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QUARTERLY FINANCIAL REPORT
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2024
 (Based on JAPANESE GAAP) (Consolidated)

August 9, 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 Director
 Phone (03) 5775-8100

Scheduled date of dividend payout: –
 Preparation of supplementary materials: Applicable
 Holding of results information meeting: None

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

1. Consolidated financial results for the three-month period ended June 30, 2024 (April 1, 2024 – June 30, 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	%
Three-month period ended								
June 30, 2024	271,044	2.3	29,260	(4.4)	40,840	3.3	24,652	(8.0)
June 30, 2023	265,072	7.7	30,591	0.6	39,547	14.9	26,781	16.1

Note: Comprehensive income Three-month period ended June 30, 2024: JPY 40,683 million [6.2%]
 Three-month period ended June 30, 2023: JPY 38,309 million [19.7%]

	Basic net income per share	Diluted net income per share
Three-month period ended	Yen	Yen
June 30, 2024	117.71	–
June 30, 2023	125.59	–

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
June 30, 2024	2,027,638	1,383,319	60.0	5,844.98
March 31, 2024	2,080,781	1,390,689	58.8	5,816.74

Reference: Equity

As of June 30, 2024: JPY 1,216,859 million
 As of March 31, 2024: JPY 1,224,374 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 each period-end.

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	95.00	—	95.00	190.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Projected)		95.00	—	100.00	195.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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)	170.01
Year ending March 31, 2025	1,170,000	1.3	131,200	(6.7)	138,000	(17.3)	87,000	(14.7)	417.26

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

Note 2: Projected basic net income per share for the fiscal year ending March 31, 2025 and the six-month period ending September 30, 2024 are calculated based on the number of average common shares outstanding, excluding treasury stock, over the three-month period ended June 30, 2024, assuming that it remains the same until March 31, 2025.

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	233,299,898 shares
As of March 31, 2024	233,299,898 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2024	25,111,063 shares
As of March 31, 2024	22,808,460 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

The three-month period ended June 30, 2024	209,438,819 shares
The three-month period ended June 30, 2023	213,244,913 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

The forward-looking statements including the future performance described in this document are provided based on both all information available at this moment and certain assumptions considered reasonable. Actual performance may differ materially from the forward-looking statements due to various factors hereafter occurred. For matters regarding assumptions on financial projections and notes for the use of financial projections, please refer to “1. Qualitative Information Regarding the Three-month Period Ended June 30, 2024 (3) Qualitative Information Regarding Consolidated Financial Projections” on page 4 in the appendices.

Contents for the Appendices

- 1. Qualitative Information Regarding the Three-month Period Ended June 30, 2024..... 2
 - (1) Qualitative Information Regarding Consolidated Financial Results 2
 - (2) Qualitative Information Regarding Consolidated Financial Position 3
 - (3) Qualitative Information Regarding Consolidated Financial Projections 4
- 2. Consolidated Quarterly Financial Statements 5
 - (1) Consolidated Balance Sheets 5
 - (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 7
 - (3) Notes Regarding the Consolidated Quarterly Financial Statement 9
 - [Notes Regarding Compliance Framework] 9
 - [Segment Information, etc.]..... 10
 - [Notes Regarding Significant Changes in the Amount of Shareholders’ Equity] 11
 - [Notes Regarding the Assumption of Going Concern] 12
 - [Notes Regarding Quarterly Consolidated Statements of Cash Flows]..... 12

Independent Auditor’s Report on Review of Interim Consolidated Financial Statements

1. Qualitative Information Regarding the Three-month Period Ended June 30, 2024

(1) Qualitative Information Regarding Consolidated Financial Results

During the three-month period ended June 30, 2024, the Japanese economy showed movements of gradual recovery in some areas such as corporate earnings and business investment 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 continued high interest rate levels in Europe and the U.S., as well as the trend of financial and capital 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. We also 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 May 2024, in response to the growing demand for security due to the increase in violent burglaries, we began sales of SECOM *Anshin* Glass SG, a security laminated glass with excellent penetration resistance. In June, we also began offering SECOM AI Behavior Detection System, which uses AI to enable detection of dangerous actions in surveillance camera images and notifies the monitoring desk. While the workload of monitors is an issue in monitoring operations where multiple cameras are constantly checked, this system assists in reducing the workload and improves quality of operations. In the period under review, we continued to provide meticulous and seamless services through various initiatives to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind.

