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QUARTERLY FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2020

(Based on JAPANESE GAAP) (Consolidated)

November 9, 2020

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 Code number: 9735 Tokyo Stock Exchange ----- First Section
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Scheduled date of filing Quarterly Securities Report: November 13, 2020

Scheduled date of dividend payout: December 7, 2020

Preparation of quarterly supplementary materials: Applicable

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

1. Consolidated financial results for the six-month period ended September 30, 2020 (April 1, 2020–September 30, 2020)

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

	Six-month Period Ended September 30	
	2019	2020
Revenue	503,774 7.0%	491,202 (2.5%)
Operating profit	65,060 18.5%	60,729 (6.7%)
Ordinary profit	70,320 4.2%	59,199 (15.8%)
Net income attributable to owners of the parent	43,368 (2.7%)	32,360 (25.4%)
Basic net income per share (in yen)	198.70	148.27
Diluted net income per share (in yen)	—	—

Note 1: Comprehensive income:

Six-month period ended September 30, 2020: JPY 37,836 million [(9.1%)]

Six-month period ended September 30, 2019: JPY 41,611 million [(5.1%)]

Note 2: There is no diluted net income per share as there are no shares with dilutive effect.

Note 3: Percentage figures represent changes from the results of the corresponding period of the previous year.

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

	March 31, 2020	September 30, 2020
Total assets	1,815,121	1,800,567
Net assets	1,172,494	1,191,123
Equity ratio	57.0%	58.3%
Net assets per share (in yen)	4,742.58	4,811.53

Note 1: Equity as of:

September 30, 2020 : JPY 1,050,174 million

March 31, 2020 : JPY 1,035,116 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 each period-end.

2. Dividends

	Years ended/ending March 31		
	2020	2021	2021 (projected)
1 st quarter dividends per share (in yen)	—	—	
2 nd quarter dividends per share (in yen)	85.00	85.00	
3 rd quarter dividends per share (in yen)	—		—
Year-end dividends per share (in yen)	85.00		85.00
Annual dividends per share (in yen)	170.00		170.00

Note: Revision of projected dividends from that most recently disclosed: None

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(In millions of yen)

	Year ending March 31, 2021
Projected revenue	1,034,000 (2.5%)
Projected operating profit	124,000 (13.2%)
Projected ordinary profit	130,000 (14.1%)
Projected net income attributable to owners of the parent	79,000 (11.3%)
Projected basic net income per share (in yen)	361.95

Note 1: Revision of projections for the consolidated financial results from those most recently disclosed: None

Note 2: Projected basic net income per share for the fiscal year ending March 31, 2021 is calculated based on the number of average common shares outstanding over the six-month period ended September 30, 2020, assuming that it remains the same until March 31, 2021.

Note 3: Percentage figures represent changes from the results of the corresponding period of the previous year.

※ **Notes**

1. Significant changes in subsidiaries during the six-month period ended September 30, 2020 (changes in specified subsidiaries accompanied with changes in scope of consolidation): None
2. Adoption of unique accounting treatment for preparation of consolidated quarterly financial statements: None
3. 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
4. Number of common shares outstanding :
 - ① Number of common shares outstanding, including treasury stock, as of:

September 30, 2020 :	233,295,926 shares
March 31, 2020 :	233,293,998 shares
 - ② Number of shares of treasury stock, as of:

September 30, 2020 :	15,034,011 shares
March 31, 2020 :	15,033,588 shares
 - ③ Number of average common shares outstanding over:

The six-month period ended September 30, 2020:	218,261,117 shares
The six-month period ended September 30, 2019:	218,260,785 shares

Note on status of quarterly review procedures

This report is excluded from the scope of quarterly review procedures pursuant to the Financial Instruments and Exchange Act. Review procedures for quarterly financial statements have not been completed at the time of disclosure of this report.

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. Qualitative Information Regarding the Six-month Period Ended September 30, 2020 (3) Qualitative Information Regarding Consolidated Financial Projections” on page 5 in the appendices.

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1. Qualitative Information Regarding the Six-month Period Ended September 30, 2020

(1) Qualitative Information Regarding Consolidated Financial Results

During the six-month period ended September 30, 2020, due to the COVID-19 pandemic, Japanese economy remained challenging with a significant decline in corporate earnings, although there were signs of recovery in some sectors such as private consumption. In addition, continual attention to the trend of COVID-19 in Japan and overseas and the effects of fluctuations in the financial and capital markets have been required, while gradual resumptions of social and economic activities were seen.

