



SECOM REPORT 2020

Year ended March 31, 2020

Profile

Established in 1962, SECOM is recognized as Japan's first security services provider. Since then, the Company has strived to create services and systems that deliver safety and peace of mind, as well as make life more comfortable and convenient, whenever and wherever necessary, for anyone and everyone, and has pushed forward with efforts to realize its Social System Industry vision, which describes a framework of distinctive, integrated services and systems. Today, the business portfolio of SECOM, which comprises the parent company and the companies of the SECOM Group, encompasses security services, fire protection services, medical services, insurance services, geospatial information services, business process outsourcing and information and communications technology (BPO and ICT) services, and real estate and other services.

To accelerate the realization of its Social System Industry vision, in May 2017 SECOM formulated the SECOM Group's Vision for 2030. Guided by this vision, the Group is working to create the *ANSHIN** Platform, a service infrastructure designed to provide peace of mind to people in their everyday lives, as well as to society as a whole. Through such efforts, we continue striving to grow together with society.

SECOM has also expanded outside Japan. Currently active in 17 countries and territories, the Group works to provide distinctively SECOM security services, fire protection services, medical services, geospatial information services, and BPO and ICT services customized to reflect local needs and sensibilities.

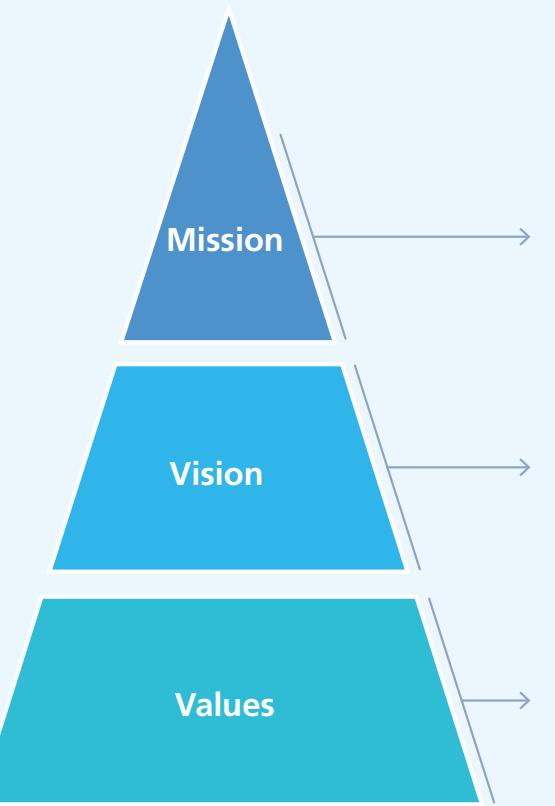
*ANSHIN is Japanese for "peace of mind."

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Corporate Philosophy



Mission

Our role and *raison d'être*

We see our mission as being to help achieve **a society free from concerns**. Accordingly, throughout our history we have sought to create services and systems that benefit society as a whole.

Vision

Our ideal view of SECOM in the future

In 1989, we declared our commitment to **the Social System Industry**. We continue to promote bold initiatives with the aim of realizing this vision.

Values

Our shared beliefs and guiding principles

Since our establishment, we have adhered to SECOM's Philosophy, which emphasizes contributing to society through our business activities. Ideas and principles of conduct, including this philosophy, which are shared by all employees, guide everything we do and have nurtured **a uniquely SECOM identity** that remains crucial to our ability to achieve our mission.

The Social System Industry

Our Social System Industry vision describes a framework of innovative and integrated services and systems that deliver safety, peace of mind, comfort and convenience.

SECOM's Philosophy

SECOM's Philosophy has been passed down through generations of employees since our establishment and continues to be the driving force behind all we do. This philosophy emphasizes a refusal to be content with the status quo and a commitment to doing what is appropriate. The first element expresses our determination to provide innovative services and systems by challenging accepted norms, while the second means judging the legitimacy of our actions by examining whether they are just, fair and beneficial not only to SECOM but to society as a whole. We have published SECOM's Philosophy in the form of a handbook, which has been distributed to employees in Japan and overseas, and continue to capitalize on training and other opportunities to share the philosophy and advance its implementation.



Financial Highlights

Pursuant to the applicable Japanese law, SECOM is required to publish results in line with accounting principles generally accepted in Japan (Japanese GAAP). Key financial highlights calculated using Japanese GAAP are shown below for reference.

