The Electronic Provision Measures Matters

(The Matters Omitted from the Document for Delivery)

for

The 64th Ordinary General Meeting of Shareholders

Pursuant to the relevant law and ordinance, and Article 16, Paragraph 2 of the Articles of Incorporation of SECOM CO., LTD., the aforementioned Matters are not included in the document that is to be issued to a shareholder who requested the issuance of such a document.

Note: From the fiscal year ended March 31, 2025, the Company has revised some of the English-language accounting line items to conform with the EDINET Taxonomy provided by the Financial Services Agency. Please note that these revisions are merely superficial changes to the account names; their substance remains unchanged.

Notes to Consolidated Financial Statements

Notes to Significant Items for Preparation of Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of Consolidated Subsidiaries: 148

Names of major consolidated subsidiaries:
Secom Joshinetsu Co., Ltd., Asahi Security Co., Ltd., Nohmi Bosai Ltd., Nittan Co., Ltd., Secom Medical System Co., Ltd., Secom General Insurance Co., Ltd., Pasco Corporation, Secom Trust Systems Co., Ltd., At Tokyo Corporation, TMJ, Inc., The Westec Security Group, Inc., Secom Plc, Secom Medical System (Singapore) Pte. Ltd., Takshasila Hospitals Operating Pvt. Ltd.

(2) Descriptions of Non-Consolidated Subsidiaries:

Eishin Denshi Co., Ltd., Kyoudou Setubi Ltd. and 7 other companies

(The reason for exclusion from scope of consolidation)
All of these 9 non-consolidated subsidiaries are of a small size, so that the aggregate amounts of total assets, net sales, profit/loss (an amount prorated to ownership) and retained earnings (an amount prorated to ownership) and others do not have a significant effect on the consolidated financial statements.

(3) Names of Other Companies Owing Majority of Voting Rights not Regarded as Subsidiaries:

Katzkin Holdings, LLC, United Tactical Systems Holdings, LLC, CLP Legal Services, LLC, PF Holdco, LLC, Austin Fitness Holdings, LLC, Handel's Holdco, LLC, CLP ICS Holdings, LLC.

(The reason for not regarded as subsidiaries)
These companies were acquired by subsidiaries of The Westec Security Group, Inc. through normal course of business with the objective of investment, not with the objective of control.

2. Equity Method

(1) Number of equity method affiliates: 17

Names of major affiliates accounted for under the equity method:
S1 Corporation, Toyo Tec Co., Ltd., Taiwan Secom Co., Ltd.

(2) Number of non-equity method non-consolidated subsidiaries and affiliates: 16

Eishin Denshi Co., Ltd., Kyoudou Setubi Ltd. and 14 other companies

(The reason for not applying the equity method)
These 9 non-consolidated subsidiaries and 7 non-equity method affiliates are not accounted for under the equity method because their effect on profit/loss (an amount prorated to ownership) and retained earnings (an amount prorated to ownership) is insignificant and immaterial as a whole.

3. Changes in Scope of Consolidation and Companies Accounted for under the Equity Method

Consolidation
Newly consolidated subsidiaries: 2
Bluestream Technology Ltd. and another company (Share acquisition)
Excluded from consolidation: 5
JK. Siress Co., Ltd and 3 other companies (Liquidation)
Fujian Secom Security Co., Ltd. (Divesture)

Equity Method
New companies accounted for under the equity method: 1
Marble Visions Inc. (Share acquisition)
Excluded from affiliates accounted for under the equity method: 1
Beijing Professional Consultants Co., Ltd. (Liquidation)

4. Closing Dates of Consolidated Subsidiaries and Equity Method Affiliates

With respect to consolidated subsidiaries, 50 overseas subsidiaries close their books as of December 31 each year, and the financial statements as of this date are used for preparation of the consolidated financial statements.

With respect to equity method affiliates, 5 companies close their book as of December 31 each year, and the financial statements as of this date are used for preparation of the consolidated financial statements. While 1 company closes its book as of September 30 each year, the financial statements prepared pursuant to the provisional closing of books conducted as of March 31 are used for preparation of the consolidated financial statements.

The necessary adjustments related to the consolidation are made for any major transactions which arise between the consolidated closing date and their closing dates. The closing dates of other consolidated subsidiaries and equity method affiliates are the same as the consolidated closing date.

5. Significant Accounting Policies

(1) Valuation Policies and Methods for Significant Assets

1) Securities

a. Held-to-maturity debt securities are carried at amortized cost.

b. Available-for-sale
Securities other than shares that do not have a market value
At fair value
Net unrealized gains and losses of securities are primarily reported directly in net assets. The cost of securities sold is primarily calculated by the moving average method.

Shares that do not have a market value
At cost, principally based on the moving average method

2) Inventories
Inventories are principally stated at cost based on the moving average method (or at the net realizable value (NRV) calculated by writing down the book value to reflect a decrease in the NRV).

3) Real estate for sale

Stated at cost by the specific cost method (or at the NRV calculated by writing down the book value to reflect a decrease in the NRV).

(2) Depreciation and Amortization of Depreciable and Amortizable Non-current Assets

1) Property, Plant and Equipment (except for leased assets)

a. Security equipment and control stations
Security equipment and control stations are depreciated over their average estimated useful lives (5-8 years) by the declining-balance method.

b. Other property, plant and equipment
Other property, plant and equipment are depreciated by the straight-line method.
Their main useful lives are as follows:
Buildings: 33-50 years
Tools, furniture and fixtures: 2-20 years

2) Intangible Assets (except for leased assets)
Intangible assets are amortized by the straight-line method.
The software used in the Company is amortized by the straight-line method based on the useful lives within the Company (5 years).

3) Leased Assets

a. Leased assets related to ownership-transfer finance lease transactions
Depreciated, using the same depreciation method applied to non-current assets in possession.

b. Leased assets related to non-ownership-transfer finance lease transactions
Depreciated, using the straight-line method mainly over a useful life equal to the lease period with a residual value of zero.
In addition, non-ownership-transfer finance leases entered into on or before March 31, 2008 are treated using the method applicable to operating lease transactions.

4) Long-term Prepaid Expenses
Long-term prepaid expenses are amortized by the straight-line method.

(3) Basis for Significant Allowances

1) Allowance for Doubtful Accounts
To prepare for losses from bad debts such as losses on trade receivables and loans, the allowance for doubtful accounts provides an estimated amount of uncollectables. It is determined based on the historical loss rate with respect to ordinary accounts, and an estimate of uncollectable amounts respectively determined by reference to specific doubtful accounts from customers who are experiencing financial difficulties.

2) Provision for Bonuses
The provision for bonuses are provided for the bonus payments to employees, at an amount incurred during the current fiscal year.

3) Provision for bonuses to directors (and other officers)

The provision for bonuses to directors (and other officers) are provided for bonuses payments to directors, at an amount incurred during the current fiscal year.

4) Provision for Loss on Construction Contracts

To prepare for future losses on construction contracts etc., an accrual is provided based on the estimated losses on construction contracts etc. that are undelivered at the end of the current fiscal year.

5) Provision for Retirement Benefits for Directors (and other officers)

To prepare for payment for retirement benefits of Directors (and other officers) of domestic consolidated subsidiaries, a necessary amount at the end of the current fiscal year is accrued based on the rules of the Directors (and other officers)' retirement benefits.

