

**We will continue to remain true to the commitment to safety and peace of mind that has defined SECOM since its founding while at the same time addressing the challenge of evolving with the times.**



**Yasuyuki Yoshida**  
President and Representative Director

### » Consolidated Operating Results

In the fiscal year ended March 31, 2024, the Japanese economy showed signs of a gradual recovery, as capital investment and private-sector consumption picked up amid improvements in the employment and income environment. Nonetheless, downside economic risks, including those associated with rising prices and tightening monetary policy around the world, as well as with overseas economic conditions and fluctuations in financial and currency exchange markets, continued to warrant concern.

Against this backdrop, we pressed forward with efforts to realize the SECOM Group's Vision for 2030, formulated with the aim of realizing our Social System Industry vision, which seeks to deliver safety and peace of mind, as well as to make life more comfortable and convenient. These focused on extending meticulously tailored, seamless services that respond to more and more diverse customer needs arising from socioenvironmental changes.

Consolidated net sales and operating revenue for the period under review amounted to ¥1,283.9 billion, up 4.6%, or ¥56.6 billion, from the previous fiscal year, reflecting, among others, an increase in sales and operating revenue in the area of electronic security services and contributions from Senon Ltd., which became a consolidated subsidiary in July 2022, as well as increases in the fire protection services segment, bolstered by firm orders, and the insurance services segment, owing to a higher gain on other-than-temporary impairment of investment securities. Operating income rose 6.5%, or ¥9.4 billion, to ¥155.0 billion, as

the higher gain on other-than-temporary impairment of investment securities combined with a decline in losses due to natural disasters to push up operating income in the insurance services segment, while firm orders and systematic price adjustments underpinned results in the fire protection services segment. Net income attributable to SECOM CO., LTD., advanced 12.8%, or ¥14.3 billion, to ¥125.9 billion, thanks to the operating income gain, as well as other factors such as elevated gains on other-than-temporary impairment of investment securities and private equity investments.

### » Initiatives under the SECOM Group Road Map 2027

The security services industry has entered a period of transformation. The industry continues to benefit significantly from remarkable technological advances in such cutting-edge areas as artificial intelligence (AI), the Internet of Things (IoT), image analysis, cloud computing and 5G communications. At the same time, in Japan worsening perceptions of public safety, a declining labor force and the aging of society have taken on greater urgency, while issues such as increasingly frequent and severe natural disasters, together with increasing instability and advancing inflation worldwide, are becoming more and more acute.

In May 2023 we announced the SECOM Group Road Map 2027, which clarifies our direction through to the fiscal year ending March 31, 2028, to ensure achievement of the SECOM Group's Vision for 2030. This road map sets forth five core strategies: Expand monitoring and security services, strengthen overseas operations, reinforce BPO and ICT services, improve productivity and reward stakeholders.

Initiatives to expand monitoring and security services emphasize realizing seamless protection in the area of home security services, which offer protection in the event of an emergency, and monitoring services, which leverage multiple sensing technologies and the cloud to provide protection in everyday life. We are working to develop a variety of monitoring services for seniors, and for their family members and personal care providers, among others. Recent new additions to our lineup include YORISOS, an emergency alert and daily health management support app that can be linked to the Apple Watch's fall detection feature.

In the area of security services for commercial facilities, we are working to broaden acceptance of our mainstay System Security AZ series. As well as AZ-Air, which continues to earn high marks for use in small and medium-sized business and in retail facilities, in May 2023 we launched AZ-Access, an ideal access control system for

customers with large-scale commercial facilities or multiple locations. We also continue to capitalize on the outstanding scalability of the System Security AZ series to extend services that benefit the operation of our customers. One example is web-based store and facility management support service dot-i, which stores images captured by security cameras, allowing subscribers to remotely confirm facilities' display organization and cleaning, helping subscribers cope with labor shortages amid intensifying competition to secure staff. With the use of robots expected to increase in response to the growing labor-saving needs of companies, in June 2024 we established SECOM AZ Certified, a standard for the integration of AZ series systems and robots. Concurrently, we introduced an AZ series system that is integrated with cleaning robots manufactured by a major information systems provider, our first initiative under this new standard. In July 2024, we launched the Interactive Security Service, which combines AZ series systems to allow employees at attended retail facilities such as convenience stores to press a dedicated button if they feel anxious or in danger to alert SECOM, which checks images and voices captured and responds appropriately. By expanding our offerings and adding innovative functions, we will continue to increase opportunities for customers to choose systems in the System Security AZ series, helping drive market expansion, as well as to provide greater value, thereby boosting customer satisfaction.

