Financial Data
2026

Year ended March 31, 2026

AUDITED FINANCIAL STATEMENTS

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Consolidated Financial Statements

Consolidated Balance Sheets

SECOM CO., LTD. and Subsidiaries
March 31, 2026 and 2025

	In millions of yen		Translation into thousands of U.S. dollars (Note 3)
	March 31		March 31
ASSETS	**2026**	2025	**2026**
Current assets:			
Cash and cash equivalents (Notes 4 and 21)	**¥ 418,768**	¥ 418,633	**$ 2,617,300**
Time deposits (Note 12)	**34,108**	38,077	**213,175**
Cash deposits for armored car services (Note 5)	**142,241**	141,000	**889,006**
Short-term investments (Notes 6 and 21)	**19,551**	25,173	**122,194**
Notes and accounts receivable, trade	**197,357**	186,195	**1,233,481**
Due from subscribers	**68,755**	66,450	**429,719**
Inventories (Note 7)	**62,317**	51,423	**389,481**
Short-term deferred charges (Note 2 (13))	**7,720**	7,349	**48,250**
Short-term receivables (Notes 8, 12, 19 and 20)	**27,261**	28,403	**170,381**
Allowance for credit losses (Note 8)	**(2,675)**	(2,442)	**(16,719)**
Short-term deferred insurance acquisition costs (Note 13)	**4,100**	3,328	**25,625**
Other current assets	**26,113**	27,009	**163,206**
Total current assets	**1,005,616**	990,598	**6,285,099**
Investments and long-term receivables:			
Investment securities (Notes 2 (7), 6, 12 and 21)	**325,540**	298,078	**2,034,625**
Investments in affiliated companies (Note 9)	**169,645**	155,811	**1,060,281**
Long-term receivables (Notes 8, 12, 19 and 20)	**44,020**	39,436	**275,125**
Lease deposits	**26,018**	24,818	**162,613**
Other investments	**14,837**	13,950	**92,731**
Allowance for credit losses (Note 8)	**(3,699)**	(3,680)	**(23,119)**
	576,361	528,413	**3,602,256**
Property, plant and equipment (Notes 10, 12, 18 and 19)**:**			
Land	**126,620**	123,787	**791,375**
Buildings and improvements	**466,107**	444,867	**2,913,169**
Security equipment and control stations	**408,017**	400,513	**2,550,106**
Machinery, equipment and automobiles	**181,512**	176,360	**1,134,450**
Construction in progress	**13,350**	16,276	**83,438**
	1,195,606	1,161,803	**7,472,538**
Accumulated depreciation	**(704,871)**	(683,375)	**(4,405,444)**
	490,735	478,428	**3,067,094**
Other assets:			
Operating lease right-of-use assets (Notes 2 (12) and 18)	**136,185**	132,273	**851,156**
Long-term deferred charges (Note 2 (13))	**14,482**	14,162	**90,513**
Long-term deferred insurance acquisition costs (Note 13)	**6,659**	6,458	**41,619**
Goodwill (Note 11)	**143,412**	138,692	**896,325**
Other intangible assets (Notes 11, 12, 18 and 19)	**73,717**	67,932	**460,731**
Prepaid pension and severance costs (Note 14)	**85,054**	73,578	**531,588**
Deferred income taxes (Note 16)	**14,732**	15,846	**92,075**
	474,241	448,941	**2,964,007**
Total assets	**¥2,546,953**	¥2,446,380	**$15,918,456**

See accompanying notes to consolidated financial statements.

	In millions of yen		Translation into thousands of U.S. dollars (Note 3)
	March 31		March 31
LIABILITIES AND EQUITY	**2026**	2025	**2026**
Current liabilities:			
Bank loans (Notes 5 and 12)	**¥ 29,918**	¥ 33,355	**$ 186,988**
Current portion of long-term debt (Notes 12, 18 and 20)	**11,072**	10,605	**69,200**
Notes and accounts payable, trade	**50,444**	42,672	**315,275**
Other payables	**50,531**	49,678	**315,819**
Deposits received (Note 5)	**132,072**	127,649	**825,450**
Deferred revenue	**39,123**	38,617	**244,519**
Accrued income taxes	**32,535**	25,900	**203,344**
Accrued payroll	**66,688**	62,944	**416,800**
Current operating lease liabilities (Notes 2 (12) and 18)	**23,833**	23,280	**148,955**
Other current liabilities	**43,438**	36,413	**271,487**
Total current liabilities	**479,654**	451,113	**2,997,837**
Long-term liabilities:			
Long-term debt (Notes 12, 18 and 20)	**47,546**	49,261	**297,163**
Guarantee deposits received	**23,860**	23,665	**149,125**
Accrued pension and severance costs (Note 14)	**27,152**	28,812	**169,700**
Long-term deferred revenue	**16,880**	16,891	**105,500**
Unearned premiums and other insurance liabilities (Note 13)	**131,298**	127,183	**820,613**
Investment deposits by policyholders (Notes 13 and 20)	**2,696**	9,437	**16,850**
Deferred income taxes (Note 16)	**49,441**	40,132	**309,005**
Noncurrent operating lease liabilities (Notes 2 (12) and 18)	**113,793**	110,610	**711,205**
Other long-term liabilities (Notes 20, 21 and 22)	**17,696**	18,014	**110,600**
Total long-term liabilities	**430,362**	424,005	**2,689,761**
Total liabilities	**910,016**	875,118	**5,687,598**
Commitments and contingent liabilities (Note 23)			
Equity:			
SECOM CO., LTD. shareholders' equity (Note 17):			
Common stock			
Authorized—1,800,000,000 shares, issued 466,599,796 shares in 2026			
Authorized—1,800,000,000 shares, issued 466,599,796 shares in 2025	**66,427**	66,427	**415,169**
Additional paid-in capital	**57,591**	55,882	**359,944**
Legal reserve	**11,600**	11,452	**72,500**
Retained earnings	**1,471,357**	1,363,220	**9,195,981**
Accumulated other comprehensive income (loss):			
Unrealized gains on securities (Note 6)	**1,790**	294	**11,187**
Changes in discount rates for insurance contracts issued	**464**	624	**2,902**
Pension liability adjustments (Note 14)	**16,399**	10,294	**102,494**
Foreign currency translation adjustments	**45,708**	45,430	**285,675**
	64,361	56,642	**402,258**
Common stock in treasury, at cost:			
62,138,647 shares in 2026 and 50,925,784 shares in 2025	**(236,671)**	(176,716)	**(1,479,194)**
Total SECOM CO., LTD. shareholders' equity	**1,434,665**	1,376,907	**8,966,658**
Noncontrolling interests	**202,272**	194,355	**1,264,200**
Total equity	**1,636,937**	1,571,262	**10,230,858**
Total liabilities and equity	**¥2,546,953**	¥2,446,380	**$15,918,456**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2026

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2026	2025	2024	**2026**
Net sales and operating revenue (Notes 13, 17, 21 and 24)	**¥1,402,035**	¥1,311,145	¥1,283,961	**$8,762,719**
Costs and expenses:				
Cost of sales (Note 7)	**958,060**	938,440	891,103	**5,987,875**
Selling, general and administrative expenses (Notes 2 (18), 2 (19), 2 (20))	**248,964**	240,890	228,353	**1,556,025**
Impairment loss on long-lived assets (Note 10)	**1,725**	3,666	4,428	**10,781**
Impairment loss on goodwill (Note 11)	**482**	—	4,404	**3,013**
Gain and loss on sales and disposal of fixed assets, net	**1,480**	(707)	496	**9,250**
	1,210,711	1,182,289	1,128,784	**7,566,944**
Operating income	**191,324**	128,856	155,177	**1,195,775**
Other income:				
Interest and dividends	**5,068**	4,638	3,573	**31,675**
Gain and loss on sales of securities, net (Notes 6 and 17)	**514**	187	—	**3,213**
Gain on other-than-temporary impairment of investment securities (Notes 17 and 21)	**12,712**	443	9,771	**79,450**
Gain on private equity investments (Note 21)	**5,835**	17,534	18,221	**36,469**
Other (Notes 14, 15, 17 and 22)	**6,431**	5,665	7,545	**40,194**
	30,560	28,467	39,110	**191,001**
Other expenses:				
Interest	**1,740**	1,573	1,340	**10,875**
Gain and loss on sales of securities, net (Notes 6 and 17)	**—**	—	851	**—**
Other (Note 15)	**1,148**	1,627	1,173	**7,175**
	2,888	3,200	3,364	**18,050**
Income from continuing operations before income taxes and equity in net income of affiliated companies	**218,996**	154,123	190,923	**1,368,726**
Income taxes (Note 16):				
Current	**57,567**	47,659	48,106	**359,794**
Deferred	**6,470**	(1,026)	10,167	**40,438**
	64,037	46,633	58,273	**400,232**
Income from continuing operations before equity in net income of affiliated companies	**154,959**	107,490	132,650	**968,494**
Equity in net income of affiliated companies (Note 17)	**10,634**	8,315	9,980	**66,463**
Net income	**165,593**	115,805	142,630	**1,034,957**
Less: Net income attributable to noncontrolling interests	**(16,157)**	(14,365)	(16,598)	**(100,981)**
Net income attributable to SECOM CO., LTD.	**¥ 149,436**	¥ 101,440	¥ 126,032	**$ 933,976**

	In yen			Translation into U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2026	2025	2024	**2026**
Per share data (Note 2 (22)):				
Net income attributable to SECOM CO., LTD.	**¥366.31**	¥243.93	¥297.95	**$2.29**
Cash dividends per share (Note 17)	**¥100.00**	¥ 95.00	¥ 95.00	**$0.63**

Consolidated Statements of Comprehensive Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2026

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2026	2025	2024	**2026**
Comprehensive income:				
Net income	**¥165,593**	¥115,805	¥142,630	**$1,034,957**
Other comprehensive income (loss), net of tax:				
Unrealized gains on securities	**1,496**	127	1,388	**9,350**
Changes in discount rates for insurance contracts issued	**(163)**	20	36	**(1,019)**
Pension liability adjustments	**7,000**	(1,262)	7,030	**43,750**
Foreign currency translation adjustments	**682**	16,992	12,380	**4,264**
Total comprehensive income	**174,608**	131,682	163,464	**1,091,302**
Less: Comprehensive income attributable to noncontrolling interests	**(17,453)**	(16,671)	(18,516)	**(109,081)**
Comprehensive income attributable to SECOM CO., LTD.	**¥157,155**	¥115,011	¥144,948	**$ 982,221**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2026

In millions of yen

	Number of shares issued	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Common stock in treasury, at cost	Total SECOM CO., LTD. shareholders' equity	Noncontrolling interests	Total
Balance, March 31, 2023	466,599,796	¥66,427	¥63,086	¥11,067	¥1,216,314	¥24,155	(¥109,225)	¥1,271,824	¥168,386	¥1,440,210
Comprehensive income:										
Net income	—	—	—	—	126,032	—	—	126,032	16,598	142,630
Other comprehensive income (loss), net of tax (Note 17):										
Unrealized gains on securities	—	—	—	—	—	1,388	—	1,388	—	1,388
Changes in discount rates for insurance contracts issued	—	—	—	—	—	35	—	35	1	36
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								144,948	18,516	163,464
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 17)	—	—	(3,255)	—	—	—	—	(3,255)	2,365	(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	61,382	11,278	1,301,652	43,071	(149,979)	1,333,831	186,403	1,520,234
Comprehensive income:										
Net income	—	—	—	—	101,440	—	—	101,440	14,365	115,805
Other comprehensive income (loss), net of tax (Note 17):										
Unrealized gains on securities	—	—	—	—	—	127	—	127	—	127
Changes in discount rates for insurance contracts issued	—	—	—	—	—	19	—	19	1	20
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								115,011	16,671	131,682
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 17)	—	—	(7,315)	—	—	—	—	(7,315)	(5,605)	(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	55,882	11,452	1,363,220	56,642	(176,716)	1,376,907	194,355	1,571,262
Comprehensive income:										
Net income	**—**	**—**	**—**	**—**	**149,436**	**—**	**—**	**149,436**	**16,157**	**165,593**
Other comprehensive income (loss), net of tax (Note 17):										
Unrealized gains on securities	**—**	**—**	**—**	**—**	**—**	**1,496**	**—**	**1,496**	**—**	**1,496**
Changes in discount rates for insurance contracts issued	**—**	**—**	**—**	**—**	**—**	**(160)**	**—**	**(160)**	**(3)**	**(163)**
Pension liability adjustments	**—**	**—**	**—**	**—**	**—**	**6,105**	**—**	**6,105**	**895**	**7,000**
Foreign currency translation adjustments	**—**	**—**	**—**	**—**	**—**	**278**	**—**	**278**	**404**	**682**
Total comprehensive income								**157,155**	**17,453**	**174,608**
Issuance of new stocks	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Cash dividends paid to SECOM CO., LTD. shareholders	**—**	**—**	**—**	**—**	**(41,151)**	**—**	**—**	**(41,151)**	**—**	**(41,151)**
Cash dividends paid to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,630)**	**(4,630)**
Transfer to legal reserve	**—**	**—**	**—**	**148**	**(148)**	**—**	**—**	**—**	**—**	**—**
Equity transactions with noncontrolling interests and other (Note 17)	**—**	**—**	**1,688**	**—**	**—**	**—**	**—**	**1,688**	**(4,906)**	**(3,218)**
Gains on disposal of treasury stock	**—**	**—**	**21**	**—**	**—**	**—**	**48**	**69**	**—**	**69**
Net changes in treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**(60,003)**	**(60,003)**	**—**	**(60,003)**
Balance, March 31, 2026	**466,599,796**	**¥66,427**	**¥57,591**	**¥11,600**	**¥1,471,357**	**¥64,361**	**(¥236,671)**	**¥1,434,665**	**¥202,272**	**¥1,636,937**