(4) Recognition Policies for Significant Revenue and Cost

1) Recognition Policies for Revenue and Cost from Contracts with Customers

In the major businesses of the Company and its consolidated subsidiaries related to revenue from contracts with customers, the details of major performance obligations, as well as the normal point in time when such performance obligations are satisfied (i.e., the normal point in time when revenue is recognized) are as follows:

a. Revenues from Security Services are mainly from centralized systems for businesses and homes, static guard services, and armored car services, and the Company identifies the performance obligation to provide services based on the security contract with the customer.
As such security contracts represent contracts in which services are continuously provided over the contract period, based on the contract with the customer, and it has been determined that the performance obligations are satisfied over a certain period, the Company recognizes revenue through allocation on a straight line over the period stipulated by the contract in which the service is provided. Equipment installation work fees received in a lump sum at the start of services for centralized systems and other points in time are allocated on a straight-line basis over the same period as the period in which the service is provided and revenue is recognized in the amount corresponding to the current fiscal year, if the customer is thought to receive the benefits as the performance obligations in the security contract are satisfied. It should be noted that equipment installation work expenses are allocated on a straight line over the same period as the period in which the service is provided and recognized as expenses in the amount corresponding to the current fiscal year.
Additionally, consideration for these performance obligations is generally collected within one year from the time the performance obligations are satisfied, unless they are received as contract liabilities prior to the satisfaction of the performance obligations, and the amount of consideration contains no significant financing components.

b. Revenues from construction for the Fire Protection Services are mainly related to fire protection equipment, and the Company recognizes revenue over time by measuring the progress towards complete satisfaction of the performance obligation, as it has been determined that the performance obligation is satisfied over a certain period. As it has been determined that the cost of construction incurred is proportionate to the progress towards complete satisfaction of the performance obligation, progress is measured based on the cost of construction incurred by the end of each reporting period as a percentage of the total estimated cost of construction.

It should be noted that in cases where the expenses incurred are expected to be recovered despite not being able to reasonably estimate the degree of completion of the satisfaction of performance obligations, revenue is recognized using the cost recovery method.

Additionally, consideration for performance obligations of construction contracts is generally collected within one year from the time the performance obligations are satisfied, unless they are received as contract liabilities prior to the satisfaction of the performance obligations, and the amount of consideration contains no significant financing components.

2) Recognition Policies for Revenue and Cost of Finance Leases

Revenue and cost are recognized upon receipt of lease payments.

(5) Other Significant Items for Preparation of Consolidated Financial Statements

1) Accounting for Retirement Benefit

To prepare for the retirement benefits of employees, the Company and its domestic consolidated subsidiaries recognize a net defined benefit asset and a net defined benefit liability for the amount calculated by deducting plan assets from retirement benefit obligations, based on the estimated amount of these items at the end of the current fiscal year.

Prior service cost is recognized as profit or loss in the year of occurrence.

Actuarial gains and losses are amortized from the following fiscal year of occurrence, using the straight-line method over certain years within the average remaining service period (mainly 10 years).

Unrecognized actuarial gains and losses are included in the line item “Remeasurements of defined benefit plans, net of taxes” of accumulated other comprehensive income in the net assets section.

2) Amortization of Goodwill and Negative Goodwill

Goodwill is amortized by the straight-line method over 5-20 years.

6. Notes on Accounting Estimates

(1) Allowance for Doubtful Accounts

1) Amounts stated in the consolidated financial statements

The Company has recognized short-term loans receivable of YEN 3,979 million. Additionally, long-term loans receivable of YEN 20,117 million, an allowance for doubtful accounts of YEN 2,372 million for current assets, and an allowance for doubtful accounts of YEN 9,939 million for non-current assets were recorded on the consolidated balance sheet for the current fiscal year.

2) Other information to facilitate the understanding of accounting estimates

As stated in the above 5. (3) 1) Allowance for Doubtful Accounts, to provide for doubtful accounts such as trade accounts receivable and loans receivable, provisions are recognized as allowance for doubtful accounts. The amount of such an allowance for general receivables is determined based on historical default rates and the amount for specific receivables such as delinquent claims is determined as the expected non-recoverable amount based on recoverability assessment on an individual basis.

In identifying specific loans that are required to be assessed for recoverability on an individual basis, the Company takes into consideration the status of delinquency in repaying debts as well as the financial condition, past operating results, and future business plans of the debtors.

Among these factors, business plans are subject to uncertainty as they are affected by unforeseeable changes in business assumptions.

The non-recoverable amount of specific loans identified is estimated based on the debtors' financial condition and future business plans and involves significant judgment of the management on whether the plans for future revenue and expenses developed as part of the business plans are feasible, including whether the impact of unforeseeable changes in business assumptions is properly considered in these plans.

(2) Goodwill and Other Intangible Assets

1) Amounts stated in the consolidated financial statements

The Company has recognized goodwill of YEN 58,782 million and other intangible assets of YEN 36,657 million in the consolidated balance sheet for the current fiscal year.

2) Other information to facilitate the understanding of accounting estimates

Goodwill and other intangible assets are amortized in a regular manner. However, if there is an indication of impairment for the asset group containing these intangible assets, they need to be tested to determine whether an impairment loss needs to be recognized by comparing the total amount of undiscounted future cash flows arising from the asset group with their carrying amount. If it is determined that an impairment loss needs to be recognized as a result of such a test, the Company writes down the carrying amount to the recoverable amount and recognizes the amount of write-down as an impairment loss.

An indication of impairment is considered to exist, for example, when operating activities continue to make losses or when there has been or there is expected to be a significant deterioration in the business environment.

The carrying amounts of goodwill and other intangible assets reflect the consolidated subsidiaries' excess earnings power, value of their customer base, etc., based on the expectations for the future growth of their business as at the time of the acquisition of each consolidated subsidiary. For this reason, in such cases where the business growth expected at the time of acquisition of each consolidated subsidiary is not achieved or where there has been or there is expected to be a significant deterioration in the business environment on which the business plan was based, an indication of impairment is considered to exist and goodwill and other intangible assets may need to be tested for the recognition of an impairment loss, even if its operating activities in which the asset group containing these intangible assets is used are not making continuous losses.

Notes to Consolidated Balance Sheet

1. Cash and Deposits, and “Other” in Investments and Other Assets

   Under certain provisions on sales agreements for investment securities that apply to certain consolidated subsidiaries, restrictions are imposed on the use of part of cash and deposits, YEN 1 million, and other, YEN 20 million, in investments and other assets.

2. Cash Deposits for Cash Collection and Deposit Services and Short-term Borrowings, and Deposits Received for Cash Collection and Deposit Services

   For financial institutions, the Company and some of the domestic consolidated subsidiaries provide cash collection from and cash filling to cash dispensers located outside of financial institution facilities, and cash collection and delivery. The balance of cash deposits for cash collection and deposit services includes cash and deposits representing a total of YEN 17,484 million connected with cash filling services, which is restricted in use by the Group.
   The balance of cash deposits for cash collection and deposit services includes YEN 20,612 million connected with cash collection administration services, which is also restricted in use by the Group. Also, the short-term borrowings balance includes YEN 19,283 million financed for the cash collection administration services.
   The balance of cash deposits for cash collection and deposit services includes cash and deposits representing a total of YEN 102,903 million connected with cash collection and delivery services, which is restricted in use by the Group and also the balance of deposits received for cash collection and deposit services includes deposits received representing a total of YEN 102,243 million connected with cash collection and delivery services.

