

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

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2024
 (Based on JAPANESE GAAP) (Consolidated)

May 10, 2024

Company name: SECOM CO., LTD. (URL: <https://www.secom.co.jp/>)
 Code number: 9735 Tokyo Stock Exchange ----- Prime Market
 Representative: Yasuyuki Yoshida, President and Representative Director
 Inquiries: Seiya Nagao, Executive Officer and Head of Finance Division
 Phone (03) 5775-8100

Scheduled date of General Shareholders' Meeting: June 25, 2024
 Scheduled date of dividend payout: June 26, 2024
 Scheduled date of filing Securities Report: June 25, 2024
 Preparation of supplementary materials: Applicable
 Holding of results information meeting: Applicable (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2024	1,154,740	4.9	140,658	2.9	166,859	6.9	101,951	6.1
March 31, 2023	1,101,307	4.9	136,700	(4.7)	156,124	1.9	96,085	1.9

Note: Comprehensive income For the fiscal year ended March 31, 2024: JPY 154,928 million [27.5%]
 For the fiscal year ended March 31, 2023: JPY 121,492 million [2.6%]

	Basic net income per share	Diluted net income per share	Net income / Equity	Ordinary profit / Total assets	Operating profit / Revenue
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	482.04	—	8.5	8.2	12.2
March 31, 2023	445.02	—	8.4	8.0	12.4

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

For the fiscal year ended March 31, 2024: JPY 9,536 million

For the fiscal year ended March 31, 2023: JPY 7,886 million

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	2,080,781	1,390,689	58.8	5,816.74
March 31, 2023	1,989,062	1,316,047	58.5	5,427.63

Reference: Equity

As of March 31, 2024: JPY 1,224,374 million

As of March 31, 2023: JPY 1,164,425 million

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	165,760	(162,269)	(95,488)	424,173
March 31, 2023	146,426	(70,446)	(77,836)	513,592

2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	—	90.00	—	95.00	185.00	39,814	41.6	3.5
March 31, 2024	—	95.00	—	95.00	190.00	40,098	39.4	3.4
March 31, 2025 (projected)	—	95.00	—	100.00	195.00		47.2	

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2025 (April 1, 2024 – March 31, 2025) and the six-month period ending September 30, 2024 (April 1, 2024 – September 30, 2024)

(Percentages indicate changes from the results of the corresponding periods of the previous year.)

	Projected revenue		Projected operating profit		Projected ordinary profit		Projected net income attributable to owners of the parent		Projected basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2024	554,000	1.7	53,500	(15.3)	57,000	(25.3)	35,500	(27.9)	168.65
Year ending March 31, 2025	1,170,000	1.3	131,200	(6.7)	138,000	(17.3)	87,000	(14.7)	413.32

Note: The projected basic net income per share is calculated based on the number of common shares outstanding, excluding treasury stock, as of March 31, 2024.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanied with changes in scope of consolidation): None
- (2) Changes in accounting policies, accounting estimates, and restatement
 - (i) Changes in accounting policies associated with amendment of accounting standards: None
 - (ii) Other changes in accounting policies: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (3) Number of common shares outstanding

- (i) Number of common shares outstanding, including treasury stock

As of March 31, 2024	233,299,898 shares
As of March 31, 2023	233,299,898 shares

- (ii) Number of shares of treasury stock

As of March 31, 2024	22,808,460 shares
As of March 31, 2023	18,763,110 shares

- (iii) Number of average common shares outstanding during the period

Fiscal year ended March 31, 2024	211,501,548 shares
Fiscal year ended March 31, 2023	215,915,255 shares

[Reference] Summary of nonconsolidated results**Nonconsolidated financial results for the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)****(1) Nonconsolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Revenue		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	405,671	3.6	74,863	0.3	112,225	20.3	86,936	26.6
March 31, 2023	391,570	(0.9)	74,615	(5.2)	93,255	(1.9)	68,651	(1.8)

Fiscal year ended	Basic net income per share	Diluted net income per share
	Yen	Yen
March 31, 2024	411.04	—
March 31, 2023	317.95	—

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

(2) Nonconsolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	1,014,130	873,263	86.1	4,148.69
March 31, 2023	992,881	860,308	86.6	4,010.07

Reference: Equity

As of March 31, 2024: JPY 873,263 million

As of March 31, 2023: JPY 860,308 million

Note on status of audit procedures

This report is excluded from the scope of audit procedures.

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

The forward-looking statements including the future performance described in this document are provided based on both all information available at this moment and certain assumptions considered reasonable. Actual performance may differ materially from the forward-looking statements due to various factors hereafter occurred. For matters regarding assumptions on financial projections and notes for the use of financial projections, please refer to “1. Operating Results (4) Projections for the fiscal year ending March 31, 2025” on page 5 in the appendices.

Contents for the Appendices

- 1. Operating Results..... 2**
 - (1) Analysis on Operating Results..... 2
 - (2) Analysis on Financial Positions 4
 - (3) Analysis on Cash Flows..... 5
 - (4) Projections for the fiscal year ending March 31, 2025 5
 - (5) Basic Policy on Distribution of Surplus and Dividend Payments for the Current and Next Fiscal Year 6
 - (6) Significant Events Regarding Assumption of Going Concern, etc. 7

- 2. Consolidated Financial Statements 8**
 - (1) Consolidated Balance Sheets 8
 - (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 10
 - (3) Consolidated Statements of Changes in Net Assets 11
 - (4) Consolidated Statements of Cash Flows..... 13
 - (5) Notes Regarding the Consolidated Financial Statement..... 15

- 3. Nonconsolidated Financial Statements 21**
 - (1) Nonconsolidated Balance Sheets 21
 - (2) Nonconsolidated Statements of Income..... 24
 - (3) Nonconsolidated Statements of Changes in Net Assets..... 25
 - (4) Notes Regarding the Nonconsolidated Financial Statement..... 27

1. Operating Results

(1) Analysis on Operating Results

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.