U.S. GAAP

SECOM CO., LTD. and Subsidiaries
For the years ended/as of March 31

	In millions of yen			In thousands of U.S. dollars Year ended March 31	
	Years ended March 31				
	2020	2019	2018		
Net sales and operating revenue	¥1,160,707	¥1,111,600	¥1,082,792	\$10,648,688	
Operating income	130,564	123,711	140,111	1,197,835	
Net income attributable to SECOM CO., LTD.	87,136	89,686	96,623	799,413	
Total assets	2,081,120	1,879,710	1,838,945	19,092,843	
Total SECOM CO., LTD. shareholders' equity	1,088,738	1,044,184	1,000,277	9,988,423	

Per share of common stock:	In yen			In U.S. dollars	
	Net income attributable to SECOM CO., LTD.	¥ 399.23	¥ 410.91	¥ 442.70	
Cash dividends		170.00	160.00	150.00	1.56
(Interim dividend)		85.00	80.00	75.00	0.78
SECOM CO., LTD. shareholders' equity		4,988.25	4,784.12	4,582.96	45.76

Notes: 1. Yen amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the approximate rate of ¥109=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2020.

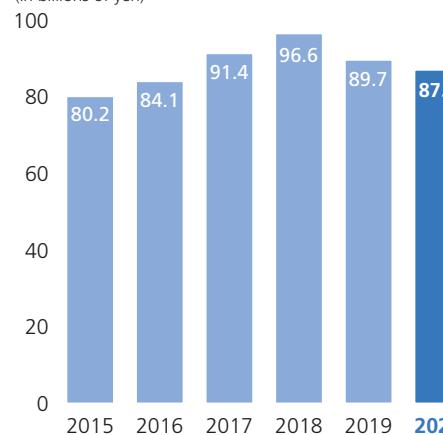
2. Net income attributable to SECOM CO., LTD. per share of common stock is based on the average number of shares outstanding during each period, less treasury stock.

3. SECOM CO., LTD. shareholders' equity per share of common stock is based on the number of shares outstanding at the end of each period, less treasury stock.

4. Cash dividends per share of common stock are based on dividends approved and paid in each fiscal year. At the general shareholders' meeting held on June 25, 2020, approval was granted for a proposal to pay a year-end dividend of ¥85.00 for the year ended March 31, 2020.

Net income attributable to SECOM CO., LTD. (U.S. GAAP)

(In billions of yen)



Note: In the year ended March 31, 2020, net income attributable to SECOM CO., LTD., decreased ¥2.6 billion, to ¥87.1 billion, despite operating income growth led by the fire protection services segment. This was primarily due to a loss on private equity investments, compared with a gain on such investments in the previous fiscal year, and an increase in income taxes that reflected a larger reversal of the valuation allowance in the preceding period.

In the year ended March 31, 2019, net income attributable to SECOM CO., LTD., was down ¥6.9 billion, to ¥89.7 billion. Principal factors contributing to this result included the application of a new accounting standard whereby gains or losses on equity investments are now charged to income for the period, which resulted in an increase in loss on other-than-temporary impairment of investment securities; investments to reinforce SECOM's operating foundation with the aim of ensuring sustainable growth; and the impact of multiple major natural disasters on results in the insurance services segment.

In the year ended March 31, 2018, net income attributable to SECOM CO., LTD., advanced ¥5.2 billion, to ¥96.6 billion. This result was attributable to higher operating income in six segments, including security services.

Japanese GAAP

SECOM CO., LTD. and Subsidiaries
For the years ended/as of March 31

	In millions of yen			In thousands of U.S. dollars Year ended March 31	
	Years ended March 31				
	2020	2019	2018		
Revenue	¥1,060,070	¥1,013,823	¥ 970,624	\$ 9,725,413	
Operating profit	142,858	130,213	135,448	1,310,624	
Ordinary profit	151,356	144,889	144,318	1,388,587	
Net income attributable to owners of the parent	89,080	92,009	86,993	817,248	
Total assets	1,815,121	1,765,105	1,715,123	16,652,486	
Total net assets	1,172,494	1,125,954	1,081,213	10,756,826	

Per share of common stock:

	In yen			In U.S. dollars	
	Net income	¥ 408.14	¥ 421.56	¥ 398.58	
Cash dividends		170.00	165.00	155.00	1.56
(Interim dividend)		85.00	80.00	75.00	0.78
Net assets		4,742.58	4,562.08	4,364.63	43.51

Note: Cash dividends per share of common stock are based on dividends the record dates for which fall in each fiscal year. The consolidated dividend payout ratio for the fiscal year ended March 31, 2020, was 41.7%.

Net income attributable to owners of the parent (Japanese GAAP)

(In billions of yen)



A Message to Shareholders

We remain committed to developing and providing high-value-added services that anticipate social change and enhancing productivity and profitability across the SECOM Group with the aim of growing together with society.

