

Financial Data 2025

AUDITED FINANCIAL STATEMENTS

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Consolidated Financial Statements

Consolidated Balance Sheets

SECOM CO., LTD. and Subsidiaries
March 31, 2025 and 2024

	In millions of yen		Translation into thousands of U.S. dollars (Note 3)
	2025	March 31 2024	March 31 2025
ASSETS			
Current assets:			
Cash and cash equivalents (Notes 5 and 22).....	¥ 418,633	¥ 435,728	\$ 2,790,887
Time deposits (Note 13)	38,077	24,060	253,847
Cash deposits for armored car services (Note 6)	141,000	138,562	940,000
Short-term investments (Notes 7 and 22)	25,173	12,374	167,820
Notes and accounts receivable, trade	186,195	178,278	1,241,300
Due from subscribers.....	66,450	67,573	443,000
Inventories (Note 8)	51,423	52,530	342,820
Short-term deferred charges (Note 2 (13)).....	7,349	7,205	48,993
Short-term receivables (Notes 9, 13, 20 and 21)	28,403	25,719	189,353
Allowance for credit losses (Note 9)	(2,442)	(2,191)	(16,280)
Deferred insurance acquisition costs (Note 14)	3,389	3,238	22,593
Other current assets.....	27,009	21,271	180,060
Total current assets.....	990,659	964,347	6,604,393
Investments and long-term receivables:			
Investment securities (Notes 2 (7), 7, 13 and 22).....	298,078	291,716	1,987,187
Investments in affiliated companies (Note 10)	155,811	151,635	1,038,740
Long-term receivables (Notes 9, 13, 20 and 21)	39,436	38,077	262,907
Lease deposits.....	24,818	23,756	165,453
Other investments	13,950	13,397	92,999
Allowance for credit losses (Note 9)	(3,680)	(3,886)	(24,533)
	528,413	514,695	3,522,753
Property, plant and equipment (Notes 11, 13, 19 and 20):			
Land	123,787	126,074	825,247
Buildings and improvements	444,867	412,137	2,965,780
Security equipment and control stations	400,513	390,434	2,670,087
Machinery, equipment and automobiles.....	176,360	174,704	1,175,733
Construction in progress	16,276	32,442	108,507
	1,161,803	1,135,791	7,745,354
Accumulated depreciation	(683,375)	(672,313)	(4,555,833)
	478,428	463,478	3,189,521
Other assets:			
Operating lease right-of-use assets (Notes 2 (12) and 19)	132,273	136,525	881,820
Long-term deferred charges (Note 2 (13))	14,162	13,085	94,413
Goodwill (Note 12).....	138,692	137,685	924,613
Other intangible assets (Notes 12, 13, 19 and 20)	67,932	65,025	452,880
Prepaid pension and severance costs (Note 15)	73,578	69,583	490,520
Deferred income taxes (Note 17)	15,846	13,674	105,640
	442,483	435,577	2,949,886
Total assets.....	¥2,439,983	¥2,378,097	\$16,266,553

See accompanying notes to consolidated financial statements.

	In millions of yen		Translation into thousands of U.S. dollars (Note 3)
	2025	March 31 2024	March 31 2025
LIABILITIES AND EQUITY			
Current liabilities:			
Bank loans (Notes 6 and 13).....	¥ 33,355	¥ 29,185	\$ 222,367
Current portion of long-term debt (Notes 13, 19 and 21).....	10,605	11,350	70,700
Notes and accounts payable, trade	42,672	42,732	284,480
Other payables.....	49,678	52,981	331,187
Deposits received (Note 6)	127,649	131,584	850,993
Deferred revenue.....	38,617	37,576	257,447
Accrued income taxes	25,900	26,557	172,667
Accrued payroll.....	62,944	47,247	419,627
Current operating lease liabilities (Notes 2 (12) and 19)	23,280	22,811	155,200
Other current liabilities	36,413	34,220	242,752
Total current liabilities.....	451,113	436,243	3,007,420
Long-term liabilities:			
Long-term debt (Notes 13, 19 and 21).....	49,261	51,410	328,407
Guarantee deposits received.....	23,665	23,267	157,767
Accrued pension and severance costs (Note 15).....	28,812	28,916	192,080
Long-term deferred revenue.....	16,891	15,870	112,607
Unearned premiums and other insurance liabilities (Note 14).....	128,146	127,915	854,307
Investment deposits by policyholders (Notes 14 and 21).....	9,437	11,804	62,913
Deferred income taxes (Note 17)	38,077	34,374	253,847
Noncurrent operating lease liabilities (Notes 2 (12) and 19)	110,610	114,913	737,400
Other long-term liabilities (Notes 21, 22 and 23).....	18,014	18,056	120,092
Total long-term liabilities	422,913	426,525	2,819,420
Total liabilities	874,026	862,768	5,826,840
Commitments and contingent liabilities (Note 24)			
Equity:			
SECOM CO., LTD. shareholders' equity (Note 18):			
Common stock			
Authorized—1,800,000,000 shares, issued 466,599,796 shares in 2025			
Authorized—1,800,000,000 shares, issued 466,599,796 shares in 2024.....	66,427	66,427	442,847
Additional paid-in capital.....	55,875	61,376	372,500
Legal reserve	11,452	11,278	76,347
Retained earnings.....	1,358,655	1,297,459	9,057,700
Accumulated other comprehensive income (loss):			
Unrealized gains on securities (Note 7).....	294	167	1,960
Pension liability adjustments (Note 15).....	10,294	11,967	68,627
Foreign currency translation adjustments.....	45,430	30,332	302,866
	56,018	42,466	373,453
Common stock in treasury, at cost:			
50,925,784 shares in 2025 and 45,616,920 shares in 2024	(176,716)	(149,979)	(1,178,107)
Total SECOM CO., LTD. shareholders' equity.....	1,371,711	1,329,027	9,144,740
Noncontrolling interests.....	194,246	186,302	1,294,973
Total equity	1,565,957	1,515,329	10,439,713
Total liabilities and equity	¥2,439,983	¥2,378,097	\$16,266,553

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2025

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Net sales and operating revenue (Notes 14, 18, 22 and 25)	¥1,311,132	¥1,283,898	¥1,227,316	\$8,740,880
Costs and expenses:				
Cost of sales (Note 8)	938,440	891,103	861,802	6,256,267
Selling, general and administrative expenses (Notes 2 (18), 2 (19), 2 (20) and 4)	241,403	228,501	216,032	1,609,353
Impairment loss on long-lived assets (Note 11)	3,666	4,428	2,647	24,440
Impairment loss on goodwill (Note 12)	—	4,404	1,456	—
Gain and loss on sales and disposal of fixed assets, net	(707)	496	(173)	(4,713)
	1,182,802	1,128,932	1,081,764	7,885,347
Operating income	128,330	154,966	145,552	855,533
Other income:				
Interest and dividends	4,638	3,573	2,325	30,920
Gain and loss on sales of securities, net (Notes 7 and 18)	187	—	—	1,247
Gain on other-than-temporary impairment of investment securities (Notes 18 and 22)	443	9,771	478	2,953
Gain on private equity investments (Note 22)	17,534	18,221	11,792	116,893
Other (Notes 15, 16, 18 and 23)	5,665	7,545	5,445	37,767
	28,467	39,110	20,040	189,780
Other expenses:				
Interest	1,573	1,340	1,183	10,487
Gain and loss on sales of securities, net (Notes 7 and 18)	—	851	111	—
Other (Note 16)	1,627	1,173	1,298	10,846
	3,200	3,364	2,592	21,333
Income from continuing operations before income taxes and equity in net income of affiliated companies	153,597	190,712	163,000	1,023,980
Income taxes (Note 17):				
Current	47,659	48,106	45,872	317,727
Deferred	(1,172)	10,107	3,584	(7,814)
	46,487	58,213	49,456	309,913
Income from continuing operations before equity in net income of affiliated companies	107,110	132,499	113,544	714,067
Equity in net income of affiliated companies (Note 18)	8,315	9,980	8,152	55,433
Net income	115,425	142,479	121,696	769,500
Less: Net income attributable to noncontrolling interests	(14,357)	(16,595)	(10,138)	(95,713)
Net income attributable to SECOM CO., LTD.	¥ 101,068	¥ 125,884	¥ 111,558	\$ 673,787

	In yen			Translation into U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Per share data (Note 2 (22)):				
Net income attributable to SECOM CO., LTD.	¥243.03	¥297.60	¥258.34	\$1.62
Cash dividends per share (Note 18)	¥ 95.00	¥ 95.00	¥ 90.00	\$0.63

Consolidated Statements of Comprehensive Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2025

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Comprehensive income:				
Net income	¥115,425	¥142,479	¥121,696	\$ 769,500
Other comprehensive income (loss), net of tax:				
Unrealized gains on securities	127	1,388	(3,644)	847
Pension liability adjustments	(1,262)	7,030	2,716	(8,413)
Foreign currency translation adjustments	16,992	12,380	16,885	113,279
Total comprehensive income	131,282	163,277	137,653	875,213
Less: Comprehensive income attributable to noncontrolling interests	(16,662)	(18,512)	(11,188)	(111,080)
Comprehensive income attributable to SECOM CO., LTD.	¥114,620	¥144,765	¥126,465	\$ 764,133

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2025

	In millions of yen									
	Number of shares issued	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other com- prehensive income (loss)	Common stock in treasury, at cost	Total SECOM CO., LTD. shareholders' equity	Noncontrolling interests	Total
Balance, March 31, 2022	466,596,098	¥66,419	¥63,014	¥10,972	¥1,139,866	¥ 8,678	(¥ 79,437)	¥1,209,512	¥135,437	¥1,344,949
Comprehensive income:										
Net income	—	—	—	—	111,558	—	—	111,558	10,138	121,696
Other comprehensive income (loss), net of tax (Note 18):										
Unrealized gains on securities	—	—	—	—	—	(3,644)	—	(3,644)	—	(3,644)
Pension liability adjustments	—	—	—	—	—	2,490	—	2,490	226	2,716
Foreign currency translation adjustments	—	—	—	—	—	16,061	—	16,061	824	16,885
Total comprehensive income	—	—	—	—	—	—	—	126,465	11,188	137,653
Issuance of new stocks	3,698	8	8	—	—	—	—	16	—	16
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(39,060)	—	—	(39,060)	—	(39,060)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(3,199)	(3,199)
Transfer to legal reserve	—	—	—	95	(95)	—	—	—	—	—
Equity transactions with noncontrolling interests and other (Note 18)	—	—	60	—	—	—	—	60	24,861	24,921
Gains on disposal of treasury stock	—	—	0	—	—	—	0	0	—	0
Net changes in treasury stock	—	—	—	—	—	—	(29,788)	(29,788)	—	(29,788)
Balance, March 31, 2023	466,599,796	66,427	63,082	11,067	1,212,269	23,585	(109,225)	1,267,205	168,287	1,435,492
Comprehensive income:										
Net income	—	—	—	—	125,884	—	—	125,884	16,595	142,479
Other comprehensive income (loss), net of tax (Note 18):										
Unrealized gains on securities	—	—	—	—	—	1,388	—	1,388	—	1,388
Pension liability adjustments	—	—	—	—	—	6,152	—	6,152	878	7,030
Foreign currency translation adjustments	—	—	—	—	—	11,341	—	11,341	1,039	12,380
Total comprehensive income	—	—	—	—	—	—	—	144,765	18,512	163,277
Issuance of new stocks	—	—	—	—	—	—	—	—	—	—
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(40,483)	—	—	(40,483)	—	(40,483)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(2,864)	(2,864)
Transfer to legal reserve	—	—	—	211	(211)	—	—	—	—	—
Equity transactions with noncontrolling interests and other (Note 18)	—	—	(3,257)	—	—	—	—	(3,257)	2,367	(890)
Gains on disposal of treasury stock	—	—	1,551	—	—	—	3,248	4,799	—	4,799
Net changes in treasury stock	—	—	—	—	—	—	(44,002)	(44,002)	—	(44,002)
Balance, March 31, 2024	466,599,796	66,427	61,376	11,278	1,297,459	42,466	(149,979)	1,329,027	186,302	1,515,329
Comprehensive income:										
Net income	—	—	—	—	101,068	—	—	101,068	14,357	115,425
Other comprehensive income (loss), net of tax (Note 18):										
Unrealized gains on securities	—	—	—	—	—	127	—	127	—	127
Pension liability adjustments	—	—	—	—	—	(1,673)	—	(1,673)	411	(1,262)
Foreign currency translation adjustments	—	—	—	—	—	15,098	—	15,098	1,894	16,992
Total comprehensive income	—	—	—	—	—	—	—	114,620	16,662	131,282
Issuance of new stocks	—	—	—	—	—	—	—	—	—	—
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(39,698)	—	—	(39,698)	—	(39,698)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(3,114)	(3,114)
Transfer to legal reserve	—	—	—	174	(174)	—	—	—	—	—
Equity transactions with noncontrolling interests and other (Note 18)	—	—	(7,316)	—	—	—	—	(7,316)	(5,604)	(12,920)
Gains on disposal of treasury stock	—	—	1,815	—	—	—	3,276	5,091	—	5,091
Net changes in treasury stock	—	—	—	—	—	—	(30,013)	(30,013)	—	(30,013)
Balance, March 31, 2025	466,599,796	¥66,427	¥55,875	¥11,452	¥1,358,655	¥56,018	(¥176,716)	¥1,371,711	¥194,246	¥1,565,957

Translation into thousands of U.S. dollars (Note 3)									
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other com- prehensive income (loss)	Common stock in treasury, at cost	SECOM CO., LTD. shareholders' equity	Noncontrolling interests	Total
Balance, March 31, 2024	\$442,847	\$409,173	\$75,187	\$8,649,727	\$283,107	(\$ 999,860)	\$8,860,181	\$1,242,013	\$10,102,194
Comprehensive income:									
Net income	—	—	—	673,787	—	—	673,787	95,713	769,500
Other comprehensive income (loss), net of tax (Note 18):									
Unrealized gains on securities	—	—	—	—	847	—	847	—	847
Pension liability adjustments	—	—	—	—	(11,153)	—	(11,153)	2,740	(8,413)
Foreign currency translation adjustments	—	—	—	—	100,652	—	100,652	12,627	113,279
Total comprehensive income	—	—	—	—	—	—	764,133	111,080	875,213
Issuance of new stocks	—	—	—	—	—	—	—	—	—
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	(264,654)	—	—	(264,654)	—	(264,654)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(20,760)	(20,760)
Transfer to legal reserve	—	—	1,160	(1,160)	—	—	—	—	—
Equity transactions with noncontrolling interests and other (Note 18)	—	(48,773)	—	—	—	—	(48,773)	(37,360)	(86,133)
Gains on disposal of treasury stock	—	12,100	—	—	—	21,840	33,940	—	33,940
Net changes in treasury stock	—	—	—	—	—	(200,087)	(200,087)	—	(200,087)
Balance, March 31, 2025	\$442,847	\$372,500	\$76,347	\$9,057,700	\$373,453	(\$1,178,107)	\$9,144,740	\$1,294,973	\$10,439,713

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2025

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Cash flows from operating activities:				
Net income	¥115,425	¥142,479	¥121,696	\$ 769,500
Adjustments to reconcile net income to net cash provided by operating activities—				
Depreciation and amortization, including amortization of deferred charges (Notes 2 (11), 2 (13) and 12)	85,264	81,014	78,718	568,427
Accrual for pension and severance costs, less payments	(4,879)	(4,592)	(2,661)	(32,527)
Deferred income taxes, including discontinued operations	(1,172)	10,107	3,584	(7,814)
Gain and loss on sales and disposal of fixed assets, net	(707)	496	(173)	(4,713)
Impairment loss on long-lived assets (Note 11)	3,666	4,428	2,647	24,440
Gain and loss on private equity investments (Note 22)	(17,534)	(18,221)	(11,792)	(116,893)
Impairment loss on goodwill (Note 12)	—	4,404	1,456	—
Gain on sales of securities, net (Notes 7 and 14)	(215)	(1,393)	(2,713)	(1,433)
Loss on other-than-temporary impairment of investment securities (Notes 14 and 22)	2,975	(26,642)	(2,609)	19,833
Equity in net income of affiliated companies	(8,315)	(9,980)	(8,152)	(55,433)
Changes in assets and liabilities, net of effects from acquisitions and disposals:				
(Increase) decrease in cash deposits for armored car services	(2,438)	(3,102)	1,060	(16,253)
(Increase) decrease in receivables and due from subscribers, net of allowances	(5,743)	(10,575)	(3,797)	(38,287)
(Increase) decrease in inventories	827	(7,112)	(8,960)	5,513
Increase in deferred charges	(9,707)	(9,024)	(8,026)	(64,713)
Increase (decrease) in notes and accounts payable	(3,867)	600	2,117	(25,780)
Increase (decrease) in deposits received	(3,971)	7,431	(99)	(26,473)
Increase (decrease) in deferred revenue	1,595	(738)	(1,148)	10,633
Increase (decrease) in accrued income taxes	(944)	3,428	(4,015)	(6,293)
Increase (decrease) in guarantee deposits received	251	(61)	(136)	1,673
Increase (decrease) in unearned premiums and other insurance liabilities	231	(1,119)	(3,980)	1,540
Increase (decrease) in accrued consumption tax	(1,983)	3,160	(1,376)	(13,220)
Other, net	27,606	14,886	4,568	184,040
Net cash provided by operating activities	176,365	179,874	156,209	1,175,767
Cash flows from investing activities:				
(Increase) decrease in time deposits	(12,783)	(14,778)	(173)	(85,220)
Proceeds from sales of property, plant and equipment	6,328	3,757	6,514	42,187
Payments for purchases of property, plant and equipment	(79,905)	(85,552)	(52,846)	(532,700)
Payments for purchases of intangible assets	(17,880)	(13,843)	(12,004)	(119,200)
Proceeds from sales and redemptions of investment securities (Note 7)	21,639	34,075	53,331	144,260
Payments for purchases of investment securities	(16,776)	(93,943)	(48,829)	(111,840)
(Increase) decrease in short-term investments	(4,000)	2,731	(2,554)	(26,667)
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	(14)	—	(156)	(93)
Acquisitions, net of cash acquired (Note 4)	(637)	—	(18,929)	(4,247)
(Increase) decrease in short-term receivables, net	(8)	(40)	(187)	(53)
Payments for long-term receivables	(1,488)	(479)	(737)	(9,920)
Proceeds from long-term receivables	1,001	794	1,509	6,673
Other, net	(323)	(1,751)	(2,264)	(2,153)
Net cash used in investing activities	(104,846)	(169,029)	(77,325)	(698,973)
Cash flows from financing activities:				
Proceeds from long-term debt	2,617	1,100	2,837	17,447
Repayments of long-term debt	(12,337)	(15,074)	(16,701)	(82,247)
Increase (decrease) in bank loans, net	4,117	(914)	(1,275)	27,447
Increase (decrease) in investment deposits by policyholders	(2,367)	(2,559)	(2,603)	(15,780)
Dividends paid to SECOM CO., LTD. shareholders	(39,698)	(40,483)	(39,060)	(264,654)
Dividends paid to noncontrolling interests	(3,114)	(2,864)	(3,427)	(20,760)
Payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders	(10,284)	(611)	(38)	(68,560)
Increase in treasury stock, net	(30,012)	(44,002)	(29,788)	(200,080)
Other, net	31	2,933	2,847	207
Net cash used in financing activities	(91,047)	(102,474)	(87,208)	(606,980)
Effect of exchange rate changes on cash and cash equivalents	2,433	2,580	1,546	16,220
Net increase in cash and cash equivalents	(17,095)	(89,049)	(6,778)	(113,966)
Cash and cash equivalents at beginning of year	435,728	524,777	531,555	2,904,853
Cash and cash equivalents at end of year	¥418,633	¥435,728	¥524,777	\$2,790,887

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2025

1. Nature of Operations

The parent company and its subsidiaries (collectively "the Company") are engaged in the businesses of security services, fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and other services. With these services combined, the Company is focusing on the establishment of a Social System Industry, a network of integrated services and systems, targeted at the needs of people and business.