Segment information is as follows.

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

For our commercial security services, we offer System Security AZ (*1), 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.

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

In the fire protection services segment, we provided a broad range of fire protection systems such as high-quality fire alarm systems and fire extinguishing systems 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.

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 was up 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.

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 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 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 reached a record-high.

(2) Analysis on Financial Positions

Total assets as of March 31, 2024 amounted to 2,080.7 billion yen, 4.6% or 91.7 billion yen higher than those at the end of the previous fiscal year. Total current assets, at 937.5 billion yen, were down 6.9% or 69.9 billion yen. This was largely attributable to the decrease in cash on hand and in banks by 15.6% or 81.4 billion yen to 440.9 billion yen. Total fixed assets, at 1,143.2 billion yen, were up 16.5% or 161.6 billion yen. This was mainly attributable to the increases in investment securities by 42.7% or 127.3 billion yen to 425.6 billion yen, tangible assets by 7.1% or 28.4 billion yen to 432.3 billion yen, net defined benefit asset by 25.3% or 14.0 billion yen to 69.5 billion yen.

Total liabilities amounted to 690.0 billion yen, 2.5% or 17.0 billion yen higher than those at the end of the previous fiscal year. Total current liabilities amounted to 378.3 billion yen, up 0.2% or 0.8 billion yen, owing to the increases in payables other by 14.6% or 6.4 billion yen to 51.0 billion yen and deposits received for armored car services by 3.8% or 4.5 billion yen to 123.5 billion yen, despite the decrease in other by 31.8% or 9.6 billion yen to 20.8 billion yen due to the decrease in accounts payable for equipment. Long-term liabilities increased by 5.5% or 16.2 billion yen to 311.7 billion yen, compared to those at the end of the previous fiscal year, mainly attributable to the increases in deferred income taxes by 81.8% or 8.9 billion yen to 19.8 billion yen and lease obligations by 56.0% or 8.2 billion yen to 22.8 billion yen.

Total net assets amounted to 1,390.6 billion yen, 5.7% or 74.6 billion yen higher than those at the end of the previous fiscal year, mainly due to the increases in retained earnings by 5.6% or 61.4 billion yen, unrealized gains on securities by 116.5% or 21.8 billion yen, foreign currency translation adjustments by 112.0% or 11.7 billion yen and noncontrolling interests by 9.7% or 14.6 billion yen, despite the decrease in common stock in treasury, at cost by 37.3% or 40.7 billion yen.

(3) Analysis on Cash Flows

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

	(In millions of yen)		
	Year ended March 31, 2023	Year ended March 31, 2024	Increase (decrease)
Cash flows from operating activities	146,426	165,760	19,333
Cash flows from investing activities	(70,446)	(162,269)	(91,823)
Cash flows from financing activities	(77,836)	(95,488)	(17,652)
Effect of exchange rate changes on cash and cash equivalents	1,546	2,579	1,033
Net increase (decrease) in cash and cash equivalents	(310)	(89,418)	(89,108)
Cash and cash equivalents at beginning of the period	513,902	513,592	(310)
Cash and cash equivalents at end of the period	513,592	424,173	(89,418)

(Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year amounted to 165.7 billion yen; 146.4 billion yen in the previous fiscal year. Major factors of cash increase were income before income taxes of 163.7 billion yen and depreciation and amortization of 65.2 billion yen. Major factor of cash decrease was income taxes paid of 44.1 billion yen.

(Cash flows from investing activities)

Net cash used in investing activities was 162.2 billion yen; 70.4 billion yen in the previous fiscal year. Major factors of cash decrease were payments for purchases of tangible assets, including security equipment and control stations of 81.2 billion yen, payments for purchases of investment securities of 60.1 billion yen and acquisitions of affiliates of 33.7 billion yen. Major factor of cash increase was proceeds from sales and redemptions of investment securities of 34.0 billion yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 95.4 billion yen; 77.8 billion yen in the previous fiscal year. Major factors of cash decrease were increase in treasury stocks, net of 44.0 billion yen, dividends paid of 40.4 billion yen, and repayments of lease obligations of 6.4 billion yen.

As a result, cash and cash equivalents as of March 31, 2024 were 424.1 billion yen, 89.4 billion yen lower than those at the end of the previous fiscal year.

(Reference) Trend of indices related to cash flows

	Years ended				
	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Equity ratio (%)	57.0	58.1	58.8	58.5	58.8
Equity ratio (market price base) (%)	107.9	109.0	101.4	88.1	110.9
Interest-bearing liabilities / Cash flows from operating activities (in year)	0.4	0.4	0.4	0.4	0.4
Interest coverage ratio	260.6	237.0	195.9	165.6	152.4

Note: Equity ratio = Equity / Total assets

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

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

(4) Projections for the fiscal year ending March 31, 2025

In regard to the outlook in the Japanese economy, it is expected to recover moderately supported by the effects of various policies. However, conditions will remain uncertain, with attentions required to the risks that a downturn in overseas economies could put downward pressure on the Japanese economy,

amid ongoing global monetary tightening, as well as the effects of rising prices and fluctuations in financial and foreign exchange markets.