Labor shortages are becoming an increasing issue in the security services industry as the labor force contracts. With the release of our cocobo autonomous security robot and the Virtual *Keibi* System, which employ AI and other cutting-edge technologies, we have fortified our ability to provide security while improving the efficiency of staff assignments and trimming costs. In October 2023, we completed development of the SECOM Drone XX ("double X"), a security

drone that uses AI to patrol and monitor for intrusions. We will continue to promote digital transformation (DX) with the objective of extending SECOM systems and know-how to partners in the security services industry.

Recognizing that Japan’s declining birthrate and aging population are issues that will not be easily resolved, and in light of persistent concerns that the domestic market will continue to shrink over the long term, we see strengthening our overseas operations, as well as broadening our global presence, as essential to maintaining stable growth. In areas where we already have operations, particularly countries and territories in Southeast Asia, as well as Australia and New Zealand, our focus is on developing new and enhancing existing services to better respond to local market needs. In Thailand, we have introduced new cloud-based systems and launched an advertising and publicity campaign, both of which have begun to yield positive results. In March 2024, we also began offering SECOM Smart Security Care, a monitoring service for senior citizens, in response to declining birth rates and the aging of the population, also a key social imperative in Thailand. We also continue to invest in promising businesses in overseas markets. In the period under review, we invested in cloud-based security systems companies Eagle Eye Networks, Inc., and Brivo, Inc., leading providers of software as a service (SaaS), principally in North America, and will seek to step up the provision of these companies’ security systems in countries and territories where we already operate, as well as to leverage both companies’ advanced technologies to promote new business development in the United States. In India, where we have been providing medical services for a decade and which remains a promising market, we announced plans to build a second general hospital in Bengaluru near our existing facility, Sakra World Hospital, which is scheduled to open in 2027. Efforts to strengthen our overseas operations will not be limited to the security services businesses. Going forward, we will continue to seek out promising opportunities for mergers and acquisitions (M&A) in diverse areas, including health tech.

To reinforce BPO and ICT services, in August 2023 we invested in ARTERIA Networks Corporation, a Japan-based optical fiber communications provider, which is now accounted for under the equity method. The addition of ARTERIA Network’s network services and Internet services businesses to our portfolio will enable us to fortify the business infrastructure supporting our customers’ operations in a manner that delivers safety and peace of mind, as well as makes life more comfortable and convenient. With demand for data centers expected to

proliferate as the use of generative AI and cloud-based services expands, in July 2024 subsidiary At Tokyo Corporation began operating a new large-scale urban data center located in the Shibaura–Shinagawa area in central Tokyo. Taking customer needs into consideration, this new data center operates with virtually 100% renewable energy. At Tokyo and ARTERIA Networks will also install a fiber optic cable across the Port of Tokyo that will connect the Shibaura–Shinagawa area with the Toyosu–Ariake area, where a significant number of IT companies are located, providing the shortest route between the two, which we expect to underscore appreciation of the new urban data center’s role as a network hub from customers both in Japan and overseas. In October 2025, subsidiary Secom Trust Systems Co., Ltd., also plans to open a new data center facility in Tokyo adjacent to its Secure Data Center.

To improve productivity, we continuously review processes and update systems. We are gradually expanding our use of generative AI, including adopting related technologies for use in some areas of our organization, as well as working to improve the efficiency of daily procedures. Looking ahead, we plan to steadily promote investments that will make us more productive, including in systems innovation and the use of AI. We will also work to step up the creation of workplaces conducive to employee concentration for tasks that require human competencies.

Efforts to reward stakeholders focus on securing and fostering human resources, which are critical to our ability to provide services that deliver safety and peace of mind, and enhancing employee engagement. We are also raising salaries, including by implementing our third consecutive annual base salary increase in the period under review. Of particular note, we have bolstered the wages of those employees responsible for the provision of security services. Additionally, in March 2024 each employee was allotted 25 shares of common stock as restricted stock compensation. We have also introduced an incentive system as part of our employee shareholders’ association. We believe that holding shares helps strengthen employees’ sense of playing a role in operations. It is our hope that these and other initiatives will boost the motivation of everyone from security services employees to administrative staff, and we are confident that they will underpin successful efforts to attract and retain human resources. As part of our commitment to the environment, we have formulated a target for achieving carbon neutrality for the SECOM Group by 2045 with the aim of contributing to the prevention of global warming and continue to work as one to implement measures to reduce our emissions. We have joined RE100, a global initiative, with

the objective of transitioning fully to electricity generated using renewable energy for our operations. We also recently became the first company in Japan’s security services industry to conclude a virtual power purchase agreement (PPA), a scheme for trading the environmental value of renewable energy. Since March 2024, we have capitalized on

» A new management team

To accelerate growth under the SECOM Group Road Map 2027, the Board of Directors resolved at a meeting held on February 8, 2024, to appoint a new president and representative director. I was entrusted with this position effective from April 1, 2024. Under my leadership, we will expedite the implementation of initiatives aimed at achieving the targets of the SECOM Group’s Road Map 2027.