Translation into thousands of U.S. dollars (Note 3)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Common stock in treasury, at cost	Total SECOM CO., LTD. shareholders' equity	Noncontrolling interests	Total
Balance, March 31, 2025	$415,169	$349,263	$71,575	$8,520,125	$354,013	($1,104,475)	$8,605,670	$1,214,719	$ 9,820,389
Comprehensive income:									
Net income	**—**	**—**	**—**	**933,976**	**—**	**—**	**933,976**	**100,981**	**1,034,957**
Other comprehensive income (loss), net of tax (Note 17):									
Unrealized gains on securities	**—**	**—**	**—**	**—**	**9,350**	**—**	**9,350**	**—**	**9,350**
Changes in discount rates for insurance contracts issued	**—**	**—**	**—**	**—**	**(1,000)**	**—**	**(1,000)**	**(19)**	**(1,019)**
Pension liability adjustments	**—**	**—**	**—**	**—**	**38,156**	**—**	**38,156**	**5,594**	**43,750**
Foreign currency translation adjustments	**—**	**—**	**—**	**—**	**1,739**	**—**	**1,739**	**2,525**	**4,264**
Total comprehensive income							**982,221**	**109,081**	**1,091,302**
Issuance of new stocks	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Cash dividends paid to SECOM CO., LTD. shareholders	**—**	**—**	**—**	**(257,195)**	**—**	**—**	**(257,195)**	**—**	**(257,195)**
Cash dividends paid to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(28,938)**	**(28,938)**
Transfer to legal reserve	**—**	**—**	**925**	**(925)**	**—**	**—**	**—**	**—**	**—**
Equity transactions with noncontrolling interests and other (Note 17)	**—**	**10,550**	**—**	**—**	**—**	**—**	**10,550**	**(30,662)**	**(20,112)**
Gains on disposal of treasury stock	**—**	**131**	**—**	**—**	**—**	**300**	**431**	**—**	**431**
Net changes in treasury stock	**—**	**—**	**—**	**—**	**—**	**(375,019)**	**(375,019)**	**—**	**(375,019)**
Balance, March 31, 2026	**$415,169**	**$359,944**	**$72,500**	**$9,195,981**	**$402,258**	**($1,479,194)**	**$8,966,658**	**$1,264,200**	**$10,230,858**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2026

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2026	2025	2024	**2026**
Cash flows from operating activities:				
Net income	**¥165,593**	¥115,805	¥142,630	**$1,034,957**
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 11)	**88,281**	85,264	81,014	**551,756**
Accrual for pension and severance costs, less payments	**(4,272)**	(4,879)	(4,592)	**(26,700)**
Deferred income taxes, including discontinued operations	**6,470**	(1,026)	10,167	**40,438**
Gain and loss on sales and disposal of fixed assets, net	**1,480**	(707)	496	**9,250**
Impairment loss on long-lived assets (Note 10)	**1,725**	3,666	4,428	**10,781**
Gain and loss on private equity investments (Note 21)	**(5,835)**	(17,534)	(18,221)	**(36,469)**
Impairment loss on goodwill (Note 11)	**482**	—	4,404	**3,013**
Gain on sales of securities, net (Notes 6 and 13)	**(1,048)**	(215)	(1,393)	**(6,550)**
Gain and loss on other-than-temporary impairment of investment securities (Notes 13 and 21)	**(35,297)**	2,975	(26,642)	**(220,606)**
Equity in net income of affiliated companies	**(10,634)**	(8,315)	(9,980)	**(66,463)**
Changes in assets and liabilities, net of effects from acquisitions and disposals:				
(Increase) decrease in cash deposits for armored car services	**(1,241)**	(2,438)	(3,102)	**(7,756)**
(Increase) decrease in receivables and due from subscribers, net of allowances	**(6,038)**	(5,743)	(10,575)	**(37,738)**
(Increase) decrease in inventories	**(9,490)**	827	(7,112)	**(59,313)**
Increase in deferred charges	**(8,660)**	(9,707)	(9,024)	**(54,125)**
Increase (decrease) in notes and accounts payable	**5,948**	(3,867)	600	**37,175**
Increase (decrease) in deposits received	**4,393**	(3,971)	7,431	**27,456**
Decrease in deferred revenue	**280**	1,595	(738)	**1,750**
Increase (decrease) in accrued income taxes	**7,084**	(944)	3,428	**44,275**
Increase (decrease) in guarantee deposits received	**122**	251	(61)	**763**
Increase (decrease) in unearned premiums and other insurance liabilities	**3,896**	217	(1,183)	**24,350**
Increase (decrease) in accrued consumption tax	**3,778**	(1,983)	3,160	**23,613**
Other, net	**10,964**	27,094	14,739	**68,524**
Net cash provided by operating activities	**217,981**	176,365	179,874	**1,362,381**
Cash flows from investing activities:				
(Increase) decrease in time deposits	**3,139**	(12,783)	(14,778)	**19,619**
Proceeds from sales of property, plant and equipment	**840**	6,328	3,757	**5,250**
Payments for purchases of property, plant and equipment	**(72,356)**	(79,905)	(85,552)	**(452,225)**
Payments for purchases of intangible assets	**(20,433)**	(17,880)	(13,843)	**(127,706)**
Proceeds from sales and redemptions of investment securities (Note 6)	**46,750**	21,639	34,075	**292,188**
Payments for purchases of investment securities	**(34,152)**	(16,776)	(93,943)	**(213,450)**
(Increase) decrease in short-term investments	**(3,992)**	(4,000)	2,731	**(24,950)**
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	**—**	(14)	—	**—**
Acquisitions, net of cash acquired	**(10,065)**	(637)	—	**(62,906)**
(Increase) decrease in short-term receivables, net	**(110)**	(8)	(40)	**(688)**
Payments for long-term receivables	**(1,153)**	(1,488)	(479)	**(7,206)**
Proceeds from long-term receivables	**1,016**	1,001	794	**6,350**
Other, net	**(1,605)**	(323)	(1,751)	**(10,032)**
Net cash used in investing activities	**(92,121)**	(104,846)	(169,029)	**(575,756)**
Cash flows from financing activities:				
Proceeds from long-term debt	**4,011**	2,617	1,100	**25,069**
Repayments of long-term debt	**(11,604)**	(12,337)	(15,074)	**(72,525)**
Increase (decrease) in bank loans, net	**(3,436)**	4,117	(914)	**(21,475)**
Increase (decrease) in investment deposits by policyholders	**(6,741)**	(2,367)	(2,559)	**(42,130)**
Dividends paid to SECOM CO., LTD. shareholders	**(41,151)**	(39,698)	(40,483)	**(257,195)**
Dividends paid to noncontrolling interests	**(4,630)**	(3,114)	(2,864)	**(28,938)**
Payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders	**(3,605)**	(10,284)	(611)	**(22,531)**
Increase in treasury stock, net	**(60,002)**	(30,012)	(44,002)	**(375,013)**
Other, net	**10**	31	2,933	**63**
Net cash used in financing activities	**(127,148)**	(91,047)	(102,474)	**(794,675)**
Effect of exchange rate changes on cash and cash equivalents	**1,423**	2,433	2,580	**8,894**
Net increase in cash and cash equivalents	**135**	(17,095)	(89,049)	**844**
Cash and cash equivalents at beginning of year	**418,633**	435,728	524,777	**2,616,456**
Cash and cash equivalents at end of year	**¥418,768**	¥418,633	¥435,728	**$2,617,300**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2026

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 ¥79,751 million ($498,444 thousand) and ¥78,199 million ($488,744 thousand), respectively, at March 31, 2026, and ¥77,337 million and ¥80,182 million, respectively, at March 31, 2025. 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 ¥275 million ($1,719 thousand) and ¥1 million ($6 thousand), respectively, at March 31, 2026, and ¥3,756 million and ¥854 million, respectively, at March 31, 2025. The Company's assets in the consolidated balance sheets and the Company's maximum exposure to losses related to VIEs at March 31, 2026 and 2025 were ¥107 million ($669 thousand) and ¥1,127 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 amortized cost is evaluated on an individual security basis to determine whether such decline has resulted from credit losses or other factors. Impairment related to credit losses is recognized in income through an allowance for credit losses, while declines in fair value attributable to other factors are recognized in other comprehensive income.

In evaluating credit losses, the Company considers the length of time and extent to which the market value of the security has been less than its amortized cost, the financial condition, other specific factors affecting the market value, deterioration of the credit condition of the issuers, and whether the Company intends to sell the security or whether it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost.

Realized gains 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 ¥54,114 million ($338,213 thousand) and ¥68,454 million at March 31, 2026 and 2025, 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 Policy Acquisition Costs

Deferred Policy Acquisition Costs Related to Short-Duration Insurance Contracts

Deferred policy acquisition costs related to short-duration insurance contracts represent costs that are directly related to and vary with the acquisition of new insurance contracts and have been capitalized as assets. These costs are amortized primarily over the premium payment period in proportion to the related premium revenue recognized.

Deferred Policy Acquisition Costs Related to Long-Duration Insurance Contracts

Deferred policy acquisition costs related to long-duration insurance contracts represent costs that are directly related to and vary with the acquisition of new insurance contracts and have been capitalized as assets. These costs are amortized on a systematic basis at a constant level over the expected duration of the related insurance contracts. Unlike deferred policy acquisition costs related to short-duration insurance contracts, they are not amortized in proportion to premium revenue.

(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 ¥65,846 million ($411,538 thousand), ¥63,326 million and ¥59,785 million for the years ended March 31, 2026, 2025 and 2024, 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 ¥9,333 million ($58,331 thousand), ¥8,507 million and ¥8,831 million for the years ended March 31, 2026, 2025 and 2024, 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) Insurance Liabilities

Insurance liabilities consist of insurance liabilities related to short-duration insurance contracts (unearned premiums) and other insurance liabilities, as well as insurance liabilities related to long-duration insurance contracts (liabilities for future policy benefits).

Insurance Liabilities Related to Short-Duration Insurance Contracts (Unearned Premiums) and Other Insurance Liabilities

Insurance liabilities related to short-duration insurance contracts (unearned premiums) relate to the unexpired portion of insurance contracts and are recognized as revenue on a pro rata basis over the remaining coverage period. Other insurance liabilities consist primarily of reserves for reported claims and claim adjustment expenses, as well as liabilities for incurred but not reported claims.

Insurance Liabilities Related to Long-Duration Insurance Contracts

Liabilities for future policy benefits related to long-duration insurance contracts are measured using the net premium ratio method. The net premium ratio represents the ratio, at contract inception, of the present value of future policy benefits and related expenses to the present value of future net premium receipts, and liabilities for future policy benefits are accrued by applying this ratio to the net premium receipts of each period.

Assumptions used for future cash flows are reviewed annually at the same time each year. If assumptions are revised, the net premium ratio is recalculated retrospectively to the contract acquisition date, and the effect of such revisions is recognized in profit or loss.

Discount rates are updated at each reporting date based on yields of market-observable medium-grade fixed-income instruments with investment-grade ratings, and changes in insurance liabilities arising from changes in discount rates are recognized in other comprehensive income.

(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, 2026, 2025 and 2024 were ¥8,844 million ($55,275 thousand), ¥8,444 million and ¥7,816 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, 2026, 2025 and 2024 were ¥6,684 million ($41,775 thousand), ¥5,325 million and ¥5,807 million, respectively.

(20) Shipping and Handling Costs

Shipping and handling costs included in selling, general and administrative expenses for the years ended March 31, 2026, 2025 and 2024 were ¥1,318 million ($8,238 thousand), ¥1,287 million and ¥1,277 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, 2026, 2025 and 2024 was 407,947 thousand shares, 415,861 thousand shares and 423,003 thousand shares, respectively. There were no potentially dilutive shares outstanding during the years ended March 31, 2026, 2025 or 2024.

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 the fiscal years beginning after December 15, 2021. However, in November 2019, the FASB issued ASU No. 2019-09, "Effective Date," and in November 2020, the FASB issued ASU No. 2020-11, "Effective Date and Early Application," which deferred 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 added transition guidance for contracts derecognized as a result of a sale or disposal prior to the effective date of ASU No. 2018-12. The impact of the adoption of these standards on the consolidated financial statements would be as follows. As of March 31, 2025, long-term deferred insurance acquisition costs would increase by ¥6,458 million, retained earnings would increase by ¥4,565 million, and accumulated other comprehensive income would increase by ¥624 million in the consolidated balance sheet, while insurance contract liabilities would decrease by ¥963 million. In addition, net income attributable to shareholders of the Company for the fiscal year ended March 31, 2025 would increase by ¥372 million in the consolidated statement of income. As of March 31, 2024, long-term deferred insurance acquisition costs would increase by ¥5,947 million, retained earnings would increase by ¥4,193 million, and other comprehensive income would increase by ¥605 million in the consolidated balance sheet, while insurance contract liabilities would decrease by ¥923 million. In addition, net income attributable to shareholders of the Company for the fiscal year ended March 31, 2024 would increase by ¥148 million in the consolidated statement of income. As of March 31, 2023, long-term deferred insurance acquisition costs would increase by ¥5,801 million, retained earnings would increase by ¥4,045 million, and accumulated other comprehensive income would increase by ¥570 million in the consolidated balance sheet, while insurance contract liabilities would decrease by ¥809 million.

