



SECOM

SECOM REPORT 2022

Year ended March 31, 2022

Profile

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

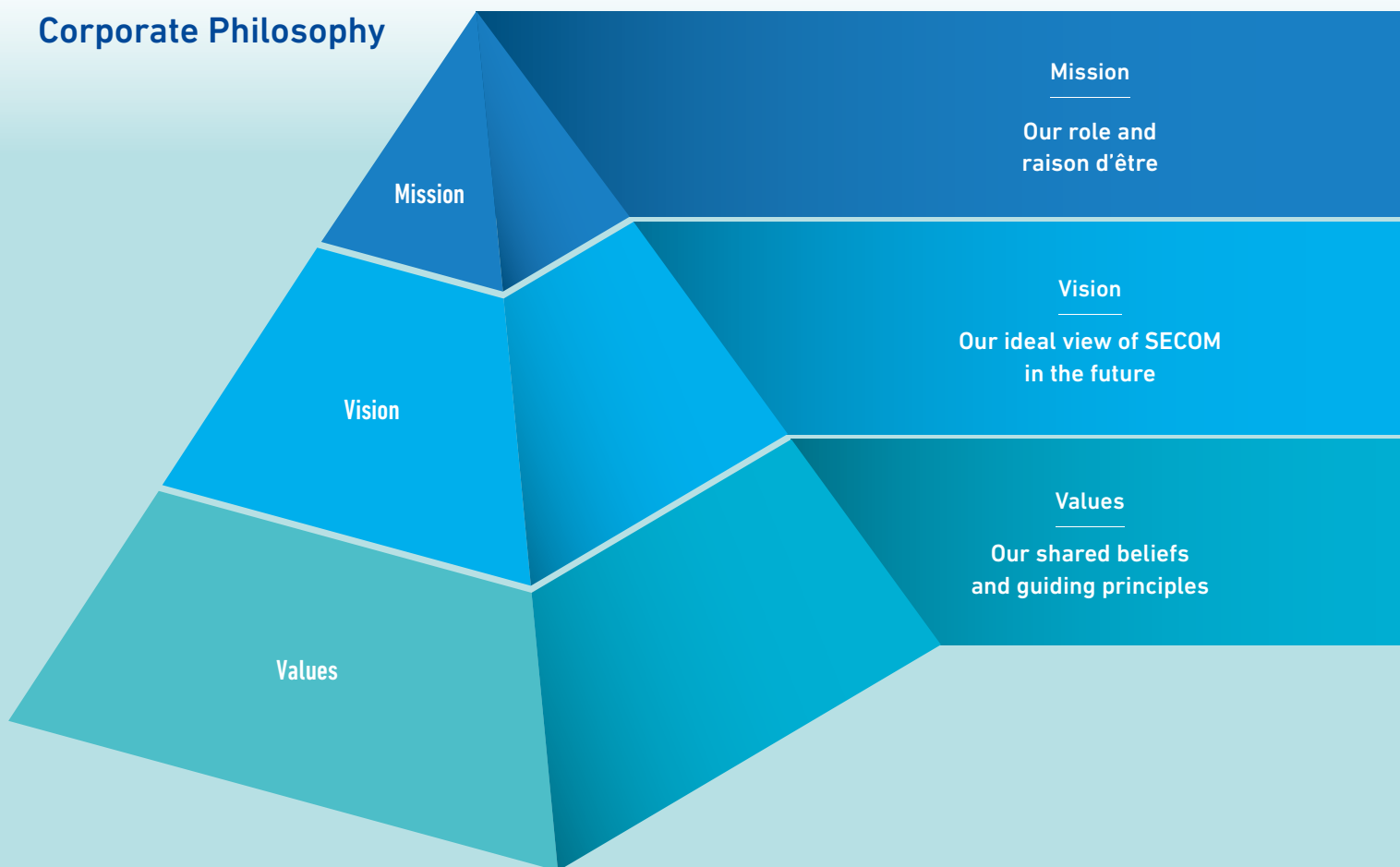
Today, SECOM, comprising the parent company and the companies of the SECOM Group, strives to create services and systems that deliver safety and peace of mind, as well as make life more comfortable and convenient, whenever and wherever necessary, for anyone and everyone, and in so doing to realize its Social System Industry vision, which describes a framework of distinctive, integrated services and systems. The Company's extensive business portfolio currently encompasses security services, fire protection services, medical services, insurance services, geospatial information services, business process outsourcing and information and communications technology (BPO and ICT) services, and other services.

Operating in an environment characterized by significant upheaval and amplified uncertainties, in 2017 SECOM formulated the SECOM Group's Vision for 2030 to clarify its strategic direction through to 2030 as it works to realize its Social System Industry vision. Guided by the SECOM Group's Vision for 2030, the Company is building the *ANSHIN** Platform, a service infrastructure designed to provide peace of mind to people in their everyday lives, as well as to society as a whole. SECOM is also collaborating with partners who share its philosophy to create new value that will underpin the launch and cultivation of new businesses and the expansion of existing businesses, ensuring its ability to deliver enduring peace of mind to people in an ever-changing society. Through these and other efforts to address social imperatives, SECOM continues working to achieve sustainable growth together with society.

SECOM has also expanded into 17 countries and territories outside Japan. Currently, Group companies extend distinctive SECOM security services, fire protection services, medical services, geospatial information services, and BPO and ICT services customized to reflect local needs and sensibilities. Going forward, SECOM will continue working to broaden global awareness of the SECOM brand.

**ANSHIN* is Japanese for "peace of mind."

Corporate Philosophy



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

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

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

Since our establishment, we have adhered to SECOM's Philosophy, which emphasizes contributing to society through our business activities.

Ideas and principles of conduct, including this philosophy, which are shared by all employees, guide everything we do and have nurtured **a uniquely SECOM identity** that remains crucial to our ability to achieve our mission.

SECOM's Philosophy

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



Financial Highlights

U.S. GAAP

SECOM CO., LTD. and Subsidiaries

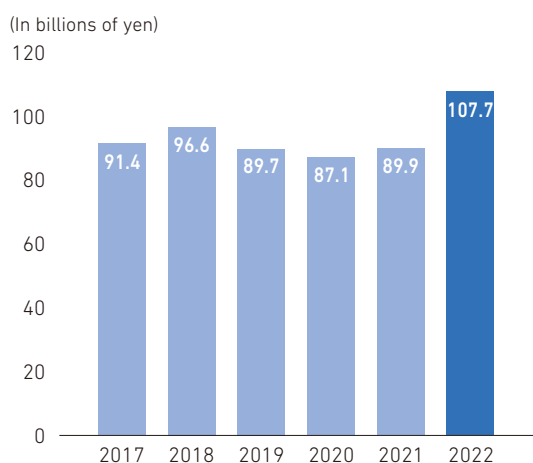
For the years ended/as of March 31

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2022	2021	2020	2022
Net sales and operating revenue	¥1,166,098	¥1,135,339	¥1,132,632	\$ 9,558,180
Operating income	156,402	135,809	129,627	1,281,982
Net income attributable to SECOM CO., LTD.	107,731	89,913	87,136	883,040
Total assets	2,183,466	2,137,806	2,081,120	17,897,264
Total SECOM CO., LTD. shareholders' equity	1,209,512	1,142,323	1,088,738	9,914,032

	In yen			In U.S. dollars
Per share of common stock:				
Net income attributable to SECOM CO., LTD.	¥ 492.83	¥ 411.95	¥ 399.23	\$ 4.04
Cash dividends	175.00	170.00	170.00	1.43
(Interim dividend)	90.00	85.00	85.00	0.74
SECOM CO., LTD. shareholders' equity	5,546.11	5,233.74	4,988.25	45.46

- Notes: 1. Yen amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the approximate rate of ¥122=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2022.
2. Net income attributable to SECOM CO., LTD. per share of common stock is based on the average number of shares outstanding during each period, less treasury stock.
3. SECOM CO., LTD. shareholders' equity per share of common stock is based on the number of shares outstanding at the end of each period, less treasury stock.
4. Cash dividends per share of common stock are based on dividends approved and paid in each fiscal year. At the general shareholders' meeting held on June 28, 2022, approval was granted for a proposal to pay a year-end dividend of ¥90.00 for the year ended March 31, 2022.

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



Note: In the fiscal year ended March 31, 2022, net income attributable to SECOM CO., LTD., advanced ¥17.8 billion, to ¥107.7 billion. The principal factor behind this result was higher operating income. This was due to increases in net sales and operating revenue, and in operating income, in three segments. Higher results in the security services segment were underpinned by increases for electronic security services in Japan and overseas and for static security guard services. The fire protection services segment benefited from a concentration of profitable projects during the period. The medical services segment was bolstered by improvements in the earnings of partner hospitals in Japan and a general hospital in India.

In the year ended March 31, 2021, net income attributable to SECOM CO., LTD., advanced ¥2.8 billion, to ¥89.9 billion, notwithstanding the negative impact of COVID-19 in certain areas. This reflected an increase in operating income, which was bolstered by favorable results in the insurance services, BPO and ICT services, and geospatial information services segments, as well as a gain on other-than-temporary impairment of investment securities, compared with a loss in the previous fiscal year.

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

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

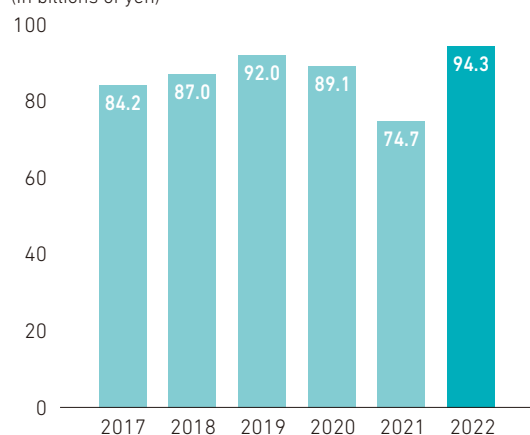
Japanese GAAP				In thousands of U.S. dollars
SECOM CO., LTD. and Subsidiaries				
For the years ended/as of March 31				
	In millions of yen			
	Years ended March 31			Year ended March 31
	2022	2021	2020	2022
Revenue	¥1,049,859	¥1,035,898	¥1,060,070	\$ 8,605,402
Operating profit	143,499	136,925	142,858	1,176,221
Ordinary profit	153,186	138,990	151,356	1,255,623
Net income attributable to owners of the parent	94,273	74,681	89,080	772,730
Total assets	1,907,755	1,864,179	1,815,121	15,637,336
Total net assets	1,256,036	1,229,824	1,172,494	10,295,377

	In yen			In U.S. dollars
Per share of common stock:				
Net income	¥ 431.27	¥ 342.17	¥ 408.14	\$ 3.54
Cash dividends	180.00	170.00	170.00	1.48
(Interim dividend)	90.00	85.00	85.00	0.74
Net assets	5,147.30	4,958.18	4,742.58	42.19

Note: Cash dividends per share of common stock are based on dividends the record dates for which fall in each fiscal year. The consolidated dividend payout ratio for the year ended March 31, 2022, was 41.7%.

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

(In billions of yen)



We are working to improve productivity and investing in growth to create the ANSHIN Platform and achieve sustainable growth.

Ichiro Ozeki

President and Representative Director



Consolidated operating results

Despite a persistently challenging environment, owing largely to COVID-19, the Japanese economy showed signs of recovery in the fiscal year ended March 31, 2022, as corporate earnings and private sector consumption, among others, rallied. While economic and social activity is gradually returning to normal, downside economic risks associated with the evolution of the pandemic around the world, fluctuations in financial and capital markets, and growing uncertainty regarding the global situation and rising raw materials prices, continue to attract attention.

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

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

Consolidated net sales and operating revenue for the period under review amounted to ¥1,166.1 billion, an increase of 2.7%, or ¥30.8 billion, while operating income advanced 15.2%, or ¥20.6 billion, to ¥156.4 billion. This primarily reflected increases in net sales and operating revenue, and in operating income, in the security services segment, which were underpinned by increases for electronic security services in Japan and overseas, and for static security guard services, as well as in the fire protection services segment, which benefited from a concentration of profitable projects during the period, and the medical services segment, which was bolstered by improvements in the earnings of partner hospitals in Japan and a general hospital in India. Net income attributable to SECOM CO., LTD., climbed 19.8%, or ¥17.8 billion, to ¥107.7 billion.

Initiatives in the period under review

With COVID-19 continuing to impact society, we believe that the greatest contribution we can make to society is to do our utmost to maintain services while placing our highest priority on the safety of customers and employees. Accordingly, we have taken a number of key steps to help curb the transmission of the virus, thereby safeguarding business continuity and our ability to provide uninterrupted around-the-clock services. I am particularly proud of SECOM employees, who even during the pandemic have conducted themselves with a deep sense of their mission to deliver safety and peace of mind to customers. In addition, as an

official partner (Security Services and Planning category), we contributed to the safe and secure staging of the Olympic and Paralympic Games Tokyo 2020, held from July through September 2021, for which we provided security at competition venues and other facilities.

During the period, we also continued to implement the four priority strategies I have advocated since taking office as president and representative director in June 2019: expand monitoring services, strengthen our overseas operations, reinforce our BPO and ICT services business, and improve productivity.

Expand monitoring services

In Japan, a super-aged society, ensuring elderly parents living apart can live in safety and comfort is a concern for many people. The pandemic has made it difficult for people to visit their parents, exacerbating the need for assistance on this front. In this environment, people are increasingly seeking one potent solution in home security services that enables family members to remotely monitor parents and dispatches emergency response personnel if necessary.

In June 2021, we launched SECOM Monitoring Service for Seniors, an optional service available to SECOM Home Security subscribers. With this service, family members can check up on their parents in an unobtrusive manner to confirm any variations in the frequency or nature of daily activities by accessing information captured by SECOM Home Security sensors installed in the home of a senior using a smartphone app. For monitoring individuals with health concerns, we are also developing various new sensors that facilitate the real-time detection of, for example, changes in posture, which could have been caused by a fall, or whether a sleeping individual is breathing, for which we are currently conducting verification tests at a SECOM-operated nursing home. To raise awareness of SECOM Home Security in the elder care market, we stepped up advertising and publicity activities, including by creating new television advertisements, an effort that has yielded highly positive results.

The need for monitoring services is not limited to elder care. Among increasingly health-conscious young and middle-aged individuals, demand is expanding for services that allow self-monitoring of physical condition. In line with our “Connection” strategy—one of four strategies for creating the *ANSHIN* Platform—in February 2022, we launched SECOM Cantabile, which makes it possible for existing SECOM Home Security subscribers to link their home security system with an Apple Watch or iPhone simply by installing an app, which they can tap to arm or disarm their home security system. The app also stores Apple Watch health data, such as calories expended, steps taken, sleep time, and blood oxygen level, which the subscriber can use in everyday health management. We have also begun promoting marketing efforts tailored to younger customers, many of whom have an Apple Watch, acknowledging that their monitoring needs often differ from those of seniors.

We continue to advance cloud-based monitoring services that target the healthcare management needs of diverse age groups. Pursuing an open and interactive approach that includes collaborating with other companies offering a variety of key systems and services, we are making use of Group management resources in areas such as medical services, BPO and ICT services to explore new possibilities in such areas as health tech.

Strengthen overseas operations

With Japan’s population expected to continue declining over the long term, we believe that strengthening our operations in promising overseas markets is essential to ensuring

sustainable growth going forward. As a first step, we will strive to boost consolidated net sales and operating revenue generated overseas to 10% or more of the consolidated total.

With the aim of expanding our overseas operations through both organic growth and M&As, we are reinforcing the capabilities of employees and pursuing a variety of strategies and initiatives.

The popularity of on-line security systems tends to expand in line with national and regional economic growth. We are extending our operations in promising markets, focusing on Asia, including by providing services that reflect the needs and sensibilities of the region's growing wealthy and middle classes, rather than insisting on offering services and systems developed for the Japanese market. Most of the countries and territories in which we have operations have a well-established foundation for the provision of on-line security systems in place. We have established the ASEAN Innovation Center in Bangkok and the China Innovation Center in Shanghai and are promoting the development and deployment of highly convenient interactive on-line security systems that use smartphones. In Thailand, we launched a new highly scalable cloud-based on-line security system for small and medium-sized businesses and for homes and commenced related advertising and publicity activities. Advertisements featuring well-known local actors have been well received and

continue to attract enthusiastic reviews, bolstering recognition of the SECOM brand and contract numbers. Looking ahead, we will continue to broaden our presence in Thailand, as well as to capitalize on know-how gained in this market to expand into other countries and regions, thereby accelerating organic growth.

Cultivating new markets in various countries and territories is also crucial to driving the growth of our overseas operations. For this reason, we recently established a business development team that is charged with exploring potential business alliances and M&As with the purpose of expanding the geographical breadth of our business activities. Secom Smart (Malaysia) Sdn. Bhd. and Secom Smart (Singapore) Pte. Ltd., both of which joined the SECOM Group in the autumn of 2020, are expanding digital marketing initiatives and promoting the increased use of cloud-based security systems. In Turkey, a market we entered in 2019, contract volume has expanded significantly thanks to strong appreciation for meticulous Japanese-style services and the outstanding cost-performance benefits of our on-line security systems. Going forward, we will continue to seek business alliances and M&As that offer benefits while carefully weighing country risk.

Reinforce BPO and ICT services business

In addition to providing high-quality and highly reliable data center services around the clock, we also operate one of Japan's largest data center networks, providing outstanding connectivity to cloud-based services and creating an IT infrastructure that is indispensable for many companies. To meet expanding demand for data center services in today's increasingly digital, cloud-based society, we plan to open a hyperscale urban data center in the Tokyo metropolitan area in 2024, as well as a new data center adjacent to an existing facility in 2025. We are also pressing ahead with the establishment of small-scale data centers in Kyushu and

Hokkaido to meet demand driven by rapid digitization in different areas of the country.

Sales staff are striving to propose business continuity planning (BCP) support services, as well as various cloud-based services that assist efforts to digitalize and streamline operations, to users of our on-line commercial security systems. To make this possible, we are expanding our ICT service offerings, deploying ICT-savvy personnel to security services sales teams across the country, and working to improve the ICT literacy and proposal development capabilities of sales staff.

Improve productivity

Japan's declining labor force is expected to further complicate the challenge of securing human resources in the future. Accordingly, improving productivity is essential for us to continue achieving growth. In our security services business, we are updating in-house IT systems so that we are positioned to handle an increase in work volume resulting from higher subscriber numbers and the expansion of services with current staffing levels. We

made the decision to implement this update, having carefully considered the scale of current investments and exposure to various risks, with the goal of boosting the productivity of individual employees and will roll out related initiatives over the next few years.

In another move designed to enhance productivity, we took steps to optimize the siting of SECOM control centers. Additionally, in April 2022 we shifted the back-office support

components of sales, operational, and administrative functions of individual offices to an administrative services group, thereby breaking down organizational silos and

creating a streamlined, more efficient configuration. We will continue working to optimize our organization to further increase overall productivity.

The transformation of the security services business

COVID-19 has brought far-reaching changes to all facets of life. Many of these changes, particularly those affecting business practices, consumer behavior, and work styles, are likely to remain even after the pandemic subsides, as the world transitions to a new normal. At the same time, we must continue to address challenges associated with Japan's super-aged society, notably a shrinking labor force, as well as with the increasing frequency of climate change-related natural disasters and growing requirements for information security arising from expanded digitalization. SECOM customers are seeing new needs for enhanced security and troubleshooting as a consequence of reduced staff numbers and a shift to unmanned formats for retail facilities, as well as for efficient employee attendance management systems, and improved information security and document digitalization to accommodate the expansion of telework and work style reforms. With people increasingly opting to work from home and making frequent use of delivery services, needs are also rising for a broad range of services that ensure safe and secure home environments. The pandemic

has also further spurred demand for monitoring services that help protect elderly parents and other family members, and for remote healthcare services.

Technologies are evolving at an astounding pace. The security services industry is expected to gain from the spread of artificial intelligence (AI), Internet of Things (IoT), and 5G mobile communications technologies, as well as from rapid progress in the area of sensing technologies, all of which are forecast to support the development of IoT services that will help address challenges in both everyday life and in business. The compatibility of on-line security systems with IoT services will enable us to greatly expand the menu of services we offer. In addition, advanced labor-saving technologies are projected to benefit security guard services, particularly by facilitating the use of robots. In the security services industry of the future, we believe that the key to dramatic growth will be our ability to incorporate new technologies to deliver new value to customers, as well as to leverage such technologies to improve our own productivity.

Growth strategy: Driving the evolution of on-line security systems

As a company with on-line security systems as its core business, we see this era of transformation, occasioned by dramatic socioenvironmental changes and technological progress, as an important business opportunity. We have the largest customer base of any security services company in Japan. This has enabled our R&D team to accumulate extensive know-how in this area. Rather than being shackled by its own technological prowess, the team also collaborates actively with various partners to encourage open innovation, allowing it to integrate advanced technologies from diverse sources. Our extensive service network, which organically links the IT systems and human resources responsible for the provision of SECOM on-line security systems around the clock, ensures uniformly high-grade services across Japan.

We have actively promoted System Security AZ, an all-in-one security system offering excellent scalability that was originally launched in 2019, as our core commercial on-line

security system. Unlike previous systems, which were tailored to the industries, business scales and operations of subscribers, AZ uses image sensing to deliver an outstanding monitoring performance and offers remote operation from a smartphone, camera monitoring, access management, and employee attendance management. These functions can be selected to meet individual customer needs and new functions can be added in the future. In July 2022, we launched AZ-Air, a new security system targeting small and medium-sized commercial facilities and offices, a particularly promising market. In addition to the high-grade monitoring and other functions of AZ, AZ-Air offers a compact main unit and wireless connection to sensors, achieving both improved aesthetics and price competitiveness. We look forward to this new model contributing to a sharp increase in sales of the AZ series of on-line security systems.

Sensing and other technologies are evolving rapidly. As a company with a huge customer base and more than 2.4 million on-line security systems installed in Japan, we attract a wide range of partners, from major corporations to start-ups, with diverse technological capabilities. Through open innovation with such partners, we will continue to progress as a leader in the provision of services that make use of the latest technologies. Ongoing efforts to develop and extend new services that make use of the technologies of our open innovation partners will position us to respond swiftly and flexibly to increasingly diverse and complex customer needs. By emphasizing not only highly convenient new subscription-based services but also robust backup in the form of highly trained emergency response personnel when circumstances demand, we will continue to provide distinctively SECOM services and systems that ensure our ability to be there for customers whenever we are needed. An extensive lineup of services not only attracts new customers, leading to new contracts, but also inspires existing customers to take advantage of multiple services, helping strengthen the customer-provider relationship and encouraging longer contract periods. In other words, strengthening our service offerings will help increase contract volume, boost contract fees, and prevent contract cancellations, thereby maximizing profits.

Making the most of opportunities for dramatic growth necessitates timely investments. The SECOM Group Road Map 2022 calls for focused outlays aimed at expanding the capacity of the core system used in our on-line security systems to accommodate the evolution of technologies. It is

also necessary to replace equipment currently installed on the premises of existing commercial security services subscribers with new systems such as System Security AZ that support new technologies. Because we maintain ownership of security equipment and rent it to subscribers, we have always replaced older equipment with newer models when appropriate. To encourage the use of new services, we are accelerating the pace of replacement by proceeding with a 10-year investment plan to gradually replace equipment currently in use, beginning with subscribers who have used currently installed equipment the longest. As mentioned earlier, we are also updating in-house IT systems so that we can handle an increase in work volume resulting from increased subscriber numbers and an expanded service lineup with current staffing levels.

The deployment of advanced technologies can also be expected to dramatically improve security guard services, as well as to ease the physical demands on emergency response personnel. A reduced physical burden will increase the capacity of our emergency response infrastructure to provide services around the clock, whenever needed, thus improving productivity.

In addition to conventional services, involving monitoring with sensors and support by emergency response personnel, in the years ahead we will introduce a wide range of new subscription-based services that leverage data science and are backed up by emergency response personnel. By thus realizing new distinctively SECOM services and systems, we will seek to position ourselves on a new growth trajectory.

Growth strategy: Taking security guard services to a new level

The falling number of working-age people in Japan is another factor that is complicating the challenge of ensuring a sufficient labor force. In the security services industry, too, there is a need to reduce the burden on and improve working conditions for security guards. One way we are addressing this issue is by working to create security services that leverage advanced technologies. Of particular note, we have explored ways to more effectively use technology in the provision of static guard services at office buildings and commercial facilities. This has led to the realization that replacing some static guards with devices and systems, yielding an optimal combination of people and machines, makes it possible to maintain or even improve the

quality of security provided while at the same time easing the physical demands on guards.

In the area of management and operation for large-scale facilities, we have gained extensive experience and know-how by working to reduce labor requirements for static guards through the partial automation of access control, as well as opening and closing procedures, and the installation of surveillance cameras. We have also leveraged advanced technologies, including in the trial introduction of a new AI-powered image recognition system for major events. In January 2022, we launched the AI-powered Virtual *Keibi* System, which features a virtual character that performs security, receptionist, and other duties, and security robot

cocobo, which makes use of AI and 5G technologies to autonomously patrol commercial facilities in place of security guards. In addition to further expanding our accumulated expertise in ways to reduce labor requirements, we will further expedite efforts to deal with the declining number of static guards, including by pursuing open innovation aimed at developing new systems.

In July 2022, Senon Ltd., a Japanese provider of static guard services and electronic security services, as well as airport security services and vehicle fleet operation services, joined the SECOM Group. With competitive strengths in the provision of static guard services for large commercial facilities, Senon also has an industry-leading track record in airports security services. We look forward to capitalizing on Senon's management resources and know-how, as well as



our own, to promote the mechanization of static guard services and develop security systems that combine the best features of people and equipment. We will also continue to expand our security services for large-scale facilities such as airports, convention centers, and sports stadiums, as well as to take steps aimed at bolstering profitability.

Investments in Growth

As mentioned earlier, we are investing in systems and replacing subscribers' equipment with new models compatible with the evolution of on-line security systems while also updating in-house IT systems to improve productivity. We are also investing in human resources, confident that our employees remain highly motivated to be agents of change, rather than being content with the status quo, by implementing the first across-the-board base salary increase in five years.

On another note, we are investing to strengthen our advertising and publicity activities with the goal of further cultivating demand in the emerging domestic market for monitoring services, as well as to encourage greater awareness of the SECOM brand in overseas markets. To meet growing demand for data center services, we are investing to build new data centers and to improve the quality and management of IT systems for various services provided.

Because all investments in growth are aimed essentially at expanding earnings and improving productivity, we fully expect they will yield appropriate returns. Growth through M&A activities is also a promising option. We are targeting companies in the area of physical security, cyber security, BPO and ICT services, and healthcare, as well as start-ups with outstanding technological capabilities, and will select companies in which to invest by looking at both investment efficiency and time frame. Investments in growth are investments in our future. If we are not decisive in making investments at this juncture, the pace of our growth in the future will surely be hindered. One of my responsibilities is to help build a solid foundation for SECOM to continue advancing forward, so that in the future people will look back and recognize the wisdom of the moves we are making now. Accordingly, I will continue to approach these investments in growth from a medium-term perspective.

Capital Management

Our ability to make necessary investments in growth at the optimal time in an ever-changing socioeconomic environment is due to our solid income foundation, which is attributable to our portfolio of stable recurring-revenue-based businesses, notably on-line security systems. We earmark cash generated by such stable recurring revenue-based businesses, keeping in mind the importance of balancing investments in growth, operating funds, and returns to shareholders. Given

increasingly diverse social imperatives and the rapid evolution of technology that is propelling the fundamental transformation of the security services industry, investments in growth necessarily take precedence at the moment. While it almost goes without saying that such investments are a growth driver that enhances corporate value, there are also challenges. Accordingly, our policy is to allocate these investments from equity.