Consolidated revenue for the three-month period ended June 30, 2024 was 271.0 billion yen, up 2.3% from the previous corresponding period, chiefly owing to the increases in revenue in security services, fire protection services and medical services. Consolidated operating profit decreased by 4.4% to 29.2 billion yen, attributable to the effect of the decreases in operating profit mainly in geospatial information services and medical services, despite the increase in operating profit chiefly in fire protection services. Consolidated ordinary profit increased by 3.3% to 40.8 billion yen, mainly due to the increase in net gains on private equity investment in the U.S. etc., by 3.0 billion yen. Net income attributable to owners of the parent decreased by 8.0% to 24.6 billion yen, chiefly owing to the increase in net income attributable to noncontrolling interests and recognition of 1.6 billion yen on insurance claim income in the previous fiscal year. For the three-month period ended June 30, 2024, revenue and ordinary profit reached a record-high.

Segment information is as follows.

In the security services segment, revenue increased by 2.1% to 150.6 billion yen, mainly due to the increases in revenue in static guard services and in Asahi Security Co., Ltd., a provider of cash collection and delivery services, as well as the brisk sales of on-line security systems for commercial and residential use. Operating profit increased by 0.2% to 28.5 billion yen, largely owing to the rise in personnel expenses including investment in human resources.

In the fire protection services segment, revenue increased by 7.1% to 33.1 billion yen, attributable to the increases in revenue in fire alarm systems and fire extinguishing systems. Operating profit increased to 0.6 billion yen, from operating loss of 10 million yen in the previous corresponding period. Revenue tends to increase toward the end of the fiscal year, due to the fact that this segment is greatly affected by the construction industry.

In the medical services segment, revenue increased by 9.1% to 20.9 billion yen, mainly due to the brisk sales of pharmaceuticals and medical equipment. Operating profit decreased by 20.3% to 1.2 billion yen, attributable to the rise in cost ratio.

In the insurance services segment, revenue increased by 1.1% to 12.8 billion yen, mainly due to the increases in underwriting income. Operating profit was down 6.1% to 2.4 billion yen, largely attributable to the increase in losses from natural disasters.

In the geospatial information services segment, revenue decreased by 5.0% to 9.6 billion yen, owing to the decrease in revenue from domestic public sector division and domestic private sector division. Operating loss was 1.9 billion yen, from operating loss of 1.3 billion yen in the previous corresponding period, mainly attributable to the increase in cost ratio. Revenue tends to concentrate toward the end of the fiscal year, due to the fact that deliveries of public-sector contracts, which is the primary market for this segment, are mainly made at the end of March.

In the BPO and ICT services segment, revenue decreased by 2.1% to 31.0 billion yen, chiefly owing to the decrease in revenue in TMJ, Inc., a provider of BPO services including contact centers and back office services. Operating profit was down 6.0% to 2.3 billion yen, attributable to the increase in selling, general and administrative expenses including the rise in personal expenses.

In the other services segment, revenue decreased by 0.4% to 12.6 billion yen. Operating profit increased by 4.5% to 1.5 billion yen, chiefly owing to the improvement in cost ratio in the construction and installation business.

(2) Qualitative Information Regarding Consolidated Financial Position

Consolidated Balance Sheets

Total assets as of June 30, 2024 amounted to 2,027.6 billion yen, 2.6% or 53.1 billion yen lower than that at the end of the previous fiscal year. Total current assets, at 868.9 billion yen, were down 7.3% or 68.6 billion yen. This was largely attributable to the decreases in notes and account receivable – trade and contract assets by 35.1% or 57.0 billion yen to 105.3 billion yen and cash on hand and in banks by 6.1% or 27.0 billion yen to 413.8 billion yen, despite the increase in short-term investments by 63.9% or 12.5 billion yen to 32.2 billion yen. Total fixed assets, at 1,158.6 billion yen, were up 1.4% or 15.4 billion yen. This was attributable to the increases in investment securities by 2.1% or 8.7 billion yen to 434.4 billion yen and tangible assets by 1.8% or 7.6 billion yen to 439.9 billion yen.

Total liabilities amounted to 644.3 billion yen, 6.6% or 45.7 billion yen lower than those at the end of the previous fiscal year. Total current liabilities amounted to 330.2 billion yen, down 12.7% or 48.1 billion yen, owing to the decreases in accrued income taxes by 68.5% or 18.4 billion yen to 8.4 billion yen, payables - other by 19.1% or 9.7 billion yen to 41.3 billion yen, notes and accounts payable, trade by 23.5% or 9.6 billion yen to 31.3 billion yen, bank loans by 17.8% or 4.7 billion yen to 22.1 billion yen and accrued bonuses by 23.4% or 4.6 billion yen to 15.1 billion yen. Long-term liabilities increased by 0.7% or 2.3 billion yen to 314.0 billion yen, compared to those at the end of the previous fiscal year, attributable to the increases in deferred income taxes by 25.6% or 5.0 billion yen to 24.8 billion yen.