We have been promoting various initiatives to achieve the SECOM Group's Vision for 2030. The social environment is constantly changing, making it difficult to predict the future, and yet we will continue to make investments for our future growth as well as securing and fostering our human resources. Going forward, we will promote various measures to respond to changes in the society, thereby steadily creating and nurturing new businesses through new value creation and expanding existing businesses to further accelerate our growth.

For the projections for the fiscal year ending March 31, 2025, we expect an increase in all business segments except for the geospatial information services, and total revenue is expected to rise by 15.2 billion yen to 1,170.0 billion yen. On the other hand, we expect consolidated operating profit to decrease by 9.4 billion yen to 131.2 billion yen, attributable to the decline in operating profit in security services due to focused efforts to secure human resources that will be our driving force behind significant future growth mainly through base salary increase and improved compensation for security staff, in geospatial information services chiefly owing to the decrease in revenue, and in BPO and ICT services due to factors including advance investment in new data centers to be put into operation and higher operating expenses. As the net gains on private equity investment in the U.S. etc. was strong during the current fiscal year, consolidated ordinary profit is expected to decrease by 28.8 billion yen to 138.0 billion yen. Consolidated net income attributable to owners of the parent is expected to decrease by 14.9 billion yen to 87.0 billion yen.

(Notes for projections)

Projections for the consolidated financial results for the fiscal year ending March 31, 2025, are based on management's assumptions in light of information currently available. As actual performance may differ materially from the forward-looking statements due to various factors hereafter occurred, you should refrain from making an investment decision by solely relying on these projections. Such factors include, but are not limited to, changes in economic conditions affecting our group's operations, market trends, legislative changes, occurrences of natural disasters, product recalls and the results of contingency.

(Consolidated financial results)

	(In billions of yen)		
	Year ended March 31, 2023	Year ended March 31, 2024	Year ending March 31, 2025 (Projections)
Revenue	1,101.3	1,154.7	1,170.0
Change from the previous year	+4.9%	+4.9%	+1.3%
Operating profit	136.7	140.6	131.2
Change from the previous year	(4.7%)	+2.9%	(6.7%)
Ordinary profit	156.1	166.8	138.0
Change from the previous year	+1.9%	+6.9%	(17.3%)
Net income attributable to owners of the parent	96.0	101.9	87.0
Change from the previous year	+1.9%	+6.1%	(14.7%)
Basic net income per share (in yen)	445.02	482.04	413.32

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

We consider the return of profits to shareholders a crucial management task, and determine the consolidated dividend payout ratio and the level of internal reserves in overall consideration of the future expansion of our business and consolidated results of operations while keeping in line with the basic policy that ensures the continued and stable dividend payments. Our basic policy of distribution of surplus

in the form of dividend payment is that the Company makes it a rule to distribute dividends twice annually, in the form of an interim dividend, with a record date of September 30 each year, which is paid by resolution of the Board of Directors, and a year-end dividend, with a record date of March 31 each year, which is paid by resolution of the General Meeting of Shareholders. We intend to use internal reserves for investments required for increased new customer contracts, research and development, other strategic investments, and measures to return profits to employees so as to ensure to strengthen our corporate structure and expand our business.

Based on the basic policy aforesaid, we have determined to propose to the Ordinary General Meeting of Shareholders that the year-end dividends for the current fiscal year be 95 yen per share to respond to shareholders' continuous support. The dividends for the current fiscal year are 190 yen per share, the sum of the interim dividends of 95 yen per share and the year-end dividends of 95 yen per share, 5 yen higher than those for the previous fiscal year, and consolidated dividend payout ratio is 39.4%.

Based on the resolution adopted by its Board of Directors at the meeting held on February 9, 2023, the Company repurchased 2,986,000 shares of its own shares at the repurchase price of 24,999,416,253 yen by the market purchase on the Tokyo Stock Exchange during the period from February 10 to May 31, 2023. Based on the resolution adopted by its Board of Directors at the meeting held on August 9, 2023, the Company also repurchased 2,937,500 shares of its own shares at the repurchase price of 29,999,351,500 yen by the market purchase on the Tokyo Stock Exchange during the period from August 10 to December 18, 2023.

The dividends for the next fiscal year are planned to be 195 yen per share, the sum of the interim dividends of 95 yen per share and the year-end dividends of 100 yen per share.

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

Not applicable

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(In millions of yen)	
	March 31, 2023	March 31, 2024
ASSETS:		
Current assets:		
Cash on hand and in banks	522,396	440,936
Cash deposits for armored car services	135,459	138,562
Notes and accounts receivable - trade and contract assets	157,475	162,325
Due from subscribers	43,503	48,367
Short-term investments	26,325	19,652
Lease receivables and investment in leased assets	41,120	40,007
Merchandise and products	17,361	21,545
Real estate inventories	4,146	3,501
Work in process	5,707	6,368
Raw materials and supplies	18,482	20,088
Short-term loans receivable	2,408	2,448
Other	35,324	35,919
Allowance for doubtful accounts	(2,163)	(2,143)
Total current assets	1,007,547	937,580
Fixed assets:		
Tangible assets:		
Buildings and improvements, net	150,733	154,626
Security equipment and control stations, net	75,650	82,354
Land	123,358	126,235
Other, net	54,095	69,104
Total tangible assets	403,837	432,321
Intangible assets	132,772	124,871
Investments and others:		
Investment securities	298,364	425,696
Long-term loans receivable	25,692	23,334
Net defined benefit asset	55,551	69,583
Deferred income taxes	27,426	23,276
Other	48,770	54,402
Allowance for doubtful accounts	(10,900)	(10,284)
Total investments and others	444,905	586,008
Total fixed assets	981,515	1,143,201
Total assets	1,989,062	2,080,781