In an environment caused by COVID-19, taking measures to prevent the spread of infections, such as measuring visitors' temperatures and wearing face masks, is becoming new normal at facilities where a large number of people gather, including offices and stores. Against this backdrop, in July 2020, we launched a thermal camera integrated in a tablet device, which enables measurement of face surface temperature even with face masks on. Responding also to the needs for teleworking, we started to offer SECOM *Anshin* Telework via USB Remote Device in August, a service that allows employees to securely log in to their companies' internal systems by plugging in a USB memory with function as a remote device to their personally owned computers. Also, it reduces the risk of loss, theft or damage of data by not leaving any data on employees' computers.

In addition to these services responding to new normal, we have been actively working to implement initiatives to achieve the SECOM Group's Vision for 2030, formulated with an aim to establish the "Social System Industry," which delivers safety and peace of mind, as well as makes life more comfortable and convenient, and the SECOM Group Road Map 2022, in which we clarified what we should do now to achieve the vision. In the period under review, we continued to provide meticulous and seamless services through various initiatives to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind.

Consolidated revenue for the six-month period ended September 30, 2020 decreased by 2.5% to 491.2 billion yen and consolidated operating profit decreased by 6.7% to 60.7 billion yen, chiefly owing to the decreases in revenue in Security Services, Fire Protection Services, Medical Services and Real Estate and Other Services, despite the increase in revenue in BPO and ICT Services, mainly attributable to the effect of COVID-19. Consolidated ordinary profit decreased by 15.8% to 59.1 billion yen, mainly due to the recognition of net losses of 4.4 billion yen on private equity investment in the U.S. etc. Consolidated net income attributable to owners of the parent decreased by 25.4% to 32.3 billion yen, mainly attributable to the recognition of net gains of 1.9 billion yen on sales of investment securities in subsidiaries and affiliates in extraordinary profit in the previous corresponding period, and amortization of goodwill of 3.1 billion yen in extraordinary losses.

Segment information is as follows.

In the security services segment, revenue decreased by 1.6% to 274.5 billion yen, mainly due to the decreases in sales of merchandise and revenue from installation largely affected by COVID-19, despite the brisk sales of on-line security systems for commercial and residential use. Operating profit decreased by 3.5% to 56.2 billion yen.

In the fire protection services segment, revenue decreased by 8.0% to 59.8 billion yen, mainly attributable to the effect of COVID-19 and the inclusion of large projects in the previous corresponding period. Operating profit was down 48.5% to 2.8 billion yen, chiefly owing to the concentration of projects with high profitability in the previous corresponding period. Revenue tends to increase toward the end of the fiscal year, due to the fact that this segment is greatly affected by the construction industry.

In the medical services segment, revenue decreased by 8.9% to 35.0 billion yen, mainly due to the decrease in sales of medical equipment and drugs largely affected by COVID-19. Operating profit decreased by 17.2% to 2.3 billion yen.

In the insurance services segment, revenue increased by 1.9% to 23.8 billion yen, mainly due to the firm increase in sales of MEDCOM, an unrestricted cancer treatment policy, automobile insurance policy and fire insurance policy provided by Secom General Insurance Co., Ltd. Operating loss was 1.6 billion yen, from operating loss of 0.2 billion yen in the previous corresponding period, chiefly owing to the effect of major disasters including the Typhoon No.10 and The Heavy Rain Event of July 2020.

In the geospatial information services segment, revenue decreased by 0.4% to 22.8 billion yen. Operating profit was 0.5 billion yen, from operating loss of 0.1 billion yen in the previous corresponding period, mainly attributable to the improvement in cost ratio as the result of business optimization efforts in international division as well as the decrease in selling, general and administrative expenses. Revenue tends to concentrate toward the end of the fiscal year, due to the fact that deliveries of public-sector contracts, which is the primary market for this segment, are mainly made at the end of March.

In the BPO and ICT services segment, revenue increased by 9.1% to 54.1 billion yen, chiefly owing to the increase in revenue in TMJ, Inc., a provider of BPO services including contact centers and back office services, and data center business. Operating profit increased by 28.4% to 6.1 billion yen.