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

We have always seen the provision of fair returns to shareholders as a crucial management task. With a business model centered on recurring revenue-based businesses that

continue to expand thanks to investments in growth, we seek to ensure a consistent and stable distribution of surplus in line with our payout ratio target. For the fiscal year ended March 31, 2022, dividends for the full term—the record dates for which fall during the period—amounted to ¥180.00, an increase of ¥10.00 from the previous fiscal year. Between February and June 2022, we repurchased our own shares for the first time in approximately 13 years, with a total repurchase price of approximately ¥30 billion. We will continue seeking to return wealth to shareholders through share repurchases while closely monitoring our cash position, the scale and timing of investments in growth, and trends in share prices.

ESG initiatives

COVID-19 and rapid digitalization have resulted in the increasing diversity and sophistication of our customers' needs for safety and peace of mind. Against this backdrop, our greatest competitive advantage is our human resources, who stand with customers around the world, listening closely to their concerns and responding to demand related to the need to ensure security in a connected society and to rely on others.

Recognizing that the sense of mission and motivation felt by employees bear directly on the quality of SECOM services, we seek to secure and train enthusiastic individuals, as well as to promote diversity and inclusion initiatives and create comfortable work environments. In the spring of 2022, we implemented the first across-the-board base salary increase in five years.

The realization of our corporate vision depends on rigorous corporate governance, indispensable to the appropriate management of our operations, and each and every employee acting in accordance with SECOM's Philosophy and working to fulfill their potential. We are also taking ongoing steps to enhance the effectiveness of our Board of Directors, as well as encouraging outside members of the Board of Directors and the Audit & Supervisory Board to participate actively in free and open discussion. We currently have one female outside director, but constructive opinions have been expressed regarding further increasing the diversity of the Board's composition. Accordingly, we are committed to fostering female leaders, with the aim of producing more female directors in the future.

We can only provide SECOM security services if customers trust us and are willing to enter into contracts.

Given that our core business essentially means customers hand over the keys to their business or home, it is critical that each and every employee truly understands SECOM's Philosophy, which has been handed down through generations of SECOM employees. As such, we pursue rigorous governance, requiring employees to act in strict compliance with the SECOM Group Code of Employee Conduct and the Behavioral Guidelines Based on SECOM's Philosophy. Also, because we are entrusted with important customer information, all employees must be highly aware of information security. As a provider of BPO and ICT services, we work to maintain a stringent information security risk management system and to ensure that all employees observe our basic information security policy and rules, making it possible for customers to use our services with confidence.

Efforts to decarbonize are accelerating worldwide. We have set a target for achieving carbon neutrality—net zero greenhouse gas emissions—by 2045. All SECOM Group companies are working to achieve this target which in July 2021 was certified under the Science Based Targets initiative (SBTi). We have also joined Renewable Electricity 100% (RE100), a global renewable energy initiative, with the objective of shifting entirely to electricity generated using renewable energy by 2045.

Our Sustainability Promotion Office, which plays a leading role in environmental, social and governance (ESG)-related initiatives, promotes a variety of activities, including holding study sessions to raise employee awareness of sustainability and further understanding of the United Nations' Sustainability Development Goals (SDGs). In

addition, we have prepared booklets and other materials to inform employees and customers about SECOM's

ESG initiatives, which are also used widely in sales and recruitment activities.

Growing businesses and ensuring sustainable growth for SECOM

The protracted COVID-19 pandemic, together with instability in the global situation and rising prices for crude oil and raw materials, continue to underscore persistent uncertainty, as a result of which we are seeing customers' willingness to invest in security increasingly tempered by concerns over the current conditions. While we believe that the impact of these and other factors on our recurring revenue-generating businesses, notably on-line security systems for commercial and home security services, will be negligible, we expect sales of security equipment to decline. We also anticipate the postponement or downsizing of large-scale and profitable projects. In addition, we anticipate that the profitability of data centers, which use significant amounts of electricity, will be squeezed if electricity costs continue to climb. Despite these circumstances, we will continue to implement crucial forward-looking investments in systems and people and incur necessary expenses to further reinforce our advertising and publicity activities, with the aim of ensuring sustainable growth.

In recent years, the world has suffered multiple major calamities, including the spread of COVID-19 and increasingly frequent natural disasters. Regardless of the likelihood of major risks and incidents ahead, we believe that there is nothing for which we cannot prepare. While it is difficult to predict what sort of risks will arise, we will not neglect advanced preparations and training so that we can minimize the impact thereof by ensuring each and every employee is able to make timely and accurate decisions based on SECOM's Philosophy and respond effectively and with agility. Regardless of the seriousness of such risks, we will work tirelessly to ensure the safety of our customers, and we believe this will continue to ensure customers are satisfied with our services and happy they turned to SECOM. Underpinning everything we do is the uniquely SECOM identity, unchanged since our founding, which emphasizes not being bound by existing conventions and concepts and doing what is right for society without compromise. Ensuring this unique identity is shared by everyone in the SECOM Group, thus permeating the entire organization, is central to our ability to evolve continuously as a cohesive unit capable of responding to changing social imperatives.

On July 7, 2022, we celebrated SECOM's 60th anniversary. While this is certainly an important milestone, we recognize it as simply one point on the long timeline of our history. Today, the SECOM name is synonymous with safety and peace of mind, evidence of the solid foothold we have established in the security services market. However, we have no intention of resting on our laurels. With a sense of urgency, an understanding that complacency is the beginning of decline, and a refusal to be content with the status quo, we remain committed to cultivating new markets and developing groundbreaking new services and systems that are beneficial to society.

I am confident that our current endeavors will bear fruit. I hope our stakeholders continue to expect great things from SECOM and look forward to their ongoing support and guidance.

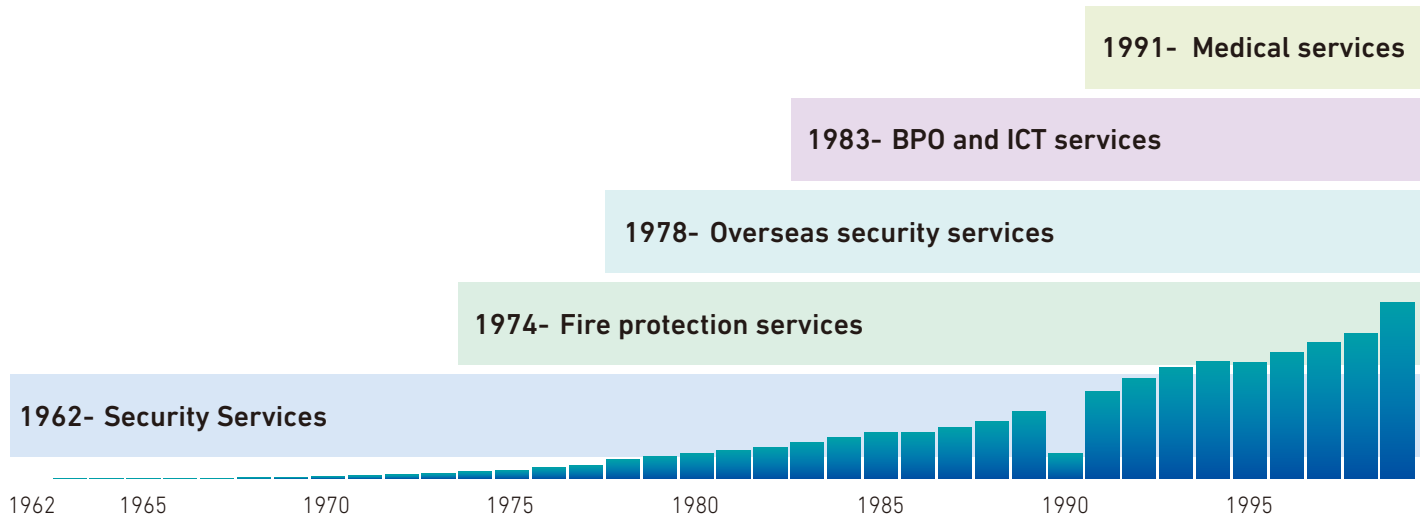
July 25, 2022

Ichiro Ozeki

President and Representative Director

The Path to Value Creation

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



Security service industry

Safety ("ANZEN") industry

1962

- Established as Nihon Keibi Hosho Co., Ltd. (name was later changed to SECOM CO., LTD.)
- Established as Japan's first commercial security services provider

1964

- Provides security services at the Olympic Village during the first Tokyo Olympics

1966

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

1974

- Lists on the Second Section of the Tokyo Stock Exchange
- Forms business alliance with Nohmi Bosai Kogyo Co., Ltd. (currently Nohmi Bosai Ltd.), Japan's top provider of fire protection services

1975

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

1978

- Establishes joint venture Taiwan Secom Co., Ltd., in Taiwan, its first overseas market
- Moves up to the First Section of the Tokyo Stock Exchange

1981

- Introduces My Alarm (currently SECOM Home Security), Japan's first home security system
- Establishes joint venture Korea Security System Co., Ltd. (currently SI Corporation) in the Republic of Korea (ROK)

1983

- Begins providing information and communications-related services
- Changes name from Nihon Keibi Hosho Co., Ltd. to SECOM CO., LTD.

1985

- Launches information security services

1988

- Establishes presence in Thailand

1989

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

1991

- Establishes presence in the United Kingdom and Malaysia
- Begins providing visiting nurse services

1992

- Establishes presence in the PRC, Singapore and Australia

1994

- Establishes presence in Indonesia
- Begins offering Japan's first remote image diagnosis support service

1996

- Commences management of residences for seniors

1998

- Invests in Toyo Fire and Marine Insurance Co., Ltd. (currently Secom General Insurance Co., Ltd.)
- Launches certification authority business

1999

- Invests in Pasco Corporation, a leading provider of aerial surveying services

2000

- Establishes the Secure Data Center

2001

- Develops and releases the COCO-SECOM mobile security system
- Launches MEDCOM, Japan's first unrestricted cancer treatment policy

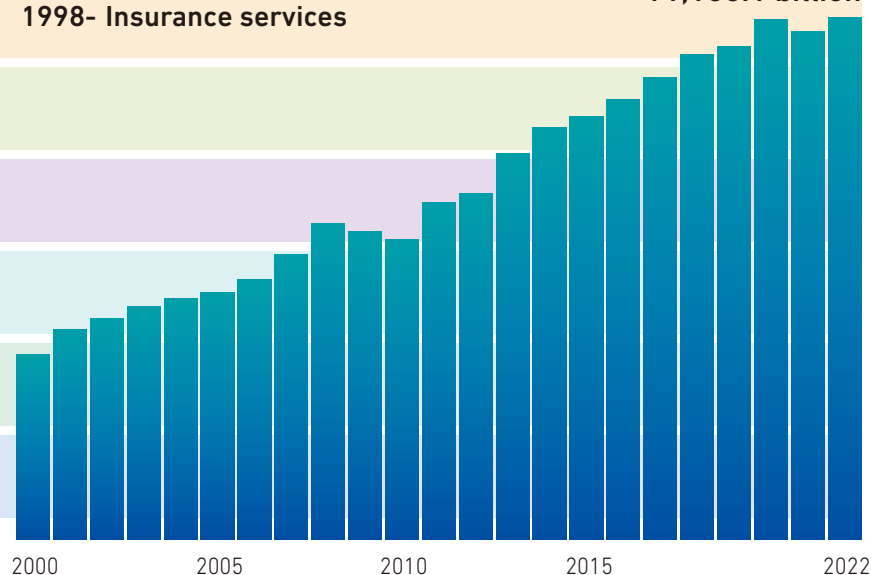
- Security services
- Overseas security services
- Fire protection services
- Medical services
- Insurance services
- Geospatial information services
- BPO and ICT services

1999- Geospatial information services

Net sales and operating revenue

1998- Insurance services

¥1,166.1 billion



Social System Industry

2004

- Introduces the SECOM AED Package Service
- Launches the SECOM Safety Confirmation Service

2006

- Establishes presence in Vietnam
- Acquires newly issued shares in Nohmi Bosai, which becomes a consolidated subsidiary

2007

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

2011

- Establishes presence in New Zealand

2012

- Acquires all outstanding shares in Nittan Co., Ltd., Japan's third-largest fire protection services provider, making the company a consolidated subsidiary
- Acquires At Tokyo Corporation, one of Japan's leading data center services firm

2014

- Establishes presence in Myanmar
- Opens Sakra World Hospital, a general hospital, in India

2015

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

2017

- Acquires BPO services firm TMJ, Inc.

2019

- Establishes presence in Turkey

2022

- Shifted to the Prime Market, owing to a restructuring of the Tokyo Stock Exchange's market segments.
- Acquires Senon Ltd., a provider of comprehensive security services

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

Core competitive advantages

A powerful brand

- ✓ The largest customer base in Japan's security services industry
- ✓ Know-how and experience
- ✓ Name recognition and customer trust
- ✓ Ability to create business opportunities
- ✓ Top-class talent

A recurring revenue-based business model

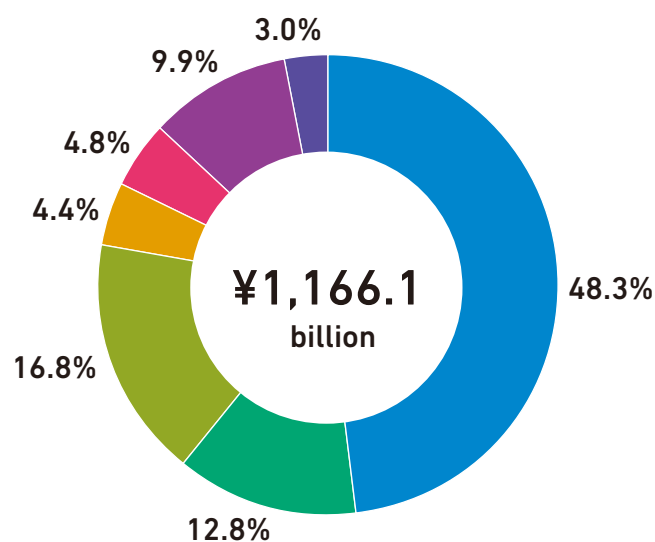
- ✓ Stable, expanding earnings
- ✓ High marginal rate of return
- ✓ Resources to facilitate active investment in growth

Group strengths

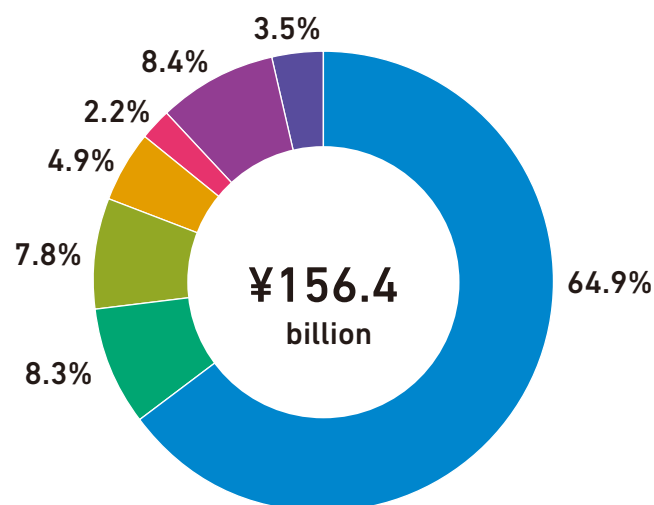
- ✓ Ability to leverage comprehensive strengths of diverse businesses to resolve issues
- ✓ Multiple per-customer contracts and a high rate of contract renewal
- ✓ Efficient sales activities that capitalize on collaboration across the Group

Net Sales and Operating Revenue

(Breakdown is based on consolidated net sales and operating revenue (excluding intersegment transactions) for the fiscal year ended March 31, 2022.)



Operating income



(Breakdown is based on total operating income for seven segments, prior to adjustment for corporate expenses and eliminations (¥174.6 billion).)

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

Segment



Security Services



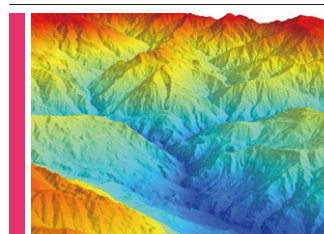
Fire Protection Services



Medical Services



Insurance Services



Geospatial Information Services



BPO and ICT Services



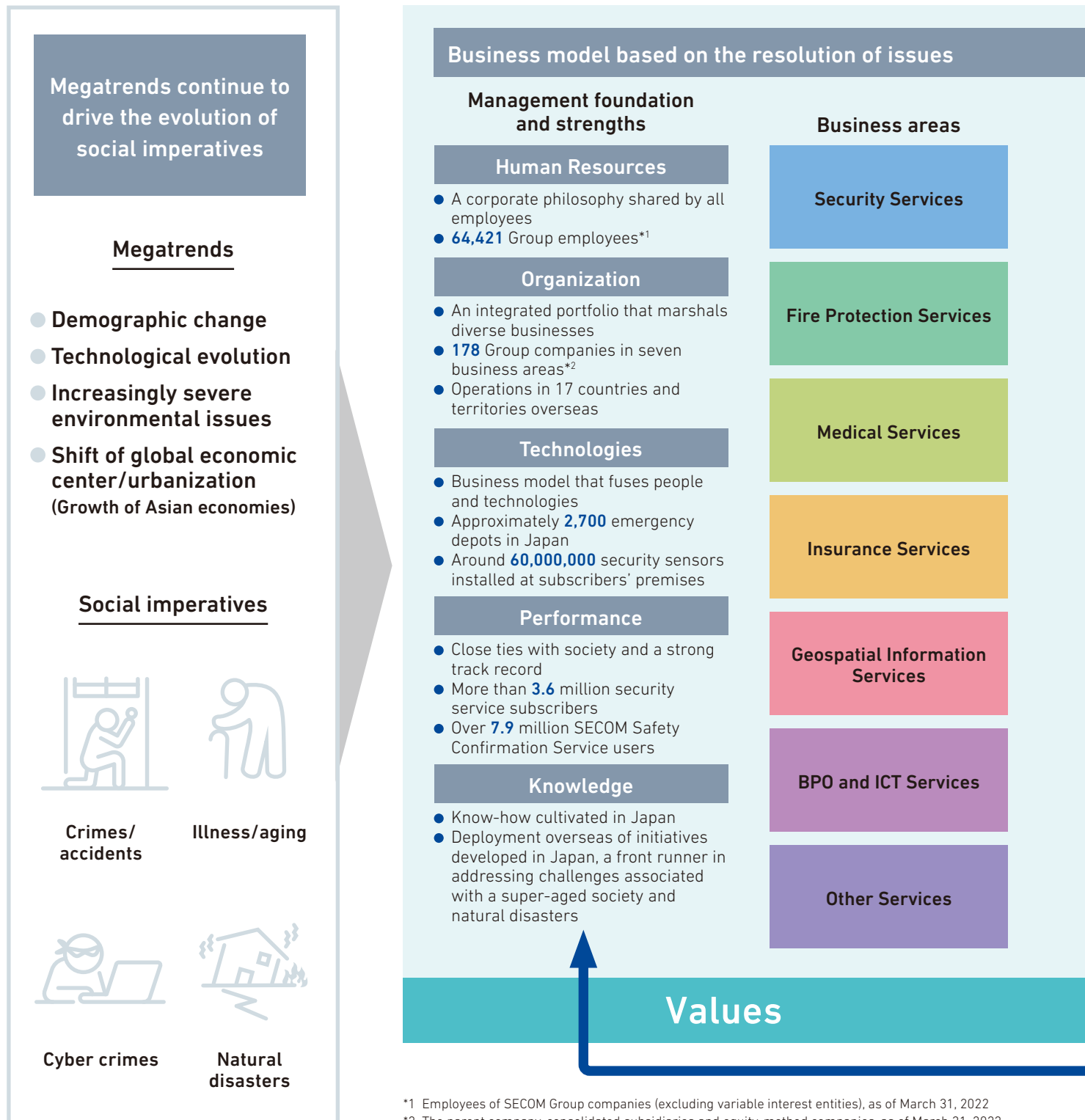
Other Services

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

*1 For more information, please see pages 77–80. *2 Listed on the Tokyo Stock Exchange Prime Market *3 Listed on the Tokyo Stock Exchange Standard Market

The Value Creation Process

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





The SECOM Group's Vision for 2030

Strategies for creating the ANSHIN Platform

Enhanced value

Connection

ALL SECOM

Collaboration

SECOM Group Road Map 2022

Priority strategies

- Expand monitoring services
- Strengthen overseas operations
- Reinforce BPO and ICT services business
- Improve productivity

Priority materiality themes

Customer-oriented services

Leveraging advanced technologies and partnerships

Employee self-realization and diversity

Fair corporate activities and respect for human rights

Decarbonization and a recycling-based society

Coexistence with local communities

Resolution of social issues

Resolution of ESG-related issues

Reform of businesses through SECOM DX

A uniquely SECOM identity
(Philosophy, code of conduct, organizational culture)

Mission

Help achieve a society free from concerns

Vision

Realize the Social System Industry

Contributing to the success of the SDGs



The SECOM Group's Vision for 2030

We are stepping up initiatives under the SECOM Group's Vision for 2030 with the aim of delivering safety and peace of mind and making life more comfortable and convenient.

Conceptual framework of the ANSHIN Platform

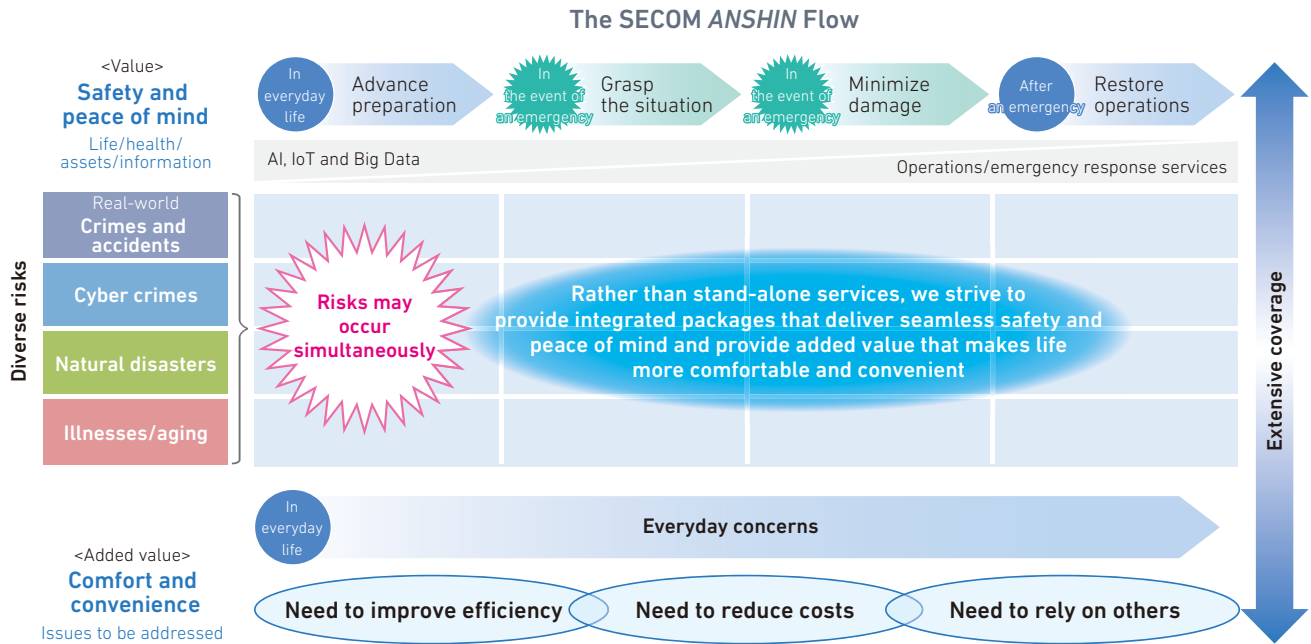
Guided by the SECOM Group's Vision for 2030, formulated in May 2017, we are working to create the ANSHIN Platform, a service infrastructure through which we strive to provide services that deliver seamless peace of mind for anyone and everyone whenever and wherever necessary.

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

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



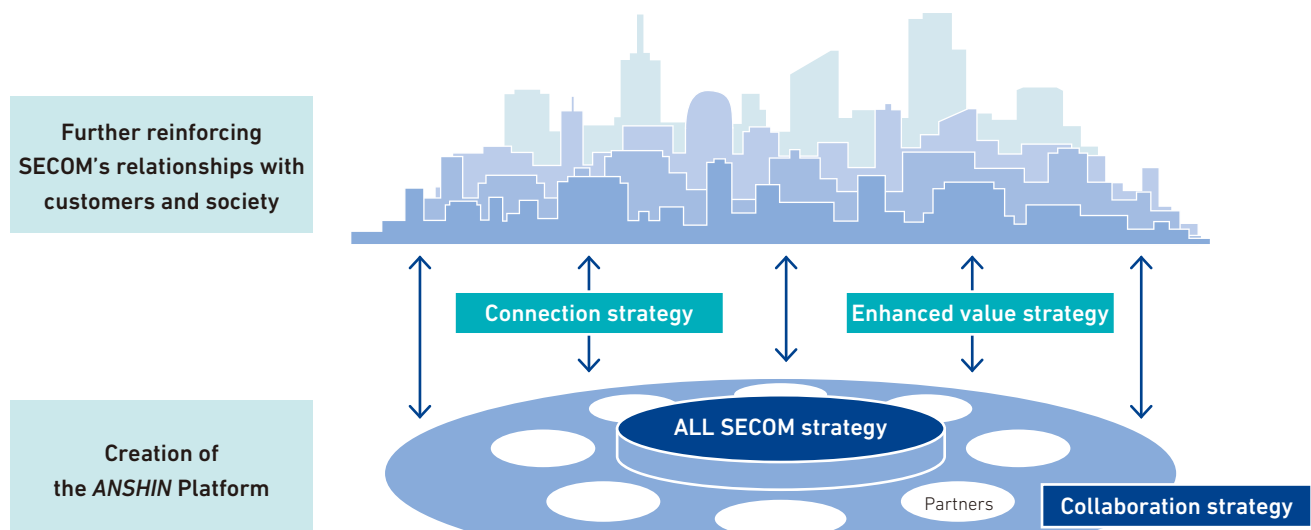
The ANSHIN Platform Service Infrastructure



Strategies for creating the ANSHIN Platform

To create the ANSHIN Platform, we are currently promoting initiatives in line with four core strategies. The **"ALL SECOM"** strategy focuses on rallying SECOM Group strengths to maximize synergies. Through our **"Collaboration"** strategy we are endeavoring to promote open innovation and create new value by integrating the business ideas and technologies of various partners who share our mission. Our **"Connection"**

strategy emphasizes leveraging Big Data analysis, which makes use of advanced information technologies, to respond to latent needs and strengthen our relationships with customers, while our **"Enhanced value"** strategy revolves around addressing everyday concerns by adding greater value to services that make life more comfortable and convenient.