In November 2024, the FASB issued Accounting Standards Update (ASU) No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures." 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, amortization of intangible, 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 annual reporting periods beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. The Company is currently evaluating the impact of adopting this standard on the Group's disclosures.

In May 2025, the FASB issued Accounting Standards Update (ASU) No. 2025-03, "Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity." This accounting standard revises the guidance for determining the accounting acquirer in acquisition transactions effected primarily through the exchange of equity interests when the legal acquiree is a variable interest entity (VIE) that meets the definition of a business. The amendments eliminate the requirement for the primary beneficiary of a VIE to be identified as the accounting acquirer and instead require entities to identify the accounting acquirer based on the same factors used in other business combinations. The amendments are effective for annual reporting periods beginning after December 15, 2026. The Company is currently evaluating the impact of adopting this standard on the Group's consolidated financial statements.

In September 2025, the FASB issued Accounting Standards Update (ASU) No. 2025-06, "Targeted Improvements to the Accounting for Internal-Use Software." This accounting standard revises the accounting requirements for costs incurred in developing internal-use software. The amendments eliminate the existing project-stage-based capitalization model and require capitalization of development costs once management has authorized funding for the project and completion of the project is considered probable. The amendments also integrate the guidance related to website development costs and revise the criteria for commencing capitalization. The amendments are effective for annual reporting periods beginning after December 15, 2027. The Company is currently evaluating the impact of adopting this standard on the Group's consolidated financial statements.

In December 2025, the FASB issued Accounting Standards Update (ASU) No. 2025-10, "Government Grants—Accounting for Government Grants Received by Business Entities." This accounting standard establishes new guidance for the recognition, measurement, presentation and disclosure of government grants received by business entities. The standard requires government grants to be recognized when the related conditions have been satisfied and it is probable that the grants will be received. The amendments also require government grants to be classified as either asset-related grants or income-related grants. Asset-related grants may be accounted for either as deferred income or as a reduction of the carrying amount of the related asset. Income-related grants, as well as grants recognized as deferred income, are required to be recognized in income over the periods in which the related expenses are recognized. The amendments are effective for annual reporting periods beginning after December 15, 2028. The Company is currently evaluating the impact of adopting this standard on the Group's consolidated financial statements.

(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 ¥160=US$1, the approximate rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2026. 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. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2026 and 2025 comprise the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	**2026**
Cash	**¥358,622**	¥367,374	**$2,241,387**
Time deposits	**14,364**	13,570	**89,775**
Call loan	**19,000**	28,000	**118,750**
Investment securities	**26,782**	9,689	**167,388**
	¥418,768	¥418,633	**$2,617,300**

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.

5. 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 ¥16,838 million ($105,238 thousand) and ¥125,386 million ($783,663 thousand), respectively, at March 31, 2026, and ¥19,980 million and ¥121,062 million, respectively, at March 31, 2025. As part of its fee arrangement, the Company is reimbursed for the interest cost of the related overdrafts.

6. 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, 2026 and 2025 are as follows:

	In millions of yen			
	March 31, 2026			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
Short-term investments:				
Available-for-sale:				
Debt securities	¥ 17,852	¥1,620	¥ 21	¥ 19,451
Held-to-maturity:				
Debt securities	100	—	—	100
	¥ 17,952	¥1,620	¥ 21	¥ 19,551
Investment securities:				
Available-for-sale:				
Debt securities	¥104,736	¥2,178	¥1,261	¥105,653
Held-to-maturity:				
Debt securities	11,421	—	809	10,612
	¥116,157	¥2,178	¥2,070	¥116,265

	In millions of yen			
	March 31, 2025			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
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 thousands of U.S. dollars			
	March 31, 2026			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
Short-term investments:				
Available-for-sale:				
Debt securities	$111,575	$10,125	$ 131	$121,569
Held-to-maturity:				
Debt securities	625	—	—	625
	$112,200	$10,125	$ 131	$122,194
Investment securities:				
Available-for-sale:				
Debt securities	$654,600	$13,613	$ 7,882	$660,331
Held-to-maturity:				
Debt securities	71,381	—	5,056	66,325
	$725,981	$13,613	$12,938	$726,656

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, 2026 are as follows:

	In millions of yen			
	March 31, 2026			
	Less than 12 months		12 months or longer	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:				
Debt securities	¥54,774	¥1,282	¥—	¥—
Held-to-maturity:				
Debt securities	¥10,412	¥ 809	¥—	¥—

	In thousands of U.S. dollars			
	March 31, 2026			
	Less than 12 months		12 months or longer	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:				
Debt securities	$342,338	$8,013	$—	$—
Held-to-maturity:				
Debt securities	$ 65,075	$5,056	$—	$—

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, 2026.

At March 31, 2026, 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, 2026 are as follows:

	In millions of yen			
	March 31, 2026			
	Available-for-sale		Held-to-maturity	
	Cost	Fair value	Cost	Fair value
Due within 1 year	¥ 17,852	¥ 19,451	¥ 100	¥ 100
Due after 1 year through 5 years	56,944	58,275	100	100
Due after 5 years through 10 years	28,391	28,262	9,128	8,588
Due after 10 years	19,401	19,116	2,193	1,924
	¥122,588	¥125,104	¥11,521	¥10,712

	In thousands of U.S. dollars			
	March 31, 2026			
	Available-for-sale		Held-to-maturity	
	Cost	Fair value	Cost	Fair value
Due within 1 year	$111,575	$121,569	$ 625	$ 625
Due after 1 year through 5 years	355,900	364,219	625	625
Due after 5 years through 10 years	177,444	176,637	57,050	53,675
Due after 10 years	121,256	119,475	13,706	12,025
	$766,175	$781,900	$72,006	$66,950

Proceeds from the sale of "available-for-sale" securities for the years ended March 31, 2026, 2025 and 2024 were ¥6,370 million ($39,813 thousand), ¥7,669 million and ¥12,685 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, 2026, 2025 and 2024 are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	2026
Gross realized gains	¥1,112	¥359	¥2,678	$6,950
Gross realized losses	64	120	1,285	400

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 ¥6,943 million ($43,394 thousand) and ¥6,240 million at March 31, 2026 and 2025, 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.

7. Inventories

Inventories at March 31, 2026 and 2025 comprise the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	2026
Security-related products	¥13,798	¥10,873	$ 86,238
Fire protection-related products	20,569	19,661	128,556
Real estate	5,367	5,152	33,544
Other-related products	22,583	15,737	141,143
	¥62,317	¥51,423	$389,481

There is no write-down on real estate inventories included in cost of sales for the years ended March 31, 2026, 2025 and 2024.

8. 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, 2026 and 2025 are as follows:

	In millions of yen				
	Year ended March 31, 2026				
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Allowance for credit losses:					
Balance at beginning of year	¥ 188	¥2,527	¥ 324	¥ 703	¥ 3,742
Provision (Reversal)	32	(2)	(5)	22	47
Charge off	(34)	—	—	—	(34)
Other	—	—	—	—	—
Balance at end of year	186	2,525	319	725	3,755
Individually evaluated	106	2,525	319	725	3,675
Collectively evaluated	¥ 80	¥ —	¥ —	¥ —	¥ 80
Financing receivables:					
Individually evaluated	¥ 143	¥3,198	¥ 372	¥ 779	¥ 4,492
Collectively evaluated	55,766	245	1,193	112	57,316
	¥55,909	¥3,443	¥1,565	¥ 891	¥61,808

	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 thousands of U.S. dollars				
	Year ended March 31, 2026				
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Allowance for credit losses:					
Balance at beginning of year	$ 1,176	$15,794	$2,025	$4,393	$ 23,388
Provision (Reversal)	200	(13)	(31)	138	294
Charge off	(213)	—	—	—	(213)
Other	—	—	—	—	—
Balance at end of year	1,163	15,781	1,994	4,531	23,469
Individually evaluated	663	15,781	1,994	4,531	22,969
Collectively evaluated	$ 500	$ —	$ —	$ —	$ 500
Financing receivables:					
Individually evaluated	$ 893	$19,988	$2,325	$4,869	$ 28,075
Collectively evaluated	348,538	1,531	7,456	700	358,225
	$349,431	$21,519	$9,781	$5,569	$386,300

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, 2026 and 2025 are as follows:

	In millions of yen				
	March 31, 2026				
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Current	¥55,766	¥3,410	¥1,224	¥ 721	¥61,121
Overdue	143	33	341	170	687
Total: Financing receivables	¥55,909	¥3,443	¥1,565	¥ 891	¥61,808
Financing receivables on nonaccrual status	¥ —	¥ —	¥ 372	¥ —	¥ 372

	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 thousands of U.S. dollars				
	March 31, 2026				
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Current	$348,537	$21,313	$7,650	$4,506	$382,006
Overdue	894	206	2,131	1,063	4,294
Total: Financing receivables	$349,431	$21,519	$9,781	$5,569	$386,300
Financing receivables on nonaccrual status	$ —	$ —	$2,325	$ —	$ 2,325

Impaired receivables and the related allowance for credit losses at March 31, 2026 and 2025 are as follows:

	In millions of yen				
	March 31, 2026				
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Impaired receivables	¥143	¥3,198	¥372	¥779	¥4,492
Related allowance for credit losses	106	2,525	319	725	3,675

	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 doubtful accounts	107	2,527	324	703	3,661

	In thousands of U.S. dollars				
	March 31, 2026				
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Impaired receivables	$893	$19,988	$2,325	$4,869	$28,075
Related allowance for credit losses	663	15,781	1,994	4,531	22,969

The average amounts of impaired receivables for the year ended March 31, 2026 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	¥149	¥3,210	¥372	¥751	¥4,482

	In thousands of U.S. dollars				
	Lease receivables	Loans receivable resulting from medical services	Other loans receivable	Other	Total
Average amounts of impaired receivables	$931	$20,063	$2,325	$4,694	$28,013

9. 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 28.5 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 27.2 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
	2026	2025	2026
Current assets	¥296,242	¥272,129	$1,851,513
Noncurrent assets	360,573	373,576	2,253,581
Total assets	¥656,815	¥645,705	$4,105,094
Current liabilities	¥156,214	¥145,181	$ 976,338
Long-term liabilities	136,912	142,120	855,700
Equity	363,689	358,404	2,273,056
Total liabilities and equity	¥656,815	¥645,705	$4,105,094

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	2026
Net sales	¥561,965	¥546,005	¥454,890	$3,512,281
Gross profit	¥155,314	¥144,808	¥120,201	$ 970,713
Net income attributable to affiliated companies	¥ 36,842	¥ 28,349	¥ 33,860	$ 230,263

Dividends received from affiliated companies for the years ended March 31, 2026, 2025 and 2024 were ¥8,454 million ($52,838 thousand), ¥6,942 million and ¥6,103 million, respectively.

Three listed affiliated companies accounted for under the equity method with an aggregated carrying amount of ¥82,252 million ($514,075 thousand) and ¥76,986 million at March 31, 2026 and 2025, respectively, had a quoted market value of ¥166,383 million ($1,039,894 thousand) and ¥137,487 million at March 31, 2026 and 2025, respectively.

The amounts of goodwill included in the carrying amount of investments in affiliated companies were ¥52,980 million ($331,125 thousand) and ¥53,244 million at March 31, 2026 and 2025, 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
	2026	2025	2024	2026
Sales	¥ 1,844	¥ 1,740	¥ 1,099	$11,525
Purchases	¥11,632	¥11,506	¥10,317	$72,700

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	2026
Notes and accounts receivable, trade	¥ 620	¥ 756	$ 3,875
Loans receivable	¥ 31	¥ —	$ 194
Notes and accounts payable	¥2,193	¥2,558	$13,706
Guarantees for bank loans	¥ —	¥ —	$ —

The Company's equity in undistributed income of affiliates at March 31, 2026 and 2025 included in retained earnings was ¥59,472 million ($371,700 thousand) and ¥55,673 million, respectively.