Consolidated operating results

In the fiscal year ended March 31, 2020, the Japanese economy remained on a moderate upswing, underpinned by favorable corporate earnings and improved employment levels. Nonetheless, uncertainties persisted regarding the trade war between the United States and the People's Republic of China (PRC), fluctuations in global financial and capital markets, and the impact of natural disasters and an increase in Japan's consumption tax rate. In recent months, the COVID-19 pandemic has further complicated the situation, inflicting significant damage on economies across the globe.

Against this backdrop, we pressed forward with ongoing efforts to realize our Social System Industry vision, in line with our goal of providing safety and peace of mind, as well as making life more comfortable and convenient, whenever and wherever necessary, for anyone and everyone. We continued to concentrate on extending high-grade services and systems optimized to meet the increasingly diverse and sophisticated needs of customers in our security services, fire protection services, medical services, insurance services,

geospatial information services, BPO and ICT services, and real estate and other services businesses. Thanks to increases in all segments, consolidated net sales and operating revenue in the period under review advanced 4.4%, or ¥49.1 billion, to ¥1,160.7 billion. Despite the impact of forward-looking investments to reinforce the Company's operating foundation with the aim of ensuring sustainable growth, operating income rose 5.5%, or ¥6.9 billion, to ¥130.6 billion, bolstered by operating income growth in the fire protection services, BPO and ICT services, geospatial information services, real estate and other services, and medical services segments, as well as by a smaller operating loss in the insurance services segment. Nonetheless, owing to a ¥139 million loss on private equity investments, compared with a ¥4.7 billion gain on such investments in the fiscal year ended March 31, 2019, together with an increase in income taxes that reflected a larger reversal of the valuation allowance in the preceding period, net income attributable to SECOM CO., LTD., decreased 2.8%, or ¥2.6 billion, to ¥87.1 billion.

Enhancing returns to shareholders

Seeing the provision of fair returns to shareholders as a crucial management task, we determine our consolidated dividend payout ratio and internal reserves based on an overall assessment of efforts to expand our businesses and trends in our consolidated operating performance, in line with our policy of ensuring a consistent and stable

distribution of profits. At the Ordinary General Meeting of Shareholders on June 25, 2020, the payment of a year-end dividend of ¥85.00 per share was approved. As a consequence, dividends for the full term—the record dates for which fall in the period under review—amounted to ¥170.00, up ¥5.00 from the previous fiscal year.

Our mission and SECOM's Philosophy

We see our mission as helping to achieve a society free from concerns. Guiding our efforts to fulfill this mission are SECOM's Philosophy, which has been handed down since our establishment and provides an essential spiritual anchor for Group employees and the entire SECOM Group, and the SECOM Group Code of Employee Conduct, which governs the actions of employees around the world. SECOM's Philosophy emphasizes a refusal to be content with the status quo and a commitment to doing what is appropriate. The first element of the philosophy expresses our determination to offer innovative services and systems by challenging accepted norms, while the second calls for judging the legitimacy of our actions by examining whether they are just, fair and beneficial not only to SECOM but to

society as a whole. The SECOM Group Code of Employee Conduct is a compilation of standards developed based on business management know-how accumulated through interaction with a diverse range of customers over our history that must be observed by all SECOM Group employees regardless of job or rank.

By encouraging awareness of SECOM's Philosophy and adherence to the SECOM Group Code of Employee Conduct, we continue striving to foster a corporate climate and culture, as well as to motivate employees and encourage them to approach their jobs in a manner that is consistent with our commitment to doing what is appropriate. Through such efforts, we aim to ensure our ability to grow together with society and further enhance our corporate value.

Megatrends, the evolution of social imperatives and initiatives to promote future growth

Megatrends such as demographic change, technological evolution, increasingly severe environmental issues, and the shift of the global economic center and urbanization continue to drive the evolution of social imperatives, as well as to amplify uncertainties in our operating environment. Accordingly, we are working to create the *ANSHIN* Platform, a service infrastructure designed to provide services that deliver seamless peace of mind to anyone and everyone, whenever and wherever necessary, guided by the SECOM Group's Vision for 2030, which is to be a company that is capable of delivering enduring peace of mind in an ever-changing society by keeping abreast or where possible ahead of the times. In May 2018, we devised the SECOM Group Road Map 2022 to clarify the principal challenges we must address by the fiscal year ending March 31, 2023, to achieve this vision, namely, technological advances and a declining labor force.

