

Note: The following is an abridged English translation of Financial Report (*Kessan Tanshin*) of SECOM CO., LTD. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2020

(Based on JAPANESE GAAP) (Consolidated)

May 12, 2020

Company name: SECOM CO., LTD. (URL: <https://www.secom.co.jp/>)
 Code number: 9735 Tokyo Stock Exchange ----- First Section
 Representative: Ichiro Ozeki, President and Representative Director
 For inquiries: Seiya Nagao, Executive Officer and Head of Finance Division
 Phone (03) 5775-8100

Scheduled date of General Shareholders' Meeting: June 25, 2020

Scheduled date of dividend payout: June 26, 2020

Scheduled date of filing Securities Report: June 25, 2020

Preparation of supplementary materials: Applicable

Holding of results information meeting: Applicable (for institutional investors and analysts)

1. Consolidated financial results for the fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(1) Consolidated operating results (In millions of yen, figures rounded down)

	Years ended March 31	
	2019	2020
Revenue	1,013,823 4.5%	1,060,070 4.6%
Operating profit	130,213 (3.9%)	142,858 9.7%
Ordinary profit	144,889 0.4%	151,356 4.5%
Net income attributable to owners of the parent	92,009 5.8%	89,080 (3.2%)
Basic net income per share (in yen)	421.56	408.14
Diluted net income per share (in yen)	–	–
Net income / Equity	9.4%	8.8%
Ordinary profit / Total assets	8.3%	8.5%
Operating profit / Revenue	12.8%	13.5%

Note 1: Comprehensive income:

Year ended March 31, 2020: JPY 87,550 million [(2.6%)]

Year ended March 31, 2019: JPY 89,913 million [(14.8%)]

Note 2: Net gains from investment in affiliated companies accounted for under the equity method:

Year ended March 31, 2020: JPY 5,982 million

Year ended March 31, 2019: JPY 6,699 million

Note 3: There is no diluted net income per share as there are no shares with dilutive effect.

Note 4: Percentage figures represent changes from the results of the previous year.

(2) Consolidated financial positions (In millions of yen, figures rounded down)

	March 31, 2019	March 31, 2020
Total assets	1,765,105	1,815,121
Net assets	1,125,954	1,172,494
Equity ratio	56.4%	57.0%
Net assets per share (in yen)	4,562.08	4,742.58

Note 1: Equity as of:

March 31, 2020: JPY 1,035,116 million

March 31, 2019: JPY 995,720 million

Note 2: Equity is calculated by deducting noncontrolling interests in subsidiaries from net assets. Net assets per share is calculated by dividing equity by the number of common shares outstanding, excluding treasury stock, as of March 31.

(3) Consolidated cash flows (In millions of yen, figures rounded down)

	Years ended March 31	
	2019	2020
Cash flows from operating activities	148,929	175,559
Cash flows from investing activities	(61,393)	(60,780)
Cash flows from financing activities	(54,977)	(48,209)
Cash and cash equivalents at end of the period	339,817	406,479

2. Dividends (In millions of yen, figures rounded down)

	Years ended/ending March 31		
	2019	2020	2021 (projected)
1 st quarter dividends per share (in yen)	–	–	–
2 nd quarter dividends per share (in yen)	80.00	85.00	85.00
3 rd quarter dividends per share (in yen)	–	–	–
Year-end dividends per share (in yen)	85.00	85.00	85.00
Annual dividends per share (in yen)	165.00	170.00	170.00
Total annual dividend payout	36,013	37,104	
Dividend payout ratio (consolidated)	39.1%	41.7%	47.0%
Total dividends / Net assets (consolidated)	3.7%	3.7%	

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021) and the six-month period ending September 30, 2020 (April 1, 2020 – September 30, 2020) (In millions of yen)

	Six-month period ending September 30, 2020	Year ending March 31, 2021
Projected revenue	487,000 (3.3%)	1,034,000 (2.5%)
Projected operating profit	54,000 (17.0%)	124,000 (13.2%)
Projected ordinary profit	57,000 (18.9%)	130,000 (14.1%)
Projected net income attributable to owners of the parent	35,500 (18.1%)	79,000 (11.3%)
Projected basic net income per share (in yen)	162.65	361.95

Note 1: The projected basic net income per share is calculated based on the number of common shares outstanding, excluding treasury stock, as of March 31, 2020.

Note 2: Percentage figures represent changes from the results of the corresponding periods of the previous year.

※ **Notes**

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries accompanied with changes in scope of consolidation): None
- (2) Changes in accounting policies, accounting estimates and/or restatements:
- ① Changes in accounting policies associated with amendment of accounting standards: None
- ② Other changes in accounting policies: None
- ③ Changes in accounting estimates: None
- ④ Restatements: None
- (3) Number of common shares outstanding:
- ① Number of common shares outstanding, including treasury stock, as of:
- | | |
|-----------------|--------------------|
| March 31, 2020: | 233,293,998 shares |
| March 31, 2019: | 233,292,219 shares |
- ② Number of shares of treasury stock as of:
- | | |
|-----------------|-------------------|
| March 31, 2020: | 15,033,588 shares |
| March 31, 2019: | 15,031,867 shares |
- ③ Number of average common shares outstanding over:
- | | |
|--------------------------------|--------------------|
| The year ended March 31, 2020: | 218,260,796 shares |
| The year ended March 31, 2019: | 218,260,523 shares |

[Reference] Summary of nonconsolidated results

Nonconsolidated financial results for the fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(1) Nonconsolidated operating results

(In millions of yen, figures rounded down)

	Years ended March 31	
	2019	2020
Revenue	394,181 1.6%	398,929 1.2%
Operating profit	76,833 (1.7%)	76,877 0.1%
Ordinary profit	88,972 (2.3%)	90,538 1.8%
Net income	74,016 9.3%	65,808 (11.1%)
Basic net income per share (in yen)	339.12	301.51
Diluted net income per share (in yen)	-	-

Note: Percentage figures represent changes from the results of the previous year.

(2) Nonconsolidated financial positions

(In millions of yen, figures rounded down)

	March 31, 2019	March 31, 2020
Total assets	921,472	947,194
Net assets	785,801	812,878
Equity ratio	85.3%	85.8%
Net assets per share (in yen)	3,600.30	3,724.35

Note: Equity as of:

March 31, 2020: JPY 812,878 million

March 31, 2019: JPY 785,801 million

Note on status of audit procedures

This report is excluded from the scope of audit procedures.

Note on appropriate use of projections for the financial results; other special items:

The forward-looking statements including the future performance described in this document are provided based on both all information available at this moment and certain assumptions considered reasonable. Actual performance may differ materially from the forward-looking statements due to various factors hereafter occurred. For matters regarding assumptions on financial projections and notes for the use of financial projections, please refer to “1. Operating Results (4) Projections for the fiscal year ending March 31, 2021” on page 7 in the appendices.

