



## **Notice of Convocation**

*The 63rd Ordinary General Meeting of Shareholders*

The following is an English translation of the Notice of Convocation of the 63rd Ordinary General Meeting of Shareholders of SECOM CO., LTD. to be held on June 25, 2024, except for the translation of the INSTRUCTION ON ONLINE VOTING and the ACCESS MAP FOR THE PLACE OF THE MEETING in the Notice. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

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(Note) This Table of Contents is for this abridged English translation only, and not the same as that in the original Japanese documents.

Stock Exchange Code: 9735

June 3, 2024

(Electronic Provision Measures Commencement Date: May 31, 2024)

## **Notice of Convocation of The 63rd Ordinary General Meeting of Shareholders**

Dear Shareholders:

Secom Co., Ltd. (the “Company”) hereby notifies you as follows that the 63rd Ordinary General Meeting of Shareholders of the Company will be held as described below.

The Company has taken measures for electronic provision about the information that is the content of Reference Document Concerning the General Meeting of Shareholders, etc. (“the Electronic Provision Measures Matters”) to convene this General Meeting of Shareholders. “Notice of Convocation of the 63rd Ordinary General Meeting of Shareholders” including informational materials for the General Meeting of Shareholders and “the Electronic Provision Measures Matters (the Matters Omitted from the Document for Delivery)” are available on each of the websites set forth below.

[Website of the Company]

<https://www.secom.co.jp/english/ir/stockinfo06.html>



[Website of Tokyo Stock Exchange, Inc. (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



When you use the website of Tokyo Stock Exchange, Inc., please find the relevant information by inputting either the Company name (SECOM) in the “Issue name” box or the security code (9735) in the “Code” box and then by clicking “Basic information” and “Documents for public inspection/PR information.”

If you do not attend the General Meeting of Shareholders in person, please exercise your voting rights by mail or via the Internet on or before 6:00 p.m. (JST) June 24, 2024 (Monday) after studying the Reference Document Concerning the General Meeting of Shareholders attached below:

[In case of exercising voting rights by mail]

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval to the proposals on the agenda, and return the form to the Company by mail on or before the time limit stated above.

[In case of exercising voting rights via the Internet]

Please access the website for the exercise of voting rights

[English Translation]

(<https://www.evvote.tr.mufg.jp/>). Please indicate whether you approve or disapprove the items on the agenda by following the instructions on the display screen by the time limit stated above.

(Platform for Electronic Exercise of Voting Rights)

Institutional shareholders may use the platform for the electronic exercise of voting rights that is operated by ICJ Inc.

Yours very truly,

**SECOM CO., LTD.**

5-1, Jingumae 1-chome, Shibuya-ku,  
Tokyo, Japan

By: YASUYUKI YOSHIDA

President and Representative Director

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(Note) Please note that shareholders with addresses outside Japan may not themselves use these voting procedures. For these shareholders, please consult their custodian in Japan as to the exercise of voting rights.

[English Translation]

## **PARTICULARS**

**1. Date and Time of the Meeting:**

**Tuesday, June 25, 2024 at 10:00 a.m.**

**2. Place of the Meeting:**

Bersarle Hanzomon, Sumitomo Fudosan Hanzomon-Ekimae Building 2F,  
6-4, Kojimachi 1-chome, Chiyoda-ku, Tokyo

**3. Matters to be dealt with at the Meeting:**

**Matters to be Reported:**

1. Report on the Business Report, the Consolidated Financial Statements for the 63rd Fiscal Year (from April 1, 2023 to March 31, 2024) and the Results on the Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
2. Report on the Non-Consolidated Financial Statements for the 63rd Fiscal Year (from April 1, 2023 to March 31, 2024).

**Matters to be Resolved upon:**

<b>First Item of Business:</b>	Proposed Distribution of Surplus
<b>Second Item of Business:</b>	Partial Amendment to the Articles of Incorporation
<b>Third Item of Business:</b>	Election of Eleven (11) Directors
<b>Fourth Item of Business:</b>	Revision of Remuneration to Audit & Supervisory Board Members

**4. Matters related to Exercise of Voting Rights:**

- 1) In the event that a shareholder wants to exercise non-uniform voting, he/she shall notify the Company to make non-uniform voting and the reason thereof in writing or by electromagnetic means three (3) days prior to the date of the General Meeting of Shareholders.
- 2) In the event that a shareholder exercises voting rights both via return mail (Voting Rights Exercise Form) and the Internet, the Company will consider the exercise of voting rights via the Internet to be valid.
- 3) In the event that a shareholder exercises voting rights via the Internet more than once, the Company will consider the last

[English Translation]

exercise of voting rights to be valid.

- 4) In the event that there is no indication of approval or disapproval of the proposals in the returned Voting Rights Exercise Form, it is treated as an indication of “approval.”

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• With regard to this Notice of Convocation, the document, which is sent to shareholders who requested the issuance of such a document is to be sent to all shareholders.

• The following matters of the Electronic Provision Measures Matters are not stated in this Notice of Convocation pursuant to the relevant laws and ordinances and provisions in the Articles of Incorporation of the Company. We ask that you use either website on page 3 of this Notice.

- 1) “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements
- 2) “Notes to Non-Consolidated Financial Statements” in the Non-Consolidated Financial Statements

The Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board consist of each document attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders, as well as 1) and 2) set forth above.

• In the event of any amendment to the Electronic Provision Measures Matters, the Company will post such amended items on the websites indicated on page 3 of this Convocation Notice.

(Note)

If you plan to attend the Meeting, please submit the Voting Rights Exercise Form enclosed in the Notice of Convocation posted to shareholders to the receptionist at the Meeting.

## Reference Document Concerning the General Meeting of Shareholders

### Proposal and Reference Items

#### First Item of Business: Proposed Distribution of Surplus

The Company considers the return of profits to shareholders as a crucial management issue, and determines the consolidated dividend payout ratio and the level of internal reserves in overall consideration of the future expansion of the Company's business and consolidated operating results, while maintaining basic policies that ensure stable, ongoing dividend payments. The Company's basic policy on surplus distribution in the form of dividend payments is that, in principle, the Company distributes dividends twice annually, in the form of an interim dividend, with a record date of September 30 each year, which is approved by resolution of the Board of Directors, and a year-end dividend, with a record date of March 31 each year, which is approved by resolution of the General Meeting of Shareholders. The Company intends to use internal reserves for investments required to increase new customer contracts, research and development, and investments in strategic businesses, as well as for measures to return profits to employees, with the aim of strengthening our corporate structure and expanding business.

Based on the aforesaid basic policy for cash dividends and to reward shareholders' continued support, it is proposed that the year-end dividend for the fiscal year under review is YEN 95 per share. A total amount of dividend per share, together with the interim dividend of YEN 95 per share, will be YEN 190, YEN 5 higher than YEN 185 for the previous year.

Matters related to the year-end dividend:

- (1) Kind of assets distributed:  
Cash
- (2) Matter related to distribution of cash and total amount:  
YEN 95 per share of common stock of the Company  
The total amount: YEN 19,996,686,610
- (3) Effective date for distribution of surplus:  
June 26, 2024

[English Translation]

## **Second Item of Business: Partial Amendment to the Articles of Incorporation**

### **(1) Reasons for the proposal**

From the perspective of further enhancing corporate governance, the number of directors is to be reduced from “not more than 20” to “not more than 13” to maintain an appropriate number of directors commensurate with current conditions.

### **(2) Details of amendment**

Details of the amendment are as follows.

(Underlines indicate the changes)

Current Articles of Incorporation	Proposed changes
(Number of Directors) Article 21 The Company shall have not more than <u>twenty (20)</u> Directors.	(Number of Directors) Article 21 The Company shall have not more than <u>thirteen (13)</u> Directors.

### Third Item of Business: Election of Eleven (11) Directors

The term of office of all of the seven (7) Directors will expire at the close of this General Meeting of Shareholders. To further strengthen its management structure and corporate governance, the Company proposes to increase the number of Directors by four (4) (including two (2) Outside Directors), and we would like to ask shareholders to elect eleven (11) Directors.

The candidates are as follows:

No.		Name		Gender	Current Position at the Company
1	Re-election	Yasuyuki Yoshida		Male	President and Representative Director
2	Re-election	Tatsuro Fuse		Male	Executive Director
3	New Candidate	Yoshinori Yamanaka		Male	Managing Executive Officer
4	New Candidate	Seiya Nagao		Male	Executive Officer
5	New Candidate	Takashi Nakada		Male	Executive Officer
6	New Candidate	Makoto Inaba		Male	Executive Officer
7	Re-election	Takaharu Hirose	Outside Director Independent Officer	Male	Outside Director
8	Re-election	Hajime Watanabe	Outside Director Independent Officer	Male	Outside Director
9	Re-election	Miri Hara	Outside Director Independent Officer	Female	Outside Director
10	New Candidate	Kosuke Matsuzaki	Outside Director Independent Officer	Male	-
11	New Candidate	Yukari Suzuki	Outside Director Independent Officer	Female	-

[English Translation]

Candidate  
Number  
**1**

**Yasuyuki Yoshida\***

(Date of birth: March 28, 1958)

Re-election



Number of Shares  
of the Company  
Owned  
4,838 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1980    Joined SECOM Co., Ltd.  
Feb 1997    Associate General Manager, Strategic Planning Division  
Sep 1998    Director, Toyo Fire and Marine Insurance Co., Ltd. (presently Secom General Insurance Co., Ltd.)  
Jun 2002    President and Representative Director, Secom General Insurance Co., Ltd.  
Apr 2010    Executive Officer  
Jun 2012    Director  
Jun 2016    Executive Director  
Jun 2017    Senior Executive Director  
Apr 2024    President and Representative Director (currently)

■ Reasons for Election

Mr. Yasuyuki Yoshida has, for many years, served as Director of the Company in charge of overall business planning including the security services business and overall management planning for a wide range of areas including establishment and development of risk management and governance structures of the SECOM Group, M&As and capital structure. Accordingly, he holds a high level of knowledge and experience in the management of the SECOM Group. Since assuming the position of President and Representative Director in April 2024, he has demonstrated leadership by advancing the Road Map 2027 and focusing on human resource strategies, among other initiatives, to lead the SECOM Group companies. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

Candidate  
Number  
**2**

**Tatsuro Fuse \***

(Date of birth: September 9, 1957)

Re-election



Number of Shares  
of the Company  
Owned  
4,710 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1982    Joined SECOM Co., Ltd.  
Mar 2002    Director, Secom Medical System Co., Ltd.  
Jun 2009    President and Representative Director, Secom Medical System Co., Ltd.  
Apr 2010    Executive Officer  
Jun 2013    Director (retired in Jun 2016)  
Apr 2016    Chairman and Representative Director, Secom Medical System Co., Ltd.  
Jun 2016    Managing Executive Officer  
Jun 2017    Chairman and Director, Secom Medical System Co., Ltd. (currently)  
Jun 2017    Executive Director (currently)

<Important Position of Other Organizations Concurrently Assumed>  
Chairman and Director, Secom Medical System Co., Ltd.

■ Reasons for Election

Mr. Tatsuro Fuse has been engaged in medical services business as well as corporate communication and marketing as Director of the Company. He holds affluent management experience at SECOM Group and a high level of knowledge and experience in external business activities such as corporate communication and marketing, and in overall management including medical service business. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

[English Translation]

Candidate  
Number  
**3**

**Yoshinori Yamanaka\***

(Date of birth: January 30, 1960)

New Candidate



Number of Shares  
of the Company  
Owned  
450 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1985    Joined SECOM Co., Ltd.  
Apr 2002    President and Representative Director, Secom Hokuriku Co., Ltd.  
Jan 2014    Head of Home Market Sales Division  
Apr 2016    Executive Officer  
Jun 2020    Managing Executive Officer (currently)  
Jun 2020    President and Representative Director, Secom Joshinetsu Co., Ltd.  
Apr 2022    Head of Sales Division (currently)

■ Reasons for Election

Mr. Yoshinori Yamanaka has abundant experience and deep insight into the management of the SECOM Group, including serving as a representative director of Group companies, in addition to his experience as head of the Sales Division of the company's security business, where he directed overall sales activities throughout Japan. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

Candidate  
Number  
**4**

**Seiya Nagao\***

(Date of birth: February 14, 1962)

New Candidate



Number of Shares  
of the Company  
Owned  
1,404 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1984    Joined SECOM Co., Ltd.  
Apr 2008    General Manager, Group Operations Optimization Promotion Office  
Apr 2010    General Manager, Business Analysis Office  
Jan 2012    General Manager, Accounting Department  
Apr 2016    Executive Officer (currently)  
Nov 2018    President and Representative Director, Secom Credit Co., Ltd. (currently)  
Jan 2019    Head of Finance Division (currently)

■ Reasons for Election

Mr. Seiya Nagao has long been in charge of the Company's finance and accounting departments, and has abundant experience and a high level of insight into the management of the SECOM Group, which he has cultivated through governance duties for the Company's group companies. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

[English Translation]

**Candidate  
Number**  
**5**

**Takashi Nakada\***

(Date of birth: April 27, 1966)

New Candidate



Number of Shares  
of the Company  
Owned  
1,574 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1991    Joined SECOM Co., Ltd.  
Jun 2016    General Manager, General Planning Department  
Jun 2017    Executive Officer (currently)  
Jan 2021    Deputy Head, Group International Division  
Apr 2024    In Charge of Planning Administration, Group Companies Supervisor and Risk Control (currently)

■ Reasons for Election

Mr. Takashi Nakada has long been responsible for the overall management planning of the SECOM Group, including the operational supervision and risk management of Group companies, and has extensive experience and deep insight into global management and SECOM Group management, having served as the head of SECOM Group overseas business. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

**Candidate  
Number**  
**6**

**Makoto Inaba\***

(Date of birth: August 4, 1962)

New Candidate



Number of Shares  
of the Company  
Owned  
592 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Sep 1987    Joined SECOM Co., Ltd.  
Oct 2010    General Manager, Sales Development Department  
Jul 2014    Head of Shikoku Regional Headquarters  
Jun 2017    Assistant to Head of Operational Supervision Division  
Jun 2018    Executive Officer (currently)  
Jun 2018    Head of Corporate Sales Division  
Oct 2020    Head of Sales Division 1  
Jul 2022    President, Senon Ltd. (currently)

■ Reasons for Election

Mr. Makoto Inaba has a wealth of experience and deep insight into the Company's overall security business, having served as head of the Corporate Sales Division of the Company's security business, as well as being responsible for directing security operations nationwide in the Operations Division and serving as a representative director of a security-related Group company. In the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Director.