(1) Consolidated Balance Sheets (Continued)

	(In millions of yen)	
	March 31, 2023	March 31, 2024
LIABILITIES:		
Current liabilities:		
Notes and accounts payable, trade	46,985	41,003
Bank loans	29,085	26,910
Current portion of straight bonds	407	398
Lease obligations	4,704	5,186
Payables - other	44,551	51,043
Accrued income taxes	22,762	26,895
Accrued consumption taxes	8,549	11,620
Accrued expenses	11,312	11,177
Deposits received for armored car services	118,943	123,521
Deferred revenue	37,730	37,565
Accrued bonuses	19,653	19,794
Accrued bonuses to directors	—	71
Provision for losses on construction contracts	2,312	2,352
Other	30,482	20,802
Total current liabilities	377,482	378,343
Long-term liabilities:		
Straight bonds	3,081	2,683
Long-term loans	12,349	10,924
Lease obligations	14,657	22,863
Guarantee deposits received	23,662	23,701
Deferred income taxes	10,906	19,824
Accrued retirement benefits for directors and audit and supervisory board members	829	792
Net defined benefit liability	23,935	22,308
Long-term deferred revenue	16,121	15,868
Investment deposits by policyholders, unearned premiums and other insurance liabilities	186,033	188,103
Other	3,955	4,678
Total long-term liabilities	295,533	311,749
Total liabilities	673,015	690,092
NET ASSETS:		
Shareholders' equity:		
Common stock	66,427	66,427
Capital surplus	70,349	71,775
Retained earnings	1,100,791	1,162,259
Common stock in treasury, at cost	(109,224)	(149,978)
Total shareholders' equity	1,128,343	1,150,483
Accumulated other comprehensive income (losses):		
Unrealized gains on securities	18,771	40,637
Deferred losses on hedges	(3)	(1)
Foreign currency translation adjustments	10,497	22,259
Remeasurements of defined benefit plans, net of taxes	6,815	10,995
Total accumulated other comprehensive income (losses)	36,081	73,890
Noncontrolling interests	151,621	166,314
Total net assets	1,316,047	1,390,689
Total liabilities and net assets	1,989,062	2,080,781

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

Consolidated Statements of Income

	(In millions of yen)	
	Year ended	Year ended
	March 31, 2023	March 31, 2024
Revenue	1,101,307	1,154,740
Costs of revenue	758,850	797,456
Gross profit	342,456	357,284
Selling, general and administrative expenses	205,756	216,626
Operating profit	136,700	140,658
Non-operating income	23,326	31,615
Non-operating expenses	3,903	5,414
Ordinary profit	156,124	166,859
Extraordinary profit	2,474	2,922
Extraordinary losses	5,230	6,015
Income before income taxes	153,367	163,765
Income taxes - current	44,750	47,787
Income taxes - deferred	2,490	1,773
Total income taxes	47,241	49,560
Net income	106,126	114,204
Net income attributable to noncontrolling interests	10,040	12,253
Net income attributable to owners of the parent	96,085	101,951

Consolidated Statements of Comprehensive Income

	(In millions of yen)	
	Year ended	Year ended
	March 31, 2023	March 31, 2024
Net income	106,126	114,204
Other comprehensive income (losses):		
Unrealized gains (losses) on securities	(1,306)	22,782
Foreign currency translation adjustments	13,472	9,833
Remeasurements of defined benefit plans, net of taxes	(683)	5,988
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	3,884	2,118
Total other comprehensive income (losses)	15,366	40,723
Comprehensive income	121,492	154,928
Comprehensive income attributable to:		
Owners of the parent company	110,715	139,760
Noncontrolling interests	10,776	15,167

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2023

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
Balance at the beginning of the current period	66,419	70,335	1,043,766	(79,436)	1,101,084
Changes during the current period:					
Issuance of new stocks	7	7			15
Cash dividends			(39,060)		(39,060)
Net income attributable to owners of the parent			96,085		96,085
Purchase of treasury stock				(29,788)	(29,788)
Disposal of treasury stock		0		0	0
Changes in shares of parent arising from transactions with non-controlling interest		6			6
Net changes of items other than shareholders' equity					
Total changes during the current period	7	14	57,025	(29,788)	27,258
Balance at the end of the current period	66,427	70,349	1,100,791	(109,224)	1,128,343

(In millions of yen)

	Accumulated other comprehensive income (losses)					Noncontrolling interests	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	20,220	(6)	(5,627)	6,865	21,451	133,499	1,256,036
Changes during the current period:							
Issuance of new stocks							15
Cash dividends							(39,060)
Net income attributable to owners of the parent							96,085
Purchase of treasury stock							(29,788)
Disposal of treasury stock							0
Changes in shares of parent arising from transactions with non-controlling interest							6
Net changes of items other than shareholders' equity	(1,448)	3	16,125	(49)	14,629	18,121	32,751
Total changes during the current period	(1,448)	3	16,125	(49)	14,629	18,121	60,010
Balance at the end of the current period	18,771	(3)	10,497	6,815	36,081	151,621	1,316,047