In the real estate and other services segment, revenue decreased by 17.4% to 20.8 billion yen, mainly due to the decreases in revenue in the real estate development and sales business largely affected by COVID-19 and construction and installation services business which included large projects in the previous corresponding period. Operating profit decreased by 14.1% to 2.3 billion yen.

(2) Qualitative Information Regarding Consolidated Financial Position

(i) Consolidated Balance Sheets

Total assets as of September 30, 2020 amounted to 1,800.5 billion yen, 0.8% or 14.5 billion yen lower than that at the end of the previous fiscal year. Total current assets, at 884.5 billion yen, were down 3.3% or 29.9 billion yen. This was attributable to the decreases in notes and accounts receivable, trade by 34.0% or 48.1 billion yen to 93.4 billion yen, short-term investments by 51.7% or 16.7 billion yen to 15.6 billion yen and other current assets by 21.4% or 6.7 billion yen to 24.6 billion yen, despite the increase in cash on hand and in banks by 10.1% or 41.8 billion yen to 456.0 billion yen. Total fixed assets, at 916.0 billion yen, were up 1.7% or 15.3 billion yen from the end of the previous fiscal year. This was attributable to the increases in investment securities by 7.0% or 17.7 billion yen to 270.0 billion yen and long-term loans

receivable by 6.9% or 2.3 billion yen to 36.7 billion yen, despite the decreases in tangible assets by 0.5% or 1.9 billion yen to 384.4 billion yen and intangible assets by 1.3% or 1.6 billion yen to 123.1 billion yen.

Total liabilities amounted to 609.4 billion yen, 5.2% or 33.1 billion yen lower than that at the end of the previous fiscal year. Total current liabilities amounted to 334.8 billion yen, down 10.5% or 39.4 billion yen, owing to the decreases in notes and accounts payables, trade by 26.1% or 12.3 billion yen to 35.0 billion yen, bank loans by 29.2% or 11.1 billion yen to 27.1 billion yen, payables – other by 20.1% or 8.6 billion yen to 34.2 billion yen and accrued income taxes by 18.2% or 4.5 billion yen to 20.2 billion yen. Long-term liabilities increased by 2.3% or 6.2 billion yen to 274.5 billion yen, compared to that at the end of the previous fiscal year. This was attributable to the increase in unearned premiums and other insurance liabilities by 3.9% or 6.7 billion yen to 181.3 billion yen.

Total net assets amounted to 1,191.1 billion yen, 1.6% or 18.6 billion yen higher than that at the end of the previous fiscal year, due to the increases in retained earnings by 1.4% or 13.8 billion yen, unrealized gains on securities by 39.5% or 4.7 billion yen and noncontrolling interests by 2.6% or 3.5 billion yen, despite the decrease in foreign currency translation adjustments by 24.6% or 3.2 billion yen.

(ii) Consolidated Cash Flows

(Cash flows from operating activities)

Net cash provided by operating activities for the six-month period ended September 30, 2020 amounted to 109.9 billion yen; 94.4 billion yen in the previous corresponding period. The major factors of cash increase were income before income taxes of 55.6 billion yen, the decrease in notes and accounts receivable, trade, and due from subscribers of 50.6 billion yen and depreciation and amortization of 29.1 billion yen. The major factors of cash decrease were income taxes paid of 24.1 billion yen and the decrease in accounts payable of 20.5 billion yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 33.6 billion yen; 20.9 billion yen in the previous corresponding period. The major factors of cash decrease were payments for purchases of investment securities of 31.2 billion yen and payments for purchases of tangible assets, including security equipment and control stations of 22.7 billion yen. The major factor of cash increase was proceeds from sales and redemptions of investment securities of 24.1 billion yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 33.4 billion yen; 28.9 billion yen in the previous corresponding period. The major factors of cash decrease were dividends paid of 18.5 billion yen, the decrease in bank loans, net of 10.4 billion yen, repayments of lease obligations of 2.4 billion yen, and dividends paid for noncontrolling shareholders of 1.6 billion yen.

As a result, cash and cash equivalents at the end of the six-month period ended September 30, 2020 was 448.6 billion yen, 42.1 billion yen higher than that at the end of the previous fiscal year.

(3) Qualitative Information Regarding Consolidated Financial Projections

Projections for the consolidated financial results for the fiscal year ending March 31, 2021 have not been changed from those disclosed on May 12, 2020.