The Company's principal business activities are security services, including on-line security systems for commercial and residential premises, static guard services, armored car services for cash collection and deposit and sales of security merchandise. The Company has also been diversifying its services covering: fire protection services, including automatic fire alarm systems and fire extinguishing systems; medical services, including home and other medical services and the operations of variable interest entities of which the Company is the primary beneficiary through managing hospitals and health care-related institutions; non-life insurance services; geospatial information services using geospatial information systems (GIS) and surveying and measuring technology; BPO and ICT services, including data center services, business continuity plan support, information security services and cloud-based services; as well as Business Process Outsourcing ("BPO") related services; other services, including lease of real estate, construction and installation services and other services.

2. Significant Accounting Policies

The parent company and its Japanese subsidiaries maintain their records and prepare their statutory financial statements in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"). Certain adjustments and reclassifications have been incorporated in the accompanying financial statements to conform with U.S. generally accepted accounting principles ("U.S. GAAP"). These adjustments were not recorded in the statutory books of account.

Significant accounting policies used in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Basis of Consolidation and Investments in Affiliated Companies

The consolidated financial statements include the accounts of the parent company and those of its majority-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Investments in companies in which the ability to exercise significant influence exists (generally 20 to 50 percent owned companies), are accounted for under the equity method. Consolidated income includes the Company's current equity in the net income of affiliated companies, after elimination of intercompany profits.

(2) Consolidation of Variable Interest Entities

The consolidated financial statements also include variable interest entities ("VIEs") of which the Company is the primary beneficiary.

The Accounting Standards Codification ("ASC") 810, "Consolidation," issued by the Financial Accounting Standards Board ("FASB") requires the reporting entity to consolidate a variable interest entity ("VIE") as its primary beneficiary when it is deemed to have a controlling financial interest in a VIE, meeting both of the following characteristics:

- The power to direct activities of a VIE that most significantly impact the VIE's economic performance.
- The obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company provides investments, loans and guarantees to organizations managing hospitals and health care-related institutions, to a company holding real estate, and to a PFI (Private Finance Initiative) organization which was established to build, maintain and operate correctional facilities. Certain of these organizations are considered VIEs under ASC 810.

Total assets and liabilities held by VIEs of which the Company is the primary beneficiary were ¥77,337 million (\$515,580 thousand) and ¥80,182 million (\$534,547 thousand), respectively, at March 31, 2025, and ¥81,073 million and ¥80,016 million, respectively, at March 31, 2024. The creditors of VIEs do not have recourse to the Company's general credit with the exception of debts guaranteed by the Company. Total assets and liabilities held by VIEs of which the Company holds significant variable interests but is not the primary beneficiary were ¥3,756 million (\$25,040 thousand) and ¥854 million (\$5,693 thousand), respectively, at March 31, 2025, and ¥4,945 million and ¥1,640 million, respectively, at March 31, 2024. The Company's assets in the consolidated balance sheets and the Company's maximum exposure to losses related to VIEs at March 31, 2025 and 2024 were ¥1,127 million (\$7,513 thousand) and ¥1,269 million, respectively.

(3) Revenue Recognition

The Company recognizes revenue based on the following five steps in accordance with ASC 606, "Revenue from Contracts with Customers."

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company generates revenue principally through the sales of merchandise and services in the areas of security services, fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and other services under separate contractual arrangements.

Revenue from term service contracts, including security services, is recognized over the contractual period or, in the case of specific services, when such services are rendered. Subscribers are generally requested to prepay a portion of service charges, especially for security services, which are credited to deferred revenue and recognized in income ratably over the covered service period. Revenue from the installation of security equipment used to provide on-line centralized security services is deferred and recognized over the contractual period of security services after completion of the installation. The related installation costs are also deferred and amortized over the contractual period (Note 2 (13)).

The Company enters into arrangements with multiple elements, which may include any combination of security equipment, installation and security services. The Company allocates revenue to each element based on its relative fair value if such element meets criteria for treatment as a separate unit of accounting as prescribed in ASC 606, "Revenue from Contracts with Customers." Otherwise, revenue is deferred until the undelivered elements are fulfilled as a single unit of accounting.

Revenue from sales of merchandise and software is recognized when the merchandise and software are received by the customer and, in the case of installations, when such installations are completed.

Revenue from construction contracts is recognized on the basis of the progress of the performance obligation, which is mainly measured by input methods based on costs incurred.

Excluding the aforementioned policy, the policies as specifically described hereinafter are applied for each of revenue items.

Property and casualty insurance premiums are earned ratably over the terms of the related insurance contracts. Unearned premiums are earned ratably over the terms of the unexpired portion of premiums written.

Revenue from sales of equipment under sales-type leases is recognized at the inception of the lease. Unearned income on sales-type leases and direct-financing leases is recognized over the life of each respective lease using the interest method. Leases not qualifying as sales-type leases or direct-financing leases are accounted for as operating leases and the related revenue is recognized over the lease term.

Taxes collected from customers and remitted to governmental authorities on revenue-producing transactions are accounted for on a net basis and therefore are excluded from net sales and operating revenue in the consolidated statements of income.

(4) Foreign Currency Translation

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the rates of exchange in effect at year-end and all income and expense accounts are translated at average rates of exchange during the year. The resulting translation adjustments are accumulated and reported as part of other comprehensive income (loss).

Foreign currency receivables and payables of the Company are translated into yen at the rate in effect at the balance sheet date and the resulting translation gains and losses are credited or charged to foreign currency income/expenses for the year.

(5) Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with initial maturities of three months or less to be cash equivalents.

(6) Investments in Debt and Equity Securities

The Company classifies investments in debt and equity securities as "available-for-sale" or "held-to-maturity." The Company has no securities classified as "trading." "Held-to-maturity" securities are those securities in which the Company has the ability and intent to hold the security until maturity. All securities not included in "trading" or "held-to-maturity" are classified as "available-for-sale" securities. Marketable equity securities classified as "available-for-sale" are measured at fair value with unrealized gains and losses included in income. Marketable debt securities classified as "available-for-sale" are measured at fair value, and unrealized holding gains and losses are reported as part of accumulated other comprehensive income (loss), net of tax. Debt securities classified as "held-to-maturity" are reported at amortized cost.

A decline in the fair value of any marketable debt securities classified as "available-for-sale" below cost that is deemed to be other-than-temporary results in a reduction in the carrying amount to fair value. The impairment is charged to income and a new cost basis for the securities is established. To determine whether an impairment is other-than-temporary, the Company considers the length of time and extent to which the market value of the security has been less than its original cost, the financial condition, other specific factors affecting the market value, deterioration of the credit condition of the issuers, and whether or not the Company is able to retain the investment for a period of time sufficient to allow for the anticipated recovery in market value.

Realized gain or losses on the sale of marketable debt securities classified as "available-for-sale" are based on the moving-average cost method and are credited or charged to income.

Other investments in non-public companies, except for private equity investments, are recorded at cost as fair value is not readily determinable. The Company periodically evaluates the values of other investments in non-public companies for possible impairment by taking into consideration the financial and operating conditions of the issuer, the general market conditions in the issuer's industry and the period of the decline in the estimated fair value and other relevant factors. If the impairment is determined to be other-than-temporary, other investments in non-public companies are written down to their impaired value through a charge to income.

(7) Private Equity Investments

The Company accounts for private equity investments in accordance with ASC 946, "Financial Services—Investment Companies," in which investments are accounted for at fair value based on the Company's assessment of each underlying investment. The investments, by their nature, have little or no price transparency.

Investments are initially carried at cost as an approximation of fair value. Adjustments to carrying value are made if there is evidence of a change in fair value. Downward adjustments are also made, in the absence of third-party transactions, if it is determined that the expected realizable value of the investment has declined below the carrying value.

The carrying value of private equity investments was ¥68,454 million (\$456,360 thousand) and ¥50,902 million at March 31, 2025 and 2024, respectively.

Private equity investments are included in investment securities in the consolidated balance sheets.

(8) Inventories

Inventories, consisting of security-related products, fire protection-related products, real estate and other related products, are stated at the lower of cost and net realizable value. Cost is determined, in the case of real estate, based on the specific identification method and, in the case of other inventories, primarily using the moving-average method.

(9) Allowance for Credit Losses

The allowance for credit losses on financing receivables is based on an estimate of all credit losses expected to be incurred in the future over the remaining life of the receivables.

In recording allowance for credit losses, the Company manages credit quality collectively and for individually evaluated receivables, and collectively and individually evaluates financial assets based on historical credit loss experience and reasonable and supportable projections, including the financial condition of borrowers and delinquent payments.

(10) Deferred Insurance Acquisition Costs

Costs that vary with and are primarily related to acquiring new insurance policies are deferred and amortized principally over the premium-paying period of the related insurance policies applying a percentage relationship of cost incurred to premiums from contracts issued to applicable unearned premiums throughout the period of the contract.

(11) Property, Plant and Equipment and Depreciation

Property, plant and equipment, including significant leasehold improvements, are carried at cost and depreciated at rates based on the estimated useful lives of the assets. Depreciation is computed using the straight-line method for assets other than security equipment and control stations. Security equipment and control stations are depreciated using the declining-balance method. Assets leased to others under operating leases are depreciated using the straight-line

method over the estimated useful lives. Depreciation expense was ¥63,326 million (\$422,173 thousand), ¥59,785 million and ¥58,211 million for the years ended March 31, 2025, 2024 and 2023, respectively. Maintenance, repairs and renewals are charged to income as incurred.

The estimated useful lives of depreciable assets are as follows:

Buildings	33 to 50 years
Security equipment and control stations	5 to 8 years
Machinery, equipment and automobiles	2 to 20 years

The Company recognizes asset retirement obligations if the fair value of the obligations can be reasonably estimated. Asset retirement obligations include those for which an entity has a legal obligation to perform an asset retirement activity, however, the timing and/or method of settling the obligation are conditional on a future event that may or may not be within the control of the entity.

Performance of a contractual asset retirement obligation is required for the building leased by a certain subsidiary when the lease matures and the Company returns the leased building to its owner. However, the Company plans not to relocate from the building and to continue to use it until it will be demolished without restoration. As such, the execution of such obligation is not expected. The Company evaluated all the available evidence as of March 31, 2025 and performed efforts to establish the best estimate. However, the scope and the amount of execution of the obligation cannot be reasonably estimated. Therefore, an asset retirement obligation for that building lease is not recognized.

(12) Leases as lessee

The Company recognizes a right of use asset and a lease liability at the lease commencement date, for finance leases and operating leases.

Some of the contracts include options to extend or to terminate the lease. The Company takes such options into consideration in order to determine the lease term when it is reasonably certain that it will exercise these options. The Company uses its incremental borrowing rate based on the information available at commencement to determine the present values of lease payments. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow.

(13) Short-Term Deferred Charges and Long-Term Deferred Charges

Short-term deferred charges and long-term deferred charges primarily consist of costs related to installation services of security equipment used to provide on-line security systems. The installation costs are deferred and amortized using the straight-line method over the contractual period of security services after completion of the installation. Amortization expense was ¥8,507 million (\$56,712 thousand), ¥8,831 million and ¥9,073 million for the years ended March 31, 2025, 2024 and 2023, respectively.

(14) Impairment or Disposal of Long-Lived Assets

In accordance with ASC 360, "Property, Plant and Equipment," the Company reviews the carrying amount of its long-lived assets held and used, other than goodwill and intangible assets with indefinite lives, and assets to be disposed of, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets to be held and used are reviewed for impairment by comparing the carrying amount of the assets with their estimated future undiscounted cash flows. If it is determined that an impairment loss has occurred, the loss would be recognized during the period, and calculated as the difference between the assets' carrying amount and the fair value. Long-lived assets that are to be disposed of other than by sale are considered held and used until they are disposed of. Long-lived assets that are to be disposed of by sale are reported at the lower

of their carrying amount or fair value less cost to sell. Reductions in the carrying amount are recognized in the period in which the long-lived assets are classified as held for sale.

(15) Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over the fair value of assets of business acquired. Pursuant to ASC 350, "Intangibles—Goodwill and Other," goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually. This accounting standard also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with ASC 360. The Company conducts its annual impairment test each fiscal year.

(16) Unearned Premiums and Other Insurance Liabilities

Unearned premiums are related to unexpired periods of insurance contracts and are earned on a pro-rata basis over the remaining contract period. Other insurance liabilities consist principally of liabilities for unpaid claims and adjustment expenses, which are estimates of payments to be made on reported claims and incurred but not reported claims, which are computed based on past experience for unpaid losses.

(17) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be realized or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The Company recognizes in the consolidated financial statements the impact of a tax position, if any, based on the technical merits of the position, when that position is more likely than not to be sustained upon examination. The benefit of the tax position is measured at the largest amount of benefit that has greater than 50 percent likelihood of being realized upon settlement with the appropriate tax authority.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income.

(18) Research and Development

Research and development costs are charged to income as incurred. Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2025, 2024 and 2023 were ¥8,444 million (\$56,293 thousand), ¥7,816 million and ¥7,584 million, respectively.

(19) Advertising Costs

Advertising costs are charged to income as incurred, except for the costs related to insurance policies. Advertising costs for acquiring new insurance policies are deferred and amortized as part of insurance acquisition costs. Advertising expenses included in selling, general and administrative expenses for the years ended March 31, 2025, 2024 and 2023 were ¥5,325 million (\$35,500 thousand), ¥5,807 million and ¥5,884 million, respectively.

(20) Shipping and Handling Costs

Shipping and handling costs included in selling, general and administrative expenses for the years ended March 31, 2025, 2024 and 2023 were ¥1,287 million (\$8,580 thousand), ¥1,277 million and ¥1,349 million, respectively.

(21) Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with ASC 815, "Derivatives and Hedging."

The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding them. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in equity as a component of accumulated other comprehensive income (loss) depending on whether the derivative financial instruments qualify for hedge accounting, and if so, whether they qualify as a fair value hedge or a cash flow hedge. Changes in the fair values of derivative financial instruments accounted for as a fair value hedge are recorded in income along with the portion of the change in the fair value of the hedged item that relates to the hedged risk. Changes in the fair value of derivative financial instruments accounted for as a cash flow hedge, to the extent it is effective as a hedge, are recorded in accumulated other comprehensive income (loss), net of tax. Changes in the fair value of derivative financial instruments not qualifying as a hedge are reported in income.

The Company meets the documentation requirements necessary for effective hedges which include the risk management objective and strategy for undertaking various hedge transactions. In addition, formal assessment is made at inception of the hedge and periodically on an on-going basis, as to whether the derivatives used in hedging activities are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedge accounting is discontinued for ineffective hedges, if any. Changes in fair value of discontinued hedges are recognized in income.

(22) Per Share Data

Basic Earnings per Share ("EPS") is computed based on the average number of shares of common stock outstanding for the period. The Company implemented a 2 for 1 common stock split on October 1, 2024. On the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2023, the average number of shares of common stock outstanding for the years ended March 31, 2025, 2024 and 2023 was 415,861 thousand shares, 423,003 thousand shares and 431,831 thousand shares, respectively. There were no potentially dilutive shares outstanding during the years ended March 31, 2025, 2024 or 2023.

Cash dividends per share shown in the accompanying consolidated statements of income are computed based on dividends approved and paid in each fiscal year.

(23) Use of Estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the carrying amounts of inventories, deferred insurance acquisition costs, investment securities, other investments,

property, plant and equipment, goodwill, other intangible assets, unearned premiums and other insurance liabilities, valuation of receivables, valuation allowances for deferred income taxes, valuation of derivative instruments, assets and obligations related to employee benefits, asset retirement obligations, income tax uncertainties, and other contingencies.

(24) Recent Pronouncements

In August 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-12, "Targeted Improvements to the Accounting for Long-Duration Contracts." This accounting standard changes the recognition, measurement, presentation and disclosure requirements for long duration contracts. This accounting standard was originally planned to be effective for fiscal years beginning after December 15, 2020, however, in November 2019, the FASB issued ASU No. 2019-09, "Effective Dates," which defers the effective date of ASU No. 2018-12 for public entities excluding Securities and Exchange Commission (SEC) filers for three years. In addition, in December 2022, the FASB issued ASU No. 2022-05, "Transition for Sold Contracts," which amended some of ASU No. 2018-12. ASU No. 2022-05 is effective for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025, and will be adopted by the Company in the fiscal year beginning April 1, 2025. The Company is currently evaluating the impact of adopting this accounting standard on its consolidated financial statements.