Contents for the Appendices

- 1. Operating Results..... 2**
 - (1) Analysis on Operating Results..... 2
 - (2) Analysis on Financial Positions 5
 - (3) Analysis on Cash Flows..... 6
 - (4) Projections for the fiscal year ending March 31, 2021 7
 - (5) Basic Policy on Distribution of Surplus and Dividend Payments for the Current and Next Fiscal Year 8
 - (6) Significant Events Regarding Assumption of Going Concern, etc. 8

- 2. Consolidated Financial Statements 9**
 - (1) Consolidated Balance Sheets 9
 - (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 11
 - (3) Consolidated Statements of Changes in Net Assets..... 13
 - (4) Consolidated Statements of Cash Flows..... 14
 - (5) Notes Regarding the Consolidated Financial Statement..... 15
 - (6) Segment Information, etc..... 15
 - (7) Significant Subsequent Events..... 21

- 3. Nonconsolidated Financial Statements 22**
 - (1) Nonconsolidated Balance Sheets 22
 - (2) Nonconsolidated Statements of Income..... 24
 - (3) Nonconsolidated Statements of Changes in Net Assets..... 25
 - (4) Notes Regarding the Nonconsolidated Financial Statement..... 27

<Attachment>

Regarding countermeasures, impacts and other information related to COVID-19

1. Operating Results

(1) Analysis on Operating Results

During the fiscal year ended March 31, 2020 (“the current fiscal year”), Japanese economy has been in a moderate upward trend as shown in corporate earnings on high level and improvements in employment environment. On the other hand, continual attentions to the effects of trends in overseas economies related to the situations over trade issues, the prospect of the Chinese economy, the fluctuations in the financial and capital markets, in addition to the impacts of the natural disasters and the consumption tax increase, have been required. Currently, the Japanese economy is substantially affected and facing difficult circumstances due to the COVID-19 infections.

In this environment, we have been continuously pushing forward with efforts to establish the “Social System Industry,” which delivers safety and peace of mind, as well as makes life more comfortable and convenient, whenever and wherever necessary for everyone. In 2017, we formulated the SECOM Group’s Vision for 2030. Guided by this vision, we have been promoting the “ALL SECOM” concept, which emphasizes cooperation among our various businesses to strengthen the bond of the group. In addition, we are working to realize the *ANSHIN* Platform, a service infrastructure designed to provide peace of mind to people in their everyday lives, as well as to society as a whole. To create the *ANSHIN* Platform, we are advancing collaborative initiatives with partners having the same philosophy. In 2018, we announced the SECOM Group Road Map 2022, in which we clarified what we should do to achieve our Vision for 2030, and have been actively working to implement the road map.

In April 2019, in response to the significant decline in labor force and the rising demand for security services, we developed the world’s first AI-powered Virtual Security Guard System in collaboration with three other companies. It features a virtual character performing static guard services including surveillance and receptionist duties. In June, we launched a new security service using autonomous patrol robot SECOM Robot X2, which conducts surveillance with mounted cameras at various points, traveling autonomously along the set routes while determining its own position through laser sensor. During the current fiscal year, we have been accelerating these initiatives to create more advanced security services with improved efficiency by combining manpower and innovative technologies including robots, so as to tackle the two priority issues addressed in the Road Map, namely technological advances and a declining labor force. In addition, as an official sponsor of Rugby World Cup 2019, held from September to November 2019 in Japan, we provided security services at stadiums and supported the safe and secure staging of the tournaments. In the period under review, we have been continuously seeking to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind through the seamless provision of services.

Segment information is as follows.

In the security services segment, we provided customers chiefly with centralized monitoring services (on-line security systems) for commercial and residential clients, as well as static guard services, armored car services and merchandises.

For our commercial security services, we launched System Security AZ (*1) in September 2019, and worked to expand its sales. System Security AZ is an all-in-one system that accommodates a variety of

functions that help customers' business operations, including security and fire protection, as well as work efficiency solutions such as employee attendance management. In response to the increasingly diverse needs for video surveillance, we started offering SECOM IP Camera System and SECOM Cloud Video Surveillance. Our extensive lineup of surveillance cameras, together with our cloud capability, has positioned us to respond flexibly to wide range of needs associated with security regardless of the scale of facilities.

For our residential security services, in addition to security and fire protection, there are rising needs related to care for children and seniors, owing to a declining birthrate and an aging population, and growing prevalence of families in which both parents work outside the home. In this circumstance, we have made continuous efforts to market SECOM Home Security NEO, a flexible system suited to modern lifestyles that can be linked with various devices, facilitating expansion of services. In January 2020, using the functions of an autonomous entertainment robot linked with SECOM Home Security, we began offering a service of house-watching, welcoming back home, and remotely checking up on home through the robot. In April 2019, we introduced SECOM Senior Care Phone Service, reflecting the growing concerns for looking after elderlies living apart from their families. In addition to the medical emergency notification system and health consultation services which we have been providing, this new service enables safety confirmation among family members without any equipment installation. In December, we also launched a new service *Mago*-channel with SECOM, which provides discreet monitoring of parents living apart from their children while enjoying communications.

Outside Japan, we promoted our "SECOM-style" security services, which has specialty in emergency response services, especially in economically developing areas, such as People's Republic of China and Southeast Asia. We have accelerated efforts to develop and introduce systems adapted to local market while incorporating latest technologies.

As a result, revenue increased by 2.0% to 569.3 billion yen, mainly due to the brisk sales of centralized monitoring services for commercial and residential clients, as well as the increase in revenue in static guard services chiefly owing to the contribution of Secom Tosec Co., Ltd., a subsidiary consolidated from the second quarter of the previous fiscal year, and in Asahi Security Co., Ltd., a provider of cash collection and delivery services. Operating profit increased by 1.4% to 115.8 billion yen.

(*1) System Security: On-line security system for commercial subscribers

In the fire protection services segment, we provided a broad range of fire protection systems such as high-quality fire alarm systems and fire extinguishing systems along with customers' needs to a wide variety of facilities such as office buildings, production facilities, tunnels, cultural properties, ships and residences. In the current fiscal year, two major fire protection companies, Nohmi Bosai Ltd. and Nittan Co., Ltd., promoted various fire protection systems based on each company's business infrastructure and product development expertise.

Revenue increased by 8.7% to 152.3 billion yen, mainly attributable to the active marketing efforts, which brought favorable results in revenue from fire extinguishing systems for small, medium and large sized facilities. Operating profit increased by 28.5% to 18.1 billion yen, chiefly owing to the concentration of relatively profitable projects and the outcome of cost reduction efforts including operational efficiency improvement.

In the medical services segment, we provided various medical services such as our core home medical services, including home nursing services and pharmaceutical dispensing and home delivery services, operation of residences for seniors, sales of electronic medical report systems, sales of medical equipment and pharmaceutical products, personal care services, and the leasing of real estate for medical institutions.

Revenue increased by 5.5% to 76.2 billion yen, mainly due to the increase in sales of drugs, medical equipment and pharmaceutical dispensing and home delivery services. Operating profit increased by 7.0% to 5.4 billion yen.