Total net assets amounted to 1,383.3 billion yen, 0.5% or 7.3 billion yen lower than those at the end of the previous fiscal year, attributable to the decrease in common stock in treasury, at cost by 14.9% or 22.2 billion yen, despite the increases in retained earnings by 0.4% or 4.6 billion yen and foreign currency translation adjustments by 41.5% or 9.2 billion yen.

(3) Qualitative Information Regarding Consolidated Financial Projections

Projections for the consolidated financial results for the six-month period ending September 30, 2024 and the fiscal year ending March 31, 2025 have not been changed from those disclosed on May 10, 2024.

(Notes for financial projections)

Projections for the consolidated financial results for the six-month period ending September 30, 2024 and 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, recalls of products sold and the results of contingency.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Balance Sheets

	(In millions of yen)	
	March 31, 2024	June 30, 2024
ASSETS:		
Current assets:		
Cash on hand and in banks	440,936	413,842
Cash deposits for armored car services	138,562	136,510
Notes and accounts receivable - trade and contract assets	162,325	105,300
Due from subscribers	48,367	44,603
Short-term investments	19,652	32,215
Lease receivables and investment in leased assets	40,007	39,685
Merchandise and products	21,545	21,158
Real estate inventories	3,501	3,406
Work in process	6,368	7,082
Raw materials and supplies	20,088	21,346
Short-term loans receivable	2,448	2,423
Other	35,919	43,663
Allowance for doubtful accounts	(2,143)	(2,288)
Total current assets	937,580	868,951
Fixed assets:		
Tangible assets:		
Buildings and improvements, net	154,626	152,770
Machinery, equipment and vehicles, net	10,201	10,555
Security equipment and control stations, net	82,354	84,080
Tools, furniture and fixtures, net	26,460	26,443
Land	126,235	126,213
Construction in progress	32,443	39,894
Total tangible assets	432,321	439,956
Intangible assets:		
Software	21,625	24,342
Goodwill	63,505	62,889
Other	39,739	36,565
Total Intangible assets	124,871	123,797
Investments and others:		
Investment securities	425,696	434,465
Long-term loans receivable	23,334	22,735
Lease deposits	20,095	19,968
Long-term prepaid expenses	20,457	20,344
Net defined benefit asset	69,583	70,759
Deferred income taxes	23,276	23,098
Other	13,849	13,883
Allowance for doubtful accounts	(10,284)	(10,323)
Total investments and others	586,008	594,932
Total fixed assets	1,143,201	1,158,686
Total assets	2,080,781	2,027,638

(1) Consolidated Balance Sheets (Continued)

	(In millions of yen)	
	March 31, 2024	June 30, 2024
LIABILITIES:		
Current liabilities:		
Notes and accounts payable, trade	41,003	31,384
Bank loans	26,910	22,120
Current portion of straight bonds	398	398
Lease obligations	5,186	5,265
Payables - other	51,043	41,317
Accrued income taxes	26,895	8,463
Accrued consumption taxes	11,620	10,937
Accrued expenses	11,177	12,181
Deposits received for armored car services	123,521	121,119
Deferred revenue	37,565	40,733
Accrued bonuses	19,794	15,169
Accrued bonuses to directors	71	27
Provision for losses on construction contracts	2,352	2,318
Other	20,802	18,800
Total current liabilities	378,343	330,238
Long-term liabilities:		
Straight bonds	2,683	2,680
Long-term loans	10,924	10,579
Lease obligations	22,863	23,335
Guarantee deposits received	23,701	23,669
Deferred income taxes	19,824	24,898
Accrued retirement benefits for directors and audit and supervisory board members	792	758
Net defined benefit liability	22,308	22,509
Long-term deferred revenue	15,868	16,073
Investment deposits by policyholders, unearned premiums and other insurance liabilities	188,103	184,968
Other	4,678	4,607
Total long-term liabilities	311,749	314,081
Total liabilities	690,092	644,319
NET ASSETS:		
Shareholders' equity:		
Common stock	66,427	66,427
Capital surplus	71,775	71,447
Retained earnings	1,162,259	1,166,915
Common stock in treasury, at cost	(149,978)	(172,276)
Total shareholders' equity	1,150,483	1,132,512
Accumulated other comprehensive income (losses):		
Unrealized gains on securities	40,637	42,291
Deferred losses on hedges	(1)	(0)
Foreign currency translation adjustments	22,259	31,499
Remeasurements of defined benefit plans, net of taxes	10,995	10,556
Total accumulated other comprehensive income (losses)	73,890	84,347
Noncontrolling interests	166,314	166,459
Total net assets	1,390,689	1,383,319
Total liabilities and net assets	2,080,781	2,027,638