In November 2024, the FASB issued Accounting Standards Update (ASU) No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosure. This accounting standard requires public business entities to disclose, in a tabular format, disaggregated amounts of certain expense categories presented in the income statement, including purchases of inventory, employee compensation, depreciation, intangible assets amortization, and depletion. Additionally, entities are required to include certain expenses that are already subject to existing disclosure requirements within the same table as part of the relevant expense line items. For any remaining amounts that are not required to be disaggregated quantitatively, a qualitative description must be provided. Furthermore, the standard requires disclosure of the total amount of selling expenses and, for annual reporting periods, the entity's definition of selling expenses. The amendments are effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact of adopting this standard on its disclosures.

(25) Discontinued Operations

ASC 205-20, "Discontinued Operations," requires the operating results of any component of an entity with its own identifiable operations and cash flows which is disposed of or is classified as held for sale, and with which the Company will not have significant continuing involvement to be reported in discontinued operations.

3. U.S. Dollar Amounts

U.S. dollar amounts have been included in these financial statements solely for the convenience of the reader. The translations of yen into U.S. dollars have been made at the rate of ¥150=US\$1, the approximate rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2025. These translations should not be construed as representing that the yen amounts actually constitute, or have been or could be converted into U.S. dollars at that rate.

4. Acquisitions

Acquisition of SENON LIMITED

On July 1, 2022, the Company acquired 55.1% of common shares outstanding of SENON LIMITED for ¥27,000 million in cash. The purpose of this acquisition is to expand the business as a total security company through providing more customers with higher quality and optimized security services by combining SENON's wide range of security services nationwide with SECOM's technological advantages and expertise.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

	In millions of yen
Cash and cash equivalents.....	¥ 8,263
Due from subscribers	3,991
Other current assets.....	620
Property, plant and equipment.....	4,305
Intangible assets, including goodwill	40,276
Other assets	5,572
Total assets acquired	63,027
Current liabilities	8,348
Long-term liabilities	5,563
Total liabilities assumed	13,911
Noncontrolling interests.....	22,116
Net assets acquired	¥27,000

Intangible assets of ¥7,737 million subject to amortization include customer relationships of ¥7,685 million with a useful life ranging from 10 to 15 years. Goodwill of ¥32,539 million represents expected excess earnings power based on the future business operations. It is not deductible for tax purposes and has been assigned to the security services segment, and the real estate and other services segment.

The Company recorded acquisition costs of ¥63 million related to this acquisition in selling, general and administrative expenses for the year ended March 31, 2023.

The following unaudited pro forma information shows the Company's consolidated results of operations for the year ended March 31, 2023 as if the newly consolidated subsidiaries acquired in the year ended March 31, 2023, were consolidated on April 1, 2021.

	In millions of yen
	Year ended March 31
Unaudited	2023
Pro forma net sales and operating revenue	¥1,236,730
Pro forma net income attributable to SECOM Co., Ltd.	111,711
	In yen
	Year ended March 31
Unaudited	2023
Pro forma net income attributable to SECOM Co., Ltd. per share	¥517.39

The unaudited pro forma data is not necessarily indicative of the Company's consolidated results of operations that would actually have been reported if the transaction in fact had occurred on April 1, 2021, and is not necessarily representative of the Company's consolidated results of operations for any future period.

5. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2025 and 2024 comprise the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2025	2024	2025
Cash.....	¥367,374	¥416,263	\$2,449,160
Time deposits.....	13,570	12,187	90,467
Call loan.....	28,000	—	186,667
Investment securities.....	9,689	7,278	64,593
	¥418,633	¥435,728	\$2,790,887

Investment securities include negotiable certificates of deposit and money management funds. These agreements mature within three months and their carrying values approximate fair value. The Company has not experienced any losses through default of the financial institutions and does not anticipate default of any outstanding agreements.

6. Cash Deposits for Armored Car Services

The Company operates cash collection and deposit services for financial institutions relating to cash dispensers located outside of financial institution facilities and also operates cash collection and delivery services for entities other than financial institutions. Cash deposit for armored car services balances are segregated from cash and cash equivalents and are restricted as to use by the Company. The Company funds most of the cash for such operations through bank overdrafts and deposits. Bank loans and deposits received, which relate to these operations, were ¥19,980 million (\$133,200 thousand) and ¥121,062 million (\$807,080 thousand), respectively, at March 31, 2025, and ¥15,091 million and ¥123,521 million, respectively, at March 31, 2024. As part of its fee arrangement, the Company is reimbursed for the interest cost of the related overdrafts.

7. Short-Term Investments and Investment Securities

Short-term investments (current) and investment securities (noncurrent) include debt and equity securities. The related aggregate fair value, gross unrealized gains, gross unrealized losses and costs pertaining to "available-for-sale" and "held-to-maturity" investments at March 31, 2025 and 2024 are as follows:

	In millions of yen			
	March 31, 2025			
	Gross unrealized			Fair value
	Cost	Gains	Losses	
Short-term investments:				
Available-for-sale:				
Debt securities.....	¥ 25,112	¥ 273	¥ 212	¥ 25,173
Held-to-maturity:				
Debt securities.....	—	—	—	—
	¥ 25,112	¥ 273	¥ 212	¥ 25,173
Investment securities:				
Available-for-sale:				
Debt securities.....	¥100,485	¥2,330	¥1,964	¥100,851
Held-to-maturity:				
Debt securities.....	11,662	1	300	11,363
	¥112,147	¥2,331	¥2,264	¥112,214

In millions of yen				
March 31, 2024				
	Cost	Gross unrealized		Fair value
		Gains	Losses	
Short-term investments:				
Available-for-sale:				
Debt securities	¥ 12,348	¥ 3	¥ 126	¥ 12,225
Held-to-maturity:				
Debt securities	149	—	2	147
	¥ 12,497	¥ 3	¥ 128	¥ 12,372

Investment securities:				
Available-for-sale:				
Debt securities	¥113,356	¥2,642	¥2,292	¥113,706
Held-to-maturity:				
Debt securities	11,569	499	202	11,866
	¥124,925	¥3,141	¥2,494	¥125,572

In thousands of U.S. dollars				
March 31, 2025				
	Cost	Gross unrealized		Fair value
		Gains	Losses	
Short-term investments:				
Available-for-sale:				
Debt securities	\$167,413	\$ 1,820	\$ 1,413	\$167,820
Held-to-maturity:				
Debt securities	—	—	—	—
	\$167,413	\$ 1,820	\$ 1,413	\$167,820

Investment securities:				
Available-for-sale:				
Debt securities	\$669,900	\$15,533	\$13,093	\$672,340
Held-to-maturity:				
Debt securities	77,747	7	2,001	75,753
	\$747,647	\$15,540	\$15,094	\$748,093

Gross unrealized losses on, and fair value of, "available-for-sale" and "held-to-maturity" securities, aggregated by investment category and the length of time that individual securities have been in a continuous unrealized loss position at March 31, 2025 are as follows:

In millions of yen				
March 31, 2025				
	Less than 12 months		12 months or longer	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:				
Debt securities	¥69,158	¥2,176	¥—	¥—
Held-to-maturity:				
Debt securities	¥10,974	¥ 300	¥—	¥—

In thousands of U.S. dollars				
March 31, 2025				
	Less than 12 months		12 months or longer	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:				
Debt securities	\$461,053	\$14,507	\$—	\$—
Held-to-maturity:				
Debt securities	\$ 73,160	\$ 2,000	\$—	\$—

Based on the Company's ability and intent to hold the investments for a reasonable period of time sufficient for a recovery of fair value, the credit condition of the issuers and other relevant factors, the Company does not consider these investments to be other-than-temporarily impaired at March 31, 2025.

At March 31, 2025, debt securities principally consisted of short-term investments in monetary trusts, Japanese government bonds, corporate bonds, U.S. treasury securities and U.S. Government Agency Bonds.

The cost and fair value of "available-for-sale" and "held-to-maturity" debt securities by contractual maturity at March 31, 2025 are as follows:

In millions of yen				
March 31, 2025				
	Available-for-sale		Held-to-maturity	
	Cost	Fair value	Cost	Fair value
Due within 1 year	¥ 25,112	¥ 25,173	¥ —	¥ —
Due after 1 year through 5 years	53,722	55,296	288	289
Due after 5 years through 10 years	23,554	22,996	9,173	9,060
Due after 10 years	23,209	22,559	2,201	2,014
	¥125,597	¥126,024	¥11,662	¥11,363

In thousands of U.S. dollars				
March 31, 2025				
	Available-for-sale		Held-to-maturity	
	Cost	Fair value	Cost	Fair value
Due within 1 year	\$167,413	\$167,820	\$ —	\$ —
Due after 1 year through 5 years	358,146	368,640	1,920	1,927
Due after 5 years through 10 years	157,027	153,307	61,154	60,399
Due after 10 years	154,727	150,393	14,673	13,427
	\$837,313	\$840,160	\$77,747	\$75,753

Proceeds from the sale of "available-for-sale" securities for the years ended March 31, 2025, 2024 and 2023 were ¥7,669 million (\$51,127 thousand), ¥12,685 million and ¥29,944 million, respectively. On those sales, the gross realized gains and gross realized losses, using a moving-average cost basis, for the years ended March 31, 2025, 2024 and 2023 are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31	Years ended March 31	Years ended March 31	Year ended March 31
	2025	2024	2023	2025
Gross realized gains	¥359	¥2,678	¥3,148	\$2,393
Gross realized losses	120	1,285	212	800

The Company maintains long-term investment securities, issued by a number of non-public companies, included as investment securities in the consolidated balance sheets. The aggregate carrying amount of the investments in non-public companies, at cost net of other-than-temporary impairment, was ¥6,240 million (\$41,600 thousand) and ¥6,408 million at March 31, 2025 and 2024, respectively. The corresponding fair value at that date was not computed as such estimation was not practicable and no significant events or changes that might have affected the fair value of the investments were observed.

8. Inventories

Inventories at March 31, 2025 and 2024 comprise the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2025	2024	2025
Security-related products.....	¥10,873	¥12,777	\$ 72,487
Fire protection-related products.....	19,661	21,566	131,073
Real estate.....	5,152	3,511	34,347
Other-related products.....	15,737	14,676	104,913
	¥51,423	¥52,530	\$342,820

There is no write-down on real estate inventories included in cost of sales for the years ended March 31, 2025, 2024 and 2023.

9. Credit Quality of Financing Receivables and Allowance for Credit Losses

The Company has financing receivables and classifies them into the following categories: "lease receivables," "loans receivable resulting from medical services," "other loans receivable" and other categories. Financing receivables classified as "lease receivables" are resulting from lease transactions of security merchandise and security systems.

In recording allowance for credit losses, the Company manages credit quality as collectively and individually evaluated receivables, and collectively and individually evaluates financial assets based on historical credit loss experience and reasonable and supportable projections, including the financial condition of borrowers and delinquent payments.

Financing receivables and allowance for credit losses at March 31, 2025 and 2024 are as follows:

	In millions of yen				
	Year ended March 31, 2025				
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Allowance for credit losses:					
Balance at beginning of year.....	¥ 195	¥2,598	¥ 330	¥ 829	¥ 3,952
Provision (Reversal) ...	27	(71)	(6)	(126)	(176)
Charge off.....	(34)	—	—	—	(34)
Other.....	—	—	—	—	—
Balance at end of year.....	188	2,527	324	703	3,742
Individually evaluated.....	107	2,527	324	703	3,661
Collectively evaluated.....	¥ 81	¥ —	¥ —	¥ —	¥ 81
Financing receivables:					
Individually evaluated.....	¥ 156	¥3,222	¥ 372	¥ 721	¥ 4,471
Collectively evaluated.....	50,373	302	1,148	116	51,939
	¥50,529	¥3,524	¥1,520	¥ 837	¥56,410

	In millions of yen				
	Year ended March 31, 2024				
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Allowance for credit losses:					
Balance at beginning of year.....	¥ 203	¥2,881	¥ 431	¥ 732	¥ 4,247
Provision (Reversal) ...	26	(283)	(101)	97	(261)
Charge off.....	(34)	—	—	(0)	(34)
Other.....	—	—	—	—	—
Balance at end of year.....	195	2,598	330	829	3,952
Individually evaluated.....	104	2,598	330	829	3,861
Collectively evaluated.....	¥ 91	¥ —	¥ —	¥ —	¥ 91
Financing receivables:					
Individually evaluated.....	¥ 170	¥3,344	¥ 384	¥ 851	¥ 4,749
Collectively evaluated.....	48,427	328	1,131	142	50,028
	¥48,597	¥3,672	¥1,515	¥ 993	¥54,777

	In thousands of U.S. dollars				
	Year ended March 31, 2025				
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Allowance for credit losses:					
Balance at beginning of year.....	\$ 1,300	\$17,320	\$ 2,200	\$5,527	\$ 26,347
Provision (Reversal) ...	180	(473)	(40)	(840)	(1,173)
Charge off.....	(227)	—	—	—	(227)
Other.....	—	—	—	—	—
Balance at end of year.....	1,253	16,847	2,160	4,687	24,947
Individually evaluated.....	713	16,847	2,160	4,687	24,407
Collectively evaluated.....	\$ 540	\$ —	\$ —	\$ —	\$ 540
Financing receivables:					
Individually evaluated.....	\$ 1,040	\$21,480	\$ 2,480	\$4,807	\$ 29,807
Collectively evaluated.....	335,820	2,013	7,653	773	346,259
	\$336,860	\$23,493	\$10,133	\$5,580	\$376,066

The Company considers receivables are past due and the financial position of the debtor to be credit quality indicators and classifies financing receivables into Overdue and Current. Financing receivables determined to have no prospects for collecting contractual interest on the basis of being past due and other factors are placed on nonaccrual status.

The aging analysis of the recorded financing receivables and financing receivables on nonaccrual status at March 31, 2025 and 2024 are as follows:

In millions of yen					
March 31, 2025					
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Current.....	¥50,374	¥3,490	¥1,179	¥ 667	¥55,710
Overdue	155	34	341	170	700
Total:					
Financing receivables....	¥50,529	¥3,524	¥1,520	¥ 837	¥56,410
Financing receivables on nonaccrual status.....	¥ —	¥ 1	¥ 372	¥ —	¥ 373

In millions of yen					
March 31, 2024					
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Current.....	¥48,427	¥3,635	¥1,172	¥ 818	¥54,052
Overdue	170	37	343	175	725
Total:					
Financing receivables....	¥48,597	¥3,672	¥1,515	¥ 993	¥54,777
Financing receivables on nonaccrual status.....	¥ —	¥ 4	¥ 384	¥ —	¥ 388

In thousands of U.S. dollars					
March 31, 2025					
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Current.....	\$335,827	\$23,266	\$ 7,860	\$4,447	\$371,400
Overdue	1,033	227	2,273	1,133	4,666
Total:					
Financing receivables....	\$336,860	\$23,493	\$10,133	\$5,580	\$376,066
Financing receivables on nonaccrual status.....	\$ —	\$ 7	\$ 2,480	\$ —	\$ 2,487

Impaired receivables and the related allowance for credit losses at March 31, 2025 and 2024 are as follows:

In millions of yen					
March 31, 2025					
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Impaired receivables	¥156	¥3,222	¥372	¥721	¥4,471
Related allowance for credit losses.....	107	2,527	324	703	3,661
In millions of yen					
March 31, 2024					
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Impaired receivables	¥170	¥3,344	¥384	¥851	¥4,749
Related allowance for doubtful accounts.....	104	2,598	330	829	3,861

In thousands of U.S. dollars					
March 31, 2025					
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Impaired receivables.....	\$1,040	\$21,480	\$2,480	\$4,807	\$29,807
Related allowance for credit losses.....	713	16,847	2,160	4,687	24,407

The average amounts of impaired receivables for the year ended March 31, 2025 are as follows:

In millions of yen					
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Average amounts of impaired receivables.....	¥163	¥3,283	¥378	¥787	¥4,611

In thousands of U.S. dollars					
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Average amounts of impaired receivables.....	\$1,087	\$21,887	\$2,520	\$5,246	\$30,740

10. Investments in Affiliated Companies

The Company has investments in affiliated companies that are accounted for under the equity method. Investments principally consist of Taiwan Secom Co., Ltd., a 28.7 percent owned affiliate, which is listed on the Taiwan Stock Exchange; S1 Corporation, a 28.8 percent owned affiliate, which is listed on the Korea Exchange; and Toyo Tech Co., Ltd., a 27.3 percent owned affiliate, which is listed on the Standard Market of the Tokyo Stock Exchange.

Combined financial information for the affiliated companies accounted for under the equity method is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31	March 31	March 31
	2025	2024	2025
Current assets	¥272,129	¥257,376	\$1,814,193
Noncurrent assets.....	373,576	366,937	2,490,507
Total assets.....	¥645,705	¥624,313	\$4,304,700
Current liabilities	¥145,181	¥140,403	\$ 967,873
Long-term liabilities	142,120	127,887	947,467
Equity.....	358,404	356,023	2,389,360
Total liabilities and equity.....	¥645,705	¥624,313	\$4,304,700

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31	Years ended March 31	Years ended March 31	Year ended March 31
	2025	2024	2023	2025
Net sales.....	¥546,005	¥454,890	¥364,506	\$3,640,033
Gross profit.....	¥144,808	¥120,201	¥ 93,061	\$ 965,387
Net income attributable to affiliated companies.....	¥ 28,349	¥ 33,860	¥ 29,874	\$ 188,993

Dividends received from affiliated companies for the years ended March 31, 2025, 2024 and 2023 were ¥6,942 million (\$46,280 thousand), ¥6,103 million and ¥5,527 million, respectively.

Three listed affiliated companies accounted for under the equity method with an aggregated carrying amount of ¥76,986 million (\$513,240 thousand) and ¥75,072 million at March 31, 2025 and 2024, respectively, had a quoted market value of ¥137,487 million (\$916,580 thousand) and ¥142,900 million at March 31, 2025 and 2024, respectively.

The amounts of goodwill included in the carrying amount of investments in affiliated companies were ¥53,244 million (\$354,960 thousand) and ¥50,150 million at March 31, 2025 and 2024, respectively.

