

**We are endeavoring to ensure sustainable growth and enhance corporate value by evolving and improving, enabling us to provide enduring peace of mind to an ever-changing society.**

### Consolidated Operating Results

In the fiscal year ended March 31, 2017, the Japanese economy remained on a gentle upward trend, reflecting a recovery in corporate earnings and improved employment levels. Nonetheless, the outlook remained uncertain, owing to economic conditions in the People's Republic of China (PRC) and emerging economies, the United Kingdom's exit from the European Union and economic and financial policy shifts in the United States, while the impact of fluctuations in the financial and capital markets continued to warrant caution.

In this environment, we pushed ahead toward the realization of our Social System Industry vision, in line with our goal of providing safety and peace of mind, as well as comfort and convenience, whenever and wherever necessary. Efforts continued to focus on responding to the needs of customers through the provision of high-grade services and systems in our security services segment, as well as in our other segments: fire protection services, medical services, insurance services, geographic information services, information and communication related services, and real estate and other services. We also sought to address diverse social imperatives, pressing forward with efforts to apply the ALL SECOM concept to reinforce collaboration among our various independent businesses with a view to maximizing synergies, developing innovative services and systems, and expanding the scope of our operations.

Consolidated net sales and operating revenue advanced 4.9%, or ¥47.8 billion, to ¥1,031.3 billion. Among principal factors behind this result were the inclusion of a full year of results for subsidiary Asahi Security Co., Ltd., consolidated on December 1, 2015, and higher revenue from on-line security systems. Bolstered by increased net sales and operating revenue and a decrease in impairment loss on long-lived assets, among others, operating income rose 9.5%, or ¥11.3 billion, to ¥130.2 billion. Increases in operating income, gain on private equity investments and other factors pushed net income attributable to SECOM CO., LTD., up 8.7%, or ¥7.3 billion, to ¥91.4 billion.

### Enhancing Returns to Shareholders

We recognize the provision of a fair return to shareholders as a crucial management task. In line with our basic policy of ensuring a consistent and stable distribution of profits, we determine our consolidated dividend payout ratio and level of internal reserves based on an overall assessment of efforts to expand our operations and of trends in our consolidated operating performance. At the Ordinary General Meeting of Shareholders, held on June 27, 2017, the payment of a year-end dividend of ¥75.00 per share was approved. Together with an interim dividend of ¥70.00, dividends for the full term amounted to ¥145.00 per share, up ¥10.00 from the previous fiscal year.

### Understanding and Responding to Change

Needs for safety, peace of mind, comfort and convenience are becoming increasingly varied and sophisticated. We capitalize on our ability to promptly identify latent customer needs, which facilitates the development and provision of optimal services and systems.



Makoto Iida  
Founder



Yasuo Nakayama  
President and Representative Director

In our core commercial security services business, we stepped up sales of high-value-added on-line security systems, including SECOM AX, a remote imaging on-line security system that features advanced image recognition technologies; SECOM LX, which combines on-line security and access control functions to help customers manage personnel efficiently, thus reducing costs; and SECOM FX, which features security and facility control functions. Contributions from new SECOM Group members Kumalift Co., Ltd. and Asahi Security, which were acquired in the previous fiscal year, reinforced our operating foundation in this business. In addition, we expanded our security services and systems for large-scale events by, for example, commencing the full-scale provision of 3-Dimensional Security. 3-Dimensional Security for large-scale events begins with SECOM 3D Security Planning, which uses high-precision 3D maps to support the formulation of an optimal security plan, and encompasses static guards, venue surveillance from overhead using a SECOM Aerostat and from the ground using temporarily installed surveillance cameras, wearable cameras and the SECOM Drone Detection System, among others, to ensure the safety and security of large-scale events.

In the area of home security services, we continued to advance acceptance of SECOM Home Security G-Custom, an on-line residential security system that includes a variety of other useful features, against a backdrop of growing needs for systems that enhance safety, peace of mind, comfort and convenience. In addition to commencing distribution of the SECOM Home Security App, which allows subscribers to operate their SECOM Home Security systems from their smartphones, further enhancing the convenience of SECOM Home Security, in July 2017 we released SECOM Home Security NEO, a flexible system suited to modern lifestyles that can be linked with various devices. Concurrently, we launched the SECOM My Doctor Watch, an emergency medical alert and health management service centered on a wearable wristband tracker, which is available as an optional service to SECOM Home Security subscribers.

Overseas, we sought to expand sales of SECOM-style security services, a term we use to describe comprehensive on-line security systems that encompass everything from the installation of security equipment at the subscriber's premises to the prompt dispatch of emergency response personnel. During the period under review, our efforts concentrated on expanding sales in the rapidly growing economies of Southeast Asia and the PRC. On another front, subsidiary Secom plc of the United Kingdom acquired a 100% stake in Scan Alarms Ltd., a security services company in Northern Ireland, as a result of which Secom plc is now able to provide services directly to customers across the United Kingdom.

In fire protection services, subsidiaries Nohmi Bosai Ltd. and Nittan Co., Ltd., two of Japan's leading names in the area of fire protection services, continued to provide high-grade automatic fire alarm, fire extinguishing and other systems for a diverse range of applications, including office buildings, plants, tunnels, structures designated as cultural properties, ships and homes. In the period under review, the two companies continued to leverage their respective business foundations and product development capabilities to secure orders for fire protection systems.