10. 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, 2026, 2025 and 2024. 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, 2026, 2025 and 2024 are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	2026
Security services	¥ —	¥1,008	¥ 918	$ —
Fire protection services	—	456	—	—
Medical services	256	810	2,466	1,600
Insurance services	—	—	—	—
Geospatial information services	494	19	302	3,088
BPO and ICT services	975	1,346	742	6,093
Other services	—	27	—	—
Corporate items	—	—	—	—
Total	¥1,725	¥3,666	¥4,428	$10,781

11. Goodwill and Other Intangible Assets

The components of acquired intangible assets, excluding goodwill, at March 31, 2026 and 2025 are as follows:

	In millions of yen		
	March 31, 2026		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software	¥ 91,929	(¥49,743)	¥42,186
Other	56,464	(30,568)	25,896
	¥148,393	(¥80,311)	¥68,082
Unamortized intangible assets	¥ 5,635	¥ —	¥ 5,635

	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 thousands of U.S. dollars		
	March 31, 2026		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software	$574,556	($310,894)	$263,662
Other	352,900	(191,050)	161,850
	$927,456	($501,944)	$425,512
Unamortized intangible assets	$ 35,219	$ —	$ 35,219

Aggregate amortization expense for the years ended March 31, 2026, 2025 and 2024 was ¥13,102 million ($81,888 thousand), ¥13,431 million and ¥12,398 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
2027	¥15,151	$94,694
2028	15,083	94,269
2029	13,227	82,669
2030	10,561	66,006
2031	7,778	48,613

The changes in the carrying amount of goodwill by business segment for the years ended March 31, 2026 and 2025 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	¥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
Goodwill acquired during the year	777	3,346	—	—	987	—	5,110
Disposal	—	—	—	—	—	—	—
Impairment losses	(482)	—	—	—	—	—	(482)
Translation adjustment	92	—	—	—	—	—	92
Goodwill	99,415	6,342	9,399	3,855	36,101	9,529	164,641
Accumulated impairment losses	(12,021)	—	(7,015)	(191)	(175)	(1,827)	(21,229)
March 31, 2026	¥87,394	¥6,342	¥2,384	¥3,664	¥35,926	¥7,702	¥143,412

	In thousands of U.S. dollars						
	Security services	Fire protection services	Medical services	Geospatial information services	BPO and ICT services	Other services	Total
Goodwill	$615,913	$18,725	$58,744	$24,094	$219,463	$59,557	$ 996,496
Accumulated impairment losses	(72,119)	—	(43,844)	(1,194)	(1,094)	(11,419)	(129,670)
March 31, 2025	543,794	18,725	14,900	22,900	218,369	48,138	866,826
Goodwill acquired during the year	4,856	20,912	—	—	6,169	—	31,937
Disposal	—	—	—	—	—	—	—
Impairment losses	(3,013)	—	—	—	—	—	(3,013)
Translation adjustment	575	—	—	—	—	—	575
Goodwill	621,343	39,637	58,744	24,094	225,632	59,557	1,029,007
Accumulated impairment losses	(75,131)	—	(43,844)	(1,194)	(1,094)	(11,419)	(132,682)
March 31, 2026	$546,212	$39,637	$14,900	$22,900	$224,538	$48,138	$ 896,325

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.

12. Bank Loans and Long-Term Debt

Bank loans of ¥29,918 million ($186,988 thousand) and ¥33,355 million at March 31, 2026 and 2025, respectively, are generally comprised of 30 to 365 day notes. The weighted average interest rate was 1.22 percent and 0.91 percent at March 31, 2026 and 2025, 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, 2026, Nohmi Bosai Ltd. and Arai & Co., Ltd., subsidiaries of the parent company, had an unused committed line of credit from short-term arrangements of ¥10,689 million ($66,806 thousand). The line of credit expires in March 2027. 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, 2026, the Company had overdraft agreements with 31 banks and its unused lines of credit amounted to ¥68,859 million ($430,369 thousand). The Company incurs no fee on the unused portion of these overdraft agreements. The overdraft agreements expire in the period from April 2026 to March 2027. The Company has the ability and intent to extend these overdraft agreements under similar terms and conditions.

Long-term debt at March 31, 2026 and 2025 comprises the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	2026
Loans, principally from banks due 2025–2045 with interest rates ranging from 0.13% to 3.60%:			
Secured	¥ 8,000	¥ 8,901	$ 50,001
Unsecured	15,789	15,450	98,681
Unsecured bonds due 2025–2040 with floating interest rates based on 6-month Japanese yen TIBOR	2,351	2,615	14,694
Obligations under finance leases, due 2025–2062 (Note 18)	32,478	32,900	202,987
	58,618	59,866	366,363
Less: Portion due within one year	(11,072)	(10,605)	(69,200)
	¥47,546	¥49,261	$297,163

Assets pledged as collateral for bank loans and long-term debt at March 31, 2026 and 2025 are as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	2026
Time deposits	¥ —	¥ —	$ —
Short-term and long-term receivables	6,132	6,000	38,325
Investment securities	1,389	1,429	8,681
Property, plant and equipment	39,707	38,990	248,169
Other intangible assets	508	508	3,175

The aggregate annual maturities on long-term debt at March 31, 2026 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2027	¥11,072	$ 69,200
2028	9,136	57,100
2029	7,595	47,469
2030	5,065	31,656
2031	3,950	24,688
Thereafter	21,800	136,250
	¥58,618	$366,363

13. 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, (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, and (d) that cancer treatment expense insurance ("Medicom"), for which policy reserves calculated based on approved actuarial methodologies are recognized as liabilities under Japanese GAAP, is treated as a long-duration insurance contract under U.S. GAAP as a result of the adoption of Long-Duration Targeted Improvements applicable to long-duration insurance contracts.

The specific measurement methods for liabilities related to long-duration insurance contracts, including the measurement of liabilities for future policy benefits using the net premium ratio method, the amortization of deferred policy acquisition costs on a constant-level basis, the recognition in other comprehensive income of the effects of changes in discount rates, and the recognition in profit or loss of the effects of changes in cash flow assumptions, are described in 2. (16) above.

In addition, under certain property and casualty insurance contracts with a refund clause and insurance policies with maturity refunds, such as fire insurance, 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 related interest, as policyholders' deposits. 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, 2026 and 2025 was ¥133,997 million ($837,481 thousand) and ¥109,098 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, 2026, 2025 and 2024 were gains of ¥23,119 million ($144,494 thousand), losses of ¥3,389 million, and gains of ¥19,115 million, respectively. Gains and losses on other-than-temporary impairments of investment securities for the years ended March 31, 2026, 2025 and 2024 were gains of ¥22,585 million ($141,156 thousand), losses of ¥3,418 million and gains of ¥16,871 million, respectively.

14. 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, 2026, 2025 and 2024 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
	2026	2025	2024	2026
Net periodic pension and severance costs:				
Service cost	¥6,574	¥6,992	¥7,699	$41,088
Interest cost	1,939	1,265	998	12,119
Expected return on plan assets	(4,389)	(4,086)	(4,004)	(27,432)
Amortization of prior service benefit	31	30	30	194
Recognized actuarial loss	(183)	(65)	184	(1,144)
Net periodic pension and severance costs	¥3,972	¥4,136	¥4,907	$24,825

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
	2026	2025	2026
Change in benefit obligation:			
Benefit obligation at beginning of year	¥115,686	¥123,828	$ 723,038
Service cost	6,574	6,992	41,087
Interest cost	1,939	1,265	12,119
Actuarial loss	(4,512)	(3,526)	(28,200)
Prior service benefit	(13)	—	(81)
Benefits paid	(8,090)	(8,069)	(50,563)
Transfer to the defined contribution pension plan	—	(4,970)	—
Other	1,071	166	6,694
Benefit obligation at end of year	112,655	115,686	704,094
Change in plan assets:			
Fair value of plan assets at beginning of year	160,452	164,495	1,002,825
Actual return on plan assets	9,734	(42)	60,838
Employer contribution	5,652	6,195	35,325
Benefits paid	(5,540)	(5,658)	(34,625)
Transfer to the defined contribution pension plan	—	(4,538)	—
Other	259	—	1,619
Fair value of plan assets at end of year	170,557	160,452	1,065,982
Funded status at the end of year	¥ 57,902	¥ 44,766	$ 361,888

Amounts recognized in the consolidated balance sheets at March 31, 2026 and 2025 consist of:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	2026
Prepaid pension and severance costs	¥85,054	¥73,578	$531,588
Accrued pension and severance costs	(27,152)	(28,812)	(169,700)
Net amount recognized	¥57,902	¥44,766	$361,888

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the year ended March 31, 2026 are summarized as follows:

	In millions of yen	In thousands of U.S. dollars
Current year actuarial (gain) loss	(¥9,857)	($61,606)
Amortization of actuarial gain (loss)	183	1,144
Current year prior service benefit	13	81
Amortization of prior service benefit	(31)	(194)
	(¥9,692)	($60,575)

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2026 and 2025 consist of:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	2026
Actuarial (gain) loss	(¥25,442)	(¥15,768)	($159,013)
Prior service benefit	85	103	531
Net amount recognized	(¥25,357)	(¥15,665)	($158,482)

The accumulated benefit obligation for the pension plan was ¥110,134 million ($688,338 thousand) and ¥113,053 million at March 31, 2026 and 2025, respectively.

The accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligation in excess of plan assets were ¥31,571 million ($197,319 thousand) and ¥14,389 million ($89,931 thousand), respectively, at March 31, 2026, and ¥32,609 million and ¥13,884 million, respectively, at March 31, 2025.

The projected benefit obligation and fair value of plan assets for the pension plans with projected benefit obligation in excess of plan assets were ¥31,708 million ($198,175 thousand) and ¥14,389 million ($89,931 thousand), respectively, at March 31, 2026, and ¥49,172 million and ¥29,369 million, respectively, at March 31, 2025.

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, 2026 and 2025 are as follows:

	March 31	
	2026	2025
Discount rate	2.8%	1.9%
Rate of compensation increase	2.1%	2.3%
Interest crediting rate for cash balance plans	1.0%	0.5%

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2026, 2025 and 2024 are as follows:

	Years ended March 31		
	2026	2025	2024
Discount rate	1.9%	1.2%	0.9%
Expected return on plan assets	3.0%	3.0%	3.0%
Rate of compensation increase	2.3%	2.4%	2.4%
Interest crediting rate for cash balance plans	0.5%	0.3%	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, 2026 and 2025. The three levels of inputs used to measure fair value are more fully described in Note 21.

	In millions of yen			
	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 7,459	¥ —	¥ —	¥ 7,459
Equity securities				
Japanese companies	2,229	—	—	2,229
Foreign companies	294	—	—	294
Debt securities				
Government bonds	—	—	—	—
Non-government bonds	—	—	—	—
Pooled funds	1,673	72,508	65,926	140,107
Call loans	—	4,954	—	4,954
Insurance contracts	—	15,828	—	15,828
Other	8	(718)	396	(314)
	¥11,663	¥92,572	¥66,322	¥170,557

* 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, 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 thousands of U.S. dollars			
	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$46,619	$ —	$ —	$ 46,619
Equity securities				
Japanese companies	13,931	—	—	13,931
Foreign companies	1,838	—	—	1,838
Debt securities				
Government bonds	—	—	—	—
Non-government bonds	—	—	—	—
Pooled funds	10,456	453,175	412,038	875,669
Call loans	—	30,963	—	30,963
Insurance contracts	—	98,925	—	98,925
Other	50	(4,488)	2,475	(1,963)
	$72,894	$578,575	$414,513	$1,065,982

* 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, 2026 and 2025.

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, 2026		
	Pooled funds	Other	Total
Balance at beginning of year	¥61,477	¥277	¥61,754
Actual return on plan assets:			
Relating to assets sold during the year	(1,133)	—	(1,133)
Relating to assets held at end of year	3,097	20	3,117
Purchases, sales and settlements, net	833	99	932
Transfer to (from) Level 3, net	1,652	—	1,652
Balance at end of year	¥65,926	¥396	¥66,322

	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 thousands of U.S. dollars		
	Year ended March 31, 2026		
	Pooled funds	Other	Total
Balance at beginning of year	$384,231	$1,732	$385,963
Actual return on plan assets:			
Relating to assets sold during the year	(7,081)	—	(7,081)
Relating to assets held at end of year	19,357	124	19,481
Purchases, sales and settlements, net	5,206	619	5,825
Transfer to (from) Level 3, net	10,325	—	10,325
Balance at end of year	$412,038	$2,475	$414,513

The Company expects to contribute ¥1,744 million ($10,900 thousand) to its domestic defined benefit plans in the year ending March 31, 2027.

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
2027	¥ 6,882	$ 43,013
2028	7,523	47,019
2029	8,207	51,294
2030	8,187	51,169
2031	8,700	54,375
2032–2036	39,518	246,988

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, 2026, 2025 and 2024 were ¥3,262 million ($20,388 thousand), ¥2,722 million and ¥2,453 million, respectively.

15. Exchange Gains and Losses

Other income for the year ended March 31, 2026 includes net exchange gains of ¥599 million ($3,744 thousand). Other expenses for the year ended March 31, 2025 includes net exchange losses of ¥89 million. Other income for the year ended March 31, 2024 includes net exchange gains of ¥609 million.

16. Income Taxes

Total income taxes for the years ended March 31, 2026, 2025 and 2024 are allocated as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	2026
Consolidated income taxes from continuing operations	¥64,037	¥46,633	¥58,273	$400,232
Shareholders' equity—accumulated other comprehensive income (loss):				
Unrealized gains (losses) on securities	596	74	540	3,725
Changes in discount rates for insurance contracts issued	(55)	8	14	(344)
Pension liability adjustments	3,100	(254)	3,441	19,375
Foreign currency translation adjustments	—	—	—	—
	¥67,678	¥46,461	¥62,268	$422,988

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 year ended March 31, 2024, decreased to approximately 30.4 percent for the years ended March 31, 2025 and 2026.