Fiscal year ended March 31, 2024

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
Balance at the beginning of the current period	66,427	70,349	1,100,791	(109,224)	1,128,343
Changes during the current period:					
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					
Total changes during the current period	—	1,425	61,468	(40,754)	22,140
Balance at the end of the current period	66,427	71,775	1,162,259	(149,978)	1,150,483

(In millions of yen)

	Accumulated other comprehensive income (losses)					Noncontrolling interests	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	18,771	(3)	10,497	6,815	36,081	151,621	1,316,047
Changes during the current period:							
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
Total changes during the current period	21,865	2	11,761	4,179	37,809	14,692	74,641
Balance at the end of the current period	40,637	(1)	22,259	10,995	73,890	166,314	1,390,689

(4) Consolidated Statements of Cash Flows

	(In millions of yen)	
	Year ended	Year ended
	March 31, 2023	March 31, 2024
Cash flows from operating activities:		
Income before income taxes	153,367	163,765
Depreciation and amortization	62,514	65,210
Amortization of goodwill	6,426	6,571
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(7,886)	(9,536)
Increase (decrease) in allowance for doubtful accounts	(1,294)	(341)
Increase/decrease in net defined benefit liability and asset	(5,365)	(7,094)
Insurance claim income	—	(1,625)
Interest and dividend income	(5,094)	(6,131)
Interest expenses	869	1,066
Exchange (gains) losses	(348)	(609)
Net (gains) losses on sales and disposal of fixed assets	(226)	1,533
Impairment losses on fixed assets	3,182	2,973
Net (gains) losses on sales of investment securities	(1,705)	716
Net (gains) losses on revaluation of investment securities	506	451
Net (gains) losses on sales of investment securities in subsidiaries and affiliates	223	—
Net (gains) losses on liquidation of subsidiaries and affiliates	8	(292)
Net (gains) losses on private equity investment	(7,508)	(15,050)
(Increase) decrease in trade receivables and contract assets	(7,384)	(9,093)
(Increase) decrease in lease receivables and investment in leased assets	(3,601)	1,273
(Increase) decrease in inventories	(9,194)	(7,153)
Increase (decrease) in accounts payable	2,721	33
Increase (decrease) in accrued consumption taxes	(1,254)	3,060
Increase (decrease) in deferred revenue	(1,134)	(731)
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	335	2,069
Increase/decrease in cash deposits/deposits received for armored car services	989	1,475
Other	4,346	4,094
Subtotal	183,494	196,637
Interest and dividend received	11,318	12,721
Interest paid	(884)	(1,087)
Income taxes paid	(47,501)	(44,136)
Proceeds from insurance income	—	1,625
Net cash provided by (used in) operating activities	146,426	165,760

(4) Consolidated Statements of Cash Flows (Continued)

	(In millions of yen)	
	Year ended	Year ended
	March 31, 2023	March 31, 2024
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	(172)	(14,777)
(Increase) decrease in short-term investments, net	(2,554)	2,730
Payments for purchases of tangible assets	(49,779)	(81,289)
Proceeds from sales of tangible assets	6,505	3,743
Payments for purchases of intangible assets	(11,559)	(13,132)
Payments for purchases of investment securities	(48,647)	(60,182)
Proceeds from sales and redemptions of investment securities	53,331	34,074
Payments for acquisitions of affiliates	(181)	(33,760)
(Increase) decrease in short-term loans receivable, net	(186)	198
Payments for long-term loans receivable	(944)	(1,635)
Proceeds from long-term loans receivable	5,113	3,492
Acquisitions of subsidiaries accompanied with changes in scope of consolidation	(18,928)	—
Divestitures of subsidiaries accompanied with changes in scope of consolidation	(156)	—
Other	(2,287)	(1,731)
Net cash provided by (used in) investing activities	(70,446)	(162,269)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	(1,275)	(1,814)
Proceeds from long-term loans	2,837	300
Repayments of long-term loans	(4,574)	(2,107)
Repayments of lease obligations	(4,945)	(6,429)
Payments for redemption of straight bonds	(409)	(407)
Proceeds from stock issuance to noncontrolling shareholders	2,845	2,931
Dividends paid	(39,060)	(40,482)
Dividends paid for noncontrolling shareholders	(3,426)	(2,864)
(Increase) decrease in treasury stocks, net	(29,788)	(44,002)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(38)	(611)
Net cash provided by (used in) financing activities	(77,836)	(95,488)
Effect of exchange rate changes on cash and cash equivalents	1,546	2,579
Net increase (decrease) in cash and cash equivalents	(310)	(89,418)
Cash and cash equivalents at beginning of the period	513,902	513,592
Cash and cash equivalents at end of the period	513,592	424,173

(5) Notes Regarding the Consolidated Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable

[Changes in Presentation Method]

(Notes to Consolidated Statements of Cash Flows)

“Net (gains) losses on liquidation of subsidiaries and affiliates,” which was included in “Other” under cash flows from operating activities in the previous fiscal year, is presented as a separate line item from the current fiscal year due to its increased importance. To reflect this change in disclosures, the financial statements for the previous fiscal year have been reclassified. As a result, the 8 million yen presented as “Other” under cash flows from operating activities in the Consolidated Statements of Cash Flows for the previous fiscal year has been reclassified as “Net (gains) losses on liquidation of subsidiaries and affiliates.”

[Segment Information, etc.]