3. Assets Pledged as Collateral and Collateral-related Liabilities:

(1) Assets Pledged as Collateral

	(Millions of Yen)
Short-term loans receivables	3
Buildings and structures	13,684
Land	25,325
Other - intangible assets (leasehold)	507
Investment securities	1,429
Long-term loans receivable	563
Total	41,513

(2) Collateral-related Liabilities

	(Millions of Yen)
Short-term borrowings	1,033
Current portion of bonds payable	271
Bonds payable	2,411
Long-term borrowings	7,024
Total	10,741

In addition to the above liabilities, short-term loans receivable, investment securities and long-term loans receivable are pledged as collateral for the debts of affiliates and other debts.

4. Receivables from Contracts with Customers and Contract Assets and Contract Liabilities

(1) The amounts of receivables from contracts with customers and contract assets included in notes and accounts receivable - trade, and contract assets, due from subscribers, and other of current assets are as follows.

	(Millions of Yen)
Notes receivable - trade	11,034
Accounts receivable - trade	131,898
Due from subscribers	40,736
Other	1,416
Contract assets	26,902

(2) The amount of contract liabilities included in deferred revenue, other of current liabilities, and long-term deferred revenue is as follows.

Contract liabilities YEN 58,032 million

(Note) The amounts of contract liabilities included in deferred revenue, other of current liabilities, and long-term deferred revenue are YEN 37,893 million, YEN 3,248 million, and YEN 16,891 million, respectively.

5. Accumulated Depreciation of Property, Plant and Equipment
YEN 616,626 million

6. Investment in Non-Consolidated Subsidiaries and Affiliates:
(Non-current assets)
Investment securities (stocks) YEN 108,727 million

7. Contingent Liabilities:
Guarantees of liabilities of entities and individuals YEN 234 million

Notes to Consolidated Statement of Income

1. Revenue from Contracts with Customers
Net sales stated in the Consolidated Statements of Income has not been classified into revenue from contracts with customers and other revenue.
The amount of revenue from contracts with customers has been stated in “1. Information on the breakdown of revenue from contracts with customers” of “Notes on Revenue Recognition” of “Notes to Consolidated Financial Statements.”

2. Impairment Losses
The Group recognized impairment losses, YEN 2,879 million, in the following groups of assets for the current fiscal year. The Company and its subsidiaries determine the grouping of assets in accordance with the categories used for management accounting purposes for operating assets and on the basis of individual assets for idle assets and rental real estate. With regard to operating assets, idle assets and rental real estate whose profitability fell significantly for the current fiscal year due to sluggish business performance, etc., the Group reduced their book values to the recoverable amounts.

Use	Type	Region	Impairment loss (Millions of Yen)
Operating assets	Buildings and software, etc.	Kanto 5 Other 10	2,829
Idle assets	Land	Other 2	26
Rental real estate	Buildings	Kanto 1	22

The net realized value of the asset groups is measured at net selling price or value in use. Net selling price is determined based on the disposal price or the appraisal value provided by real estate appraisers. Value in use is calculated mainly based on future cash flows discounted by the rate of 6.0%.

Notes to Consolidated Statement of Changes in Net Assets

1. Items Related to Issued Shares and Treasury Shares

(Unit：1 share)

	Number of shares at the beginning of the fiscal year	Increase in the number of shares in the fiscal year	Decrease in the number of shares in the fiscal year	Number of shares at the end of the fiscal year
Issued shares				
Common stocks	233,299,898	233,299,898	-	466,599,796
Treasury Shares				
Common stocks	22,808,460	29,054,557	937,233	50,925,784

(Outline of reasons for change)

(Note 1) The Company implemented a 2 for 1 common stock split on October 1, 2024.

(Note 2) The 233,299,898 share increase in common stock issued was due to this stock split.

(Note 3) The 29,054,557 share increase in the number of treasury shares of common stock consists of an increase of 25,922,166 shares due to the stock split, an increase of 3,114,100 shares due to the acquisition of treasury shares pursuant to a resolution by the Board of Directors, an increase of 16,075 shares due to the free acquisition of restricted stock, and an increase of 2,216 shares due to the repurchase of fractional shares.

(Note 4) The 937,233 share decrease in the number of treasury shares of common stock is attributable to the disposal of 930,050 shares of restricted stock to Company employees and officers of Company subsidiaries, the disposal of 6,935 shares as restricted stock as director remuneration, and a decrease of 248 shares due to fractional share purchase requests.

2. Items Related to Dividends

(1) Amount of Dividends Paid

Resolution	Classes of shares	Total amount of cash dividend (Millions of yen)	Cash dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2024	Common stock	19,996	95	March 31, 2024	June 26, 2024
Board of Directors Meeting on November 8, 2024	Common stock	19,700	95	September 30, 2024	December 9, 2024

(Note) The Company implemented a 2 for 1 common stock split on October 1, 2024. Dividend per share is stated as the amount prior to the stock split.

(2) Of the dividends whose record date belongs to the current fiscal year, the following are those dividends whose effective date belongs to the next fiscal year.
The matters planned to be resolved on the general meeting of shareholders are as follows:

Resolution	Classes of shares	Source of dividend	Total amount of cash dividend (Millions of yen)	Cash dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2025	Common stock	Retained earnings	20,783	50	March 31, 2025	June 27, 2025

Notes to Financial Instruments

1. Items Related to Status of Financial Instruments

The Group (excluding its insurance services segment) raises necessary funds, with the aim of establishing “Social System Industry,” by means of procuring funds from markets and borrowing money from financial institutions. The Group also holds financial instruments for promoting its business and investment. Derivatives are primarily used for averting market risks associated with loans, etc., and it is the Group’s policy not to perform speculative transactions.

The Group’s insurance services segment manages funds using financial instruments for the purpose of safely and carefully holding and managing insurance premiums received from policyholders for underwriting insurance policies as a source of funds for paying for future insurance claims. As the financial instruments in which the Group’s insurance services segment invests are exposed to market risks including interest rate fluctuation risks, the Group’s insurance services segment performs asset-liability management (ALM) to prevent any adverse impact of such risks from arising.

2. Items Related to Fair Values of Financial Instruments etc.

The amounts recognized on the consolidated balance sheet, fair values and corresponding differences as of March 31, 2025 are listed below.

(Millions of Yen)

	Amount recognized on the consolidated balance sheet	Fair value	Difference
(1)Securities and investment securities			
(i) Held-to-maturity debt securities	11,660	11,362	(298)
(ii) Shares of subsidiaries and associates	64,188	137,486	73,298
(iii) Available-for-sale securities	309,928	309,928	-
(2)Lease receivables and investments in leases	41,344	40,985	(358)
(3)Long-term loans receivable	20,117		
Allowance for doubtful accounts (*3)	(9,218)		
	10,899	10,849	(49)
(4)Leasehold and guarantee deposits	21,076	19,174	(1,902)
Total assets	459,097	529,786	70,689
(1)Bonds payable	2,683	2,683	-
(2)Long-term borrowings	10,138	10,084	(53)
(3)Long-term guarantee deposits	24,099	24,071	(27)
Total liabilities	36,920	36,839	(81)

*1 "Cash and deposits," "Cash deposits for cash collection and deposit services," "Call loan," "Notes and accounts receivable - trade, and contract assets," "Due from subscribers," "Short-term loans receivable," "Notes and accounts payable - trade," "Short-term borrowings," "Accounts payable - other," "Income taxes payable," and "Deposits received for cash collection and deposit services" are not included, as they fall under cash or they are settled in a short period of time and their fair values approximate their book values.