A key milestone: A road map concluding in the fiscal year ending March 31, 2023

In May 2018, we introduced the SECOM Group Road Map 2022, which concludes in the fiscal year ending March 31, 2023, with the goal of clarifying initiatives to be implemented to realize the SECOM Group's Vision for 2030. In today's rapidly changing society, we have positioned responding to technological advances and a declining labor force as priority challenges. We will work actively to keep abreast of

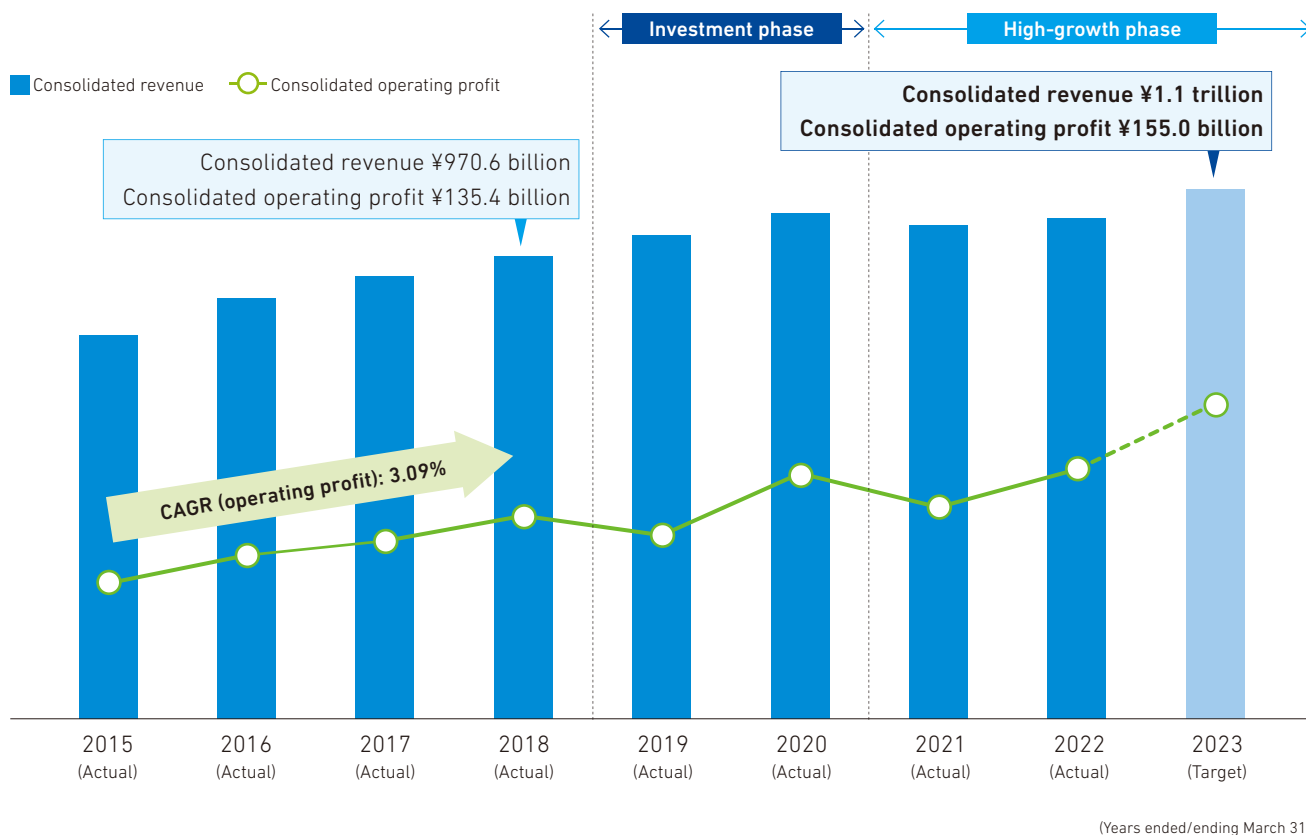
rising needs related to these issues, which we believe will yield major business opportunities.

Our fundamental commitment is to promote service innovation that helps create new value. To this end, rather than simply providing services that will sell, we continue working to provide services that anticipate what is needed to ensure sustainability for society.

SECOM Group Road Map 2022

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

Consolidated revenue: **¥1.1 trillion** Consolidated operating profit: **¥155.0 billion** ROE: **8% plus** Dividend payment ratio: **40%–45%**





Technological advances have brought the expansion of IoT services, driving greater use of drones and robots, the increasing prevalence of unattended retail facilities and cashless transactions, and the rising popularity of smart homes. Such changes are pushing up demand related to the need for security in a connected society, that is, fuses physical and cyber security. Owing to a declining labor force, we have also seen growing demand related to the need to rely on others—including from companies' needing to

outsource noncore functions and two-income families requiring assistance with care for children and seniors.

The spread of COVID-19 has also brought fundamental changes related to, among others, the progress of digitalization and the use of ICT. Going forward, we will continue to promote efforts to respond to such changes by extending distinctive services that deliver safety and peace of mind, as well as make life more comfortable and convenient, and that help address evolving social imperatives.

Strategic investments targeting sustainable growth

Recognizing that responding to demand related to an increasingly connected society and to the need to rely on others will require us to change ourselves significantly—a process we have dubbed “SECOM-Transformation”—we are making bold investments in the areas of systems and human resources.

Investments in systems center on those aimed at upgrading our administrative IT systems to expedite the provision of services and significantly improve the efficiency of administrative procedures. Having set a clear policy, we intend to gradually introduce new systems over multiple years. We are also investing in areas that help increase the

precision and efficiency of our operations, including AI, the IoT, and robotic process automation (RPA),* with the goal of boosting productivity. In addition, we are responding to needs engendered by technological advances and a declining labor force by investing in the development of services and products that incorporate new technologies and in the replacement of subscribers' existing security equipment with models that are compatible with new services.

Our investments to enhance human resources emphasize hiring and fostering people with expert capabilities and experience, including IT specialists and individuals with global business skills.

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

The final year of the SECOM Group Road Map 2022

In the final year of the SECOM Group Road Map 2022, we will continue to focus on four priority strategies: expand monitoring services, strengthen overseas operations, reinforce the BPO and ICT services business, and improve productivity.

We have begun to offer cloud-based and interactive services that accumulate, analyze, and visualize information detected by sensors installed at the premises of security service subscribers. With the rapid evolution of sensing technologies, we will step up the expansion of open innovation to accelerate the development of new services that capitalize on the latest technologies.

Despite the uncertain economic outlook, we will press ahead with the steady implementation of these and other key

forward-looking investments. We are confident that these efforts will yield significant competitive advantages over the medium to long term. We will also continue to seek beneficial M&As and capital alliances, both of which we see as effective options for growing our businesses. Of particular note, we will focus on investing in companies in the fields of physical security, cyber security, BPO and ICT services, and healthcare, as well as in start-ups with outstanding technological capabilities, both in Japan and overseas.

Through these and other investments, in the final year of the SECOM Group Road Map 2022 we will continue to increase corporate value by expanding earnings and improving productivity, to ensure the realization of the SECOM Group's Vision for 2030.

Basic Philosophy

Since our establishment, we have sought to contribute to society through our business activities, acknowledging the importance of sustainability for ourselves and for society.

In November 2021, following deliberations by the Board of Directors, we formulated the SECOM Group's Basic Sustainability Policy with the purpose of clarifying our commitment to promoting sustainable management, that is, management that takes social imperatives, including those related to the global environment and human rights, into consideration.

The SECOM Group's Basic Sustainability Policy

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

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

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

2. Together with business partners

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

3. Earn the trust of society

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

4. Our key players are our employees

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

December 1, 2021

Ichiro Ozeki

President and Representative Director,
SECOM CO., LTD.

Framework for promotion

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

The Sustainability Promotion Office also stages the SECOM Group Sustainability Meeting, which is attended by environmental and CSR managers and staff from individual business segments across the Group. Participants exchange information and hold discussions to advance initiatives related to domestic and global social imperatives, the SDGs, and responding to TCFD recommendations.

Support for the UNGC

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

WE SUPPORT



Earning selection for inclusion in ESG investment indexes

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

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



2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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

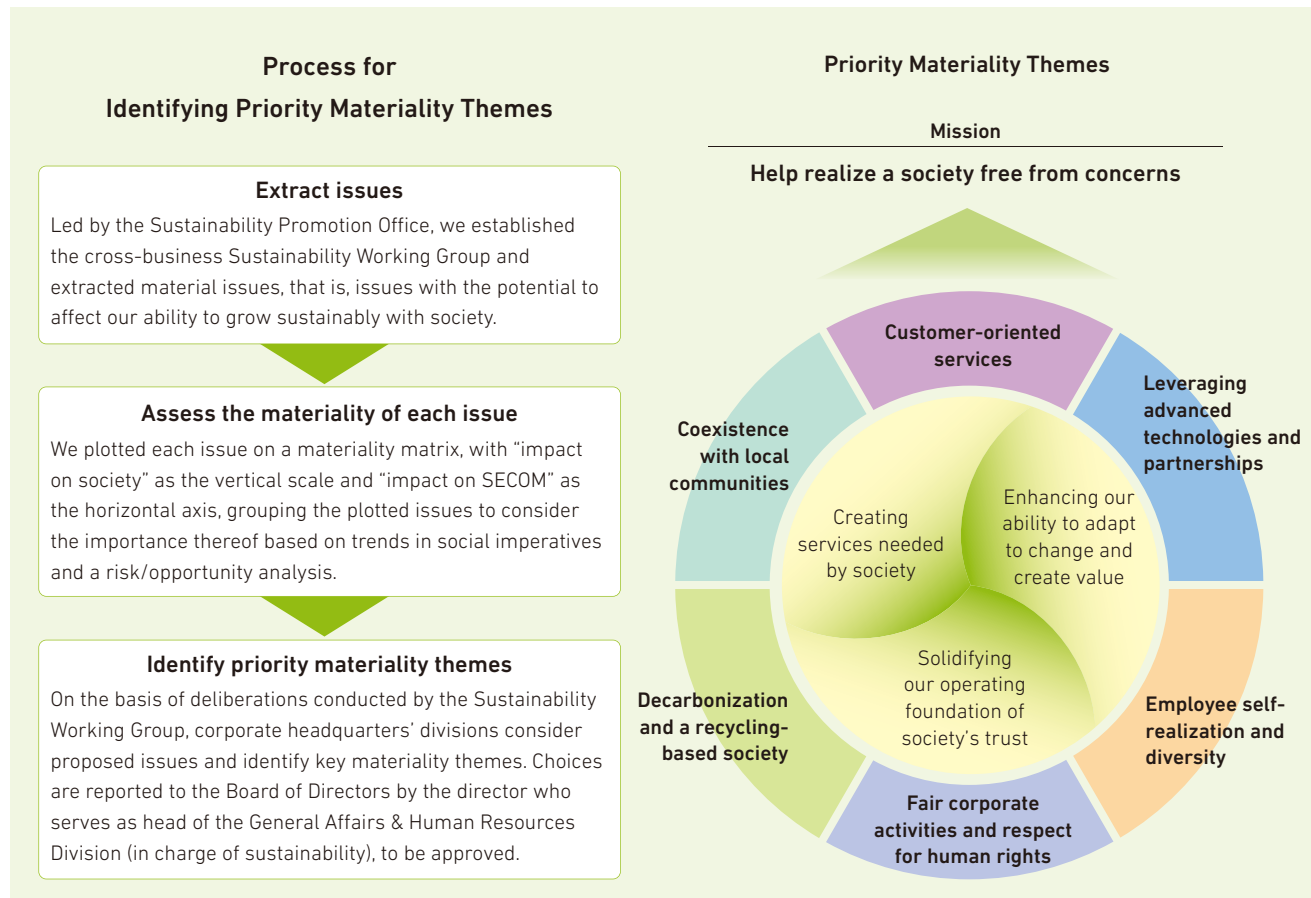
Materiality

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

Given the increasingly more complex and intertwined natures of social imperatives, reflecting changes in the external environment, individual needs regarding safety and peace of mind are becoming greater and more diverse. With the aim of continuing to create services and systems that

address such issues and ensuring we remain an organization that is useful and indispensable to society, we have identified six priority materiality themes, that is, themes of primary importance to sustainable growth, based on a self-assessment conducted in accordance with ISO 26000, the International Organization for Standardization's benchmark for social responsibility, and the Global Reporting Initiative (GRI)'s GRI Standards (global standards for sustainability reporting), and with consideration given to feedback from stakeholders.

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



SECOM's Core Competitive Advantages

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

A powerful brand

SECOM is a pioneer in Japan's security services industry. Our employees have conducted themselves with a deep sense of their mission to deliver safety and peace of mind to customers, helping ensure that we remain firmly rooted in the community and underpinning our ability to provide services that exceed subscribers' expectations. Opinions and requests from subscribers are conveyed to our R&D team and play an important role in the continuous improvement and evolution of our offerings. Our ability to resolve

customers' apprehensions has earned us a reputation for reliability and contributed to the rise of SECOM as a brand synonymous with safety and peace of mind.

We currently enjoy the top share of the domestic market for on-line security systems, with more than 2.48 million contracts. Our reputation as the leading company in the industry gives us an advantage in securing talented human resources.

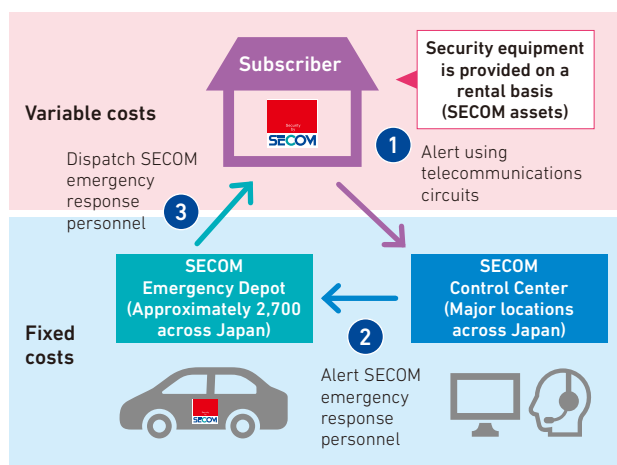
A recurring revenue-based business model

We are engaged primarily in recurring revenue-based businesses, including on-line security systems, giving us a highly stable earnings base. By valuing connections with customers and continuing to provide services and products that surpass their hopes, we endeavor to ensure long-term relationships. We continue to invest cash generated by recurring revenue-based businesses as needed to accommodate new contracts, improve quality and functionality, further hone our competitive advantage, and drive future growth.

Group strengths

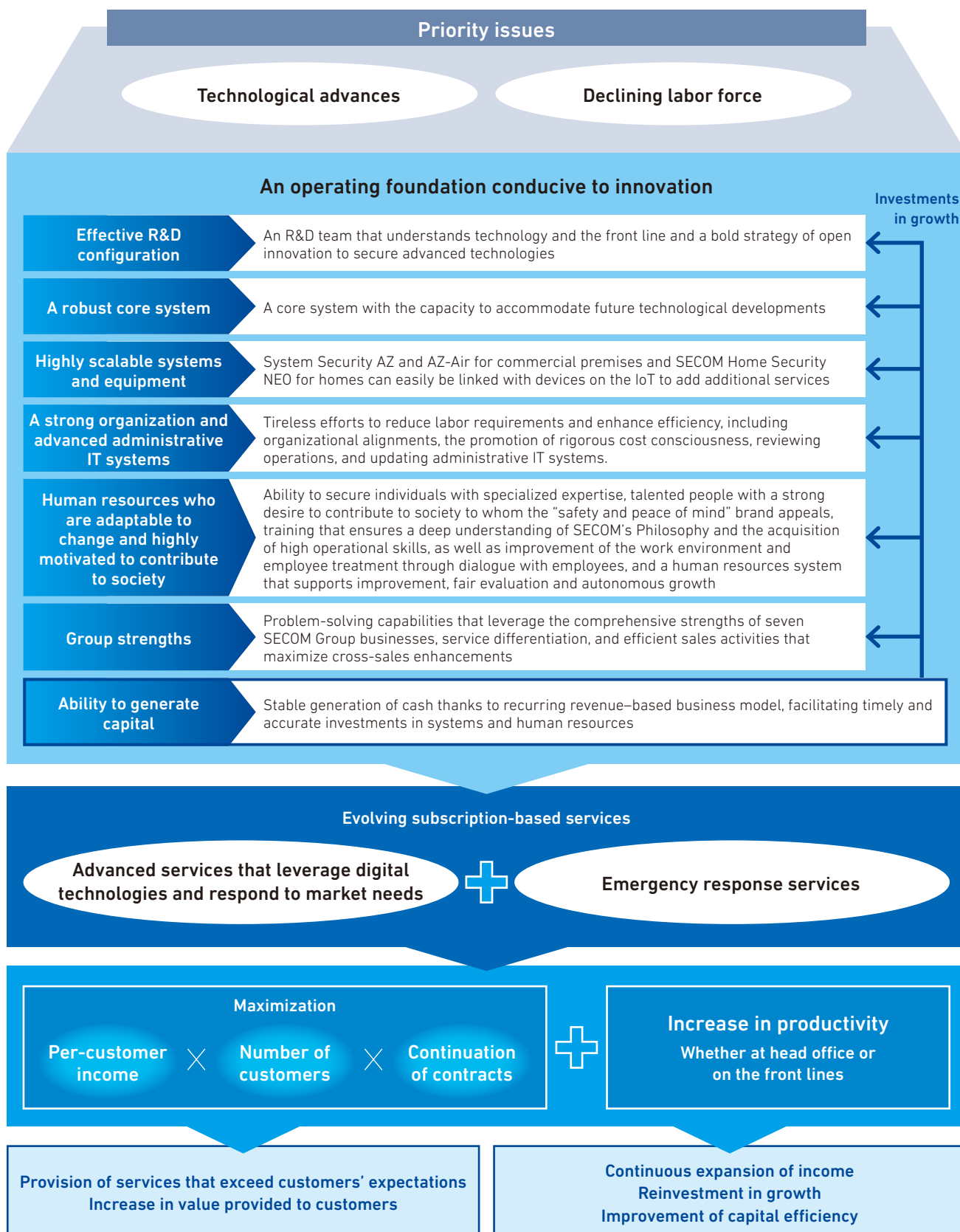
With the aim of realizing our Social System Industry vision, as well as to boost per-customer income, we continue working to address concerns through a business portfolio encompassing security services, fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and other services. We continue to fortify collaboration within the Group, enabling the creation of distinctively SECOM services, which in turn

Variable and Fixed Costs for On-Line Security Systems



boosts subscriber numbers and yields cross-selling opportunities, thereby streamlining sales activities. Another benefit of encouraging subscribers to take advantage of other SECOM services is stronger relations with customers and the extension of contract periods. With the goal of further reinforcing Group strengths, we are also promoting investments in M&As.

Maximizing Income from On-Line Security Systems



SPECIAL FEATURE

Capitalizing on Comprehensive Strengths to Expand Future Potential

Ensuring Safety and Peace of Mind at Airports

We have helped enhance the efficiency of security services at airports, which has conventionally centered on security guards, by leveraging innovative technologies. Going forward, we will build on know-how accumulated in this area to provide comprehensive security for large-scale facilities.

Background:

The privatization and rationalization of airport operations across Japan

Recent years have seen the privatization and rationalization of airport operations in all parts of Japan. This has improved overall service quality by, among others, reducing landing fees and enhancing the administration of passenger terminals. In addition to making Japanese airports the choice of domestic and foreign carriers, this is expected to positively impact local economies, including by boosting tourism.



Comprehensive capabilities lead to orders for security services at major international airports

As part of an effort to streamline management, in 2020 Kansai International Airport and Osaka International Airport (Itami) placed an order with SECOM for security services—a move aimed at overhauling airport security—which we began providing in 2021. We earned high marks on three particular fronts: our solid track record in the provision of static guard services at the international passenger terminals of the Narita International Airport and Tokyo International Airport (Haneda), as well as airport surface management and aircraft parking bay management at four other domestic airports; our capability-based planning, which centered on mechanized security services as a strategy to guarantee both safety and productivity; and our proposal for a comprehensive solution underpinned by experience and know-how in the provision of airport security.

Leveraging innovative technologies to achieve superior security and a 30% reduction in labor requirements

Conventional airport security depends heavily on skilled security guards. Accordingly, securing human resources has always been a challenge. Anticipating further declines in Japan's working population going forward, we sought to create a security configuration at both airports to enhance the quality and efficiency of security. This involved reassessing requisite security levels in different areas and introducing innovative technologies. Our revised configuration reduces labor requirements by 30%, achieving superior safety while also improving productivity.

A monitoring configuration that delivers uninterrupted SECOM-standard security

Around-the-clock security at both Kansai International Airport and Osaka International Airport is managed from a single central SECOM control desk located at the former, a configuration that facilitates careful monitoring that capitalizes on our know-how in on-line security systems, providing seamless safety and peace of mind. At both airports, we take responsibility for managing all aspects of security in line with our airport security plan, including providing training and direction to partner security services companies, creating a single cohesive team.

Building on know-how in airport security

Based on our experience providing security at these two airports, we established proprietary standards for effective, integrated airport safety and security. In July 2022, security services company Senon Ltd., which specializes in static guard services for large-scale commercial facilities, among others, and also provides airport security services at 35 airports across Japan, joined the SECOM Group. In addition to reinforcing the sales channel between us and airports, this acquisition brings together Senon's strengths as a security services company and our technological capabilities, positioning us better to provide high-grade, highly efficient security services.

Looking ahead, we will continue to promote our own unique capabilities in the area of security services for airports with the aim of securing new orders from airports in Japan and overseas. At the same time, we will further leverage know-how accumulated in this area, channeling our ability to provide comprehensive security for large-scale facilities that combines human skills and mechanization to further expand the scope of our operations.



Deployment of security robots decreases patrols by human guards

Autonomous patrolling robot Secom Robot X2 was deployed at Terminal 2 of Kansai International Airport and on the concourse outside the ticket gates at the railway station connected to the airport. This made it possible to monitor images captured by built-in cameras and inspect unattended items remotely, which helped rationalize security patrols.



Mounting of cameras on patrol vehicles lowers requirements for patrol vehicle personnel

High-precision cameras were mounted on security patrol vehicles, enabling real-time, 360-degree monitoring and recording. As a result, patrol vehicle personnel requirements were halved.

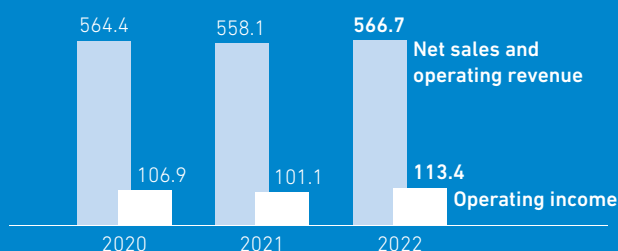


Installation of new automatic vehicle gate system shortens vehicle confirmation

An automatic license plate authentication system was installed at gates controlling the entry and exit of vehicles into the airports. This reduced the need to post guards at these gates and dramatically lowered the average per-vehicle inspection time, previously three minutes, to a mere 10 seconds.

Security Services

(In billions of yen)



Business summary

A distinguishing feature of our security services business is that it primarily consists of recurring revenue-based services, that is, services based on long-term contracts. The initial contract period for mainstay on-line security systems, for example, is five years, after which the contract is renewed automatically every year. Our provision of on-line security systems includes the installation of sensors and other monitoring equipment and around-the-clock monitoring by staff at a SECOM control center via telecommunications circuits. In the event an intruder, fire or other irregularity is detected, control center staff dispatch emergency response personnel from the nearest SECOM emergency depot and, if necessary, notify the police and/or fire department. The fact that we take full responsibility for all aspects of our on-line security systems, from R&D through to equipment manufacturing, security planning,

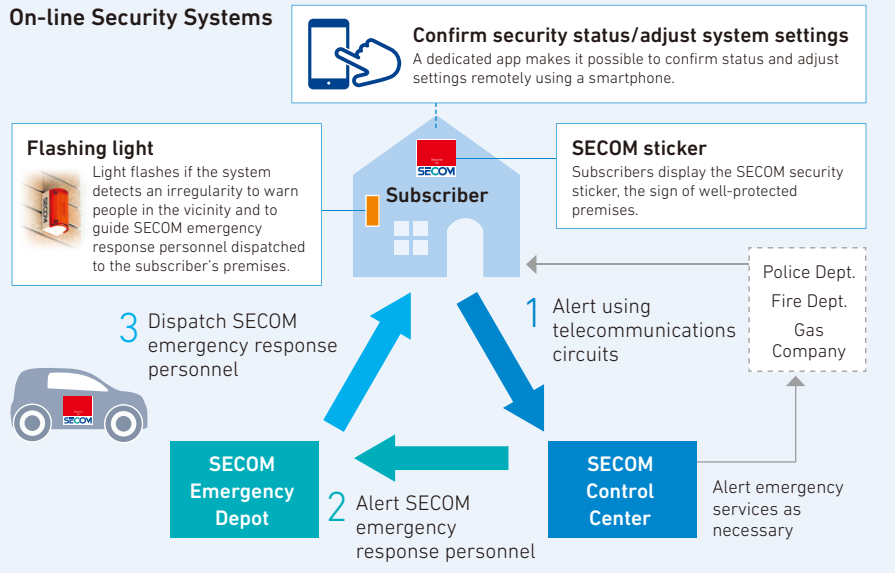
installation, around-the-clock monitoring, emergency response services and equipment maintenance, guarantees exceptional quality and reliability. Because we maintain ownership of security equipment and extend it to subscribers on a rental basis, we take full responsibility for maintenance.

Our half-century of providing community-focused services underpins our ability to promptly ascertain customers' wishes and offer the optimum solutions to their needs for safety and peace of mind. At present, contracts for our on-line commercial and home security



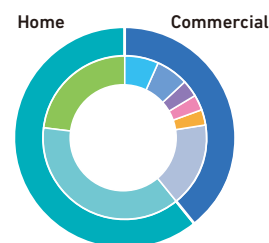
SECOM Control Center

On-line Security Systems



Contracts for On-line Security Systems in Japan

(As of March 31, 2022)



Category	Percentage
Service industries	6.9%
Financial services	6.2%
Retailing/wholesaling	3.4%
Manufacturing	3.1%
Government agencies	3.0%
Other	16.8%
Residences (excluding condominiums and apartments)	37.8%
Condominiums and apartments	22.8%

systems in Japan number more than 2.48 million, and we continue to enjoy the leading share of the domestic market. We continue to leverage our accumulated experience and expertise to ensure the stable delivery of high-grade on-line security systems by reinforcing the three components of our operating foundation, namely, technological prowess, human resources, and operational and control structure.

Technological prowess

The SECOM Intelligent Systems Laboratory conducts research into new and core technologies, while the SECOM Development Center capitalizes on these technologies to develop highly reliable security systems. In addition to keeping abreast of social imperatives and trends in criminal activity, our R&D team guarantees that the invaluable opinions and needs of subscribers communicated to our sales staff, emergency response personnel and other employees in the course of their work are reflected in swift and precise adjustments that further bolster the quality of our on-line security systems.

Given the remarkable pace of technological evolution in recent years, we are actively promoting open innovation to facilitate the prompt application of the latest technologies to services. Through collaboration with partners ranging from major companies to start-ups, we continue to think outside the box to realize new services that recognize diverse values.

Human resources

Training for new recruits, as well as for emergency response personnel, sales staff, administrative staff and other employees, is provided at four training centers in Japan. This ensures that employees fully understand our corporate philosophy and observe a code of conduct befitting security professionals, as well as equips them with advanced knowledge and technical skills. We recognize that our employees are our most valuable management resource and are essential to building a robust organization that buttresses our ability to extend high-grade services.

Operational and control structure

We have established an incomparable operational and control structure for offering on-line security systems through a nationwide network. Our industry-leading network of approximately 2,700 emergency depots, the unerring decision making and precise instructions of our highly experienced control center staff, and the prompt actions of our emergency response personnel ensure our ability to provide swift, appropriate services.

Operating highlights

Commercial security services

We work actively to deliver an extensive lineup of commercial security services, centered on on-line security systems. In recent years, such systems must not only offer monitoring for irregularities to guarantee security and prevent fires, but also support the business activities of subscribers around the clock. In addition to boosting contract volume, we continue to focus on quality, that is, on enhancing customer satisfaction by providing a variety of high-value-added services that respond swiftly and flexibly to the needs of subscribers.