Efforts in our medical services business concentrated on Home Medical Services, which comprise home nursing and pharmaceutical dispensing services, as well as on the operation of residences for seniors, the

provision of electronic medical reporting systems, sales of medical equipment and pharmaceuticals, personal care services and support for associated hospitals. In India, we consolidated hospital management company Takshasila Hospitals Operating Pvt. Ltd., which was established in fiscal year 2012 as a joint venture.

In our insurance services business, sales of our distinctive non-life insurance policies expanded favorably. These include SECOM *Anshin* My Home, a comprehensive fire insurance policy for homes, and the Security Discount Fire Policy, a fire insurance policy for commercial premises, both of which extend discounts to subscribers who have installed on-line security systems, recognizing the risk-mitigating factors of such systems; MEDCOM, an unrestricted cancer treatment policy that covers all treatment costs; and SECOM *Anshin* My Car, a comprehensive automobile insurance policy that includes access to on-site support services provided by our emergency response personnel in the event of an accident. Subscriptions to MEDCOM, in particular, rose steadily.

Our geographic information services business centers on the collection of geographic data from commercial satellite images, aerial photography and vehicle/ground surveying, which we integrate, process and analyze to provide geospatial information services to public sector entities—including national and local governments—and private-sector customers in Japan. We also offer these services to government agencies abroad, including those in emerging economies. In the period under review, we sought to extend services that respond to increasingly diverse and sophisticated domestic and overseas needs for geospatial information associated with, among others, the construction and maintenance of critical infrastructure and the prevention and mitigation of risks and disasters.

We provide a variety of information and communication related services, notably data center services, business continuity planning (BCP) support services, information security services and cloud-based services, to customers in Japan. In response to increasingly complex and malicious cyber attacks, we commenced sales of SECOM Premium Net Remote Browser, a cloud-based service that isolates companies' in-house systems from web access within individual computers. We also took steps to further expand sales of the SECOM *Anshin* My Number Service, which was released in the previous fiscal year.

Our real estate and other services business continued to emphasize the development and sale of condominiums equipped with distinctively SECOM security and disaster preparedness features. Other services include real estate leasing, construction and installation.

Another highlight of the period under review was the launch of the SECOM Disaster Support Project, a new initiative that combines long-term support for areas struck by serious earthquakes, flooding or other major disasters with efforts to help communities reinforce their disaster preparedness. The project, which involves close collaboration with local authorities, capitalizes on our technological prowess and know-how to tailor services to the post-disaster status of individual communities.

#### Charting Sustainable Growth: The SECOM Group's Vision for 2030

We see our mission as helping to achieve a society free from concerns. Accordingly, we continue working to realize our Social System Industry vision against a backdrop of drastic change brought about by technological progress, demographic trends, the shift of the global economic center and increased urbanization, and increasingly severe environmental issues, among other factors. Operating in an environment thus characterized by change and uncertainty, we recognize that achieving sustainable growth will depend on

encouraging all employees, who share the SECOM philosophy, to cultivate a managerial mindset, that is, the ability to form judgments and act independently.

To further the creation of a robust managerial mindset, we will continue working to maximize employee capabilities, creating a virtuous cycle rooted in employee job satisfaction, recognizing that motivating employees to create superior offerings enables us to provide exciting, powerful services that exceed customers' expectations. In so doing, we will strive to increase the number of satisfied customers, thereby enhancing society's trust in SECOM as a company. This, in turn, encourages employees and inspires them to fulfill their professional ambitions, which drives efforts to provide even better services.

To ensure an efficiently functioning managerial mindset, we continue to promote a fair and impartial corporate organization that ensures a free and open corporate culture. We are also taking steps to strengthen the framework whereby customer feedback and market needs are communicated to SECOM headquarters and incorporated into the development and modification of services and systems and the transformation of business practices. We are also reviewing employment qualifications with the aim of securing the diverse human resources that will continue to drive SECOM forward.

As part of our commitment to charting sustainable growth by encouraging a managerial mindset in all employees, in May 2017 we formulated the SECOM Group's Vision for 2030, a long-term roadmap for the SECOM Group between now and 2030. This vision, which positions 2030 as a key milestone, further defines our future direction with the goal of building pride amongst our employees, inspiring trust amongst our customers and instilling awareness of our potential amongst all of our stakeholders. Guided by this vision, we will work to realize the *ANSHIN* Platform, a service infrastructure anchored in the relationship of trust that we have cultivated with society. Created in collaboration with partners in industry, government and academia with the same philosophy, this infrastructure is designed to provide peace of mind to people in their everyday lives, as well as to society as a whole. Going forward, we will capitalize on the *ANSHIN* Platform to alleviate problems and resolve concerns, addressing diverse social imperatives through the seamless provision of services that deliver enduring peace of mind whenever and wherever necessary.


We also recognize the critical role of artificial intelligence (AI), Internet of Things (IoT) and other advanced technologies in realizing the SECOM Group's Vision for 2030. Accordingly, we have created a dedicated project team and technological task force that will explore the active use of such cutting-edge technologies.

Looking ahead, we remain committed to providing enduring peace of mind by keeping abreast or—where possible—ahead of the times. To this end, we will continue to evolve. By thus reinforcing our relationship with society, we will continue working to ensure sustainable growth and enhance corporate value. In these and all our endeavors, we look forward to the ongoing support of shareholders.

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