[English Translation]

**Candidate  
Number**  
**7**

## **Takaharu Hirose**

(Date of birth: October 25, 1944)

Re-election

Candidate for Outside Director

Candidate for Independent Officer



Number of  
Shares of the  
Company  
Owned  
0 shares

### ■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Sep 1965 Founded Fuji Vending Co., Ltd., and assumed Representative Director  
Apr 1972 Founded Food & Beverage Vending Association, and assumed Chairman  
Apr 1987 Founded Japan Automatic Merchandising Association (presently a general incorporated association), and assumed Chairman  
Apr 2003 Advisor and Director, GAIN Inc. (presently Monitas, Inc.)  
May 2008 President and Representative Director, GAIN Inc.  
May 2011 Chairman and Representative Director, GAIN Inc. (currently)  
Jun 2013 Director, SECOM Co., Ltd. (currently)

<Important Position of Other Organizations Concurrently Assumed>  
Chairman and Representative Director, Monitas, Inc.

### ■ Reasons for Election and Outline of Expected Role

Mr. Takaharu Hirose established and managed venture business and worked to establish and operate industry groups so that he contributed to development of business and industry. He has affluent experience and knowledge in IT enterprises. As a member of the Board of Directors, he has provided advice and recommendations in many occasions from a high-level perspective on key directions of management including the future of SECOM that capitalizes on technology. As he has played an appropriate role as Outside Director including the supervision of business execution, in the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Outside Director. After the election, he is expected to continue to play the role mentioned above.

**Candidate  
Number**  
**8**

## **Hajime Watanabe**

(Date of birth: November 18, 1951)

Re-election

Candidate for Outside Director

Candidate for Independent Officer



Number of  
Shares of the  
Company  
Owned  
1,900 shares

### ■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Mar 1975 Joined Watanabe Pipe Co., Ltd.  
Apr 1978 Executive Director, Watanabe Pipe Co., Ltd.  
Apr 1983 Senior Executive Director, Watanabe Pipe Co., Ltd.  
Jun 1985 Vice President and Representative Director, Watanabe Pipe Co., Ltd.  
Nov 1991 President and Representative Director, Watanabe Pipe Co., Ltd.  
Jun 2016 Director, SECOM Co., Ltd. (currently)  
Apr 2022 Chairman and Representative Director, Watanabe Pipe Co., Ltd.(currently)

<Important Position of Other Organizations Concurrently Assumed>  
Chairman and Representative Director, Watanabe Pipe Co., Ltd.

### ■ Reasons for Election and Outline of Expected Role

Mr. Hajime Watanabe has engaged in management of Watanabe Pipe Co., Ltd. for many years. He holds rich experience and a high level of knowledge accumulated through his career in the management of the company that has a national network. As a member of the Board of Directors, he has provided effective advice and recommendations in many occasions on key directions of management as well as on the execution and risk management of business in general and other matters including work site operations and employee management. As he has played an appropriate role as Outside Director including the supervision of business execution, in the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect him as Outside Director. After the election, he is expected to continue to play the role mentioned above.

[English Translation]

**Candidate  
Number**  
**9**

**Miri Hara**

(Date of birth: December 20, 1961)

Re-election

Candidate for Outside Director

Candidate for Independent Officer



Number of  
Shares of the  
Company  
Owned  
0 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Jun 1988 Joined Hara Jisho Co., Ltd.  
Jun 1988 Director, Hara Jisho Co., Ltd. (currently)  
Oct 2017 Founded Tax Corporation Yokohama Benten Accounting, Inc. and assumed Representative Certified Public Tax Accountant (currently)  
Jun 2020 Director, SECOM Co., Ltd. (currently)  
Jun 2021 Outside Director, Nippon Sanso Holdings Corporation (currently)

<Important Position of Other Organizations Concurrently Assumed>

Representative Certified Public Tax Accountant of Tax Corporation Yokohama Benten Accounting, Inc.  
Outside Director, Nippon Sanso Holdings Corporation

■ Reasons for Election and Outline of Expected Role

Ms. Miri Hara has experience as director of a real estate management company for a long time and possesses rich experience and considerable insight accumulated through her career on tax affairs, corporate accounting, etc., at a tax accountant corporation. As a member of the Board of Directors, she has provided useful advice and recommendations on key directions of management and services for households and female employees' active engagement. As she has played an appropriate role as Outside Director including the supervision of business execution, in the light of continuous enhancement of the corporate value, we would like to ask shareholders to elect her as Outside Director. After the election, she is expected to continue to play the role mentioned above.

**Candidate  
Number**  
**10**

**Kosuke Matsuzaki**

(Date of birth: May 1, 1960)

New Candidate

Candidate for Outside Director

Candidate for Independent Officer



Number of  
Shares of the  
Company  
Owned  
0 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Apr 1984 Joined IBM Japan, Ltd.  
Oct 2008 Executive Officer, IBM Japan, Ltd.  
Jan 2014 Managing Executive Officer, IBM Japan, Ltd.  
Jan 2015 Vice President and Representative Director, Schneider Electric Japan Inc.  
Oct 2015 Representative Director, Schneider Electric Japan Inc.  
Jun 2019 Director, Head of Sales Division, Fuji Seal, Inc.  
Feb 2020 President and Representative Director, Fuji Seal, Inc.  
Mar 2023 Chairman and Director, Fuji Seal, Inc.  
Feb 2024 Director, MAFTEC Group Co., Ltd.  
Apr 2024 Representative Director, President and CEO, MAFTEC Group Co., Ltd. (currently)

<Important Position of Other Organizations Concurrently Assumed>

Representative Director, President and CEO, MAFTEC Group Co., Ltd.

■ Reasons for Election and Outline of Expected Role

Mr. Kosuke Matsuzaki has a wealth of experience and broad insight into the management of global and Japanese companies, gained through his many years of experience in marketing, business planning, product business, and a wide range of other fields at a global IT-related company, as well as through his performance as a manager of various companies. In anticipation of his contribution to the continuous enhancement of the corporate value, including the supervision of business execution, we would like to ask shareholders to elect him as Outside Director.

[English Translation]

Candidate  
Number  
**11**

**Yukari Suzuki**

(Date of birth: September 16, 1962)

New Candidate

Candidate for Outside Director

Candidate for Independent Officer



Number of  
Shares of the  
Company  
Owned  
0 shares

■ Brief History, Position, Responsibility, and Important Position of Other Organizations Concurrently Assumed, if any

Apr 1985	Joined Shiseido Company, Limited
Apr 2015	General Manager, Marketing Department, Prestige Brands, Japan Business Division, Shiseido Company, Limited
Jan 2017	Brand Director, Clé de Peau Beauté Brand Unit, Global Prestige Brands
Jan 2018	Corporate Officer, Shiseido Company, Limited
Jan 2020	Senior Executive Officer, Shiseido Company, Limited
Mar 2020	Director, Senior Executive Officer, Shiseido Company, Limited
Jan 2021	Representative Director, Senior Executive Officer, Shiseido Company, Limited
Mar 2023	Director, Senior Executive Officer, Shiseido Company, Limited
Jan 2024	Director, Shiseido Company, Limited (retired in March 2024)

■ Reasons for Election and Outline of Expected Role

Ms. Yukari Suzuki served as representative director of a listed global company, where she was involved in launching new businesses, brand marketing, and promotion of diversity and inclusion, utilizing her experience and knowledge in these areas. She possesses a wealth of experience and broad insights gained through these achievements. In anticipation of her contribution to the continuous enhancement of the corporate value, including the supervision of business execution, we would like to ask shareholders to elect her as Outside Director.

(Notes)

1. There is no particular interest between the Company and each of the said candidates.
2. Candidates with \* are Executive Officers currently in office.
3. Based on the nomination policy that the Board of Directors established, the nomination of candidates for Directors are decided after discussion at the Board of Directors. The Board of Directors decides the candidates for Directors after the discussion process of the Nomination and Compensation Committee comprising a majority of Outside Directors.
4. Messrs. Takaharu Hirose, Hajime Watanabe, Kosuke Matsuzaki, and Meses. Miri Hara and Yukari Suzuki are candidates for Outside Directors. The designation of Messrs. Takaharu Hirose, Hajime Watanabe and Ms. Miri Hara as Independent Officers has been filed with Tokyo Stock Exchange, Inc. Additionally the designation of Mr. Kosuke Matsuzaki and Ms. Yukari Suzuki is planned to be filed with the Tokyo Stock Exchange, Inc.
5. The number of years during which Mr. Takaharu Hirose is in the office of Outside Director of the Company will have been for eleven (11) years at the close of this General Meeting of Shareholders.
6. The number of years during which Mr. Hajime Watanabe is in the office of Outside Director of the Company will have been for eight (8) years at the close of this General Meeting of Shareholders.
7. The number of years during which Ms. Miri Hara is in the office of Outside Director of the Company will have been for four (4) years at the close of this

[English Translation]

General Meeting of Shareholders.

8. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limit agreement limiting a compensation liability provided for in Article 423, Paragraph 1 of the Companies Act with each of Messrs. Takaharu Hirose, Hajime Watanabe and Ms. Miri Hara. In case each of them is re-elected, it is scheduled that the liability limit agreement will continuously be made. If Mr. Kosuke Matsuzaki and Ms. Yukari Suzuki are elected as directors, the Company plans to enter into the same liability limit agreement with both of them. Furthermore, the limited amount of compensation liability is the minimum liability limit provided for in Article 425, Paragraph 1 of the Companies Act.
9. The Company has entered into an officers' liability insurance contract with an insurance company. A summary of the contents of the insurance policy is given on page 36 of this Notice of Convocation ("3. Description of the Officers' Liability Insurance Contract"). Each of the candidates for reappointment is currently a director of the Company and therefore is insured under the relevant insurance contract. If each candidate is reappointed, he or she will continue to be insured under the insurance contract. Additionally, new candidates, if appointed, will be an insured under the said insurance contract. Further, the Company intends to renew the insurance policy for the same terms during their term of office.

〈Reference〉

Knowledge and experiences possessed by each candidate for Director and Audit & Supervisory Board Member (Skills Matrix)

Name	Current Position at the Company	Corporate Management	Finance and Accounting	Legal, Compliance and Risk	Sustainability and ESG	Security Services Industry	Global Business	ICT and Technology
Yasuyuki Yoshida	President and Representative Director	●	●	●		●		
Tatsuro Fuse	Executive Director	●			●	●	●	
Yoshinori Yamanaka	Managing Executive Officer	●			●	●	●	
Seiya Nagao	Executive Officer	●	●	●		●		
Takashi Nakada	Executive Officer	●				●	●	●
Makoto Inaba	Executive Officer	●		●		●		
Takaharu Hirose	Outside Director	●			●		●	●
Hajime Watanabe	Outside Director	●	●	●				
Miri Hara	Outside Director	●	●		●			
Kosuke Matsuzaki	-	●			●		●	●
Yukari Suzuki	-	●			●		●	
Takayuki Ito	Audit & Supervisory Board Member	●	●	●		●		
Yasuhiro Tsuji	Audit & Supervisory Board Member	●		●		●	●	
Hideki Kato	Outside Audit & Supervisory Board Member	●		●	●		●	
Makoto Yasuda	Outside Audit & Supervisory Board Member	●	●				●	
Setsuo Tanaka	Outside Audit & Supervisory Board Member	●		●		●		

(Notes)

1. Up to four (4) knowledge and experiences possessed by each candidate for Director and Audit & Supervisory Board Member are marked.
2. The above list does not represent all the knowledge and experiences of each candidate for Director and Audit & Supervisory Board Member.

[English Translation]

#### **Fourth Item of Business: Revision of Remuneration to Audit & Supervisory Board Members**

At the 50th Ordinary General Meeting of Shareholders held on June 24, 2011, it was resolved that the amount of remuneration for Audit & Supervisory Board Members of the Company shall not exceed 80 million yen per year, an amount that has remained unchanged to this day. In consideration of recent changes in economic conditions and the need to secure human resources to enhance corporate governance, the Company proposes a revision to the amount of remuneration for Audit & Supervisory Board Members that shall not exceed 90 million yen per year.