The increasingly convenient System Security AZ

System Security AZ is an all-in-one on-line security system that helps manage risks by preventing crime and fires, as well as improves work efficiency by facilitating the management of employee attendance, among others. This system enables users to confirm security status and adjust system settings remotely from a smartphone using a dedicated app, earning high marks for convenience and ease of operation. AZ can also be integrated with the SECOM Cloud Video Surveillance service, enabling users to manage images captured using the system's IP cameras in the cloud and confirm high-resolution live images and images recorded when the system is armed or disarmed, or when the sensor detects an irregularity, from a smartphone.

A prompt function to prevent users from forgetting to set the system, and a notification function to confirm security status at the time the system is set were recently added to AZ, thereby reinforcing the effectiveness of protection. Facility control is also now possible thanks to AZ's dedicated smartphone app, allowing users to, for example, remotely operate electric locks, automatic doors and light fixtures connected to the system. We will also continue to improve the safety and convenience of AZ and take advantage of its expandability to develop and extend value-added services that benefit the operations of subscribers.



System Security AZ



Sensor featuring advanced sensing technologies

The launch of System Security AZ-Air for small and medium-sized commercial facilities and offices

In July 2022, SECOM launched System Security AZ-Air, a security system optimized for small and medium-sized commercial facilities and offices. This system features a downsized controller that can be connected wirelessly to a wide range of sensors, simplifying installation in offices with complex wiring, as well as in shops and restaurants where aesthetics are an important consideration. Looking ahead, we will actively propose this new system, which like System Security AZ, AZ-Air enables users to check security status and operate the system from a smartphone, thereby ensuring excellent safety and functionality.

The mechanization of static guard services: Responding to a declining labor force

With Japan's working-age population shrinking, securing a sufficient labor force is an urgent challenge for the security services industry. In the area of static guard services, it is also important to reduce the physical demands on individual guards and improve work environments. Amid concern that the ramifications of this situation, notably difficulties in securing human resources and spiraling labor costs, will drive up prices for static guard services, we are working to create new services that leverage cutting-edge technologies.



Receptionist duties performed by the AI-powered Virtual Keibi System

In January 2022, we commenced sales of the AI-powered Virtual Keibi System. This system features a life-sized virtual character that appears on a large stationary mirror display and performs security, receptionist and other duties, while human guards as usual focus on emergency responses and other duties that require their expertise and experience. Using the Virtual Keibi System to fulfill certain static guard service responsibilities thus helps reinforce security while at the same time increasing staffing efficiency and reducing costs.

Security robot cocobo, also launched in January 2022, makes use of AI and 5G technologies to autonomously patrol commercial facilities in place of security guards. Using AI technology, cocobo analyzes video captured by its on-board camera in real time, automatically notifying the facility's

disaster prevention center if it detects unattended items along its route. The robot also makes use of a diverse range of data in the cloud—including Virtual Keibi System and surveillance camera



cocobo a security robot

images and data on elevator and electric door lock status, as well as on the facility itself and its location—and liaises with human guards, ensuring highly effective security. Cocobo has already been introduced at airports and large-scale urban complexes, working together with human guards to enhance service productivity and help lower security costs for customers.

Participation in the creation of an infrastructure for drones for multiple purposes

Drones are expected to find use in fields requiring level 4 operation, that is, beyond-line-of-sight flight over urban and other populated areas. As an operator of private sector-use security drones, in October 2021 we participated in a successful urban-area level 4 demonstration test in Hyogo Prefecture of drones for four different purposes: pharmaceuticals transport, security patrol, smokestack inspection and aerial sports photography. In the years ahead, we will continue to promote the realization of an effective control infrastructure for fully autonomous drone flight.

Home security services

In addition to a compact desktop home controller, SECOM Home Security NEO can be armed and disarmed remotely from a smartphone, includes an automatic notification feature that allows a subscriber to receive alerts on his or her smartphone when the system is accessed by someone leaving or entering the home, and can be linked with devices on the IoT to facilitate a variety of services. Such features continue to reinforce the popularity of this system, subscriptions for which have risen steadily since its launch in 2017.



SECOM Home Security NEO

Cloud-based smartphone app underpins the popularity of SECOM Monitoring Service for Seniors

With needs for services to protect seniors escalating in Japan's super-aged society, in June 2021 we started providing SECOM Monitoring Service for Seniors as an optional SECOM Home Security service that benefits both seniors and their families. This service stores and analyzes information from SECOM Home Security sensors installed in the entryways, windows and rooms of seniors' homes in the cloud, making it possible for family members to access this information using a dedicated smartphone app to confirm any variations in daily rhythms and activity levels (i.e., how many times the sensor detects movement). Family members living apart can thus keep an eye on their parents in an unobtrusive manner. If they are concerned about their parents' wellbeing, they can also use the app to request the dispatch of SECOM emergency response personnel for an in-person check.

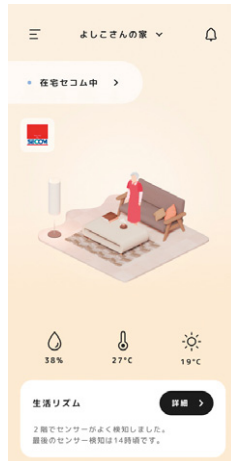
For parents requiring closer observation, we are currently developing sensors that detect changes in posture due to, for example, falls and track breathing during sleep in real time. We are conducting verification tests of these sensors at a SECOM-operated nursing home, where they are being used to help monitor residents by extending and analyzing crucial information that facilitates prompt response and appropriate care, and look forward to achieving commercialization in the near future.

New app for Apple Watch and iPhone

With the aim of improving the user experiences of SECOM Home Security subscribers, in February 2022 we began offering SECOM Cantabile, an app for Apple Watch and iPhone. SECOM Cantabile alerts subscribers to arm or disarm their home security system when they are a certain distance away, which they can do simply by tapping the app on their



Setting SECOM Cantabile



SECOM Monitoring Service for Seniors smartphone app

Apple Watch. The new app also stores Apple Watch health data, such as calories expended, steps taken, sleep time and blood oxygen level, to create a "health report" that the subscriber can use in everyday health management. We will continue working to expand services that link SECOM Home Security with Apple Watch.

Other security services

Two new fully automatic AEDs introduced in Japan

We began offering the SECOM AED Package Service in 2004, becoming the first in Japan to extend automated external defibrillators (AEDs) on a rental basis. Deployment of our AEDs has risen rapidly in the years since. As of March 31, 2022, the number of lives saved using our AEDs had reached an estimated 3,000. In December 2021, we introduced AED 360P, a fully automatic unit that analyzes the patient's heart rhythm and automatically delivers an electric shock if necessary, rather than requiring the rescuer to push the shock button. In February 2022, we launched AED 3250, a fully automatic AED that can be managed online, meaning that unit malfunctions, electrode pad expiration dates, battery levels and other aspects of operational status, are monitored online and data transmitted automatically to a server. We will continue working to expand our lineup of AEDs with the aim of broadening installation and increasing lives saved by ensuring these lifesaving kits are available to anyone and everyone whenever and wherever they are needed.



Fully automatic AED 360P

COCO-SECOM: Linking with a new smartphone app enhances convenience

Since its release in 2001, COCO-SECOM—Japan's first full-scale location information system—has been used for a broad range of purposes, including to confirm the whereabouts of employees working outside the office and the location of valuables, prevent vehicle theft, find missing children and seniors, and to send alerts in the event of an emergency. In March 2021, we revamped COCO-SECOM's dedicated portable transmitters and linked the system to a newly developed smartphone app. The app notifies a designated smartphone when an individual carrying a transmitter leaves home, or enters or exits a specific area, or when a vehicle fitted with an onboard transmitter moves unexpectedly, greatly enhancing convenience. Looking ahead, we will continue to capitalize on responsiveness cultivated over more than two decades of providing COCO-SECOM to ensure reliable safety and peace of mind by helping customers address challenges ranging from resolving issues affecting their businesses to keeping watch over individuals.

Overseas security services

Services provided in 13 countries and territories

We made our overseas debut in 1978, when we established a presence in Taiwan. Today, our overseas security services business encompasses operations in 13 countries and territories, through which we extend diverse services and

products, notably on-line security systems with emergency response services, customized to reflect local market needs.

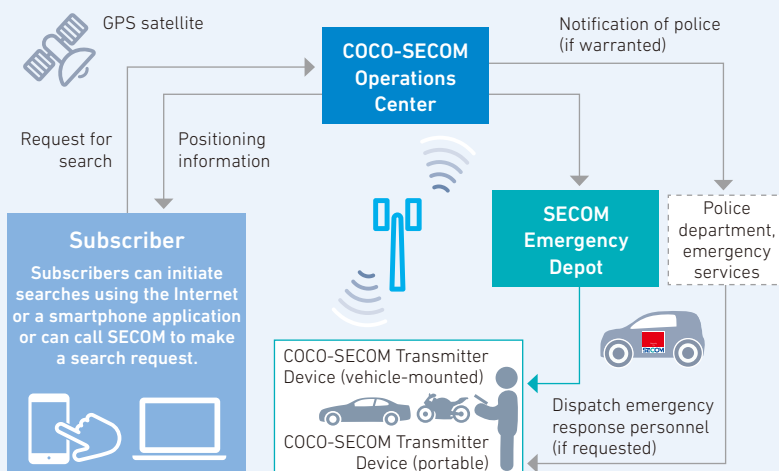
Publicly listed Taiwan Secom, the largest security services company in the Taiwanese market, offers a broad lineup of security services and products, ranging from home security to safety management systems for large-scale facilities. The company is working actively to incorporate new technologies, including introducing security that uses wearable cameras and developing smartphone apps, with the aim of improving services.

Our operations in the ROK are spearheaded by S1, which is also publicly listed and the leading company in the local security services market, and include the provision of a wide variety of security services and building solutions, centered on on-line security systems. S1 continues to garner praise from customers for its swift emergency response services, which it extends through approximately 740 emergency depots, underscoring growth in subscriber numbers.

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

In Southeast Asia, SECOM Group companies in Thailand, Malaysia, Singapore, Indonesia, Vietnam and Myanmar focus on offering on-line security systems, local acceptance of which continues to grow.

COCO-SECOM Mobile Security System (Location and Emergency Response)



COCO-SECOM transmitter

We also offer a diverse array of security services in Turkey, including safety management systems, for customers ranging from small and medium-sized companies to large-scale facilities. In 2021, we opened an R&D facility in the country that is developing systems that make broad use of IT.

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

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

Efforts to expand operations in growing markets

With Japan's population expected to continue shrinking, we recognize that strengthening our operations in promising overseas markets is essential to ensuring sustainable growth going forward. We are working to accelerate the proliferation of on-line security systems—particularly in Asia, which is home to rapidly growing wealthy and middle classes—by creating services that better reflect regional characteristics, as well as local market needs and sensibilities. We are also enhancing service quality by

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

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

In Thailand, we recently introduced a highly scalable cloud-based on-line security system for small and medium-sized commercial customers, as well as for homes. We also simultaneously released television, web and outdoor advertisements, all of which have been met with a highly positive response. Looking ahead, we plan to deploy business management know-how accumulated in Thailand in other countries and territories.

To expedite the expansion of our overseas operations, we have established a new business development team that is tasked with taking the initiative in exploring business alliances and M&A proposals. By further popularizing our distinctively SECOM security services in the countries and territories in which we operate, and by capitalizing on opportunities in new geographic and business areas, we will also seek to establish *ANSHIN* as a universally recognized term synonymous with peace of mind.



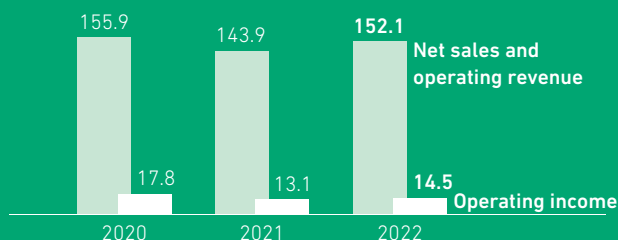
Security guard
(PT. Secom Indonesia)



Control center
(Secom (Malaysia) Sdn. Bhd.)

Fire Protection Services

(In billions of yen)



Operating highlights

This segment centers on the operations of Nohmi Bosai and Nittan, which offer comprehensive, high-grade fire protection systems encompassing the provision of automatic fire alarms and fire extinguishing systems, as well as equipment inspection and maintenance services. The two companies, leaders in Japan's fire protection services market, boast competitive advantages derived from a wealth of experience and know-how, and have established an integrated service configuration encompassing everything from R&D to system planning, manufacturing, installation and maintenance, allowing them to extend services tailored to customer needs for a wide range of applications, including office buildings, production facilities, tunnels, cultural properties, ships and homes.

In the area of automatic fire alarms, Nohmi Bosai and Nittan strive to secure orders for new buildings and are responding to replacement demand in the renovations market by drawing on their solid track record and the trust of customers. In fire extinguishing systems, the companies' efforts focus on responding to customer needs by drawing on far-reaching know-how, technical prowess and installation capabilities to offer an ambitious lineup of systems tailored to the unique risks and circumstances faced by subscribers.



Test of fire extinguishing system (Nohmi Bosai)

Efforts to expand operations by developing and extending new services

Nohmi Bosai is working to achieve sustainable growth not only by strengthening its core businesses, notably the delivery of fire protection systems, and inspection and maintenance services, that comply with Japan's Fire Services Act, but also by broadening the scope of its operations as a provider of integrated fire protection solutions that address a diverse range of disasters.

Drawing on lessons learned from a spate of unforeseen fires and other disasters, companies have taken steps in recent years to strengthen the effectiveness of their BCPs. In May 2022, Nohmi Bosai reinforced the various functions of its TASKis ("task information system") cloud-based disaster response support software, which assists in the provision of emergency responses in the event of a fire, earthquake or other disaster. The system is now also able to receive signals when disaster situations, including earthquakes, floods and the failure of key equipment at production facilities, are detected. This allows the integrated observation of monitoring equipment installed in multiple site buildings, as well as the sending of simultaneous notifications to the preregistered smartphones of pertinent individuals if an irregularity is detected, thereby reducing the burden on fire prevention and safety officers.

Going forward, Nohmi Bosai will continue to develop new services that facilitate optimal fire prevention solutions, as well as to enter new areas with the goal of addressing the challenges faced by customers in all facets of fire detection and prevention.

Launch of rentals of Immersive Fire Experience VR: Panic in the Office

To enhance the benefits of fire drills, it is important to ensure that participants correctly understand the danger and frightening nature of fires. In response to the needs of

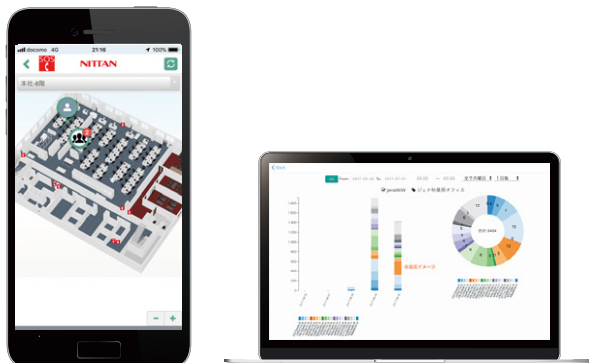
companies looking to conduct more effective fire drills, in September 2021 Nohmi Bosai launched Immersive Fire Experience VR: Panic in the Office. This virtual reality training program uses flames and smoke to convey peril and fear, as well as realistic movement and sound to communicate the confusion that can be experienced by people caught up in a fire. In addition to instilling a firm grasp of how hazardous a fire can be and the importance of acting without hesitation when a fire alarm sounds, this program seeks to increase people's motivation to hone their fire prevention know-how and skills, as well as to encourage their active participation in drills.



Immersive Fire Experience: VR: Panic in the Office
(Nohmi Bosai)

Consistently robust sales of B Catch Now

Nittan continues to receive brisk orders for the B Catch Now indoor location information system, which was launched in April 2020. This system uses signals from sensor beacons installed inside a fire detector to pinpoint the location of people even indoors where Global Positioning System (GPS) signals cannot reach. In the event of a fire, a push notification is sent simultaneously to registered users' smartphones, thereby assisting initial responses, including efforts to extinguish flames and evacuate people. On an



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

everyday basis, the system can be used to locate people working in non-territorial offices and check the use of conference spaces. In medical and long-term care facilities, sensor beacons are attached to equipment and fixtures to prevent misplacement, optimizing management and deployment. Customers can also use the system to collect and analyze workplace flow lines and working time, helping to optimize personnel management and the placement of people and equipment. Anticipating demand for use in locating seniors and other vulnerable individuals, Nittan will strive to provide card-based, tag-based and other systems that do not require smartphones.

Firm orders for fire protection systems for renewable energy-related facilities in Vietnam

Nittan has established bases in the United Kingdom, Sweden and Vietnam, and continues to actively expand its overseas presence. The company's fire alarm systems, in particular, have garnered praise outside Japan for ease of use and reliability, a reputation that, combined with the skill of Nittan's installers, continues to bolster adoption.

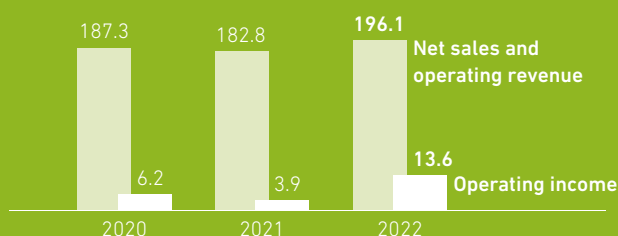
In Vietnam, investment in the construction of renewable energy-related facilities is expanding amid an urgent need to address climate change. Nittan has received a series of orders for fire alarm systems for wind and solar power generation facilities that comply with standards established by UL LLC for such facilities in North America. Nittan will continue to actively promote sales efforts that respond to the needs of customers in this robust market.



Wind power facility with Nittan fire alarm system
in Vietnam's Ninh Thuận province (Nittan)

Medical Services

(In billions of yen)



Operating highlights

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

Medical care services

Our medical care services business began in 1991 with the launch of home nursing services and pharmaceutical dispensing services, both of which are available to patients in the comfort of their own homes. Today, we assist in the provision of home medical care by dispatching visiting

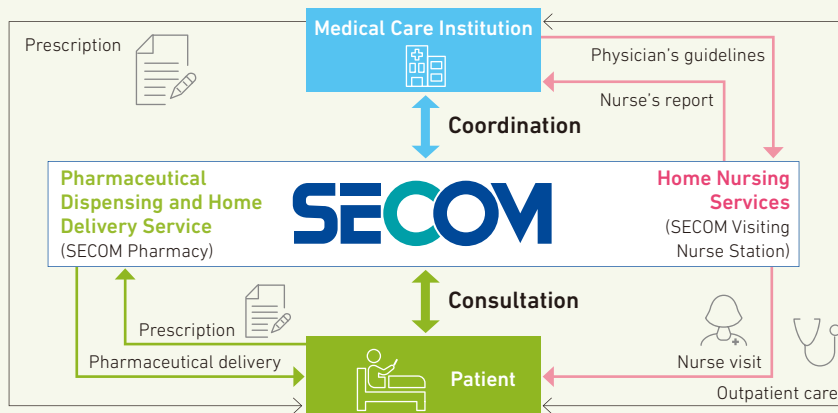
nurses from a nationwide network of 32 visiting nurse stations to offer expert medical treatment and nursing care in the patient's home under the direction of his or her physician. We have also begun to dispatch physical therapists to extend home-based rehabilitation services. Our pharmaceutical dispensing services include filling prescriptions at SECOM Pharmacy, as well as delivering medications, medical supplies, such as infusion pumps, and infusion lines and syringes for home parenteral nutrition (HPN), administered via central venous catheter, and medical hygiene products needed by patients at home.

Our support for affiliated medical institutions centers on 20 partner hospitals and clinics in Japan extending high-level acute care, convalescent rehabilitation and long-term care. In addition, we sell and rent medical equipment and strive to help reduce costs and improve the efficiency of affiliated medical institutions through joint purchasing and management of pharmaceuticals. We also leverage our broad know-how in home medical care to assist with the opening and operation of community clinics. We also operate

Home Medical Services



SECOM Pharmacy



Sakra World Hospital in Bengaluru, India, a general hospital with approximately 300 beds boasting a sophisticated medical care system and a highly skilled staff offering highly attentive, advanced care, which continues to see stable growth.

Personal care services

This category includes the operation of residences for seniors that bring together our expertise in security services and our know-how in the provision of medical and personal care. We also extend a variety of other services, including visiting personal care and adult day care.

Health and preventative care services

Maintaining and improving health, and enhancing quality of life, are crucial in protecting against illness and the need for personal care. Accordingly, we offer tailored health management services through, among others, telephone-based health consultations and the operation of membership-based club SECOM Health Care Club KENKO.

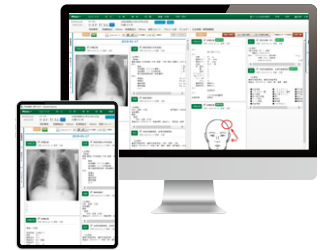
ICT-based medical services

These services center on the deployment of unique networked services for medical institutions. Against a shortage of diagnostic radiographers in Japan, the Hospi-net remote image diagnosis support service is helping improve the quality of medical care. We also offer services that make use of our secure information network to assist in the extension of high-grade medical services, including cloud-based medical report services SECOM Ubiquitous Electronic Medical Record (EMR) and SECOM OWEL, and SECOM LINKus, which makes it possible for information entered into

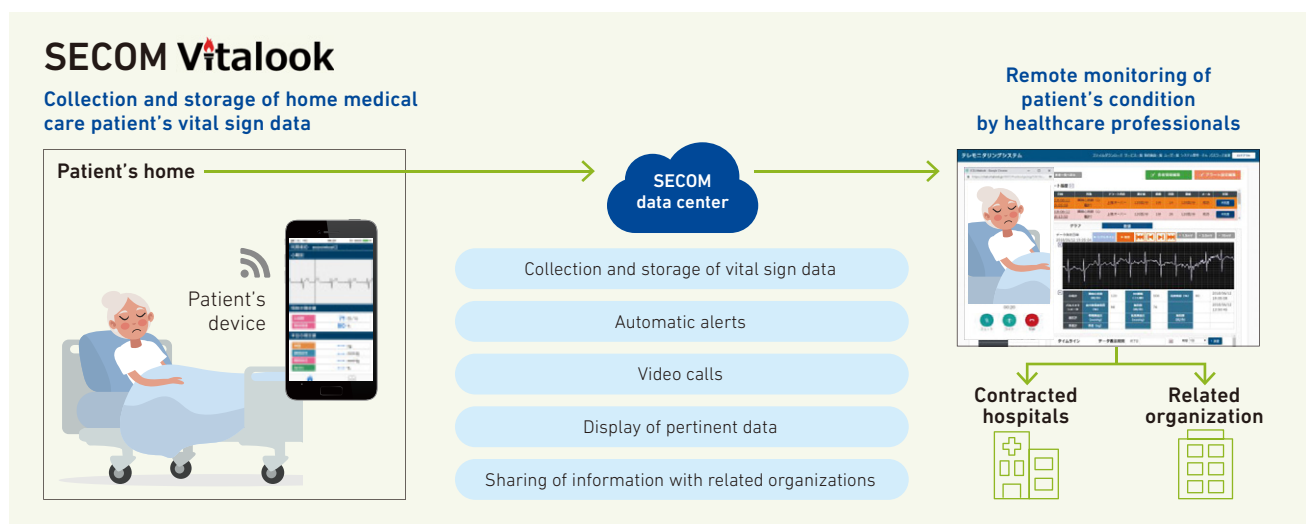
electric medical records to be stored at a SECOM data center and shared among healthcare professionals.

Capitalizing on our accumulated expertise in home medical care and in the provision of support to affiliated medical institutions, as well as our extensive, distinctive management resources, we offer the SECOM Vitalook remote medical support platform. SECOM Vitalook collects and stores home medical care patients' vital sign data (e.g., pulse, blood pressure, body temperature and electrocardiogram results) at a SECOM data center, enabling physicians and nurses at contracted medical institutions to review such data in real time and issue appropriate instructions remotely. The urgent need to address COVID-19 and the acceleration of DX are giving rise to new medical needs. In response, we are accelerating development aimed at facilitating the effective deployment of SECOM Vitalook in hospitals.

We are also working to support sound hospital management by offering SECOM SMASH, a hospital management information analysis system that helps make related processes more visible. Looking ahead, we will continue to capitalize on ICT-based medical services that support medical care and personal care in a super-aged society with a view to increasing the provision of such services, crucial to safety and peace of mind, in markets around the world.

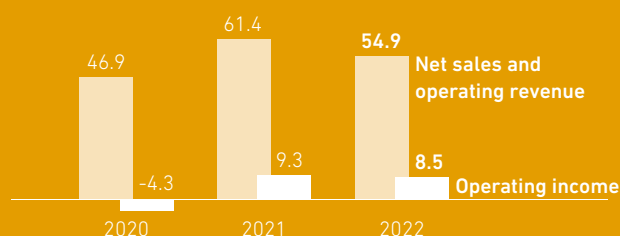


Screen displaying SECOM Ubiquitous EMR



Insurance Services

(In billions of yen)



Operating highlights

Recognizing that our ability to deliver true safety and peace of mind depends on not only providing security services, which are preventative by nature, but also on looking after people should misfortune strike, we offer a diverse array of insurance policies. Secom General Insurance leverages the resources of the SECOM Group to develop and extend a diverse range of distinctive non-life insurance policies. Given the increasing frequency of natural disasters in recent years, Secom General Insurance is working to improve the profitability of its fire insurance policies by ensuring appropriate control of natural disaster-related risks. The company is also reviewing its product portfolio with the aim of, among others, reinforcing sales of MEDCOM, an unrestricted cancer treatment policy, and of automotive insurance.

A unique cancer treatment policy developed from the perspective of the subscriber

MEDCOM is a pioneering indemnity-based cancer treatment policy developed in response to contemporary needs. In addition to unlimited coverage for all inpatient hospital treatment, including that covered under Japan's National Health Insurance (NHI) scheme, as well as advanced medical care and care for which the individual usually bears the financial burden, MEDCOM also covers outpatient treatment up to ¥10 million per five-year period. This allows the subscriber to concentrate on treatment without having to worry about the economic implications thereof, underpinning the steady expansion of subscriptions.

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

SECOM Anshin My Car is an automotive insurance policy that includes around-the-clock access to on-site support from SECOM emergency response personnel in the event of an

accident if requested. This policy's customer-focused assistance, which also includes emergency response personnel contacting the police and ambulance, confirming the seriousness of the accident and photographing the site, continues to earn high marks from customers.

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

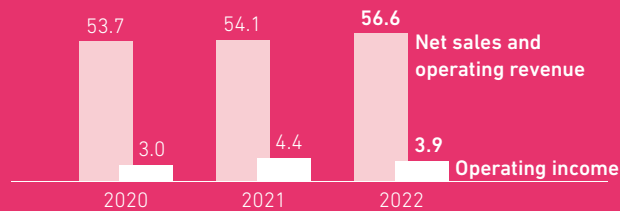
Residential fire insurance policy SECOM Anshin My Home features a discount on premiums for subscribers who have installed an on-line home security system in recognition of the fact that such systems reduce the risk of theft and fire. The Security Discount Fire Policy for commercial premises, including offices and retail facilities, which offers premium discounts of up to 30% to subscribers who have installed a commercial on-line security system, reflecting the risk-mitigating benefits of such systems, has earned high marks for its enhanced coverage. Active efforts to propose fire insurance when introducing on-line security systems to potential home and commercial security services customers have bolstered appreciation for our unique policies, which capitalize on Group strengths.