The SECOM Group Road Map 2022 calls for focused, forward-looking investments in systems and human resources, that is, in initiatives aimed at leveraging advanced technologies and ensuring SECOM remains the choice of

promising human resources in the fiscal years ended March 31, 2019 and 2020, with the resulting increase in costs and expenses expected to have an impact on income of approximately ¥10 billion annually.

Investment in systems centers on building next-generation security service core systems, as well as on introducing artificial intelligence (AI), the Internet of Things (IoT) and robotic process automation (RPA). By developing new systems through such investments, we will seek to boost operational quality and efficiency, as well as to improve capital efficiency. At the same time, we are also pursuing a strategy of collaboration, which emphasizes working with partner companies who share our philosophy. Initiatives such as SECOM Open Lab enable us to capitalize on proposals for technological development and business collaboration from partner companies in Japan and overseas in the development of various SECOM products and services. In December 2019, we established the SECOM DESIGN FACTORY brand, which will be used for collaborative projects that seek to accelerate growth and the creation of customer and social value.

A Message to Shareholders

Investments in human resources centers on active efforts to secure individuals with the high-level technical skills necessary to work in IT, which will be key to our future growth, as well as individuals with the skills necessary to propel the expansion of our overseas businesses. We are also investing to reinforce

our recruitment of frontline staff, as well as to raise employee satisfaction, including through the creation of positive work environments, to bolster our competitiveness in the security services and other businesses.

Initiatives in the period under review and ongoing investments in growth

To achieve the goals of the SECOM Group Road Map 2022, we continue to actively take advantage of new technologies and know-how to create and provide high-value-added services. In the fiscal year ended March 31, 2020, our efforts centered on expanding remote monitoring services that assist with care for seniors living alone, reinforcing our BPO and ICT services business, strengthening our overseas operations and improving productivity, making significant strides on all four fronts.

Recognizing that needs for assistance with care for seniors living alone vary depending on age group and family structure, we added a number of new selections to our lineup of remote monitoring services. In addition to our mainstay SECOM Home Security and SECOM My Doctor Watch, available as an option to SECOM Home Security subscribers, we began offering the SECOM Senior Care Phone Service, an emergency monitoring service that combines emergency medical alert, health consultation and safety confirmation functions, and Mago Channel with SECOM, a new service that encourages communication with parents living apart while providing unstructured monitoring. Looking ahead, we will further cultivate demand from individual subscribers by creating and introducing innovative services that make use of domestic and overseas technologies.

To reinforce our BPO and ICT services business, we actively proposed such services to security services subscribers in line with our abiding resolve to extend distinctly SECOM services that deliver safety and peace of mind. With the increased use of advanced digital technologies and cloud-based services—as evidenced by, for example, the financial services industry's

expanded use of financial technology ("fintech"), which utilizes AI, IoT and other information technologies (IT)—we sought to enhance our services to accommodate increasingly diverse data center needs. To this end, we opened new data centers in Japan's Kansai region. Anticipating that many companies will accelerate efforts to make use of cloud-based and other external systems, we also resolved to enlarge our data center in Tokyo, with new facilities scheduled to come online in 2025. We will continue to expand our data center business, recognizing the importance of disaster-resistant data centers as key components of a robust, resilient social infrastructure.

As Japan's labor force continues to decline, the need to realize meaningful work style reforms and improve employee productivity will remain common themes for companies in all industries. Against this backdrop, we expect our BPO services business to continue seeing stable growth. Accordingly, we are stepping up the use of advanced technologies with the objective of offering distinctively SECOM BPO services that deliver safety and peace of mind and in so doing respond to demand arising from the need to rely on others, helping customers implement work style reforms and address the challenges of a shrinking labor force.

Unlike in Japan, the population of which is expected to continue shrinking, we expect our businesses in overseas markets to see high growth. We are thus taking strategic steps to strengthen our overseas operations with the goal of boosting business in overseas markets to 10% of consolidated revenue, up from the current level of approximately 4%. The

first of these was to launch projects in the PRC and Thailand aimed at developing systems suited to local needs that incorporate advanced technologies. In the PRC, we established an innovation center in Shanghai where young employees play a central role in advancing the creation of new services, working in collaboration with local companies. In Thailand, we launched home security services and are formulating growth strategies based on meticulous market research. Going forward, we will explore ways to effectively apply know-how gained through these projects to efforts to expand our operations in other countries and territories.

To improve productivity, we are advancing initiatives that reflect our belief that for SECOM digital transformation (DX) means leveraging data and digital technologies to resolve issues challenging companies and society at large. These include capitalizing on AI and fifth-generation (5G) mobile communications technologies to increase customer value and promote the active development and provision of innovative services and products that enhance the efficiency of frontline business processes. We are also introducing programs that make use of virtual reality (VR) technologies into in-house training for frontline staff to improve safety and skills.