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
	2026	2025	2024	2026
Income taxes computed at statutory tax rate	¥66,575	¥46,853	¥58,232	$416,094
Increase (decrease) resulting from:				
Per capita tax	1,088	1,111	1,114	6,800
Reversal of valuation allowance	(907)	1,103	(233)	(5,668)
Provision of valuation allowance	474	875	319	2,963
Net effect of changes in corporate tax rates	(224)	182	17	(1,400)
Other, net	(2,969)	(3,491)	(1,176)	(18,557)
Consolidated income taxes from continuing operations	¥64,037	¥46,633	¥58,273	$400,232

The significant components of deferred tax assets and liabilities at March 31, 2026 and 2025 are as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	2026
Deferred tax assets:			
Operating lease liabilities	¥ 43,254	¥ 41,904	$270,338
Vacation accrual	11,043	10,283	69,019
Accrued bonus	8,196	7,758	51,225
Accrued pension and severance costs	6,715	7,315	41,969
Adjustment of book value at the date of acquisition			
Land and buildings	5,448	5,460	34,050
Other assets	389	391	2,431
Property, plant and equipment	4,342	4,915	27,138
Loss carryforwards	3,977	4,108	24,856
Unrealized intra-entity profit on asset transfer	2,712	2,587	16,950
Intangible assets	1,964	1,969	12,275
Allowance for credit losses	1,740	1,656	10,875
Deferred revenue	98	339	613
Other	18,636	19,422	116,475
Gross deferred tax assets	108,514	108,107	678,214
Less: Valuation allowance	(17,306)	(16,493)	(108,163)
Total deferred tax assets	91,208	91,614	570,051
Deferred tax liabilities:			
Operating lease right-of-use assets	(42,801)	(41,409)	(267,506)
Unrealized gains on securities	(28,186)	(17,149)	(176,163)
Prepaid pension and severance cost	(25,344)	(22,155)	(158,400)
Investments in affiliated companies	(11,287)	(10,456)	(70,544)
Adjustment of book value at the date of acquisition			
Intangible assets	(5,895)	(6,818)	(36,844)
Land and buildings	(2,672)	(2,826)	(16,700)
Other assets	(701)	(721)	(4,381)
Deferred installation costs	(39)	(160)	(244)
Other	(8,992)	(14,206)	(56,199)
Gross deferred tax liabilities	(125,917)	(115,900)	(786,981)
Net deferred tax assets (liabilities)	(¥ 34,709)	(¥ 24,286)	($216,930)

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, 2026, 2025 and 2024 was an increase of ¥813 million ($5,081 thousand), and an increase of ¥1,559 million and a decrease of ¥255 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, 2026 and 2025.

Net deferred tax assets (liabilities) at March 31, 2026 and 2025 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
	2026	2025	**2026**
Deferred income taxes (Other assets)	**¥14,732**	¥15,846	**$ 92,075**
Deferred income taxes (Long-term liabilities)	**(49,441)**	(40,132)	**(309,005)**
Net deferred tax assets (liabilities)	**(¥34,709)**	(¥24,286)	**($216,930)**

At March 31, 2026, the operating loss carryforwards of domestic subsidiaries amounted to ¥6,371 million ($39,819 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
2027	¥ 55	$ 344
2028	—	—
2029	62	388
2030	200	1,250
2031	358	2,238
2032	379	2,369
2033	1,159	7,244
2034	1,620	10,125
2035	1,755	10,969
2036	783	4,892
	¥6,371	$39,819

The operating loss carryforwards of overseas subsidiaries at March 31, 2026 amounted to ¥7,890 million ($49,313 thousand), a part of which will begin to expire in the year ending March 31, 2027.

The total amount of unrecognized tax benefits for the years ended March 31, 2026, 2025 and 2024 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, 2026, 2025 and 2024.

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, 2026, 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.

17. 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, 2026, 2025 and 2024 are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	**2026**
Net income attributable to SECOM CO., LTD.	**¥149,436**	¥101,440	¥126,032	**$933,976**
Net transfers from (to) noncontrolling interests	**1,688**	(7,315)	(3,255)	**10,550**
Change from net income attributable to SECOM CO., LTD. and transfers from (to) noncontrolling interests	**¥151,124**	¥ 94,125	¥122,777	**$944,526**

(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 ¥707,010 million ($4,418,813 thousand) at March 31, 2026.

Subsequent to March 31, 2026, the parent company's Board of Directors declared a year-end cash dividend of ¥50 ($0.31) per share, totaling ¥20,223 million ($126,394 thousand), to shareholders of record on March 31, 2026. The dividend declared was approved at the general shareholders' meeting held on June 26, 2026. 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, 2026, 2025 and 2024 are as follows:

	In millions of yen		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2026:			
Unrealized gains on securities—			
Unrealized gains or losses arising during the period	**¥ 774**	**(¥ 216)**	**¥ 558**
Less: Reclassification adjustment for gains or losses realized in net income	**1,318**	**(380)**	**938**
Changes in discount rates for insurance contracts issued—			
Unrealized gains or losses arising during the period	**(218)**	**55**	**(163)**
Pension liability adjustments—			
Unrealized gains or losses arising during the period	**10,021**	**(3,108)**	**6,913**
Less: Reclassification adjustment for gains or losses realized in net income	**79**	**8**	**87**
Foreign currency translation adjustments—			
Unrealized gains or losses arising during the period	**682**	**—**	**682**
Less: Reclassification adjustment for gains or losses realized in net income	**—**	**—**	**—**
Other comprehensive income (loss)	**¥12,656**	**(¥3,641)**	**¥9,015**
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
Changes in discount rates for insurance contracts issued—			
Unrealized gains or losses arising during the period	28	(8)	20
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)	¥15,705	¥172	¥15,877

	In millions of yen		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
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)
Changes in discount rates for insurance contracts issued—			
Unrealized gains or losses arising during the period	50	(14)	36
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)	¥24,829	(¥3,995)	¥20,834

	In thousands of U.S. dollars		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2026:			
Unrealized gains on securities—			
Unrealized gains or losses arising during the period	**$ 4,838**	**($ 1,350)**	**$ 3,488**
Less: Reclassification adjustment for gains or losses realized in net income	**8,237**	**(2,375)**	**5,862**
Changes in discount rates for insurance contracts issued—			
Unrealized gains or losses arising during the period	**(1,363)**	**344**	**(1,019)**
Pension liability adjustments—			
Unrealized gains or losses arising during the period	**62,631**	**(19,425)**	**43,206**
Less: Reclassification adjustment for gains or losses realized in net income	**494**	**50**	**544**
Foreign currency translation adjustments—			
Unrealized gains or losses arising during the period	**4,264**	**—**	**4,264**
Less: Reclassification adjustment for gains or losses realized in net income	**—**	**—**	**—**
Other comprehensive income (loss)	**$79,101**	**($22,756)**	**$56,345**

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, 2026, 2025 and 2024 are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	2026
Unrealized gains on securities—				
Net sales and operating revenue	¥1,256	¥517	(¥2,025)	$7,850
Gain and loss on sales of securities, net	(62)	(92)	(1,138)	(388)
Loss on other-than-temporary impairment of investment securities	124	184	2,276	775
Pension liability adjustments—				
Net periodic pension and severance costs (Note 14)	(152)	(35)	214	(950)
Equity in net income of affiliated companies	231	(26)	(69)	1,444
Foreign currency translation adjustments—				
Gain and loss on sales of securities, net	—	—	(293)	—

18. 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, 2026 and 2025 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	2026
Buildings and improvements	¥27,049	¥21,734	$169,056
Machinery, equipment and automobiles	30,968	32,581	193,550
Other intangible assets	945	1,102	5,906
Accumulated depreciation and amortization	(24,463)	(25,284)	(152,894)
	¥34,499	¥30,133	$215,618

Depreciation and amortization expenses for assets under finance leases for the years ended March 31, 2026, 2025 and 2024 were ¥7,095 million ($44,344 thousand), ¥7,782 million and ¥7,987 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, 2026:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2027	¥ 7,129	$ 44,556
2028	5,928	37,050
2029	4,461	27,881
2030	3,098	19,363
2031	2,205	13,781
Thereafter	27,977	174,856
Total minimum lease payments	50,798	317,487
Less: Amount representing interest	(18,320)	(114,500)
Present value of net minimum lease payments (Note 12)	32,478	202,987
Less: Current portion	(6,252)	(39,074)
Long-term finance lease obligations	¥26,226	$163,913

Operating lease expenses for the years ended March 31, 2026 and 2025 were ¥29,149 million ($182,181 thousand) and ¥27,310 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
	2026	2025	2026
Cash paid for amounts included in the measurement of operating lease liabilities	¥24,091	¥24,517	$150,569
Right of use assets obtained in exchange for operating lease liabilities	24,653	23,857	154,081

The following is a schedule by year of the future minimum lease payments under operating leases at March 31, 2026:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2027	¥ 23,958	$149,738
2028	16,975	106,094
2029	12,732	79,575
2030	10,624	66,400
2031	8,324	52,025
Thereafter	81,887	511,791
Total minimum lease payments	154,500	965,623
Less: Amount representing interest	(16,874)	(105,463)
Present value of net minimum lease payments	¥137,626	$860,160

The following is remaining lease term and discount rate under operating leases at March 31, 2026 and 2025:

	March 31, 2026	March 31, 2025
Weighted-average remaining lease term	170 months	184 months
Weighted-average discount rate	1.35%	1.37%

19. 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, 2026 and 2025 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	2026
Total minimum lease payments to be received	¥66,538	¥60,007	$415,863
Estimated executory cost	(7,182)	(5,733)	(44,889)
Unearned income	(3,447)	(3,745)	(21,543)
Lease receivables, net	55,909	50,529	349,431
Less: Current portion	(16,492)	(15,823)	(103,075)
Long-term lease receivables, net	¥39,417	¥34,706	$246,356

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, 2026:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2027	¥19,040	$119,000
2028	15,955	99,719
2029	12,739	79,619
2030	8,814	55,088
2031	5,272	32,950
Thereafter	4,718	29,487
Total future minimum lease payments to be received	¥66,538	$415,863

A summary of investment in property under operating leases and property held for lease at March 31, 2026 and 2025 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	2026
Land	¥42,350	¥42,560	$264,688
Buildings and improvements	35,277	33,911	220,481
Other intangible assets	1,038	1,038	6,488
Accumulated depreciation and amortization	(17,306)	(16,142)	(108,163)
	¥61,359	¥61,367	$383,494

The future minimum rentals under noncancelable operating leases at March 31, 2026 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2027	¥2,946	$18,413
2028	613	3,831
2029	410	2,563
2030	339	2,119
2031	288	1,800
Thereafter	1,818	11,362
Total future minimum rentals	¥6,414	$40,088

20. 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 21.

(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 6, at March 31, 2026 and 2025 are as follows:

	In millions of yen			
	March 31			
	2026		2025	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Non-derivatives:				
Assets—				
Long-term receivables including current portion (Less allowance for credit losses)	¥57,750	¥56,267	¥52,507	¥51,788
Liabilities—				
Long-term debt including current portion	58,618	58,618	59,866	59,812
Investment deposits by policyholders	2,696	2,693	9,437	9,473
Derivatives:				
Assets—				
Interest rate swaps (Other investments)	10	10	7	7
Liabilities—				
Interest rate swaps (Other long-term liabilities)	—	—	—	—

	In thousands of U.S. dollars	
	March 31, 2026	
	Carrying amount	Estimated fair value
Non-derivatives:		
Assets—		
Long-term receivables including current portion (Less allowance for credit losses)	$360,938	$351,669
Liabilities—		
Long-term debt including current portion	366,363	366,363
Investment deposits by policyholders	16,850	16,831
Derivatives:		
Assets—		
Interest rate swaps (Other investments)	63	63
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.

21. 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, 2026 and 2025. Transfers between levels are recognized at the end of the respective reporting periods.

	In millions of yen			
	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	¥ 26,782	¥ —	¥ —	¥ 26,782
Short-term investments and investment securities	185,059	87,454	54,114	326,627
Interest rate swaps (Other investments)	—	10	—	10
Total assets	¥211,841	¥87,464	¥54,114	¥353,419
Liabilities:				
Derivatives (Other long-term liabilities)	¥ —	¥ —	¥ —	¥ —
Total liabilities	¥ —	¥ —	¥ —	¥ —

	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
Interest rate swaps (Other investments)	—	7	—	7
Total assets	¥147,891	¥98,700	¥68,454	¥315,045
Liabilities:				
Derivatives (Other long-term liabilities)	¥ —	¥ —	¥ —	¥ —
Total liabilities	¥ —	¥ —	¥ —	¥ —

	In thousands of U.S. dollars			
	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 167,388	$ —	$ —	$ 167,388
Short-term investments and investment securities	1,156,619	546,588	338,213	2,041,420
Interest rate swaps (Other investments)	—	63	—	63
Total assets	$1,324,007	$546,651	$338,213	$2,208,871
Liabilities:				
Derivatives (Other long-term liabilities)	$ —	$ —	$ —	$ —
Total liabilities	$ —	$ —	$ —	$ —

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, 2026 and 2025, amounting to ¥54,114 million ($338,213 thousand) and ¥68,454 million, respectively, are primarily private equity investments. The valuation technique and significant unobservable inputs are as follows:

		March 31, 2026
Valuation technique	Significant unobservable inputs	Range
Discounted cash flows	Discount rate	20%–30%
	Exit timing	2026–2027
	EBITDA multiple	5x–10x

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

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, 2026 and 2025.

	In millions of yen		In thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2026	2025	2026
Balance at beginning of year	¥68,454	¥50,902	$427,838
Total gains or losses (realized and unrealized):			
Included in earnings	4,231	12,016	26,444
Included in other comprehensive income	—	—	—
Purchases	—	44	—
Sales	(17,459)	—	(109,119)
Redemptions	—	—	—
Cancellation of contract	—	—	—
Foreign currency translation adjustments	(1,112)	5,492	(6,950)
Balance at end of year	¥54,114	¥68,454	$338,213
Changes in unrealized gains or losses relating to instruments still held at end of year:			
Included in earnings	(¥ 7,402)	¥12,016	($ 46,263)

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, 2026, non-marketable equity securities with a carrying amount of ¥6,982 million ($43,637 thousand) were written down to their fair value of ¥6,943 million ($43,393 thousand), resulting in an other-than-temporary impairment charge of ¥39 million ($244 thousand), which was included in earnings. For the year ended March 31, 2025, non-marketable equity securities with a carrying amount of ¥6,586 million were written down to their fair value of ¥6,240 million, resulting in an other-than-temporary impairment charge of ¥346 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 10) and goodwill (Note 11) 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.