A summary of transactions and balances with the affiliated companies accounted for under the equity method is presented below:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Sales.....	¥ 1,740	¥ 1,099	¥1,104	\$11,600
Purchases.....	¥11,506	¥10,317	¥8,810	\$76,707
	In millions of yen		In thousands of U.S. dollars	
	March 31		March 31	
	2025	2024	2025	
Notes and accounts receivable, trade.....	¥ 756	¥471	\$ 5,040	
Loans receivable.....	¥ —	¥ —	\$ —	
Notes and accounts payable.....	¥2,558	¥618	\$17,053	
Guarantees for bank loans.....	¥ —	¥ —	\$ —	

The Company's equity in undistributed income of affiliates at March 31, 2025 and 2024 included in retained earnings was ¥55,673 million (\$371,153 thousand) and ¥51,634 million, respectively.

11. Long-Lived Assets

The Company has assessed the potential impairment of its long-lived assets. As a result of a significant decrease in revenue forecasts, the Company recognized impairment losses for the years ended March 31, 2025, 2024 and 2023. The fair value was determined based on the estimated present value of future cash flows or appraisal value.

Impairment losses on long-lived assets by business segment for the years ended March 31, 2025, 2024 and 2023 are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Security services.....	¥1,008	¥ 918	¥ 154	\$ 6,720
Fire protection services.....	456	—	—	3,040
Medical services.....	810	2,466	742	5,400
Insurance services.....	—	—	—	—
Geospatial information services.....	19	302	1,726	127
BPO and ICT services.....	1,346	742	25	8,973
Other services.....	27	—	—	180
Corporate items.....	—	—	—	—
Total.....	¥3,666	¥4,428	¥2,647	\$24,440

12. Goodwill and Other Intangible Assets

The components of acquired intangible assets, excluding goodwill, at March 31, 2025 and 2024 are as follows:

	In millions of yen		
	March 31, 2025		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software.....	¥ 81,358	(¥45,879)	¥35,479
Other.....	54,817	(27,769)	27,048
	¥136,175	(¥73,648)	¥62,527
Unamortized intangible assets.....	¥ 5,405	¥ —	¥ 5,405
	In millions of yen		
	March 31, 2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software.....	¥ 77,130	(¥48,621)	¥28,509
Other.....	56,515	(24,588)	31,927
	¥133,645	(¥73,209)	¥60,436
Unamortized intangible assets.....	¥ 4,589	¥ —	¥ 4,589
	In thousands of U.S. dollars		
	March 31, 2025		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software.....	\$542,387	(\$305,860)	\$236,527
Other.....	365,447	(185,127)	180,320
	\$907,834	(\$490,987)	\$416,847
Unamortized intangible assets.....	\$ 36,033	\$ —	\$ 36,033

Aggregate amortization expense for the years ended March 31, 2025, 2024 and 2023 was ¥13,431 million (\$89,540 thousand), ¥12,398 million and ¥11,434 million, respectively. Amortized intangible assets are amortized using the straight-line method over their estimated useful lives. The weighted average amortization period for internal use software is approximately five years.

The estimated aggregate amortization expense for intangible assets for the next five years is as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2026.....	¥14,020	\$93,467
2027.....	12,686	84,573
2028.....	11,214	74,760
2029.....	9,339	62,260
2030.....	6,420	42,800

The changes in the carrying amount of goodwill by business segment for the years ended March 31, 2025 and 2024 are as follows:

	In millions of yen						
	Security services	Fire protection services	Medical services	Geospatial information services	BPO and ICT services	Other services	Total
Goodwill.....	¥97,866	¥2,206	¥9,399	¥3,855	¥35,114	¥9,529	¥157,969
Accumulated impairment losses.....	(10,039)	—	(5,938)	(191)	(175)	—	(16,343)
March 31, 2023....	87,827	2,206	3,461	3,664	34,939	9,529	141,626
Goodwill acquired during the year...	—	—	—	—	—	—	—
Disposal.....	—	—	—	—	—	—	—
Impairment losses.....	(1,500)	—	(1,077)	—	—	(1,827)	(4,404)
Translation adjustment.....	463	—	—	—	—	—	463
Goodwill.....	98,329	2,206	9,399	3,855	35,114	9,529	158,432
Accumulated impairment losses.....	(11,539)	—	(7,015)	(191)	(175)	(1,827)	(20,747)
March 31, 2024....	86,790	2,206	2,384	3,664	34,939	7,702	137,685
Goodwill acquired during the year...	96	790	—	—	—	—	886
Disposal.....	—	—	—	—	—	—	—
Impairment losses.....	—	—	—	—	—	—	—
Translation adjustment.....	121	—	—	—	—	—	121
Goodwill.....	98,546	2,996	9,399	3,855	35,114	9,529	159,439
Accumulated impairment losses.....	(11,539)	—	(7,015)	(191)	(175)	(1,827)	(20,747)
March 31, 2025....	¥87,007	¥2,996	¥2,384	¥3,664	¥34,939	¥7,702	¥138,692

	In thousands of U.S. dollars						
	Security services	Fire protection services	Medical services	Geospatial information services	BPO and ICT services	Other services	Total
Goodwill.....	\$655,527	\$14,707	\$62,660	\$25,700	\$234,094	\$63,527	\$1,056,215
Accumulated impairment losses.....	(76,927)	—	(46,767)	(1,273)	(1,167)	(12,180)	(138,314)
March 31, 2024....	578,600	14,707	15,893	24,427	232,927	51,347	917,901
Goodwill acquired during the year...	640	5,266	—	—	—	—	5,906
Disposal.....	—	—	—	—	—	—	—
Impairment losses.....	—	—	—	—	—	—	—
Translation adjustment.....	806	—	—	—	—	—	806
Goodwill.....	656,973	19,973	62,660	25,700	234,094	63,527	1,062,927
Accumulated impairment losses.....	(76,927)	—	(46,767)	(1,273)	(1,167)	(12,180)	(138,314)
March 31, 2025....	\$580,046	\$19,973	\$15,893	\$24,427	\$232,927	\$51,347	\$ 924,613

Impairment losses on goodwill recognized in the above table are mainly due to decreases in the estimated fair value of reporting units in each segment mainly caused by decreases in projected cash flows. The fair value is determined based on the estimated present value of future cash flows.

13. Bank Loans and Long-Term Debt

Bank loans of ¥33,355 million (\$222,367 thousand) and ¥29,185 million at March 31, 2025 and 2024, respectively, are generally comprised of 30 to 365 day notes. The weighted average interest rate was 0.91 percent and 0.81 percent at March 31, 2025 and 2024, respectively. Substantially all of these loans are borrowed from banks. The Company has entered into basic agreements with these banks which state that, with respect to all present or future loans with such banks, collateral (including sums on deposit with such banks) or guarantors shall be provided immediately upon request. Further, any collateral furnished pursuant to such agreements or otherwise will be applicable to all indebtedness to such banks. The Company has not been requested to submit such additional security.

At March 31, 2025, Nohmi Bosai Ltd. and Arai & Co., Ltd., subsidiaries of the parent company, had an unused committed line of credit from short-term arrangements of ¥4,548 million (\$30,320 thousand). The line of credit expires in March 2026. Under the agreement, Nohmi Bosai Ltd. is required to pay commitment fees, at an annual rate of 0.15 percent, on the unused portion of the line of credit. The line of credit expires in April 2041. Under the agreement, Arai & Co., Ltd. is required to pay commitment fees, at an annual rate of 0.55 percent and Japanese yen one month Tokyo Interbank Offered Rate (tibor), on the unused portion of the line of credit.

At March 31, 2025, the Company had overdraft agreements with 31 banks and its unused lines of credit amounted to ¥68,640 million (\$457,600 thousand). The Company incurs no fee on the unused portion of these overdraft agreements. The overdraft agreements expire in the period from April 2025 to March 2026. The Company has the ability and intent to extend these overdraft agreements under similar terms and conditions.

Long-term debt at March 31, 2025 and 2024 comprises the following:

	In millions of yen		In thousands of U.S. dollars
	March 31	March 31	March 31
	2025	2024	2025
Loans, principally from banks due 2024–2045 with interest rates ranging from 0.13% to 3.60%:			
Secured.....	¥ 8,901	¥ 9,988	\$ 59,340
Unsecured.....	15,450	15,972	103,000
Unsecured bonds due 2024–2040 with floating interest rates based on 6-month Japanese yen TIBOR.....	2,615	3,003	17,433
Obligations under finance leases, due 2024–2062 (Note 19).....	32,900	33,797	219,334
	59,866	62,760	399,107
Less: Portion due within one year.....	(10,605)	(11,350)	(70,700)
	¥49,261	¥51,410	\$328,407

Assets pledged as collateral for bank loans and long-term debt at March 31, 2025 and 2024 are as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31	March 31	March 31
	2025	2024	2025
Time deposits.....	¥ —	¥ —	\$ —
Short-term and long-term receivables...	6,000	6,011	40,000
Investment securities.....	1,429	1,399	9,527
Property, plant and equipment.....	38,990	39,572	259,933
Other intangible assets.....	508	508	3,387

The aggregate annual maturities on long-term debt at March 31, 2025 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2026.....	¥10,605	\$ 70,700
2027.....	9,225	61,500
2028.....	7,198	47,987
2029.....	5,765	38,433
2030.....	4,102	27,347
Thereafter.....	22,971	153,140
	¥59,866	\$399,107

14. Insurance-Related Operations

Secom General Insurance Co., Ltd. ("Secom Insurance"), a subsidiary of the parent company, maintains accounting records as noted in Note 2 in accordance with Japanese GAAP, which vary in certain respects from U.S. GAAP. Those differences are principally, (a) that insurance acquisition costs are charged to expense when incurred under Japanese GAAP whereas under U.S. GAAP, those costs are deferred and amortized generally over the premium-paying period of the insurance policies, (b) that liabilities related to incurred but not reported claims are computed based on related regulations in Japan whereas under U.S. GAAP, those liabilities are computed based on past experience for unreported losses, and (c) that unearned premiums are calculated based on the documents authorized by the Supervisory Authorities in Japan whereas under U.S. GAAP, unearned premiums are reflected based on the lapse and surrender over the contract period.

In addition, under certain property and casualty insurance contracts with a refund clause and long-term insurance policies that provide refunds at maturity, such as fire, the policyholder receives a refund if premiums have been fully paid unless a substantial settlement (as defined in the policy) has occurred. The Company has provided for such refundable amounts by classifying a portion of the net premiums written, together with interest thereon, as investment deposits by policyholders. Contract and policy terms are principally five years.

For purposes of preparing the consolidated financial statements, appropriate adjustments have been made to reflect such items in accordance with U.S. GAAP.

The net equity of Secom Insurance at March 31, 2025 and 2024 were ¥103,794 million (\$691,960 thousand) and ¥101,743 million, respectively.

Net sales and operating revenue of Secom Insurance include net realized investment gains and losses, including gains and losses on sales of securities, losses on other-than-temporary impairment of investment securities and impairment losses on long-lived assets.

Net realized investment gains and losses, including losses on other-than-temporary impairments, for the years ended March 31, 2025, 2024 and 2023 were losses of ¥3,389 million (\$22,593 thousand), gains of ¥19,115 million, and gains of ¥4,954 million, respectively. Gains and losses on other-than-temporary impairments of investment securities for the years ended March 31, 2025, 2024 and 2023 were losses of ¥3,418 million (\$22,787 thousand), gains of ¥16,871 million and gains of ¥2,131 million, respectively.

15. Pension and Severance Costs

Employees of the parent company and its domestic subsidiaries whose services are terminated are, under most circumstances, eligible for lump-sum benefits and/or eligible for pension benefits.

The parent company and certain domestic subsidiaries have adopted a cash balance pension plan and a defined contribution pension plan. Benefits under the cash balance pension plan are calculated as a certain percentage of employees' annual income over their period of service, plus interest calculated as the 3-year average yield for 10-year government bonds. The defined contribution pension plan was established in April 2003, by transferring a portion equivalent to 20 percent of the cash balance pension plan, including portions funded in prior periods. A specified percentage of employees' annual income is contributed to the defined contribution pension plan.

In April 2005, the parent company and certain domestic subsidiaries transferred an additional portion of the cash balance pension plan to the defined contribution pension plan. Accordingly, the ratio of the accumulated amount in the cash balance pension plan and the amount of contributions to the defined contribution pension plan changed to 70 percent and 30 percent, including portions funded in prior periods.

Net periodic pension and severance costs for the years ended March 31, 2025, 2024 and 2023 are as follows.

The service cost component of net periodic pension cost and severance cost for the Company's cash balance pension plan is included in cost of sales and selling, general and administrative expenses in the consolidated statements of income. The components other than the service cost component are included in other income in the consolidated statements of income.

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Net periodic pension and severance costs:				
Service cost.....	¥6,992	¥7,699	¥8,070	\$46,613
Interest cost.....	1,265	998	558	8,433
Expected return on plan assets.....	(4,086)	(4,004)	(3,719)	(27,240)
Amortization of prior service benefit.....	30	30	30	200
Recognized actuarial loss.....	(65)	184	443	(433)
Net periodic pension and severance costs.....	¥4,136	¥4,907	¥5,382	\$27,573

The changes in benefit obligation, plan assets and funded status are as follows:

	In millions of yen		In thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2025	2024	2025
Change in benefit obligation:			
Benefit obligation			
at beginning of year	¥123,828	¥123,979	\$ 825,520
Service cost	6,992	7,699	46,613
Interest cost	1,265	998	8,433
Actuarial loss	(3,526)	(835)	(23,507)
Benefits paid	(8,069)	(8,013)	(53,793)
Transfer to the defined contribution pension plan	(4,970)	—	(33,133)
Other	166	—	1,107
Benefit obligation at end of year	115,686	123,828	771,240
Change in plan assets:			
Fair value of plan assets			
at beginning of year	164,495	148,441	1,096,633
Actual return on plan assets	(42)	14,487	(280)
Employer contribution	6,195	7,446	41,300
Benefits paid	(5,658)	(5,879)	(37,720)
Transfer to the defined contribution pension plan	(4,538)	—	(30,253)
Fair value of plan assets at end of year	160,452	164,495	1,069,680
Funded status at the end of year	¥ 44,766	¥ 40,667	\$ 298,440

Amounts recognized in the consolidated balance sheets at March 31, 2025 and 2024 consist of:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2025	2024	2025
Prepaid pension and severance costs	¥73,578	¥69,583	\$490,520
Accrued pension and severance costs	(28,812)	(28,916)	(192,080)
Net amount recognized	¥44,766	¥40,667	\$298,440

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the year ended March 31, 2025 are summarized as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2025	2024	2025
Current year actuarial (gain) loss	¥602		\$4,013
Amortization of actuarial gain (loss)	65		433
Amortization of prior service benefit	(30)		(200)
	¥637		\$4,246

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2025 and 2024 consist of:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2025	2024	2025
Actuarial (gain) loss	(¥15,768)	(¥16,435)	(\$105,120)
Prior service benefit	103	133	687
Net amount recognized	(¥15,665)	(¥16,302)	(\$104,433)

The accumulated benefit obligation for the pension plan was ¥113,053 million (\$753,687 thousand) and ¥120,761 million at March 31, 2025 and 2024, respectively.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with projected benefit obligation and accumulated benefit obligation in excess of plan assets were ¥49,172 million (\$327,813 thousand), ¥46,540 million (\$310,267 thousand) and ¥29,369 million (\$195,793 thousand), respectively, at March 31, 2025, and ¥55,526 million, ¥52,460 million and ¥32,879 million, respectively, at March 31, 2024.

The Company uses March 31 as the measurement date for the domestic pension plan.

Weighted-average assumptions used to determine the benefit obligation at March 31, 2025 and 2024 are as follows:

	March 31	
	2025	2024
Discount rate	1.9%	1.2%
Rate of compensation increase	2.3%	2.4%
Interest crediting rate for cash balance plans	0.5%	0.3%

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2025, 2024 and 2023 are as follows:

	Years ended March 31		
	2025	2024	2023
Discount rate	1.2%	0.9%	0.5%
Expected return on plan assets	3.0%	3.0%	3.0%
Rate of compensation increase	2.4%	2.4%	2.5%
Interest crediting rate for cash balance plans	0.3%	0.1%	0.1%

The Company determines the expected long-term rate of return based on the expected long-term return of the various asset categories in which it invests. The Company considers the current expectations for future returns and the actual historical returns of each plan asset category.

The Company's investment policy is designed to ensure that sufficient plan assets are available to provide future payments of pension benefits to the eligible plan participants. Plan assets set target allocations for the individual asset categories and are invested primarily in equity and debt securities, and other assets such as real estate with the objective to minimize risk and achieve the expected rate of return. The investment results are periodically reviewed and asset allocation is adjusted to target allocations as necessary.

The following table represents the fair value of the Company's pension plan assets at March 31, 2025 and 2024. The three levels of inputs used to measure fair value are more fully described in Note 22.

	In millions of yen			
	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 8,751	¥ —	¥ —	¥ 8,751
Equity securities				
Japanese companies	1,540	—	—	1,540
Foreign companies	422	—	—	422
Debt securities				
Government bonds	—	—	—	—
Non-government bonds	—	—	—	—
Pooled funds	3,357	68,654	61,477	133,488
Call loans	—	501	—	501
Insurance contracts	—	15,451	—	15,451
Other	(36)	58	277	299
	¥14,034	¥84,664	¥61,754	¥160,452

* The pension investment trust fund included in the plan's pooled funds is classified as Level 2, and invests approximately 40% in equity securities, 40% in debt securities and 20% in other investments. The unquoted beneficial certificate of security investment trust included in the plan's pooled funds is classified as Level 3.

	In millions of yen			
	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 2,579	¥ —	¥ —	¥ 2,579
Equity securities				
Japanese companies	6,393	—	—	6,393
Foreign companies	1	—	—	1
Debt securities				
Government bonds	—	—	—	—
Non-government bonds	—	—	—	—
Pooled funds	3,611	68,396	61,606	133,613
Call loans	—	2,475	—	2,475
Insurance contracts	—	20,042	—	20,042
Other	—	(1,044)	436	(608)
	¥12,584	¥89,869	¥62,042	¥164,495

* The pension investment trust fund included in the plan's pooled funds is classified as Level 2, and invests approximately 40% in equity securities, 40% in debt securities and 20% in other investments. The unquoted beneficial certificate of security investment trust included in the plan's pooled funds is classified as Level 3.