Thriving in a new normal

We continue to operate in an environment rocked by the evolution of social imperatives, driven by megatrends and increasing uncertainties. Conditions have been further complicated by COVID-19, which has brought fundamental changes to society, including business practices, consumer behavior and work styles. With many of these changes likely to remain even after the pandemic has eased, companies must respond effectively to survive and thrive in what is emerging as a "new normal."

Because our business portfolio is dominated by on-line security systems and other recurring revenue-based businesses, the impact of COVID-19 on revenue over the short term has been relatively minor. We have also

On another front, we are advancing the use of digital tools by upgrading our administrative IT systems and reviewing diverse business processes to raise operating efficiency and optimize costs. We have formulated an investment and execution plan under which we are gradually introducing new systems and achieving greater operational efficiency. This effort is spearheaded by our newly integrated and fortified corporate headquarters' information systems department. Reviews of business processes are conducted by managers in each department, who are tasked with identifying issues and taking ownership thereof, thereby improving employee awareness.

We are also working to improve productivity in the administration of SECOM Group companies. Having established solid communications with individual CEOs and managers, we are promoting the delegation of authority for day-to-day management, respecting each company's strategies while facilitating agile, effective management of the Group as a whole. In addition, we are promoting personnel exchanges within the SECOM Group and other initiatives aimed at strengthening efforts to improve Groupwide competitiveness.

succeeded in minimizing the impact on our provision of services. That said, the current crisis has given us a renewed awareness and we have embarked on a review of measures implemented with the aim of achieving further improvements. For example, our sales efforts center on face-to-face interaction and close personal attention to customers; however, once a state of emergency had been declared in Japan we had no choice but to refrain from face-to-face contact. This experience has prompted us to seek ways to create an even more stable business model by promoting the development of products that do not rely on face-to-face sales and building an organized, proposal-based sales configuration that makes effective use of IT. We are also

A Message to Shareholders

leveraging experience gained through the promotion of teleworking and efforts to upgrade and further digitize our administrative IT system.

At the same time, new business practices and consumer behavior are creating new market needs and opportunities for us to contribute to society. For example, the need for security for offices has risen, owing to increases in the number of hours during which offices are empty or only minimally staffed because of efforts to rotate work schedules and disperse staff over multiple locations. In addition, with a greater number of around-the-clock convenience stores shifting to shorter working hours, needs for security systems with monitoring for intruders, refrigerated storage malfunctions and fires is outpacing that for security systems designed for stores that are always open, which center on emergency alerts and surveillance cameras. Given the higher risk of infection with cash, cashless payment is becoming more widely accepted, another trend that we must address.

In the market for home security services, requests that people refrain from traveling and other factors made it difficult to visit parents and other family members living apart, underpinning rising demand for services that assist with care for seniors living alone. With more people working at home and attending online classes, we anticipate greater demand for more functional home security, as well as new demand for services that facilitate the secure online ordering, delivery and receipt of food and other daily necessities.

In the area of BPO and ICT services, we are seeing growing demand for contact center services. In addition, the growing prevalence of telework is driving up needs for

cloud-based services that ensure safe and secure operations. These include employee attendance management and safety confirmation services, services that fortify information security and services that facilitate the digitization of documentation.

In medical services, we saw the launch of online diagnostics, an idea that had somewhat stalled for several years. We expect the expansion of telemedicine using advanced ICT to contribute substantially to society in the years ahead.

Although many measures implemented in recent months were initially designed to curb the spread of COVID-19, recognition of the practicality and efficiency of new work arrangements has grown thanks to rapid advances in digitization and the use of ICT. This trend underscores expectations that new forms of economic and social activity and new lifestyles will emerge and represents the seed of a wave of significant social change that has overtaken us in recent months.

Major disasters such as the COVID-19 pandemic can cause anxiety and distress for homes, individuals, companies and society as a whole, driving a desire for greater safety and peace of mind. Our business is built on the commitment and efforts of each and every SECOM employee to remain close to our customers and provide services that respond to their needs, an approach that continues to earn customers' trust. We believe that we have a mission and a responsibility to stand at the forefront of this wave and play a vital part in promoting social change.

Promoting environmental, social and governance (ESG)-related initiatives

Since our establishment, we have sought to fulfill our responsibility to society through our business activities, acknowledging the importance of sustainability for ourselves and for society. The key to our efforts to further enhance corporate value is having human resources who

are committed to delivering satisfaction and inspiration that exceed customers' expectations. To bolster employees' motivation, we endeavor to encourage a managerial mindset, that is, to foster employees who understand our mission and are capable of forming judgments and acting

independently. To this end, we seek to maximize employees' capabilities and encourage them to fulfill their potential by creating a virtuous circle rooted in employee job satisfaction and stepping up the promotion of initiatives in line with our Tri-ion initiative, which seeks to ensure that SECOM's Philosophy fully penetrates every aspect of our operations.