» Improving employee engagement

I began my career at SECOM as a static security guard at Narita International Airport, where I was assigned when I joined the Company. SECOM has always believed that its ability to provide high-grade services that enjoy the support of customers is attributable to the superb skills and strong morals of its employees. I believe that enhancing employee engagement, one of the key initiatives set forth in the SECOM Group’s Road Map 2027, is the most important challenge facing us.

SECOM security services are provided around the clock. Accordingly, we recognize security services employees as essential workers critical to our infrastructure for extending services that deliver safety and peace of mind that support the everyday activities and lives of subscribers. Our employees are earnest and feel it is their mission to be of use to society. My goal is to help build a company where such employees are excited about their work, feel fulfilled and receive salaries commensurate with their performance. Creating an environment that encourages employees to remain with SECOM over the long term and enables us to secure superior human resources is crucial to our ability to boost service quality and productivity, ultimately differentiating us from our competitors. To this end, we must improve employee engagement.

a new dedicated solar power generating facility to expand our stable use of renewable energy over the long term, as well as to the renewable energy capacity of the grid. We will continue to press ahead with a variety of sustainability strategies to earn the trust of all stakeholders.

SECOM has a rugby team called Sayama SECOM Rugguts. A well-known phrase that is commonly used as a motto in the rugby world in Japan is “One for all, all for one.” The second half of this motto, “all for one,” refers to a team moving together in solidarity and unity toward a common objective. I look forward to leading the SECOM team forward while paying attention to the diverse views of employees as we work as one toward our ultimate objective.

In the environment of relentlessly rising inflation, my policy is to focus on enhancing employee engagement. In the fiscal year ending March 31, 2025, we anticipate that annual personnel expenses will be approximately ¥15 billion higher than in the period under review, owing to regular salary and base salary increases and better compensation for security services employees. Wage increases will be far reaching, benefiting everyone from security services employees to office staff, with the average rise being 6.3%. For security services employees, the rate will be somewhat more generous at between 8% and 11%. While this may seem like rather a significant cost surge, we view it as an investment, believing that investing in human resources will substantially benefit the quality of and value provided by our services over the medium to long term.

I am a firm believer in the idea that good products should be priced accordingly. At the same time, I also recognize that the prices for the products and services provided by our high-grade human resources must be reasonable. I am confident that providing services and products at appropriate prices will enable us to absorb costs associated with investments in human resources and at the same time to create new high-value-added services and products that lift our profit margins. I look forward in particular to lifting the operating profit margin in the security services segment.

» Revising subscription fees

Despite various steps to bolster operating efficiency and curtail outlays, enabling us to leave prices charged for our services unchanged, rising labor costs and prices for energy and raw materials continue to exacerbate our ability to absorb costs and maintain our security services configuration.

Recognizing that the situation had reached a point where absorbing elevated costs through such efforts is no longer viable, in August 2023 we implemented a flat 3% increase in subscription fees for home security systems, a move which the majority of customers graciously accepted. We also launched a Companywide initiative aimed at implementing an across-the-board 8% increase in subscription fees for commercial security systems beginning in November 2024. In June 2024, we inaugurated a project team that reports directly to me, to formulate an action plan for revising fees for commercial subscribers.

Our on-line security systems are provided by our security services employees, who anchor an around-the-clock service configuration and include emergency response personnel, who rush to the subscriber’s premises in the event of an emergency and control center staff, who monitor subscribers’ premises, appraise the situation should an irregularity be detected and issue instructions. While they may go largely unnoticed, these highly skilled, committed individuals are crucial to ensuring the safety and peace of mind of customers. Subscription fee revisions are aimed at passing on higher costs across the security services industry supply chain, including subcontractors. As Japan’s largest security services company, we are taking the initiative in implementing subscription fee increases, an effort we believe will help optimize prices industry-wide, facilitating development and growth and creating a virtuous cycle that benefits all of society.

» Creating new high-value-added services and products

Given the astounding pace of technological progress, we will continue working to introduce new services and products that leverage innovative technologies, thereby enhancing the value we provide—and therefore also the prices we charge—customers. To extend services and products in an ever-changing society that respond to evolving market needs, we are advancing initiatives in accordance with a “collaboration” strategy, whereby we are promoting open innovation with partners who bring outstanding expertise and technologies. In particular, by adding new subscription-based options to existing on-line security systems, we will accelerate the provision of advanced, distinctively SECOM services that include the dispatch of emergency personnel to the subscriber’s site when needed.

The percentage of homes in Japan that have installed on-line home security systems remains low at an estimated around 5%. Accordingly, in addition to expanding our appeal among traditional users, for which installation has reached a

somewhat constant level, we will explore the introduction of services that address expanding market needs. By introducing services that incorporate novel concepts, we will continue promoting offerings that attract a greater number of customers in the huge home security services market.