At present, there are five (5) Audit & Supervisory Board Members.

# Business Report (Fiscal Year Ended March 31, 2024)

## I. Outline of the Group's Business

### 1. The Current Business Development and Results of Operations

During the fiscal year ended March 31, 2024 (“the current fiscal year”), the Japanese economy showed movements of a gradual recovery in some areas such as business investment and private consumption, amid the improvements in the employment and income environment. On the other hand, continual attention has been required to downside risks in the economy due to the rising prices and the global monetary tightening, international economic situation, and the trend of financial and foreign exchange market.

Under these circumstances, 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. In May 2023, we formulated the SECOM Group Road Map 2027 to further clarify the direction we should aim for in order to realize our vision and to ensure our growth, and we are actively promoting various initiatives.

In April 2023, we released YORiSOS, a new app for SECOM Home Security subscribers. It is the first app in Japan which is linked to the Apple Watch's fall detection feature to notify SECOM in the event of emergencies and assists users with everyday health management. In October, we announced the development of SECOM Drone XX (Double X), a security drone that utilizes AI for patrol and intrusion monitoring, the first of its kind in Japan. Through these and other initiatives, we continued to provide meticulous and seamless services to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind.

Additionally, in March 2024, SECOM was recognized for four consecutive years as one of the highest-rated companies on CDP's Supplier Engagement Rating Leaderboard based on the 2023 Climate Change Questionnaire conducted by the international environmental NGO.

As a result, consolidated revenue for the current fiscal year increased by 4.9% to 1,154.7 billion yen compared with the previous fiscal year, chiefly owing to the increase in revenue in security services, mainly due to the contribution of Senon Ltd., a subsidiary consolidated from July 2022, the brisk sales of centralized monitoring services (on-line security systems) for commercial and residential use, and the rise of sales of merchandise. Consolidated operating profit increased by 2.9% to 140.6 billion yen, attributable to the effect of the increase in operating profit mainly in security services, fire protection services and insurance services, despite the decrease in operating profit largely in geospatial information services. Consolidated ordinary profit increased by 6.9% to 166.8 billion yen, mainly due to the increase in net gains on private equity investment in the U.S. etc., by 7.5

[English Translation]

billion yen. Consolidated net income attributable to owners of the parent increased by 6.1% to 101.9 billion yen.

Revenue, ordinary profit and net income attributable to owners of the parent for the current consolidated financial year reached a record-high.

(Millions of Yen)

	Revenue	Operating profit	Ordinary profit	Net income attributable to owners of the parent
Current fiscal year (FY2023)	1,154,740	140,658	166,859	101,951
Previous fiscal year (FY2022)	1,101,307	136,700	156,124	96,085

By business segment, in the security services segment, we provided mainly 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 offer System Security AZ, an all-in-one system that accommodates a variety of functions that benefit customers' business operations, including security and fire protection, as well as work efficiency solutions such as employee attendance management. In the period under review, we began offering AZ-Access, an access control system for various types of buildings including offices, research facilities, factories, and large-scale commercial facilities, and worked to expand their sales.

For our residential security services, we provide SECOM Home Security NEO, a flexible system suited to modern lifestyles that can expand its services beyond crime prevention and fire protection by linking with various devices. During the current fiscal year, we actively worked to expand SECOM Home Security with enhanced convenience, including efforts to promote YORiSOS, an app distributed as an optional service for the home security system.

Outside Japan, we promoted security services characterized by its emergency response services and video monitoring, mainly in economically developing areas, such as Southeast Asia. We accelerated efforts to develop and introduce services and systems adapted to the local market while advancing initiatives for the digital transformation of on-line security systems by incorporating the latest technologies.

As a result, revenue increased by 5.3% to 614.0 billion yen, mainly due to the contribution of Senon Ltd., a subsidiary consolidated from July 2022, the brisk sales of on-line security systems for commercial and residential use, and the rise of sales of merchandise. Operating profit increased by 1.1% to 112.7 billion yen, owing to the rise in personnel expenses.

[English Translation]

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 that respond to 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 10.3% to 160.6 billion yen, attributable to the increase in revenue in fire alarm systems and fire extinguishing systems. Operating profit increased by 33.7% to 15.3 billion yen, chiefly owing to the improvement in cost ratio in fire alarm systems.

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 3.2% to 80.1 billion yen, mainly due to the increase in revenue in Takshasila Hospitals Operating Pvt. Ltd., a general hospital operating company in India, and the brisk sales of pharmaceuticals. Operating profit decreased by 11.8% to 5.1 billion yen, largely attributable to the rise in cost ratio.

In the insurance services segment, we expanded marketing efforts for our unique non-life insurance offerings, including Security Discount Fire Policy, a commercial fire insurance policy, and SECOM *Anshin* My Home, a comprehensive fire insurance policy for residences, both of which extend discounts on premiums to customers who have installed on-line security systems, recognizing this as a risk-mitigating factor; MEDCOM, an unrestricted cancer treatment policy that offers compensation of the 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 4.7% to 58.1 billion yen, mainly due to the increases in underwriting income and investment income. Operating profit increased by 146.1% to 2.5 billion yen, largely attributable to the decrease in losses from natural disasters.

In the geospatial information services segment, we collected geographic data from aerial photography, vehicle/ground surveying systems and satellite images, which we integrated, processed, and analyzed to provide geospatial information services to domestic national and local governmental agencies, private sectors, and foreign governmental agencies including emerging and developing countries.

[English Translation]

Revenue decreased by 2.6% to 60.5 billion yen, chiefly owing to the decrease in revenue from domestic public sector division and domestic private sector division. Operating profit decreased by 21.5% to 5.3 billion yen, attributable to the increase in selling, general and administrative expenses owing to the rise in personnel expenses.

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

Revenue decreased by 0.7% to 127.2 billion yen, owing to the decrease in revenue in TMJ, Inc., a provider of BPO services including contact centers and back office services. Operating profit increased by 1.8% to 11.8 billion yen, attributable to the improvement in cost ratio in data center business.

Other services segment comprises real estate leasing and construction and installation services.

Revenue increased by 10.4% to 54.0 billion yen. Operating profit increased by 10.4% to 7.3 billion yen.

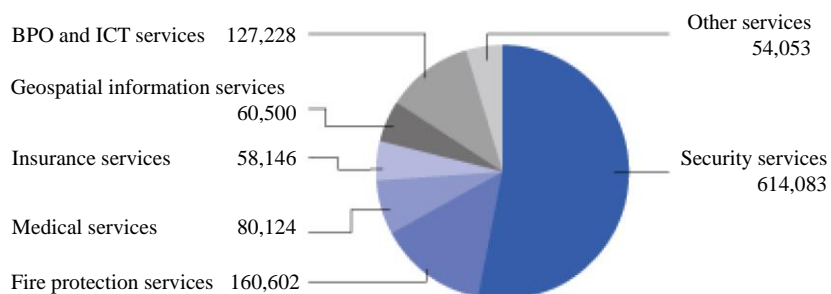
## Results by Business Segment (63rd Fiscal Year – current fiscal year)

(Millions of Yen)

Business segment	Revenue			Operating profit
	Customers	Intersegment	Total	
Security services	614,083	12,740	626,824	112,736
Fire protection services	160,602	3,282	163,884	15,372
Medical services	80,124	250	80,375	5,178
Insurance services	58,146	2,684	60,831	2,552
Geospatial information services	60,500	204	60,704	5,321
BPO and ICT services	127,228	13,085	140,314	11,848
Other services	54,053	1,355	55,409	7,362
Total	1,154,740	33,603	1,188,344	160,371
Eliminations and corporate items	—	(33,603)	(33,603)	(19,713)
Consolidated revenue	1,154,740	—	1,154,740	140,658

With respect to the results by geographical segments, in Japan, revenue increased by 4.7% to YEN 1,091.5 billion. Overseas revenue increased by 7.7% to YEN 63.1 billion.

### Revenue by business segment, excluding intersegment transactions (Millions of Yen)



[English Translation]

## 2. Issues the Group Has to Cope with

The circumstances surrounding the SECOM Group pose certain challenges to be addressed, including the evolution of technology, a decrease in the working population, the deterioration of public safety experienced by citizens, an aging population, more frequent and severer natural disasters. Under these circumstances, the SECOM Group promotes the following initiatives in order to contribute to solving these challenges:

### (1) Capitalizing on advanced technologies and expertise

Amid ongoing technological evolution, we will proactively collect and deploy information on advanced technologies and know-how, in order to achieve the creation of added value, the improvement of service quality, etc., through the effective use of cutting-edge technologies. Based on these efforts, we will work diligently to create products and services in Japan and overseas that fuse advanced technologies with human capability.

### (2) Domestic businesses (Increasing the competitiveness of our services and products)

For domestic businesses, we will improve our competitiveness by enhancing the qualities and functionality of our services and products for commercial clients, and also focus on further cultivating individual consumer markets, through the provision of new services, including care for seniors. We will make the best use of the business resources of the SECOM Group, in order to offer high value-added services that meet diversified customer needs, thereby aiming to establish a society that enjoys “safety, peace of mind, comfort and convenience.”

### (3) Strengthening overseas businesses

For overseas businesses, while conducting sales promotions including advertisement, we will proactively adopt cutting-edge technologies and strengthen our business development with increasing security needs in mind, including business planning and product development targeted at overseas local markets suitable for local needs, in addition to services for large-scale properties. Furthermore, we will promote active local hiring, and improve the quality of services in overseas operations by fortifying education and training.

### (4) Improving operating efficiency and quality

As part of efforts to address the manpower reduction resulting from the decreasing labor force population, we will promote operational efficiency through system investments to improve functionalities, thereby improving productivity, profitability, and service quality. At the same time, we will review operational processes and internal operational procedures to promote cost reduction.

### (5) Securing human resources that will increase competitiveness

[English Translation]

Human resources with IT and global skills are indispensable for the SECOM Group to utilize cutting-edge technologies and to expand overseas businesses. It is also necessary to secure sufficient workforce to further improve our services in the domestic businesses. We will make progress in enhancing recruitment to support our business development even amid the decreasing working population. We will also accelerate organizational strategies to strengthen growing sectors, including the reallocation of human resources. In addition, we will continue to cultivate existing employees, to educate/train them for improving their abilities to adapt to change, and to create an environment that will serve as a foundation for each employee to make the most of their individuality and lead prosperous and fulfilling work and private lives.

#### (6) Strengthening compliance and governance systems

In promoting the efforts described above, securing and maintaining customer trust through compliance with laws and the spirit of the law, is one of the most important management issues for the SECOM Group, which aims to provide “safety and peace of mind.” The SECOM Group has been making efforts to further strengthen its compliance system, based on SECOM’s Philosophy, which has been passed down since the establishment of the business. We will also continue to strengthen our governance structure to create a company that continues to be chosen by our stakeholders.

We look forward to the support from our shareholders in these and all of our endeavors.

### 3. Capital Expenditures

Capital expenditures for the current fiscal year totaled YEN 99.3 billion (a breakdown is given below). A major portion was for system investments (including those for security equipment and control stations) etc. in the security services segment, which totaled to YEN 54.9 billion.

(Millions of Yen)

Business segment	Amount
Security services	54,945
Fire protection services	3,376
Medical services	6,194
Insurance services	3,495
Geospatial information services	2,362
BPO and ICT services	26,255
Other services	2,422
Subtotal	99,052
Eliminations and corporate items	288
Total	99,340

[English Translation]

## 4. Fund Raising

During the current fiscal year, no funds were raised by the Group in capital markets through the issuance of corporate bonds or new shares.