(Note for financial 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 from 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, recalls of products sold, and the results of contingency.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2020	September 30, 2020
ASSETS:		
Current assets:	914,465	884,541
Cash on hand and in banks	414,199	456,092
Cash deposits for armored car services	140,905	143,942
Notes and accounts receivable, trade	141,609	93,410
Due from subscribers	40,745	38,014
Short-term investments	32,442	15,666
Lease receivables and investment in leased assets	42,768	39,885
Merchandise and products	13,862	16,048
Real estate inventories	4,930	3,648
Work in process	5,237	4,980
Costs on uncompleted construction contracts	10,780	10,792
Work in process for real estate inventories	21,806	22,286
Raw materials and supplies	10,927	11,767
Short-term loans receivable	4,525	4,817
Other	31,400	24,696
Allowance for doubtful accounts	(1,677)	(1,507)
Fixed assets:	900,656	916,026
Tangible assets:	386,308	384,401
Buildings and improvements, net	153,307	150,758
Security equipment and control stations, net	74,309	75,404
Land	117,720	117,548
Other, net	40,970	40,689
Intangible assets	124,767	123,131
Investments and others:	389,580	408,493
Investment securities	252,299	270,011
Long-term loans receivable	34,351	36,725
Net defined benefit asset	31,789	33,106
Deferred income taxes	31,554	30,472
Other	52,232	51,133
Allowance for doubtful accounts	(12,647)	(12,955)
Total assets	1,815,121	1,800,567

(1) Consolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2020	September 30, 2020
LIABILITIES:		
Current liabilities:	374,284	334,855
Notes and accounts payable, trade	47,409	35,025
Bank loans	38,364	27,177
Current portion of straight bonds	2,916	2,015
Lease obligations	4,702	4,649
Payables - other	42,927	34,299
Accrued income taxes	24,740	20,227
Accrued consumption taxes	11,666	8,803
Accrued expenses	7,294	7,014
Deposits received for armored car services	118,302	124,840
Deferred revenue	31,224	31,385
Accrued bonuses	18,213	17,083
Provision for losses on construction contracts	2,391	1,894
Other	24,129	20,440
Long-term liabilities:	268,343	274,589
Straight bonds	4,143	4,108
Long-term loans	8,674	9,098
Lease obligations	11,865	12,691
Guarantee deposits received	32,632	31,470
Deferred income taxes	7,866	7,764
Accrued retirement benefits for directors and audit and supervisory board members	794	757
Net defined benefit liability	23,710	23,506
Investment deposits by policyholders, unearned premiums and other insurance liabilities	174,602	181,342
Other	4,052	3,847
Total liabilities	642,627	609,444
NET ASSETS:		
Shareholders' equity:	1,035,328	1,049,151
Common stock	66,401	66,410
Capital surplus	81,874	81,883
Retained earnings	960,828	974,637
Common stock in treasury, at cost	(73,775)	(73,779)
Accumulated other comprehensive income (losses):	(212)	1,023
Unrealized gains on securities	12,095	16,873
Deferred losses on hedges	(15)	(13)
Foreign currency translation adjustments	(13,388)	(16,683)
Remeasurements of defined benefit plans, net of taxes	1,096	847
Noncontrolling Interests	137,378	140,948
Total net assets	1,172,494	1,191,123
Total liabilities and net assets	1,815,121	1,800,567

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

Consolidated Statements of Income

(In millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Revenue	503,774	491,202
Costs of revenue	344,506	335,690
Gross profit	159,268	155,512
Selling, general and administrative expenses	94,208	94,782
Operating profit	65,060	60,729
Non-operating income	7,662	5,669
Non-operating expenses	2,401	7,199
Ordinary profit	70,320	59,199
Extraordinary profit	2,396	165
Extraordinary losses	1,610	3,709
Income before income taxes	71,106	55,655
Income taxes - current	22,625	20,069
Income taxes - deferred	(569)	(1,007)
Total income taxes	22,055	19,062
Net income	49,050	36,593
Net income attributable to noncontrolling interests	5,682	4,232
Net income attributable to owners of the parent	43,368	32,360

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Net income	49,050	36,593
Other comprehensive income (losses):	(7,439)	1,243
Unrealized gains (losses) on securities	(1,865)	5,006
Foreign currency translation adjustments	(2,736)	(2,139)
Remeasurements of defined benefit plans, net of taxes	(543)	(220)
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	(2,293)	(1,402)
Comprehensive income	41,611	37,836
Comprehensive income attributable to:		
Owners of the parent company	36,189	33,596
Noncontrolling interests	5,421	4,240