Manga pamphlet for MEDCOM

Geospatial Information Services

(In billions of yen)



Operating highlights

Subsidiary Pasco Corporation collects geospatial data from commercial satellites, aircraft, drones and proprietary vehicle- and ship-mounted sensors, among others, which it integrates, processes and analyzes to provide a variety of geospatial information services. Pasco's operations are divided into services for public sector entities in Japan, which account for approximately 80% of segment net sales and operating revenue; services for domestic private sector customers; and support services for developing countries overseas. With the aim of enhancing national resilience and realizing smart cities, Pasco is promoting the establishment of real-time digital representations of physical assets in virtual space using data captured by sensors and advanced digital twin technology.

Drone-based automated public infrastructure patrol monitoring

Accelerating efforts to leverage DX to improve efficiency and reduce labor requirements are crucial to ensuring the maintenance of public infrastructure and preventing its degradation. In recent demonstration tests conducted with SECOM, developer of the SECOM Drone autonomous flying surveillance robot, Pasco confirmed that the drone could be used for inspections and monitoring even in locations that are inaccessible to people. Pasco will continue to conduct demonstration tests using drones with the aim of realizing automated drone-based public infrastructure patrol monitoring services.

The challenge of deploying new geospatial information processing technologies

In recent years, the collection and analysis of a wide range of 3D geospatial information using the latest technologies is increasingly important to addressing social imperatives related to natural disasters, energy issues and urban

development. In response to river flooding caused by frequent torrential rainstorms, Pasco recently introduced TDOT 3 GREEN (shown above), a drone-mountable green light detection and ranging (LiDAR) system that allows the simultaneous high-precision measurement of 3D topographical data in water and on land, thereby enhancing the efficiency of surveying and leveraging DX in the management of infrastructure.

In response to issues pertaining to an aging infrastructure and national resilience, Pasco developed and operates the Real Dimension vehicle-mounted 3D road condition surveying system. The system measures 3D coordinate data and road surface properties, helping improve the efficiency and accuracy of efforts to maintain important road infrastructure.

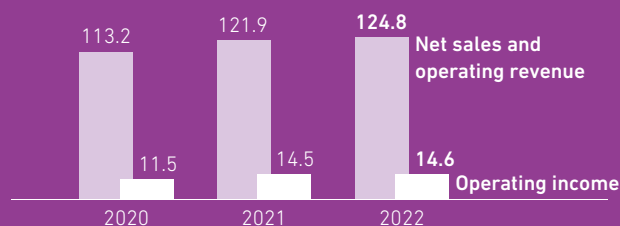
Recent years have also intensified needs related to water area surveying to gather topographical data for sea, river and lake beds, essential to the maintenance of offshore wind power generating facilities, as well as for dams and harbors. To reinforce its water area measurement capabilities, Pasco recently introduced a state-of-the-art multibeam sonar system that facilitates the 3D measurement of underwater topography up to a depth of 450 meters. Going forward, Pasco will continue working to deploy new geospatial information processing technologies in a wide range of areas, from changing cities and topography to ocean floors, with the aim of helping address key social imperatives.



Real Dimension vehicle-mounted 3D road condition surveying system

BPO and ICT Services

(In billions of yen)



Operating highlights

This segment encompasses the operations of subsidiaries Secom Trust Systems, which develops and provides ICT services that deliver safety and peace of mind, as well as make life more comfortable and convenient; At Tokyo, which operates data centers that boast tailored business support capabilities, outstanding reliability and connectivity; and TMJ, which extends high-grade contact center, back-office support and other BPO services. All three companies endeavor to respond to the diverse needs of customers.

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

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

Large-scale disaster preparedness services include assisting customers in the formulation of BCPs to ensure advance preparations, the implementation of effective immediate response measures and the prompt restart of operations in the aftermath of a major disaster. The SECOM Safety Confirmation Service enables subscribers to swiftly ascertain the safety of employees and their families and damage to sites in the event of a major earthquake or other disaster or the failure of key infrastructure. As of March 31, 2022, this service was used by approximately 8,600 companies employing around 7.9 million individuals, making it the most widely used crisis management service in Japan.

Information security services, which encompass comprehensive, around-the-clock support to protect customers' information from cyber attacks, range from advance diagnostics and preventative measures to monitoring and the implementation of countermeasures in

the event of an incident. Secom Trust Systems also capitalize on its competitive advantages as a certification authority, responsible for the management of cryptographic keys, to guarantee the safe and secure transmission of information using devices on the IoT. With far-reaching changes, notably the declining use of personal seals; the expansion of remote work; and the growing popularity of procedures that don't require face-to-face contact (including electronic signatures, time stamps and electronic seals), trust services* are attracting heightened attention in Japan. Secom Trust Systems is striving to ensure that its platform for the provision of trust services is the choice for government and private sector cloud-based electronic contract services.

Secom Trust Systems also offers a variety of cloud-based services that improve the efficiency and convenience of customers' operations, and help reduce costs, including a document digitization service that digitizes contracts and minutes of meetings in compliance with related legislations, and personnel/salary/labor management services that accommodate various work styles flexibly. In December 2021, SECOM Shift Scheduler, an AI-powered service that automatically generates optimal shift rosters, was linked with third-party attendance management system KING OF TIME, the leader in Japan's market for such systems, further enhancing convenience and efficiency for customers.

Going forward, Secom Trust Systems will continue to respond to DX-related needs and increasingly diverse work styles by creating and extending convenient and secure ICT services.

*Trust services are services used to verify individuals, organizations and data online and prevent the falsification of information and spoofing. In lines with the EU Regulation 910/2014, commonly called eIDAS (for "electronic identification (eID), authentication and trust services (AS)"), Japan's Ministry of Internal Affairs and Communications is spearheading comprehensive studies aimed at securing interoperability with other countries and cross-border compliance.

Data center services

Data center operator At Tokyo capitalizes on its more than two decades of experience and operational know-how to deliver uninterrupted, around-the-clock data center services that have earned a reputation for world-class quality and reliability. In addition to the technological capabilities and in-house configuration necessary to support zero-downtime operations, At Tokyo boasts flexible and expandable external connectivity as a global hub, creating an important IT infrastructure for companies for which system outages would significantly impact society. In response to diversifying market needs related to rapid digitalization across the country, At Tokyo—which had originally focused its efforts to establish data centers on Tokyo—opened its first data center in Fukuoka in November 2021 and its third facility in Osaka in April 2022. The company also plans to open a data center in Hokkaido in the autumn of 2022. A hyperscale urban data center is also scheduled to open in the Tokyo metropolitan area in 2024, bolstering the company's ability to address rising demand for data center services.

At Tokyo's data centers serve as network hubs, bringing together multiple domestic and overseas service providers and telecommunications carriers. Leveraging these capabilities, the company also offers ATBeX ("At Tokyo Business eXchange") a service platform that facilitates flexible, low-latency, cost-effective access to megacloud and on-premises services offered by these enterprises. In summer 2022, At Tokyo will launch ATBeX Fukuoka Access Point in Kyushu, which will increase the ATBeX platform's wide accessibility.

BPO services

Against a backdrop characterized by a declining labor force and the social changes brought by COVID-19, demand for

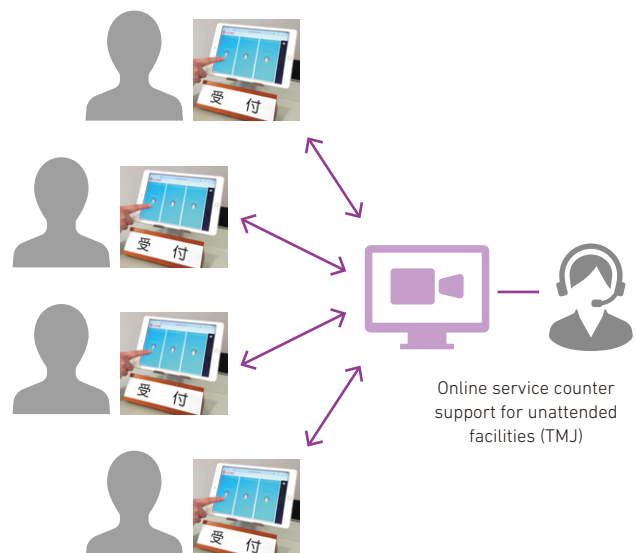
high-grade BPO services that ensure security and peace of mind continues to increase. BPO services company TMJ is highly rated by financial institutions and a wide range of other companies for its extensive contact center and back-office support services.

For customers with business models involving brick-and-mortar retail facilities that users visit in person, reconsidering customer service staff and improving operational efficiency are key challenges, underscored by efforts to improve operational efficiency by introducing cashless transactions and self-checkouts, as well as the accelerated introduction of unattended facilities. In response, TMJ has begun offering service counter support for unattended facilities that make it possible to conduct facial and ID verification remotely using video images and thus to serve customers online. This enables consolidation of the service counter operations of several facilities, which helps to optimize operating costs and standardize service quality. TMJ also extends support for online customer service and the unattended operation of retail facilities, from crucial business support systems and the preparation of manuals to actual operational assistance.

With the expansion of mobility-related business, as evidenced by the rising popularity of car sharing, among others, TMJ recently opened a specialized mobility as a service (MaaS) and mobility business solutions center in Sapporo. Looking ahead, the company will continue to reinforce its operational know-how to broaden this new facility's role as a dedicated provider of diverse services that supports next-generation mobility-related services.



At Tokyo data center



Social initiatives:

Seeking to deliver safety and peace of mind for anyone and everyone



Core theme 1 Occupational health and safety

Preparation of manuals that draw on our accumulated know-how and promotion of training to ensure employee safety and collaboration with the SECOM Health Insurance Union to manage employee health

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

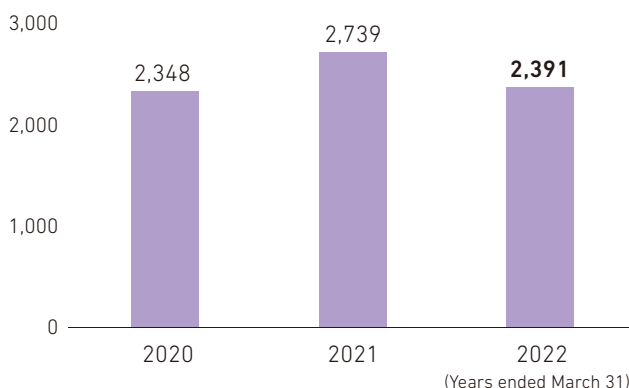
The Human Resources Department has established a system to comprehensively manage occupational health in collaboration with the Health Promotion Office, which is staffed with occupational health physicians (OHPs), and the SECOM Health Insurance Union. To promote continuous improvements in occupational health and safety, health committees nationwide meet monthly to discuss key issues, including employee working hours and efforts to improve health, enhance work environments, ensure safety, and prevent risks. We also actively care for employees' mental health, conducting stress checks, arranging meetings with psychiatrists and specialized counselors, to make certain that employees feel both physically and mentally supported.

To ensure occupational safety, the Operations Division verifies day-to-day security operations and works to reduce identified occupational safety risks. Our operational and control structure facilitates the efficient exchange of reports and instructions between the front lines and senior

management, ensuring that the latter is fully apprised of day-to-day operations across Japan and is able to provide guidance for the improvements where necessary to enhance occupational safety. The division has developed procedures and equipment designed to prevent accidents and promotes initiatives to improve employee skills, including a program that seeks to improve driving techniques. Efforts to ensure

Participants in Training Aimed at Preventing Occupational Accidents

(Number of people)



*Scope of reporting: SECOM CO., LTD., and certain SECOM Group companies

safe, employee-friendly workplaces also include the provision of extensive training aimed at preventing occupational

accidents, including that related to the risk of security accidents in various situations.

Core theme 2 SECOM's Philosophy and the SECOM Group Code of Employee Conduct

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

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

in the form of handbooks and pocket-sized guides, which are distributed to employees in Japan and overseas.

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

Since 2018, we have promoted the Tri-ion initiative, which seeks to ensure that SECOM's Philosophy fully penetrates every aspect of our operations and to bolster motivation and productivity Groupwide. Through this initiative, we aim to nurture employees who embody SECOM's Philosophy to foster a stronger corporate culture, ensure a well-established brand, and further earn the trust of society.

Core theme 3 Securing and fostering talented human resources

Focus on securing and fostering talented human resources who have the ability to adapt to change and create value and who seek to contribute to society

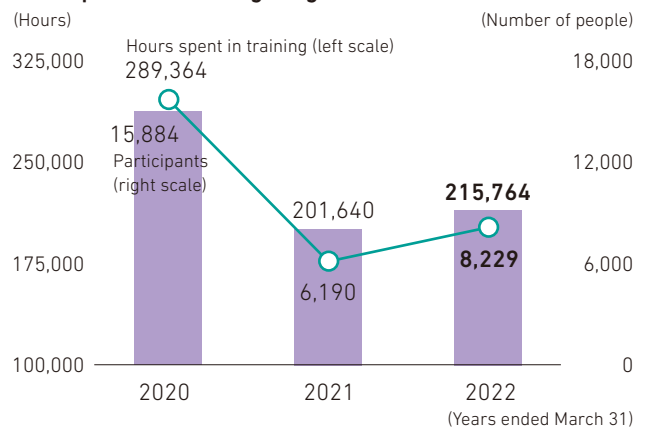
Our vibrant, diverse team of employees, who are critical to our ability to provide services that deliver safety and peace of mind, are our greatest asset and another driving force behind our growth and evolution. Accordingly, we strive to secure and foster talented human resources who have the ability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

As a company that extends services across Japan and around the world, we promote active recruiting efforts. We also work to enhance employee welfare with the goal of improving our ability to retain human resources and have established a variety of programs designed to boost motivation and productivity, as well as to create employee-friendly workplaces. One such program enables employees to choose the geographic location to which they are assigned to suit career phase or personal preference.

We provide extensive training to foster human resources with high ethical standards and superior skills. In addition to training for all new employees, we have developed department-

and job-specific curricula that reinforce practical capabilities in a manner that benefits employees on the front lines. We have

Participation in Training Programs



Notes: 1. Scope of reporting: SECOM's four domestic human resources development centers
2. Figures include participants in training to provide security services for the Rugby World Cup Japan 2019 and the Olympic and Paralympic Games Tokyo 2020.

also launched a variety of specialized training options, including an overseas study program and a subsidy system for employees to take correspondence courses. In the area of training for security guards, we have introduced VR technology, among others, to improve effectiveness and ensure employees acquire excellent discernment and know-how.

Employee performance reviews look to impartially evaluate employees' efforts and support self-realization. Evaluations are based on reports prepared by employees

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

Core theme 4 Advancing diversity

Assignment of diversity and inclusion staff to the Human Resource Department to promote the creation of positive work environments in which diverse employees can maximize their capabilities

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

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

Labor Force by Gender

As of March 31, 2022

	Male	Female
Executive management	89.6%	10.4%
Other	79.6%	20.4%
Total	82.8%	17.2%

*Scope of reporting: SECOM CO., LTD.

Action Plan for Fostering Career Opportunities for Female Employees

> Period:

April 1, 2021–March 31, 2026

> Objectives:

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

*1 Manager level: Corporate headquarters assistant manager or higher, and regional headquarters and regional office manager or higher

*2 Supervisor level: Regional headquarters and regional office supervisor

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

Core theme 5 Promoting work-life balance

Establishment of programs and promotion of ongoing efforts to enhance work-life balance and increase employee retention

We view work-life balance, including sufficient physical and mental rest and a fulfilling private life, as essential to the ability to approach one's work with energy and focus. In

addition to actively encouraging employees to take annual paid vacation days, we have established vacation and leave systems in line with which we promote ongoing efforts to help

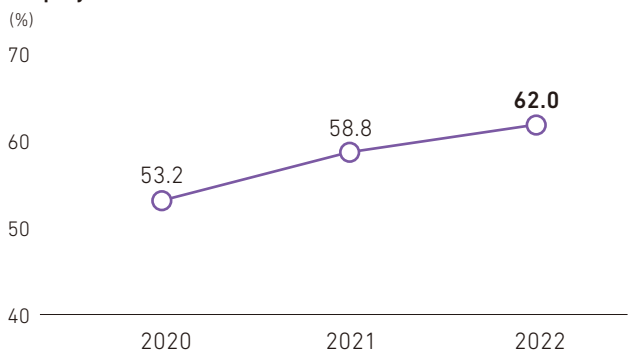
employees achieve a balance between their careers and private lives and enhance employee retention.

- **Flex vacation:** Enables employees to take 10 consecutive vacation days annually, in theory at any time during the year
- **Refresh vacation:** A two-week vacation available to employees every 10 years
- **Maternity leave:** Available for the six weeks prior to and eight weeks after giving birth. An additional two weeks is available to employees who wish to start their maternity leave earlier
- **Childcare leave:** Can be taken by both female and male employees up until the day before the child's third birthday
- **Change in working hours/exemption (shorter working hours) for childcare:** Available within certain restrictions on request to employees who are pregnant or have children who have not yet entered the third grade of

elementary school (exceeds legal requirement, which is children under the age of three)

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

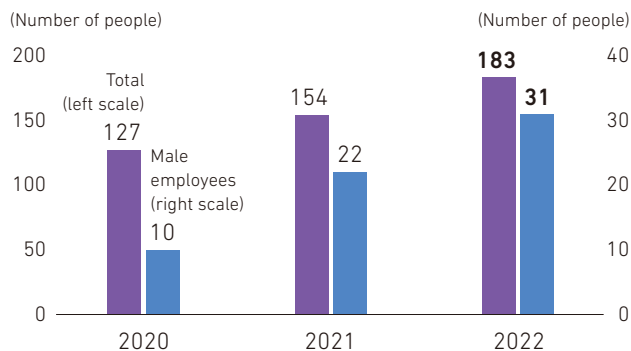
Percentage of Annual Paid Vacation Days Taken by Employees



*Scope of reporting: SECOM CO., LTD.

(Years ended March 31)

Employees Taking Childcare Leave



*Scope of reporting: SECOM CO., LTD.

(Years ended March 31)

Core theme 6 Dialogue with employees

Employee job satisfaction surveys and the exchange of opinions between the SECOM Employee Union Federation and executives to facilitate the creation of employee-friendly workplaces

We seek to achieve sustainable growth as a strong, flexible organization that is impervious to the impact of social change and the competitive environment. We are thus working to create a virtuous circle, recognizing the importance of enabling employees who share SECOM's Philosophy to demonstrate their full potential, which helps raise the quality of the services and products we provide, thereby enhancing customer satisfaction and earning the trust of society, which in turn increases employees' job satisfaction. Since 2016, we have conducted an annual anonymous employee job satisfaction survey. In the fiscal year ended March 31, 2022, the response rate for this survey was 82.1%.

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

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

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

Governance initiatives:

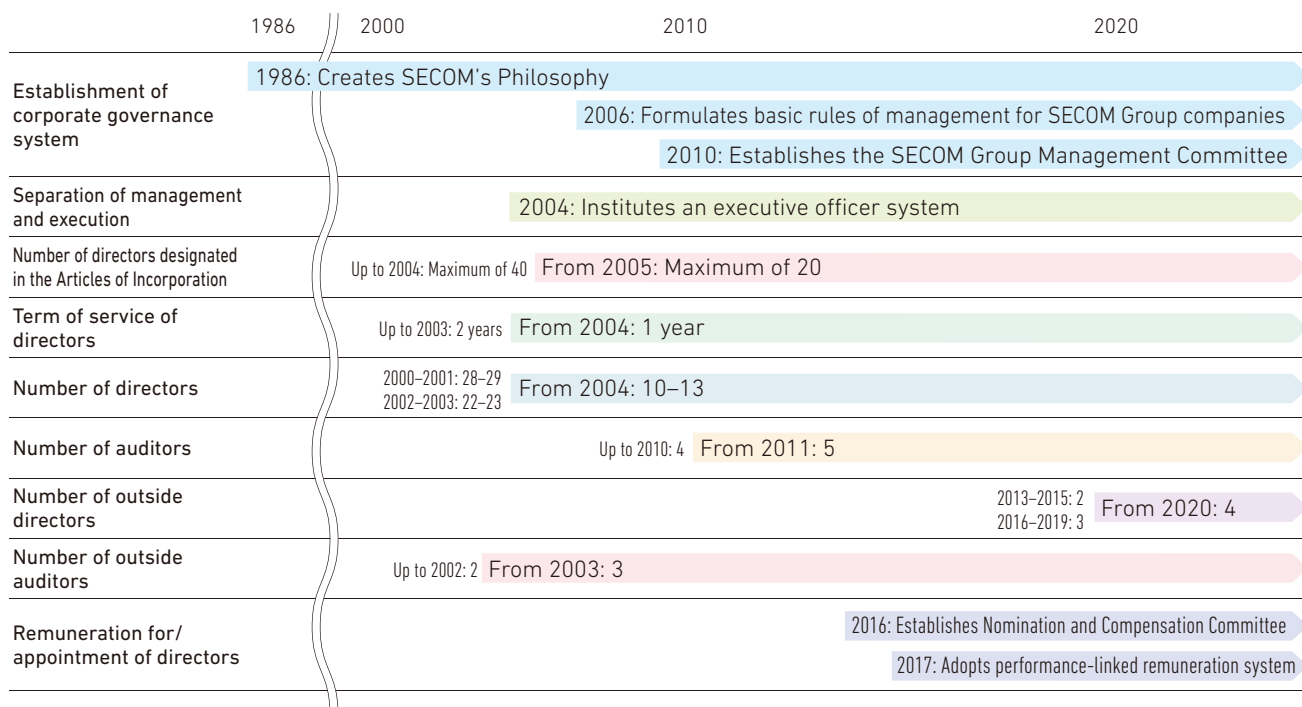
Working continuously to enhance and strengthen corporate governance



Core theme 1 Corporate governance

Independent oversight of management and ensure proper business execution while working to actively disclose information to shareholders and other stakeholders

Initiatives to strengthen corporate governance



Basic philosophy

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

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

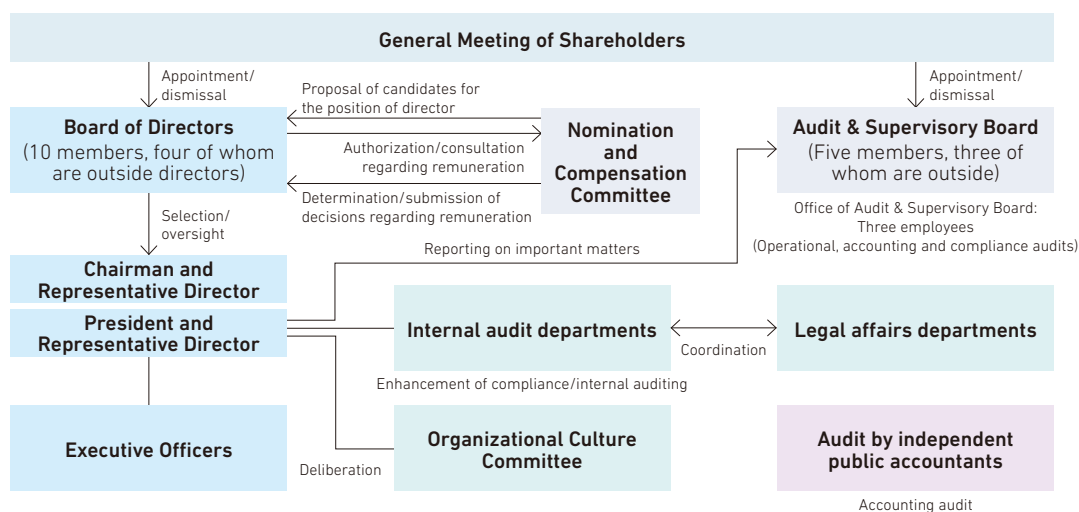
Outline of corporate governance system

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

incorporate external perspectives in decision making and ensure the legality and objectivity of management. We believe that this enables us to conduct independent oversight of management and ensure appropriate business execution.

The Nomination and Compensation Committee has been established as a discretionary committee of the Board of Directors. This committee, which is responsible for presenting candidates for the position of director to the Board of Directors and for ensuring the appropriateness of remuneration for directors, comprises six directors, four of whom are outside.

Corporate Governance Organization



Board of Directors

The Board of Directors comprises 10 directors and in principle meets monthly, with five members of the Audit & Supervisory Board also in attendance. The Board of Directors is responsible for deciding overall management policies and business execution policies, as well as for monitoring the performance of duties by directors, and strives to promote the active exchange of opinions with the aim of ensuring effective and swift decision making. Six of the 10 members are responsible for business execution, with the remaining four members (outside directors) having no involvement.

Executive Officers

We have adopted an executive officers system, whereby the Board of Directors is responsible for decision making and the executive officers are responsible for business execution. This was done with the aim of strengthening field divisions and enhancing customer service systems by clarifying responsibilities and authority and expediting business execution. We currently have 28 executive officers, six of whom are also directors.

Audit & Supervisory Board

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

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

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

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

Skills Matrix for SECOM Directors and Audit & Supervisory Board Members

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

Notes: 1. A maximum of four areas of knowledge and experience are indicated for each Director and Audit & Supervisory Board member.

2. This skills matrix does not represent the entire breadth of knowledge and experience of each Director and Audit & Supervisory Board member.

Internal audits and cooperation among board members and offices

Audits by Audit & Supervisory Board members

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

Principal Activities of Audit & Supervisory Board members in the Fiscal Year Ended March 31, 2022

Participation in meetings of the Board of Directors	100%
Participation in meetings of the Audit & Supervisory Board	100%
Information sessions with directors and other executives of the parent company, subsidiaries and affiliated companies	76 times
Audits conducted by Audit & Supervisory Board members at remote locations	76 locations

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

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

Meetings between Audit & Supervisory Board members and accounting auditors

Audit & Supervisory Board members meet regularly (six times annually) with the accounting auditors, as well as additional meetings as necessary, for the purpose of exchanging opinions and information. Audit & Supervisory Board members receive explanations and exchange opinions regarding annual audit plans and audit results. If necessary, Audit & Supervisory Board members also act as witnesses during audits conducted by the accounting auditors at remote locations and during audit reviews (22 times in the fiscal year ended March 31, 2022).

Collaboration with internal audit and other departments

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

Outside directors and outside Audit & Supervisory Board members

We appoint individuals who have extensive knowledge of corporate management to serve as outside directors, thereby incorporating a broad range of external perspectives not constrained by the internal affairs. We thus have a structure that ensures the transparency and objectivity of management.

We appoint Audit & Supervisory Board members who have a wealth of knowledge of corporate management, legal, financial and other matters (including three outside members, who are essentially independent of the management team). We have also established an auditing organization (including the Office of Audit & Supervisory Board Members) that operates independent of day-to-day operations and a process (including periodic meetings between the President and

Representative Director, among others, and the Audit & Supervisory Board members). This ensures that Audit & Supervisory Board members' objective and neutral opinions are reflected promptly in operations. As a consequence, we believe that we fulfill our responsibility to conduct independent oversight of management performance in a manner that takes into account the interests of stakeholders.

We appoint outside directors and outside Audit & Supervisory Board members on the basis of pertinent requirements set forth in Japan's Companies Act and the standards concerning independence set forth by financial instruments exchanges.