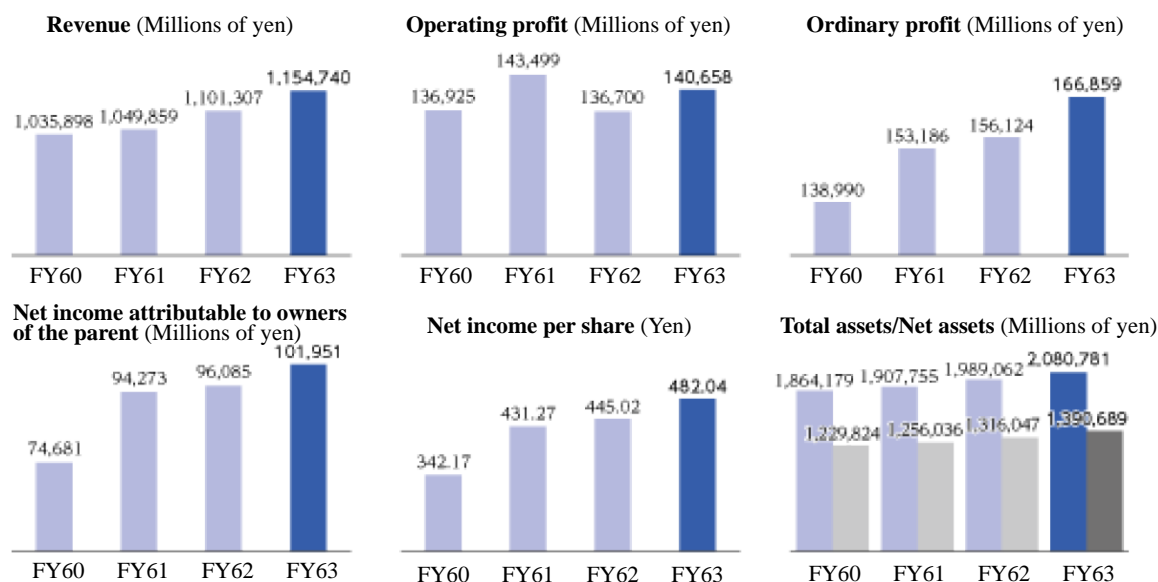
## 5. Trends in Earnings and Assets of the Group

(Millions of Yen except for net income per share)

Fiscal years Category	60th fiscal year (4/1/2020– 3/31/2021)	61st fiscal year (4/1/2021– 3/31/2022)	62nd fiscal year (4/1/2022– 3/31/2023)	63rd fiscal year (current fiscal year) (4/1/2023– 3/31/2024)
Revenue	1,035,898	1,049,859	1,101,307	1,154,740
Operating profit	136,925	143,499	136,700	140,658
Ordinary profit	138,990	153,186	156,124	166,859
Net income attributable to owners of the parent	74,681	94,273	96,085	101,951
Net income per share (Yen)	342.17	431.27	445.02	482.04
Return on Equity	7.1%	8.6%	8.4%	8.5%
Total assets	1,864,179	1,907,755	1,989,062	2,080,781
Net assets	1,229,824	1,256,036	1,316,047	1,390,689

(Note)

From the beginning of the 61st fiscal year, we have applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020).



[English Translation]

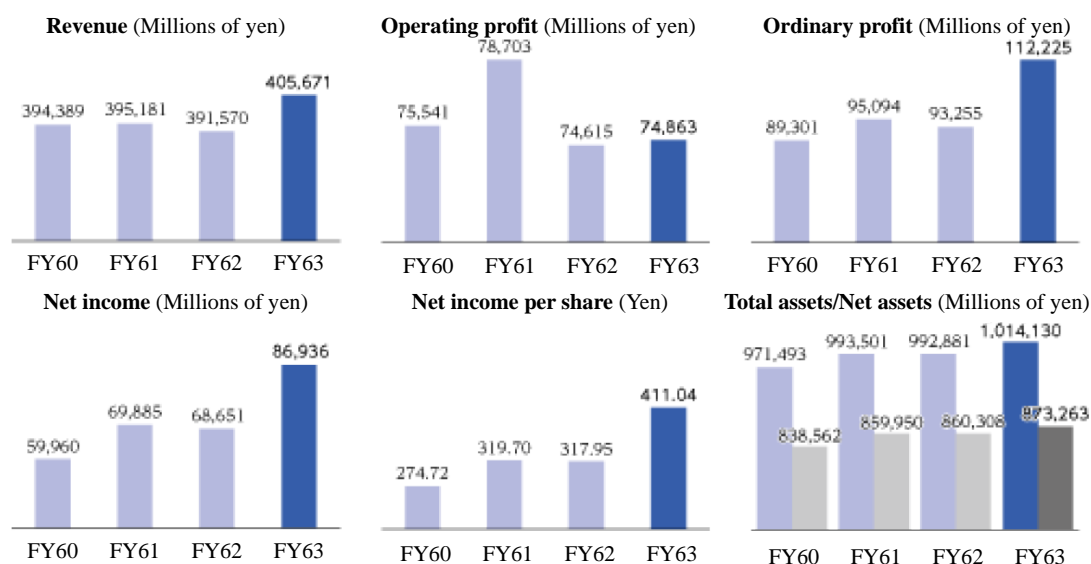
## 6. Trends in Earnings and Assets of the Company

(Millions of Yen except for net income per share)

Fiscal years Category	60th fiscal year (4/1/2020– 3/31/2021)	61st fiscal year (4/1/2021– 3/31/2022)	62nd fiscal year (4/1/2022– 3/31/2023)	63rd fiscal year (current fiscal year) (4/1/2023– 3/31/2024)
Revenue	394,389	395,181	391,570	405,671
Operating profit	75,541	78,703	74,615	74,863
Ordinary profit	89,301	95,094	93,255	112,225
Net income	59,960	69,885	68,651	86,936
Net income per share (Yen)	274.72	319.70	317.95	411.04
Return on Equity	7.3%	8.2%	8.0%	10.0%
Total assets	971,493	993,501	992,881	1,014,130
Net assets	838,562	859,950	860,308	873,263

(Note)

From the beginning of the 61st fiscal year, we have applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020).



[English Translation]

## 7. Matters Concerning Principal Subsidiaries

(As of March 31, 2024)

Company name	Issued capital	Percentage of ownership (Percentage of voting rights)	Principal business activities
Secom Joshinetsu Co., Ltd.	(Millions of Yen) 3,530	(%) 100.00 (100.00)	Security and safety services
Asahi Security Co., Ltd.	(Millions of Yen) 100	(%) 100.00 (100.00)	Cash collection and delivery services
Nohmi Bosai Ltd.	(Millions of Yen) 13,302	(%) 50.36 (50.70)	Comprehensive fire protection services
Nittan Co., Ltd.	(Millions of Yen) 2,302	(%) 100.00 (100.00)	Comprehensive fire protection services
Secom Medical System Co., Ltd.	(Millions of Yen) 100	(%) 100.00 (100.00)	Home medical services and remote image diagnosis support services
Secom General Insurance Co., Ltd.	(Millions of Yen) 16,808	(%) 97.24 (97.95)	Non-life insurance
Pasco Corporation	(Millions of Yen) 8,758	(%) 71.55 (72.18)	Surveying, measuring and geospatial information system services
Secom Trust Systems Co., Ltd.	(Millions of Yen) 1,468	(%) 100.00 (100.00)	Information security services and software development
At Tokyo Corporation	(Millions of Yen) 13,378	(%) 50.88 (50.88)	Data center business
TMJ, Inc.	(Millions of Yen) 100	(%) 100.00 (100.00)	BPO business including contact center business
The Westec Security Group, Inc.	(US\$) 301	(%) 100.00 (100.00)	Holding company in the U.S.
Secom Plc	(Thousands of UK Pounds) 44,126	(%) 100.00 (100.00)	Security business in the U.K.
Takshasila Hospitals Operating Pvt. Ltd.	(Millions of Rupee) 7,176	(%) 60.00 (60.00)	General hospital operating company in India

[English Translation]

Secom Medical System (Singapore) Pte. Ltd.	(Thousands of Singapore Dollars)  142,098	(%)  100.00 (100.00)	Holding company in Singapore
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(Notes)

1. The percentages of ownership (percentages of voting rights) are truncated to two decimal places.
2. The percentages of ownership (percentages of voting rights) for Nohmi Bosai Ltd., Takshasila Hospitals Operating Pvt. Ltd. and Secom Medical System (Singapore) Pte. Ltd. include those indirectly owned by the Company.

## 8. Principal Business of the Group

The Group consists of the Company, 151 consolidated subsidiaries and 17 affiliated companies accounted for under the equity method. The principal business activities of the Group are as follows: Security Services centering on contracted security services; Fire Protection Services centering on comprehensive fire protection services; Medical Services focusing on home medical services and management of residences for seniors; Insurance Services consisting mainly of non-life insurance; Geospatial Information Services that mainly entails the provision of surveying and measuring operations; BPO and ICT Services centering on information security services, large-scale anti-disaster operations, datacenter and BPO business; and Other Services centering on real estate leasing and construction and installation services and other services.

## 9. Principal Offices of the Group

(i) Headquarters of the Company:

5-1, Jingumae 1-chome, Shibuya-ku, Tokyo

(ii) Regional Headquarters:

Hokkaido (Sapporo City), Tohoku (Sendai City), West Kanto (Saitama City), East Kanto (Chiba City), Tokyo (Minato-ku, Tokyo), Metropolitan Static Guard Service (Shibuya-ku, Tokyo), Metropolitan Armored Car Service (Shibuya-ku, Tokyo), Kanagawa (Yokohama City), Shizuoka (Shizuoka City), Chubu (Nagoya City), Kinki (Kyoto City), Osaka (Osaka City), Hyogo (Kobe City), Chugoku (Hiroshima City), Shikoku (Takamatsu City), Kyushu (Fukuoka City).

(iii) Domestic Subsidiaries:

Secom Joshinetsu Co., Ltd. (Niigata City), Asahi Security Co., Ltd. (Minato-ku, Tokyo), Nohmi Bosai Ltd. (Chiyoda-ku, Tokyo), Nittan Co., Ltd. (Shibuya-ku, Tokyo), Secom Medical System Co., Ltd. (Shibuya-ku, Tokyo), Secom General Insurance Co., Ltd. (Chiyoda-ku, Tokyo), Pasco Corporation (Meguro-ku, Tokyo), Secom Trust Systems Co., Ltd. (Shinjuku-ku, Tokyo), At Tokyo Corporation (Koto-ku, Tokyo), TMJ, Inc. (Shinjuku-ku, Tokyo), Arai & Co., Ltd. (Shibuya-ku, Tokyo).

(iv) Overseas Subsidiaries:

The Westec Security Group, Inc. (Dover, Delaware, USA), Secom Plc (Kenley, Surrey, UK), Secom (China) Co., Ltd. (Beijing, China), Takshasila

[English Translation]

Hospitals Operating Pvt. Ltd. (Bengaluru, Karnataka, India), Secom Medical System (Singapore) Pte. Ltd. (Singapore).

## 10. Matters Concerning Employees of the Group and the Company

### (1) Matters Concerning Employees of the Group

Number of employees	Decrease from the end of the previous fiscal year
64,744	343

### (2) Matters Concerning Employees of the Company

Number of employees	Decrease from the end of the previous fiscal year	Average age	Average years of service
15,672	251	44.4	18.0

(Note)

The number of employees refers to the number of full-time employees.

## 11. Principal Lenders

(Millions of Yen)

Lenders	Balance
MUFG Bank, Ltd.	9,288
Mizuho Bank, Ltd.	6,342
Sumitomo Mitsui Banking Corp.	3,419
Resona Bank Ltd.	3,151

## 12. Other Important Matters Concerning the Group

There is no matter applicable.

[English Translation]

## II. Matters Concerning the Company's Shares and Shareholders

1. Total Number of Shares to be Issued: 900,000,000
2. Total Number of Issued Shares: 233,299,898  
(including 22,808,460 shares of treasury stock held by the Company)
3. Number of Shareholders at the End of the Fiscal Year: 39,195
4. Number of Shares Constituting a Unit of Shares: 100 shares
5. Major Shareholders (Top 10)

Name of Shareholders	Number of shares held (Thousands of Shares)	Percentage of ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	47,065	22.35
Custody Bank of Japan, Ltd. (Trust Account)	18,763	8.91
JP MORGAN CHASE BANK 380055	9,591	4.55
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079272)	6,740	3.20
STATE STREET BANK WEST CLIENT-TREATY 505234	5,463	2.59
Secom Science and Technology Foundation	4,025	1.91
JP MORGAN CHASE BANK 385781	2,819	1.33
STATE STREET BANK AND TRUST COMPANY 505103	2,733	1.29
STATE STREET BANK AND TRUST COMPANY 505225	2,580	1.22
JP MORGAN CHASE BANK 385632	2,498	1.18

(Note)

Although the Company holds treasury stock of 22,808,460 shares, it is not included in the table above. The percentage of ownership is calculated on the basis of the total number of shares outstanding excluding treasury stock. The percentage of ownership is truncated to two decimal places.