(Segment Information)

1. Summary of Reportable Segments

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

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

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

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

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

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

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

Fiscal year ended March 31, 2023

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Revenue from security contracts	495,314	—	—	—	—
Other	79,497	145,662	70,189	664	62,085
Revenue from contracts with customers	574,812	145,662	70,189	664	62,085
Other revenue	8,526	—	7,433	54,896	—
Customers	583,338	145,662	77,623	55,560	62,085
Intersegment	11,988	3,124	239	3,012	226
Subtotal	595,327	148,787	77,862	58,573	62,312
Segment profit	111,501	11,497	5,873	1,037	6,781
Segment assets	1,009,466	186,757	136,293	238,929	70,088
Other items:					
Depreciation and amortization	40,739	2,877	3,355	2,504	1,773
Amortization of goodwill	4,071	16	—	—	—
Impairment losses on fixed assets	1,431	—	—	—	1,725
Increase in tangible and intangible assets (Note 4)	66,752	4,042	2,107	3,133	2,600

	Reportable segments		Other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	BPO and ICT services	Subtotal				
Revenue:						
Revenue from security contracts	—	495,314	—	495,314	—	495,314
Other	128,082	486,182	32,248	518,431	—	518,431
Revenue from contracts with customers	128,082	981,497	32,248	1,013,745	—	1,013,745
Other revenue	—	70,856	16,705	87,562	—	87,562
Customers	128,082	1,052,353	48,953	1,101,307	—	1,101,307
Intersegment	10,789	29,380	1,560	30,940	(30,940)	—
Subtotal	138,871	1,081,733	50,514	1,132,248	(30,940)	1,101,307
Segment profit	11,643	148,334	6,666	155,000	(18,299)	136,700
Segment assets	162,750	1,804,284	148,014	1,952,299	36,763	1,989,062
Other items:						
Depreciation and amortization	9,916	61,166	1,253	62,420	94	62,514
Amortization of goodwill	2,077	6,165	261	6,426	—	6,426
Impairment losses on fixed assets	25	3,182	0	3,182	—	3,182
Increase in tangible and intangible assets (Note 4)	20,960	99,596	8,108	107,705	262	107,968

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

Note 2: Adjustment of segment profit includes intersegment eliminations of (253) million yen and corporate expenses not allocated to each reportable segment of 18,553 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarters, etc.

Adjustment of segment assets includes intersegment elimination of (163,218) million yen and corporate assets not belonging to each reportable segment of 199,981 million yen. Major components of corporate assets are cash on hand and in banks, loans, short-term investments and investment securities of the Company.

Adjustment of depreciation includes intersegment elimination of (779) million yen and depreciation of corporate assets not belonging to each reportable segment of 874 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (532) million yen and capital investments of software, etc. not belonging to each reportable segment of 795 million yen.

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

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

Fiscal year ended March 31, 2024

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Revenue from security contracts	517,015	—	—	—	—
Other	88,234	160,602	72,969	714	60,500
Revenue from contracts with customers	605,249	160,602	72,969	714	60,500
Other revenue	8,834	—	7,155	57,432	—
Customers	614,083	160,602	80,124	58,146	60,500
Intersegment	12,740	3,282	250	2,684	204
Subtotal	626,824	163,884	80,375	60,831	60,704
Segment profit	112,736	15,372	5,178	2,552	5,321
Segment assets	971,561	196,101	142,617	256,981	73,123
Other items:					
Depreciation and amortization	42,795	2,882	3,395	2,838	1,827
Amortization of goodwill	4,152	16	—	—	—
Impairment losses on fixed assets	1,607	—	322	—	301
Increase in tangible and intangible assets	54,945	3,376	6,194	3,495	2,362

	Reportable segments		Other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	BPO and ICT services	Subtotal				
Revenue:						
Revenue from security contracts	—	517,015	—	517,015	—	517,015
Other	127,228	510,249	37,454	547,704	—	547,704
Revenue from contracts with customers	127,228	1,027,265	37,454	1,064,720	—	1,064,720
Other revenue	—	73,421	16,599	90,020	—	90,020
Customers	127,228	1,100,686	54,053	1,154,740	—	1,154,740
Intersegment	13,085	32,248	1,355	33,603	(33,603)	—
Subtotal	140,314	1,132,935	55,409	1,188,344	(33,603)	1,154,740
Segment profit	11,848	153,009	7,362	160,371	(19,713)	140,658
Segment assets	180,957	1,821,341	145,316	1,966,657	114,124	2,080,781
Other items:						
Depreciation and amortization	10,127	63,867	1,269	65,136	74	65,210
Amortization of goodwill	2,077	6,246	325	6,571	—	6,571
Impairment losses on fixed assets	742	2,973	—	2,973	—	2,973
Increase in tangible and intangible assets	26,255	96,629	2,422	99,052	288	99,340

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

Note 2: Adjustment of segment profit includes intersegment eliminations of 442 million yen and corporate expenses not allocated to each reportable segment of 19,270 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarters, etc.

Adjustment of segment assets includes intersegment elimination of (177,601) million yen and corporate assets not belonging to each reportable segment of 291,725 million yen. Major components of corporate assets are cash on hand and in banks, loans, short-term investments and investment securities of the Company.

Adjustment of depreciation includes intersegment elimination of (721) million yen and depreciation of corporate assets not belonging to each reportable segment of 795 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (734) million yen and capital investments of software, etc. not belonging to each reportable segment of 1,023 million yen.