*2 Shares that do not have a market value are not included in "(1) Securities and investment securities". The amounts of these financial instruments recognized on the Consolidated Balance Sheet are as follows

(Millions of Yen)

Item	Amount recognized on the consolidated balance sheet
Unlisted stock	38,224
Unlisted stock of affiliates	44,538

*3 Allowance for doubtful accounts for long-term loans receivable is deducted.

*4 The Company's shares in Investments in partnerships and similar entities, which are recognized in net amounts in the Consolidated Balance Sheet, are not included. The amount of such investments recognized in the Consolidated Balance Sheet is YEN 1,957 million.

3. Matters Related to the Breakdown of the Fair Value of Financial Instruments by Level

The fair value hierarchy of financial instruments is categorized into the following three levels according to the degree of observability and importance of the inputs used in the calculation of fair value.

Level 1 fair value: The fair value calculated based on quoted market prices of assets and liabilities for fair values in active markets among the observable inputs for calculating fair value

Level 2 fair value: The fair value calculated using inputs other than those included in Level 1 inputs, among the observable inputs for calculating fair value

Level 3 fair value: The fair value calculated using unobservable inputs

If multiple inputs with significant impact are used for the fair value measurement of a financial instrument, the financial instrument is classified into the lowest priority level of fair value measurement to which each input belongs.

(1) Financial instruments at fair value on the Consolidated Balance Sheet

(Millions of Yen)

Item	Fair value			
	Level1	Level2	Level3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	80,483	-	-	80,483
Government bonds and Municipal bonds	11,433	19,218	-	30,651
Bonds payable	-	72,142	-	72,142
Other	46,215	17,022	63,412	126,650
Total assets	138,132	108,383	63,412	309,928

(2) Financial instruments which other than stated at fair value on the Consolidated Balance Sheet

(Millions of Yen)

Item	Fair value			
	Level1	Level2	Level3	Total
Securities and investment securities				
Held-to-maturity debt securities				
Government bonds and Municipal bonds	10,347	-	-	10,347
Bonds payable	-	-	626	626
Other	-	388	-	388
Shares of subsidiaries and associates	137,486	-	-	137,486
Lease receivables and investments in leases	-	40,985	-	40,985
Long-term loans receivable	-	4,989	5,859	10,849
Leasehold and guarantee deposits	-	19,174	-	19,174
Total assets	147,833	65,538	6,486	219,858
Bonds payable	-	2,683	-	2,683
Long-term borrowings	-	10,084	-	10,084
Long-term guarantee deposits	-	24,071	-	24,071
Total liabilities	-	36,839	-	36,839

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets:

Securities and investment securities

The fair value of stocks is based on the price quoted on the exchange whereas the fair value of straight bonds, investment trusts, etc. is based on the price quoted on the exchange or the price presented by the corresponding financial institution. As listed stock, government bonds and exchange-traded funds are traded on active markets, they are classified into Level 1 fair value. Other bonds, etc. are less frequently traded on the market and their prices are not deemed to be quoted prices on an active market, and their fair values are, therefore, classified into Level 2 fair value. For investment trusts which do not have prices quoted on the market, the net asset value per unit is deemed their fair value and they are classified into Level 2 fair value provided that there are no significant restrictions to the extent that compensation for risks is demanded by market participants concerning a cancellation or a buyback request. If their values are calculated using techniques such as the present value technique based on significant unobservable inputs, they are classified into Level 3 fair value.

Lease receivables and investment in leased assets

These items are stated at present value calculated by discounting the sum of the principal and interest at the interest rate assumed when a new similar lease transaction is performed, and classified into Level 2 fair value.

Long-term loans

Long-term loans are stated at present value calculated by discounting the sum of the principal and interest at the interest rate assumed when a new similar loan transaction is performed with respect to each category based on type, internal rating and period of the loans receivable, and are therefore classified into Level 2 fair value. The fair value of doubtful accounts is approximately the same as the value on the balance sheet as of the fiscal year-end less the current estimated losses from the loan, as the estimated losses from the loan are calculated based on the discounted present value of the estimated cash flow or upon separately considering the expected recoverable amount; therefore, the said value is stated as fair value, and their fair values are, therefore, classified into Level 3 fair value. Certain consolidated subsidiaries calculate the present value of future cash flow by discounting the future cash flow at an interest rate equal to an appropriate index such as the yield of government bonds plus the credit spread according to the residual period, and their fair values are, therefore, classified into Level 2 fair value.

Leasehold and guarantee deposits

Leasehold and guarantee deposits are stated at present value calculated by discounting the future cash flow at risk-free interest rate and classified into Level 2 fair value.

Liabilities:

Bonds payable

These items are stated at present value calculated by discounting the sum of the principal and interest at the interest rate assumed when new similar bonds are issued, according to the residual period of the bonds, and classified into Level 2 fair value.

Long-term borrowings

These items are stated at present value calculated by discounting the sum of the principal and interest at the interest rate assumed when a new similar debt is taken on, and classified into Level 2 fair value.

Long-term guarantee deposits

Long-term guarantee deposits are stated at present value calculated by discounting the future cash flow at risk-free interest rate, and classified into Level 2 fair value.

(Note 2) Information about financial assets and liabilities measured and stated on the consolidated balance sheet at fair value and classified into Level 3

(1) Quantitative information on significant unobservable inputs

Item	Valuation Technique	Significant Unobservable Inputs	Scope of Input
Securities and investment securities			
Available-for-sale securities			
Other	Present value Technique	Discount rate	20% - 30%
		Year of disposal	2025 - 2027
		EBITDA multiples	5 - 9x

(2) Reconciliation from beginning balance to ending balance, and net evaluation gains or losses recognized in profit or loss for the current fiscal year

(Millions of Yen)

	Securities and investment securities
	Available-for-sale securities
	Others
Beginning balance	42,377
Profit or loss or other comprehensive income for the current fiscal year	
Profit or loss (*1)	15,499
Other comprehensive income	5,491
Net changes due to purchases, sales, issues and settlements	43
Ending balance	63,412
Of the amounts recorded as gains or losses for the current fiscal year, net evaluation gains or losses on financial assets and liabilities held on the date of consolidated balance sheet (*1)	15,499

(*1) Included in loss or gain on investment partnerships in the Consolidated Statements of Income

(3) Description of the fair value valuation process

The Group has established policies and procedures for measuring the fair value approved by an appropriate person of authority. In the measurement of fair

value, the validity of the valuation technique and inputs used in the measurement of fair value, and the appropriateness of the classification of the fair value level are verified. The verification results are reported in an appropriate manner to the person of authority, thereby ensuring the appropriateness of the policies and procedures for measuring fair value.
In the measurement of fair value, a valuation model that most suitably reflects the nature, characteristics and risks of the individual assets is used. In addition, when using the quoted market prices obtained from a third party as fair value, the validity of the prices is verified by appropriate methods such as confirmation of the valuation technique and inputs used and comparison with the fair value of similar financial instruments.