In the insurance services segment, we expanded marketing efforts for our unique non-life insurance offerings, including Security Discount Fire Policy for commercial facilities that offers discounts on premiums to customers who have installed on-line security systems, recognizing such systems as a risk-mitigating factor; SECOM *Anshin My Home*, the comprehensive fire insurance policy for residences that offers a variety of compensation plans and discount policies; MEDCOM, an unrestricted cancer treatment policy that offers compensation of actual cost of medical treatment; and SECOM *Anshin My Car*, a comprehensive automobile insurance policy that offers on-site support services provided by our emergency response personnel in the event of an accident.

Revenue increased by 5.6% to 47.3 billion yen, mainly due to the firm increase in sales of MEDCOM, an unrestricted cancer treatment policy, fire insurance policy and automobile insurance policy provided by Secom General Insurance Co., Ltd. Operating profit was 1.6 billion yen, from an operating loss of 0.3 billion yen in the previous fiscal year.

In the geospatial information services segment, we collected geographic data from aerial photography, vehicle/ground surveying systems and satellite images, and provided the geospatial data services, by integrating, processing, and analyzing the geographic data, to domestic national and local governmental agencies, private sectors, and foreign governmental agencies including emerging and developing countries.

Revenue increased by 4.6% to 53.9 billion yen, chiefly owing to the rise in revenue from services for the public sector, with increase in surveying services using airborne laser. Operating profit increased by 31.7% to 3.5 billion yen.

In the BPO and ICT services segment, our distinctive portfolio includes business continuity planning (BCP) support, information security services and a variety of cloud-based services centering on the data centers as well as BPO related services including operation of contact center services.

Revenue increased by 9.9% to 101.2 billion yen, chiefly owing to the increase in revenue in data center business and TMJ, Inc., a provider of BPO services including contact centers and back office services. Operating profit increased by 21.5% to 9.8 billion yen.

Real estate and other services segment comprises developing and selling condominiums equipped with advanced security and disaster preparedness features, real estate leasing, and construction and installation services.

Revenue increased by 9.7% to 59.6 billion yen, mainly due to the increase in revenue in the real estate development and sales business. Operating profit increased by 34.5% to 5.9 billion yen.

As a result, consolidated revenue for the current fiscal year increased by 4.6% to 1,060.0 billion yen compared with the previous fiscal year, and consolidated operating profit increased by 9.7% or 12.6 billion yen to 142.8 billion yen, owing to the increases in consolidated revenue and operating profit in all segments. Consolidated ordinary profit increased by 4.5% or 6.4 billion yen to 151.3 billion yen, despite the slow profit growth mainly due to the decrease in net gains on private equity investment in the U.S. etc. by 6.3 billion yen. Consolidated net income attributable to owners of the parent decreased by 3.2% to 89.0 billion yen, mainly attributable to the increases in tax expenses and loss on revaluation of investment securities due to the decline in stock prices. Revenue, operating profit and ordinary profit reached a record-high.

(2) Analysis on Financial Positions

Total assets as of March 31, 2020 amounted to 1,815.1 billion yen, 2.8% or 50.0 billion yen higher than those at the end of the previous fiscal year. Total current assets, at 914.4 billion yen, were up 8.0% or 67.7 billion yen. This was largely attributable to the increases in cash on hand and in banks by 18.2% or 63.8 billion yen to 414.1 billion yen, notes and accounts receivable, trade by 5.9% or 7.9 billion yen to 141.6 billion yen, short-term investments by 27.8% or 7.0 billion yen to 32.4 billion yen, despite the decrease in work in process for real estate inventories by 29.1% or 8.9 billion yen to 21.8 billion yen. Total fixed assets, at 900.6 billion yen, were down 1.9% or 17.6 billion yen. This was mainly attributable to the decreases in investment securities by 6.4% or 17.2 billion yen to 252.2 billion yen, net defined benefit asset by 17.4% or 6.6 billion yen to 31.7 billion yen and intangible assets by 2.7% or 3.4 billion yen to 124.7 billion yen, despite the increases in tangible assets by 2.1% or 7.9 billion yen to 386.3 billion yen, and deferred income taxes by 14.9% or 4.0 billion yen to 31.5 billion yen.

Total liabilities amounted to 642.6 billion yen, 0.5% or 3.4 billion yen higher than those at the end of the previous fiscal year. Total current liabilities amounted to 374.2 billion yen, were up 1.3% or 4.8 billion yen, owing largely to the increases in accrued consumption taxes by 61.8% or 4.4 billion yen to 11.6 billion yen and accrued income taxes by 8.7% or 1.9 billion yen to 24.7 billion yen, despite the decrease in deposits received for armored car services by 2.3% or 2.7 billion yen to 118.3 billion yen. Long-term liabilities decreased by 0.5% or 1.3 billion yen to 268.3 billion yen, compared to those at the end of the previous fiscal year. This was mainly attributable to the decreases in long-term loans by 13.8% or 1.3 billion yen to 8.6 billion yen and deferred income taxes by 9.9% or 0.8 billion yen to 7.8 billion yen, despite the increase in investment deposits by policyholders, unearned premiums and other insurance liabilities by 1.0% or 1.7 billion yen to 174.6 billion yen.

Total net assets amounted to 1,172.4 billion yen, 4.1% or 46.5 billion yen higher than those at the end of the previous fiscal year, mainly due to the increase in retained earnings by 5.7% or 51.9 billion yen, despite the decreases in unrealized gains on securities by 33.4% or 6.0 billion yen, foreign currency translation adjustments by 25.3% or 2.7 billion yen and remeasurements of defined benefit plans, net of taxes by 82.9% or 5.3 billion yen.

(3) Analysis on Cash Flows

Cash and cash equivalents (“cash”) for the current fiscal year are as follows:

	(In millions of yen)		
	Year ended March 31, 2019	Year ended March 31, 2020	Increase (decrease)
Cash flows from operating activities	148,929	175,559	26,629
Cash flows from investing activities	(61,393)	(60,780)	613
Cash flows from financing activities	(54,977)	(48,209)	6,768
Effect of exchange rate changes on cash and cash equivalents	(594)	93	688
Net increase (decrease) in cash and cash equivalents	31,963	66,662	34,699
Cash and cash equivalents at beginning of the period	307,853	339,817	31,963
Cash and cash equivalents at end of the period	339,817	406,479	66,662

(Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year amounted to 175.5 billion yen; 148.9 billion yen in the previous fiscal year. Major factors of cash increase were income before income taxes of 147.8 billion yen and depreciation and amortization of 59.6 billion yen. Major factors of cash decrease were income taxes paid of 40.3 billion yen and increase in notes and accounts receivable, trade and due from subscribers of 7.6 billion yen.

(Cash flows from investing activities)

Net cash used in investing activities was 60.7 billion yen; 61.3 billion yen in the previous fiscal year. Major factors of cash decrease were payments for purchases of tangible assets, including security equipment and control stations of 58.3 billion yen, payments for purchases of investment securities of 45.2 billion yen and payments for purchases of intangible assets of 11.4 billion yen. Major factor of cash increase was proceeds from sales and redemptions of investment securities of 50.2 billion yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 48.2 billion yen; 54.9 billion yen in the previous fiscal year. Major factors of cash decrease were dividends paid of 37.1 billion yen, repayments of lease obligations of 5.1 billion yen, repayments of long-term loans of 4.0 billion yen and dividends paid for noncontrolling shareholders of 3.4 billion yen. Major factor of cash increase was proceeds from issuance of straight bonds of 2.3 billion yen.