22. 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-perfomance 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, 2026 and 2025 are as follows:

Derivatives not designated as hedging instruments

		In millions of yen		In thousands of U.S. dollars
		March 31		March 31
	Location	**2026**	2025	**2026**
Assets:				
Interest rate swaps	Other investments	**¥10**	¥ 7	**$63**
Liabilities:				
Interest rate swaps	Other long-term liabilities	**¥ —**	¥—	**$ —**

Effects of derivative instruments on the consolidated statements of income for the years ended March 31, 2026, 2025 and 2024 are as follows:

Derivatives not designated as hedging instruments

		In millions of yen			In thousands of U.S. dollars
		Years ended March 31			Year ended March 31
	Location	**2026**	2025	2024	**2026**
Interest rate swaps	Other income	**¥3**	¥6	¥0	**$19**

23. Commitments and Contingent Liabilities

The Company has commitments outstanding at March 31, 2026 for the purchase of property, plant and equipment of approximately ¥7,612 million ($47,575 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 ¥137 million ($856 thousand) at March 31, 2026. The carrying amounts of the liabilities recognized as the Company's obligations under these guarantees at March 31, 2026 and 2025 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.

24. Revenue

(1) Disaggregation of revenue

Revenue from contracts with customers and other sources for the years ended March 31, 2026, 2025 and 2024 are as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	**2026**
Revenue recognized from contracts with customers	**¥1,281,761**	¥1,227,511	¥1,182,488	**$8,011,006**
Revenue recognized from other sources	**120,274**	83,634	101,473	**751,713**
Total	**¥1,402,035**	¥1,311,145	¥1,283,961	**$8,762,719**

The disaggregation of revenue by operating segments is described in Note 26.

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, 2026 and 2025 are as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	**2026**
Receivables*1	**¥210,176**	¥201,360	**$1,313,600**
Contract assets*2	**31,455**	26,903	**196,594**
Contract liabilities*3	**60,891**	58,048	**380,569**

*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 ¥41,157 million as of March 31, 2025, is recognized as revenue for the fiscal year ended March 31, 2026.

(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, 2026 and 2025 are as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	**2026**
Due within 1 year	**¥182,566**	¥168,228	**$1,141,038**
Due after 1 year	**251,567**	225,636	**1,572,294**
	¥434,133	¥393,864	**$2,713,332**

25. 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
	2026	2025	2024	**2026**
Cash paid during the year for:				
Interest	**¥ 1,733**	¥ 1,585	¥ 1,361	**$ 10,831**
Income taxes	**50,739**	48,474	44,748	**317,119**
Non-cash investing and financing activities:				
Additions to obligations under finance leases	**3,224**	2,463	16,461	**20,150**

26. 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, 2026, 2025 and 2024 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
	2026	2025	2024	**2026**
Net sales and operating revenue:				
Security services—				
Customers	**¥ 675,048**	¥ 643,942	¥ 623,102	**$4,219,050**
Intersegment	**3,588**	4,139	3,169	**22,425**
	678,636	648,081	626,271	**4,241,475**
Fire protection services—				
Customers	**186,884**	177,096	160,601	**1,168,025**
Intersegment	**3,022**	3,739	3,282	**18,888**
	189,906	180,835	163,883	**1,186,913**
Medical services—				
Customers	**210,108**	199,957	192,600	**1,313,175**
Intersegment	**84**	72	251	**525**
	210,192	200,029	192,851	**1,313,700**
Insurance services—				
Customers	**87,797**	55,754	75,252	**548,731**
Intersegment	**3,210**	3,028	2,685	**20,063**
	91,007	58,782	77,937	**568,794**
Geospatial information services—				
Customers	**60,645**	58,372	60,501	**379,031**
Intersegment	**222**	179	204	**1,388**
	60,867	58,551	60,705	**380,419**
BPO and ICT services—				
Customers	**129,764**	128,334	127,090	**811,025**
Intersegment	**9,927**	10,815	13,225	**62,044**
	139,691	139,149	140,315	**873,069**
Other services—				
Customers	**51,789**	47,690	44,815	**323,682**
Intersegment	**1,304**	1,692	1,355	**8,150**
	53,093	49,382	46,170	**331,832**
Total	**1,423,392**	1,334,809	1,308,132	**8,896,202**
Eliminations	**(21,357)**	(23,664)	(24,171)	**(133,483)**
Total net sales and operating revenue	**¥1,402,035**	¥1,311,145	¥1,283,961	**$8,762,719**

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	**2026**
Segment expenses:				
Security services—				
Cost of sales	**¥439,245**	¥430,068	¥407,147	**$2,745,281**
Selling, general and administrative expenses	**114,974**	112,559	108,207	**718,588**
Impairment loss on long-lived assets	**—**	1,008	918	**—**
Other	**1,623**	1,805	2,474	**10,143**
Total	**555,842**	545,440	518,746	**3,474,012**
Fire protection services—				
Cost of sales	**119,207**	118,748	109,729	**745,044**
Selling, general and administrative expenses	**46,259**	42,447	38,855	**289,119**
Impairment loss on long-lived assets	**—**	456	—	**—**
Other	**34**	5	21	**212**
Total	**165,500**	161,656	148,605	**1,034,375**
Medical services—				
Cost of sales	**178,654**	176,264	166,957	**1,116,588**
Selling, general and administrative expenses	**22,950**	22,152	21,199	**143,438**
Impairment loss on long-lived assets	**256**	810	2,466	**1,600**
Other	**25**	(397)	1,447	**155**
Total	**201,885**	198,829	192,069	**1,261,781**
Insurance services—				
Cost of sales	**43,636**	41,215	39,186	**272,725**
Selling, general and administrative expenses	**12,629**	12,567	11,968	**78,931**
Impairment loss on long-lived assets	**—**	—	—	**—**
Other	**2**	33	1	**13**
Total	**56,267**	53,815	51,155	**351,669**
Geospatial information services—				
Cost of sales	**43,670**	43,612	43,719	**272,938**
Selling, general and administrative expenses	**11,963**	12,310	12,091	**74,769**
Impairment loss on long-lived assets	**494**	19	302	**3,088**
Other	**4**	68	(487)	**24**
Total	**56,131**	56,009	55,625	**350,819**
BPO and ICT services—				
Cost of sales	**115,771**	116,052	114,436	**723,569**
Selling, general and administrative expenses	**12,539**	12,940	12,143	**78,369**
Impairment loss on long-lived assets	**975**	1,346	742	**6,093**
Other	**271**	432	246	**1,694**
Total	**129,556**	130,770	127,567	**809,725**
Other services—				
Cost of sales	**37,082**	33,802	32,020	**231,763**
Selling, general and administrative expenses	**6,105**	6,618	6,571	**38,156**
Impairment loss on long-lived assets	**—**	27	—	**—**
Other	**4**	(68)	1,198	**27**
Total	**43,191**	40,379	39,789	**269,946**

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	**2026**
Operating income (loss):				
Security services	**¥122,794**	¥102,641	¥107,525	**$ 767,463**
Fire protection services	**24,406**	19,179	15,278	**152,538**
Medical services	**8,307**	1,200	782	**51,919**
Insurance services	**34,740**	4,967	26,782	**217,125**
Geospatial information services	**4,736**	2,542	5,080	**29,600**
BPO and ICT services	**10,135**	8,379	12,748	**63,344**
Other services	**9,902**	9,003	6,381	**61,886**
Total	**215,020**	147,911	174,576	**1,343,875**
Corporate expenses and eliminations	**(23,696)**	(19,055)	(19,399)	**(148,100)**
Operating income	**¥191,324**	¥128,856	¥155,177	**$1,195,775**
Other income	**30,560**	28,467	39,110	**191,001**
Other expenses	**(2,888)**	(3,200)	(3,364)	**(18,050)**
Income from continuing operations before income taxes	**¥218,996**	¥154,123	¥190,923	**$1,368,726**

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	**2026**
Assets:			
Security services	**¥ 923,739**	¥ 884,150	**$ 5,773,369**
Fire protection services	**232,588**	214,593	**1,453,675**
Medical services	**207,485**	202,102	**1,296,781**
Insurance services	**294,702**	268,358	**1,841,888**
Geospatial information services	**77,031**	74,844	**481,444**
BPO and ICT services	**291,523**	290,813	**1,822,019**
Other services	**146,266**	140,751	**914,161**
Total	**2,173,334**	2,075,611	**13,583,337**
Corporate items	**203,974**	214,958	**1,274,838**
Investments in affiliated companies	**169,645**	155,811	**1,060,281**
Total assets	**¥2,546,953**	¥2,446,380	**$15,918,456**

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	**2026**
Depreciation and amortization:				
Security services	**¥ 57,969**	¥ 54,848	¥ 53,611	**$362,306**
Fire protection services	**2,984**	3,004	2,958	**18,650**
Medical services	**7,077**	7,373	7,728	**44,231**
Insurance services	**2,808**	3,349	2,658	**17,550**
Geospatial information services	**1,808**	1,927	1,825	**11,300**
BPO and ICT services	**13,455**	12,587	10,114	**84,094**
Other services	**1,435**	1,379	1,325	**8,969**
Total	**87,536**	84,467	80,219	**547,100**
Corporate items	**745**	797	795	**4,656**
Total depreciation and amortization	**¥ 88,281**	¥ 85,264	¥ 81,014	**$551,756**
Capital expenditure:				
Security services	**¥ 61,397**	¥ 60,088	¥ 54,352	**$383,731**
Fire protection services	**13,803**	4,166	3,377	**86,269**
Medical services	**6,096**	5,555	11,167	**38,100**
Insurance services	**2,114**	2,396	3,354	**13,213**
Geospatial information services	**2,237**	1,861	2,362	**13,981**
BPO and ICT services	**17,153**	27,552	26,255	**107,206**
Other services	**3,450**	1,442	2,423	**21,563**
Total	**106,250**	103,060	103,290	**664,063**
Corporate items	**827**	1,329	1,023	**5,169**
Total capital expenditures	**¥107,077**	¥104,389	¥104,313	**$669,232**

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
	2026	2025	2024	**2026**
Electronic security services	**¥388,371**	¥375,290	¥365,980	**$2,427,319**
Other security services:				
Static guard services	**114,162**	104,606	100,063	**713,513**
Armored car services	**68,536**	66,896	65,367	**428,350**
Merchandise and other	**103,979**	97,150	91,692	**649,868**
Total security services	**¥675,048**	¥643,942	¥623,102	**$4,219,050**

(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, 2026, 2025 and 2024 and long-lived assets as of March 31, 2026 and 2025 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2026	2025	2024	**2026**
Net sales and operating revenue:				
Japan	**¥1,333,798**	¥1,241,316	¥1,220,773	**$8,336,238**
Other	**68,237**	69,829	63,188	**426,481**
Total	**¥1,402,035**	¥1,311,145	¥1,283,961	**$8,762,719**

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2026	2025	**2026**
Long-lived assets:			
Japan	**¥869,851**	¥842,426	**$5,436,569**
Other	**21,405**	20,446	**133,781**
Total	**¥891,256**	¥862,872	**$5,570,350**

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

27. Subsequent Events

Notice Regarding Determination of Repurchase of the Company's Own Shares and Cancellation of Treasury Shares

The Company resolved to repurchase its own shares pursuant to Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of such Act, and to cancel its treasury shares pursuant to Article 178 of the Companies Act at the Board of Directors' meeting held on May 12, 2026.

1. Reason for Repurchase

With the aim of realizing sustainable growth, the Company strives to increase its corporate value by conducting business with a focus on all stakeholders. 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	23,000,000 shares (maximum) (5.69% of total issued shares (excluding treasury shares))
(3) Total repurchase price	JPY 100,000,000,000 (maximum)
(4) Repurchase period	From May 13, 2026 to February 25, 2027
(5) Repurchase method	Market purchase on the Tokyo Stock Exchange

3. Details of Cancellation

(1) Class of shares to be cancelled	Shares of common stock of the Company
(2) Total number of shares to be cancelled	Total number of all treasury shares acquired in accordance with 2. above
(3) Scheduled date of the cancellation	March 31, 2027

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, 2026 and 2025, 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, 2026, 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, 2026 and 2025, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2026 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.

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 742 million yen and 171 million yen, respectively.