(4) Description of the impact on fair values where significant unobservable inputs are varied
Significant unobservable inputs include the discount rate, the time of disposal, and EBITDA multiples. Generally, fair values decrease when the discount rate is raised, the time of disposal is extended, and the EBITDA multiples are lowered. Fair values increase when the discount rate is lowered, the time of disposal is shortened, and the EBITDA multiples are raised.

Notes to Rental Property and Other Real Estate

The Company and some of its consolidated subsidiaries own rental office buildings and medical facilities such as hospitals, in addition to rental housing etc. mainly in Tokyo and other major cities across the country.

The amount recognized on the consolidated balance sheet, the amount of increase/decrease during the current fiscal year and the fair value of such rental properties are as follows:

(Millions of Yen)

	Amount recognized on the consolidated balance sheet			Fair value at the end of the fiscal year
	Balance at the beginning of the fiscal year	Increase/decrease during the fiscal year	Balance at the end of the fiscal year	
Office buildings	46,850	197	47,047	92,362
Medical facilities	48,135	(1,350)	46,784	63,751
Other	9,884	(2,322)	7,561	10,075
Total	104,869	(3,475)	101,393	166,189

(Note 1) The amount recognized on the consolidated balance sheet equals the acquisition cost less accumulated depreciation and accumulated impairment losses.

(Note 2) The fair value at the end of the current fiscal year is, in the case of major properties, the amount based on real-estate appraisal by an external real-estate appraiser, and in the case of other properties, the amount calculated in-house based on the Real Estate Appraisal Standard. However, if no significant fluctuations have occurred in a certain valuation or an index that is deemed to properly reflect the market price since the acquisition of the property from a third party or the most recent external valuation, the fair value is based on such valuation or the amount adjusted by using the index.

Profit or loss on rental properties and other real estate for the fiscal year ended March 31, 2025 is as follows:

(Millions of Yen)

	Rental income	Rental expenses	Difference	Other (gains/losses on sale etc.)
Office buildings	4,335	1,911	2,424	-
Medical facilities	7,273	3,952	3,320	(22)
Other	652	224	427	2,769
Total	12,261	6,088	6,172	2,746

(Note 1) The rental expenses include depreciation, repair expenses, insurance expenses, taxes and dues, etc.
(Note 2) Other includes gain on sale of non-current assets recognized as extraordinary income, etc.

Notes on Revenue Recognition

1. Information on the Breakdown of Revenue from Contracts with Customers

(Millions of Yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue from security contracts	530,624	-	-	-	-
Other	94,372	177,095	78,743	707	58,372
Revenue from contracts with customers	624,996	177,095	78,743	707	58,372
Other revenue	8,396	-	7,506	58,648	-
Revenue from customers	633,392	177,095	86,250	59,356	58,372

	Reportable segments		Other services	Total
	BPO and ICT services	Subtotal		
Revenue from security contracts	-	530,624	-	530,624
Other	128,456	537,748	40,042	577,791
Revenue from contracts with customers	128,456	1,068,372	40,042	1,108,415
Other revenue	-	74,551	16,976	91,527
Revenue from customers	128,456	1,142,923	57,018	1,199,942

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

2. Basic Information for Understanding Revenue from Contracts with Customers

Please refer to "5. (4) Recognition Policies for Significant Revenue and Cost" of "Notes to Significant Items for Preparation of Consolidated Financial Statements" of "Notes to Consolidated Financial Statements."

3. Information for Understanding the Amounts of Revenue in and after the Fiscal Year Ended March 31, 2025

(1) Balance, etc. of contract assets and contract liabilities

(Millions of Yen)

	Fiscal year ended March 31, 2025
Claims arising from contracts with customers (beginning balance of the year)	180,226
Claims arising from contracts with customers (ending balance of the year)	185,086
Contract assets (beginning balance of the year)	22,757
Contract assets (ending balance of the year)	26,902
Contract liabilities (beginning balance of the year)	55,105
Contract liabilities (ending balance of the year)	58,032

Contract assets comprise rights to claim consideration on construction contracts, etc., by the Company and its consolidated subsidiaries that have been completed by the fiscal year-end but remain unclaimed. Contract assets are transferred to receivables from contracts with customers at the point in time when the rights to claim consideration by the Company and its consolidated subsidiaries become unconditional.

Contract liabilities mainly comprise deferred revenue received from customers concerning service contracts, etc., and are reversed upon the recognition of revenue.
For the fiscal year ended March 31, 2025, most of the YEN 39,236 million of the beginning balance of contract liabilities of one year or less has been recognized as revenue in the current fiscal year.

(2) Transaction price allocated to remaining performance obligations

In the notes to the transaction price allocated to remaining performance obligations, the Company and its consolidated subsidiaries apply the practical expedient, and contracts with terms initially expected to be one year or less are not included in the notes.

The total transaction price allocated to remaining performance obligations and the expected time of revenue recognition are as follows.

(Millions of Yen)

	Fiscal year ended March 31, 2025
One year or less	168,234
More than one year	225,651
Total	393,885

Notes to Deferred Tax Accounting

1. The Significant Components of Deferred Tax Assets and Deferred Tax Liabilities:

Deferred tax assets:	(Millions of Yen)
Reserve for contract of insurance	21,200
Provision for bonuses	6,369
Retirement benefit liability	5,800
Eliminations of unrealized gain	5,799
Adjustment of book value of non-current assets of subsidiaries at fair value at the date of consolidation (land and buildings)	4,783
Loss on valuation of non-current assets	4,695
Impairment losses	3,656
Allowance for doubtful accounts	3,620
Operating loss carryforwards	2,728
Loss on valuation of inventories	2,021
Asset retirement obligations	1,564
Other	12,139
Gross deferred tax assets	74,380
Valuation allowance	(14,469)
Total deferred tax assets	59,911

Deferred tax liabilities:	
Retirement benefit asset	(22,154)
Valuation difference on available-for-sale securities	(16,229)
Adjustment of book value of non-current assets of subsidiaries at fair value at the date of consolidation (intangible assets)	(6,818)
Investment securities	(5,873)
Adjustment of book value of non-current assets of subsidiaries at fair value at the date of consolidation (land and buildings)	(4,194)
Adjustment of book value of non-current assets of subsidiaries at fair value at the date of consolidation (other non-current assets)	(1,001)
Other	(2,345)
Total deferred tax liabilities	(58,617)
Net deferred tax assets	1,293

2. Summary of the Reconciliation between the Statutory Tax Rate and the Effective Tax Rate after the Application of Deferred Tax Accounting

Statutory effective tax rate for companies submitting consolidated financial statements	30.4 (%)
(Reconciliation)	
Profit (loss) of entities accounted for using equity method	(1.5)
Tax incentives for wages	(1.4)
Amortization of goodwill	1.1
Per capita levy of corporate inhabitant tax	0.6
Research and development tax credits	(0.5)
Other	(0.4)
Effective tax rate after the application of deferred tax accounting	28.3 (%)

3. Revision of Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Corporate Tax Rates

In line with the Law to Partially Amend the Income Tax Act (Law No. 13 of 2025) enacted by the Diet on March 31, 2025, the statutory effective tax rate used for the calculation of deferred tax assets and deferred tax liabilities in the current fiscal year (limited to those that will be settled on or after April 1, 2025) has been changed from 30.5% in the previous fiscal year, to 31.3% for those expected to be recovered or paid on or after April 1, 2026.
The impact of this tax rate change on consolidated financial statements is immaterial.