As a result, cash and cash equivalents as of March 31, 2020 were 406.4 billion yen, 66.6 billion yen higher than those at the end of the previous fiscal year.

(Reference) Trend of indices related to cash flows

	Years ended				
	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Equity ratio (%)	53.1	54.1	55.5	56.4	57.0
Equity ratio (market price base) (%)	116.4	105.4	100.8	117.2	107.9
Interest-bearing liabilities / Cash flows from operating activities (in year)	0.8	0.5	0.6	0.5	0.4
Interest coverage ratio	149.3	173.8	153.0	207.3	260.6

Note: Equity ratio = Equity / Total assets

Equity ratio (market price base) = Market capitalization / Total assets

Interest coverage ratio = Cash flows from operating activities / Interest paid

(4) Projections for the fiscal year ending March 31, 2021

In regard to the outlook in Japanese economy, it is anticipated to stay severely affected by the COVID-19 infections. Conditions will remain uncertain, with attentions required to the further downward risks to the domestic and overseas economies by the COVID-19 infections, and the effects of fluctuations in the financial and capital markets.

The COVID-19 infections have a significant impact on the global economic and social activities. The SECOM Group maintains normal operations for security and other services, however if the impact of the COVID-19 infections be prolonged, there would be adverse effects on the provision of some services, suspension or cancellation of contracts and delay of installations including others. We will continue working to minimize the impact, while paying full attentions toward the COVID-19 infections.

We formulated the SECOM Group Road Map 2022 with the intension to clarify challenges we must address to achieve the SECOM Group's Vision for 2030, and identified technological advances and a declining labor force as priority issues. Guided by the Road Map, with an aim to accelerate our speed of growth, we will continue to invest in human resources and in systems. Additionally, we will aggressively take initiatives to respond to the two priority issues ahead of time by developing and fostering new businesses in order to create new value, and expand and upgrade existing businesses.

In projections for the consolidated financial results for the fiscal year ending March 31, 2021, it is expected to record 2.2% decrease to 557.0 billion yen in the security services segment, 5.5% decrease to 144.0 billion yen in the fire protection services segment, 2.9% decrease to 74.0 billion yen in the medical services segment, 0.4% increase to 47.5 billion yen in the insurance services segment, 0.8% decrease to 53.5 billion yen in the geospatial information services segment, 3.7% increase to 105.0 billion yen in the BPO and ICT services segment, and 11.2% decrease to 53.0 billion yen in the real estate and other services segment, and consolidated revenue is expected to decrease by 2.5% to 1,034.0 billion yen, owing to the effects of the COVID-19 infections.

Consolidated operating profit is expected to decrease by 13.2% to 124.0 billion yen, consolidated ordinary profit is expected to decrease by 14.1% to 130.0 billion yen and consolidated net income attributable to owners of the parent is expected to decrease by 11.3% to 79.0 billion yen.

(Notes for projections)

Projections for the consolidated financial results for the fiscal year ending March 31, 2021, are based on management's assumptions in light of information currently available. As actual performance may differ materially from the forward-looking statements due to various factors hereafter occurred, you should refrain making an investment decision by solely relying on these projections. Such factors include, but are not limited to, changes in economic conditions affecting our group's operations, market trends, legislative changes, occurrences of natural disasters, product recalls and the results of contingency.

(Consolidated financial results)

(In billions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Year ending March 31, 2021 (Projections)
Revenue	1,013.8	1,060.0	1,034.0
Change from the previous year	+4.5%	+4.6%	(2.5%)
Operating profit	130.2	142.8	124.0
Change from the previous year	(3.9%)	9.7%	(13.2%)
Ordinary profit	144.8	151.3	130.0
Change from the previous year	+0.4%	+4.5%	(14.1%)
Net income attributable to owners of the parent	92.0	89.0	79.0
Change from the previous year	+5.8%	(3.2%)	(11.3%)
Basic net income per share (in yen)	421.56	408.14	361.95

(5) Basic Policy on Distribution of Surplus and Dividend Payments for the Current and Next Fiscal Year

We consider the return of profits on a long-term basis to shareholders a crucial management task. Management determines the consolidated dividend payout ratio and the level of internal reserves in overall consideration of the future expansion of our business and consolidated results of operations while keeping in line with the basic policy that ensures the continued and stable dividend payments. Our basic policy of distribution of surplus in the form of dividend payment is that the Company makes it a rule to distribute dividends twice annually, in the form of an interim dividend, with a record date of September 30 each year, which is paid by resolution of the Board of Directors, and a year-end dividend, with a record date of March 31 each year, which is paid by resolution of the General Meeting of Shareholders. We intend to use internal reserves for investments required for increased new customer contracts, research and development and other strategic investments so as to ensure to strengthen our corporate structure and expand our business.

Based on the basic policy aforesaid and our solid operating results, we have determined to propose to the Ordinary General Meeting of Shareholders that the year-end dividends for the current fiscal year be 85 yen per share to respond to shareholders' continuous support. The dividends for the current fiscal year are 170 yen per share, the sum of the interim dividends of 85 yen per share and the year-end dividends of 85 yen per share, 5 yen higher than those for previous fiscal year, and consolidated dividend payout ratio is 41.7%. The dividends for the next fiscal year are planned to be 170 yen per share, the sum of the interim dividends of 85 yen per share and the year-end dividends of 85 yen per share.

(6) Significant Events Regarding Assumption of Going Concern, etc.

Not applicable

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2019	March 31, 2020
ASSETS:		
Current assets:	846,759	914,465
Cash on hand and in banks	350,319	414,199
Cash deposits for armored car services	142,335	140,905
Notes and accounts receivable, trade	133,659	141,609
Due from subscribers	41,616	40,745
Short-term investments	25,382	32,442
Lease receivables and investment in leased assets	41,826	42,768
Merchandise and products	14,146	13,862
Real estate inventories	5,864	4,930
Work in process	5,872	5,237
Costs on uncompleted construction contracts	10,971	10,780
Work in process for real estate inventories	30,743	21,806
Raw materials and supplies	10,398	10,927
Short-term loans receivable	4,398	4,525
Other	31,000	31,400
Allowance for doubtful accounts	(1,775)	(1,677)
Fixed assets:	918,346	900,656
Tangible assets:	378,401	386,308
Buildings and improvements, net	148,693	153,307
Security equipment and control stations, net	71,715	74,309
Land	116,876	117,720
Other, net	41,115	40,970
Intangible assets	128,215	124,767
Investments and others:	411,728	389,580
Investment securities	269,575	252,299
Long-term loans receivable	35,284	34,351
Net defined benefit asset	38,488	31,789
Deferred income taxes	27,469	31,554
Other	53,952	52,232
Allowance for doubtful accounts	(13,042)	(12,647)
Total assets	1,765,105	1,815,121