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

(Related Information)

Year Ended March 31, 2023

1. Information by Products and Services

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

2. Information by Regions

(1) Revenue

(In millions of yen)

Japan	Others	Total
1,042,620	58,687	1,101,307

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

(2) Tangible Assets

(In millions of yen)

Japan	Others	Total
391,779	12,058	403,837

3. Information of Major Customers

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

Year Ended March 31, 2024

1. Information by Products and Services

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

2. Information by Regions

(1) Revenue

(In millions of yen)

Japan	Others	Total
1,091,552	63,188	1,154,740

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

(2) Tangible Assets

(In millions of yen)

Japan	Others	Total
415,850	16,470	432,321

3. Information of Major Customers

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

(Information Regarding Amortized Amounts and Unamortized Balance of Goodwill by Reportable Segment)

Year Ended March 31, 2023

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Amortized amount	4,071	16	—	—	—
Unamortized balance	51,506	74	—	—	—

(In millions of yen)

	Reportable segments		Other services	Total	Adjustment	Amount on consolidated financial statements
	BPO and ICT services	Subtotal				
Amortized amount	2,077	6,165	261	6,426	—	6,426
Unamortized balance	15,116	66,697	3,798	70,496	—	70,496

Year Ended March 31, 2024

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Amortized amount	4,152	16	—	—	—
Unamortized balance	46,935	58	—	—	—

(In millions of yen)

	Reportable segments		Other services	Total	Adjustment	Amount on consolidated financial statements
	BPO and ICT services	Subtotal				
Amortized amount	2,077	6,246	325	6,571	—	6,571
Unamortized balance	13,038	60,032	3,473	63,505	—	63,505

[Significant Subsequent Events]

The Board of Directors of the Company, at its meeting held on May 10, 2024, resolved matters regarding the repurchase of its own shares pursuant to Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of such Act.

For further information, please refer to “Notice Regarding Determination of Repurchase of the Company’s Own Shares” announced on May 10, 2024.

3. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

	(In millions of yen)	
	March 31, 2023	March 31, 2024
ASSETS:		
Current assets:		
Cash on hand and in banks	214,287	128,047
Cash deposits for armored car services	32,088	35,342
Notes receivable	388	481
Due from subscribers	18,722	19,048
Accounts receivable - trade and contract assets	11,934	12,395
Receivables - other	4,479	6,398
Merchandise	7,265	8,586
Supplies	2,263	2,207
Prepaid expenses	9,521	10,224
Short-term loans receivable	13,786	15,086
Other	2,232	1,879
Allowance for doubtful accounts	(38)	(44)
Total current assets	316,931	239,653
Fixed assets:		
Tangible assets:		
Buildings and improvements	15,569	14,538
Automobiles	589	591
Security equipment and control stations	69,670	75,549
Machinery and equipment	121	104
Tools, furniture and fixtures	3,776	4,183
Land	22,159	22,016
Construction in progress	4,398	5,591
Other	1,419	1,317
Total tangible assets	117,703	123,893
Intangible assets:		
Software	7,104	10,159
Other	5,211	4,334
Total intangible assets	12,316	14,493

(1) Nonconsolidated Balance Sheets (Continued)

	(In millions of yen)	
	March 31, 2023	March 31, 2024
Investments and others:		
Investment securities	26,762	65,995
Investment securities in subsidiaries and affiliates	420,624	453,175
Investments in subsidiaries and affiliates	2,179	2,102
Long-term loans receivable	32,483	46,278
Lease deposits	7,578	7,643
Long-term prepaid expenses	11,562	14,776
Prepaid pension and severance costs	34,006	38,400
Deferred income taxes	3,849	750
Insurance funds	4,298	4,279
Other	3,244	3,179
Allowance for doubtful accounts	(660)	(491)
Total investments and others	545,929	636,089
Total fixed assets	675,949	774,477
Total assets	992,881	1,014,130
LIABILITIES:		
Current liabilities:		
Accounts payable	4,183	4,326
Bank loans	16,180	14,746
Lease obligations	284	308
Payables – other	16,719	20,170
Payables – construction	4,749	4,228
Accrued income taxes	9,973	10,880
Accrued consumption taxes	2,898	3,923
Accrued expenses	753	707
Deposits received for armored car services	15,907	20,593
Deferred revenue	22,615	22,455
Accrued bonuses	6,299	6,693
Accrued bonuses to directors	—	40
Allowance for loss on contracts	1,141	281
Other	4,352	4,975
Total current liabilities	106,060	114,332
Long-term liabilities:		
Lease obligations	3,543	3,435
Guarantee deposits received	15,823	15,735
Long-term deferred revenue	6,138	6,412
Accrued pension and severance costs	687	408
Other	320	543
Total long-term liabilities	26,512	26,534
Total liabilities	132,572	140,867

(1) Nonconsolidated Balance Sheets (Continued)

	(In millions of yen)	
	March 31, 2023	March 31, 2024
NET ASSETS:		
Shareholders' equity:		
Common stock	66,427	66,427
Capital surplus:		
Additional paid-in capital	83,103	83,103
Other capital surplus	3,432	4,983
Total capital surplus	86,536	88,087
Retained earnings:		
Legal reserve	9,028	9,028
Other retained earnings:		
Reserve for system developments	800	800
General reserve	2,212	2,212
Accumulated earnings carried forward	797,939	844,392
Total retained earnings	809,979	856,433
Common stock in treasury, at cost	(109,224)	(149,978)
Total shareholders' equity	853,718	860,968
Valuation, translation adjustments and others:		
Unrealized gains on securities	6,589	12,294
Total valuation, translation adjustments and others	6,589	12,294
Total net assets	860,308	873,263
Total liabilities and net assets	992,881	1,014,130