For commercial subscribers, we will continue to emphasize providing services that support customers’ operations by integrating our System Security AZ series’ services with open cloud services. We will also emphasize the incorporation of state-of-the-art technologies not only into our on-line security systems but also into our merchandise offerings. In June 2024, we began offering the SECOM AI Behavior Detection System, which combines the advanced AI behavior recognition technologies of a partner with the experience and know-how we have cultivated over many years, reducing the burden on supervisors using surveillance cameras to monitor facilities and improving the quality of monitoring.

» Reinforcing corporate governance

Scrupulous corporate governance is vital to earning the trust of society and bringing our abilities into full play. We also recognize the importance of understanding the thinking of our shareholders, including institutional investors, and approaching the task of managing SECOM from a perspective close to theirs.

To enhance corporate value over the medium to long term, we increased the number of outside directors on our Board of Directors from three to five and the number of female directors from one to two at the Ordinary General Meeting of Shareholders held in June 2024. Prior to this, in June 2023, an outside director, rather than an inside director,

has been appointed chairperson of the Nomination and Compensation Committee, a move that bolstered the transparency of the committee’s activities.

Additionally, from the fiscal year ending March 31, 2025, the relative proportion of fixed monthly salary, bonuses, and share-based remuneration paid to directors (excluding outside directors) has been revised from approximately 80:15:5 to 65:15:20 with the aim of facilitating management

» Innovating to keep abreast of change and enhance corporate value

SECOM, a pioneer in Japan’s security services industry, has done its utmost to grow sustainably together with society. Focusing on the provision of security services, we have continued to embrace the challenge of keeping abreast of change with the aim of realizing our Social System Industry vision, in line with a philosophy that emphasizes benefit to society as the criterion for judging the value of what we do. By leveraging our robust operating foundation, buttressed by our extensive business infrastructure, powerful brand and recurring revenue-based business model, as well as our comprehensive Group strengths, we will continue to implement the initiatives set forth in the SECOM Group Road Map 2027 with the aim of creating and nurturing new businesses, as well as expanding existing businesses.

Our philosophy regarding the allocation of cash is that the best way to increase corporate value is to make productive investments in growth. We earmark cash on hand generated through stable operating activities to investments in growth, working capital and returns to shareholders. Investments in growth include investments in human resources, our top priority, as well as in key businesses, notably the security services business, now in a period of transformation, and BPO and ICT services, which are expected to see high growth in the coming years, and in the improvement and expansion of internal systems to strengthen productivity. We maintain a high credit rating, evidence of the agility of our capital strategies.

We also continue striving to optimize our business portfolio. While comprehensive consideration of our operating environment, financial market trends and parties involved in any potential transaction takes time, we recognize this as a critical management task.

The SECOM Group Road Map 2027 sets a target for consolidated operating profit in the fiscal year ending March 31, 2028, of between ¥160.0 billion and ¥180.0 billion, to be attained through higher gains attributable to organic growth facilitated by the optimization of our business portfolio, as well as through returns on investments in growth. We are

from a shareholder-adjacent perspective. It has also been resolved that beginning in the fiscal year ending March 31, 2025, bonuses for directors (excluding outside directors) will be made with comprehensive consideration given to degree of achievement of key performance indicators, that is, targets for consolidated operating profit, as in the past, earnings per share and employee engagement (employee satisfaction).

also aiming for a return on equity (ROE) of 10%, which we will achieve through effective control of capital, which will include conducting share buybacks in a timely manner. (These targets are based on Japanese GAAP.)

To enhance returns to shareholders, we will prioritize the steady and continuous distribution of growing consolidated income in the form of dividends based on a specific dividend payout ratio target. The appropriate timing of share buybacks will be determined with careful heed paid to such factors as our cash position, the scale and timing of investments in growth, and share price trends. Dividends for the full term—the record dates for which fell in the fiscal year ended March 31, 2024—totaled ¥190.00 per share, an increase of ¥5.00 from the previous period. Between February 2022 and July 2024, we conducted share buybacks four times, for a total of approximately ¥115.0 billion. Looking ahead, we will explore various ways to use treasury stock, which has expanded as a result of these moves.

As ever committed to fulfilling our mission, unchanged since our founding, of realizing a society free from concerns, we will continue working to build greater corporate value. Cognizant that I have taken the helm at a time of tremendous upheaval in our operating environment, I pledge to maintain a forward-looking attitude and to advance bold measures whatever the future may bring to respond to the expectations of stakeholders by delivering enduring peace of mind and innovating to keep abreast of change. I look forward to the ongoing support and guidance of all stakeholders.

August 30, 2024

Yasuyuki Yoshida  
President and Representative Director