Notes to Retirement Benefits

1. Outline of the Retirement Benefit Plan Adopted:

Employees of the Company and its consolidated domestic subsidiaries whose services are terminated are, under most circumstances, eligible for lump-sum severance indemnities and/or eligible for pension benefits.

The Company and its domestic consolidated subsidiaries with the same retirement benefit plan have adopted a severance indemnity plan and a defined contribution pension plan, and have also implemented a matching contribution plan since July 2012. The method of calculating the severance indemnity under the severance indemnity plan is to pay out to the employees an amount equal to a certain percentage of their annual income over their period of service, plus interest which is calculated as the 3-year average yield of applicants for 10-year government bonds. The defined contribution pension plan was established in April 2003, a portion equivalent to 20 % of the severance indemnity plan so far accumulated was transferred to the new plan, and a specified percentage of annual income is contributed thereto. The Company transferred an additional portion of the severance indemnity plan funds to the defined contribution pension plan in April 2005, and accordingly, the ratio of the accumulated amount in the severance indemnity plan and the amount of contributions to the defined contribution pension plan, including the past reserve, changed to 70 % and 30 %, respectively.

The majority of the consolidated overseas subsidiaries have adopted a variety of pension plans that essentially cover all employees. Most of these plans are defined contribution pension plans.

In defined benefit pension plans and lump-sum severance indemnity plans for some consolidated subsidiaries, net defined benefit liabilities and retirement benefit expenses are calculated using the simplified method.

2. Defined Benefit Plans

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding those pertaining to plans to which the simplified method is applied)

	(Millions of Yen)
Beginning balance of retirement benefit obligations	104,377
Service cost	5,861
Interest cost	1,064
Actuarial gains and losses incurred	(4,425)
Retirement benefits paid	(6,696)
Increase due to change from simplified to standard calculation method	641
Ending balance of retirement benefit obligations	100,822

(2) Reconciliation of beginning and ending balances of plan assets (excluding those pertaining to plans to which the simplified method is applied)

	(Millions of Yen)
Beginning balance of plan assets	154,769
Expected rate of return	4,340
Actuarial gains and losses incurred	(4,351)
Contributions from the employer	5,913
Retirement benefits paid	(5,463)
Ending balance of plan assets	155,208

(3) Reconciliation of beginning and ending balances of net defined benefit liability pertaining to plans to which the simplified method is applied

	(Millions of Yen)
Beginning balance of net defined benefit liability	3,117
Retirement benefit expenses	779
Retirement benefits paid	(454)
Contributions to the plan	(143)
Decrease due to change from simplified to standard calculation method	(641)
Ending balance of net defined benefit liability	2,658

(4) Reconciliation of ending balances of retirement benefit obligations and plan assets with net defined benefit liability and net defined benefit asset recognized in the consolidated balance sheet

	(Millions of Yen)
Retirement benefit obligations of funded plans	84,999
Plan assets	(158,146)
	(73,146)
Retirement benefit obligations of non-funded plans	21,418
Net amount of assets and liabilities recognized in the consolidated balance sheet	(51,727)

	(Millions of Yen)
Retirement benefit liability	21,572
Retirement benefit asset	(73,300)
Net amount of assets and liabilities recognized in the consolidated balance sheet	(51,727)

(Note) Including plans to which the simplified method is applied.

(5) Retirement benefit expenses and their breakdown

	(Millions of Yen)
Service cost	5,861
Interest cost	1,064
Expected rate of return	(4,340)
Amortization of actuarial gains and losses	(2,737)
Retirement benefit expenses calculated using the simplified method	779
Retirement benefit expenses pertaining to defined benefit plans	627

(6) Remeasurements of defined benefit plans

The breakdown of the amount recognized in remeasurements of defined benefit plans (before corporate taxes, etc., and the tax effect) is as follows:

	(Millions of Yen)
Unrecognized actuarial gains and losses	(15,242)
Total	(15,242)

(7) Matters concerning actuarial assumptions
Major actuarial assumptions applied at the end of the current fiscal year

Discount rate	Mainly 1.9%
Long-term expected rate of return	Mainly 3.0%

3. Defined Contribution Plans
The amount of contribution required for the Company and its consolidated subsidiaries is YEN 2,722 million in total.

Notes to Asset Retirement Obligation

1. Asset Retirement Obligations Recognized in Consolidated Balance Sheet
Footnote information of asset retirement obligations recognized in the consolidated balance sheet is omitted as they are immaterial.

2. Asset Retirement Obligations not Recognized in Consolidated Balance Sheet
A certain building of a consolidated subsidiary must be restored to its original state under the building lease agreement upon returning the building at the expiry of the lease. However, the Company does not plan to relocate from the building in its business strategies and it is assumed to be used until the building is demolished through the renewal of the agreement. In cases where the building is demolished, it is not expected to execute the contractual obligation to restore the building to its original state. For this reason, though the Company tried to establish best estimates, considering evidence available as at the closing date, asset retirement obligations have not been recognized with respect to such obligations, since it is impracticable to forecast the probability regarding the scope and the amount of asset retirement obligations.

Notes to Per-Share Information

Net assets per share:	YEN	3,056.12
Basic earnings per share:	YEN	259.97

(Note) The Company implemented a 2 for 1 common stock split on October 1, 2024. Accordingly, basic earnings per share is calculated on the assumption that the stock split was implemented at the beginning of the consolidated fiscal year ended March 31, 2025.

Notes to Significant Subsequent Events

(Repurchase of the Company’s own shares)
At the Board of Directors meeting held on May 12, 2025, the Company resolved matters regarding the repurchase of the Company’s own shares pursuant to Article 156 of the Companies Act, as applied pursuant to Article 165, Paragraph 3, of such act.

1. Reason for Repurchase

The Company strives to increase its corporate value by conducting business with a focus on all stakeholders in order to realize sustainable growth. The Company will enhance shareholder returns and improve capital efficiency through flexible repurchases of its own shares, comprehensively taking into account, among others, growth investments, dividend levels, capital efficiency, and share price levels.

2. Details of the Purchase

(1) Class of shares to be purchased	Shares of common stock of the Company
(2) Total number of shares that may be repurchased	18,000,000 shares (maximum) (4.33% of total issued shares (excluding treasury shares))
(3) Total repurchase price	YEN 60,000,000,000 (maximum)
(4) Repurchase period	From May 13, 2025 to December 17, 2025
(5) Repurchase method	Market purchase on the Tokyo Stock Exchange

Notes to Non-Consolidated Financial Statements

Notes to Significant Accounting Policies

1. Valuation Policies and Methods for Assets

(1) Valuation Policies and Methods for Securities

1) Held-to-maturity debt securities
Amortized cost method

2) Investment Securities in Subsidiaries and Affiliates
At cost, based on the moving average method

3) Available-for-sale Securities
Securities other than shares that do not have a market value
At fair value
Net unrealized gains and losses of securities are reported directly in net assets. The cost of securities sold is calculated by the moving average method.

Shares that do not have a market value
At cost, principally based on the moving average method.

(2) Valuation Policies and Methods for Inventories
Merchandise and supplies are stated at cost determined by the moving average method (or at the net realizable value (NRV) calculated by writing down the book value to reflect a decrease in the NRV).