(1) Consolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2019	March 31, 2020
LIABILITIES:		
Current liabilities:	369,458	374,284
Notes and accounts payable, trade	45,826	47,409
Bank loans	39,126	38,364
Current portion of straight bonds	2,009	2,916
Lease obligations	4,875	4,702
Payables - other	42,645	42,927
Accrued income taxes	22,767	24,740
Accrued consumption taxes	7,209	11,666
Accrued expenses	7,329	7,294
Deposits received for armored car services	121,086	118,302
Deferred revenue	30,438	31,224
Accrued bonuses	17,255	18,213
Provision for losses on construction contracts	2,913	2,391
Other	25,975	24,129
Long-term liabilities:	269,691	268,343
Straight bonds	4,702	4,143
Long-term loans	10,063	8,674
Lease obligations	11,960	11,865
Guarantee deposits received	32,955	32,632
Deferred income taxes	8,735	7,866
Accrued retirement benefits for directors and audit and supervisory board members	1,046	794
Net defined benefit liability	22,953	23,710
Investment deposits by policyholders, unearned premiums and other insurance liabilities	172,866	174,602
Other	4,406	4,052
Total liabilities	639,150	642,627
NET ASSETS:		
Shareholders' equity:	981,846	1,035,328
Common stock	66,392	66,401
Capital surplus	80,360	81,874
Retained earnings	908,852	960,828
Common stock in treasury, at cost	(73,759)	(73,775)
Accumulated other comprehensive income (losses):	13,873	(212)
Unrealized gains on securities	18,157	12,095
Deferred losses on hedges	(21)	(15)
Foreign currency translation adjustments	(10,683)	(13,388)
Remeasurements of defined benefit plans, net of taxes	6,421	1,096
Noncontrolling Interests	130,234	137,378
Total net assets	1,125,954	1,172,494
Total liabilities and net assets	1,765,105	1,815,121

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Revenue	1,013,823	1,060,070
Costs of revenue	692,211	722,546
Gross profit	321,611	337,523
Selling, general and administrative expenses	191,397	194,664
Operating profit	130,213	142,858
Non-operating income	19,646	13,778
Non-operating expenses	4,970	5,281
Ordinary profit	144,889	151,356
Extraordinary profit	1,909	3,471
Extraordinary losses	2,838	6,971
Income before income taxes	143,960	147,855
Income taxes - current	47,001	45,488
Income taxes - deferred	(7,808)	128
Total income taxes	39,193	45,616
Net income	104,766	102,238
Net income attributable to noncontrolling interests	12,757	13,158
Net income attributable to owners of the parent	92,009	89,080

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Net income	104,766	102,238
Other comprehensive income (losses):	(14,853)	(14,688)
Unrealized gains (losses) on securities	(5,740)	(6,288)
Deferred gains (losses) on hedges	(0)	-
Foreign currency translation adjustments	(2,616)	(1,236)
Remeasurements of defined benefit plans, net of taxes	(3,056)	(5,695)
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	(3,439)	(1,468)
Comprehensive income	89,913	87,550
Comprehensive income attributable to:		
Owners of the parent company	77,988	74,994
Noncontrolling interests	11,924	12,555

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2019

(In millions of yen)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
Balance at the beginning of the current period	66,385	80,328	851,764	(73,748)	924,729
Changes during the current period:					
Issuance of new stocks	7	7			14
Cash dividends			(34,921)		(34,921)
Net income attributable to owners of the parent			92,009		92,009
Purchase of treasury stock				(10)	(10)
Disposal of treasury stock					-
Changes in shares of parent arising from transactions with non-controlling interest		35			35
Changes due to changes in accounting standards of overseas consolidated subsidiaries		(9)			(9)
Net changes of items other than shareholders' equity					
Total changes during the current period	7	32	57,087	(10)	57,117
Balance at the end of the current period	66,392	80,360	908,852	(73,759)	981,846

(In millions of yen)

	Accumulated other comprehensive income (losses)					Noncontrolling interests	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	23,759	(24)	(5,774)	9,933	27,894	128,589	1,081,213
Changes during the current period:							
Issuance of new stocks							14
Cash dividends							(34,921)
Net income attributable to owners of the parent							92,009
Purchase of treasury stock							(10)
Disposal of treasury stock							-
Changes in shares of parent arising from transactions with non-controlling interest							35
Changes due to changes in accounting standards of overseas consolidated subsidiaries							(9)
Net changes of items other than shareholders' equity	(5,601)	2	(4,909)	(3,511)	(14,020)	1,644	(12,376)
Total changes during the current period	(5,601)	2	(4,909)	(3,511)	(14,020)	1,644	44,741
Balance at the end of the current period	18,157	(21)	(10,683)	6,421	13,873	130,234	1,125,954

Year ended March 31, 2020

(In millions of yen)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
Balance at the beginning of the current period	66,392	80,360	908,852	(73,759)	981,846
Changes during the current period:					
Issuance of new stocks	8	8			16
Cash dividends			(37,104)		(37,104)
Net income attributable to owners of the parent			89,080		89,080
Purchase of treasury stock				(16)	(16)
Disposal of treasury stock		0		0	0
Changes in shares of parent arising from transactions with non-controlling interest		1,505			1,505
Changes due to changes in accounting standards of overseas consolidated subsidiaries					-
Net changes of items other than shareholders' equity					
Total changes during the current period	8	1,513	51,975	(16)	53,481
Balance at the end of the current period	66,401	81,874	960,828	(73,775)	1,035,328

(In millions of yen)

	Accumulated other comprehensive income (losses)					Noncontrolling interests	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	18,157	(21)	(10,683)	6,421	13,873	130,234	1,125,954
Changes during the current period:							
Issuance of new stocks							16
Cash dividends							(37,104)
Net income attributable to owners of the parent							89,080
Purchase of treasury stock							(16)
Disposal of treasury stock							0
Changes in shares of parent arising from transactions with non-controlling interest							1,505
Changes due to changes in accounting standards of overseas consolidated subsidiaries							-
Net changes of items other than shareholders' equity	(6,061)	5	(2,704)	(5,325)	(14,085)	7,143	(6,942)
Total changes during the current period	(6,061)	5	(2,704)	(5,325)	(14,085)	7,143	46,539
Balance at the end of the current period	12,095	(15)	(13,388)	1,096	(212)	137,378	1,172,494