	In thousands of U.S. dollars			
	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$58,340	\$ —	\$ —	\$ 58,340
Equity securities				
Japanese companies	10,267	—	—	10,267
Foreign companies	2,813	—	—	2,813
Debt securities				
Government bonds	—	—	—	—
Non-government bonds	—	—	—	—
Pooled funds	22,380	457,693	409,847	889,920
Call loans	—	3,340	—	3,340
Insurance contracts	—	103,007	—	103,007
Other	(240)	387	1,846	1,993
	\$93,560	\$564,427	\$411,693	\$1,069,680

* The pension investment trust fund included in the plan's pooled funds is classified as Level 2, and invests approximately 40% in equity securities, 40% in debt securities and 20% in other investments. The unquoted beneficial certificate of security investment trust included in the plan's pooled funds is classified as Level 3.

The following table represents the changes in Level 3 investments for the years ended March 31, 2025 and 2024.

Level 3 investments, mainly in unquoted certificates of beneficial interests in securities investment trust included in the plan's pooled funds, are at the discretion of the administrator of the fund. Their fair values are estimated based on unobservable inputs provided by the administrator of the fund.

	In millions of yen		
	Year ended March 31, 2025		
	Pooled funds	Other	Total
Balance at beginning of year	¥61,606	¥436	¥62,042
Actual return on plan assets:			
Relating to assets sold during the year ...	2,015	—	2,015
Relating to assets held at end of year	(4,498)	29	(4,469)
Purchases, sales and settlements, net	2,354	(188)	2,166
Transfer to (from) Level 3, net	—	—	—
Balance at end of year	¥61,477	¥277	¥61,754

	In millions of yen		
	Year ended March 31, 2024		
	Pooled funds	Other	Total
Balance at beginning of year	¥60,008	¥403	¥60,411
Actual return on plan assets:			
Relating to assets sold during the year ...	72	11	83
Relating to assets held at end of year	5,635	27	5,662
Purchases, sales and settlements, net	(4,109)	(5)	(4,114)
Transfer to (from) Level 3, net	—	—	—
Balance at end of year	¥61,606	¥436	¥62,042

	In thousands of U.S. dollars		
	Year ended March 31, 2025		
	Pooled funds	Other	Total
Balance at beginning of year	\$410,707	\$2,906	\$413,613
Actual return on plan assets:			
Relating to assets sold during the year ...	13,433	—	13,433
Relating to assets held at end of year	(29,986)	193	(29,793)
Purchases, sales and settlements, net	15,693	(1,253)	14,440
Transfer to (from) Level 3, net	—	—	—
Balance at end of year	\$409,847	\$1,846	\$411,693

The Company expects to contribute ¥5,468 million (\$36,453 thousand) to its domestic defined benefit plans in the year ending March 31, 2026.

The following benefit payments, which reflect future service, as appropriate, are expected to be paid.

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2026	¥ 6,606	\$ 44,040
2027	6,592	43,947
2028	7,195	47,967
2029	7,802	52,013
2030	7,781	51,873
2031–2035	38,657	257,713

The parent company and certain subsidiaries have defined contribution pension plans. The contributions to the defined contribution pension plans for the years ended March 31, 2025, 2024 and 2023 were ¥2,722 million (\$18,147 thousand), ¥2,453 million and ¥2,332 million, respectively.

16. Exchange Gains and Losses

Other expense for the year ended March 31, 2025 includes net exchange losses of ¥89 million (\$593 thousand). Other income for the years ended March 31, 2024 and 2023 includes net exchange gains of ¥609 million and ¥348 million, respectively.

17. Income Taxes

Total income taxes for the years ended March 31, 2025, 2024 and 2023 are allocated as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Consolidated income taxes from continuing operations	¥46,487	¥58,213	¥49,456	\$309,913
Shareholders' equity—accumulated other comprehensive income (loss):				
Unrealized gains on securities	74	540	(1,415)	493
Pension liability adjustments	(254)	3,441	886	(1,693)
Foreign currency translation adjustments	—	—	5	—
	¥46,307	¥62,194	¥48,932	\$308,713

The parent company and its domestic subsidiaries are subject to a number of income taxes. The statutory income tax rate in Japan was approximately 30.5 percent for the years ended March 31, 2023 and 2024, decreased to approximately 30.4 percent for the year ended March 31, 2025.

Reconciliations of the differences between income taxes computed at statutory tax rates and consolidated income taxes from continuing operations are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Income taxes computed at statutory tax rate	¥46,693	¥58,167	¥49,715	\$311,287
Increase (decrease) resulting from:				
Per capita tax	1,111	1,114	1,105	7,407
Reversal of valuation allowance	1,103	(233)	(1,760)	7,353
Provision of valuation allowance	875	319	285	5,833
Net effect of changes in corporate tax rates	182	17	(17)	1,214
Other, net	(3,477)	(1,171)	128	(23,181)
Consolidated income taxes from continuing operations	¥46,487	¥58,213	¥49,456	\$309,913

The significant components of deferred tax assets and liabilities at March 31, 2025 and 2024 are as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31	March 31	March 31
	2025	2024	2025
Deferred tax assets:			
Operating lease liabilities	¥ 41,904	¥ 43,238	\$279,360
Vacation accrual.....	10,283	6,056	68,553
Accrued pension and severance costs	7,758	8,095	51,720
Accrued bonus.....	7,315	7,034	48,767
Adjustment of book value at the date of acquisition			
Land and buildings.....	5,460	5,347	36,400
Other assets	391	389	2,607
Property, plant and equipment.....	4,915	6,613	32,766
Loss carryforwards.....	4,108	3,478	27,387
Unrealized intra-entity profit on asset transfer	2,587	2,409	17,247
Intangible assets.....	1,969	1,789	13,127
Allowance for credit losses	1,656	1,775	11,040
Deferred revenue.....	339	887	2,260
Other	19,422	17,839	129,480
Gross deferred tax assets	108,107	104,949	720,714
Less: Valuation allowance.....	(16,493)	(14,934)	(109,953)
Total deferred tax assets.....	91,614	90,015	610,761
Deferred tax liabilities:			
Operating lease right-of-use assets.....	(41,409)	(42,840)	(276,060)
Prepaid pension and severance cost	(22,155)	(20,909)	(147,700)
Unrealized gains on securities	(17,149)	(15,995)	(114,327)
Investments in affiliated companies	(10,456)	(10,143)	(69,707)
Adjustment of book value at the date of acquisition			
Intangible assets.....	(6,818)	(7,547)	(45,453)
Land and buildings.....	(2,826)	(2,976)	(18,840)
Other assets	(721)	(699)	(4,807)
Deferred installation costs.....	(160)	(555)	(1,067)
Other	(12,151)	(9,051)	(81,007)
Gross deferred tax liabilities	(113,845)	(110,715)	(758,968)
Net deferred tax assets (liabilities).....	(¥ 22,231)	(¥ 20,700)	(\$148,207)

The valuation allowance principally relates to deferred tax assets of subsidiaries with operating loss carryforwards, for tax purposes, that are not expected to be realized. The net change in the total valuation allowance for the years ended March 31, 2025, 2024 and 2023 was an increase of ¥1,559 million (\$10,393 thousand), and a decrease of ¥255 million and a decrease of ¥1,195 million, respectively.

In assessing the realizability of deferred tax assets, the Company's management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company's management considered the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the

deferred tax assets are deductible, the Company's management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowance at March 31, 2025 and 2024.

Net deferred tax assets (liabilities) at March 31, 2025 and 2024 are reflected in the accompanying consolidated balance sheets under the following captions:

	In millions of yen		In thousands of U.S. dollars
	March 31	March 31	March 31
	2025	2024	2025
Deferred income taxes (Other assets)	¥15,846	¥13,674	\$105,640
Deferred income taxes (Long-term liabilities).....	(38,077)	(34,374)	(253,847)
Net deferred tax assets (liabilities).....	(¥22,231)	(¥20,700)	(\$148,207)

At March 31, 2025, the operating loss carryforwards of domestic subsidiaries amounted to ¥7,233 million (\$48,220 thousand) and are available for offsetting against future taxable earnings of such subsidiaries for up to ten years, as follows:

Expires in the years ending March 31	In millions of yen	In thousands of U.S. dollars
2026.....	¥ 631	\$ 4,207
2027.....	360	2,400
2028.....	—	—
2029.....	68	453
2030.....	107	713
2031.....	1,025	6,833
2032.....	379	2,527
2033.....	530	3,533
2034.....	2,076	13,840
2035.....	2,057	13,714
	¥7,233	\$48,220

The operating loss carryforwards of overseas subsidiaries at March 31, 2025 amounted to ¥7,290 million (\$48,600 thousand), a part of which will begin to expire in the year ending March 31, 2025.

The total amount of unrecognized tax benefits for the years ended March 31, 2025, 2024 and 2023 was insignificant. Also, there were no significant movements in the gross amounts of unrealized tax benefits and the amounts of interest and penalties recognized due to the unrecognized tax benefits during the years ended March 31, 2025, 2024 and 2023.

Although the Company believes its estimates of unrecognized tax benefits are reasonable, uncertainties regarding the final determination of income tax audit settlements and any related litigation could affect the total amount of unrecognized tax benefits in future periods. Based on the information available as of March 31, 2025, the Company does not expect significant changes to the unrecognized tax benefits within the next 12 months.

The Company files tax returns in Japan and various foreign jurisdictions. In Japan, the Company is no longer subject to regular income tax examinations by the tax authorities for years before 2012. In other foreign tax jurisdictions, major subsidiaries are no longer subject to income tax examinations by tax authorities for years before 2023, with some exceptions.

18. Shareholders' Equity

(1) Additional Paid-In Capital

The change in additional paid-in capital includes the effect of changes in the Company's ownership interest in its consolidated subsidiaries.

The net income attributable to SECOM CO., LTD. and transfers from (to) noncontrolling interests for the years ended March 31, 2025, 2024 and 2023 are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Net income attributable to SECOM CO., LTD.	¥101,068	¥125,884	¥111,558	\$673,787
Net transfers from (to) noncontrolling interests...	(7,316)	(3,257)	60	(48,773)
Change from net income attributable to SECOM CO., LTD. and transfers from (to) noncontrolling interests.....	¥ 93,752	¥122,627	¥111,618	\$625,014

(2) Retained Earnings

The Japanese Companies Act provides that an amount equal to 10 percent of surplus distributed by the parent company and its Japanese subsidiaries be appropriated as a legal reserve until the aggregate amount of additional paid-in capital and legal reserve equals 25 percent of the common stock account.

The amount available for dividends under the Japanese Companies Act is based on the amount recorded in the parent company's non-consolidated statutory financial statements in accordance with Japanese GAAP. Such amount was ¥711,241 million (\$4,741,607 thousand) at March 31, 2025.

Subsequent to March 31, 2025, the parent company's Board of Directors declared a year-end cash dividend of ¥50 (\$0.33) per share, totaling ¥20,784 million (\$138,560 thousand), to shareholders of record on March 31, 2025. The dividend declared was approved at the general shareholders' meeting held on June 26, 2025. Dividends are recorded in the year they are declared.

The Company has made it a basic policy to distribute dividends twice a year, the interim dividend whose record date is September 30 each year and commenced from the year ended March 31, 2015, and the year-end dividend whose record date is March 31 each year. The interim dividend is determined by the Board of Directors and the year-end dividend is determined by the General Meeting of Shareholders.

Cash dividends per share are computed based on dividends paid for the year.

(3) Common Stock in Treasury

The Company may repurchase its common stock from the market pursuant to the Japanese Companies Act. There are certain restrictions on payment of dividends in connection with the treasury stock repurchased.

(4) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the years ended March 31, 2025, 2024 and 2023 are as follows:

	In millions of yen		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2025:			
Unrealized gains on securities—			
Unrealized gains or losses arising during the period.....	(¥ 408)	¥ 90	(¥ 318)
Less: Reclassification			
adjustment for gains or losses realized in net income.....	609	(164)	445
Pension liability adjustments—			
Unrealized gains or losses arising during the period.....	(1,455)	248	(1,207)
Less: Reclassification			
adjustment for gains or losses realized in net income.....	(61)	6	(55)
Foreign currency translation adjustments—			
Unrealized gains or losses arising during the period.....	16,992	—	16,992
Less: Reclassification			
adjustment for gains or losses realized in net income.....	—	—	—
Other comprehensive income (loss).....	¥15,677	¥180	¥15,857
For the year ended March 31, 2024:			
Unrealized gains on securities—			
Unrealized gains or losses arising during the period.....	¥ 2,815	(¥ 763)	¥ 2,052
Less: Reclassification			
adjustment for gains or losses realized in net income.....	(887)	223	(664)
Pension liability adjustments—			
Unrealized gains or losses arising during the period.....	10,326	(3,370)	6,956
Less: Reclassification			
adjustment for gains or losses realized in net income.....	145	(71)	74
Foreign currency translation adjustments—			
Unrealized gains or losses arising during the period.....	12,673	—	12,673
Less: Reclassification			
adjustment for gains or losses realized in net income.....	(293)	—	(293)
Other comprehensive income (loss).....	¥24,779	(¥3,981)	¥20,798

	In millions of yen		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2023:			
Unrealized gains on securities—			
Unrealized gains or losses arising during the period.....	(¥ 3,179)	¥914	(¥ 2,265)
Less: Reclassification			
adjustment for gains or losses realized in net income.....	(1,880)	501	(1,379)
Pension liability adjustments—			
Unrealized gains or losses arising during the period.....	2,879	(704)	2,175
Less: Reclassification			
adjustment for gains or losses realized in net income.....	723	(182)	541
Foreign currency translation adjustments—			
Unrealized gains or losses arising during the period.....	16,895	—	16,895
Less: Reclassification			
adjustment for gains or losses realized in net income.....	(5)	(5)	(10)
Other comprehensive income (loss).....	¥15,433	¥524	¥15,957

	In thousands of U.S. dollars		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2025:			
Unrealized gains on securities—			
Unrealized gains or losses arising during the period.....	(\$ 2,720)	\$ 600	(\$ 2,120)
Less: Reclassification			
adjustment for gains or losses realized in net income.....	4,060	(1,093)	2,967
Pension liability adjustments—			
Unrealized gains or losses arising during the period.....	(9,699)	1,653	(8,046)
Less: Reclassification			
adjustment for gains or losses realized in net income.....	(407)	40	(367)
Foreign currency translation adjustments—			
Unrealized gains or losses arising during the period.....	113,279	—	113,279
Less: Reclassification			
adjustment for gains or losses realized in net income.....	—	—	—
Other comprehensive income (loss).....	\$104,513	\$1,200	\$105,713

Reclassification adjustments for gains or losses realized in net income (pre-tax amount) included in the consolidated statements of income for the years ended March 31, 2025, 2024 and 2023 are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Unrealized gains on securities—				
Net sales and operating revenue.....	¥517	(¥2,025)	(¥2,050)	\$3,447
Gain and loss on sales of securities, net.....	(92)	(1,138)	(170)	(613)
Loss on other-than-temporary impairment of investment securities.....	184	2,276	340	1,226
Pension liability adjustments—				
Net periodic pension and severance costs (Note 15).....	(35)	214	473	(233)
Equity in net income of affiliated companies.....	(26)	(69)	250	(174)
Foreign currency translation adjustments—				
Gain and loss on sales of securities, net.....	—	(293)	(5)	—

19. Leases as lessee

The Company leases certain office space, employee residential facilities, equipment for armored car services and transportation equipment. Some leased buildings, and equipment for armored car services and transportation equipment are held under finance leases. Other leases are classified as operating leases.

A summary of leased assets under finance leases at March 31, 2025 and 2024 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2025	2024	2025
Buildings and improvements.....	¥21,734	¥21,650	\$144,893
Machinery, equipment and automobiles.....	32,581	34,944	217,207
Other intangible assets.....	1,102	1,263	7,347
Accumulated depreciation and amortization.....	(25,284)	(26,325)	(168,560)
	¥30,133	¥31,532	\$200,887

Depreciation and amortization expenses for assets under finance leases for the years ended March 31, 2025, 2024 and 2023 were ¥7,782 million (\$51,880 thousand), ¥7,987 million and ¥8,073 million, respectively.

The following is a schedule by year of future minimum lease payments under finance leases and the present value of the net minimum lease payments at March 31, 2025:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2026.....	¥ 7,587	\$ 50,580
2027.....	5,805	38,700
2028.....	4,447	29,647
2029.....	3,118	20,787
2030.....	1,991	13,273
Thereafter	28,635	190,900
Total minimum lease payments.....	51,583	343,887
Less: Amount representing interest.....	(18,683)	(124,553)
Present value of net minimum lease payments (Note 13).....	32,900	219,334
Less: Current portion.....	(6,644)	(44,293)
Long-term finance lease obligations	¥26,256	\$175,041

Operating lease expenses for the years ended March 31, 2025 and 2024 were ¥27,038 million (\$180,253 thousand) and ¥25,625 million, respectively.

Supplemental cash flow information is as follows:

	In millions of yen		In thousands of U.S. dollars
	Years ended March 31	Year ended March 31	
	2025	2024	2025
Cash paid for amounts included in the measurement of operating lease liabilities	¥68,590	¥86,215	\$457,267
Right of use assets obtained in exchange for operating lease liabilities	54,628	93,356	364,187

The following is a schedule by year of the future minimum lease payments under operating leases at March 31, 2025:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2026.....	¥ 23,399	\$155,993
2027.....	16,292	108,613
2028.....	10,986	73,240
2029.....	9,383	62,553
2030.....	8,412	56,080
Thereafter	85,453	569,688
Total minimum lease payments.....	153,925	1,026,167
Less: Amount representing interest.....	(20,035)	(133,567)
Present value of net minimum lease payments.....	¥133,890	\$ 892,600

The following is remaining lease term and discount rate under operating leases at March 31, 2025 and 2024:

	March 31, 2025	March 31, 2024
Weighted-average remaining lease term..	184 months	184 months
Weighted-average discount rate.....	1.37%	1.36%

20. Leases as lessor

The Company's leasing operations consist principally of leasing of security merchandise, security systems and real estate for offices and medical institutions. Most of the security merchandise and security systems on lease are classified as sales-type leases or direct-financing leases. Other leases are classified as operating leases.