2. Depreciation and Amortization of Depreciable and Amortizable Non-current Assets

(1) Property, Plant and Equipment: (except for leased assets)

1) Security equipment and control stations
Security equipment and control stations are depreciated over their average estimated useful lives (5-8 years) by the declining-balance method.

2) Other property, plant and equipment
Other property, plant and equipment are depreciated by the straight-line method.
Their main useful lives are as follows:
Buildings: 33-50 years

(2) Intangible Assets
Intangible assets are amortized by the straight-line method.
The software used in the Company is amortized by the straight-line method based on the useful lives within the Company (5 years).

(3) Leased Assets

1) Leased assets related to ownership-transfer finance lease transactions
Depreciated, using the same depreciation method applied to non-current assets in possession.

2) Leased assets related to non-ownership-transfer finance lease transactions
Depreciated, using the straight-line method over a useful life equal to the lease period with a residual value of zero.
In addition, non-ownership-transfer finance leases entered into on or before March 31, 2008 are treated using the method applicable to operating lease transactions.

(4) Long-term Prepaid Expenses:
Long-term prepaid expenses are amortized by the straight-line method.

3. Basis for Significant Allowances

(1) Allowance for Doubtful Accounts
To prepare for losses from bad debts such as losses on trade receivables and loans, the allowance for doubtful accounts provides an estimated amount of uncollectables. It is determined based on historical loss rate with respect to ordinary accounts, and an estimate of uncollectable amounts, respectively determined by reference to specific doubtful accounts from customers who are experiencing financial difficulties.

(2) Provision for Bonuses
The provision for bonuses are provided for the bonus payments to employees, at an amount incurred during the current fiscal year.

(3) Provision for bonuses to directors (and other officers)
The provision for bonuses to directors (and other officers) are provided for bonuses payments to directors, at an amount incurred during the current fiscal year.

(4) Provision for Pension and Severance Costs
To prepare for the retirement benefits of employees, the Company provides an amount of provision for pension and severance costs and prepaid pension and severance costs at the end of the current fiscal year, based on the estimated amount of projected benefit obligation and plan assets as of the end of the current fiscal year.
In calculating retirement benefit liabilities, the benefit formula basis is adopted to attribute the estimate amount of retirement benefit to the current fiscal year end.
Prior service liability is recognized as profit or loss in the year of occurrence.
Actuarial gains and losses are amortized from the following fiscal year of occurrence, using the straight-line method over certain years within the average remaining service period (10 years).

(5) Allowance for Loss on Contracts
To prepare for future losses relating to the performance of contracts, an accrual is provided in the amount of the estimated future loss for those contracts for which future losses are estimated at the end of the current fiscal year and for which the amount of such losses can be reasonably estimated.

(6) Provision for shareholder benefit program
To provide for expenses incurred under the shareholder benefit program, the amount expected to be incurred in the next fiscal year has been recorded.

4. Revenue and Cost Recognition Policies

In the Company's major businesses related to revenue from contracts with customers, the details of major performance obligations, as well as the normal point in time when such performance obligations are satisfied (i.e., the normal point in time when revenue is recognized) are as follows.

In Security Services including the centralized systems for businesses and homes, the static guard services, and the armored car services, the Company identifies the performance obligation to provide services based on the security contract with the customer.
As such security contracts represent contracts in which services are continuously provided over the contract period, based on the contract with the customer, and it has been determined that the performance obligations are satisfied over a certain period, the Company recognizes revenue through

allocation on a straight line over the period stipulated by the contract in which the service is provided. Equipment installation work fees received in a lump sum at the start of services for centralized systems and other points in time are allocated on a straight-line basis over the same period as the period in which the service is provided and revenue is recognized in the amount corresponding to the current fiscal year, if the customer is thought to receive the benefits as the performance obligations in the security contract is satisfied.

It should be noted that security equipment installation work expenses are allocated on a straight line over the same period as the period in which the service is provided and recognized as expenses in the amount corresponding to the current fiscal year.

Additionally, consideration for these performance obligations is generally collected within one year from the time the performance obligations are satisfied, unless they are received as contract liabilities prior to the satisfaction of the performance obligations, and the amount of consideration contains no significant financing components.

5. Other Significant Accounting Policies

Accounting for retirement benefits

The accounting for unrecognized actuarial gains and losses to retirement benefits is different from the accounting for those items in the consolidated financial statements.

Notes on Accounting Estimates

Shares of subsidiaries and associates

(1) Amounts Stated in Financial Statements

The amount of shares of subsidiaries and associates of YEN 459,883 million stated in the balance sheet for the current fiscal year includes investments in unlisted subsidiaries that the Company has acquired through an acquisition transaction.

(2) Other Information to Facilitate the Understanding of Accounting Estimates

Shares for which market prices are not available acquired through investments in unlisted subsidiaries are stated in the balance sheet at acquisition costs. If the net asset value of an issuer of these shares is judged to have declined significantly due to the deterioration in the financial condition of the issuer, a valuation loss on these securities needs to be recognized unless the recoverability of the net asset value is supported by sufficient evidence.

In the case where the Company acquires shares of an investee at a price that is considerably higher than its net assets per share as per its financial statements reflecting the excess earnings power and the like of the investee, if the net asset value subsequently declines significantly due to a decline in excess earnings power and the like, a valuation loss on the investment in the investee needs to be recognized even if there has been no deterioration in its financial condition.

The acquisition cost of shares pertaining to the investment in unlisted subsidiaries acquired through an acquisition reflects their excess earnings power, value of their customer base, etc., based on the expectations for the future growth of their business as at the time of the acquisition of each subsidiary. For this reason, if the excess earnings power and the like has been impaired because the business growth expected at the time of acquisition is not achieved and/or there has been or there is expected to be a significant deterioration in the business environment on which the business plan was based, a valuation loss may need to be recognized on investments in these subsidiaries, even if there has been no deterioration in their financial condition since the acquisition.

Notes to the Non-Consolidated Balance Sheet

1. Cash Deposits for Cash Collection and Deposit Services and Short-term Borrowings

For financial institutions, the Company provides cash filling to and cash collection from cash dispensers located outside of financial institution facilities.
The balance of cash deposits for cash collection and deposit services includes cash and deposits of representing a total of YEN 13,775 million connected with cash filling services, which is restricted in use by the Company.
The balance of cash deposits for cash collection and deposit services includes YEN 20,607 million connected with cash collection administration services, which is also restricted in use by the Company. Also, the short-term borrowings balance includes YEN 19,283 million financed for the cash collection administration services.

2. Assets Pledged as Collateral and Collateral-related Liabilities

Assets Pledged as Collateral

	(Millions of Yen)
Short-term loans receivable	3
Investment securities	1,352
Shares of subsidiaries and associates	40
Long-term loans receivable	563
Total	1,959

Collateral-related Liabilities —

Short-term loans receivables, investment securities, shares of subsidiaries and associates, and long-term loans receivable are pledged as collateral for the debts of subsidiaries and affiliates and other debts.

3. Accumulated Depreciation of Assets

Accumulated depreciation of property, plant and equipment: YEN 313,887 million

4. Contingent Liabilities

(1) Guarantees

Liabilities of the below entities and employees are guaranteed.