(3) Consolidated Statements of Cash Flows

(In millions of yen)

	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020
Cash flows from operating activities:		
Income before income taxes	71,106	55,655
Depreciation and amortization	28,231	29,175
Amortization of goodwill	2,762	5,923
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(3,318)	(3,117)
Increase (decrease) in allowance for doubtful accounts	(417)	269
Increase / decrease in net defined benefit liability and asset	(178)	(1,826)
Interest and dividend income	(2,430)	(2,228)
Interest expenses	383	426
Exchange (gains) losses	486	370
Net (gains) losses on sales and disposal of fixed assets	760	756
Net (gains) losses on sales of investment securities	(1,068)	(324)
Net (gains) losses on revaluation of investment securities	609	194
Net (gains) losses on sales of investment securities in subsidiaries and affiliates	(1,962)	199
Write-down on real estate inventories	18	13
Net (gains) losses on private equity investment	(873)	4,424
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	32,987	50,620
(Increase) decrease in inventories	(2,684)	(1,940)
Increase (decrease) in accounts payable	(11,850)	(20,595)
Increase (decrease) in accrued consumption taxes	(1,405)	(2,850)
Increase (decrease) in deferred revenue	743	229
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	6,709	6,739
Increase / decrease in cash deposits and deposits received for armored car services	(2,840)	3,501
Other	(5,184)	2,269
Subtotal	110,585	127,886
Interest and dividend received	7,025	6,561
Interest paid	(329)	(371)
Income taxes paid	(22,823)	(24,104)
Net cash provided by (used in) operating activities	94,457	109,972
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	1,105	(664)
(Increase) decrease in short-term investments, net	3,172	9,426
Payments for purchases of tangible assets	(26,234)	(22,755)
Proceeds from sales of tangible assets	662	222
Payments for purchases of intangible assets	(5,518)	(5,413)
Payments for purchases of investment securities	(19,747)	(31,242)
Proceeds from sales and redemptions of investment securities	23,062	24,144
Payments for purchases of shares of affiliates	-	(0)
(Increase) decrease in short-term loans receivable, net	24	89
Payments for long-term loans receivable	(2,310)	(5,367)
Proceeds from long-term loans receivable	3,266	2,581
Acquisitions of shares of subsidiaries accompanied with changes in scope of consolidation	(725)	(4,523)
Sales of shares of subsidiaries accompanied with changes in scope of consolidation	2,681	(130)
Other	(379)	(61)
Net cash provided by (used in) investing activities	(20,940)	(33,693)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	(3,322)	(10,447)
Proceeds from long-term loans	-	1,736
Repayments of long-term loans	(2,080)	(1,419)
Repayments of lease obligations	(2,590)	(2,442)
Proceeds from issuance of straight bonds	1,191	191
Payments for redemption of straight bonds	(1,645)	(1,135)
Proceeds from stock issuance to noncontrolling shareholders	15	304
Dividends paid	(18,552)	(18,552)
Dividends paid to noncontrolling shareholders	(1,864)	(1,655)
(Increase) decrease in treasury stocks, net	(6)	(3)
Payments for purchases of shares of subsidiaries not accompanied with changes in scope of consolidation	(91)	(0)
Net cash provided by (used in) financing activities	(28,946)	(33,425)
Effect of exchange rate changes on cash and cash equivalents	(265)	(701)
Net increase (decrease) in cash and cash equivalents	44,304	42,151
Cash and cash equivalents at beginning of the period	339,817	406,479
Cash and cash equivalents at end of the period	384,121	448,631

(4) Notes Regarding the Consolidated Quarterly Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable.

[Notes Regarding Significant Changes in Shareholders' Equity]

Not applicable.

[Additional Information]

There have been no material changes to the assumptions, including the future spread of COVID-19 and the timing of its containment, described in Additional Information “Accounting estimates of the impact of the spread of COVID-19” in the Annual Securities Report for the year ended March 31, 2020.