[English Translation]

**6. Shares Granted to Officers of the Company for Their Business Execution during Current Fiscal Year**

	Number of shares	Number of Grantees
Directors (excluding Outside Directors)	1,418	5

### III. Directors and Audit & Supervisory Board Members

#### 1. Names and Titles of Directors and Audit & Supervisory Board Members

(As of March 31, 2024)

Position	Name	Field of responsibility and important position of other organization concurrently assumed
Chairman and Representative Director	Yasuo Nakayama	Executive Officer Chairman, All Japan Security Association
President and Representative Director	Ichiro Ozeki	Executive Officer
Senior Executive Director	Yasuyuki Yoshida	Executive Officer (in charge of planning administration, group companies supervisor and risk control)
Executive Director	Tatsuro Fuse	Executive Officer (head of corporate communication & marketing division) Chairman and Director of Secom Medical System Co., Ltd.
Director	Takaharu Hirose	Chairman and Representative Director of Monitas, Inc.
Director	Hajime Watanabe	Chairman and Representative Director of Watanabe Pipe Co., Ltd.
Director	Miri Hara	Representative Certified Public Tax Accountant of Tax Corporation Yokohama Benten Accounting, Inc. Outside Director, Nippon Sanso Holdings Corporation

[English Translation]

Position	Name	Field of responsibility and important position of other organization concurrently assumed
Audit & Supervisory Board Member	Takayuki Ito	Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member	Yasuhiro Tsuji	Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member	Hideki Kato	
Audit & Supervisory Board Member	Makoto Yasuda	President and Representative Director of Yasuda Makoto & Co., Ltd.
Audit & Supervisory Board Member	Setsuo Tanaka	Representative Director of Public Interest Incorporated Foundation Japan Police Support Association Representative Director of Public Interest Incorporated Foundation Japan Police Scholarship Association

(Notes)

1. Mr. Takaharu Hirose, Mr. Hajime Watanabe and Ms. Miri Hara are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Messrs. Hideki Kato, Makoto Yasuda and Setsuo Tanaka are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
3. The Audit & Supervisory Board Member, Mr. Takayuki Ito has long-term experience working at a financial institution and has considerable knowledge of finance and accounting matters.
4. There are no particular interests between the Company and other corporations employing Outside Director, Mr. Takaharu Hirose, Mr. Hajime Watanabe and Ms. Miri Hara.
5. There are no particular interests between the Company and other corporations employing Outside Audit & Supervisory Board Member, Mr. Makoto Yasuda.
6. The Company made donation to two foundations which Outside Audit & Supervisory Board Member Mr. Setsuo Tanaka concurrently assumes positions. However, the amounts of donation were less than 10 million yen, respectively. Moreover, both of foundations are certified as designated public interest corporations to contribute to promote public interest so that it is unlikely that independency between both foundations and the Company, also between him and the Company would be suspicious, nor conflict of interest as to ordinary shareholders would be endangered.
7. The notice of Outside Directors, Mr. Takaharu Hirose, Mr. Hajime Watanabe and Ms. Miri Hara being independent officers was submitted to Tokyo Stock Exchange, Inc.
8. The notice of Outside Audit & Supervisory Board Members, Messrs. Hideki Kato, Makoto Yasuda and Setsuo Tanaka being independent officers was submitted to Tokyo Stock Exchange, Inc.
9. Changes in Directors during the current fiscal year
  - ① Director, Mr. Tatsuya Izumida retired at the close of the 62nd Ordinary General Meeting of Shareholders held on June 27, 2023.
  - ② Director, Mr. Tatsushi Kurihara (in charge of BPO and ICT services,

[English Translation]

- and the promotion of business reforms as of June 27, 2023) resigned from his position on December 31, 2023.
10. Changes in Audit & Supervisory Board Members during the current fiscal year
    - ① Audit & Supervisory Board Member, Mr. Koji Kato retired at the close of the 62nd Ordinary General Meeting of Shareholders held on June 27, 2023.
    - ② Mr. Yasuhiro Tsuji assumed the position of Audit & Supervisory Board Member at the 62nd Ordinary General Meeting of Shareholders held on June 27, 2023.
  11. Changes in Important Concurrent Positions Held by Audit & Supervisory Board Members during the current fiscal year  
Outside Audit & Supervisory Board Member Mr. Hideki Kato retired as Outside Director of SMBC Nikko Securities Inc., on June 19, 2023.
  12. Changes in Director Positions after the current fiscal year
    - ① President and Representative Director Mr. Ichiro Ozeki resigned from his position on March 31, 2024 and assumed the position of Director on April 1, 2024.
    - ② Senior Executive Director Yasuyuki Yoshida assumed the position of President and Representative Director on April 1, 2024.

## 〈Reference〉

Executive Officers who are not Directors are as follows:

(As of May 1, 2024)

Title	Name
Managing Executive Officer	Kenichi Furukawa, Tatsuya Izumida, Osamu Ueda, Yoshinori Yamanaka, Yoichi Sugimoto, Sumiyuki Fukumitsu, Osamu Nagai, Sadahiro Sato
Executive Officer	Kensuke Shindo, Yasufumi Kuwahara, Noriyuki Fukuoka, Takeshi Akagi, Seiya Nagao, Noriyuki Uematsu, Atsushi Komatsu, Takehiko Senda, Takashi Nakada, Michiyoshi Morita, Makoto Inaba, Toshinori Sugimoto, Satoshi Araki, Satoshi Takizawa, Izumi Sawamoto, Akira Kubota, Masahiko Naito, Shinji Kiren, Minoru Takezawa, Yasunori Terai

(Notes)

1. Mr. Tatsuya Izumida was appointed to Managing Executive Officer on June 27, 2023.
2. Mr. Yasunori Terai was appointed to Executive Officer on October 20, 2023.

## **2. Description of the Agreement Limiting Liabilities**

The Company has entered into with each of the Directors (excluding Executive Directors) and each of the Audit & Supervisory Board Members an agreement limiting their liabilities as prescribed by Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act.

The maximum amount of the liabilities under this agreement is equal to the lowest amount of liabilities stipulated in Article 425, Paragraph 1 of the Companies Act.

## **3. Description of the Officers' Liability Insurance Contract**

The Company has entered into an officers' liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to compensate the insured persons for any damage that they may incur when a claim for damages is made against them, including damages and litigation cost.

The insured persons of this insurance contract are main business executives of the Company, including Directors, Audit & Supervisory Board Members, and Executive Officers.

However, if the insurance policy provides for a deductible amount and does not cover damage that does not reach the deductible amount, or if certain exemptions apply, such as when an act is committed with the knowledge that it violates laws and regulations, the insurance policy shall not cover the damage to ensure that the appropriateness of the performance of duties by directors and officers is not impaired.

The insurance premiums are paid by the Company, including those for special clauses such as the special clause on indemnity for shareholder representative lawsuits, and the insured does not bear the actual cost of the premiums.

#### 4. Remuneration of Directors and Audit & Supervisory Board Members

	Total amount of remuneration etc. (Millions of Yen)	Breakdown of total amount of remuneration etc. (Millions of Yen)				No. of entitled officers
		Basic remuneration	Performance-based remuneration		Non-pecuniary remuneration	
		Fixed	Stock option	Bonus	Restricted stock	
Directors (excluding Outside Directors)	278	224	-	40	13	6
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	47	47	-	-	-	3
Outside Directors	30	30	-	-	-	3
Outside Audit & Supervisory Board Members	28	28	-	-	-	3
Total	385	331	-	40	13	15

(Notes)

The remuneration described above is in accordance with the policy for determining the content of individual remuneration for Directors, which was established in advance by the Board of Directors.

With regard to the above performance-based remuneration, the target of consolidated operating profit for the fiscal year under review was 132,200 million yen, and the actual result was 140,658 million yen.

#### 5. Policy for Determining the Amount of Remuneration of Directors and Audit & Supervisory Board Members

##### (1) Remuneration of Directors

The Company has established a policy for determining the contents of remuneration of individual directors (hereinafter referred to as the “Determination Policy”), and its outline is as follows:

The remuneration of Directors shall consist of pecuniary remuneration (fixed monthly remuneration and bonus) and share-based remuneration. Outside Directors shall be entitled only to fixed monthly remuneration. In the case of a death of an incumbent Director of the Company excluding Outside Directors (hereinafter, “Subject Directors”), officer condolence money shall be paid to the bereaved family of the deceased Subject Director in accordance with the Regulations on the Provision of Officer Condolence Money established by the resolution of the Board of Directors subject to the approval of the General Meeting of Shareholders.

Regarding pecuniary remuneration (fixed monthly remuneration and bonus), it was resolved at the 44th Ordinary General Meeting of Shareholders held on June 29, 2005 that the total amount shall not exceed 600 million yen per year (the number of Directors pertaining to the resolution was eleven (11)). Additionally, with regard to the share-based remuneration to be paid to Subject Directors, it was resolved at the 60th Ordinary General Meeting of

[English Translation]

Shareholders held on June 25, 2021 that (a) the total amount of monetary claims to be provided to grant restricted stock shall not exceed 100 million yen per year, which is separate from pecuniary remuneration, and that the number of common stock shares to be issued or disposed as restricted stock shall not exceed 20,000 shares per year (the number of Subject Directors pertaining to this resolution was seven (7)); (b) the Non-transferable period shall be the period from the date on which the Subject Director receives the issuance or disposition of the common stock shares of the Company (hereinafter the “Grant Date”) until the day on which the Subject Director resigns or retires from the office and ceases to be any of Director, Executive Officer, Audit & Supervisory Board Member, and employee of the Company (hereinafter the “Directors, etc.”) (including resignation or retirement due to death, hereinafter the “Retirement, etc.”); (c) upon the expiration of the Non-transferable Period, the Company shall acquire all such common stock shares held by such Subject Director free of charge as a matter of course unless the Retirement, etc. of a Subject Director from the office of Director, etc. is determined by the Board of Directors of the Company to be due to a reasonable cause, such as expiration of the term of office, mandatory retirement due to age, or death; and (d) upon the expiration of the Non-transferable Period, notwithstanding the determination by the Board of Directors that the Retirement, etc. of a Subject Director from the office of Director, etc. is due to a reasonable cause, such as expiration of the term of office, mandatory retirement due to age, or death, if the Retirement, etc. occurs before the close of the first Ordinary General Meeting of Shareholders held after the Grant Date, except for a certain number of such common stock shares determined in accordance with the reasonable standard set out in advance by the Board of Directors of the Company among such common stock shares held by such a Subject Director, the Company shall acquire the rest of such common stock shares held by such Subject Director free of charge as a matter of course. Based on this resolution of the General Meeting of Shareholders, the Board of Directors, based on the result of deliberation by the Nomination and Compensation Committee, shall determine the share-based remuneration of each director within the limit of the maximum amount and number mentioned in (a) above.

The amount of fixed monthly remuneration (pecuniary remuneration) of each director and the amount of share-based remuneration (the amount of monetary claims provided to grant restricted stock) of each Subject Director shall be determined in comprehensive consideration of the job responsibility and the number of years of office of each Subject Director as well as the financial performance of the Company. The amount of bonus of each Subject Director shall be determined in comprehensive consideration of consolidated operating profit, which is one of the key management targets of the Company, as well as the job responsibility and the number of years of office of each Subject Director. The relative proportion of fixed monthly remuneration, bonus, and share-based remuneration in the total amount of remuneration of each Subject Director shall be roughly 80:15:5. Fixed monthly remuneration is paid every month. Bonus for each fiscal year is paid in July of the following fiscal year. Share-based remuneration for each fiscal year is paid in July of the same year subject to the

[English Translation]

Non-transferable Period above.

As the remuneration of each Director for the current fiscal year has been determined in accordance with the procedure outlined above, the Board of Directors has determined that the contents of the remuneration are in line with the Determination Policy.

Further, from the fiscal year ending March 31, 2025, it was decided that the relative proportion of fixed monthly remuneration, bonus, and share-based remuneration in the total amount of remuneration of each Subject Director shall be roughly 65:15:20. Additionally, in determining the bonus amount to be paid to each Subject Director within pecuniary compensation, the Company sets key management targets for consolidated operating profit, earnings per share (EPS) and employee engagement (employee satisfaction), and considers degree of achievement among other factors.

To strengthen the independence and objectivity of the functions and the accountability of the Board of Directors concerning the nomination and remuneration of Directors, the Company has established a Nomination and Compensation Committee. The Committee drafts and submits a proposal on the election and removal of Directors to the Board of Directors and determines and advises individual pecuniary remuneration after discussing share-based remuneration with the Board of Directors. The Nomination and Compensation Committee for the current fiscal year consisted of the following five (5) members in total (including three (3) Outside Directors): Yasuo Nakayama (Chairperson, Chairman and Representative Director), Ichiro Ozeki (President and Representative Director), Takaharu Hirose (Outside Director), Hajime Watanabe (Outside Director), and Miri Hara (Outside Director). However, the Chairperson of the committee was replaced by Takaharu Hirose from Mr. Yasuo Nakayama on June 27, 2023, Mr. Ichiro Ozeki retired as a committee member on March 31, 2024, and Mr. Yasuyuki Yoshida was appointed as a committee member on April 1, 2024.

## (2) Remuneration of Audit & Supervisory Board Members

The remuneration of Audit & Supervisory Board Members of the Company consists of pecuniary remuneration. It was resolved at the 50th Ordinary General Meeting of Shareholders held on June 24, 2011 that the total amount of remuneration of Audit & Supervisory Board Members shall not exceed 80 million yen per year (the number of Audit & Supervisory Board Members pertaining to the resolution was five (5)). The amount of remuneration of each Audit & Supervisory Board Member shall be determined by consultation among Audit & Supervisory Board Members based on the job responsibility of each Audit & Supervisory Board Member within the limit of the maximum amount of such remuneration resolved at the General Meeting of Shareholders. If the Fourth Item of Business is approved at the General Meeting of Shareholders as proposed, the aforementioned total amount will be changed from “shall not exceed 80 million yen per year,” to “shall not exceed 90 million yen per year.”

No performance-based remuneration has been introduced as remuneration of Audit & Supervisory Board Members.

[English Translation]

## 6. Outside Directors and Outside Audit & Supervisory Board Members

Activities of Outside Directors and Outside Audit & Supervisory Board Members during the current fiscal year

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Director	Takaharu Hirose	12 (out of 12)	-	He offered advice and recommendations at the meetings of the Board of Directors by making use of his extensive experience and insight gained through the foundation and the management of many enterprises and industry organizations. He also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, he has performed the supervisory function adequately and has played an appropriate role as an Outside Director.
Outside Director	Hajime Watanabe	12 (out of 12)	-	He offered advice and recommendations at the meetings of the Board of Directors by making use of his extensive experience and insight gained from many years of involvement in corporate management. He also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, he has performed the supervisory function adequately and has played an appropriate role as an Outside Director.