Convenience Translations

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 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 AZSA LLC

Tokyo, Japan
September 14, 2026

OTHER FINANCIAL DATA

Contents

Summary of Selected Financial Data

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

In millions of yen

	2026	2025	2024	2023	2022	2021
Composition of consolidated net sales and operating revenue by segment						
Net sales and operating revenue	**¥1,402,035**	¥1,311,145	¥1,283,961	¥1,227,316	¥1,166,098	¥1,135,339
Security services:	**675,048**	643,942	623,102	597,071	563,623	555,060
As a percentage of net sales and operating revenue	***48.1%***	*49.1%*	*48.5%*	*48.6%*	*48.3%*	*48.9%*
Electronic security services	**388,371**	375,290	365,980	356,962	348,749	344,882
As a percentage of net sales and operating revenue	***27.7***	*28.6*	*28.5*	*29.1*	*29.9*	*30.4*
Other security services—						
Static guard services	**114,162**	104,606	100,063	89,200	75,459	69,370
As a percentage of net sales and operating revenue	***8.1***	*8.0*	*7.8*	*7.3*	*6.5*	*6.1*
Armored car services	**68,536**	66,896	65,367	62,920	62,467	62,841
As a percentage of net sales and operating revenue	***4.9***	*5.1*	*5.1*	*5.1*	*5.4*	*5.5*
Subtotal	**182,698**	171,502	165,430	152,120	137,926	132,211
Merchandise and other	**103,979**	97,150	91,692	87,989	76,948	77,967
As a percentage of net sales and operating revenue	***7.4***	*7.4*	*7.1*	*7.1*	*6.6*	*6.9*
Fire protection services	**186,884**	177,096	160,601	145,662	148,804	140,599
As a percentage of net sales and operating revenue	***13.3***	*13.5*	*12.5*	*11.9*	*12.8*	*12.4*
Medical services	**210,108**	199,957	192,600	196,246	195,826	182,573
As a percentage of net sales and operating revenue	***15.0***	*15.2*	*15.0*	*16.0*	*16.8*	*16.1*
Insurance services	**87,797**	55,754	75,252	58,876	51,769	58,291
As a percentage of net sales and operating revenue	***6.3***	*4.3*	*5.9*	*4.8*	*4.4*	*5.1*
Geospatial information services	**60,645**	58,372	60,501	62,086	56,371	53,908
As a percentage of net sales and operating revenue	***4.3***	*4.5*	*4.7*	*5.1*	*4.8*	*4.7*
BPO and ICT services	**129,764**	128,334	127,090	127,854	115,544	112,144
As a percentage of net sales and operating revenue	***9.3***	*9.8*	*9.9*	*10.4*	*9.9*	*9.9*
Other services	**51,789**	47,690	44,815	39,521	34,161	32,764
As a percentage of net sales and operating revenue	***3.7***	*3.6*	*3.5*	*3.2*	*3.0*	*2.9*
Net income attributable to SECOM CO., LTD., cash dividends and SECOM CO., LTD. shareholders' equity						
Net income attributable to SECOM CO., LTD.	**¥ 149,436**	¥ 101,440	¥ 126,032	¥ 111,558	¥ 107,731	¥ 89,913
Cash dividends paid[2]	**41,151**	39,698	40,483	39,060	38,196	37,104
SECOM CO., LTD. shareholders' equity	**1,434,665**	1,376,907	1,333,831	1,271,824	1,209,512	1,142,323
Consolidated financial ratios						
Percentage of working capital accounted for by:						
Debt—						
Bank loans	**2.0**	2.3	2.1	2.2	2.4	2.7
Current portion of long-term debt	**0.7**	0.7	0.8	0.9	1.2	1.2
Straight bonds	**0.1**	0.1	0.2	0.2	0.3	0.3
Other long-term debt	**3.0**	3.2	3.4	3.3	3.7	4.0
Total debt	**5.8**	6.3	6.5	6.6	7.6	8.3
SECOM CO., LTD. shareholders' equity	**94.2**	93.7	93.5	93.4	92.4	91.7
Total capitalization	**100.0**	100.0	100.0	100.0	100.0	100.0
Return on total assets (percentage)[a]	**5.9**	4.1	5.3	4.9	4.9	4.2
Return on equity (percentage)[b]	**10.4**	7.4	9.4	8.8	8.9	7.9
Percentage of net sales and operating revenue absorbed by[c]:						
Depreciation and amortization	**6.3**	6.5	6.3	6.4	6.7	6.9
Rental expense under operating leases	**2.5**	2.6	2.6	2.6	2.5	2.6
Ratio of accumulated depreciation to depreciable assets (percentage)	**66.8**	66.9	68.8	68.9	68.0	66.6
Net property turnover (times)[c]	**2.86**	2.74	2.77	2.81	2.75	2.65
Before-tax interest coverage (times)[c] [d]	**126.9**	99.0	143.5	138.8	139.8	125.2

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

	2026	2025	2024	2023	2022	2021
Number of shares outstanding						
Issued	**466,599,796**	466,599,796	466,599,796	466,599,796	466,596,098	466,591,852
Owned by SECOM CO., LTD.	**62,138,647**	50,925,784	45,616,920	37,526,220	30,430,436	30,069,130
Balance	**404,461,149**	415,674,012	420,982,876	429,073,576	436,165,662	436,522,722
Per share information						
Net income attributable to SECOM CO., LTD. per share (in yen) [1]	**¥ 366.31**	¥ 243.93	¥ 297.95	¥ 258.34	¥ 246.42	¥ 205.98
Cash dividends paid per share (in yen) [2]	**100.00**	95.00	95.00	90.00	87.50	85.00
SECOM CO., LTD. shareholders' equity per share (in yen) [3]	**3,547.10**	3,312.47	3,168.37	2,964.12	2,773.06	2,616.87
Cash flow per share (in yen) [1](e)	**481.84**	353.50	393.76	350.17	338.62	301.30
Price/Book value ratio	**1.70**	1.54	1.73	1.38	1.60	1.78
Price/Earnings ratio	**16.48**	20.85	18.39	15.80	17.99	22.61
Price/Cash flow ratio	**12.53**	14.39	13.92	11.66	13.09	15.45
Stock price at year-end (in yen)	**6,036**	5,087	5,480	4,082	4,434	4,657

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, 2026, cash dividends of ¥20,223 million (¥50 per share) were approved at the general shareholders' meeting on June 26, 2026 (see Note 17 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, 2021, number of shares outstanding and per share information are computed.
(5) Effective from the fiscal year ended March 31, 2026, the Company has adopted Accounting Standards Update (ASU) No. 2018-12, "Targeted Improvements to the Accounting for Long-Duration Contracts." Accordingly, the presentation for the fiscal year ended March 31, 2023 has been retrospectively reclassified.

Common Stock Data

SECOM CO., LTD.
As of March 31

SHAREHOLDER INFORMATION	2026	2025	2024	2023	2022	2021
Number of shareholders	**41,526**	42,717	39,195	24,202	23,401	21,739
Common shares held by:						
Financial institutions	**35.38%**	37.99%	37.71%	36.98%	39.13%	39.44%
Securities firms	**2.06**	2.21	2.22	3.22	3.05	2.81
Other domestic corporations	**2.42**	2.64	2.67	2.73	2.78	2.45
Foreign investors	**41.66**	40.89	42.45	41.44	40.96	41.55
Individuals and others	**5.16**	5.36	5.17	7.59	7.56	7.31
Treasury stock	**13.32**	10.91	9.78	8.04	6.52	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
2024	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
	April–June	5,608.0	4,850.0	40,487.39	31,136.58
	July–September	5,895.0	5,183.0	45,754.93	39,459.62
	October–December	5,693.0	5,065.0	52,411.34	44,550.85
2026	January–March	6,430.0	5,536.0	58,850.27	51,063.72

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	2026	2025	2024	2023	2022	2021
Current assets:						
Cash and deposits	¥ 394,981	¥ 408,773	¥ 440,936	¥ 522,396	¥ 522,363	¥ 499,247
Cash deposits for cash collection and deposit services	142,241	141,000	138,562	135,459	136,477	138,889
Call loan	19,000	28,000	—	—	—	—
Notes and accounts receivable–trade	—	—	—	—	—	132,886
Notes and accounts receivable–trade, and contract assets	180,925	169,918	162,325	157,475	149,878	—
Due from subscribers	50,135	47,642	48,367	43,503	39,468	39,980
Securities	46,333	34,862	19,652	26,325	27,020	21,579
Lease receivables and investments in leases	45,228	41,344	40,007	41,120	37,518	41,511
Merchandise and finished goods	21,710	19,035	21,545	17,361	14,724	14,289
Real estate for sale	4,276	4,237	3,501	4,146	2,593	186
Work in process	14,191	6,923	6,368	5,707	5,629	4,880
Costs on uncompleted construction contracts	—	—	—	—	—	7,524
Raw materials and supplies	19,568	19,363	20,088	18,482	13,930	11,003
Short-term loans receivable	2,453	3,979	2,448	2,408	2,563	3,053
Other	43,232	46,106	35,919	35,324	36,064	28,714
Allowance for doubtful accounts	(2,623)	(2,372)	(2,143)	(2,163)	(2,031)	(1,715)
Total current assets	981,653	968,815	937,580	1,007,547	986,202	942,033
Non-current assets:						
Property, plant and equipment:						
Buildings and structures, net	189,601	180,338	154,626	150,733	151,809	152,770
Machinery, equipment and vehicles, net	12,080	11,425	10,201	—	—	—
Security equipment and control stations, net	92,161	87,780	82,354	75,650	73,911	74,704
Tools, furniture and fixtures, net	29,963	29,408	26,460	—	—	—
Land	126,859	123,998	126,235	123,358	122,050	120,876
Construction in progress	13,783	16,288	32,443	—	—	—
Other, net	—	—	—	54,095	42,695	43,424
Total property, plant and equipment	464,449	449,240	432,321	403,837	390,467	391,775
Intangible assets	126,538	122,560	124,871	132,772	115,228	120,277
Investments and other assets:						
Investment securities	480,821	435,635	425,696	298,364	276,230	272,123
Long-term loans receivable	19,055	20,117	23,334	25,692	29,494	33,301
Leasehold and guarantee deposits	22,417	21,076	20,095	—	—	—
Long-term prepaid expenses	23,655	23,908	20,457	—	—	—
Retirement benefit asset	84,775	73,300	69,583	55,551	47,852	39,532
Deferred tax assets	20,641	26,583	23,276	27,426	27,407	25,085
Other	15,027	14,279	13,849	48,770	47,068	53,588
Allowance for doubtful accounts	(8,908)	(9,939)	(10,284)	(10,900)	(12,195)	(13,538)
Total investments and other assets	657,484	604,961	586,008	444,905	415,858	410,093
Total non-current assets	1,248,473	1,176,761	1,143,201	981,515	921,553	922,145
Total assets	¥2,230,127	¥2,145,576	¥2,080,781	¥1,989,062	¥1,907,755	¥1,864,179

In millions of yen

LIABILITIES	2026	2025	2024	2023	2022	2021
Current liabilities:						
Notes and accounts payable–trade	¥ 48,858	¥ 41,130	¥ 41,003	¥ 46,985	¥ 44,271	¥ 42,858
Short-term borrowings	28,742	31,577	26,910	29,085	32,159	33,806
Current portion of bonds payable	271	271	398	407	409	439
Lease liabilities	5,147	5,227	5,186	4,704	4,843	4,730
Accounts payable–other	48,773	47,964	51,043	44,551	43,257	42,215
Income taxes payable	32,156	25,854	26,895	22,762	25,043	23,440
Accrued consumption taxes	13,658	9,573	11,620	8,549	8,966	12,652
Accrued expenses	12,038	11,357	11,177	11,312	8,436	7,828
Deposits received for cash collection and deposit services	125,386	121,062	123,521	118,943	118,971	119,334
Deferred revenue	39,042	38,601	37,565	37,730	38,228	30,192
Provision for bonuses	22,822	20,648	19,794	19,653	17,960	18,298
Provision for bonuses for directors (and other officers)	89	85	71	—	—	—
Provision for loss on construction contracts	1,561	1,687	2,352	2,312	2,159	1,820
Other	26,844	24,280	20,802	30,482	17,041	23,488
Total current liabilities	405,391	379,324	378,343	377,482	361,750	361,106
Non-current liabilities:						
Bonds payable	2,139	2,411	2,683	3,081	3,489	3,899
Long-term borrowings	9,648	10,138	10,924	12,349	11,650	10,444
Lease liabilities	22,555	22,720	22,863	14,657	15,077	12,854
Long-term guarantee deposits	24,300	24,099	23,701	23,662	23,669	30,694
Deferred tax liabilities	27,800	25,289	19,824	10,906	6,859	7,314
Provision for retirement benefits for directors (and other officers)	850	814	792	829	842	793
Retirement benefit liability	22,294	21,572	22,308	23,935	21,896	22,098
Long-term deferred revenue	16,879	16,891	15,868	16,121	16,545	—
Reserve for contract of insurance	192,954	190,373	188,103	186,033	185,698	181,014
Other	5,628	4,204	4,678	3,955	4,240	4,134
Total non-current liabilities	325,052	318,515	311,749	295,533	289,969	273,248
Total liabilities	730,444	697,840	690,092	673,015	651,719	634,355
NET ASSETS						
Shareholders' equity:						
Share capital	¥ 66,427	¥ 66,427	¥ 66,427	¥ 66,427	¥ 66,419	¥ 66,410
Capital surplus	69,628	68,864	71,775	70,349	70,335	81,801
Retained earnings	1,302,182	1,230,672	1,162,259	1,100,791	1,043,766	998,405
Treasury shares	(236,671)	(176,716)	(149,978)	(109,224)	(79,436)	(73,785)
Total shareholders' equity	1,201,567	1,189,247	1,150,483	1,128,343	1,101,084	1,072,832
Accumulated other comprehensive income:						
Valuation difference on available-for-sale securities	65,353	38,661	40,637	18,771	20,220	22,122
Deferred gains or losses on hedges	20	(0)	(1)	(3)	(6)	(11)
Foreign currency translation adjustment	35,805	34,960	22,259	10,497	(5,627)	(17,011)
Remeasurements of defined benefit plans	11,813	7,478	10,995	6,815	6,865	4,247
Total accumulated other comprehensive income	112,992	81,100	73,890	36,081	21,451	9,346
Non-controlling interests	185,122	177,388	166,314	151,621	133,499	147,645
Total net assets	1,499,682	1,447,736	1,390,689	1,316,047	1,256,036	1,229,824
Total liabilities and net assets	¥2,230,127	¥2,145,576	¥2,080,781	¥1,989,062	¥1,907,755	¥1,864,179