Reference

(Additional Information in the Annual Securities Report for the year ended March 31, 2020)

“Accounting estimates of the impact of the spread of COVID-19”

The SECOM Group has made accounting estimates for impairment of fixed assets and allowance for doubtful accounts based on the assumption that the impact of the spread of COVID-19 will continue for at least a certain period of time. At this point in time, we expect that there will be no material impact on the consolidated financial statements. However, since there are a number of uncertainties regarding the impact of the spread of COVID-19, there may be a significant impact on the financial position and operating results of the SECOM Group in the next fiscal year and beyond.

[Segment Information, etc.]

Segment Information

I. Six-month Period Ended September 30, 2019

1. Information about Amounts of Revenue and Profit or Loss by Reportable Segments

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Customers	278,908	65,079	38,492	23,377	22,943
Intersegment	6,188	1,777	101	1,645	98
Subtotal	285,096	66,856	38,593	25,023	23,042
Segment profit (loss)	58,263	5,607	2,803	(236)	(118)

	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	49,687	478,489	25,285	503,774	-	503,774
Intersegment	5,146	14,958	635	15,593	(15,593)	-
Subtotal	54,834	493,447	25,921	519,368	(15,593)	503,774
Segment profit (loss)	4,780	71,099	2,711	73,811	(8,750)	65,060

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 (3) million yen and corporate expenses not allocated to each reportable segment of 8,754 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

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

II. Six-month Period Ended September 30, 2020

1. Information about Amounts of Revenue and Profit or Loss by Reportable Segments

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Customers	274,539	59,850	35,058	23,813	22,859
Intersegment	5,682	1,450	105	1,616	109
Subtotal	280,222	61,300	35,164	25,430	22,969
Segment profit (loss)	56,247	2,889	2,319	(1,683)	568

	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	54,195	470,317	20,885	491,202	-	491,202
Intersegment	4,049	13,014	561	13,576	(13,576)	-
Subtotal	58,245	483,332	21,446	504,779	(13,576)	491,202
Segment profit (loss)	6,138	66,480	2,329	68,809	(8,079)	60,729

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 (252) million yen and corporate expenses not allocated to each reportable segment of 8,331 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

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

[Significant Subsequent Events]

Share Transfer of Subsidiary

SECOM CO., LTD. reached an agreement for the transfer of all of the issued shares of its consolidated subsidiary, Secom Home Life Co., Ltd. (hereinafter, "Secom Home Life") to ANABUKI KOSAN INC. on October 26, 2020. Accompanying this transfer, Secom Home Life and its subsidiary, Home Life Kanri Co., Ltd. (hereinafter, "Home Life Kanri") will no longer be consolidated subsidiaries of SECOM CO., LTD.

1. Reason for the share transfer

Since Eclairer Co., Ltd. (presently Secom Home Life) joined the SECOM group in 1997, with the aim of pursuing safety and peace of mind for living environment, which is one of the necessities of life, "clothing, food and housing," we have developed and supplied condominiums placing safety and

peace of mind as the highest priority, capitalizing our group business network. Also, Home Life Kanri, a subsidiary of Secom Home Life, has delivered safety and peace of mind for living environment through the provision of management services for buildings and condominiums with “SECOM’s Quality Standard”.

Recently, SECOM CO., LTD. concluded the transfer of the businesses of Secom Home Life and Home Life Kanri to a real estate company is the best option for further growth of both companies and decided to transfer all of the shares of Secom Home Life to ANABUKI KOSAN INC.

2. Name of the company purchasing the shares

ANABUKI KOSAN INC.

3. Closing Date

December 22, 2020 (planned)

4. Name, business description and transactional relationship of the subsidiary subject to change

- (1) Name: Secom Home Life Co., Ltd.
- (2) Business description: Development, sales, brokerage and renovation of condominiums
- (3) Transactional relationship of the subsidiary subject to change: SECOM CO., LTD. provides security and other services to Secom Home Life.

5. The number of transferred shares, transfer price, profit and loss of the transfer and the number of shares to be held after the transfer

- (1) The number of shares to be transferred: Common share: 73,886,277 shares, Class share: 2 shares
(Ratio of ownership voting rights: 100%)
- (2) The transfer price: The transfer price will not be disclosed due to the duty of confidentiality among the parties.
- (3) Gain or loss of the transfer: Currently under examination, as the amount of net assets of the subsidiary at the time of the sale is yet to be calculated.
- (4) The number of shares to be held after the transfer: - (Ratio of ownership voting rights: -%)

6. The reportable segment in which the subsidiary has been included

Real estate and other services