	(Millions of Yen)
Secom Aktif Güvenlik Yatirim A.S.	1,084
Alive Medicare Co., Ltd.	1,029
Employees	143
Purchasers of real estate the Company sold	131
Purchasers of merchandises by leasing transactions etc.	101
Secom Fort West Co., Ltd.	63
Others	39
Total	2,594

(2) Net Assets Maintaining Agreement

The Company entered into a net assets maintaining agreement with Secom General Insurance Co., Ltd., under which the Company is obligated to provide funds to Secom General Insurance Co., Ltd. if and when the net assets of Secom General Insurance Co., Ltd. become lower than the specified amount or its current assets necessary for the payment of its liabilities are insufficient.

The total liabilities of Secom General Insurance Co., Ltd. at the end of the current fiscal year are YEN 202,394 million, including YEN 189,543 million of investment deposits by policyholders, unearned premiums and other insurance liabilities, and the total assets are YEN 252,074 million.

However, this agreement is not construed as the Company's guarantee with respect to payment obligations of Secom General Insurance Co., Ltd. Secom General Insurance Co., Ltd. maintained net assets above the required level, and its current assets were not insufficient at the end of the current fiscal year.

5. Financial Receivables/Payables to Subsidiaries and Affiliates (excluding those separately presented)

	(Millions of Yen)
Short-term receivables	30,620
Long-term receivables	48,624
Short-term payables	7,199
Long-term payables	2,268

Notes to Non-Consolidated Statement of Income

Operating Transactions and Non-operating Transactions with Subsidiaries and Affiliates

	(Millions of Yen)
Operating transactions (Revenue)	19,204
Operating transactions (Expense)	44,160
Non-operating transactions (Income)	39,219

Notes to Non-Consolidated Statements of Changes in Net Assets

Items Related to Classes and Total Number of Treasury Shares

(Unit: 1 share)

Classes of shares	Number of shares at the beginning of the fiscal year	Increase in number of shares in the fiscal year	Decrease in number of shares in the fiscal year	Number of shares at the end of the fiscal year
Common stock	22,808,460	29,054,557	937,233	50,925,784

(Outline of reasons for change)

The Company implemented a 2 for 1 common stock split on October 1, 2024. The increase of 29,054,557 shares of common stock in treasury share is due to an increase of 25,922,166 shares resulting from the stock split, the repurchase of 3,114,100 shares resolved by the Board of Directors, the free-of-charge acquisition of 16,075 shares of restricted stock, and the purchase of 2,216 shares constituting less than one unit.

The decrease of 937,233 shares of common stock in treasury share is due to the disposal of 930,050 shares as restricted stock to Company employees and directors of Company subsidiaries, the disposal of 6,935 shares as restricted stock remuneration to directors, and a decrease of 248 shares due to fractional share purchase requests.

Notes to Revenue Recognition

Basic Information for Understanding Revenue

Please refer to "4 Revenue and Cost Recognition Policies" of "Notes to Significant Accounting Policies."

Notes to Deferred Tax Accounting

1. The Significant Components of Deferred Tax Assets and Deferred Tax Liabilities:

Deferred tax assets:	(Millions of Yen)
Loss on valuation of shares of subsidiaries and associates	8,426
Provision for bonuses	2,124
Loss on valuation of non-current assets	1,325
Impairment losses	985
Loss on valuation of inventories	614
Loss on valuation of investment securities	424
Unpaid social insurance premiums, etc.	412
Excess depreciation of non-current assets	392
Other	3,016
Gross deferred tax assets	17,721
Valuation allowance	(1,336)
Total deferred tax assets	16,385

Deferred tax liabilities:	
Prepaid pension costs	(13,585)
Other	(5,914)
Total deferred tax liabilities	(19,499)
Net deferred tax assets (liabilities)	(3,114)

2. Summary of the Reconciliation between the Statutory Tax Rate and the Effective Tax Rate after the Application of Deferred Tax Accounting:

Statutory tax rate	30.4 (%)
(Reconciliation)	
Permanently non-taxable income such as dividends income	(9.5)
Tax incentives for wages	(1.4)
Per capita levy of corporate inhabitant tax	0.5
Research and development tax credits	(0.4)
Permanently non-taxable expenses such as entertainment expenses	0.2
Other	0.1
Effective tax rate after the application of deferred tax accounting	19.9 (%)

3. Revision of Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Corporate Tax Rates
In line with the Law to Partially Amend the Income Tax Act (Law No. 13 of 2025) enacted by the Diet on March 31, 2025, the statutory effective tax rate used for the calculation of deferred tax assets and deferred tax liabilities in the current fiscal year (limited to those that will be settled on or after April 1, 2025) has been changed from 30.5% in the previous fiscal year, to 31.3% for those expected to be recovered or paid on or after April 1, 2026.
The impact of this tax rate change on consolidated financial statements is immaterial.

Notes to Non-current Assets under Leases

Besides the ones booked as non-current assets on the balance sheet of the Company, some of buildings are used based on the finance lease contracts other than those deemed to transfer the ownership of the leased assets to the lessees.

Notes to Transactions with Related Parties

1. Subsidiaries, affiliates etc.

Type	Name of Company	Voting Rights Held by the Company (%)	Relationship with the Related Party
Subsidiary	Secom Medical System Co., Ltd.	100.0	Loan of funds Concurrent appointment of officers
Subsidiary	At Tokyo Corporation	50.8	Loan of funds Concurrent appointment of officers

Name of Company	Transactions	Amount of Transactions (Millions of Yen)	Account	Year-end Balance (Millions of Yen)
Secom Medical System Co., Ltd.	Execution of loans (Collection of loans) Receipt of interests (Note 1)	2,300 (6,519) 222	Short-term loans receivable	9,943
			Long-term loans receivable	13,184
At Tokyo Corporation	Execution of loans Receipt of interests (Note 1)	8,500 153	Short-term loans receivable	9,000
			Long-term loans receivable	19,000

(Notes)

1. The interest rates for the loans above are determined, referring to market interest rates etc.

2. Officers (Directors/audit and supervisory board members), major individual shareholders, etc.

Type	Name of Company	Voting Rights Held by the Company (%)	Relationship with the Related Party
Company whose majority voting rights are owned by an officer and his/her close relatives (including its subsidiary)	Watanabe Pipe Co., Ltd. (Note 1)	-	Provision of services such as security services Concurrent appointment of an officer

Name of Company	Transactions	Amount of Transactions (Millions of Yen)	Account	Year-end Balance (Millions of Yen)
Watanabe Pipe Co., Ltd. (Note 1)	Electronic security service and maintenance, etc. (Note 2)	67	Due from subscribers	0
			Accounts receivable - other	0
			Deferred revenue	0

Notes:

1. A company 100% of whose voting rights are directly held by a company whose majority voting rights are held by Mr. Hajime Watanabe, a Director of the Company, and his close relatives.
2. The transactions are carried out under standard terms and conditions similar to those applied to arms-length transactions.

Notes to Per-Share Information

Net assets per share:	YEN	2,167.66
Basic earnings per share:	YEN	221.05

The Company implemented a 2 for 1 common stock split on October 1, 2024. Accordingly, basic earnings per share is calculated on the assumption that the stock split was conducted at the beginning of the current fiscal year.

Notes to Significant Subsequent Events

Such notes are omitted because the same notes are described in Consolidated Financial Statements, “Consolidated Financial Statements (Notes to Significant Subsequent Events).”