[English Translation]

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Director	Miri Hara	12 (out of 12)	-	She offered advice and recommendations at the meetings of the Board of Directors by making use of her extensive experience and insight gained from her experience as a corporate officer and a tax accountant. She also served as a member of the Nomination and Compensation Committee to participate in deliberations. Through these activities, she has performed the supervisory function adequately and has played an appropriate role as an Outside Director.
Outside Audit & Supervisory Board Member	Hideki Kato	12 (out of 12)	13 (out of 13)	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience in the execution of national policies and insight gained through many accomplishments at a policy think tank. He also asked questions and stated opinions in order to clarify unclear issues.

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Audit & Supervisory Board Member	Makoto Yasuda	12 (out of 12)	13 (out of 13)	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through serving as a management of global enterprise. He also asked questions and stated opinions in order to clarify unclear issues.
Outside Audit & Supervisory Board Member	Setsuo Tanaka	12 (out of 12)	13 (out of 13)	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through the important positions in government. He also asked questions and stated opinions in order to clarify unclear issues.

## IV. Accounting Auditor

### 1. Name of Accounting Auditor

KPMG AZSA LLC

### 2. Remuneration of Accounting Auditor

(Millions of Yen)

Category	Previous Fiscal Year		Current Fiscal Year	
	Audit certification work	Non-audit work	Audit certification work	Non-audit work
Company	204	146	214	58
Consolidated Subsidiaries	461	76	419	81
Total	666	222	634	139

(Notes)

1. Based on the audit contract between the Company and the Accounting Auditor, the remuneration paid to the auditor is not distinguished between that which relates to the audits under the Companies Act and that which relates to the audits under Financial Instruments and Exchange Act as they cannot be distinguished. Therefore, the amount given in the Company shown above is the combined total of these amounts.
2. Of the major subsidiaries of the Company, the Westec Security Group Inc. is audited by WEAVER AND TIDWELL LLP, Secom Plc is audited by KPMG LLP, Takshasila Hospitals Operating Pvt. Ltd. is audited by BSR & Co. LLP and Secom Medical System (Singapore) Pte. Ltd. is audited by KPMG Services Pte. Ltd.

### 3. Consent for the Amount of Remunerations for Accounting Auditor

Audit & Supervisory Board consents under Article 399, Paragraph 1 of the Companies Act for the amount of remunerations for Accounting Auditors upon verifying the basis for calculation of remunerations of Accounting Auditors, including contents of audit plan prepared by the Accounting Auditors, the status of implementation of accounting audits, etc.

### 4. Non-Audit Duties

The Company pays consideration to the Accounting Auditor for services as non-audit duties including financial due diligence work, etc. Consolidated subsidiaries pay consideration to the Accounting Auditor for services as non-audit duties, including verifying work for the status of preparedness on internal control system, in accordance with Auditing and Assurance Practice Committee Practical Guideline No 86, "Assurance Reports on Controls at a Service Organization."

### 5. Policy for Decision for Dismissal or Non-reappointment

When it is deemed that the Accounting Auditor has come to fall within the purview of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will hold Meeting of Audit & Supervisory Board Members, and, when all Audit & Supervisory Board Members have consented thereto, the

[English Translation]

Audit & Supervisory Board Member will take action for the dismissal of the subject Accounting Auditor or the subject firm of the Accounting Auditor. In such case, the Audit & Supervisory Board will make decision on appointment of a temporary Accounting Auditor or a substitute Accounting Auditor and will submit a proposal of the appointment of a substitute Accounting Auditor to the general meeting of shareholders convened for the first time after such decision. The Audit & Supervisory Board Member selected by the Audit & Supervisory Board will also report the reasons for the dismissal at the general meeting of shareholders.

Aside from the above, when there exists any situations from the view point of execution of duties and audit system, etc. where it is acknowledged that the Accounting Auditor is not fit to act as Accounting Auditor, the Audit & Supervisory Board will make decision on non-reappointment of the subject Accounting Auditor and appointment of a substitute Accounting Auditor, with a majority approval, and will submit a proposal to the general meeting of shareholders.

## **V. System under which the Company's Business is Ensured to be Properly Executed**

### **1. Basic Policy and Overview of the Status of Operation Regarding Internal Control System**

Outline of the “system under which the execution of duties by Directors is ensured to comply with laws and regulations and the Articles of Incorporation, and the system under which the Company's business and the group of enterprises consisting of the Company and subsidiaries is ensured to properly execute its business” (so-called the basic policy regarding the internal control system) of the Company, which the Board of Directors' Meeting resolved, is as follows. (The latest revision was made on February 8, 2024.)

#### **(1) General**

This resolution manifests the basic policy regarding the internal control system of the Company resolved by the Board of Directors based on Article 362, Paragraph 5 of the Companies Act, and the policy shall be constantly reviewed and improved.

#### **(2) System under which the execution of duties by Directors and employees is ensured to comply with laws and regulations and the Articles of Incorporation**

[Basic Policy]

From the start, compliance with laws and regulations and the Articles of Incorporation has been an indispensable requirement of our business, and we have always sought to operate in strict adherence to this spirit. Compliance is a part of the Company's daily routines, and the Company places emphasis on the system that each executive and employee maintains a high level of awareness of compliance and promotes that.

- (i) Executives and employees act in accordance with the “SECOM

[English Translation]

Group Code of Employee Conduct,” which sets behavioral standards for the execution of duties, including compliance with laws and regulations, and the Article of Incorporation. They also conduct business operations based on the “Constitution of SECOM’s Business and Operation.”

- (ii) The Executive Officers in charge of each area are responsible for having thorough knowledge of regulations related to their duties and the relationships of such regulations with their own operations. They are responsible for proposing responses to any revisions of laws to the President and Representative Director. They are also responsible for responding appropriately to issues and problems. The Legal Affairs Department and other relevant departments and sections support them, providing cross-organization coordination. President and Representative Director reports them to the Board of Directors as necessary.
- (iii) Following the orders of the President and Representative Director, the Internal Audit and Compliance Department provides cross-organizational inspection in a timely manner over the execution of duties, praises the observance of laws and regulations and the Company’s rules, and at the same time points out matters that need correction. The Internal Audit and Compliance Department reports the findings of the inspection to the President and Representative Director and the Audit & Supervisory Board Members.
- (iv) When executives and employees of the Company become aware of unethical actions, they have the obligation to report such actions to the superior. A “Hot Helpline” is established to facilitate direct contact with the Internal Audit and Compliance Department or the outside law firm if corrective actions are not taken even after reporting to superiors or it is difficult to report. Pursuant to the “Basic Policy of the SECOM Group for Compliance” and the “Internal Reporting Rules,” the Company will keep the reported matters confidential, and take necessary investigation and appropriate measures. The reporter will suffer no disadvantage on the grounds of such report.
- (v) The Company establishes a standing Organizational Culture Committee, chaired by the President and Representative Director. The Organizational Culture Committee determines important official commendations and dispositions as well as measures to foster the open organizational culture. Revisions of the “SECOM Group Code of Employee Conduct” and/or critical compliance-related matters are undertaken after discussion with the Organizational Culture Committee and subject to the approval of the Board of Directors after obtaining the opinions of the Audit & Supervisory Board Members.

[Status of Operation]

The Company promotes to instill and entrench the “SECOM Group Code of Employee Conduct” and the “SECOM’s Philosophy” via trainings, in-house activities, e-learnings among others.

With regard to compliance-related problems, the Company has developed a system with which each executive and employee can respond appropriately. Important issues of them are handled by each regional Control Center and such information is brought together to the Central

[English Translation]

Control Center of the Headquarters. The Central Control Center communicates that to the relevant departments and reports to the President and Representative Director when necessary.

The Internal Audit and Compliance Department conducts operational audits based on the audit plan, reports the audit results to the President and Representative Director and the Audit & Supervisory Board Members on a monthly basis, and makes proposals to departments in charge to take corrective measures necessary to solve any issues identified. The President and Representative Director instructs departments in charge to correct such issues when necessary.

There were 96 reports made through “Hot Helpline” and the Organizational Culture Committee meetings were held for 6 times for the current fiscal year.

**(3) System under which information regarding execution of business by Directors shall be maintained and controlled**

[Basic Policy]

Information regarding the execution of duties of Directors shall be properly maintained and administered pursuant to the rules of the Company, which will be amended upon reviewing the operating conditions when necessary.

[Status of Operation]

Information regarding the execution of duties of Directors such as minutes of the meetings of the Board of Directors and decision-making documents are stored and managed in a proper manner in conformance with the “Basic Policy of the SECOM Group for Information Security.”

**(4) System regarding control of risk of loss and other system**

[Basic Policy]

- (i) The Company’s overall risk management is, with acknowledgement that risk management itself is the Company’s business, supervised by the President and Representative Director. Executive Officers in charge and department managers analyze and assess business risk and fraud risk in the operational areas for which they are responsible. On this basis, the system is reviewed to respond to changes in business environment and important issues are reported to the Board of Directors and the Audit & Supervisory Board.
- (ii) In order to grasp company-wide risks and consider necessary measures, a Risk Committee, which is chaired by the Director responsible for risk management, shall be convened and report as necessary to the President and Representative Director and the Board of Directors.
- (iii) Any important changes of the Company’s risk control system shall be subject to the approval of the Board of Directors after obtaining the opinions of the Audit & Supervisory Board Members.

[Status of Operation]

Each Executive Officer and department manager properly analyzes and assesses risks in the operational areas for which he/she is responsible and reports the results to the President and Representative Director. They also

[English Translation]

respond appropriately to the revealed risks. The Risk Committee meetings were held 6 times for the current fiscal year. The Risk Committee grasps company-wide risk and considers necessary measures. The analysis and assessment is conducted under the classification of risks as below.

① Large-scale calamity risk	② Compliance risk
③ System risk	④ Service providing risk
⑤ Administrative work and accounting risk	⑥ Supply chain risk
⑦ Infection risk	⑧ SDGs related risk, etc.

**(5) System by which efficient execution of duties of Directors shall be ensured**

[Basic Policy]

- (i) The Board of Directors consists of Directors including Outside Directors in an independent position. Based on the “Rules of the Board of Directors,” the Board determines important matters stipulated in the relevant laws and regulations and makes decisions on corporate management. The Board also oversees appropriate executions of the duties by Directors.
- (ii) The Company introduces the system of Executive Officers aiming to implement the execution of Directors’ duties efficiently.
- (iii) The Company utilizes the information systems and secures its business expansion and stable and efficient operations.
- (iv) The Company will share the medium and long-term business vision, and for the purpose of the accomplishment thereof, the Board of Directors will design an annual business plan and deliberate the progress of the plan.

[Status of Operation]

The Board of Directors consists of 7 Directors including 3 Outside Directors. As a general rule, a meeting of the Board of Directors is held once a month with the attendance of Directors as well as 5 Audit & Supervisory Board Members including 3 Outside Audit & Supervisory Board Members. At a meeting of the Board of Directors, important management matters are deliberated and the status of execution of duties by Directors is reported, based on the “Business Vision” of the Company, and the Board of Directors strives for accurate and prompt decision-making. 32 Executive Officers including 4 Directors are making efforts to make decisions and to execute their duties in a more expeditious manner. (The above officer structure is as of March 31, 2024.)

The Company conducts measures against cyberattacks, monitoring, regular inspections and reviews for stable operations of the information systems.

[English Translation]

**(6) System under which the group of enterprises consisting of the Company and subsidiaries is ensured to properly execute its business**

**(6-1) System under which the execution of duties by Directors, etc. and employees of subsidiaries is ensured to comply with laws and regulations and the Articles of Incorporation**

[Basic Policy]

- (i) Abiding by the “Constitution of SECOM’s Business and Operation,” each of the subsidiaries shares the “SECOM Group Code of Employee Conduct,” which applies to all executives and employees. United by these guidelines, the executives and employees work to accomplish the corporate goals in an appropriate manner.
- (ii) Each of the subsidiaries carries out IT controls in conformance with the “Basic Policy of the SECOM Group for Information Security.” The Company’s ICT Executive Officers conduct timely inspections covering the IT management of major subsidiaries.
- (iii) The “SECOM Group Management Committee,” which is chaired by the Company’s President and Representative Director and whose members are composed of the presidents of major subsidiaries and other parties appointed by the chairperson, works to ensure that appropriate operations are carried out. It accomplishes this goal by conducting discussions of issues related to the internal controls in an effort to share Group information and operating philosophy. Where necessary, the President and Representative Director reports the results to the Board of Directors and the Audit & Supervisory Board.
- (iv) The President and Representative Director of the Company issues orders to the internal audit departments (Internal Audit and Compliance Department and Group Governance Department) to inspect subsidiaries, if necessary. The subsidiaries accept the inspection by the Company, and at the same time promote the understanding and improvement of compliance-related issues by exchanging information with the Company. Furthermore, the Company establishes the whistle-blowing system “Group Head Office Helpline” which enables executives and employees of subsidiaries to directly report to the Company’s Group Governance Department, whenever they become aware of any non-compliance. Pursuant to the “Basic Policy of the SECOM Group for Compliance” and the “Internal Reporting Rules,” the Company will keep the reported matters confidential, and take necessary investigation and appropriate measures. The reporter will suffer no disadvantage on the grounds of such report.
- (v) The Audit & Supervisory Board Members of the Company visit major subsidiaries and conduct audits regarding internal controls.
- (vi) The Company establishes a liaison meeting with Group Audit & Supervisory Board Members after discussion with its Audit & Supervisory Board in an attempt to share information.

