
Security equipment and control stations	74,704	Guarantee deposits received	30,694
Tools, furniture and fixtures	24,342	Deferred income taxes	7,314
Land	120,876	Accrued retirement benefits for directors and audit & supervisory board members	793
Construction in progress	10,184	Net defined benefit liability	22,098
Intangible assets:	120,277	Investment deposits by policyholders, unearned premiums and other insurance liabilities	181,014
Software	22,883	Other	4,134
Goodwill	65,604		
Other	31,789		
Investments and others:	410,093		
Investment securities	272,123		
Long-term loans receivable	33,301		
Lease deposits	16,458		
Long-term prepaid expenses	24,924		
Net defined benefit asset	39,532		
Deferred income taxes	25,085		
Other	12,204		
Allowance for doubtful accounts	(13,538)		
		Total liabilities	634,355
		<u>NET ASSETS</u>	
		Shareholders' equity:	1,072,832
		Common stock	66,410
		Capital surplus	81,801
		Retained earnings	998,405
		Common stock in treasury, at cost	(73,785)
		Accumulated other comprehensive income (losses):	9,346
		Unrealized gains on securities	22,122
		Deferred losses on hedges	(11)
		Foreign currency translation adjustments	(17,011)
		Remeasurements of defined benefit plans, net of taxes	4,247
		Noncontrolling interests:	147,645
		Total net assets	1,229,824
TOTAL ASSETS	1,864,179	TOTAL LIABILITIES AND NET ASSETS	1,864,179

[English Translation]

Consolidated Statement of Income

(Fiscal Year from April 1, 2020 to March 31, 2021)

(Millions of Yen)

ITEM	AMOUNT	
Revenue		1,035,898
Costs of revenue	705,326	
Gross profit		330,571
Selling, general and administrative expenses	193,645	
Operating profit		136,925
Non-operating income:		
Interest income	1,425	
Dividends income	602	
Gain on sales of investment securities	842	
Net gains from investment in affiliated companies accounted for under the equity method	6,179	
Other	2,503	11,554
Non-operating expenses:		
Interest expenses	824	
Loss on sales of investment securities	204	
Loss on sales and disposal of fixed assets	1,712	
Write-off of long-term prepaid expenses	582	
Foreign exchange loss, net	243	
Provision of allowance for doubtful accounts	1,376	
Loss on private equity investments	3,513	
Other	1,031	9,489
Ordinary profit		138,990
Extraordinary profit:		
Gain on sales of fixed assets	143	
Gain on sales of goodwill	120	
Gain on sales of investment securities	8	
Other	79	352
Extraordinary losses:		
Amortization of goodwill	5,660	
Loss on sales of investment securities in subsidiaries and affiliates	2,967	
Loss on revaluation of investment securities	311	
Net losses on disposal of fixed assets	210	
Impairment losses on fixed assets	95	
Other	1,255	10,499
Income before income taxes		128,843
Income taxes - current	43,023	
Income taxes - deferred	(68)	42,955
Net income		85,888
Net income attributable to noncontrolling interests		11,207
Net income attributable to owners of the parent		74,681

[English Translation]

Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2020 to March 31, 2021)

(Millions of Yen)

	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	66,401	81,874	960,828	(73,775)	1,035,328
Changes during the fiscal year:					
Issuance of new stocks	9	9			18
Cash dividends			(37,104)		(37,104)
Net income attributable to owners of the parent			74,681		74,681
Purchase of treasury stock				(9)	(9)
Disposal of treasury stock					-
Changes in shares of parent arising from transactions with non-controlling interest		(82)			(82)
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	9	(73)	37,577	(9)	37,503
Balance at the end of the fiscal year	66,410	81,801	998,405	(73,785)	1,072,832

[English Translation]

(Millions of Yen)

	Accumulated other comprehensive income (losses)					Noncontrolling interests	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	12,095	(15)	(13,388)	1,096	(212)	137,378	1,172,494
Changes during the fiscal year:							
Issuance of new stocks							18
Cash dividends							(37,104)
Net income attributable to owners of the parent							74,681
Purchase of treasury stock							(9)
Disposal of treasury stock							-
Changes in shares of parent arising from transactions with non-controlling interests							(82)
Net changes of items other than shareholders' equity	10,026	4	(3,623)	3,151	9,558	10,267	19,826
Total changes during the fiscal year	10,026	4	(3,623)	3,151	9,558	10,267	57,330
Balance at the end of the fiscal year	22,122	(11)	(17,011)	4,247	9,346	147,645	1,229,824

[English Translation]

Non-Consolidated Balance Sheet

(As of March 31, 2021)

(Millions of Yen)