Outside Directors and Outside Audit & Supervisory Board Members

	Name	Principal activities	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Board meetings
Outside directors	Takaharu Hirose	Mr. Hirose offers advice and recommendations at meetings of the Board of Directors based on experience and insights gained in the foundation and management of multiple enterprises and industry organizations. In addition, he participates in deliberations of the Nomination and Compensation Committee as a member thereof. Through these activities, he performs his supervisory function as an outside director adequately.	13 13	—
	Hirobumi Kawano	Mr. Kawano offers advice and recommendations at meetings of the Board of Directors based on experience and insights gained through the holding of important positions in government. In addition, he participates in deliberations of the Nomination and Compensation Committee as a member thereof. Through these activities, he performs his supervisory function as an outside director adequately.	13 13	—
	Hajime Watanabe	Mr. Watanabe offers advice and recommendations at meetings of the Board of Directors based on experience and insights gained through his many years of experience in corporate management. In addition, he participates in deliberations of the Nomination and Compensation Committee as a member thereof. Through these activities, he performs his supervisory function as an outside director adequately.	13 13	—
	Miri Hara	Ms. Hara offers advice and recommendations at meetings of the Board of Directors based on experience and insights gained as a corporate officer and a tax accountant. In addition, she participates in deliberations of the Nomination and Compensation Committee as a member thereof. Through these activities, she performs her supervisory function as an outside director adequately.	13 13	—
Outside Audit & Supervisory Board members	Hideki Kato	Mr. Kato offers advice and recommendations at meetings of the Board of Directors, among others, based on experience gained through the execution of national policies and insights gained as a result of his accomplishments at a policy think tank. He also asks questions and states opinions to clarify issues.	13 13	12 12
	Makoto Yasuda	Mr. Yasuda offers advice and recommendations at meetings of the Board of Directors, among others, based on experience and insights gained in the management of a global enterprise. He also asks questions and states opinions to clarify issues.	13 13	12 12
	Setsuo Tanaka	Mr. Tanaka offers advice and recommendations at meetings of the Board of Directors, among others, based on experience and insights gained through the holding of important positions in government. He also asks questions and states opinions to clarify issues.	13 13	12 12

Note: Information on attendance at meetings of the Board of Directors and Audit & Supervisory Board is for the fiscal year ended March 31, 2022.

Remuneration for directors and Audit & Supervisory Board members

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

well as on job responsibilities and years of service. The relative proportion of fixed monthly salary, bonuses, and share-based remuneration paid to directors (excluding outside directors) is approximately 80:15:5.

Remuneration for Audit & Supervisory Board members, which comprises pecuniary remuneration only, is determined through discussion involving Audit & Supervisory Board members in amounts commensurate with job responsibilities. Remuneration for Audit & Supervisory Board members is set within the maximum limit resolved at the Ordinary General Meeting of Shareholders.

Remuneration for Directors and Audit & Supervisory Board Members in the Fiscal Year Ended March 31, 2022

Position	Total remuneration (Millions of yen)	Breakdown of total remuneration (Millions of yen)				Number of entitled individuals
		Basic remuneration	Performance-based remuneration		Nonpecuniary remuneration	
		Fixed salary	Stock options	Bonus	Restricted stock	
Directors (excluding outside directors)	374	298	—	57	18	7
Audit & Supervisory Board members (excluding outside members)	45	45	—	—	—	2
Outside directors	40	40	—	—	—	4
Outside Audit & Supervisory Board members	25	25	—	—	—	3
Total	485	409	—	57	18	16

Note: The target for consolidated operating profit for the fiscal year ended March 31, 2022, was ¥139,500 million, while the actual result was ¥143,499 million. (Japanese GAAP)

Philosophy regarding the diversity and size of the Board of Directors

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

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

Evaluation of the Board of Directors' effectiveness

Evaluation process

The effectiveness of the Board of Directors is evaluated annually. In the period under review, a survey was conducted in January 2022 and responses were collated by the Board's secretariat in early March. Findings were subsequently discussed by the Board.

Summary of findings

Composition of the Board of Directors

The opinion was expressed that the diversity of the Board of Directors and the balance between execution and oversight are suitable and that the Board is an appropriate size to ensure active discussion and swift decision making. While it was acknowledged that the appointment of a female director in 2020 has improved gender diversity, and that the percentage of outside directors has increased, constructive views were also expressed regarding further diversification of the Board's composition in terms of gender and other considerations, including the need to promote female directors from within.

Administration of Board of Directors' Meetings

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

resolution. Both outside directors and outside Audit & Supervisory Board members actively made comments and expressed the opinion that the atmosphere was conducive to free and open discussion. The view was also expressed that improvements in the process for advance discussion and reporting on ongoing progress had been seen since the previous survey. Various opinions were also expressed, including that opportunities should be created for free debate, thereby invigorating discussion, as well as for further communication with outside directors.

Oversight function of the Board of Directors

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

Future initiatives

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

Status of strategic shareholdings

Policy on shareholdings

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

Verification of the rationality of shareholdings

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

Directors, Audit & Supervisory Board Members and Executive Officers

(As of July 31, 2022)

Directors



Yasuo Nakayama
Chairman and
Representative Director



Ichiro Ozeki
President and
Representative Director



Yasuyuki Yoshida
Senior Executive
Director



Tatsuro Fuse
Executive Director



Tatsuya Izumida
Director



Tatsushi Kurihara
Director



Takaharu Hirose
Outside Director



Hirobumi Kawano
Outside Director



Hajime Watanabe
Outside Director



Miri Hara
Outside Director

Audit & Supervisory Board Members



Takayuki Ito
Audit & Supervisory
Board Member



Koji Kato
Audit & Supervisory
Board Member



Hideki Kato
Outside
Audit & Supervisory
Board Member



Makoto Yasuda
Outside
Audit & Supervisory
Board Member



Setsuo Tanaka
Outside
Audit & Supervisory
Board Member

Executive Team

Directors

Yasuo Nakayama
Chairman and
Representative Director

Ichiro Ozeki
President and
Representative Director

Yasuyuki Yoshida
Senior Executive Director

Tatsuro Fuse
Executive Director

Tatsuya Izumida
Director

Tatsushi Kurihara
Director

Executive Officers

Kenichi Furukawa
Managing Executive Officer

Osamu Ueda
Managing Executive Officer

Yoshinori Yamanaka
Managing Executive Officer

Yoichi Sugimoto
Managing Executive Officer

Sumiyuki Fukumitsu
Managing Executive Officer

Osamu Nagai
Managing Executive Officer

Kensuke Shindo
Executive Officer

Yasufumi Kuwahara
Executive Officer

Noriyuki Fukuoka
Executive Officer

Takeshi Akagi
Executive Officer

Sadahiro Sato
Executive Officer

Seiya Nagao
Executive Officer

Noriyuki Uematsu
Executive Officer

Atsushi Komatsu
Executive Officer

Takehiko Senda
Executive Officer

Takashi Nakada
Executive Officer

Michiyoshi Morita
Executive Officer

Makoto Inaba
Executive Officer

Toshinori Sugimoto
Executive Officer

Satoshi Araki
Executive Officer

Satoshi Takizawa
Executive Officer

Izumi Sawamoto
Executive Officer

Messages from Outside Officers



Takaharu Hirose

Outside Director

Important position concurrently held in another organization
Chairman and Representative Director, Monitas, Inc.

SECOM's Board of Directors meetings are very lively and the upbeat atmosphere ensures participants are able to discuss things in a free and open manner. When deliberating and voting on important proposals, we receive easy-to-understand explanations, based on relevant material, in advance, enabling us to engage in active, informed discussions. Ever since taking up this position in 2013, the inside directors, including the Board's chairperson, have taken a positive view of incorporating the views of outside directors and outside members of the Audit & Supervisory Board into management strategy. When I was first appointed, though, my impression was that the Company was rather conservative, which seemed fitting for a security services company. I am proud that by providing objective, sometimes opposing, opinions, I and the other outside directors have been able to play a role in galvanizing the Board of Directors to be more proactive in taking on challenges. The Company's 10 directors currently include four outside directors. We come from a variety of backgrounds and bring a wealth of knowledge, so I believe this is an appropriate composition.

Since my student days, I have been involved in the launch of start-ups and the establishment and management of industry associations. Based on my experience, I have spoken at Board of Directors meetings about the need to be open to incorporating new technologies from other companies, rather than insisting on only using the Company's own technologies, given the dizzying pace of technological change today. This is one factor that has encouraged SECOM to promote open innovation. Looking ahead, I would like to help create a system for fostering the ambitious young employees that will be responsible for driving the SECOM Group forward and ensure sustainable growth.

With society continuing to evolve dramatically, I see one of my roles as outside director as being to encourage the Board of Directors to further advance discussion from a medium- to long-term perspective regarding, among others, the general direction of management strategies and associated risks in an era of uncertainty.



Miri Hara

Outside Director

Important positions concurrently held in other organizations
Representative Certified Public Tax Accountant, Tax Corporation Yokohama Benten Accounting, Inc.
Outside Director, Nippon Sanso Holdings Corporation

Two years have passed since I was appointed to the position of outside director at SECOM. The Board's chairperson actively encourages all directors to speak at meetings, so discussions are always spirited. If I have any questions, I can ask them frankly and without trepidation and the relevant inside director will respond and provide a detailed explanation. One time, I asked if it was possible to create a simpler monitoring system for seniors. This was just about the time we announced the SECOM Monitoring Service for Seniors, which allows family members to monitor seniors from a smartphone. Listening to the meticulous explanation given by the director, I was reminded once again of the firm grasp SECOM has on the needs of a diverse range of customers.

I recognize that expressing opinions from the perspective of a woman with experiences that have real relevance to the daily lives of ordinary people is also something expected of me as an outside director. I am concerned about the fact that SECOM has only one woman on its Board of Directors. In April 2021, the Company formulated an action plan for fostering career opportunities for female employees and works to support women's efforts to achieve a balance between their careers and private lives. If feasible, I would like to have the opportunity to meet with female employees to discuss measures to further bolster their professional motivation.

In recent years, companies' efforts to address ESG-related issues are attracting considerable attention. To my mind, SECOM's greatest strength on this front is that it has always conducted its operations in accordance with a corporate philosophy and code of conduct that emphasize social contribution and the fair assessment of value. SECOM has taken its first steps toward becoming a global organization. I look forward to the SECOM Group's people around the world remaining true to its corporate philosophy as they seek to respond to the universal desire for *ANSHIN*, peace of mind, earn the trust of customers and expand the Group's presence in overseas markets.

Efforts to improve compliance by promoting strict adherence to the SECOM Group Code of Employee Conduct**Basic philosophy**

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

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

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

System for promotion and administration

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

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

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

Whistle-blowing system

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

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

Whistle-Blower Reports Received

	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Number of reports	56	74	92

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

Organizational Culture Committee

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

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

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

Global compliance training

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

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

Promotion of information security through the establishment of the SECOM Group Information Security Basic Policy and creating and operating a robust information security system

Policy and system for promoting information security

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

We have also established the SECOM Group Information Security Basic Policy, to guide our efforts to promote stringent

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

Reducing information security risk

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

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

Protecting personal information

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

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

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

Thorough information security (Year ended March 31, 2022)

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

*Scope of reporting: SECOM CO., LTD.



Environmental initiatives:

Creating a foundation for delivering safe and comfortable lifestyles



Core theme 1

Environmental management

Evaluation and management of the progress of environmental conservation initiatives against environmental key management indicators and response to the recommendations of the TCFD

We have established a common Group environmental philosophy and basic environmental policy, in line with which we conduct our operations in a manner that takes environmental conservation into account. We evaluate and manage the SECOM Group's progress in promoting these initiatives against seven major environmental management indicators.

Environmental management key performance indicators

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

Scope 1: Direct emissions (including those from the combustion of gasoline by vehicles, use of diesel and use of kerosene)

Scope 2: Indirect emissions (including those from the consumption of purchased electric power, cold and hot water, and steam)

Scope 3: Other indirect emissions (those not covered in Scope 1 or 2, from the activities of other companies up and down the supply chain)

Response to the recommendations of the TCFD

In July 2019, we declared our support for the TCFD. To maintain services and systems in our security services and other businesses, we have established a Risk Committee and assess risks from multiple perspectives, including scope of impact, scale, anticipated monetary cost of damage, urgency, and frequency of occurrence, based on the results of Companywide risk analysis.

We recognize a variety of risks and opportunities related to climate change. We acknowledge that risks pertaining to fluctuations in the price of fuel consumed by vehicles used in our security services business and the introduction of a carbon tax, as well as to the impact of climate change on our nonlife insurance and data center services businesses, will increase. At the same time, we also understand that shifting customer needs will yield opportunities to expand demand for new services. Accordingly, we will promote strategies that seek to capitalize on opportunities while remaining mindful of the potential impact of risks on our operations.



Core theme 2 Prevention of global warming

Setting a medium- to long-term target for achieving carbon neutrality by 2045

In response to the accelerating global move toward decarbonization, in May 2021 we set new greenhouse gas emissions reduction targets. These targets have been certified under the SBTi, which seeks to drive climate action in the private sector. We have also joined RE100, a global initiative, with the objective of transitioning fully to electricity generated using renewable energy for our operations by 2045.

Long-term targets

Scope 1 and 2:

Reduction of greenhouse gas emissions to zero by 2045

Scope 3:

Reduction of greenhouse gas emissions to zero by 2050

Medium-term targets

Scope 1 and 2:

45% reduction in greenhouse gas emissions from the fiscal year ended March 31, 2019, by the fiscal year ending March 31, 2031

Scope 3:

40% reduction in greenhouse gas emissions from the fiscal year ended March 31, 2019, by the fiscal year ending March 31, 2031



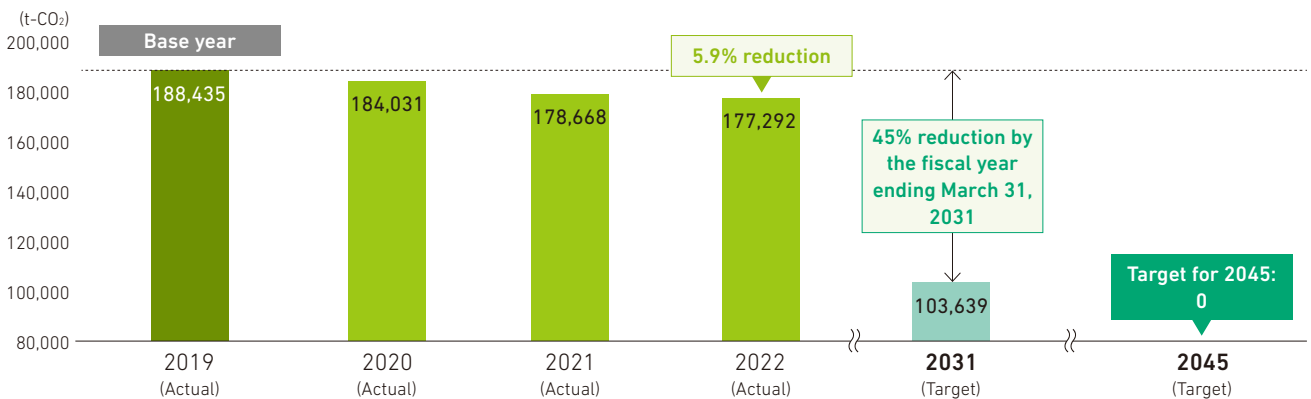
SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

RE100
CLIMATE GROUP



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



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

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

Decarbonization initiatives by At Tokyo

Data center services company At Tokyo promotes a variety of active measures to help address global warming. In October 2022, the company plans to introduce a green power optional service, which will provide the environmental value originating from using renewable energy sources to power its data centers to its customers. At Tokyo will continue to accelerate its efforts to advance decarbonization in the years ahead.

SASB Index

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

SECOM's SASB Index

Professional & Commercial Services Sector Sustainability Indicators

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

Topic	Code	Activity Metric	Data*
Activity metrics	SV-PS-000.A	Number of employees by:	(1) Full-time employees: 14,485
		(1) full-time and part-time	
		(2) temporary	(2) Temporary employees: 1,273
	SV-PS-000.B	(3) contract	(3) Contract employees: 1,794
		Employee hours worked, percentage billable	Employee hours worked: 29,805,459 Percentage billable: N/A

*Data for "Activity metrics" is for SECOM CO., LTD., and is as of March 31, 2022, or for the fiscal year ended March 31, 2022. Because billing for electronic security services, our principal business, is based on fixed monthly fees, "percentage billable" is not applicable.

Financial Review

Operating Results

Overview

In the fiscal year ended March 31, 2022, SECOM CO., LTD. and its consolidated subsidiaries (collectively, "the Company") sought to provide high-quality services and products that respond to the diverse needs of customers in its core security services segment, as well as in its fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and other services segments.

Consolidated net sales and operating revenue for the period under review amounted to ¥1,166.1 billion, rising 2.7%, or ¥30.8 billion, while operating income advanced 15.2%, or ¥20.6 billion, to ¥156.4 billion. This primarily reflected higher net sales and operating revenue, and operating income, in the security services segment, which were underpinned by increases for electronic security services in Japan and overseas, and for static security guard services, as well as in the fire protection services segment, which benefited from a concentration of profitable projects during the period, and the medical services segment, which was bolstered by improvements in the earnings of partner hospitals in Japan and a general hospital in India. Net income attributable to SECOM CO., LTD., climbed 19.8%, or ¥17.8 billion, to ¥107.7 billion.

Net Sales and Operating Revenue

Consolidated net sales and operating revenue rose 2.7%, or ¥30.8 billion, to ¥1,166.1 billion, owing to increases in all segments except insurance services. (For further information, please see Segment Information below.)

Costs and Expenses

Total costs and expenses were up 1.0%, or ¥10.2 billion, to ¥1,009.7 billion. Cost of sales, at ¥802.4 billion, increased 1.5%, or ¥12.2 billion, and accounted for 68.8% of net sales and operating revenue, compared with 69.6% in the preceding period. Factors contributing to the cost of sales ratio included improvements in the earnings of partner hospitals in Japan and a general hospital in India, which lowered the cost of sales ratio in the medical services segment, as well as to a concentration of profitable projects in the fire protection services segment.

Selling, general and administrative (SG&A) expenses increased 1.2%, or ¥2.5 billion, to ¥204.2 billion, equivalent to 17.5% of net sales and operating revenue, an improvement from 17.8% in the previous fiscal year. While the impairment loss on goodwill improved to ¥268 million, down ¥5.4 billion, loss on sales and disposal of fixed assets, net, rose ¥918 million, to ¥2.7 billion.

Operating Income

Operating income advanced 15.2%, or ¥20.6 billion, to ¥156.4 billion, owing mainly to increases in the security services, fire protection services and medical services segments. The

operating margin improved to 13.4%, from 12.0%. (For further information, please see Segment Information below.)

Other Income and Expenses

Other income declined ¥2.5 billion, to ¥9.7 billion, while other expenses increased ¥1.5 billion, to ¥4.4 billion. Net other income thus amounted to ¥5.3 billion, a decrease of ¥4.0 billion. This was due largely to a loss on other-than-temporary impairment of investment securities of ¥848 million, compared with a gain on other-than-temporary impairment of investment securities of ¥4.6 billion in the previous fiscal year. The Company also reported a ¥3.1 billion gain on private equity investments, compared with a ¥302 million loss on private equity investments in the preceding period.

Income Taxes

Income taxes amounted to ¥49.2 billion, up ¥1.6 billion, although this was equivalent to 30.4% of income from continuing operations before income taxes and equity in net income of affiliated companies, down from 32.8% in the previous fiscal year. Factors contributing to the decrease in income taxes as a percentage of income from continuing operations before income taxes and equity in net income of affiliated companies included the decline in impairment loss on goodwill.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests slipped ¥149 million, to ¥11.4 billion. This was due mainly to the fact that Secom Joshinetsu Co., Ltd., was made a wholly owned subsidiary, although the impact of this was partially offset by increases in operating income in the fire protection services segment and posted by overseas Group companies.

Net Income Attributable to SECOM CO., LTD.

Net income attributable to SECOM CO., LTD., climbed 19.8%, or ¥17.8 billion, to ¥107.7 billion, equivalent to 9.2% of net sales and operating revenue, rising from 7.9% in the previous fiscal year. Net income attributable to SECOM CO., LTD., per share was ¥492.83, up from ¥411.95. The figure of ¥175.00 for cash dividends per share that appears in the consolidated financial statements represents cash dividends approved and paid to shareholders during the period under review, namely, an ¥85.00 per share year-end dividend for the fiscal year ended March 31, 2021, approved at the Ordinary General Meeting of Shareholders held on June 25, 2021, and a ¥90.00 per share interim dividend determined by the Board of Directors and paid to shareholders of record as of September 30, 2021. The year-end cash dividend for the fiscal year ended March 31, 2022, approved at the Ordinary General Meeting of Shareholders held on June 28, 2022, was also ¥90.00 per share.

Segment Information

In December 2020, all issued shares of Secom Home Life Co., Ltd., previously a consolidated subsidiary, were transferred to a third party, as a result of which the company was excluded from the scope of consolidation. As a consequence, the name of the segment to which the company was allocated, real estate and other services, was renamed "other services." This change did not prompt any adjustments to segment classification. Subsequently, a review of segment classification was conducted from the perspective of similarity and relevance of business activities. As a result, certain services previously included in the security services segment were reclassified to the BPO and ICT services and the other services segments. Segment results figures for prior periods have been restated to conform with the new classification. (For further information, please see Note 28.)

Security Services

Security services include electronic security services, which center on on-line security systems, other security services, and merchandise and other. In the fiscal year ended March 31, 2022, net sales and operating revenue in this segment increased 1.5%, or ¥8.6 billion, to ¥566.7 billion. Excluding intersegment transactions, segment net sales and operating revenue were ¥563.6 billion, representing 48.3% of overall net sales and operating revenue, down from 48.9% in the previous fiscal year.

In addition to on-line commercial and home security systems, electronic security services include large-scale proprietary security systems, which focus on surveillance at subscribers' premises. On-line commercial and home security systems use sensors, controllers and other equipment installed at subscribers' premises to detect events, including intrusions, fires and equipment malfunctions. Equipment is linked to a SECOM control center via telecommunications circuits to facilitate around-the-clock monitoring. Should an irregularity be detected, relevant information is relayed to the control center, where staff dispatch emergency response personnel to take appropriate measures. If necessary, control center staff also notify the police, fire department or other emergency services. The Company employs a rental format, whereby it maintains ownership of security equipment and provides it to subscribers on a rental basis. This minimizes initial costs for subscribers and guarantees the quality and stability of its services. The initial contract period for security services is generally five years, with contracts renewed automatically each subsequent year. Depreciation for security equipment is computed using the declining balance method principally over five years.

The Company takes full responsibility for all aspects of its on-line commercial and home security systems, from R&D through to equipment manufacturing, security planning, installation, around-the-clock monitoring, emergency response services and equipment maintenance. This integrated approach

leverages the Company's half-century-plus of experience and know-how in providing electronic security services, together with its R&D team's ability to recognize and address false alarms, to ensure highly efficient operations.

Net sales and operating revenue from electronic security services advanced 1.1%, or ¥3.9 billion, to ¥348.7 billion. This primarily reflected firm sales of on-line commercial and home security systems in Japan and increases in sales by overseas Group companies, as well as the impact of currency exchange rates.

Other security services include static guard and armored car services. Net sales and operating revenue generated by static guard services, which are provided by highly trained professional security guards for systems requiring human judgment and flexible responsiveness, rose 8.8%, or ¥6.1 billion, to ¥75.5 billion, owing mainly to the Company's provision of security services for competition venues and other facilities for the Olympic and Paralympic Games Tokyo 2020, held during the period under review. Net sales and operating revenue generated by armored car services, which involve the transport of cash, securities and other valuables using specially fitted armored cars and security professionals, edged down 0.6%, or ¥374 million, to ¥62.5 billion, due principally to changes in the operations of financial institutions.

The merchandise and other category encompasses a wide range of security products, including security camera systems, access control systems, automated fire extinguishing systems and external monitoring systems, which can be freestanding or linked to on-line security systems. Net sales and operating revenue in this category declined 1.3%, or ¥1.0 billion, to ¥76.9 billion, as COVID-19 prompted customers to curb investments, negatively impacting turnover.

Operating income in this segment rose 12.2%, or ¥12.3 billion, to ¥113.4 billion, while the operating margin improved to 20.0%, compared with 18.1% in the preceding period. Principal factors behind this result included a decrease in impairment loss on goodwill, to ¥63 million, from ¥5.7 billion, and an increase in sales of high-margin electronic security services.

Fire Protection Services

The fire protection services segment focuses on high-grade, tailored, automatic fire alarm systems, fire extinguishing systems and other fire protection systems for a wide range of applications, including office buildings, plants, tunnels, cultural properties, ships and residences. In the period under review, Nohmi Bosai and Nittan, two of Japan's leading domestic fire protection services providers, sought to leverage their respective business foundations and product development capabilities to secure orders.

Net sales and operating revenue in this segment, at ¥152.1 billion, advanced 5.7%, or ¥8.2 billion. Principal factors behind this result included an increase in Nohmi Bosai's revenue from fire alarm systems. Operating income rose 10.9%, or ¥1.4 billion, to ¥14.5 billion, reflecting a concentration of profitable projects during the period. The operating margin was 9.5%, up from 9.1%.

Medical Services

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

Segment net sales and operating revenue rose 7.3%, or ¥13.3 billion, to ¥196.1 billion, while operating income soared 246.3%, or ¥9.7 billion, to ¥13.6 billion. These increases were attributable to improvements in the results of partner hospitals in Japan and a general hospital in India. The operating margin climbed to 7.0%, from 2.2%.

Insurance Services

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

Net sales and operating revenue in this segment declined 10.5%, or ¥6.5 billion, to ¥54.9 billion, despite brisk sales of MEDCOM, owing to net realized investment losses (including losses on other-than-temporary impairments of investment securities) of ¥1.2 billion, compared with net realized investment gains of ¥7.7 billion in the preceding period. Segment operating income, at ¥8.5 billion, was down 8.2%, or ¥762 million, primarily reflecting the aforementioned net realized investment losses, although this factor was partially offset by a decrease in losses due to natural disasters.

Geospatial Information Services

The geospatial information services segment centers on the collection of geographic data using commercial satellites, aircraft and surveying using proprietary vehicles, among others, which is integrated, processed and analyzed to provide geospatial information services to public-sector entities—including national and local governments—and customers in the private sector in Japan. These services are also offered to government agencies overseas. Segment net sales and operating revenue advanced 4.5%, or ¥2.5 billion, to ¥56.6 billion, bolstered by an increase in revenue from domestic public-sector customers, to which the provision of surveying services employing aerial lasers expanded. Operating income, at ¥3.9 billion was down 12.8%, or ¥569 million, a consequence mainly of the inclusion of head office relocation expenses and rising personnel expenses resulting from an expanded number of employees, as well as of a reversal of the provision for loss on construction contracts for large-scale projects for overseas customers in the previous period. The operating margin declined to 6.8%, from 8.2%.

BPO and ICT Services

BPO and ICT services, which focus on the provision of data center services, also encompass distinctively SECOM BCP support, telework support, information security and cloud-based services, and BPO services, which include the operation of contact centers. Net sales and operating revenue in this segment were up 2.4%, or ¥2.9 billion, to ¥124.8 billion, thanks principally to increased revenue in the BPO services business, underpinned by efforts to cultivate customers and higher orders from existing customers, as well as in the data center services business. Owing to higher net sales and operating revenue, operating income edged up 0.5%, or ¥67 million, to ¥14.6 billion. This was despite a negative rebound in the BPO services business, which benefited in the previous period from the presence of profitable projects, combined with upfront expenses associated with the expansion of the contact center network to accommodate growing demand, as well as higher utility costs attributable to fuel cost adjustments at data centers. The operating margin dipped to 11.7%, from 11.9%.

Other Services

The other services segment encompasses real estate leasing, as well as construction and installation services. Segment net sales and operating revenue rose 4.3%, or ¥1.4 billion, to ¥35.4 billion, owing to a full year of lease income from real estate projects completed in the previous fiscal year, as well as to an increase in revenue from construction projects. Operating income, at ¥6.1 billion, was up 1.2%, or ¥74 million, while the operating margin was 17.3%, down from 17.8%.