Our core business is security services. As such, we recognize the importance of governance, of each and every employee discharging his or her duties in good faith and in keeping with the spirit of related laws. We thus view compliance as an integral component of our day-to-day operations. All employees are required to act in accordance with the SECOM Group Code of Employee Conduct and the Behavioral Guidelines Based on SECOM's Philosophy and to ensure compliance. Maintaining confidentiality is also critical to the provision of security services. We have established a policy and rules for the handling of various types of information that are applicable to all SECOM employees and promote the scrupulous protection of data and information. We work actively to reinforce our corporate governance system, recognizing that a robust configuration is crucial for related measures to have teeth. We are also taking steps to increase the diversity and effectiveness of our Board of Directors, including appointing a female outside director.

We believe that protecting the environment is essential to our ability to attain our goal of delivering security and supporting comfortable lifestyles. We thus incorporate environmental conservation into all of our business activities. For example, because we provide on-line security system equipment to security services subscribers on a rental basis, we are able to collect all installed equipment after use, recycle what can be repaired and reused, and appropriately dispose of what cannot, a zero-resource waste business model that dates back half a century. In our security services business, which uses a significant number of service vehicles, we largely completed the planned introduction of fuel-efficient vehicles. Going forward, we will upgrade to next-generation fuel-efficient vehicles with a reduced environmental impact. In our data center business, which uses a considerable amount of electric power, we have set medium- and

long-term targets for the reduction of greenhouse gas emissions. These initiatives earned designation by the Tokyo prefectural government as a business demonstrating particular excellence in the implementation of initiatives to counter global warming. Seeking to further our goal of helping to achieve sustainability for society, in July 2019 we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), pledging to adhere to the TCFD's framework for companies to disclose the financial impacts of climate changes on their businesses.

Our day-to-day business activities, into which we incorporate consideration for the expansion of business opportunities and the reduction of business risks, are structured to both facilitate sustainable growth and resolve ESG-related issues. To phrase it another way, we believe that increasing corporate value by expanding our business activities directly improves our ability to address ESG-related issues, which in turn enables us to contribute to the achievement of the United Nations' Sustainable Development Goals (SDGs).

In line with our basic policy of contributing to society through our business activities, and the fact that judging our actions are beneficial to society is the foundation of everything we do, we are committed to providing services and conducting our operations in a manner that helps realize a safe and secure society to pass down to our children and grandchildren. These efforts have earned solid marks, evidenced by the fact that SECOM has been selected as a constituent of all four ESG investment indices for Japanese equities used by Japan's Government Pension Investment Fund (GPIF).* Looking ahead, we will continue working to enhance our provision of ESG- and sustainability-related information to our diverse stakeholders.

* The four indexes used by the GPIF are the FTSE Blossom Japan Index, the MSCI Japan ESG Select Leaders Index, the MSCI Japan Empowering Women Index (WIN) and the S&P/JPX Carbon Efficient Index.

A Message to Shareholders

The challenge of creating new value

Operating in an environment characterized by significant upheaval, dramatic change and rising uncertainty, compounded by the unpredictable impact of COVID-19 on global economic and business conditions, we will continue working to extend services that deliver seamless peace of mind. To fulfil this mission, ongoing investment will be critical. During the investment phase of the SECOM Group Road Map 2022, we actively promoted focused investment in systems and human resources. Currently, we have a number of promising potential investments under consideration. Accordingly, beginning in the fiscal year ending March 31, 2021, we will explore priorities while continuing to promote investments in efforts to reinforce our operating foundation, as well as in growth. This will require us to secure sufficient capital assets.

We will continue working to improve corporate value by adhering to SECOM's Philosophy with the aim of responding to the expectations of our shareholders by maintaining a stable dividend payout ratio of between 40% and 45%, as set forth in the SECOM Group Road Map for 2022. In promoting such initiatives, we will remain aware of our ultimate goals of achieving the SECOM Group's Vision for 2030 and realizing a society free from concerns by tirelessly pursuing innovation in our services.

The Olympic and Paralympic Games Tokyo 2020 have officially been rescheduled and will now begin on July 23, 2021. We are committed to preparing ourselves even better to contribute to the success of the games next year.

We look forward to the ongoing support and guidance of shareholders in all of our endeavors to expand and enhance the operations of the SECOM Group.