**(6-2) System under which the matters related to the execution of duties by**

[English Translation]

## **Directors, etc., of subsidiaries are reported to the Company**

[Basic Policy]

The Company establishes and implements the “Basic Rules for SECOM Group Corporate Management,” which clarify the guidelines for the items to be approved by the Company in advance and the items to be reported to the Company.

### **(6-3) Rules and other systems for controlling risks of loss of subsidiaries**

[Basic Policy]

Pursuant to the “Meaning of the Risk Control and Risk Control Basic Policy for SECOM and SECOM Group,” the subsidiaries develop risk control systems. Furthermore, upon the occurrence of important events, the subsidiaries will take appropriate measures under the Company’s control.

### **(6-4) System which ensures that Directors, etc., of the subsidiaries execute their duties efficiently**

[Basic Policy]

- (i) All Directors of the subsidiaries will efficiently carry out the operation and execution of business on the basis of the “Constitution of SECOM’s Business and Operation.”
- (ii) The Company and the subsidiaries will formulate the annual business plans based on the “Business Vision” of the SECOM Group, and confirm the progress of the plans.

[Status of Operation]

Information on important compliance-related issues is brought together to the Central Control Center of the Company. The Central Control Center communicates that to the relevant departments and reports to the President and Representative Director when necessary.

The President and Representative Director of the Company convened the “SECOM Group Management Committee Meetings” twice for the current fiscal year and confirmed the progress of the business plans of the subsidiaries. To enhance the subsidiaries’ corporate governance, Audit & Supervisory Board Members visited and interviewed the Group subsidiaries. Also, to enhance the integration with the Group Audit & Supervisory Board Members, etc., they held the “Liaison Meetings with Group Audit & Supervisory Board Members and the Internal Audit Departments of SECOM Group” and the “Information Exchange Meetings.” Internal audit departments inspect the subsidiaries as needed, and take appropriate steps in collaboration with relevant sections and the subsidiaries in response to any internal reports made through the “Group Head Office Helpline.”

### **(7) Matters related to employees to assist duties of Audit & Supervisory Board Members when Audit & Supervisory Board Members requests to do so and matters related to the independence of such employees from Directors and ensuring the effectiveness of the instructions of the Audit & Supervisory Board Members**

[Basic Policy]

[English Translation]

- (i) The Company establishes the system to assist audit duties, by establishing the Office of Audit & Supervisory Board staffed by at least two employees with the exclusive duties.
- (ii) The assistants for the Audit & Supervisory Board Members may conduct investigations necessary for the audit by the Audit & Supervisory Board Members, following the instructions of the Audit & Supervisory Board Members.
- (iii) Transfer and evaluation of the assistants for the Audit & Supervisory Board Members shall be determined upon the approval of the Audit & Supervisory Board. The assistants who received necessary instruction on audit duties by Audit & Supervisory Board Members shall not be subject to any instruction or order from Directors and Executive Officers and employees with respect to the subject audit duties, nor be obligated to report to them.

[Status of Operation]

The Company has established the Office of Audit & Supervisory Board staffed by three designated employees who are familiar with the Company's internal affairs. The assistants for the Audit & Supervisory Board Members carry out their duties following the instructions of the Audit & Supervisory Board Members, and transfer and evaluation of the assistants shall be determined upon the approval of the Audit & Supervisory Board.

**(8) System under which any report is made to Audit & Supervisory Board Members and system which ensures that the persons who made the reports will not be treated disadvantageously on the grounds of such reports**

**(8-1) System under which Directors and Accounting Advisors and employees make any reports to the Audit & Supervisory Board Members**

[Basic Policy]

- (i) Upon discussion with the Audit & Supervisory Board, the following matters shall be considered as the matters to be reported by Directors to the Audit & Supervisory Board Members.
  - (1) matters resolved by the Organization Culture Committee and other committees;
  - (2) matters likely to be materially harming the Company;
  - (3) important matters relating to monthly business conditions;
  - (4) important matters relating to internal audit and risk management;
  - (5) material violation of laws and regulations or the Articles of Incorporation; and
  - (6) important matters from viewpoint of compliance.
- (ii) Notwithstanding (i) above, the Audit & Supervisory Board Members may, where necessary and in a timely manner, request that Directors and employees make a report.
- (iii) The matters reported to the “Hot Helpline” will be reported to the Audit & Supervisory Board Members from the Internal Audit and

[English Translation]

Compliance Department.

- (8-2) System under which persons executing duties as the subsidiary's Directors, Accounting Advisors, Audit & Supervisory Board Members, Executive Officers, members who execute the business, etc., other persons equivalent to such persons, and employees, or any persons receiving reports from these persons, make reports to the Audit & Supervisory Board Members**

[Basic Policy]

The matters reported to the "Group Head Office Helpline" will be reported to the Audit & Supervisory Board Members from the Group Governance Department.

- (8-3) System which ensures that the persons who made the reports to Audit & Supervisory Board Members will not be treated disadvantageously on the grounds of such reports**

[Basic Policy]

Pursuant to the "Basic Policy of the SECOM Group for Compliance" and the "Internal Reporting Rules," the Company will keep the reported matters confidential, and promptly take necessary investigation and appropriate measures, while the reporter will suffer no disadvantage on the grounds of such report.

[Status of Operation]

Audit & Supervisory Board Members receive from the internal audit departments, in addition to the matters to be reported by Directors to Audit & Supervisory Board Members pursuant to the basic policies of internal control system, any matter internally reported through the whistle-blowing system, namely, "Hot Helpline" and "Group Head Office Helpline," etc., appropriately. A system under which a person who made a report is not treated disadvantageously has been complied with during the current fiscal year.

- (9) Matters regarding the policies for the procedures of the advance payment or reimbursement of expenses incurred for the execution of duties by the Audit & Supervisory Board Members and other processing of expenses or debts incurred for the execution of such duties**

[Basic Policy]

The Company bears the expenses incurred for the execution of duties by the Audit & Supervisory Board Members.

[Status of Operation]

Budget for expenses that will arise in relation to the execution of duties by Audit & Supervisory Board Members are determined by resolution of the Audit & Supervisory Board and reported to the Board of Directors. These expenses are paid by the Company.

- (10) System under which audit by Audit & Supervisory Board Members is**

[English Translation]

## **ensured to be performed efficiently**

### **[Basic Policy]**

- (i) The Company establishes the system under which the Audit & Supervisory Board shall regularly hold meetings with the President and Representative Director and the Accounting Auditor, to exchange opinions so that audits shall be performed efficiently.
- (ii) The Audit & Supervisory Board Members attend the meetings of the Board of Directors, attend important meetings to exchange opinions regarding overall management-related matters, if necessary, and conduct periodical interviews with Directors and employees of the Company and the subsidiaries.
- (iii) The Company ensures that the Audit & Supervisory Board may retain attorneys-at-law at its discretion and, if necessary, have opportunities to retain and consult professional accountants with respect to their audit duties.

### **[Status of Operation]**

During the current fiscal year, Audit & Supervisory Board Members held 11 meetings with the President and Representative Director and 13 meetings with Accounting Auditors to exchange opinions. In addition, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings to exchange opinions, and conduct interviews with Directors and employees of the Company and its subsidiaries on a regular basis.

## **2. Result of Evaluation of the Board of Directors**

The Company has conducted the evaluation of the Board of Directors through the questionnaires to Directors and Audit & Supervisory Board Members. As a result, it was confirmed that the diversity of the Board of Directors is secured in terms of appointment of a female Director among others and the Board has appropriate number of Directors, and also the Outside Directors are actively expressing their opinions and thus the business execution and the oversight of the management are well-balanced. Meanwhile, there were constructive suggestions prompting further development of debate from a medium- to long-term perspective on subjects including specific discussion on major direction of business strategy in consideration of changes in the social environment, DX initiatives, human resource strategies, governance, and the risks associated therewith.

### **[English Translation]**

**Consolidated Balance Sheet**  
(As of March 31, 2024)

(Millions of Yen)

ITEM	AMOUNT	ITEM	AMOUNT
<b><u>ASSETS</u></b>		<b><u>LIABILITIES</u></b>	
<b>Current assets:</b>	<b>937,580</b>	<b>Current liabilities:</b>	<b>378,343</b>
Cash on hand and in banks	440,936	Notes and accounts payable, trade	41,003
Cash deposits for armored car services	138,562	Bank loans	26,910
Notes and accounts receivable - trade	162,325	Current portion of straight bonds	398
and contract assets		Lease obligations	5,186
Due from subscribers	48,367	Payables – other	51,043
Short-term investments	19,652	Accrued income taxes	26,895
Lease receivables and investment in leased	40,007	Accrued consumption taxes	11,620
assets		Accrued expenses	11,177
Merchandise and products	21,545	Deposits received for armored car services	123,521
Real estate inventories	3,501	Deferred revenue	37,565
Work in process	6,368	Accrued bonuses	19,794
Raw materials and supplies	20,088	Accrued bonuses to directors	71
Short-term loans receivable	2,448	Provision for losses on construction	2,352
Other	35,919	contracts	
Allowance for doubtful accounts	(2,143)	Other	20,802
<b>Fixed assets:</b>	<b>1,143,201</b>		
<b>Tangible assets:</b>	<b>432,321</b>	<b>Long-term liabilities:</b>	<b>311,749</b>
Buildings and improvements, net	154,626	Straight bonds	2,683
Machinery and equipment and	10,201	Long-term loans	10,924
Automobiles, net		Lease obligations	22,863
Security equipment and control stations, net	82,354	Guarantee deposits received	23,701
Tools, furniture and fixtures, net	26,460	Deferred income taxes	19,824
Land	126,235	Accrued retirement benefits for	792
Construction in progress	32,443	directors and audit and supervisory	
		board members	
<b>Intangible assets:</b>	<b>124,871</b>	Net defined benefit liability	22,308
Software	21,625	Long-term deferred revenue	15,868
Goodwill	63,505	Investment deposits by policyholders,	188,103
Other	39,739	unearned premiums and other insurance	
		liabilities	
<b>Investments and others:</b>	<b>586,008</b>	Other	4,678
Investment securities	425,696		
Long-term loans receivable	23,334		
Lease deposits	20,095		
Long-term prepaid expenses	20,457		
Net defined benefit asset	69,583		
Deferred income taxes	23,276		
Other	13,849		
Allowance for doubtful accounts	(10,284)		
		<b>Total liabilities</b>	<b>690,092</b>
		<b><u>NET ASSETS</u></b>	
		<b>Shareholders' equity:</b>	<b>1,150,483</b>
		Common stock	66,427
		Capital surplus	71,775
		Retained earnings	1,162,259
		Common stock in treasury, at cost	(149,978)
		<b>Accumulated other comprehensive income</b>	<b>73,890</b>
		<b>(losses):</b>	
		Unrealized gains on securities	40,637
		Deferred losses on hedges	(1)
		Foreign currency translation	22,259
		adjustments	
		Remeasurements of defined benefit plans,	10,995
		net of taxes	
		<b>Noncontrolling interests:</b>	<b>166,314</b>
		<b>Total net assets</b>	<b>1,390,689</b>
<b>TOTAL ASSETS</b>	<b>2,080,781</b>	<b>TOTAL LIABILITIES</b>	<b>690,092</b>
		<b>AND NET ASSETS</b>	<b>1,390,689</b>
			<b>2,080,781</b>

[English Translation]

## Consolidated Statement of Income

(Fiscal Year from April 1, 2023 to March 31, 2024)

(Millions of Yen)

ITEM	AMOUNT	
<b>Revenue</b>		<b>1,154,740</b>
Costs of revenue	797,456	
<b>Gross profit</b>		<b>357,284</b>
Selling, general and administrative expenses	216,626	
<b>Operating profit</b>		<b>140,658</b>
<b>Non-operating income:</b>		
Interest income	2,749	
Dividends income	889	
Gain on sales of investment securities	377	
Net gains from investment in affiliated companies accounted for under the equity method	9,536	
Gain on private equity investments	15,050	
Other	3,011	31,615
<b>Non-operating expenses:</b>		
Interest expenses	1,066	
Loss on sales of investment securities	1,379	
Loss on sales and disposal of fixed assets	1,586	
Provision of allowance for doubtful accounts	3	
Other	1,378	5,414
<b>Ordinary profit</b>		<b>166,859</b>
<b>Extraordinary profit:</b>		
Insurance claim income	1,625	
Gain on sales of fixed assets	657	
Gain on liquidation of subsidiaries and affiliates	292	
Gain on sales of investment securities	287	
Other	59	2,922
<b>Extraordinary losses:</b>		
Impairment losses on fixed assets	2,973	
Decommissioning and removal costs	980	
Net losses on disposal of fixed assets	766	
Loss on revaluation of investment securities	451	
Other	844	6,015
<b>Income before income taxes</b>		<b>163,765</b>
Income taxes - current	47,787	
Income taxes - deferred	1,773	49,560
<b>Net income</b>		<b>114,204</b>
Net income attributable to noncontrolling interests		12,253
<b>Net income attributable to owners of the parent</b>		<b>101,951</b>