A summary of lease receivables under sales-type and direct-financing leases at March 31, 2025 and 2024 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31	March 31	
	2025	2024	2025
Total minimum lease payments to be received	¥60,007	¥57,639	\$400,047
Estimated executory cost.....	(5,733)	(5,162)	(38,220)
Unearned income.....	(3,745)	(3,879)	(24,967)
Lease receivables, net.....	50,529	48,598	336,860
Less: Current portion.....	(15,823)	(15,398)	(105,487)
Long-term lease receivables, net...	¥34,706	¥33,200	\$231,373

The following is a schedule by year of future minimum lease payments to be received under sales-type leases and direct-financing leases at March 31, 2025:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2026.....	¥18,078	\$120,520
2027.....	14,636	97,573
2028.....	11,524	76,827
2029.....	8,298	55,320
2030.....	4,374	29,160
Thereafter	3,097	20,647
Total future minimum lease payments to be received	¥60,007	\$400,047

A summary of investment in property under operating leases and property held for lease at March 31, 2025 and 2024 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31	March 31	
	2025	2024	2025
Land.....	¥42,560	¥43,526	\$283,733
Buildings and improvements.....	33,911	34,061	226,073
Other intangible assets.....	1,038	1,038	6,920
Accumulated depreciation and amortization	(16,142)	(15,454)	(107,613)
	¥61,367	¥63,171	\$409,113

The future minimum rentals under noncancelable operating leases at March 31, 2025 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2026.....	¥3,094	\$20,627
2027.....	726	4,840
2028.....	392	2,613
2029.....	246	1,640
2030.....	236	1,573
Thereafter	2,005	13,367
Total future minimum rentals.....	¥6,699	\$44,660

21. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments in cases for which it is practicable. The three levels of inputs used to measure fair value are more fully described in Note 22.

(1) Cash and Cash Equivalents; Time Deposits; Cash Deposits for armored car services; Notes and Accounts Receivable, Trade; Due from Subscribers; Short-Term Receivables; Bank Loans; Notes and Accounts Payable, Trade; Other Payables; Deposits Received; Accrued Income Taxes; and Accrued Payroll

The carrying amounts approximate fair value because of the short-term maturities of such instruments.

(2) Short-Term Investments; Investment Securities

The fair values of short-term investments and investment securities are principally based on quoted market prices.

(3) Long-Term Receivables Including Current Portion

Long-term receivables, including the current portion, are classified as Level 2 and fair value is estimated based on the present value of future cash flows through estimated maturity, discounted using estimated market discount rates.

(4) Long-Term Debt Including Current Portion

Long-term debt, including the current portion, is classified as Level 2 and fair value is estimated based on the present value of future cash flows of each instrument discounted using the Company's current incremental borrowing rates for similar liabilities.

(5) Investment Deposits by Policyholders

The fair values of investment deposits by policyholders are classified as Level 3 and estimated based on the present value of future cash flows, discounted using the interest rates currently being offered for similar contracts.

(6) Derivatives

The fair values of derivatives are estimated using current market pricing models by obtaining quotes from financial institutions.

The carrying amounts and estimated fair values of financial instruments, excluding, debt and equity securities, which are disclosed in Notes 2 (7) and 7, at March 31, 2025 and 2024 are as follows:

In millions of yen				
March 31				
	2025		2024	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Non-derivatives:				
Assets—				
Long-term receivables including current portion (Less allowance for credit losses)	¥52,507	¥51,788	¥50,601	¥50,463
Liabilities—				
Long-term debt including current portion	59,866	59,812	62,760	62,754
Investment deposits by policyholders	9,437	9,473	11,804	11,967
Derivatives:				
Assets—				
Interest rate swaps (Other investments)	7	7	1	1
Liabilities—				
Interest rate swaps (Other long-term liabilities)	—	—	—	—

In thousands of U.S. dollars			
March 31, 2025			
	Carrying amount	Estimated fair value	
Non-derivatives:			
Assets—			
Long-term receivables including current portion (Less allowance for credit losses)	\$350,047	\$345,253	
Liabilities—			
Long-term debt including current portion	399,107	398,747	
Investment deposits by policyholders	62,913	63,153	
Derivatives:			
Assets—			
Interest rate swaps (Other investments)	47	47	
Liabilities—			
Interest rate swaps (Other long-term liabilities)	—	—	

Limitation:

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

22. Fair Value Measurements

ASC 820, "Fair Value Measurements and Disclosures," defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. This accounting standard establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

- Level 1— Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2— Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3— Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable, which reflect the reporting entity's own assumptions about the assumptions that market participants would use in establishing a price.

The following table represents the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2025 and 2024. Transfers between levels are recognized at the end of the respective reporting periods.

In millions of yen				
March 31, 2025				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents.....	¥ 9,689	¥ —	¥ —	¥ 9,689
Short-term investments and investment securities	138,202	98,693	68,454	305,349
Total assets	¥147,891	¥98,693	¥68,454	¥315,038
Liabilities:				
Derivatives (Other long-term liabilities).....	¥ —	¥ 7	¥ —	¥ 7
Total liabilities.....	¥ —	¥ 7	¥ —	¥ 7

In millions of yen				
March 31, 2024				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents.....	¥ 7,278	¥ —	¥ —	¥ 7,278
Short-term investments and investment securities	135,733	99,329	50,902	285,964
Total assets	¥143,011	¥99,329	¥50,902	¥293,242
Liabilities:				
Derivatives (Other long-term liabilities).....	¥ —	¥ —	¥ —	¥ —
Total liabilities.....	¥ —	¥ —	¥ —	¥ —

In thousands of U.S. dollars

March 31, 2025				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents.....	\$ 64,593	\$ —	\$ —	\$ 64,593
Short-term investments and investment securities	921,347	657,953	456,360	2,035,660
Total assets	\$985,940	\$657,953	\$456,360	\$2,100,253
Liabilities:				
Derivatives (Other long-term liabilities).....	\$ —	\$ 47	\$ —	\$ 47
Total liabilities.....	\$ —	\$ 47	\$ —	\$ 47

Cash Equivalents

All highly liquid investments with initial maturities of three months or less are considered to be cash equivalents, and classified as Level 1 assets are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions.

Short-Term Investments and Investment Securities

Equity securities and debt securities classified as Level 1 assets are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions.

Level 2 assets comprise principally debt securities, which are valued using quoted prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active.

Non-marketable securities classified as Level 3 assets are valued based on unobservable inputs as the market for the assets was not active at the measurement date. The fair value is determined by using a valuation technique, such as the discounted cash flow model, which best reflects the nature, characteristics and risks of each asset. These significant unobservable inputs contain discount rates, exit timing and an EBITDA multiple. An increase (decrease) in the discount rates, the later (earlier) exit and a decrease (increase) in the EBITDA multiple would result in a decrease (increase) in the fair value of non-marketable securities.

The Company's Level 3 investment securities that are measured at fair value on a recurring basis at March 31, 2025 and 2024, amounting to ¥68,454 million (\$456,360 thousand) and ¥50,902 million, respectively, are primarily private equity investments. The valuation technique and significant unobservable inputs are as follows:

March 31, 2025		
Valuation technique	Significant unobservable inputs	Range
Discounted cash flows	Discount rate	20%–30%
	Exit timing	2025–2027
	EBITDA multiple	5x–9x

March 31, 2024		
Valuation technique	Significant unobservable inputs	Range
Discounted cash flows	Discount rate	20%–30%
	Exit timing	2024–2025
	EBITDA multiple	5x–7.5x

Derivative Financial Investments

Derivative financial instruments comprise interest rate swaps. These derivative instruments are valued using observable market data and classified as Level 2 liabilities.

The following table represents the changes in Level 3 assets measured on a recurring basis for the years ended March 31, 2025 and 2024.

	In millions of yen		In thousands of U.S. dollars
	Years ended March 31	2024	Year ended March 31
	2025	2024	2025
Balance at beginning of year	¥50,902	¥30,706	\$339,347
Total gains or losses (realized and unrealized):			
Included in earnings	12,016	17,630	80,107
Included in other comprehensive income.....	—	—	—
Purchases	44	766	293
Sales	—	—	—
Redemptions	—	—	—
Cancellation of contract.....	—	—	—
Foreign currency translation adjustments	5,492	1,800	36,613
Balance at end of year	¥68,454	¥50,902	\$456,360
Changes in unrealized gains or losses relating to instruments still held at end of year:			
Included in earnings	¥12,016	¥17,628	\$ 80,107

Total gains or losses (realized or unrealized) related to short-term investments and investment securities are primarily included in net sales and operating revenue or gain/loss on private equity investments, in the consolidated statements of income.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

For the year ended March 31, 2025, non-marketable equity securities with a carrying amount of ¥6,586 million (\$43,907 thousand) were written down to their fair value of ¥6,240 million (\$41,600 thousand), resulting in an other-than-temporary impairment charge of ¥346 million (\$2,307 thousand), which was included in earnings. For the year ended March 31, 2024, non-marketable equity securities with a carrying amount of ¥6,621 million were written down to their fair value of ¥6,408 million, resulting in an other-than-temporary impairment charge of ¥213 million, which was included in earnings. All impaired non-marketable equity securities were classified as Level 3 assets as the Company uses unobservable inputs such as future cash flows to value these investments.

Long-lived assets (Note 11) and goodwill (Note 12) are also measured at fair value on a nonrecurring basis. All impaired long-lived assets and goodwill were classified as Level 3 assets as the Company uses unobservable inputs to value these assets. These Level 3 assets are not significant.

23. Derivative Financial Instruments

(1) Risk Management Policy

The Company utilizes derivative financial instruments in the normal course of business to reduce exposure to fluctuations in interest rates. The Company assesses interest rate risk by continually monitoring changes in the exposure and by evaluating hedging opportunities. The Company does not hold or issue derivative financial instruments for trading purposes. The Company is also exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are internationally recognized financial institutions and contracts are diversified amongst a number of major financial institutions.

(2) Risk Management

The Company has exposure to the market risk of changes in interest rates which relates primarily to its debt obligations. The Company principally enters into interest rate swap agreements to manage fluctuations in cash flows resulting from changes in interest rates. Interest rate swaps are used to change floating rates on debt obligations to fixed rates by entering into receive-floating, pay-fixed interest rate swaps under which the Company receives floating interest rate proceeds and makes fixed interest rate payments, thereby effectively creating fixed-rate debt.

(3) Cash Flow Hedges

The Company designates interest rate swap agreements as cash flow hedges for variability of cash flows originating from floating rate borrowings. The effective portion of changes in fair values of derivative instruments designated as cash flow hedges of these debt obligations are reported in other comprehensive income (loss). These amounts are reclassified into current income in the same period that hedged items affect current income. The ineffective portion of changes in fair values are reported in income immediately.

(4) Derivative Instruments Not Designated as Hedges

The Company enters into interest rate swap agreements to reduce exposure to fluctuations in interest rates relating primarily to debt obligations and other agreements. Changes in fair value of these derivative financial instruments, which are not designated as hedges, are reported in current income.

Fair values of derivative instruments reflected in the consolidated balance sheets as of March 31, 2025 and 2024 are as follows:

Derivatives not designated as hedging instruments

		In millions of yen		In thousands of U.S. dollars
		March 31	March 31	March 31
		2025	2024	2025
Assets:				
Interest rate swaps	Other investments	¥ 7	¥ 1	\$47
Liabilities:				
Interest rate swaps	Other long-term liabilities	¥—	¥—	\$ —

Effects of derivative instruments on the consolidated statements of income for the years ended March 31, 2025, 2024 and 2023 are as follows:

Derivatives not designated as hedging instruments

		In millions of yen			In thousands of U.S. dollars
		Years ended March 31	March 31	March 31	Year ended March 31
		2025	2024	2023	2025
Interest rate swaps	Other income	¥6	¥0	¥2	\$38

24. Commitments and Contingent Liabilities

The Company has commitments outstanding at March 31, 2025 for the purchase of property, plant and equipment of approximately ¥10,085 million (\$67,233 thousand).

The Company provides guarantees to third parties mainly with respect to bank loans extended to its affiliated companies and other entities. Such guarantees are provided to enhance the credit standing of the affiliated companies and other entities. For each guarantee provided, the Company would have to perform under the guarantee if the affiliated companies and other entities default on a payment within the guaranteed period of one to five years. The maximum amount of undiscounted payments the Company would have to make in the event of default amounts to ¥182 million (\$1,213 thousand) at March 31, 2025. The carrying amounts of the liabilities recognized as the Company's obligations under these guarantees at March 31, 2025 and 2024 were deemed insignificant.

It is not anticipated that damages, if any, resulting from legal actions will have a material impact on the Company's consolidated financial statements.

25. Revenue

(1) Disaggregation of revenue

Revenue from contracts with customers and other sources for the years ended March 31, 2025, 2024 and 2023 are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Revenue recognized from contracts with customers...	¥1,227,511	¥1,182,488	¥1,137,910	\$8,183,407
Revenue recognized from other sources.....	83,621	101,410	89,406	557,473
Total	¥1,311,132	¥1,283,898	¥1,227,316	\$8,740,880

The disaggregation of revenue by operating segments is described in Note 27.

Revenue recognized from other sources primarily comprises revenue recognized from lease contracts and insurance contracts.

(2) Contract balances

Contract balances arising from contracts with customers at March 31, 2025 and 2024 are as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2025	2024	2025
Receivables*1	¥201,360	¥196,175	\$1,342,400
Contract assets*2	26,903	22,757	179,353
Contract liabilities*3	58,048	55,116	386,987

*1 Receivables are included in notes and accounts receivable, trade, due from subscribers and short-term receivables in the accompanying consolidated balance sheets. These amounts are before deducting allowance for credit losses.

*2 Contract assets are included in notes and accounts receivable, trade in the accompanying consolidated balance sheets. These amounts are before deducting allowance for credit losses.

*3 Contract liabilities are included in deferred revenue, other current liabilities and long-term deferred revenue in the accompanying consolidated balance sheets.

The balance of contract liabilities due within one year, amounting to ¥39,247 million as of March 31, 2024, is recognized as revenue for the fiscal year ended March 31, 2025.

(3) Transaction price allocated to the remaining performance obligations

The aggregate amounts of transaction price allocated to unsatisfied performance obligations related to contracts that have original expected durations in excess of one year at March 31, 2025 and 2024 are as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2025	2024	2025
Due within 1 year.....	¥168,228	¥157,072	\$1,121,520
Due after 1 year	225,636	194,482	1,504,240
	¥393,864	¥351,554	\$2,625,760

26. Supplemental Cash Flow Information

Supplemental cash flow information is as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Cash paid during the year for:				
Interest	¥ 1,585	¥ 1,361	¥ 1,198	\$ 10,567
Income taxes.....	48,474	44,748	49,887	323,160
Non-cash investing and financing activities:				
Additions to obligations under finance leases.....	2,463	16,461	5,669	16,420
Significant acquisitions (Note 4)—				
Assets acquired	—	—	63,027	—
Liabilities assumed.....	—	—	(13,911)	—
Non controlling interest...	—	—	(22,116)	—
Considerations for equity	—	—	27,000	—
Cash and cash equivalents on hand.....	—	—	(8,263)	—
Total considerations	¥ —	¥ —	¥18,737	\$ —

27. Segment Information

The Company discloses financial and descriptive information about the Company's reportable operating segments. The operating segments reported below are the segments of the Company for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Board of Directors, acting as the chief operating decision-maker (CODM), in deciding how to allocate resources and assess performance.

The Company has seven reportable business segments: security services, fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and other services.

The security services segment provides various types of security services by utilizing the Company's unique security systems and manufacturing and selling security merchandise. The fire protection services segment provides various types of fire protection equipment, such as automatic fire alarm and fire extinguishing and other fire protection systems for office buildings, plants, tunnels, ships, residences and cultural monuments. The medical services segment provides intravenous solutions to patients at home, home-based nursing care services, medical data transmission services by utilizing the Company's network and leasing of real estate for medical institutions. In addition, the VIE, of which the Company is the primary beneficiary manage hospitals and health care-related institutions. The insurance services segment includes the non-life insurance-related underwriting business in the Japanese market. The geospatial information services segment includes surveying and measuring services and GIS services. The BPO and ICT services segment includes various BPO related services, data center services, business continuity plan support, information security services and cloud services. The other services segment includes leasing of real estate, construction and installation services and other services.

Corporate expenses consist principally of general and administrative expenses of the planning, personnel and administrative departments of the parent company and administrative departments of the foreign holding company.

Intersegment sales are priced on a basis intended to approximate amounts charged to unaffiliated customers.

Identifiable assets are those assets used exclusively in the operations of each segment or which are allocated when used jointly. Corporate assets, which are held by the parent company and the foreign holding company for general and administrative facilities, consist principally of cash and cash equivalents, short-term investments, investment securities, land, buildings and improvements, machinery, equipment and automobiles.