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Cash flows from operating activities:		
Income before income taxes	143,960	147,855
Depreciation and amortization	58,103	59,611
Amortization of goodwill	5,504	5,527
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(6,699)	(5,982)
Increase (decrease) in allowance for doubtful accounts	227	(418)
Increase/decrease in net defined benefit liability and asset	(1,105)	(789)
Interest and dividend income	(4,658)	(4,853)
Interest expenses	788	780
Exchange (gains) losses	169	483
Net (gains) losses on sales and disposal of fixed assets	1,357	2,708
Impairment losses on fixed assets	594	1,671
Net (gains) losses on sales of investment securities	(1,231)	(1,220)
Net (gains) losses on revaluation of investment securities	416	2,274
Net (gains) losses on sales of investment securities in subsidiaries and affiliates	50	(2,016)
Write-down on real estate inventories	579	66
Write-down on investments in capital	-	877
Net (gains) losses on private equity investment	(8,372)	(2,015)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	(9,461)	(7,695)
(Increase) decrease in lease receivables and investment in leased assets	3,717	(837)
(Increase) decrease in inventories	3,483	10,058
Increase (decrease) in accounts payable	3,580	2,084
Increase (decrease) in accrued consumption taxes	(852)	4,456
Increase (decrease) in deferred revenue	301	672
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	521	1,735
Increase/decrease in cash deposits/deposits received for armored car services	729	(1,354)
Other	447	(6,520)
Subtotal	192,152	207,161
Interest and dividend received	9,364	9,423
Interest paid	(718)	(673)
Income taxes paid	(51,869)	(40,351)
Net cash provided by (used in) operating activities	148,929	175,559
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	(1,251)	1,554
(Increase) decrease in short-term investments, net	(4,255)	(1,356)
Payments for purchases of tangible assets	(53,803)	(58,357)
Proceeds from sales of tangible assets	3,377	1,177
Payments for purchases of intangible assets	(11,062)	(11,431)
Payments for purchases of investment securities	(36,243)	(45,286)
Proceeds from sales and redemptions of investment securities	43,596	50,259
Payments for acquisitions of affiliates	(442)	(39)
(Increase) decrease in short-term loans receivable, net	35	(192)
Payments for long-term loans receivable	(4,568)	(4,969)
Proceeds from long-term loans receivable	5,310	5,967
Acquisitions of subsidiaries accompanied with changes in scope of consolidation	(3,133)	(725)
Divestitures of subsidiaries accompanied with changes in scope of consolidation	(0)	2,670
Other	1,047	(50)
Net cash provided by (used in) investing activities	(61,393)	(60,780)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	(1,654)	1,261
Proceeds from long-term loans	2,400	450
Repayments of long-term loans	(7,294)	(4,035)
Repayments of lease obligations	(5,087)	(5,152)
Proceeds from issuance of straight bonds	1,560	2,351
Payments for redemption of straight bonds	(1,006)	(2,070)
Proceeds from stock issuance to noncontrolling shareholders	330	190
Dividends paid	(34,921)	(37,104)
Dividends paid for noncontrolling shareholders	(6,262)	(3,424)
(Increase) decrease in treasury stocks, net	(10)	(16)
Payments for acquisitions of subsidiaries not accompanied with changes in scope of consolidation	(3,032)	(659)
Net cash provided by (used in) financing activities	(54,977)	(48,209)
Effect of exchange rate changes on cash and cash equivalents	(594)	93
Net increase (decrease) in cash and cash equivalents	31,963	66,662
Cash and cash equivalents at beginning of the period	307,853	339,817
Cash and cash equivalents at end of the period	339,817	406,479

(5) Notes Regarding the Consolidated Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable

(6) Segment Information, etc.

[Segment Information]

1. Summary of Reportable Segments

The reportable segments of SECOM CO., LTD. and its subsidiaries (collectively “the Company”) are segments, based on the Company’s components, for which separate financial information is available and operating results are regularly reviewed by the Board of Directors for the decision of resource allocation and performance evaluation.

The Company plans and decides group strategies, allocates resources and evaluates performance for those segments, which are “security services,” “fire protection services,” “medical services,” “insurance services,” “geospatial information services,” “BPO and ICT services,” and real estate and other services (“real estate development and sales,” “real estate leasing,” and “construction and installation services,” etc.).

Accordingly, the Company considers these six segments – “security services,” “fire protection services,” “medical services,” “insurance services,” “geospatial information services” and “BPO and ICT services” – as reportable segments. Principal services and products of each reportable segment are as follows.

“Security services” segment offers comprehensive security services which provide customers with security and peace of mind, including core centralized security systems (on-line security systems) for commercial and residential premises. “Fire protection services” segment provides a variety of fire protection systems such as fire alarm systems and fire extinguishing systems to office buildings, plants, tunnels, cultural properties, ships and residences. “Medical services” segment provides a variety of medical services such as core home medical services including home nursing services and pharmaceutical services, operation of residence for seniors, electronic medical reports, real estate leasing for medical institutions, and sales of medical equipment. “Insurance services” segment develops and markets unique insurance policies that take installation of security systems as a risk-mitigating factor, and insurance policies to overcome cancer by having the best cancer treatments, etc. “Geospatial information services” segment provides geospatial information services for national, local and overseas governmental agencies. “BPO and ICT services” segment provides information security services, BCP support services, data center services and BPO related services.

2. Calculation Method Used for Determining Revenue, Profit or loss, Assets and Other Items of Reportable Segments

Profits of reportable segments are based on operating profit. Intersegment revenue and transfers are determined based on actual market pricing.

3. Information about Amounts of Revenue, Profits or Loss, Assets and Other Items of Reportable Segments

Year ended March 31, 2019

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Customers	558,388	140,257	72,276	44,811	51,591
Intersegment	13,512	3,942	168	3,120	385
Subtotal	571,901	144,200	72,445	47,931	51,977
Segment profit (loss)	114,183	14,131	5,129	(377)	2,716
Segment assets	958,667	165,184	140,756	220,605	64,423
Other items					
Depreciation and amortization	38,676	2,283	3,591	1,885	2,241
Amortization of goodwill	3,126	156	131	0	13
Impairment losses on fixed assets	10	23	-	-	544
Increase in tangible and intangible assets (Note 4)	49,390	2,268	1,761	3,238	2,419

	Reportable segments		Real estate and other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	BPO and ICT services	Subtotal				
Revenue:						
Customers	92,120	959,446	54,376	1,013,823	-	1,013,823
Intersegment	13,023	34,153	1,786	35,940	(35,940)	-
Subtotal	105,144	993,600	56,163	1,049,763	(35,940)	1,013,823
Segment profit (loss)	8,130	143,914	4,445	148,360	(18,146)	130,213
Segment assets	141,355	1,690,993	165,111	1,856,105	(91,000)	1,765,105
Other items						
Depreciation and amortization	8,520	57,199	881	58,081	21	58,103
Amortization of goodwill	2,077	5,504	-	5,504	-	5,504
Impairment losses on fixed assets	16	594	-	594	-	594
Increase in tangible and intangible assets (Note 4)	9,084	68,163	4,550	72,714	85	72,799

Note 1: Real estate and other services is an operating segment not designated as a reportable segment, and

comprises real estate development and sales, real estate leasing, construction and installation services, etc.

Note 2: Adjustment of segment profit/(loss) includes intersegment eliminations of 769 million yen and corporate expenses not allocated to each reportable segment of 17,377 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarters, etc.

Adjustment of segment assets includes intersegment elimination of (255,004) million yen and corporate assets not belonging to each reportable segment of 164,004 million yen. Major components of corporate assets are cash on hand and in banks, loans, short-term investments and investment securities of the Company.

Adjustment of depreciation includes intersegment elimination of (741) million yen and depreciation of corporate assets not belonging to each reportable segment of 763 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (1,078) million yen and capital investments of software, etc. not belonging to each reportable segment of 1,164 million yen.

Note 3: Segment profit/(loss) is adjusted to operating profit in the consolidated statements of income.