(2) Nonconsolidated Statements of Income

	(In millions of yen)	
	Year ended March 31, 2023	Year ended March 31, 2024
Revenue	391,570	405,671
Costs	232,887	243,745
Gross profit	158,683	161,925
Selling, general and administrative expenses	84,067	87,062
Operating profit	74,615	74,863
Non-operating income:		
Interest income	546	844
Dividends income	19,832	37,429
Other	507	1,233
Total non-operating income	20,887	39,507
Non-operating expenses:		
Interest expenses	118	113
Loss on sales and disposal of fixed assets	1,348	1,357
Payment for disaster	305	—
Other	476	674
Total non-operating expenses	2,247	2,145
Ordinary profit	93,255	112,225
Extraordinary profit:		
Gain on liquidation of subsidiaries and affiliates	0	702
Gain on sales of investment securities	242	227
Gain on sales of tangible assets	8	11
Reversal of allowance for doubtful accounts	213	8
Total extraordinary profit	463	950
Extraordinary losses:		
Loss on revaluation of investment securities in subsidiaries and affiliates	2,029	1,078
Decommissioning and removal costs	—	940
Impairment losses on fixed assets	154	917
Loss on revaluation of investment securities	—	432
Other	0	49
Total extraordinary losses	2,184	3,419
Income before income taxes	91,534	109,757
Income taxes - current	21,421	22,225
Income taxes - deferred	1,462	595
Total income taxes	22,883	22,820
Net income	68,651	86,936

(3) Nonconsolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2023

(In millions of yen)

	Shareholders' equity			
	Common Stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at the beginning of the current period	66,419	83,095	3,432	86,528
Changes during the current period:				
Issuance of new stocks	7	7		7
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Net changes of items other than shareholders' equity				
Total changes during the current period	7	7	0	7
Balance at the end of the current period	66,427	83,103	3,432	86,536

(In millions of yen)

	Shareholders' equity				
	Legal reserve	Retained earnings			Total retained earnings
		Reserve for system developments	General reserve	Accumulated earnings carried forward	
Balance at the beginning of the current period	9,028	800	2,212	768,348	780,388
Changes during the current period:					
Issuance of new stocks					
Cash dividends				(39,060)	(39,060)
Net income				68,651	68,651
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the current period	—	—	—	29,590	29,590
Balance at the end of the current period	9,028	800	2,212	797,939	809,979

(In millions of yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common Stock in treasury, at cost	Total shareholders' equity	Unrealized gains (losses) on securities	Total valuation, translation adjustments and others	
Balance at the beginning of the current period	(79,436)	853,900	6,049	6,049	859,950
Changes during the current period:					
Issuance of new stocks		15			15
Cash dividends		(39,060)			(39,060)
Net income		68,651			68,651
Purchase of treasury stock	(29,788)	(29,788)			(29,788)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			539	539	539
Total changes during the current period	(29,788)	(181)	539	539	358
Balance at the end of the current period	(109,224)	853,718	6,589	6,589	860,308

Fiscal year ended March 31, 2024

(In millions of yen)

	Shareholders' equity			
	Common Stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at the beginning of the current period	66,427	83,103	3,432	86,536
Changes during the current period:				
Issuance of new stocks				
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 current period	—	—	1,550	1,550
Balance at the end of the current period	66,427	83,103	4,983	88,087

(In millions of yen)

	Shareholders' equity				
	Retained earnings				Total retained earnings
	Legal reserve	Other retained earnings			
Reserve for system developments		General reserve	Accumulated earnings carried forward		
Balance at the beginning of the current period	9,028	800	2,212	797,939	809,979
Changes during the current period:					
Issuance of new stocks					
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 current period	—	—	—	46,453	46,453
Balance at the end of the current period	9,028	800	2,212	844,392	856,433

(In millions of yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common Stock in treasury, at cost	Total shareholders' equity	Unrealized gains (losses) on securities	Total valuation, translation adjustments and others	
Balance at the beginning of the current period	(109,224)	853,718	6,589	6,589	860,308
Changes during the current period:					
Issuance of new stocks					—
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
Total changes during the current period	(40,754)	7,249	5,705	5,705	12,954
Balance at the end of the current period	(149,978)	860,968	12,294	12,294	873,263

(4) Notes Regarding the Nonconsolidated Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable

[Changes in Presentation Method]

(Notes to Nonconsolidated Statements of Income)

“Gain on liquidation of subsidiaries and affiliates” and “Gain on sales of tangible assets,” which were included in “Other” under extraordinary profit in the previous fiscal year, are presented as separate line items from the current fiscal year due to their increased importance. To reflect this change in disclosures, the financial statements for the previous fiscal year have been reclassified. As a result, the 8 million yen presented as “Other” under extraordinary profit in the Nonconsolidated Statements of Income for the previous fiscal year has been reclassified as “Gain on liquidation of subsidiaries and affiliates” and “Gain on sales of tangible assets.”

“Impairment losses on fixed assets,” which was included in “Other” under extraordinary losses in the previous fiscal year, is presented as a separate line item from the current fiscal year due to its increased importance. To reflect this change in disclosures, the financial statements for the previous fiscal year have been reclassified. As a result, the 154 million yen presented as “Other” under extraordinary losses in the Nonconsolidated Statements of Income for the previous fiscal year has been reclassified as “Impairment losses on fixed assets.”

[Significant Subsequent Events]

Notes are omitted as the same information is disclosed in Consolidated Financial Statements, Significant Subsequent Events.