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

Consolidated Statements of Income

	(In millions of yen)	
	Three-month period ended June 30, 2023	Three-month period ended June 30, 2024
Revenue	265,072	271,044
Costs of revenue	181,869	186,987
Gross profit	83,202	84,056
Selling, general and administrative expenses		
Advertising expenses	1,398	1,251
Salaries and allowances	19,791	20,470
Bonuses	1,900	1,856
Provision for bonuses	2,574	2,956
Retirement benefit expenses	605	507
Provision for retirement benefits for directors	24	21
Other personnel expenses	4,508	4,712
Depreciation	2,617	2,978
Rent expenses	3,170	3,269
Communication expenses	1,193	1,132
Enterprise tax	1,035	1,004
Provision of allowance for doubtful accounts	35	(55)
Amortization of goodwill	1,638	1,623
Other	12,118	13,064
Total selling, general and administrative expenses	52,611	54,796
Operating profit	30,591	29,260
Non-operating profit:		
Interest income	548	808
Dividends income	477	512
Gain on sales of investment securities	374	0
Gains from investment in affiliated companies accounted for under the equity method	2,368	1,980
Gains on private equity investment	5,256	8,269
Other	802	1,024
Total non-operating profit	9,827	12,596
Non-operating expenses		
Interest expenses	203	323
Losses on sales and disposal of fixed assets	340	425
Other	328	267
Total non-operating expenses	871	1,016
Ordinary profit	39,547	40,840
Extraordinary profit:		
Gain on sales of fixed assets	1	473
Gain on sales of investment securities	189	0
Insurance claim income	1,625	-
Other	-	97
Total extraordinary profit	1,816	571
Extraordinary losses		
Decommissioning and removal costs	-	146
Losses on disposal of fixed assets	32	108
Provision of reserve for price fluctuation	19	20
Loss on valuation of investment securities	105	6
Other	31	78
Total extraordinary losses	188	360
Income before income taxes	41,174	41,051
Income taxes - current	8,361	7,415
Income taxes - deferred	4,297	4,218
Total income taxes	12,659	11,634
Net income	28,515	29,416
Net income attributable to noncontrolling interests	1,733	4,763
Net income attributable to owners of the parent	26,781	24,652

Consolidated Statements of Comprehensive Income

	(In millions of yen)	
	Three-month period ended June 30, 2023	Three-month period ended June 30, 2024
Net income	28,515	29,416
Other comprehensive income (losses):		
Unrealized gains (losses) on securities	8,821	1,544
Foreign currency translation adjustments	1,722	8,773
Remeasurements of defined benefit plans, net of taxes	(360)	(462)
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	(389)	1,412
Total other comprehensive income (losses)	9,793	11,267
Comprehensive income	38,309	40,683
Comprehensive income attributable to:		
Owners of the parent company	35,700	35,108
Noncontrolling interests	2,609	5,575

(3) Notes Regarding the Consolidated Quarterly Financial Statement

[Notes Regarding Compliance Framework]

The quarterly consolidated financial statements of the Company have been prepared in accordance with Article 4, Paragraph 1 of the Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. and the accounting principles for quarterly financial statements generally accepted in Japan. However, the omission of a statement set forth in Article 4, Paragraph 2 of the aforementioned Standard for Preparation of Quarterly Financial Statements is applied.

[Segment Information, etc.]

Segment Information

I. Three-month Period Ended June 30, 2023

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

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Revenue from security contracts	126,738	—	—	—	—
Other	18,601	30,959	17,371	180	10,167
Revenue from contracts with customers	145,339	30,959	17,371	180	10,167
Other revenue	2,216	—	1,855	12,520	—
Customers	147,556	30,959	19,226	12,701	10,167
Intersegment	3,039	613	54	713	67
Subtotal	150,596	31,573	19,281	13,414	10,235
Segment profit (loss)	28,452	(15)	1,609	2,595	(1,301)

	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	—	126,738	—	126,738	—	126,738
Other	31,721	109,002	8,567	117,570	—	117,570
Revenue from contracts with customers	31,721	235,740	8,567	244,308	—	244,308
Other revenue	—	16,593	4,170	20,763	—	20,763
Customers	31,721	252,333	12,738	265,072	—	265,072
Intersegment	2,935	7,424	308	7,732	(7,732)	—
Subtotal	34,656	259,758	13,046	272,804	(7,732)	265,072
Segment profit (loss)	2,481	33,822	1,514	35,337	(4,745)	30,591