Condensed Consolidated Statements of Income (Based on Japanese GAAP)

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

In millions of yen

	2026	2025	2024	2023	2022	2021
Net sales	¥1,256,896	¥1,199,942	¥1,154,740	¥1,101,307	¥1,049,859	¥1,035,898
Percentage change from prior year	*4.7%*	*3.9%*	*4.9%*	*4.9%*	*1.3%*	*(2.3)%*
Cost of sales	858,093	828,789	797,456	758,850	712,187	705,326
As a percentage of net sales	*68.3*	*69.1*	*69.1*	*68.9*	*67.8*	*68.1*
Gross profit	398,803	371,153	357,284	342,456	337,672	330,571
As a percentage of net sales	*31.7*	*30.9*	*30.9*	*31.1*	*32.2*	*31.9*
Selling, general and administrative expenses	238,469	226,855	216,626	205,756	194,173	193,645
As a percentage of net sales	*19.0*	*18.9*	*18.8*	*18.7*	*18.5*	*18.7*
Operating profit	160,333	144,297	140,658	136,700	143,499	136,925
As a percentage of net sales	*12.8*	*12.0*	*12.2*	*12.4*	*13.7*	*13.2*
Non-operating income	26,735	36,460	31,615	23,326	14,977	11,554
Non-operating expenses	4,907	5,634	5,414	3,903	5,290	9,489
Ordinary profit	182,160	175,123	166,859	156,124	153,186	138,990
As a percentage of net sales	*14.5*	*14.6*	*14.4*	*14.2*	*14.6*	*13.4*
Extraordinary income	793	4,550	2,922	2,474	1,033	352
Extraordinary losses	2,877	4,805	6,015	5,230	2,206	10,499
Profit before income taxes	180,076	174,868	163,765	153,367	152,013	128,843
As a percentage of net sales	*14.3*	*14.6*	*14.2*	*13.9*	*14.5*	*12.4*
Income taxes—current	57,134	47,521	47,787	44,750	45,045	43,023
Income taxes—deferred	(5,160)	2,039	1,773	2,490	1,223	(68)
Profit	128,102	125,306	114,204	106,126	105,744	85,888
Profit attributable to non-controlling interests	15,440	17,197	12,253	10,040	11,470	11,207
Profit attributable to owners of parent	112,662	108,109	101,951	96,085	94,273	74,681
As a percentage of net sales	*9.0*	*9.0*	*8.8*	*8.7*	*9.0*	*7.2*
Percentage change from prior year	*4.2*	*6.0*	*6.1*	*1.9*	*26.2*	*(16.2)*

Consolidated Statements of Comprehensive Income (Based on Japanese GAAP)

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

In millions of yen

	2026	2025	2024	2023	2022	2021
Profit	¥128,102	¥125,306	¥114,204	¥106,126	¥105,744	¥85,888
Other comprehensive income (losses):						
Valuation difference on available-for-sale securities	27,734	(1,852)	22,782	(1,306)	(1,835)	10,451
Foreign currency translation adjustment	(897)	14,991	9,833	13,472	9,484	(4,485)
Remeasurements of defined benefit plans, net of tax	4,235	(1,971)	5,988	(683)	2,491	3,715
Share of other comprehensive income of entities accounted for using equity method	2,118	(1,443)	2,118	3,884	2,539	525
Total other comprehensive income (losses)	33,190	9,724	40,723	15,366	12,679	10,206
Comprehensive income	161,292	135,031	154,928	121,492	118,423	96,095
Comprehensive income attributable to:						
Owners of parent	144,553	115,319	139,760	110,715	106,378	84,240
Non-controlling interests	16,738	19,711	15,167	10,776	12,044	11,854

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	2026	2025	2024	2023	2022	2021
Current assets:						
Cash and deposits	**¥ 116,998**	¥ 129,046	¥ 128,047	¥214,287	¥227,828	¥224,817
Cash deposits for cash collection and deposit services	**33,972**	34,382	35,342	32,088	33,777	37,273
Notes receivable	**457**	324	481	388	363	360
Due from subscribers	**21,197**	20,354	19,048	18,722	17,890	18,046
Accounts receivable–trade	**—**	—	—	—	—	10,802
Accounts receivable–trade, and contract assets	**12,172**	14,219	12,395	11,934	9,777	—
Accounts receivable–other	**5,147**	6,719	6,398	4,479	4,375	4,249
Merchandise	**9,488**	7,775	8,586	7,265	7,328	7,300
Supplies	**2,513**	2,036	2,207	2,263	2,507	2,356
Prepaid expenses	**11,097**	10,808	10,224	9,521	8,674	2,483
Short-term loans receivable	**37,097**	21,421	15,086	13,786	14,420	22,123
Other	**2,227**	2,374	1,879	2,232	7,887	8,568
Allowance for doubtful accounts	**(51)**	(50)	(44)	(38)	(41)	(70)
Total current assets	**252,319**	249,412	239,653	316,931	334,790	338,310
Non-current assets:						
Property, plant and equipment:						
Buildings, net	**18,867**	19,503	14,538	15,569	16,534	16,283
Vehicles, net	**567**	622	591	589	588	557
Security equipment and control stations, net	**84,141**	80,477	75,549	69,670	68,972	71,042
Machinery and equipment, net	**115**	133	104	121	90	105
Tools, furniture and fixtures, net	**4,052**	4,144	4,183	3,776	4,071	3,812
Land	**19,924**	19,924	22,016	22,159	22,230	22,249
Construction in progress	**4,317**	6,454	5,591	4,398	3,542	4,457
Other, net	**1,112**	1,215	1,317	1,419	1,521	1,623
Total property, plant and equipment	**133,097**	132,475	123,893	117,703	117,553	120,132
Intangible assets:						
Software	**10,069**	11,200	10,159	7,104	7,137	7,826
Other	**15,551**	6,405	4,334	5,211	3,655	3,516
Total intangible assets	**25,620**	17,605	14,493	12,316	10,792	11,343
Investments and other assets:						
Investment securities	**76,525**	66,732	65,995	26,762	23,047	22,215
Shares of subsidiaries and associates	**468,935**	459,883	453,175	420,624	393,659	356,243
Investments in capital of subsidiaries and associates	**2,071**	2,094	2,102	2,179	2,179	2,179
Long-term loans receivable	**20,597**	43,577	46,278	32,483	51,307	57,331
Leasehold and guarantee deposits	**7,613**	7,523	7,643	7,578	7,565	7,650
Long-term prepaid expenses	**17,013**	17,252	14,776	11,562	11,721	20,104
Prepaid pension costs	**47,185**	43,403	38,400	34,006	29,605	25,825
Deferred tax assets	**—**	—	750	3,849	5,548	4,408
Insurance funds	**288**	4,260	4,279	4,298	4,370	4,268
Other	**8,816**	3,026	3,179	3,244	2,234	2,307
Allowance for doubtful accounts	**(655)**	(491)	(491)	(660)	(874)	(827)
Total investments and other assets	**648,392**	647,262	636,089	545,929	530,365	501,706
Total non-current assets	**807,111**	797,343	774,477	675,949	658,710	633,182
Total assets	**¥1,059,430**	¥1,046,756	¥1,014,130	¥992,881	¥993,501	¥971,493

In millions of yen

LIABILITIES	2026	2025	2024	2023	2022	2021
Current liabilities:						
Accounts payable	**¥ 4,061**	¥ 4,732	¥ 4,326	¥ 4,183	¥ 3,676	¥ 4,505
Short-term borrowings	**16,293**	19,283	14,746	16,180	17,467	19,516
Lease liabilities	**335**	328	308	284	275	263
Accounts payable–other	**18,145**	17,469	20,170	16,719	16,445	17,297
Accounts payable–facilities	**5,307**	6,410	4,228	4,749	3,530	4,348
Income taxes payable	**13,638**	10,890	10,880	9,973	11,189	10,594
Accrued consumption taxes	**4,433**	3,683	3,923	2,898	3,489	5,131
Accrued expenses	**1,045**	961	707	753	779	675
Deposits received for cash collection and deposit services	**17,677**	15,097	20,593	15,907	16,313	17,788
Deferred revenue	**23,209**	22,968	22,455	22,615	22,963	19,808
Provision for bonuses	**7,037**	6,988	6,693	6,299	6,432	6,718
Provision for bonuses for directors (and other officers)	**56**	61	40	—	—	—
Provision for loss on contracts	**391**	391	281	1,141	—	—
Provision for shareholder benefit program	**285**	312	—	—	—	—
Other	**5,996**	6,557	4,975	4,352	3,932	4,603
Total current liabilities	**117,914**	116,138	114,332	106,060	106,496	111,252
Non-current liabilities:						
Lease liabilities	**3,064**	3,278	3,435	3,543	3,691	3,807
Long-term guarantee deposits	**15,907**	15,654	15,735	15,823	15,975	16,167
Long-term deferred revenue	**7,532**	7,073	6,412	6,138	6,059	—
Deferred tax liabilities	**7,326**	3,114	—	—	—	—
Provision for retirement benefits	**109**	237	408	687	1,037	1,389
Other	**191**	218	543	320	291	313
Total non-current liabilities	**34,131**	29,577	26,534	26,512	27,054	21,678
Total liabilities	**152,045**	145,715	140,867	132,572	133,551	132,931
NET ASSETS						
Shareholders' equity:						
Share capital	**¥ 66,427**	¥ 66,427	¥ 66,427	¥ 66,427	¥ 66,419	¥ 66,410
Capital surplus:						
Legal capital surplus	**83,103**	83,103	83,103	83,103	83,095	83,086
Other capital surplus	**6,819**	6,798	4,983	3,432	3,432	0
Total capital surplus	**89,923**	89,902	88,087	86,536	86,528	83,087
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	**956,266**	896,619	844,392	797,939	768,348	744,495
Total retained earnings	**968,306**	908,659	856,433	809,979	780,388	756,535
Treasury shares	**(236,671)**	(176,716)	(149,978)	(109,224)	(79,436)	(73,785)
Total shareholders' equity	**887,985**	888,272	860,968	853,718	853,900	832,248
Valuation and translation adjustments:						
Valuation difference on available-for-sale securities	**19,398**	12,768	12,294	6,589	6,049	6,313
Total valuation and translation adjustments	**19,398**	12,768	12,294	6,589	6,049	6,313
Total net assets	**907,384**	901,041	873,263	860,308	859,950	838,562
Total liabilities and net assets	**¥1,059,430**	¥1,046,756	¥1,014,130	¥992,881	¥993,501	¥971,493

Condensed Nonconsolidated Statements of Income (Based on Japanese GAAP)

SECOM CO., LTD.
Years ended March 31

In millions of yen

	2026	2025	2024	2023	2022	2021
Net sales	**¥436,459**	¥416,862	¥405,671	¥391,570	¥395,181	¥394,389
Percentage change from prior year	***4.7%***	*2.8%*	*3.6%*	*(0.9)%*	*0.2%*	*(1.1)%*
Cost of sales	**261,827**	251,651	243,745	232,887	234,703	235,165
As a percentage of net sales	***60.0***	*60.4*	*60.1*	*59.5*	*59.4*	*59.6*
Gross profit	**174,632**	165,210	161,925	158,683	160,478	159,224
As a percentage of net sales	***40.0***	*39.6*	*39.9*	*40.5*	*40.6*	*40.4*
Selling, general and administrative expenses	**96,152**	89,161	87,062	84,067	81,775	83,682
As a percentage of net sales	***22.0***	*21.4*	*21.5*	*21.5*	*20.7*	*21.2*
Operating profit	**78,479**	76,049	74,863	74,615	78,703	75,541
As a percentage of net sales	***18.0***	*18.2*	*18.5*	*19.1*	*19.9*	*19.2*
Non-operating income	**48,895**	40,531	39,507	20,887	18,872	16,174
Non-operating expenses	**2,108**	2,720	2,145	2,247	2,480	2,414
Ordinary profit	**125,267**	113,860	112,225	93,255	95,094	89,301
As a percentage of net sales	***28.7***	*27.3*	*27.7*	*23.8*	*24.1*	*22.6*
Extraordinary income	**77**	2,639	950	463	548	226
Extraordinary losses	**706**	1,720	3,419	2,184	1,621	8,992
Profit before income taxes	**124,638**	114,779	109,757	91,534	94,021	80,534
As a percentage of net sales	***28.6***	*27.5*	*27.1*	*23.4*	*23.8*	*20.4*
Income taxes	**23,839**	22,855	22,820	22,883	24,135	20,574
Effective tax rate	***19.1***	*19.9*	*20.8*	*25.0*	*25.7*	*25.5*
Profit	**100,798**	91,924	86,936	68,651	69,885	59,960
As a percentage of net sales	***23.1***	*22.1*	*21.4*	*17.5*	*17.7*	*15.2*
Percentage change from prior year	***9.7***	*5.7*	*26.6*	*(1.8)*	*16.6*	*(8.9)*