[English Translation]

## Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
<b>Balance at the beginning of the fiscal year</b>	66,427	70,349	1,100,791	(109,224)	1,128,343
<b>Changes during the fiscal year:</b>					
Issuance of new stocks					-
Cash dividends			(40,482)		(40,482)
Net income attributable to owners of the parent			101,951		101,951
Purchase of treasury stock				(44,002)	(44,002)
Disposal of treasury stock		1,550		3,248	4,798
Changes in shares of parent arising from transactions with non-controlling interest		(124)			(124)
Net changes of items other than shareholders' equity					
<b>Total changes during the fiscal year</b>	-	1,425	61,468	(40,754)	22,140
<b>Balance at the end of the fiscal year</b>	66,427	71,775	1,162,259	(149,978)	1,150,483

(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		
<b>Balance at the beginning of the fiscal year</b>	18,771	(3)	10,497	6,815	36,081	151,621	1,316,047
<b>Changes during the fiscal year:</b>							
Issuance of new stocks							-
Cash dividends							(40,482)
Net income attributable to owners of the parent							101,951
Purchase of treasury stock							(44,002)
Disposal of treasury stock							4,798
Changes in shares of parent arising from transactions with non-controlling interest							(124)
Net changes of items other than shareholders' equity	21,865	2	11,761	4,179	37,809	14,692	52,501
<b>Total changes during the fiscal year</b>	21,865	2	11,761	4,179	37,809	14,692	74,641
<b>Balance at the end of the fiscal year</b>	40,637	(1)	22,259	10,995	73,890	166,314	1,390,689

[English Translation]

## Non-Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of Yen)

ITEM	AMOUNT	ITEM	AMOUNT
<b><u>ASSETS</u></b>		<b><u>LIABILITIES</u></b>	
<b>Current assets:</b>	<b>239,653</b>	<b>Current liabilities:</b>	<b>114,332</b>
Cash on hand and in banks	128,047	Accounts payable	4,326
Cash deposits for armored car services	35,342	Bank loans	14,746
Notes receivable	481	Lease obligations	308
Due from subscribers	19,048	Payables – other	20,170
Accounts receivable-trade and contract assets	12,395	Payables – construction	4,228
Receivables – other	6,398	Accrued income taxes	10,880
Merchandise	8,586	Accrued consumption taxes	3,923
Supplies	2,207	Accrued expenses	707
Prepaid expenses	10,224	Deposits received for armored car services	20,593
Short-term loans receivable	15,086	Deferred revenue	22,455
Other	1,879	Accrued bonuses	6,693
Allowance for doubtful accounts	(44)	Accrued bonuses to directors	40
		Allowance for loss on contracts	281
		Other	4,975
<b>Fixed assets:</b>	<b>774,477</b>	<b>Long-term liabilities:</b>	<b>26,534</b>
<b>Tangible assets:</b>	<b>123,893</b>	Lease obligations	3,435
Buildings and improvements	14,538	Guarantee deposits received	15,735
Automobiles	591	Long-term deferred revenue	6,412
Security equipment and control stations	75,549	Accrued pension and severance costs	408
Machinery and equipment	104	Other	543
Tools, furniture and fixtures	4,183		
Land	22,016		
Construction in progress	5,591		
Other	1,317		
		<b>Total liabilities</b>	<b>140,867</b>
<b>Intangible assets:</b>	<b>14,493</b>	<b><u>NET ASSETS</u></b>	
Software	10,159	<b>Shareholders' equity:</b>	<b>860,968</b>
Other	4,334	<b>Common stock</b>	<b>66,427</b>
		<b>Capital surplus:</b>	<b>88,087</b>
<b>Investments and others:</b>	<b>636,089</b>	Additional paid-in capital	83,103
Investment securities	65,995	Other capital surplus	4,983
Investment securities in subsidiaries and affiliates	453,175	<b>Retained earnings:</b>	<b>856,433</b>
Investments in subsidiaries and affiliates	2,102	Legal reserve	9,028
Long-term loans receivable	46,278	Other retained earnings:	847,404
Lease deposits	7,643	Reserve for system developments	800
Long-term prepaid expenses	14,776	General reserve	2,212
Prepaid pension and severance costs	38,400	Accumulated earnings carried forward	844,392
Deferred income taxes	750	<b>Common stock in treasury, at cost</b>	<b>(149,978)</b>
Insurance funds	4,279		
Other	3,179	<b>Valuation, translation adjustments and others:</b>	<b>12,294</b>
Allowance for doubtful accounts	(491)	<b>Unrealized gains on securities</b>	<b>12,294</b>
		<b>Total net assets</b>	<b>873,263</b>
<b>TOTAL ASSETS</b>	<b>1,014,130</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,014,130</b>

[English Translation]

# **Non-Consolidated Statement of Income**

(Fiscal Year from April 1, 2023 to March 31, 2024)

(Millions of Yen)

ITEM	AMOUNT	
<b>Revenue</b>		<b>405,671</b>
Costs of revenue	243,745	
<b>Gross profit</b>		<b>161,925</b>
Selling, general and administrative expenses	87,062	
<b>Operating profit</b>		<b>74,863</b>
<b>Non-operating income:</b>		
Interest income	844	
Dividends income	37,429	
Other	1,233	39,507
<b>Non-operating expenses:</b>		
Interest expenses	113	
Loss on sales and disposal of fixed assets	1,357	
Other	674	2,145
<b>Ordinary profit</b>		<b>112,225</b>
<b>Extraordinary profit:</b>		
Gain on liquidation of subsidiaries and affiliates	702	
Gain on sales of investment securities	227	
Gain on sales of tangible assets	11	
Reversal of allowance for doubtful accounts	8	950
<b>Extraordinary losses:</b>		
Loss on revaluation of investment securities in subsidiaries and affiliates	1,078	
Decommissioning and removal costs	940	
Impairment losses on fixed assets	917	
Loss on revaluation of investment securities	432	
Other	49	3,419
<b>Income before income taxes</b>		<b>109,757</b>
Income taxes - current	22,225	
Income taxes - deferred	595	22,820
<b>Net income</b>		<b>86,936</b>

[English Translation]

## Non-Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2023 to March 31, 2024)

(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 fiscal year	66,427	83,103	3,432	86,536
Changes during the fiscal year:				
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			1,550	1,550
Net changes of items other than shareholders' equity				
Total changes during the fiscal year	-	-	1,550	1,550
Balance at the end of the fiscal year	66,427	83,103	4,983	88,087

(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 fiscal year	9,028	800	2,212	797,939	809,979
Changes during the fiscal year:					
Cash dividends				(40,482)	(40,482)
Net income				86,936	86,936
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	-	-	46,453	46,453
Balance at the end of the fiscal year	9,028	800	2,212	844,392	856,433

[English Translation]

(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	
<b>Balance at the beginning of the fiscal year</b>	<b>(109,224)</b>	<b>853,718</b>	<b>6,589</b>	<b>6,589</b>	<b>860,308</b>
<b>Changes during the fiscal year:</b>					
Cash dividends		(40,482)			(40,482)
Net income		86,936			86,936
Purchase of treasury stock	(44,002)	(44,002)			(44,002)
Disposal of treasury stock	3,248	4,798			4,798
Net changes of items other than shareholders' equity			5,705	5,705	5,705
<b>Total changes during the fiscal year</b>	<b>(40,754)</b>	<b>7,249</b>	<b>5,705</b>	<b>5,705</b>	<b>12,954</b>
<b>Balance at the end of the fiscal year</b>	<b>(149,978)</b>	<b>860,968</b>	<b>12,294</b>	<b>12,294</b>	<b>873,263</b>

[English Translation]

## Accounting Auditor's Report (Consolidated)

### Independent Auditor's Report

May 21, 2024

To the Board of Directors of SECOM Co., Ltd.:

KPMG AZSA LLC  
Tokyo Office, Japan

Michitaka Shishido (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Takashi Hasumi (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shuji Ezawa (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Opinion**

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SECOM Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2024 and for the year from April 1, 2023 to March 31, 2024 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[English Translation]

## **Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

[English Translation]

appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

[English Translation]

## Accounting Auditor's Report (Non-Consolidated)

### Independent Auditor's Report

May 21, 2024

To the Board of Directors of SECOM Co., Ltd.:

KPMG AZSA LLC  
Tokyo Office, Japan

Michitaka Shishido (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Takashi Hasumi (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shuji Ezawa (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

#### **Opinion**

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of SECOM Co., Ltd. ("the Company") as at March 31, 2024 and for the year from April 1, 2023 to March 31, 2024 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have

[English Translation]

obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules**

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

[English Translation]

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Notes to the Reader of Independent Auditor's Report:**

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

[English Translation]

## Audit & Supervisory Board's Report

### Audit Report

Mr. Yasuyuki Yoshida  
President and Representative Director  
SECOM Co., Ltd.

May 21, 2024

Audit & Supervisory Board of  
SECOM Co., Ltd.

Takayuki Ito (Seal)  
Audit & Supervisory Board  
Member (Full-time)

Yasuhiro Tsuji (Seal)  
Audit & Supervisory Board  
Member (Full-time)

Hideki Kato (Seal)  
Outside Audit & Supervisory  
Board Member

Makoto Yasuda (Seal)  
Outside Audit & Supervisory  
Board Member

Setsuo Tanaka (Seal)  
Outside Audit & Supervisory  
Board Member

The Audit & Supervisory Board has received the audit reports of the performance of duties of the Directors during the 63rd business term from April 1, 2023 through March 31, 2024 from each of the Audit & Supervisory Board Members. After deliberating such reports, we have prepared this Audit Report and report as follows:

#### 1. Method and Details of Audit Performed by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established the audit policy and audit plan for the current fiscal year, received reports on the status and results of audits from each Audit & Supervisory Board Member, received reports on the status of execution of duties from Directors, etc. and the Accounting Auditor, and requested explanations when necessary.

[English Translation]

- (2) Each of the Audit & Supervisory Board Members, in accordance with the Audit & Supervisory Board audit standards determined by the Audit & Supervisory Board, and following the audit policy, audit plan, etc. worked to communicate with Directors, the internal audit division and other employees, etc., and along with making efforts to gather information and establish the audit environment, performed the audit using the following methods.
- (i) Each Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports from the Directors and other managers, etc. on their duties, requested explanations when necessary, inspected documents concerning matters such as important decisions, and investigated the conditions of the business and financial conditions at the head office and the principal offices. Also, each Audit & Supervisory Board Members worked to communicate and exchange information with Directors and Audit & Supervisory Board Members of subsidiaries, receiving reports from subsidiaries when necessary.
  - (ii) The Audit & Supervisory Board Members, on a regular basis, received reports from Directors and employees, etc. on the establishment and operation of the system (internal control system) based on the resolution of the Board of Directors as stipulated in Article 100, Paragraph 1 or Paragraph 3 of the Companies Act Enforcement Order to ensure the system under which the execution of duties by Directors is ensured to comply with laws and regulations and the Articles of Incorporation and to ensure the system under which the group of enterprises consisting of the Company and its subsidiaries is ensured to properly execute its business, both of which are on the Business Report, obtained explanation from them, and expressed opinions when necessary.
  - (iii) The Audit & Supervisory Board Members received reports from Directors, etc. and the Accounting Auditor on the status of discussions between them and the status of evaluation and audit of the internal control on financial reporting, and requested explanations as necessary.
  - (iv) In addition to monitoring and examining whether the Accounting Auditor maintained independence and performed auditing appropriately, the Audit & Supervisory Board Members received reports from the Accounting Auditor on the execution of their duties and requested explanations when necessary. The Audit & Supervisory Board received notice from the Accounting Auditor that “The systems for ensuring the proper execution of duties” (set forth in each Item of Article 131 of the Ordinance for Corporate Accounting) is organized in accordance with the “Standards for Quality Control of Audit” (Business Accounting Council) and other relevant standards, and sought explanations when necessary.

Based on the above methods, the Audit & Supervisory Board has considered the Business Report and its supplementary schedules, the financial statements (balance sheet, statement of income, statement of changes in net assets and related notes) and its supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and related notes) for the current fiscal year.

## 2. Result of audit

### (1) Result of audit of business report etc.

- i) The Business Report and supplementary schedules fairly represent the condition of the Company in accordance with laws and regulations and the Articles of Incorporation of the Company.
- ii) We have determined that there were no serious occurrences of misconduct or violations of any laws or regulations or the Articles of Incorporation of the Company by any of the Directors in carrying out their duties.
- iii) We believe the contents of the resolution of the Board of Directors regarding the internal control system are appropriate. We found no matters to note regarding the execution of duties of Directors regarding the internal control system, as well as the internal control system regarding financial reporting.

### (2) Result of audit of financial statements and supplementary schedules

In our opinion, the audit procedures and audit results of the Accounting Auditor KPMG AZSA LLC are appropriate.

### (3) Result of audit of consolidated financial statements

In our opinion, the audit procedures and audit results of the Accounting Auditor KPMG AZSA LLC are appropriate.

### **Notes to the Reader of Audit Report:**

This is an English translation of the Audit Report as required by the Companies Act of Japan for the conveniences of the reader.

End