Financial Position

Total assets as of March 31, 2022, amounted to ¥2,183.5 billion, an increase of ¥45.7 billion from the end of the previous fiscal year. Total current assets climbed ¥47.2 billion, to ¥1,026.7 billion, and accounted for 47.0% of total assets. The current ratio was 2.4 times, compared with 2.3 times a year earlier. The principal component of current assets, cash and cash equivalents, was ¥531.6 billion, up ¥29.4 billion. (For further information, please see Cash Flows, which follows this section.) Notes and accounts receivable, trade rose ¥12.0 billion, to ¥165.4 billion, reflecting such factors as higher net sales and operating revenue in the fire protection services segment. Notes and accounts receivable, trade, are affected by the fact that net sales and operating revenue in the fire protection services and geospatial information services businesses tends to be concentrated toward the end of the fiscal year. Cash deposits for armored car services declined ¥2.4 billion, to ¥136.5 billion. These cash deposits are funded largely through bank overdrafts and deposits and their use by the Company is restricted. Inventories rose ¥6.4 billion, to ¥38.2 billion, owing primarily to the purchase of real estate for sales and steps taken to increase inventories of components for fire protection services-related products to circumvent procurement difficulties.

Investments and long-term receivables, at ¥349.5 billion, were up ¥1.9 billion, and represented 16.0% of total assets.

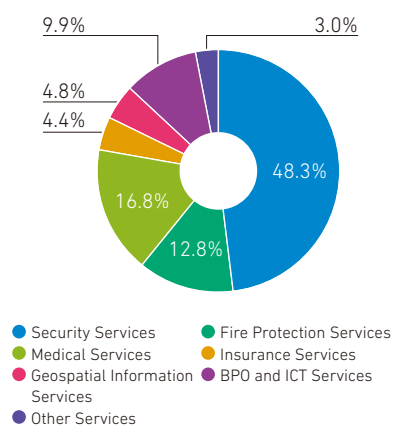
Property, plant and equipment, less accumulated depreciation, amounted to ¥424.8 billion, down ¥4.3 billion, accounting for 19.5% of total assets. Other assets rose ¥837 million, to ¥382.4 billion, equivalent to 17.5% of total assets.

Total liabilities as of March 31, 2022, amounted to ¥838.5 billion, a decrease of ¥8.1 billion from a year earlier, and represented 38.4% of total liabilities and equity. Total current liabilities, at ¥419.2 billion, were down ¥837 million, and accounted for 19.2% of total liabilities and equity. Total long-term liabilities declined ¥7.3 billion, to ¥419.4 billion, equivalent to 19.2% of total liabilities and equity.

Total SECOM CO., LTD. shareholders' equity advanced ¥67.2 billion, to ¥1,209.5 billion. Retained earnings increased ¥69.4 billion, to ¥1,139.9 billion, with contributing factors including net income attributable to SECOM CO., LTD., and the payment of dividends. Additional paid-in capital decreased ¥11.6 billion, to ¥63.0 billion, owing mainly to the acquisition of the ownership interests of Secom Joshinetsu via a tender offer, undertaken with the aim of making it a wholly owned subsidiary. Owing to yen depreciation, foreign currency translation adjustments were a positive ¥2.9 billion, compared with a negative ¥8.1 billion as of the end of the preceding period. The equity ratio was 55.4%, up from 53.4% at the previous fiscal year-end.

Percentage of Consolidated Net Sales and Operating Revenue*

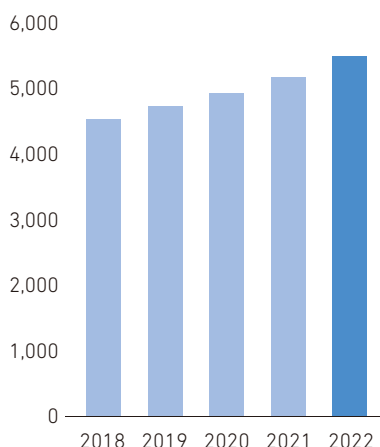
(Year ended March 31, 2022)



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

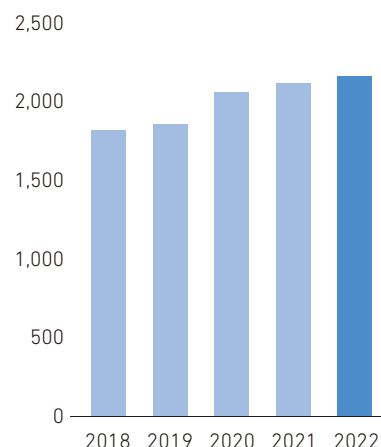
SECOM CO., LTD. Shareholders' Equity per Share

(In yen)



Total Assets

(In billions of yen)



Cash Flows

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

In the fiscal year ended March 31, 2022, net cash provided by operating activities amounted to ¥185.3 billion. The principal components of this were net income of ¥119.2 billion, and depreciation and amortization, including amortization of deferred charges—a non-cash item—of ¥78.5 billion. Net cash provided by operating activities was down ¥3.4 billion from the fiscal year ended March 31, 2021, despite an increase in net income of ¥17.7 billion, as a ¥10.5 billion increase in receivables and due from subscribers, net of allowances, compared with a decrease of ¥14.3 billion in the preceding period, pushed down cash generated by operating activities.

Net cash used in investing activities was ¥60.4 billion. The principal applications of cash included payments for purchases of property, plant and equipment of ¥55.1 billion, used primarily for purchases of equipment necessitated by rising subscriptions for security services, and payments for purchases of intangible assets of ¥10.8 billion. Net cash used in investing activities was up ¥7.4 billion from the previous fiscal year, owing principally to the absence of ¥14.6 billion in proceeds from the sales of subsidiaries, net of cash and cash equivalents disposed of, and

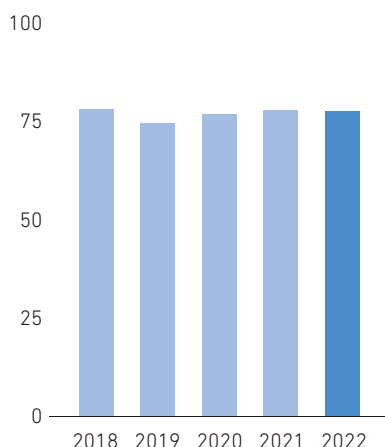
¥7.1 billion in acquisitions, net of cash acquired, which had a significant impact in the preceding period. Investments in the insurance services segment and private equity investments in the United States yielded higher net proceeds from sales and redemptions of investment securities of ¥1.6 billion, up from ¥1.1 billion.

Net cash used in financing activities amounted to ¥97.3 billion. This largely reflected dividends paid to SECOM CO., LTD. shareholders of ¥38.2 billion; payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders of ¥28.6 billion, related mainly to the acquisition of the ownership interests of Secom Joshinetsu; and an increase in treasury stock, net, of ¥11.2 billion, owing to the purchase of treasury stock on the open market in accordance with a resolution of the Board of Directors. Net cash used in financing activities was up ¥49.6 billion from the preceding period, a consequence primarily of increases in payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders and purchases of treasury stock and a decline in proceeds from long-term debt.

Owing to the Company's operating, investing and financing activities in the period under review, cash and cash equivalents at end of year amounted to ¥531.6 billion, up ¥29.4 billion from cash equivalents at beginning of year of ¥502.2 billion.

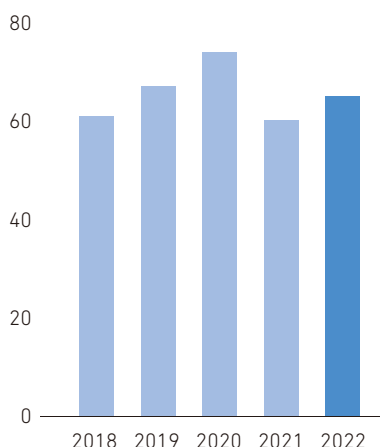
Depreciation and Amortization

(In billions of yen)



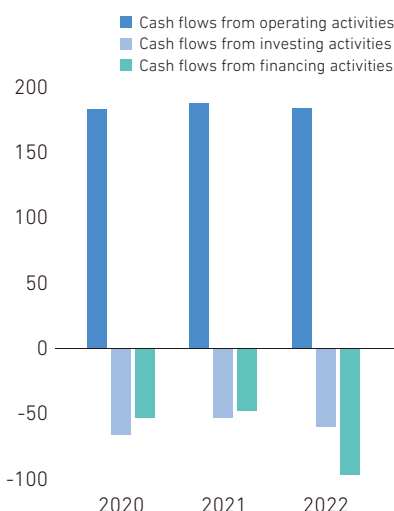
Purchases of Property, Plant and Equipment and Intangible Assets

(In billions of yen)



Cash Flows

(In billions of yen)



Consolidated Financial Statements

Consolidated Balance Sheets

SECOM CO., LTD. and Subsidiaries
March 31, 2022 and 2021

	In millions of yen		Translation into thousands of U.S. dollars
	March 31		March 31
	2022	2021	2022
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 531,555	¥ 502,201	\$ 4,357,008
Time deposits	8,972	9,587	73,541
Cash deposits for armored car services	136,478	138,890	1,118,672
Short-term investments	26,528	21,220	217,443
Notes and accounts receivable, trade	165,415	153,410	1,355,861
Due from subscribers	61,300	61,479	502,459
Inventories	38,171	31,784	312,877
Short-term deferred charges	7,973	7,887	65,352
Short-term receivables	26,192	27,666	214,689
Allowance for doubtful accounts	(2,077)	(1,708)	(17,025)
Deferred insurance acquisition costs	3,554	2,640	29,131
Other current assets	22,597	24,375	185,222
Total current assets	1,026,658	979,431	8,415,230
Investments and long-term receivables:			
Investment securities	215,012	214,107	1,762,393
Investments in affiliated companies	71,663	67,130	587,402
Long-term receivables	34,984	39,602	286,754
Lease deposits	20,699	19,731	169,664
Other investments	11,380	11,105	93,279
Allowance for doubtful accounts	(4,201)	(4,002)	(34,434)
	349,537	347,673	2,865,058
Property, plant and equipment:			
Land	121,890	120,613	999,098
Buildings and improvements	388,254	377,361	3,182,410
Security equipment and control stations	365,350	355,945	2,994,672
Machinery, equipment and automobiles	163,887	160,139	1,343,336
Construction in progress	9,773	10,166	80,107
	1,049,154	1,024,224	8,599,623
Accumulated depreciation	(624,313)	(595,115)	(5,117,320)
	424,841	429,109	3,482,303
Other assets:			
Operating lease right-of-use assets	137,412	140,500	1,126,328
Long-term deferred charges	13,174	13,905	107,984
Goodwill	109,653	109,946	898,795
Other intangible assets	58,676	58,376	480,951
Prepaid pension and severance costs	47,852	39,532	392,230
Deferred income taxes	15,663	19,334	128,385
	382,430	381,593	3,134,673
Total assets	¥2,183,466	¥2,137,806	\$17,897,264

	In millions of yen		Translation into thousands of U.S. dollars
	March 31		March 31
	2022	2021	2022
LIABILITIES AND EQUITY			
Current liabilities:			
Bank loans	¥ 31,814	¥ 33,852	\$ 260,770
Current portion of long-term debt	15,121	15,457	123,943
Notes and accounts payable, trade	46,038	44,265	377,361
Other payables	44,669	43,679	366,139
Deposits received	124,001	123,808	1,016,402
Deferred revenue	38,259	37,938	313,598
Accrued income taxes	26,665	23,560	218,566
Accrued payroll	41,526	41,119	340,377
Current operating lease liabilities	20,450	20,448	167,623
Other current liabilities	30,622	35,876	251,001
Total current liabilities	419,165	420,002	3,435,780
Long-term liabilities:			
Long-term debt	51,844	53,492	424,951
Guarantee deposits received	23,238	23,346	190,475
Accrued pension and severance costs	30,244	29,868	247,902
Long-term deferred revenue	16,545	17,944	135,615
Unearned premiums and other insurance liabilities	133,014	133,118	1,090,279
Investment deposits by policyholders	16,966	19,829	139,066
Deferred income taxes	14,277	13,470	117,025
Noncurrent operating lease liabilities	116,962	120,052	958,705
Other long-term liabilities	16,262	15,542	133,295
Total long-term liabilities	419,352	426,661	3,437,313
Total liabilities	838,517	846,663	6,873,093
Commitments and contingent liabilities			
Equity:			
SECOM CO., LTD. shareholders' equity:			
Common stock			
Authorized—900,000,000 shares, issued 233,298,049 shares in 2022			
Authorized—900,000,000 shares, issued 233,295,926 shares in 2021	66,419	66,410	544,418
Additional paid-in capital	63,014	74,607	516,508
Legal reserve	10,972	10,884	89,934
Retained earnings	1,139,866	1,070,419	9,343,164
Accumulated other comprehensive income (loss):			
Unrealized gains on securities	2,424	2,566	19,869
Pension liability adjustments	3,325	(658)	27,254
Foreign currency translation adjustments	2,929	(8,120)	24,008
	8,678	(6,212)	71,131
Common stock in treasury, at cost:			
15,215,218 shares in 2022 and 15,034,565 shares in 2021	(79,437)	(73,785)	(651,123)
Total SECOM CO., LTD. shareholders' equity	1,209,512	1,142,323	9,914,032
Noncontrolling interests	135,437	148,820	1,110,139
Total equity	1,344,949	1,291,143	11,024,171
Total liabilities and equity	¥2,183,466	¥2,137,806	\$17,897,264

Consolidated Statements of Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2022

	In millions of yen			Translation into thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2022	2021	2020	2022
Net sales and operating revenue	¥1,166,098	¥1,135,339	¥1,132,632	\$9,558,180
Costs and expenses:				
Cost of sales.....	802,443	790,288	795,318	6,577,402
Selling, general and administrative expenses.....	204,190	201,723	203,223	1,673,689
Impairment loss on long-lived assets.....	113	95	952	926
Impairment loss on goodwill.....	268	5,660	758	2,197
Gain and loss on sales and disposal of fixed assets, net.....	2,682	1,764	2,754	21,984
	1,009,696	999,530	1,003,005	8,276,198
Operating income	156,402	135,809	129,627	1,281,982
Other income:				
Interest and dividends.....	1,784	1,880	1,961	14,623
Gain and loss on sales of securities, net.....	334	—	2,297	2,738
Gain on other-than-temporary impairment of investment securities.....	—	4,594	—	—
Gain on private equity investments.....	3,072	—	—	25,180
Other.....	4,480	5,647	5,545	36,722
	9,670	12,121	9,803	79,263
Other expenses:				
Interest.....	1,165	1,168	1,120	9,549
Gain and loss on sales of securities, net.....	—	121	—	—
Loss on other-than-temporary impairment of investment securities.....	848	—	3,738	6,951
Loss on private equity investments.....	—	302	139	—
Other.....	2,370	1,254	1,477	19,427
	4,383	2,845	6,474	35,927
Income from continuing operations before income taxes and equity in net income of affiliated companies	161,689	145,085	132,956	1,325,318
Income taxes:				
Current.....	46,738	43,743	45,546	383,098
Deferred.....	2,426	3,855	(4,711)	19,885
	49,164	47,598	40,835	402,983
Income from continuing operations before equity in net income of affiliated companies	112,525	97,487	92,121	922,335
Equity in net income of affiliated companies	6,639	6,578	6,654	54,418
Income from continuing operations	119,164	104,065	98,775	976,753
Income (loss) from discontinued operations, net of tax	—	(2,570)	975	—
Net income	119,164	101,495	99,750	976,753
Less: Net income attributable to noncontrolling interests	(11,433)	(11,582)	(12,614)	(93,713)
Net income attributable to SECOM CO., LTD.	¥ 107,731	¥ 89,913	¥ 87,136	\$ 883,040

	In yen			Translation into thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2022	2021	2020	2022
Per share data:				
Income from continuing operations attributable to SECOM CO., LTD.	¥492.83	¥423.73	¥394.76	\$4.04
Income (loss) from discontinued operations attributable to SECOM CO., LTD.	—	(11.78)	4.47	—
Net income attributable to SECOM CO., LTD.	492.83	411.95	399.23	4.04
Cash dividends per share	¥175.00	¥170.00	¥170.00	\$1.43

Consolidated Statements of Comprehensive Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2022

	In millions of yen			Translation into thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2022	2021	2020	2022
Comprehensive income:				
Net income.....	¥119,164	¥101,495	¥99,750	\$ 976,753
Other comprehensive income (loss), net of tax:				
Unrealized gains on securities.....	(142)	519	(263)	(1,164)
Pension liability adjustments.....	3,976	4,462	(4,037)	32,590
Foreign currency translation adjustments.....	11,678	(3,975)	(2,934)	95,721
Total comprehensive income	134,676	102,501	92,516	1,103,900
Less: Comprehensive income attributable to noncontrolling interests	(12,055)	(11,739)	(12,364)	(98,811)
Comprehensive income attributable to SECOM CO., LTD.	¥122,621	¥ 90,762	¥80,152	\$1,005,089

Consolidated Statements of Changes in Equity

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2022

	In millions of yen									
	Number of shares issued	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Common stock in treasury, at cost	SECOM CO., LTD. shareholders' equity	Noncontrolling interests	Total
Balance, March 31, 2019	233,292,219	¥66,393	¥73,166	¥10,783	¥ 967,679	(¥ 78)	(¥73,759)	¥1,044,184	¥131,718	¥1,175,902
Comprehensive income:										
Net income	—	—	—	—	87,136	—	—	87,136	12,614	99,750
Other comprehensive income (loss), net of tax:										
Unrealized gains on securities	—	—	—	—	—	(263)	—	(263)	—	(263)
Pension liability adjustments	—	—	—	—	—	(3,858)	—	(3,858)	(178)	(4,036)
Foreign currency translation adjustments	—	—	—	—	—	(2,862)	—	(2,862)	(72)	(2,934)
Total comprehensive income	—	—	—	—	—	—	—	80,153	12,364	92,517
Issuance of new stocks	1,779	8	8	—	—	—	—	16	—	16
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(37,104)	—	—	(37,104)	—	(37,104)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(3,438)	(3,438)
Transfer to legal reserve	—	—	—	50	(50)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	—	1,506	—	—	—	—	1,506	(1,975)	(469)
Gains on disposal of treasury stock	—	—	0	—	—	—	0	0	—	0
Net changes in treasury stock	—	—	—	—	—	—	(17)	(17)	—	(17)
Balance, March 31, 2020	233,293,998	66,401	74,680	10,833	1,017,661	(7,061)	(73,776)	1,086,738	138,669	1,227,407
Comprehensive income:										
Net income	—	—	—	—	89,913	—	—	89,913	11,582	101,495
Other comprehensive income (loss), net of tax:										
Unrealized gains on securities	—	—	—	—	—	519	—	519	—	519
Pension liability adjustments	—	—	—	—	—	3,942	—	3,942	520	4,462
Foreign currency translation adjustments	—	—	—	—	—	(3,612)	—	(3,612)	(363)	(3,975)
Total comprehensive income	—	—	—	—	—	—	—	90,762	11,739	102,501
Issuance of new stocks	1,928	9	9	—	—	—	—	18	—	18
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(37,104)	—	—	(37,104)	—	(37,104)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(2,523)	(2,523)
Transfer to legal reserve	—	—	—	51	(51)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	—	(82)	—	—	—	—	(82)	935	853
Gains on disposal of treasury stock	—	—	—	—	—	—	—	—	—	—
Net changes in treasury stock	—	—	—	—	—	—	(9)	(9)	—	(9)
Balance, March 31, 2021	233,295,926	66,410	74,607	10,884	1,070,419	(6,212)	(73,785)	1,142,323	148,820	1,291,143
Comprehensive income:										
Net income	—	—	—	—	107,731	—	—	107,731	11,433	119,164
Other comprehensive income (loss), net of tax:										
Unrealized gains on securities	—	—	—	—	—	(142)	—	(142)	—	(142)
Pension liability adjustments	—	—	—	—	—	3,983	—	3,983	(7)	3,976
Foreign currency translation adjustments	—	—	—	—	—	11,049	—	11,049	629	11,678
Total comprehensive income	—	—	—	—	—	—	—	122,621	12,055	134,676
Issuance of new stocks	2,123	9	9	—	—	—	—	18	—	18
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(38,196)	—	—	(38,196)	—	(38,196)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(2,965)	(2,965)
Transfer to legal reserve	—	—	—	88	(88)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	—	(11,602)	—	—	—	—	(11,602)	(22,473)	(34,075)
Gains on disposal of treasury stock	—	—	0	—	—	—	0	0	—	0
Net changes in treasury stock	—	—	—	—	—	—	(5,652)	(5,652)	—	(5,652)
Balance, March 31, 2022	233,298,049	¥66,419	¥63,014	¥10,972	¥1,139,866	¥ 8,678	(¥79,437)	¥1,209,512	¥135,437	¥1,344,949

	Translation into thousands of U.S. dollars								
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Common stock in treasury, at cost	SECOM CO., LTD. shareholders' equity	Noncontrolling interests	Total
Balance, March 31, 2021	\$544,344	\$611,533	\$89,213	\$8,773,926	(\$50,918)	(\$604,795)	\$9,363,303	\$1,219,836	\$10,583,139
Comprehensive income:									
Net income	—	—	—	883,040	—	—	883,040	93,713	976,753
Other comprehensive income (loss), net of tax:									
Unrealized gains on securities	—	—	—	—	(1,164)	—	(1,164)	—	(1,164)
Pension liability adjustments	—	—	—	—	32,647	—	32,647	(57)	32,590
Foreign currency translation adjustments	—	—	—	—	90,566	—	90,566	5,155	95,721
Total comprehensive income							1,005,089	98,811	1,103,900
Issuance of new stocks	74	74	—	—	—	—	148	—	148
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	(313,081)	—	—	(313,081)	—	(313,081)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(24,303)	(24,303)
Transfer to legal reserve	—	—	721	(721)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	(95,099)	—	—	—	—	(95,099)	(184,205)	(279,304)
Gains on disposal of treasury stock	—	0	—	—	—	0	0	—	0
Net changes in treasury stock	—	—	—	—	—	(46,328)	(46,328)	—	(46,328)
Balance, March 31, 2022	\$544,418	\$516,508	\$89,934	\$9,343,164	\$71,131	(\$651,123)	\$9,914,032	\$1,110,139	\$11,024,171

Consolidated Statements of Cash Flows

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2022

	In millions of yen			Translation into thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2022	2021	2020	2022
Cash flows from operating activities:				
Net income	¥119,164	¥101,495	¥ 99,750	\$ 976,753
Adjustments to reconcile net income to net cash provided by operating activities—				
Depreciation and amortization, including amortization of deferred charges	78,507	78,716	77,574	643,500
Accrual for pension and severance costs, less payments	(2,659)	(2,110)	1,193	(21,795)
Deferred income taxes, including discontinued operations	2,426	3,859	(4,715)	19,885
Gain and loss on sales and disposal of fixed assets, net	2,682	1,788	2,770	21,984
Impairment loss on long-lived assets	113	95	952	926
Write-down on real estate inventories	—	20	66	—
Gain and loss on private equity investments	(3,072)	302	139	(25,180)
Impairment loss on goodwill	268	5,660	758	2,197
Gain on sales of securities, net	(709)	2,476	(2,962)	(5,811)
Loss on other-than-temporary impairment of investment securities	2,373	(11,441)	8,540	19,451
Equity in net income of affiliated companies	(6,639)	(6,578)	(6,654)	(54,418)
Changes in assets and liabilities, net of effects from acquisitions and disposals:				
(Increase) decrease in cash deposits for armored car services	2,412	2,016	1,430	19,770
(Increase) decrease in receivables and due from subscribers, net of allowances	(10,450)	14,319	(10,576)	(85,656)
(Increase) decrease in inventories	(5,415)	(787)	9,256	(44,385)
Increase in deferred charges	(8,015)	(8,985)	(11,754)	(65,697)
Increase (decrease) in notes and accounts payable	2,986	(4,077)	2,361	24,475
Increase (decrease) in deposits received	163	1,061	(4,822)	1,336
Increase (decrease) in deferred revenue	(1,391)	(1,807)	1,874	(11,402)
Increase (decrease) in accrued income taxes	4,022	(935)	5,146	32,967
Increase (decrease) in guarantee deposits received	(210)	(1,197)	(352)	(1,721)
Increase (decrease) in unearned premiums and other insurance liabilities	(103)	4,209	4,600	(844)
Increase (decrease) in accrued consumption tax	(4,121)	1,295	4,529	(33,779)
Other, net	12,961	9,329	5,295	106,239
Net cash provided by operating activities	185,293	188,723	184,398	1,518,795
Cash flows from investing activities:				
(Increase) decrease in time deposits	738	(593)	1,564	6,049
Proceeds from sales of property, plant and equipment	3,602	766	1,178	29,525
Payments for purchases of property, plant and equipment	(55,075)	(50,122)	(63,126)	(451,434)
Payments for purchases of intangible assets	(10,778)	(10,738)	(11,722)	(88,344)
Proceeds from sales and redemptions of investment securities	33,243	47,859	50,259	272,484
Payments for purchases of investment securities	(31,683)	(55,991)	(45,325)	(259,697)
(Increase) decrease in short-term investments	—	9,269	(1,357)	—
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	(3)	14,633	2,670	(25)
Acquisitions, net of cash acquired	—	(7,098)	(725)	—
(Increase) decrease in short-term receivables, net	57	310	(147)	467
Payments for long-term receivables	(703)	(1,472)	(1,416)	(5,762)
Proceeds from long-term receivables	1,975	1,947	1,578	16,189
Other, net	(1,734)	(1,719)	(42)	(14,214)
Net cash used in investing activities	(60,361)	(52,949)	(66,611)	(494,762)
Cash flows from financing activities:				
Proceeds from long-term debt	5,349	16,699	8,802	43,844
Repayments of long-term debt	(16,953)	(18,752)	(18,793)	(138,959)
Increase (decrease) in bank loans, net	(1,903)	(4,500)	162	(15,598)
Increase (decrease) in investment deposits by policyholders	(2,863)	(1,687)	(2,099)	(23,467)
Dividends paid to SECOM CO., LTD. shareholders	(38,196)	(37,104)	(37,104)	(313,081)
Dividends paid to noncontrolling interests	(2,965)	(2,600)	(3,425)	(24,303)
Payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders	(28,573)	(241)	(659)	(234,205)
Increase in treasury stock, net	(11,241)	(9)	(16)	(92,139)
Other, net	72	478	190	588
Net cash used in financing activities	(97,273)	(47,716)	(52,942)	(797,320)
Effect of exchange rate changes on cash and cash equivalents	1,695	(525)	93	13,893
Net increase in cash and cash equivalents	29,354	87,533	64,938	240,606
Cash and cash equivalents at beginning of year	502,201	414,668	349,730	4,116,402
Cash and cash equivalents at end of year	¥531,555	¥502,201	¥414,668	\$4,357,008

Segment Information

Information by business and geographic segments for the years ended and as of March 31, 2022, 2021 and 2020 is as follows:

(1) Business Segment Information

		In millions of yen			In thousands of U.S. dollars
		Years ended March 31			Year ended March 31
		2022	2021	2020	2022
Net sales and operating revenue:					
Security services—	Customers	¥ 563,623	¥ 555,060	¥ 561,067	\$4,619,861
	Intersegment	3,093	3,064	3,370	25,352
		566,716	558,124	564,437	4,645,213
Fire protection services—	Customers	148,804	140,599	151,861	1,219,705
	Intersegment	3,302	3,275	4,050	27,066
		152,106	143,874	155,911	1,246,771
Medical services—	Customers	195,826	182,573	187,101	1,605,131
	Intersegment	236	206	220	1,934
		196,062	182,779	187,321	1,607,065
Insurance services—	Customers	51,769	58,291	43,515	424,336
	Intersegment	3,151	3,084	3,413	25,828
		54,920	61,375	46,928	450,164
Geospatial information services—	Customers	56,371	53,908	53,535	462,057
	Intersegment	194	204	201	1,590
		56,565	54,112	53,736	463,647
BPO and ICT services—	Customers	115,544	112,144	99,833	947,082
	Intersegment	9,212	9,709	13,321	75,508
		124,756	121,853	113,154	1,022,590
Other services—	Customers	34,161	32,764	35,720	280,008
	Intersegment	1,235	1,187	1,363	10,123
		35,396	33,951	37,083	290,131
Total		1,186,521	1,156,068	1,158,570	9,725,581
Eliminations		(20,423)	(20,729)	(25,938)	(167,401)
Total net sales and operating revenue		¥1,166,098	¥1,135,339	¥1,132,632	\$9,558,180

		In millions of yen			In thousands of U.S. dollars
		Years ended March 31			Year ended March 31
		2022	2021	2020	2022
Operating income (loss):					
Security services		¥113,380	¥101,096	¥106,850	\$ 929,344
Fire protection services		14,516	13,091	17,817	118,984
Medical services		13,636	3,938	6,232	111,770
Insurance services		8,547	9,309	(4,319)	70,057
Geospatial information services		3,874	4,443	3,030	31,754
BPO and ICT services		14,562	14,495	11,474	119,361
Other services		6,120	6,046	6,282	50,164
Total		174,635	152,418	147,366	1,431,434
Corporate expenses and eliminations		(18,233)	(16,609)	(17,739)	(149,452)
Operating income		¥156,402	¥135,809	¥129,627	\$1,281,982
Other income		9,670	12,121	9,803	79,263
Other expenses		(4,383)	(2,845)	(6,474)	(35,927)
Income from continuing operations before income taxes		¥161,689	¥145,085	¥132,956	\$1,325,318

		In millions of yen		In thousands of U.S. dollars
		March 31	March 31	March 31
		2022	2021	2022
Assets:				
Security services		¥ 916,912	¥ 905,667	\$ 7,515,672
Fire protection services		190,544	180,083	1,561,836
Medical services		203,299	202,191	1,666,385
Insurance services		247,258	242,071	2,026,705
Geospatial information services		77,954	72,703	638,967
BPO and ICT services		241,694	246,586	1,981,098
Other services		121,195	118,314	993,402
Total		1,998,856	1,967,615	16,384,065
Corporate items		112,948	103,059	925,803
Investments in affiliated companies		71,662	67,132	587,396
Total assets		¥2,183,466	¥2,137,806	\$17,897,264

Segment Information

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2022	2021	2020	2022
Depreciation and amortization:				
Security services	¥51,573	¥51,645	¥50,045	\$422,729
Fire protection services	2,836	2,662	2,537	23,246
Medical services	8,055	8,496	8,321	66,025
Insurance services	2,509	2,556	2,290	20,566
Geospatial information services	1,751	1,665	1,700	14,352
BPO and ICT services	9,751	9,816	10,822	79,926
Other services	1,158	1,008	1,002	9,492
Total	77,633	77,848	76,717	636,336
Corporate items	874	868	857	7,164
Total depreciation and amortization	¥78,507	¥78,716	¥77,574	\$643,500
Capital expenditure:				
Security services	¥44,059	¥44,276	¥44,672	\$361,139
Fire protection services	5,176	5,249	2,569	42,426
Medical services	4,018	4,057	8,778	32,934
Insurance services	2,770	1,936	4,440	22,705
Geospatial information services	2,608	2,052	2,987	21,377
BPO and ICT services	7,871	6,928	13,034	64,516
Other services	4,182	3,677	2,239	34,279
Total	70,684	68,175	78,719	579,376
Corporate items	584	486	1,116	4,787
Total capital expenditures	¥71,268	¥68,661	¥79,835	\$584,163

The capital expenditures in the above table represent the additions to property, plant and equipment and intangible assets of each segment.