ITEM	AMOUNT	ITEM	AMOUNT
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:	338,310	Current liabilities:	111,252
Cash on hand and in banks	224,817	Accounts payable	4,505
Cash deposits for armored car services	37,273	Bank loans	19,516
Notes receivable	360	Lease obligations	263
Due from subscribers	18,046	Payables – other	17,297
Accounts receivable, trade	10,802	Payables – construction	4,348
Receivables – other	4,249	Accrued income taxes	10,594
Merchandise	7,300	Accrued consumption taxes	5,131
Supplies	2,356	Accrued expenses	675
Prepaid expenses	2,483	Deposits received for armored car services	17,788
Short-term loans receivable	22,123	Deferred revenue	19,808
Other	8,568	Accrued bonuses	6,718
Allowance for doubtful accounts	(70)	Other	4,603
Fixed assets:	633,182	Long-term liabilities:	21,678
Tangible assets:	120,132	Lease obligations	3,807
Buildings and improvements	16,283	Guarantee deposits received	16,167
Automobiles	557	Accrued pension and severance costs	1,389
Security equipment and control stations	71,042	Other	313
Machinery and equipment	105		
Tools, furniture and fixtures	3,812		
Land	22,249		
Construction in progress	4,457		
Other	1,623		
Intangible assets:	11,343		
Software	7,826		
Other	3,516		
Investments and others:	501,706		
Investment securities	22,215		
Investment securities in subsidiaries and affiliated companies	356,243		
Investments in subsidiaries and affiliated companies	2,179		
Long-term loans receivable	57,331		
Lease deposits	7,650		
Long-term prepaid expenses	20,104		
Prepaid pension and severance costs	25,825		
Deferred income taxes	4,408		
Insurance funds	4,268		
Other	2,307		
Allowance for doubtful accounts	(827)		
		Total liabilities	132,931
		<u>NET ASSETS</u>	
		Shareholders' equity:	832,248
		Common stock	66,410
		Capital surplus:	83,087
		Additional paid-in capital	83,086
		Other capital surplus	0
		Retained earnings:	756,535
		Legal reserve	9,028
		Other retained earnings:	747,507
		Reserve for system developments	800
		General reserve	2,212
		Accumulated earnings carried forward	744,495
		Common stock in treasury, at cost	(73,785)
		Valuation, translation adjustments and others:	6,313
		Unrealized gains on securities	6,313
		Total net assets	838,562
TOTAL ASSETS	971,493	TOTAL LIABILITIES AND NET ASSETS	971,493

[English Translation]

Non-Consolidated Statement of Income
(Fiscal Year from April 1, 2020 to March 31, 2021)

(Millions of Yen)

ITEM	AMOUNT	
Revenue		394,389
Costs of revenue	235,165	
Gross profit		159,224
Selling, general and administrative expenses	83,682	
Operating profit		75,541
Non-operating income:		
Interest income	873	
Dividends income	14,185	
Other	1,114	16,174
Non-operating expenses:		
Interest expenses	177	
Loss on sales and disposal of fixed assets	1,398	
Write-off of long-term prepaid expenses	485	
Other	353	2,414
Ordinary profit		89,301
Extraordinary profit:		
Gain on liquidation of subsidiaries and affiliates	208	
Gain on sales of investment securities	8	
Other	9	226
Extraordinary losses:		
Loss on revaluation of investment securities in subsidiaries and affiliated companies	5,874	
Loss on debt forgiveness of subsidiaries and affiliates	2,551	
Loss on revaluation of investment securities	242	
Loss on sales of investment securities in subsidiaries and affiliates	194	
Other	130	8,992
Income before income taxes		80,534
Income taxes - current	20,913	
Income taxes - deferred	(339)	20,574
Net income		59,960

[English Translation]

Non-Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2020 to March 31, 2021)

(Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at the beginning of the fiscal year	66,401	83,077	0	83,078
Changes during the fiscal year:				
Issuance of new stocks	9	9		9
Cash dividends				
Net income				
Purchase of treasury stock				
Net changes of items other than shareholders' equity				
Total changes during the fiscal year	9	9	-	9
Balance at the end of the fiscal year	66,410	83,086	0	83,087

(Millions of Yen)

	Shareholders' equity				
	Retained earnings				Total retained earnings
	Legal reserve	Other retained earnings			
Reserve for system developments		General reserve	Accumulated earnings carried forward		
Balance at the beginning of the fiscal year	9,028	800	2,212	721,639	733,679
Changes during the fiscal year:					
Issuance of new stocks					
Cash dividends				(37,104)	(37,104)
Net income				59,960	59,960
Purchase of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	-	-	22,855	22,855
Balance at the end of the fiscal year	9,028	800	2,212	744,495	756,535

[English Translation]

(Millions of Yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common stock in treasury, at cost	Total shareholders' equity	Unrealized gains (losses) on securities	Total valuation, translation adjustments and others	
Balance at the beginning of the fiscal year	(73,775)	809,383	3,494	3,494	812,878
Changes during the fiscal year:					
Issuance of new stocks		18			18
Cash dividends		(37,104)			(37,104)
Net income		59,960			59,960
Purchase of treasury stock	(9)	(9)			(9)
Net changes of items other than shareholders' equity			2,819	2,819	2,819
Total changes during the fiscal year	(9)	22,864	2,819	2,819	25,684
Balance at the end of the fiscal year	(73,785)	832,248	6,313	6,313	838,562

[English Translation]

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

Independent Auditor's Report

May 20, 2021

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

KPMG AZSA LLC
Tokyo Office, Japan
Michitaka Shishido (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kiyoyuki Sakurai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shuji Ezawa (Seal)
Designated Limited Liability Partner
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, 2021 and for the year from April 1, 2020 to March 31, 2021 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.

[English Translation]

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.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to 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. 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 selection and application of audit procedures depends on the auditor's judgment.
- 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

[English Translation]

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.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

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

Independent Auditor's Report

May 20, 2021

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

KPMG AZSA LLC
Tokyo Office, Japan
Michitaka Shishido (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kiyoyuki Sakurai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shuji Ezawa (Seal)
Designated Limited Liability Partner
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 ("the financial statements and the supplementary schedules") of SECOM Co., Ltd. ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 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 the supplementary schedules* 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.

[English Translation]

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Supplementary Schedules

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

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. 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 selection and application of audit procedures depends on the auditor's judgment.
- 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

[English Translation]

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.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Certified Copy of the Audit & Supervisory Board's Report

Audit Report

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

May 20, 2021

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 60th business term from April 1, 2020 through March 31, 2021 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.

[English Translation]

- (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.

(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.

Notes to the Reader of Audit Report:

This is an English translation of the Audit Report as required by the Companies Act of Japan for the conveniences of the reader.

End