June 25, 2020



Makoto Iida
Founder



Yasuo Nakayama
Chairman and
Representative Director



Ichiro Ozeki
President and
Representative Director

Responding to COVID-19

An effective crisis management system that protects customers and employees

We extend our deepest sympathies to everyone who has been affected by the COVID-19 crisis and our gratitude to medical professionals and others who are working at considerable danger to themselves to help curb the spread of the pandemic.

The Basic Policies for Novel Coronavirus Disease Control published by Japan's government designates our medical, security, building maintenance, data center and insurance services, among others, as social infrastructure necessary for safety and security and requested their continuation even while the country was under a state of emergency. Against this backdrop, we believe that the greatest contribution we can make to society is to do our utmost to maintain services at the maximum level possible while keeping the number of clerical staff and sales people working onsite to the minimum level necessary. In addition, the doctors, nurses and other staff at our 20 partner hospitals in Japan and Sakra World Hospital in India are among the many medical professionals who continue to work in extremely harsh conditions around the world to treat patients and suppress transmission.

In response to the spread of COVID-19, in March 2020 we established a COVID-19 headquarters and immediately put in place a number of measures, including taking employees' temperatures before they began work, mandating gargling and the wearing of masks, installing alcohol-based hand sanitizer stations, staggering commutes and introducing telework. We have also created a Groupwide framework for ensuring business continuity under a state of emergency and taking necessary measures to help prevent the further spread of infection, including conducting daily employee health checks and further expanding use of telework arrangements, placing our highest priority on ensuring the safety of our customers and our employees.