Note 4: Increase in tangible and intangible assets includes increase accompanied by new consolidation.

Year ended March 31, 2020

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Customers	569,317	152,396	76,218	47,319	53,941
Intersegment	12,370	4,050	220	3,413	201
Subtotal	581,688	156,446	76,438	50,732	54,142
Segment profit	115,829	18,154	5,488	1,637	3,578
Segment assets	987,413	172,628	139,483	218,191	63,311
Other items					
Depreciation and amortization	39,407	2,448	3,556	2,427	1,692
Amortization of goodwill	3,252	156	32	0	7
Impairment losses on fixed assets	921	47	-	-	258
Increase in tangible and intangible assets (Note 4)	45,616	2,568	3,719	4,792	2,987

	Reportable segments		Real estate and other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	BPO and ICT services	Subtotal				
Revenue:						
Customers	101,211	1,000,403	59,666	1,060,070	-	1,060,070
Intersegment	13,149	33,405	1,271	34,676	(34,676)	-
Subtotal	114,360	1,033,808	60,938	1,094,747	(34,676)	1,060,070
Segment profit	9,876	154,566	5,978	160,544	(17,685)	142,858
Segment assets	145,031	1,726,061	155,933	1,881,994	(66,872)	1,815,121
Other items						
Depreciation and amortization	9,296	58,828	775	59,603	7	59,611
Amortization of goodwill	2,077	5,527	-	5,527	-	5,527
Impairment losses on fixed assets	437	1,664	6	1,671	-	1,671
Increase in tangible and intangible assets (Note 4)	12,894	72,578	2,120	74,699	77	74,776

Note 1: Real estate and other services is an operating segment not designated as a reportable segment, and comprises real estate development and sales, real estate leasing, construction and installation services, etc.

Note 2: Adjustment of segment profit includes intersegment eliminations of 253 million yen and corporate

expenses not allocated to each reportable segment of 17,432 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarters, etc.

Adjustment of segment assets includes intersegment elimination of (228,761) million yen and corporate assets not belonging to each reportable segment of 161,888 million yen. Major components of corporate assets are cash on hand and in banks, loans, short-term investments and investment securities of the Company.

Adjustment of depreciation includes intersegment elimination of (849) million yen and depreciation of corporate assets not belonging to each reportable segment of 857 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (1,038) million yen and capital investments of software, etc. not belonging to each reportable segment of 1,115 million yen.

Note 3: Segment profit is adjusted to operating profit in the consolidated statements of income.

Note 4: Increase in tangible and intangible assets includes increase accompanied by new consolidation.

[Related Information]**Year Ended March 31, 2019**

1. Information by Products and Services

Information is omitted as similar information is disclosed in Segment Information.

2. Information by Regions

(1) Revenue

(In millions of yen)

Japan	Others	Total
965,440	48,382	1,013,823

Note: Revenues were divided into countries or areas based on customer locations.

(2) Tangible Assets

(In millions of yen)

Japan	Others	Total
368,130	10,271	378,401

3. Information of Major Customers

Information is omitted as there is no single customer with over 10% of total revenue in the consolidated statements of income.

Year Ended March 31, 2020

1. Information by Products and Services

Information is omitted as similar information is disclosed in Segment Information.

2. Information by Regions

(1) Revenue

(In millions of yen)

Japan	Others	Total
1,010,884	49,185	1,060,070

Note: Revenues were divided into countries or areas based on customer locations.

(2) Tangible Assets

(In millions of yen)

Japan	Others	Total
376,884	9,424	386,308

3. Information of Major Customers

Information is omitted as there is no single customer with over 10% of total revenue in the consolidated statements of income.

[Information Regarding Amortized Amounts and Unamortized Balance of Goodwill by Reportable Segment]

Year Ended March 31, 2019

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Amortized amount	3,126	156	131	0	13
Unamortized balance	50,220	478	32	0	36

(In millions of yen)

	Reportable segments		Real estate and other services	Total	Adjustment	Amount on consolidated financial statements
	BPO and ICT services	Subtotal				
Amortized amount	2,077	5,504	-	5,504	-	5,504
Unamortized balance	23,426	74,194	-	74,194	-	74,194

Year Ended March 31, 2020

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Amortized amount	3,252	156	32	0	7
Unamortized balance	47,944	321	-	-	-

(In millions of yen)

	Reportable segments		Real estate and other services	Total	Adjustment	Amount on consolidated financial statements
	BPO and ICT services	Subtotal				
Amortized amount	2,077	5,527	-	5,527	-	5,527
Unamortized balance	21,349	69,615	-	69,615	-	69,615

(7) Significant Subsequent Events

Not applicable

3. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(In millions of yen)

	March 31, 2019	March 31, 2020
ASSETS:		
Current assets:		
Cash on hand and in banks	120,815	164,370
Cash deposits for armored car services	39,504	36,730
Notes receivable	723	586
Due from subscribers	17,931	18,241
Accounts receivable, trade	11,516	12,280
Receivables - other	4,714	4,353
Short-term investments	-	1,499
Merchandise	7,047	7,144
Supplies	1,686	2,111
Prepaid expenses	2,599	2,432
Short-term loans receivable	35,250	42,473
Other	4,530	9,208
Allowance for doubtful accounts	(101)	(89)
Total current assets	246,218	301,340
Fixed assets:		
Tangible assets:		
Buildings and improvements	16,263	17,427
Automobiles	501	492
Security equipment and control stations	69,049	71,533
Machinery and equipment	143	114
Tools, furniture and fixtures	3,566	4,193
Land	21,952	22,281
Construction in progress	4,721	3,433
Other	1,827	1,725
Total tangible assets	118,025	121,203
Intangible assets:		
Software	8,560	8,181
Other	920	1,602
Total intangible assets	9,480	9,783
Investments and others:		
Investment securities	21,982	17,749
Investment securities in subsidiaries and affiliates	353,375	353,592
Investments in subsidiaries and affiliates	2,149	2,179
Long-term loans receivable	113,221	81,174
Lease deposits	7,578	7,564
Long-term prepaid expenses	20,461	20,876
Prepaid pension and severance costs	21,410	22,614
Deferred income taxes	5,442	5,306
Insurance funds	4,109	4,227
Other	2,458	2,408
Allowance for doubtful accounts	(4,442)	(2,826)
Total investments and others	547,748	514,866
Total fixed assets	675,254	645,853
Total Assets	921,472	947,194