Information by business and geographic segments for the years ended and as of March 31, 2025, 2024 and 2023 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
	2025	2024	2023	2025
Net sales and operating revenue:				
Security services—				
Customers	¥ 643,942	¥ 623,102	¥ 597,071	\$4,292,946
Intersegment	4,139	3,169	3,235	27,593
	648,081	626,271	600,306	4,320,539
Fire protection services—				
Customers	177,096	160,601	145,662	1,180,640
Intersegment	3,739	3,282	3,125	24,927
	180,835	163,883	148,787	1,205,567
Medical services—				
Customers	199,957	192,600	196,246	1,333,047
Intersegment	72	251	239	480
	200,029	192,851	196,485	1,333,527
Insurance services—				
Customers	55,741	75,189	58,876	371,607
Intersegment	3,028	2,685	3,012	20,187
	58,769	77,874	61,888	391,794
Geospatial information services—				
Customers	58,372	60,501	62,086	389,147
Intersegment	179	204	226	1,193
	58,551	60,705	62,312	390,340
BPO and ICT services—				
Customers	128,334	127,090	127,854	855,560
Intersegment	10,815	13,225	11,012	72,100
	139,149	140,315	138,866	927,660
Other services—				
Customers	47,690	44,815	39,521	317,933
Intersegment	1,692	1,355	1,560	11,280
	49,382	46,170	41,081	329,213
Total	1,334,796	1,308,069	1,249,725	8,898,640
Eliminations	(23,664)	(24,171)	(22,409)	(157,760)
Total net sales and operating revenue	¥1,311,132	¥1,283,898	¥1,227,316	\$8,740,880

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Segment expenses:				
Security services—				
Cost of sales.....	¥430,068	¥407,147	¥387,350	\$2,867,120
Selling, general and administrative expenses....	112,559	108,207	100,813	750,393
Impairment loss on long-lived assets	1,008	918	154	6,720
Other	1,805	2,474	2,569	12,033
Total	545,440	518,746	490,886	3,636,266
Fire protection services—				
Cost of sales.....	118,748	109,729	100,790	791,653
Selling, general and administrative expenses....	42,447	38,855	36,749	282,980
Impairment loss on long-lived assets	456	—	—	3,040
Other	5	21	(311)	34
Total	161,656	148,605	137,228	1,077,707
Medical services—				
Cost of sales.....	176,264	166,957	164,797	1,175,093
Selling, general and administrative expenses....	22,152	21,199	20,010	147,680
Impairment loss on long-lived assets	810	2,466	742	5,400
Other	(397)	1,447	432	(2,646)
Total	198,829	192,069	185,981	1,325,527
Insurance services—				
Cost of sales.....	41,215	39,186	43,200	274,767
Selling, general and administrative expenses....	13,080	12,115	11,597	87,200
Impairment loss on long-lived assets	—	—	—	—
Other	33	2	1	220
Total	54,328	51,303	54,798	362,187
Geospatial information services—				
Cost of sales.....	43,612	43,719	44,370	290,747
Selling, general and administrative expenses....	12,310	12,091	11,542	82,067
Impairment loss on long-lived assets	19	302	1,726	127
Other	68	(487)	(1,133)	452
Total	56,009	55,625	56,505	373,393
BPO and ICT services—				
Cost of sales.....	116,052	114,436	113,541	773,680
Selling, general and administrative expenses....	12,940	12,143	11,946	86,267
Impairment loss on long-lived assets	1,346	742	25	8,973
Other	432	246	242	2,880
Total	130,770	127,567	125,754	871,800
Other services—				
Cost of sales.....	33,802	32,020	28,352	225,347
Selling, general and administrative expenses....	6,618	6,571	5,725	44,120
Impairment loss on long-lived assets	27	—	—	180
Other	(68)	1,198	(515)	(454)
Total	40,379	39,789	33,562	269,193

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Operating income (loss):				
Security services.....	¥102,641	¥107,525	¥109,420	\$ 684,273
Fire protection services	19,179	15,278	11,559	127,860
Medical services	1,200	782	10,504	8,000
Insurance services.....	4,441	26,571	7,090	29,607
Geospatial information services	2,542	5,080	5,807	16,947
BPO and ICT services.....	8,379	12,748	13,112	55,860
Other services	9,003	6,381	7,519	60,020
Total	147,385	174,365	165,011	982,567
Corporate expenses and eliminations	(19,055)	(19,399)	(19,459)	(127,034)
Operating income	¥128,330	¥154,966	¥145,552	\$ 855,533
Other income	28,467	39,110	20,040	189,780
Other expenses	(3,200)	(3,364)	(2,592)	(21,333)
Income from continuing operations before income taxes.....	¥153,597	¥190,712	¥163,000	\$1,023,980
	In millions of yen		In thousands of U.S. dollars	
	March 31		March 31	
	2025	2024	2025	
Assets:				
Security services.....	¥ 884,150	¥ 870,512	\$ 5,894,333	
Fire protection services	214,593	202,181	1,430,620	
Medical services	202,102	205,725	1,347,347	
Insurance services.....	261,961	266,027	1,746,407	
Geospatial information services	74,844	80,315	498,960	
BPO and ICT services.....	290,813	279,241	1,938,753	
Other services	140,751	128,098	938,340	
Total	2,069,214	2,032,099	13,794,760	
Corporate items	214,958	194,363	1,433,053	
Investments in affiliated companies.....	155,811	151,635	1,038,740	
Total assets	¥2,439,983	¥2,378,097	\$16,266,553	

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Depreciation and amortization:				
Security services	¥ 54,848	¥ 53,611	¥ 51,739	\$365,654
Fire protection services	3,004	2,958	2,955	20,027
Medical services	7,373	7,728	7,829	49,153
Insurance services	3,349	2,658	2,328	22,327
Geospatial information services	1,927	1,825	1,773	12,847
BPO and ICT services	12,587	10,114	9,917	83,913
Other services	1,379	1,325	1,303	9,193
Total	84,467	80,219	77,844	563,114
Corporate items	797	795	874	5,313
Total depreciation and amortization	¥ 85,264	¥ 81,014	¥ 78,718	\$568,427
Capital expenditure:				
Security services	¥ 60,088	¥ 54,352	¥ 66,278	\$400,587
Fire protection services	4,166	3,377	4,043	27,773
Medical services	5,555	11,167	5,620	37,033
Insurance services	2,396	3,354	3,075	15,973
Geospatial information services	1,861	2,362	2,600	12,407
BPO and ICT services	27,552	26,255	20,961	183,680
Other services	1,442	2,423	8,108	9,613
Total	103,060	103,290	110,685	687,066
Corporate items	1,329	1,023	795	8,860
Total capital expenditures	¥104,389	¥104,313	¥111,480	\$695,926

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
	2025	2024	2023	2025
Electronic security services	¥375,290	¥365,980	¥356,962	\$2,501,933
Other security services:				
Static guard services	104,606	100,063	89,200	697,373
Armored car services	66,896	65,367	62,920	445,973
Merchandise and other	97,150	91,692	87,989	647,667
Total security services	¥643,942	¥623,102	¥597,071	\$4,292,946

(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, 2025, 2024 and 2023 and long-lived assets as of March 31, 2025 and 2024 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2025	2024	2023	2025
Net sales and operating revenue:				
Japan	¥1,241,303	¥1,220,710	¥1,168,628	\$8,275,353
Other	69,829	63,188	58,688	465,527
Total	¥1,311,132	¥1,283,898	¥1,227,316	\$8,740,880
Long-lived assets:				
Japan	¥842,426	¥826,731		\$5,616,173
Other	20,446	19,286		136,307
Total	¥862,872	¥846,017		\$5,752,480

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

28. Subsequent Events

Notice Regarding Determination of Repurchase of the Company's Own Shares

(Repurchase of the Company's Own Shares in Accordance with the Provision of the Articles of Incorporation Pursuant to Article 165, Paragraph 2 of the Companies Act)

The Company determined to conduct the repurchase of its own shares pursuant to Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of such Act at the Board of Directors' meeting held on May 12, 2025.

1. Reason for Repurchase

The Company strives to increase its corporate value by conducting business with a focus on all stakeholders in order to realize sustainable growth. The Company will enhance shareholder returns and improve capital efficiency through flexible repurchases of its own shares, comprehensively taking into account, among others, growth investments, dividend levels, capital efficiency, and share price levels.

2. Details of Repurchase

(1) Class of shares to be repurchased	Shares of common stock of the Company
(2) Total number of shares that may be repurchased	18,000,000 shares (maximum) (4.33% of total issued shares (excluding treasury shares))
(3) Total repurchase price	JPY 60,000,000,000 (maximum)
(4) Repurchase period	From May 13, 2025 to December 17, 2025
(5) Repurchase method	Market purchase on the Tokyo Stock Exchange



Independent Auditors' Report

The Board of Directors and Shareholders
SECOM CO., LTD.

Opinion

We have audited the consolidated financial statements of SECOM CO., LTD. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of March 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2024, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2025 in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 792 million yen and 255 million yen, respectively.

Convenience Translations

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

KPMG A2SA LLC

Tokyo, Japan
September 9, 2025

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Summary of Selected Financial Data

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

	In millions of yen					
	2025	2024	2023	2022	2021	2020
Composition of consolidated net sales and operating revenue by segment						
Net sales and operating revenue.....	¥1,311,132	¥1,283,898	¥1,227,316	¥1,166,098	¥1,135,339	¥1,132,632
Security services:	643,942	623,102	597,071	563,623	555,060	561,067
As a percentage of net sales and operating revenue	49.1%	48.5%	48.6%	48.3%	48.9%	49.5%
Electronic security services.....	375,290	365,980	356,962	348,749	344,882	344,992
As a percentage of net sales and operating revenue	28.6	28.5	29.1	29.9	30.4	30.5
Other security services—						
Static guard services	104,606	100,063	89,200	75,459	69,370	70,054
As a percentage of net sales and operating revenue	8.0	7.8	7.3	6.5	6.1	6.2
Armored car services.....	66,896	65,367	62,920	62,467	62,841	63,602
As a percentage of net sales and operating revenue	5.1	5.1	5.1	5.4	5.5	5.6
Subtotal.....	171,502	165,430	152,120	137,926	132,211	133,656
Merchandise and other	97,150	91,692	87,989	76,948	77,967	82,419
As a percentage of net sales and operating revenue	7.4	7.1	7.1	6.6	6.9	7.2
Fire protection services.....	177,096	160,601	145,662	148,804	140,599	151,861
As a percentage of net sales and operating revenue	13.5	12.5	11.9	12.8	12.4	13.4
Medical services.....	199,957	192,600	196,246	195,826	182,573	187,101
As a percentage of net sales and operating revenue	15.2	15.0	16.0	16.8	16.1	16.5
Insurance services	55,741	75,189	58,876	51,769	58,291	43,515
As a percentage of net sales and operating revenue	4.3	5.9	4.8	4.4	5.1	3.8
Geospatial information services	58,372	60,501	62,086	56,371	53,908	53,535
As a percentage of net sales and operating revenue	4.5	4.7	5.1	4.8	4.7	4.7
BPO and ICT services.....	128,334	127,090	127,854	115,544	112,144	99,833
As a percentage of net sales and operating revenue	9.8	9.9	10.4	9.9	9.9	8.8
Other services.....	47,690	44,815	39,521	34,161	32,764	35,720
As a percentage of net sales and operating revenue	3.6	3.5	3.2	3.0	2.9	3.3
Net income attributable to SECOM CO., LTD., cash dividends and SECOM CO., LTD. shareholders' equity						
Net income attributable to SECOM CO., LTD.	¥ 101,068	¥ 125,884	¥ 111,558	¥ 107,731	¥ 89,913	¥ 87,136
Cash dividends paid ⁽²⁾	39,698	40,483	39,060	38,196	37,104	37,104
SECOM CO., LTD. shareholders' equity	1,371,711	1,329,027	1,267,205	1,209,512	1,142,323	1,088,738
Consolidated financial ratios						
Percentage of working capital accounted for by:						
Debt—						
Bank loans.....	2.3	2.1	2.2	2.4	2.7	3.3
Current portion of long-term debt	0.7	0.8	0.9	1.2	1.2	1.5
Straight bonds.....	0.2	0.2	0.2	0.3	0.3	0.3
Other long-term debt.....	3.2	3.4	3.3	3.7	4.0	3.4
Total debt	6.4	6.5	6.6	7.6	8.3	8.5
SECOM CO., LTD. shareholders' equity.....	93.6	93.5	93.4	92.4	91.7	91.5
Total capitalization.....	100.0	100.0	100.0	100.0	100.0	100.0
Return on total assets (percentage) ^(a)	4.1	5.3	4.9	4.9	4.2	4.2
Return on equity (percentage) ^(b)	7.4	9.5	8.8	8.9	7.9	8.0
Percentage of net sales and operating revenue absorbed by ^(c) :						
Depreciation and amortization	6.5	6.3	6.4	6.7	6.9	5.7
Rental expense under operating leases	2.6	2.6	2.6	2.5	2.6	2.4
Ratio of accumulated depreciation to depreciable assets (percentage)						
.....	66.9	68.8	68.9	68.0	66.6	65.3
Net property turnover (times) ^(c)	2.74	2.77	2.81	2.75	2.65	2.73
Before-tax interest coverage (times) ^{(c) (d)}	98.6	143.3	138.8	139.8	125.2	117.5

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

	2025	2024	2023	2022	2021	2020
Number of shares outstanding						
Issued.....	466,599,796	466,599,796	466,599,796	466,596,098	466,591,852	466,587,996
Owned by SECOM CO., LTD.	50,925,784	45,616,920	37,526,220	30,430,436	30,069,130	30,067,176
Balance.....	415,674,012	420,982,876	429,073,576	436,165,662	436,522,722	436,520,820
Per share information						
Net income attributable to SECOM CO., LTD. per share (in yen) ⁽¹⁾	¥ 243.03	¥ 297.60	¥ 258.34	¥ 246.42	¥ 205.98	¥ 199.61
Cash dividends paid per share (in yen) ⁽²⁾	95.00	95.00	90.00	87.50	85.00	85.00
SECOM CO., LTD. shareholders' equity per share (in yen) ⁽³⁾	3,299.97	3,156.96	2,953.35	2,773.06	2,616.87	2,494.13
Cash flow per share (in yen) ⁽¹⁾⁽⁴⁾	352.60	393.41	350.17	338.62	301.30	266.94
Price/Book value ratio.....	1.54	1.74	1.38	1.60	1.78	1.80
Price/Earnings ratio.....	20.93	18.41	15.80	17.99	22.61	22.48
Price/Cash flow ratio.....	14.43	13.93	11.66	13.09	15.45	16.81
Stock price at year-end (in yen)	5,087	5,480	4,082	4,434	4,657	4,487

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, 2025, cash dividends of ¥20,784 million
(¥50 per share) were approved at the general shareholders' meeting
on June 26, 2025 (see Note 18 of the notes to consolidated financial
statements).
(3) Per share amounts are based on the number of shares outstanding at
the end of each period, less treasury stock.
(4) The Company implemented a 2 for 1 common stock split on October 1,
2024. On the assumption that the stock split was implemented at the
beginning of the year ended March 31, 2020, number of shares
outstanding and per share information are computed.

Common Stock Data

SECOM CO., LTD.
As of March 31

SHAREHOLDER INFORMATION	2025	2024	2023	2022	2021	2020
Number of shareholders.....	42,717	39,195	24,202	23,401	21,739	23,297
Common shares held by:						
Financial institutions.....	37.99%	37.71%	36.98%	39.13%	39.44%	38.65%
Securities firms.....	2.21	2.22	3.22	3.05	2.81	1.95
Other domestic corporations.....	2.64	2.67	2.73	2.78	2.45	2.50
Foreign investors.....	40.89	42.45	41.44	40.96	41.55	42.76
Individuals and others.....	5.36	5.17	7.59	7.56	7.31	7.70
Treasury stock.....	10.91	9.78	8.04	6.52	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
2023	April–June.....	¥4,940.5	¥4,063.0	¥33,706.08	¥27,472.63
	July–September.....	5,242.5	4,554.5	33,753.33	31,450.76
	October–December.....	5,430.0	4,924.0	33,681.24	30,526.88
2024	January–March.....	5,930.0	5,055.0	40,888.43	33,288.29
	April–June.....	5,607.5	4,560.5	39,838.91	37,068.35
	July–September.....	5,615.0	4,327.0	42,224.02	31,458.42
	October–December.....	5,603.0	5,096.0	40,281.16	37,808.76
2025	January–March.....	5,386.0	5,035.0	40,083.30	35,617.56

Note: SECOM implemented a 2 for 1 stock split with an effective date of October 1, 2024. Price per share has been adjusted to reflect this stock split.

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
Oct. 1, 2024	233,300	466,600	66,427,074	10 for 10*	Stock split

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.

CONSOLIDATED FINANCIAL DATA

(BASED ON JAPANESE GAAP) [REFERENCE]

Note: From the fiscal year ended March 31, 2025, the Company has partially revised the English labels of its financial statement accounts to conform with the EDINET Taxonomy provided by the Financial Services Agency. However, it should be noted that these revisions are superficial changes to the account labels and do not change their substance.