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

Note 2: Adjustment of segment profit/(loss) includes intersegment elimination of 27 million yen and corporate expenses not allocated to each reportable segment of 4,718 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

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

II. Three-month Period Ended June 30, 2024

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

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Revenue from security contracts	130,014	—	—	—	—
Other	18,586	33,167	19,101	188	9,656
Revenue from contracts with customers	148,601	33,167	19,101	188	9,656
Other revenue	2,070	—	1,872	12,649	—
Customers	150,672	33,167	20,973	12,838	9,656
Intersegment	4,100	705	11	795	52
Subtotal	154,772	33,872	20,984	13,633	9,708
Segment profit (loss)	28,504	604	1,283	2,436	(1,949)

	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	—	130,014	—	130,014	—	130,014
Other	31,050	111,750	8,479	120,230	—	120,230
Revenue from contracts with customers	31,050	241,765	8,479	250,244	—	250,244
Other revenue	—	16,593	4,206	20,799	—	20,799
Customers	31,050	258,358	12,686	271,044	—	271,044
Intersegment	2,462	8,126	343	8,470	(8,470)	—
Subtotal	33,512	266,485	13,029	279,514	(8,470)	271,044
Segment profit (loss)	2,331	33,211	1,582	34,793	(5,533)	29,260

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/(loss) includes intersegment elimination of 557 million yen and corporate expenses not allocated to each reportable segment of 4,975 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

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

[Notes Regarding Significant Changes in the Amount of Shareholders' Equity]

Based on the resolution adopted by its Board of Directors at the meeting held on May 10, 2024, the Company repurchased 2,299,700 shares of its own shares. As a result, the amount of treasury stock was 172,276 million yen at the end of the three-month period ended June 30, 2024, with the increase of 22,298 million yen during the three-month period ended June 30, 2024.

[Notes Regarding the Assumption of Going Concern]

Not applicable.

[Notes Regarding Quarterly Consolidated Statements of Cash Flows]

Quarterly consolidated statements of cash flows for the three-month period ended June 30, 2024 have not been prepared.

Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three-month period ended June 30, 2024 under review are as follows.

	Three-month period ended 30 June, 2023	Three-month period ended 30 June, 2024
Depreciation and amortization	14,978 million yen	15,785 million yen
Amortization of goodwill	1,638	1,623

Independent Auditor's Report on Review of Interim Consolidated Financial Statements

August 9, 2024

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

KPMG AZSA LLC
Tokyo Office, Japan

Michitaka Shishido
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Hasumi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shuji Ezawa
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Conclusion

We have reviewed the accompanying interim consolidated financial statements of SECOM Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) provided in the “Attached Documents” in the Quarterly Financial Reports, which comprise the interim consolidated balance sheet as at June 30, 2024, the interim consolidated statements of income and comprehensive income for the three-month period ended June 30, 2024, and the related notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with Article 4(1) of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (“the Standard”) (applying the omissions prescribed in Article 4(2) of the Standard) and accounting principles generally accepted in Japan.

Basis for Conclusion

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

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Interim Consolidated Financial Statements

Management is responsible for the preparation and presentation of the interim consolidated financial statements in accordance with Article 4(1) of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 4(2) of the Standard) and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim 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 Article 4(1) of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 4(2) of the Standard) and accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 Review of the Interim Consolidated Financial Statements

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review in our report on the review of interim consolidated financial statements.

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

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other review procedures. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude, based on the evidence obtained, that nothing has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared in accordance with Article 4(1) of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 4(2) of the Standard) and accounting principles generally accepted in Japan, if a material uncertainty relating to events or conditions comes to our attention 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 report on the review of interim consolidated financial statements to the related disclosures in the interim consolidated financial statements or, if such disclosures are inadequate, to express a qualified conclusion or an adverse conclusion. Our conclusions are based on the evidence obtained up to the date of our report on the review of interim consolidated financial statements; however, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate that nothing has come to our attention that causes us to believe that the presentation and disclosures in the interim consolidated financial statements are not prepared in accordance with Article 4(1) of Standard for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. (applying the omissions prescribed in Article 4(2) of the Standard) and accounting principles generally accepted in Japan.

- Plan and perform the group audit to obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the interim consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our review conclusion.

We communicate with corporate auditors and the board of corporate auditors regarding, the planned scope and timing of the review, significant review findings that we identify during our review.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Review Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report on Review of Interim Consolidated Financial Statements as required by the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.