The Company has no single customer that accounts for more than 10 percent of total revenues.

The following table is a breakdown of security services revenue to external customers by service category. The security services business is managed as a single operating segment by the Company's management.

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2022	2021	2020	2022
Electronic security services	¥348,749	¥344,882	¥344,992	\$2,858,598
Other security services:				
Static guard services	75,459	69,370	70,054	618,516
Armored car services	62,467	62,841	63,602	512,025
Merchandise and other	76,948	77,967	82,419	630,722
Total security services	¥563,623	¥555,060	¥561,067	\$4,619,861

(2) Geographic Segment Information

Net sales and operating revenue attributed to countries based on the geographical location of customers for the years ended March 31, 2022, 2021 and 2020 and long-lived assets as of March 31, 2022 and 2021 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2022	2021	2020	2022
Net sales and operating revenue:				
Japan	¥1,117,929	¥1,091,216	¥1,083,446	\$9,163,352
Other	48,169	44,123	49,186	394,828
Total	¥1,166,098	¥1,135,339	¥1,132,632	\$9,558,180
Long-lived assets:				
Japan	¥755,252	¥771,547		\$6,190,590
Other	15,125	13,711		123,975
Total	¥770,377	¥785,258		\$6,314,565

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

Other Financial Data

Summary of Selected Financial Data

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

	In millions of yen					
	2022	2021	2020	2019	2018	2017
Composition of consolidated net sales and operating revenue by segment						
Net sales and operating revenue.....	¥1,166,098	¥1,135,339	¥1,132,632	¥1,087,355	¥1,058,568	¥1,004,094
Security services:.....	563,623	555,060	561,067	548,271	547,015	529,144
As a percentage of net sales and operating revenue...	48.3%	48.9%	49.5%	50.4%	51.7%	52.7%
Electronic security services.....	348,749	344,882	344,992	342,299	339,445	337,283
As a percentage of net sales and operating revenue...	29.9	30.4	30.5	31.5	32.0	33.6
Other security services—						
Static guard services.....	75,459	69,370	70,054	66,289	59,054	56,438
As a percentage of net sales and operating revenue...	6.5	6.1	6.2	6.1	5.6	5.6
Armored car services.....	62,467	62,841	63,602	62,417	61,089	57,873
As a percentage of net sales and operating revenue...	5.4	5.5	5.6	5.7	5.8	5.8
Subtotal.....	137,926	132,211	133,656	128,706	120,143	114,311
Merchandise and other.....	76,948	77,967	82,419	77,266	87,427	77,550
As a percentage of net sales and operating revenue...	6.6	6.9	7.2	7.1	8.3	7.7
Fire protection services.....	148,804	140,599	151,861	140,139	136,559	126,232
As a percentage of net sales and operating revenue...	12.8	12.4	13.4	12.9	12.9	12.6
Medical services.....	195,826	182,573	187,101	181,705	175,318	168,819
As a percentage of net sales and operating revenue...	16.8	16.1	16.5	16.7	16.6	16.8
Insurance services.....	51,769	58,291	43,515	41,637	44,683	43,780
As a percentage of net sales and operating revenue...	4.4	5.1	3.8	3.8	4.2	4.4
Geospatial information services.....	56,371	53,908	53,535	51,510	50,906	51,609
As a percentage of net sales and operating revenue...	4.8	4.7	4.7	4.7	4.8	5.1
BPO and ICT services.....	115,544	112,144	99,833	90,225	71,475	51,255
As a percentage of net sales and operating revenue...	9.9	9.9	8.8	8.2	6.7	5.1
Other services.....	34,161	32,764	35,720	33,868	32,612	33,255
As a percentage of net sales and operating revenue...	3.0	2.9	3.3	3.3	3.1	3.3
Net income attributable to SECOM CO., LTD., cash dividends and SECOM CO., LTD. shareholders' equity						
Net income attributable to SECOM CO., LTD.	¥ 107,731	¥ 89,913	¥ 87,136	¥ 89,686	¥ 96,623	¥ 91,387
Cash dividends paid ⁽²⁾	38,196	37,104	37,104	34,922	32,738	30,557
SECOM CO., LTD. shareholders' equity.....	1,209,512	1,142,323	1,088,738	1,044,184	1,000,277	929,242
Consolidated financial ratios						
Percentage of working capital accounted for by:						
Debt—						
Bank loans.....	2.4	2.7	3.3	3.4	3.5	4.0
Current portion of long-term debt.....	1.2	1.2	1.5	1.6	1.7	1.9
Straight bonds.....	0.3	0.3	0.3	0.4	0.5	0.7
Other long-term debt.....	3.7	4.0	3.4	3.6	4.1	4.5
Total debt.....	7.6	8.3	8.5	8.9	9.8	11.1
SECOM CO., LTD. shareholders' equity.....	92.4	91.7	91.5	91.1	90.2	88.9
Total capitalization.....	100.0	100.0	100.0	100.0	100.0	100.0
Return on total assets (percentage) ^(a)	4.9	4.2	4.2	4.8	5.3	5.2
Return on equity (percentage) ^(b)	8.9	7.9	8.0	8.6	9.7	9.8
Percentage of net sales and operating revenue absorbed by ^(c) :						
Depreciation and amortization.....	6.7	6.9	5.7	6.8	7.3	7.6
Rental expense under operating leases.....	2.5	2.6	2.4	2.5	2.3	2.5
Ratio of accumulated depreciation to depreciable assets (percentage).....						
	68.0	66.6	65.3	65.4	64.6	63.2
Net property turnover (times) ^(d)	2.75	2.65	2.73	2.67	2.63	2.49
Before-tax interest coverage (times) ^{(c) (d)}	139.8	125.2	117.5	109.6	123.0	107.1

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

Summary of Selected Financial Data

	2022	2021	2020	2019	2018	2017
Number of shares outstanding						
Issued.....	233,298,049	233,295,926	233,293,998	233,292,219	233,290,441	233,288,717
Owned by SECOM CO., LTD.....	15,215,218	15,034,565	15,033,588	15,031,867	15,030,573	15,028,470
Balance.....	218,082,831	218,261,361	218,260,410	218,260,352	218,259,868	218,260,247
Per share information:						
Net income attributable to SECOM CO., LTD. per share (in yen) ⁽¹⁾	¥ 492.83	¥ 411.95	¥ 399.23	¥ 410.91	¥ 442.70	¥ 418.71
Cash dividends paid per share (in yen) ⁽²⁾	175.00	170.00	170.00	160.00	150.00	140.00
SECOM CO., LTD. shareholders' equity per share (in yen) ⁽³⁾	5,546.11	5,233.74	4,988.25	4,784.12	4,582.96	4,257.50
Cash flow per share (in yen) ^{(1) (e)}	677.24	602.60	533.88	590.91	649.44	631.91
Price/Book value ratio.....	1.60	1.78	1.80	1.98	1.73	1.87
Price/Earnings ratio	17.99	22.61	22.48	23.08	17.89	19.03
Price/Cash flow ratio.....	13.09	15.45	16.81	16.05	12.20	12.61
Stock price at year-end (in yen)	8,868	9,313	8,974	9,482	7,920	7,969

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

(1) Per share amounts are based on the average number of shares outstanding during each period.
 (2) Subsequent to March 31, 2021, cash dividends of ¥19,627 million (¥90 per share) were approved at the general shareholders' meeting on June 28, 2022.
 (3) Per share amounts are based on the number of shares outstanding at the end of each period, less treasury stock.

Common Stock Data

SECOM CO., LTD.
As of March 31

SHAREHOLDER INFORMATION	2022	2021	2020	2019	2018	2017
Number of shareholders	23,401	21,739	23,297	24,023	26,809	25,200
Common shares held by:						
Financial institutions.....	39.13%	39.44%	38.65%	37.14%	35.94%	35.05%
Securities firms	3.05	2.81	1.95	3.30	1.63	3.89
Other domestic corporations.....	2.78	2.45	2.50	2.46	2.53	2.51
Foreign investors	40.96	41.55	42.76	42.74	44.85	43.42
Individuals and others	7.56	7.31	7.70	7.92	8.61	8.69
Treasury stock	6.52	6.44	6.44	6.44	6.44	6.44
Total.....	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

PRICE INFORMATION (TOKYO STOCK EXCHANGE)

		Price per share (in yen)		Nikkei Stock Average (in yen)	
		High	Low	High	Low
2020	April–June	¥ 9,700	¥8,240	¥23,178.10	¥17,818.72
	July–September	10,330	9,061	23,559.30	21,710.00
	October–December	10,625	8,735	27,568.15	22,977.13
2021	January–March	10,265	9,073	30,467.75	27,055.94
	April–June	9,555	8,201	30,089.25	27,448.01
	July–September	8,704	8,027	30,670.10	27,013.25
2022	October–December	8,318	7,536	29,794.37	27,528.87
	January–March	9,100	7,610	29,332.16	24,717.53

Common Stock Data

COMMON STOCK ISSUES

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

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

*One share was split into two.

Corporate Information

(As of June 30, 2022)

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

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital (In millions of yen)	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2022)
Domestic				
Security services				
Secom Joshinetsu Co., Ltd.	¥3,530	100.0%	Security services	
Secom Hokuriku Co., Ltd.	201	59.1	Security services	
Secom Yamanashi Co., Ltd.	15	70.0	Security services	
Secom Mie Co., Ltd.	50	51.0	Security services	
Secom Sanin Co., Ltd.	290	64.3	Security services	
Secom Kochi Co., Ltd.	50	40.0	Security services	
Secom Miyazaki Co., Ltd.	30	68.3	Security services	
Secom Ryukyu Co., Ltd.	76	50.0	Security services	
Secom Jastic Co., Ltd.	100	100.0	Security services	
Secom Jastic Joshinetsu Co., Ltd.	40	(100.0)	Security services	
Secom Jastic Hokuriku Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Yamanashi Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Sanin Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Kochi Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Miyazaki Co., Ltd.	10	(100.0)	Security services	
Secom Static Hokkaido Co., Ltd.	50	100.0	Security services	
Secom Static Tohoku Co., Ltd.	50	100.0	Security services	
Secom Static Nishi-Nihon Co., Ltd.	50	100.0	Security services	
Secom Static Kansai Co., Ltd.	50	100.0	Security services	
Secom Static Ryukyu Co., Ltd.	10	(100.0)	Security services	
Secom Sado Co., Ltd.	24	(100.0)	Security services	
JK. Siress Co., Ltd.	10	(100.0)	Security services	
Japan Safety Guard Co., Ltd.	100	60.0	Security services	
Japan Nuclear Security System Co., Ltd.	200	50.0	Security services	
Meian Co., Ltd.	60	51.0	Security services	
Secom Tech Sanin Co., Ltd.	23	(100.0)	Installation of security equipment	
Secom Techno Joshinetsu Co., Ltd.	30	(100.0)	Installation of security equipment	
Secom Win Co., Ltd.	15	66.7	Installation of security equipment and facilities	
Secom Industries Co., Ltd.	499	100.0	Manufacturing of security equipment	
Otec Electronics Co., Ltd.	200	82.0	Manufacturing and sales of security systems	
Secom Alpha Co., Ltd.	271	100.0	Sales of security and water-treatment equipment	
Secom Mine Security Co., Ltd.	30	100.0	Security services	
Social Rehabilitation Support Kitsuregawa Co., Ltd.	10	51.7	Operation of PFI correctional facilities	
Secom Kitsuregawa Security Co., Ltd.	50	100.0	Security services	
Asahi Security Co., Ltd.	100	100.0	Security services	
Secom Tosec Co., Ltd.	30	80.1	Security services	
Aroba Inc.	255	100.0	Software development	

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

(Continued)

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital (In millions of yen)	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2022)
Fire protection services				
Nohmi Bosai Ltd.	¥13,302	(50.4)%	Manufacturing and sales of fire protection equipment and facilities	
Ichibou Co., Ltd.	28	(73.2)	Installation of fire protection equipment	
Kyushu Nohmi Co., Ltd.	30	(100.0)	Installation and maintenance of fire protection equipment	
Chiyoda Service Co., Ltd.	20	(70.0)	Building management	
Nohmi Engineering Corp.	80	(100.0)	Installation of fire protection equipment	
Nohmi System Co., Ltd.	20	(100.0)	Maintenance of fire protection equipment	
Iwate Nohmi Co., Ltd.	30	(100.0)	Installation of fire protection equipment	
Tohoku Nohmi Co., Ltd.	32	(100.0)	Installation of fire protection equipment	
Aomori Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Nissin Bohsai Co., Ltd.	50	(100.0)	Installation of fire protection equipment	
Chiba Nohmi Co., Ltd.	10	(100.0)	Installation of fire protection equipment	
Shikoku Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Nohmi Techno Engineering Co., Ltd.	40	(100.0)	Installation of environmental monitoring systems	
Akita Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Fukushima Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Niigata Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Hokkaido Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Yashima Bosai Setsubi Co., Ltd.	20	(85.0)	Installation of fire protection equipment	
System Service Co., Ltd.	80	(100.0)	Installation and maintenance of fire protection equipment	
Nittan Co., Ltd.	2,303	100.0	Installation, sales and maintenance of fire protection equipment	
Nittan Hokkaido Service Center Co., Ltd.	10	(100.0)	Installation and maintenance of fire protection equipment	
Shell Beach Co., Ltd.	10	(100.0)	Installation and maintenance of fire protection equipment	
Consilium Nittan Marine Ltd.	42	(50.0)	Sales of fire protection equipment	
Medical services				
Secom Medical System Co., Ltd.	100	100.0	Home health/nursing care and other medical-related services	
Mac Corp.	95	(100.0)	Sales of medical equipment	
Yoshikikaku Co., Ltd.	20	(100.0)	Operation of restaurants and shops at medical facilities	
Kensei Co., Ltd.	100	(100.0)	Management of pharmacies	
Secomfort Tama Co., Ltd.	100	(100.0)	Management of nursing homes	
Alive Medicare Co., Ltd.	50	(100.0)	Management of nursing homes	
Secomfort Co., Ltd.	100	(100.0)	Management of nursing homes	
Secomfort West Co., Ltd.	100	(100.0)	Management of nursing homes	
US Chemical Co., Ltd.	3	(100.0)	Management of pharmacies	
Secom Medipharma Co., Ltd.	10	(100.0)	Wholesaling of pharmaceuticals	

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

(Continued)

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital (In millions of yen)	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2022)
Insurance services				
Secom Insurance Service Co., Ltd.	¥ 100	(100.0)%	Non-life insurance agency	
Secom General Insurance Co., Ltd.	16,809	97.1	Non-life insurance	
Geospatial information services				
Pasco Corp.	8,758	71.6	Geospatial information services	
GIS Hokkaido Co., Ltd.	50	(100.0)	Geospatial information services	
GIS Kanto Co., Ltd.	40	(52.6)	Geospatial information services	
Mid Map Tokyo Corp.	15	(60.0)	Geospatial information services	
Higashi-Nihon Sogo Keikaku Co., Ltd.	200	(100.0)	Geospatial information services	
Satellite Image Marketing Corp.	60	(100.0)	Geospatial information services	
BPO and ICT services				
Secom Trust Systems Co., Ltd.	1,469	100.0	Information, communication, information security services and software development	
At Tokyo Corp.	13,379	50.9	Data center business	
TMJ, Inc.	100	100.0	BPO services	
BiOS, Inc.	39	(90.0)	Bilingual IT services	
Mobile Select, Inc.	10	(100.0)	Contact center support services	
Other services				
Arai & Co., Ltd.	3,000	86.7	Real estate leasing	
Arai Corporation, Inc.	10	(100.0)	Management of real estate	
Secom Credit Co., Ltd.	400	100.0	Credit services	
Secom Corp.	100	100.0	Clerical services	
Secom Auto Service Co., Ltd.	45	100.0	Car maintenance	
Wonder Dream Co., Ltd.	100	100.0	Employee welfare for SECOM Group	
Secom Business Plus Co., Ltd.	20	100.0	General office services	
Secom Home Service Co., Ltd.	32	100.0	Lifestyle support services	
Secom Engineering Co., Ltd.	100	100.0	Design, construction and maintenance of facilities	
Toko Create Co., Ltd.	50	96.6	Electrical engineering	
Kumalift Co., Ltd.	100	100.0	Manufacture, sales and maintenance of freight elevators	

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

(Continued)

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2022)
Overseas				
Security services				
Secom plc	£44,126 thousand	100.0%	Security services	
Scan Alarms Ltd.	£20 thousand	(100.0)	Holding company	
Scan Alarms & Security Systems (UK) Ltd.	£50 thousand	(100.0)	Security services	
Secom (China) Co., Ltd.	¥5,550 million	100.0	Holding company	
Dalian Secom Security Co., Ltd.	US\$2,000 thousand	(95.0)	Security services	
Shanghai Secom Security Co., Ltd.	Rmb80,000 thousand	(85.0)	Security services	
Beijing Jingdun Secom Electronic Security Co., Ltd.	US\$2,500 thousand	(80.0)	Security services	
Qingdao Secom Security Co., Ltd.	US\$1,000 thousand	(80.0)	Security services	
Guangdong Secom Security Co., Ltd.	US\$4,500 thousand	(100.0)	Security services	
Fujian Secom Security Co., Ltd.	Rmb15,000 thousand	(95.0)	Security services	
Sichuan Secom Security Co., Ltd.	Rmb10,000 thousand	(100.0)	Security services	
Shaanxi Secom Security Co., Ltd.	Rmb10,000 thousand	(100.0)	Security services	
Zhejiang Secom Security Co., Ltd.	Rmb15,000 thousand	(97.0)	Security services	
Liaoning Secom Security Co., Ltd.	Rmb10,000 thousand	(60.0)	Security services	
Tianjin Secom Security Co., Ltd.	Rmb7,000 thousand	(100.0)	Security services	
Jiangsu Secom Security Co., Ltd.	Rmb15,000 thousand	(100.0)	Security services	
ADT Alarm Monitoring Hong Kong Ltd.	HK\$3,000 thousand	100.0	Security services	
PT. Secom Indonesia	US\$4,111 thousand	80.0	Security services	
PT. Secom Bhayangkara	I.RPA3,200 million	(40.0)	Security services	
PT. Secom Realty Indonesia	I.RPA97,972 million	(99.9)	Real estate leasing	
Thai Secom Security Co., Ltd.	THB378,934 thousand	49.0	Security services	
Secom Australia Pty. Ltd.	AUD21,172 thousand	100.0	Security services	
Secom Technical Services Unit Trust	AUD5,951 thousand	(100.0)	Security services	
Secom Guardall NZ Ltd.	NZD1,604 thousand	(100.0)	Security services	
Secom Trading Co., Ltd.	¥120 million	100.0	Sales of security equipment	
Secom Vietnam Security Service JSC	VND95,177 million	(80.0)	Security services	
Secom (Singapore) Pte. Ltd.	S\$5,000 thousand	46.6	Security services	
Secom Smart (Singapore) Pte. Ltd.	S\$26,476 thousand	100.0	Security services	
Secom Smart (Malaysia) Sdn. Bhd.	MYR850 thousand	100.0	Security services	
Secom Aktif Güvenlik Yatirim A.S.	TRY110,579 thousand	50.0	Security services	
Secom Aktif Elektronik Güvenlik Cözümleri A.S.	TRY266,661 thousand	(100.0)	Security services	
Other services				
Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd.	US\$14,300 thousand	(100.0)	Manufacturing and sales of fire protection equipment and facilities	
Nohmi Taiwan Ltd.	NT\$15,000 thousand	(100.0)	Manufacturing and sales of fire protection equipment and facilities	
Nittan Europe Ltd.	£1,194 thousand	(100.0)	Sales of fire protection equipment	
Nittan Asean Co., Ltd. – Vietnam Headquarters	US\$3,236 thousand	(100.0)	Manufacturing of fire protection equipment	
Anbao Corp.	US\$1,820 thousand	(95.1)	Installation and maintenance of fire protection equipment	
Viet Bao Firefighting and Preventing Equipment JSC	US\$654 thousand	(96.6)	Sales of fire protection equipment	
Secom Medical System (Singapore) Pte. Ltd.	S\$66,587 thousand	(100.0)	Holding company	
Takshasila Hospitals Operating Pvt. Ltd.	INR3,926 million	(60.0)	Hospital management	
Takshasila Healthcare and Research Service Pvt. Ltd.	INR15 million	(100.0)	Management of hospital real estate	
Pasco Philippines Corp.	PHP108,953 thousand	(100.0)	Geospatial information services	
Pasco (Thailand) Co., Ltd.	THB129,000 thousand	(100.0)	Geospatial information services	
PT. Nusantara Secom InfoTech	US\$3,304 thousand	(100.0)	Geospatial information services and software development	
Pasco North America Inc.	US\$5,621 thousand	(100.0)	Geospatial information services	
Value Communication Services (Shanghai), Inc.	Rmb35,749 thousand	(100.0)	BPO services	
Jie Sheng Communication Services (Shanghai), Inc.	Rmb5,000 thousand	(100.0)	BPO services	
TMJP BPO Services, Inc.	PHP35,900 thousand	(99.9)	BPO services	
The Westec Security Group, Inc.	US\$0.3 thousand	100.0	Holding company	
ClearLight Partners, LLC	—	(99.7)	Investment	
ClearLight Partners II, LLC	—	(99.0)	Investment	
ClearLight Partners III, LLC	—	(98.0)	Investment	

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

Regarding Publication of SECOM Report 2022

Five years have passed since we launched the *ANSHIN* Platform service infrastructure, designed to help realize the SECOM Group's Vision for 2030, through which we strive to provide services that deliver seamless peace of mind for anyone and everyone whenever and wherever necessary. In that time, society has undergone fundamental changes brought about by a variety of factors, including technological advances, a declining labor force and the COVID-19 pandemic. With safety and peace of mind increasing essential concerns to today's society, the role of this infrastructure is taking on increasing importance.

At SECOM, we have always sought to create pioneering services that benefit society as a whole. This report introduces some of our efforts to maximize corporate value, as well as to decisively nurture pillars of future growth. We are also conscious of the importance of conveying how materiality, ESG, and other initiatives aimed at helping ensure sustainability will also enhance our competitiveness. We also work closely with relevant departments to create a report that reflects the views of the entire SECOM Group.



Guidelines referenced in the preparation of this report include the Value Creation Foundation (VRF)'s International Integrated Reporting Framework and the Guidance for Collaborative Value Creation, put out by the Ministry of Economy, Trade and Industry (METI).

Looking ahead, we will continue to devote our best efforts to creating an effective communications tool that helps promote constructive dialog with stakeholders. To this end, we would be grateful to hear the frank opinions of all readers.



Tatsuro Fuse
Executive Director
Head of Corporate
Communication &
Marketing Division

Framework for Communicating with Stakeholders

	Financial information	Nonfinancial information
Dialog	<ul style="list-style-type: none"> Financial results presentations One-on-one/small group meetings with analysts/institutional investors Ordinary General Meeting of Shareholders 	<ul style="list-style-type: none"> Stakeholder engagement
Reports	<ul style="list-style-type: none"> Annual securities report* Financial reports and presentations Shareholder newsletters* 	<ul style="list-style-type: none"> SECOM Report (integrated report)
Corporate website	<ul style="list-style-type: none"> IR information Financial data (U.S. GAAP) 	<ul style="list-style-type: none"> Sustainability Report ESG data SECOM SASB Report Corporate governance report
	 <p>Access IR information https://www.secom.co.jp/english/ir/</p>	 <p>Access sustainability-related information https://www.secom.co.jp/english/sustainability/</p>

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

Scope of Reporting

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

Reporting Period

This report is for the fiscal year ended March 31, 2022. (Some data subsequent to that period is included.)

Accounting Principles

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

Forward-Looking Statements

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



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