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Condensed Consolidated Balance Sheets (Based on Japanese GAAP)

SECOM CO., LTD. and Subsidiaries
As of March 31

	In millions of yen					
ASSETS	2025	2024	2023	2022	2021	2020
Current assets:						
Cash and deposits.....	¥ 408,773	¥ 440,936	¥ 522,396	¥ 522,363	¥ 499,247	¥ 414,199
Cash deposits for cash collection and deposit services.....	141,000	138,562	135,459	136,477	138,889	140,905
Call loan	28,000	—	—	—	—	—
Notes and accounts receivable—trade	—	—	—	—	132,886	141,609
Notes and accounts receivable—trade, and contract assets	169,918	162,325	157,475	149,878	—	—
Due from subscribers.....	47,642	48,367	43,503	39,468	39,980	40,745
Securities.....	34,862	19,652	26,325	27,020	21,579	32,442
Lease receivables and investments in leases.....	41,344	40,007	41,120	37,518	41,511	42,768
Merchandise and finished goods.....	19,035	21,545	17,361	14,724	14,289	13,862
Real estate for sale.....	4,237	3,501	4,146	2,593	186	4,930
Work in process.....	6,923	6,368	5,707	5,629	4,880	5,237
Costs on uncompleted construction contracts	—	—	—	—	7,524	10,780
Real estate for sale in process.....	—	—	—	—	—	21,806
Raw materials and supplies	19,363	20,088	18,482	13,930	11,003	10,927
Short-term loans receivable.....	3,979	2,448	2,408	2,563	3,053	4,525
Other	46,106	35,919	35,324	36,064	28,714	31,400
Allowance for doubtful accounts.....	(2,372)	(2,143)	(2,163)	(2,031)	(1,715)	(1,677)
Total current assets	968,815	937,580	1,007,547	986,202	942,033	914,465
Non-current assets:						
Property, plant and equipment:						
Buildings and structures, net	180,338	154,626	150,733	151,809	152,770	153,307
Machinery, equipment and vehicles, net.....	11,425	10,201	—	—	—	—
Security equipment and control stations, net	87,780	82,354	75,650	73,911	74,704	74,309
Tools, furniture and fixtures, net.....	29,408	26,460	—	—	—	—
Land	123,998	126,235	123,358	122,050	120,876	117,720
Construction in progress	16,288	32,443	—	—	—	—
Other, net	—	—	54,095	42,695	43,424	40,970
Total property, plant and equipment.....	449,240	432,321	403,837	390,467	391,775	386,308
Intangible assets	122,560	124,871	132,772	115,228	120,277	124,767
Investments and other assets:						
Investment securities	435,635	425,696	298,364	276,230	272,123	252,299
Long-term loans receivable.....	20,117	23,334	25,692	29,494	33,301	34,351
Leasehold and guarantee deposits	21,076	20,095	—	—	—	—
Long-term prepaid expenses	23,908	20,457	—	—	—	—
Retirement benefit asset	73,300	69,583	55,551	47,852	39,532	31,789
Deferred tax assets	26,583	23,276	27,426	27,407	25,085	31,554
Other	14,279	13,849	48,770	47,068	53,588	52,232
Allowance for doubtful accounts.....	(9,939)	(10,284)	(10,900)	(12,195)	(13,538)	(12,647)
Total investments and other assets.....	604,961	586,008	444,905	415,858	410,093	389,580
Total non-current assets	1,176,761	1,143,201	981,515	921,553	922,145	900,656
Total assets	¥2,145,576	¥2,080,781	¥1,989,062	¥1,907,755	¥1,864,179	¥1,815,121

In millions of yen

LIABILITIES	2025	2024	2023	2022	2021	2020
Current liabilities:						
Notes and accounts payable—trade	¥ 41,130	¥ 41,003	¥ 46,985	¥ 44,271	¥ 42,858	¥ 47,409
Short-term borrowings	31,577	26,910	29,085	32,159	33,806	38,364
Current portion of bonds payable	271	398	407	409	439	2,916
Lease liabilities	5,227	5,186	4,704	4,843	4,730	4,702
Accounts payable—other	47,964	51,043	44,551	43,257	42,215	42,927
Income taxes payable	25,854	26,895	22,762	25,043	23,440	24,740
Accrued consumption taxes	9,573	11,620	8,549	8,966	12,652	11,666
Accrued expenses	11,357	11,177	11,312	8,436	7,828	7,294
Deposits received for cash collection and deposit services	121,062	123,521	118,943	118,971	119,334	118,302
Deferred revenue	38,601	37,565	37,730	38,228	30,192	31,224
Provision for bonuses	20,648	19,794	19,653	17,960	18,298	18,213
Provision for bonuses for directors (and other officers)	85	71	—	—	—	—
Provision for loss on construction contracts	1,687	2,352	2,312	2,159	1,820	2,391
Other	24,280	20,802	30,482	17,041	23,488	24,129
Total current liabilities	379,324	378,343	377,482	361,750	361,106	374,284
Non-current liabilities:						
Bonds payable	2,411	2,683	3,081	3,489	3,899	4,143
Long-term borrowings	10,138	10,924	12,349	11,650	10,444	8,674
Lease liabilities	22,720	22,863	14,657	15,077	12,854	11,865
Long-term guarantee deposits	24,099	23,701	23,662	23,669	30,694	32,632
Deferred tax liabilities	25,289	19,824	10,906	6,859	7,314	7,866
Provision for retirement benefits for directors (and other officers)	814	792	829	842	793	794
Retirement benefit liability	21,572	22,308	23,935	21,896	22,098	23,710
Long-term deferred revenue	16,891	15,868	16,121	16,545	—	—
Reserve for contract of insurance	190,373	188,103	186,033	185,698	181,014	174,602
Other	4,204	4,678	3,955	4,240	4,134	4,052
Total non-current liabilities	318,515	311,749	295,533	289,969	273,248	268,343
Total liabilities	697,840	690,092	673,015	651,719	634,355	642,627
NET ASSETS						
Shareholders' equity:						
Share capital	¥ 66,427	¥ 66,427	¥ 66,427	¥ 66,419	¥ 66,410	¥ 66,401
Capital surplus	68,864	71,775	70,349	70,335	81,801	81,874
Retained earnings	1,230,672	1,162,259	1,100,791	1,043,766	998,405	960,828
Treasury shares	(176,716)	(149,978)	(109,224)	(79,436)	(73,785)	(73,775)
Total shareholders' equity	1,189,247	1,150,483	1,128,343	1,101,084	1,072,832	1,035,328
Accumulated other comprehensive income:						
Valuation difference on available-for-sale securities	38,661	40,637	18,771	20,220	22,122	12,095
Deferred gains or losses on hedges	(0)	(1)	(3)	(6)	(11)	(15)
Foreign currency translation adjustment	34,960	22,259	10,497	(5,627)	(17,011)	(13,388)
Remeasurements of defined benefit plans	7,478	10,995	6,815	6,865	4,247	1,096
Total accumulated other comprehensive income	81,100	73,890	36,081	21,451	9,346	(212)
Non-controlling interests	177,388	166,314	151,621	133,499	147,645	137,378
Total net assets	1,447,736	1,390,689	1,316,047	1,256,036	1,229,824	1,172,494
Total liabilities and net assets	¥2,145,576	¥2,080,781	¥1,989,062	¥1,907,755	¥1,864,179	¥1,815,121

Condensed Consolidated Statements of Income (Based on Japanese GAAP)

SECOM CO., LTD. and Subsidiaries
Years ended March 31

	In millions of yen					
	2025	2024	2023	2022	2021	2020
Net sales	¥1,199,942	¥1,154,740	¥1,101,307	¥1,049,859	¥1,035,898	¥1,060,070
Percentage change from prior year	3.9%	4.9%	4.9%	1.3%	(2.3)%	4.6%
Cost of sales	828,789	797,456	758,850	712,187	705,326	722,546
As a percentage of net sales	69.1	69.1	68.9	67.8	68.1	68.2
Gross profit	371,153	357,284	342,456	337,672	330,571	337,523
As a percentage of net sales	30.9	30.9	31.1	32.2	31.9	31.8
Selling, general and administrative expenses	226,855	216,626	205,756	194,173	193,645	194,664
As a percentage of net sales	18.9	18.8	18.7	18.5	18.7	18.4
Operating profit	144,297	140,658	136,700	143,499	136,925	142,858
As a percentage of net sales	12.0	12.2	12.4	13.7	13.2	13.5
Non-operating income	36,460	31,615	23,326	14,977	11,554	13,778
Non-operating expenses	5,634	5,414	3,903	5,290	9,489	5,281
Ordinary profit	175,123	166,859	156,124	153,186	138,990	151,356
As a percentage of net sales	14.6	14.4	14.2	14.6	13.4	14.3
Extraordinary income	4,550	2,922	2,474	1,033	352	3,471
Extraordinary losses	4,805	6,015	5,230	2,206	10,499	6,971
Profit before income taxes	174,868	163,765	153,367	152,013	128,843	147,855
As a percentage of net sales	14.6	14.2	13.9	14.5	12.4	13.9
Income taxes—current	47,521	47,787	44,750	45,045	43,023	45,488
Income taxes—deferred	2,039	1,773	2,490	1,223	(68)	128
Profit	125,306	114,204	106,126	105,744	85,888	102,238
Profit attributable to non-controlling interests	17,197	12,253	10,040	11,470	11,207	13,158
Profit attributable to owners of parent	108,109	101,951	96,085	94,273	74,681	89,080
As a percentage of net sales	9.0	8.8	8.7	9.0	7.2	8.4
Percentage change from prior year	6.0	6.1	1.9	26.2	(16.2)	(3.2)

Consolidated Statements of Comprehensive Income (Based on Japanese GAAP)

SECOM CO., LTD. and Subsidiaries
Years ended March 31

	In millions of yen					
	2025	2024	2023	2022	2021	2020
Profit	¥125,306	¥114,204	¥106,126	¥105,744	¥85,888	¥102,238
Other comprehensive income (losses):						
Valuation difference on available-for-sale securities	(1,852)	22,782	(1,306)	(1,835)	10,451	(6,288)
Foreign currency translation adjustment	14,991	9,833	13,472	9,484	(4,485)	(1,236)
Remeasurements of defined benefit plans, net of tax	(1,971)	5,988	(683)	2,491	3,715	(5,695)
Share of other comprehensive income of entities accounted for using equity method	(1,443)	2,118	3,884	2,539	525	(1,468)
Total other comprehensive income (losses)	9,724	40,723	15,366	12,679	10,206	(14,688)
Comprehensive income	135,031	154,928	121,492	118,423	96,095	87,550
Comprehensive income attributable to:						
Owners of parent	115,319	139,760	110,715	106,378	84,240	74,994
Non-controlling interests	19,711	15,167	10,776	12,044	11,854	12,555

NONCONSOLIDATED FINANCIAL DATA

(BASED ON JAPANESE GAAP) [REFERENCE]

Note: From the fiscal year ended March 31, 2025, the Company has partially revised the English labels of its financial statement accounts to conform with the EDINET Taxonomy provided by the Financial Services Agency. However, it should be noted that these revisions are superficial changes to the account labels and do not change their substance.

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Condensed Nonconsolidated Balance Sheets (Based on Japanese GAAP)

SECOM CO., LTD.
As of March 31

	In millions of yen					
ASSETS	2025	2024	2023	2022	2021	2020
Current assets:						
Cash and deposits	¥ 129,046	¥ 128,047	¥214,287	¥227,828	¥224,817	¥164,370
Cash deposits for cash collection and deposit services ...	34,382	35,342	32,088	33,777	37,273	36,730
Notes receivable.....	324	481	388	363	360	586
Due from subscribers.....	20,354	19,048	18,722	17,890	18,046	18,241
Accounts receivable-trade	—	—	—	—	10,802	12,280
Accounts receivable-trade, and contract assets	14,219	12,395	11,934	9,777	—	—
Accounts receivable-other	6,719	6,398	4,479	4,375	4,249	4,353
Securities	—	—	—	—	—	1,499
Merchandise.....	7,775	8,586	7,265	7,328	7,300	7,144
Supplies	2,036	2,207	2,263	2,507	2,356	2,111
Prepaid expenses	10,808	10,224	9,521	8,674	2,483	2,432
Short-term loans receivable	21,421	15,086	13,786	14,420	22,123	42,473
Other	2,374	1,879	2,232	7,887	8,568	9,208
Allowance for doubtful accounts	(50)	(44)	(38)	(41)	(70)	(89)
Total current assets	249,412	239,653	316,931	334,790	338,310	301,340
Non-current assets:						
Property, plant and equipment:						
Buildings, net.....	19,503	14,538	15,569	16,534	16,283	17,427
Vehicles, net.....	622	591	589	588	557	492
Security equipment and control stations, net	80,477	75,549	69,670	68,972	71,042	71,533
Machinery and equipment, net	133	104	121	90	105	114
Tools, furniture and fixtures, net.....	4,144	4,183	3,776	4,071	3,812	4,193
Land	19,924	22,016	22,159	22,230	22,249	22,281
Construction in progress	6,454	5,591	4,398	3,542	4,457	3,433
Other, net	1,215	1,317	1,419	1,521	1,623	1,725
Total property, plant and equipment.....	132,475	123,893	117,703	117,553	120,132	121,203
Intangible assets:						
Software	11,200	10,159	7,104	7,137	7,826	8,181
Other	6,405	4,334	5,211	3,655	3,516	1,602
Total intangible assets	17,605	14,493	12,316	10,792	11,343	9,783
Investments and other assets:						
Investment securities	66,732	65,995	26,762	23,047	22,215	17,749
Shares of subsidiaries and associates.....	459,883	453,175	420,624	393,659	356,243	353,592
Investments in capital of subsidiaries and associates...	2,094	2,102	2,179	2,179	2,179	2,179
Long-term loans receivable.....	43,577	46,278	32,483	51,307	57,331	81,174
Leasehold and guarantee deposits	7,523	7,643	7,578	7,565	7,650	7,564
Long-term prepaid expenses	17,252	14,776	11,562	11,721	20,104	20,876
Prepaid pension costs	43,403	38,400	34,006	29,605	25,825	22,614
Deferred tax assets	—	750	3,849	5,548	4,408	5,306
Insurance funds.....	4,260	4,279	4,298	4,370	4,268	4,227
Other	3,026	3,179	3,244	2,234	2,307	2,408
Allowance for doubtful accounts.....	(491)	(491)	(660)	(874)	(827)	(2,826)
Total investments and other assets.....	647,262	636,089	545,929	530,365	501,706	514,866
Total non-current assets	797,343	774,477	675,949	658,710	633,182	645,853
Total assets	¥1,046,756	¥1,014,130	¥992,881	¥993,501	¥971,493	¥947,194

In millions of yen

LIABILITIES	2025	2024	2023	2022	2021	2020
Current liabilities:						
Accounts payable.....	¥ 4,732	¥ 4,326	¥ 4,183	¥ 3,676	¥ 4,505	¥ 4,125
Short-term borrowings.....	19,283	14,746	16,180	17,467	19,516	22,565
Lease liabilities.....	328	308	284	275	263	271
Accounts payable–other.....	17,469	20,170	16,719	16,445	17,297	17,381
Accounts payable–facilities.....	6,410	4,228	4,749	3,530	4,348	4,127
Income taxes payable.....	10,890	10,880	9,973	11,189	10,594	11,848
Accrued consumption taxes.....	3,683	3,923	2,898	3,489	5,131	5,106
Accrued expenses.....	961	707	753	779	675	739
Deposits received for cash collection and deposit services.....	15,097	20,593	15,907	16,313	17,788	14,192
Deferred revenue.....	22,968	22,455	22,615	22,963	19,808	20,147
Provision for bonuses.....	6,988	6,693	6,299	6,432	6,718	6,849
Provision for bonuses for directors (and other officers) ...	61	40	—	—	—	—
Provision for loss on contracts.....	391	281	1,141	—	—	—
Provision for shareholder benefit program.....	312	—	—	—	—	—
Other.....	6,557	4,975	4,352	3,932	4,603	4,902
Total current liabilities.....	116,138	114,332	106,060	106,496	111,252	112,258
Non-current liabilities:						
Lease liabilities.....	3,278	3,435	3,543	3,691	3,807	3,867
Long-term guarantee deposits.....	15,654	15,735	15,823	15,975	16,167	16,347
Long-term deferred revenue.....	7,073	6,412	6,138	6,059	—	—
Deferred tax liabilities.....	3,114	—	—	—	—	—
Provision for retirement benefits.....	237	408	687	1,037	1,389	1,517
Other.....	218	543	320	291	313	326
Total non-current liabilities.....	29,577	26,534	26,512	27,054	21,678	22,058
Total liabilities.....	145,715	140,867	132,572	133,551	132,931	134,316
NET ASSETS						
Shareholders' equity:						
Share capital.....	¥ 66,427	¥ 66,427	¥ 66,427	¥ 66,419	¥ 66,410	¥ 66,401
Capital surplus:						
Legal capital surplus.....	83,103	83,103	83,103	83,095	83,086	83,077
Other capital surplus.....	6,798	4,983	3,432	3,432	0	0
Total capital surplus.....	89,902	88,087	86,536	86,528	83,087	83,078
Retained earnings:						
Legal retained earnings.....	9,028	9,028	9,028	9,028	9,028	9,028
Other retained earnings:						
Reserve for system developments.....	800	800	800	800	800	800
General reserve.....	2,212	2,212	2,212	2,212	2,212	2,212
Retained earnings brought forward.....	896,619	844,392	797,939	768,348	744,495	721,639
Total retained earnings.....	908,659	856,433	809,979	780,388	756,535	733,679
Treasury shares.....	(176,716)	(149,978)	(109,224)	(79,436)	(73,785)	(73,775)
Total shareholders' equity.....	888,272	860,968	853,718	853,900	832,248	809,383
Valuation and translation adjustments:						
Valuation difference on available-for-sale securities.....	12,768	12,294	6,589	6,049	6,313	3,494
Total valuation and translation adjustments.....	12,768	12,294	6,589	6,049	6,313	3,494
Total net assets.....	901,041	873,263	860,308	859,950	838,562	812,878
Total liabilities and net assets.....	¥1,046,756	¥1,014,130	¥992,881	¥993,501	¥971,493	¥947,194

Condensed Nonconsolidated Statements of Income (Based on Japanese GAAP)

SECOM CO., LTD.

Years ended March 31

	In millions of yen					
	2025	2024	2023	2022	2021	2020
Net sales.....	¥416,862	¥405,671	¥391,570	¥395,181	¥394,389	¥398,929
<i>Percentage change from prior year</i>	2.8%	3.6%	(0.9)%	0.2%	(1.1)%	1.2%
Cost of sales.....	251,651	243,745	232,887	234,703	235,165	236,397
<i>As a percentage of net sales</i>	60.4	60.1	59.5	59.4	59.6	59.3
Gross profit.....	165,210	161,925	158,683	160,478	159,224	162,531
<i>As a percentage of net sales</i>	39.6	39.9	40.5	40.6	40.4	40.7
Selling, general and administrative expenses.....	89,161	87,062	84,067	81,775	83,682	85,654
<i>As a percentage of net sales</i>	21.4	21.5	21.5	20.7	21.2	21.5
Operating profit.....	76,049	74,863	74,615	78,703	75,541	76,877
<i>As a percentage of net sales</i>	18.2	18.5	19.1	19.9	19.2	19.3
Non-operating income.....	40,531	39,507	20,887	18,872	16,174	16,950
Non-operating expenses.....	2,720	2,145	2,247	2,480	2,414	3,289
Ordinary profit.....	113,860	112,225	93,255	95,094	89,301	90,538
<i>As a percentage of net sales</i>	27.3	27.7	23.8	24.1	22.6	22.7
Extraordinary income.....	2,639	950	463	548	226	1,651
Extraordinary losses.....	1,720	3,419	2,184	1,621	8,992	2,092
Profit before income taxes.....	114,779	109,757	91,534	94,021	80,534	90,097
<i>As a percentage of net sales</i>	27.5	27.1	23.4	23.8	20.4	22.6
Income taxes.....	22,855	22,820	22,883	24,135	20,574	24,289
<i>Effective tax rate</i>	19.9	20.8	25.0	25.7	25.5	27.0
Profit.....	91,924	86,936	68,651	69,885	59,960	65,808
<i>As a percentage of net sales</i>	22.1	21.4	17.5	17.7	15.2	16.5
<i>Percentage change from prior year</i>	5.7	26.6	(1.8)	16.6	(8.9)	(11.1)