(1) Nonconsolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2019	March 31, 2020
LIABILITIES:		
Current liabilities:		
Accounts payable	3,820	4,125
Bank loans	21,211	22,565
Lease obligations	309	271
Payables – other	19,769	17,381
Payables – construction	5,437	4,127
Accrued income taxes	11,210	11,848
Accrued consumption taxes	3,221	5,106
Accrued expenses	747	739
Deposits received for armored car services	18,348	14,192
Deferred revenue	19,949	20,147
Accrued bonuses	6,488	6,849
Other	2,590	4,902
Total current liabilities	113,104	112,258
Long-term liabilities:		
Lease obligations	3,971	3,867
Guarantee deposits received	16,462	16,347
Accrued pension and severance costs	1,788	1,517
Other	343	326
Total long-term liabilities	22,566	22,058
Total liabilities	135,670	134,316
NET ASSETS:		
Shareholders' equity:		
Common stock	66,392	66,401
Capital surplus:		
Additional paid-in capital	83,069	83,077
Other capital surplus	0	0
Total capital surplus	83,069	83,078
Retained earnings:		
Legal reserve	9,028	9,028
Other retained earnings:		
Reserve for system developments	800	800
General reserve	2,212	2,212
Accumulated earnings carried forward	692,935	721,639
Total retained earnings	704,976	733,679
Common stock in treasury, at cost	(73,759)	(73,775)
Total shareholders' equity	780,679	809,383
Valuation, translation adjustments and others:		
Unrealized gains on securities	5,122	3,494
Total valuation, translation adjustments and others	5,122	3,494
Total net assets	785,801	812,878
Total liabilities and net assets	921,472	947,194

(2) Nonconsolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Revenue	394,181	398,929
Costs	234,046	236,397
Gross Profit	160,134	162,531
Selling, general and administrative expenses	83,301	85,654
Operating profit	76,833	76,877
Non-operating income:		
Interest income	1,279	1,086
Dividends income	13,186	14,678
Other	540	1,186
Total non-operating income	15,006	16,950
Non-operating expenses:		
Interest expenses	189	188
Loss on sales and disposal of fixed assets	1,907	1,662
Write-off of long-term prepaid expenses	459	522
Other	310	917
Total non-operating expenses	2,866	3,289
Ordinary profit	88,972	90,538
Extraordinary profit:		
Reversal of allowance for doubtful accounts	-	1,594
Gain on sales of investment securities	86	52
Other	0	3
Total extraordinary profit	87	1,651
Extraordinary losses:		
Loss on revaluation of investment securities in subsidiaries and affiliates	54	859
Loss on disposal of tangible assets	-	701
Loss on revaluation of investment securities	42	530
Loss on sales of tangible assets	63	-
Provision for allowance for doubtful accounts	25	-
Other	18	0
Total extraordinary losses	203	2,092
Income before income taxes	88,855	90,097
Income taxes - current	23,180	23,439
Income taxes - deferred	(8,341)	849
Total income taxes	14,838	24,289
Net income	74,016	65,808

(3) Nonconsolidated Statements of Changes in Net Assets

Year Ended March 31, 2019

(In millions of yen)

	Shareholders' equity			
	Common Stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at the beginning of the current period	66,385	83,061	0	83,062
Changes during the current period:				
Issuance of new stocks	7	7		7
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock				
Net changes of items other than shareholders' equity				
Total changes during the current period	7	7	-	7
Balance at the end of the current period	66,392	83,069	0	83,069

(In millions of yen)

	Shareholders' equity				
	Retained earnings				Total retained earnings
	Legal reserve	Other retained earnings			
Reserve for system developments		General reserve	Accumulated earnings carried forward		
Balance at the beginning of the current period	9,028	800	2,212	653,840	665,881
Changes during the current period:					
Issuance of new stocks					
Cash dividends				(34,921)	(34,921)
Net income				74,016	74,016
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the current period	-	-	-	39,094	39,094
Balance at the end of the current period	9,028	800	2,212	692,935	704,976

(In millions of yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common Stock in treasury, at cost	Total shareholders' equity	Unrealized gains (losses) on securities	Total valuation, translation adjustments and others	
Balance at the beginning of the current period	(73,748)	741,579	7,408	7,408	748,988
Changes during the current period:					
Issuance of new stocks		14			14
Cash dividends		(34,921)			(34,921)
Net income		74,016			74,016
Purchase of treasury stock	(10)	(10)			(10)
Disposal of treasury stock		-			-
Net changes of items other than shareholders' equity			(2,285)	(2,285)	(2,285)
Total changes during the current period	(10)	39,099	(2,285)	(2,285)	36,813
Balance at the end of the current period	(73,759)	780,679	5,122	5,122	785,801

Year Ended March 31, 2020

(In millions of yen)

	Shareholders' equity			
	Common Stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at the beginning of the current period	66,392	83,069	0	83,069
Changes during the current period:				
Issuance of new stocks	8	8		8
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Net changes of items other than shareholders' equity				
Total changes during the current period	8	8	0	8
Balance at the end of the current period	66,401	83,077	0	83,078

(In millions of yen)

	Shareholders' equity				
	Retained earnings				
	Legal reserve	Other retained earnings			Total retained earnings
Reserve for system developments		General reserve	Accumulated earnings carried forward		
Balance at the beginning of the current period	9,028	800	2,212	692,935	704,976
Changes during the current period:					
Issuance of new stocks					
Cash dividends				(37,104)	(37,104)
Net income				65,808	65,808
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the current period	-	-	-	28,703	28,703
Balance at the end of the current period	9,028	800	2,212	721,639	733,679

(In millions of yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common Stock in treasury, at cost	Total shareholders' equity	Unrealized gains (losses) on securities	Total valuation, translation adjustments and others	
Balance at the beginning of the current period	(73,759)	780,679	5,122	5,122	785,801
Changes during the current period:					
Issuance of new stocks		16			16
Cash dividends		(37,104)			(37,104)
Net income		65,808			65,808
Purchase of treasury stock	(16)	(16)			(16)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			(1,628)	(1,628)	(1,628)
Total changes during the current period	(16)	28,704	(1,628)	(1,628)	27,076
Balance at the end of the current period	(73,775)	809,383	3,494	3,494	812,878

(4) Notes Regarding the Nonconsolidated Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable

[Significant Subsequent Events]

Not applicable

<Attachment>

Regarding countermeasures, impacts and other information related to COVID-19

- Measures taken for ensuring health and safety of customers and employees in terms of the prevention of spread of infections and maintenance of system for business continuity
Our measures to prevent the spread of infections include: minimizing the number of employees working in the offices with the introduction of telework program, particularly those in administrative and sales divisions, encouraging taking temperature before coming to work, staggered working hours, gargling and wearing face masks, and placing alcohol-based sanitizers.

- Operation status for major business locations (the situation of temporary closure of stores or suspended operation of factories, the degree of impact for sales and production activities, the outlook for resumption at the time of disclosure, etc.), the status of production and supply for major products and merchandise (the status for inventories and procurement of parts, the condition of securing alternative means, the future outlook, etc.)
We will coordinate with business partners to maintain stable productions and procurement, although there is no major impact at the moment.

- Trend of the customers (the number of shoppers or orders received, the future outlook, etc.), operating results (the sales result since the impact of COVID-19 has become apparent, the future outlook, etc.)
As announced in projections for the fiscal year ending March 31, 2021, there would be decline in orders due to the deterioration in market conditions, reflecting the economic stagnation caused by the impact of COVID-19.

- Financial condition (the outlook for cash flow at the time of disclosure, the status for securing necessary funds, including the arrangement of a commitment line)
There is no problem regarding our financial condition, including cash flow.

- The impact on medium to long-term management policy and business strategies, as well as countermeasures (changes in plans for store opening, production or investment, additional cost reduction, etc.)
There is no plan to change at this point.