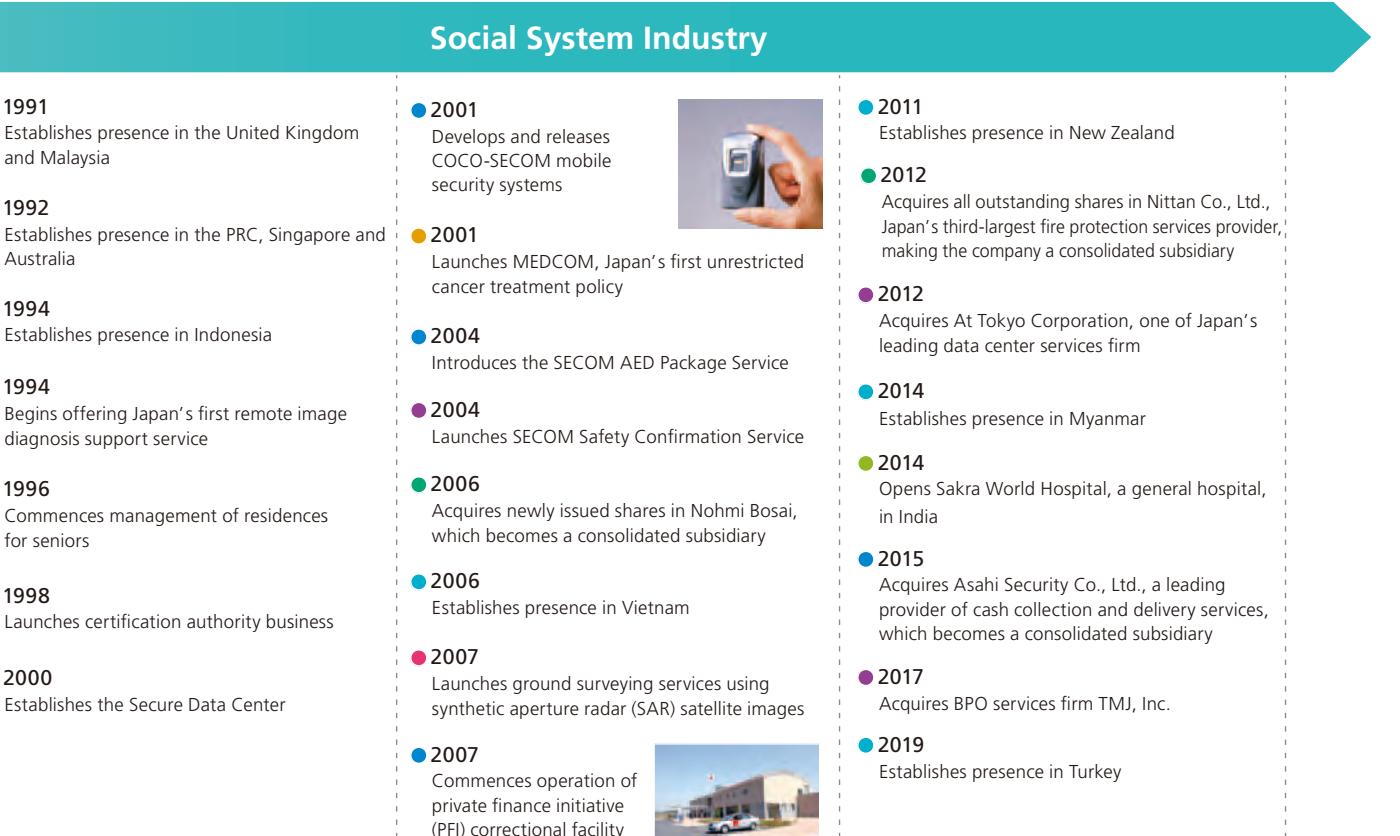
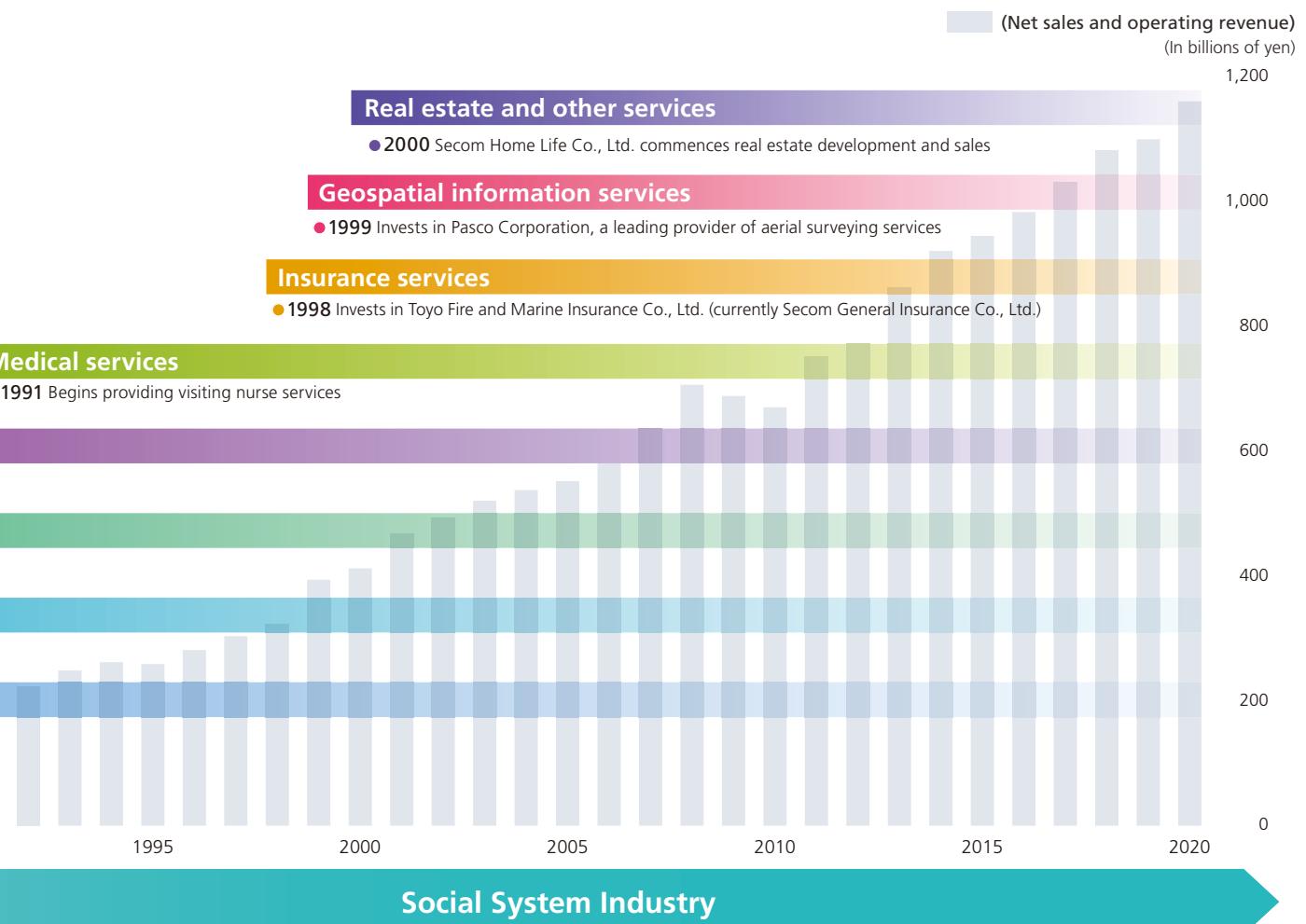
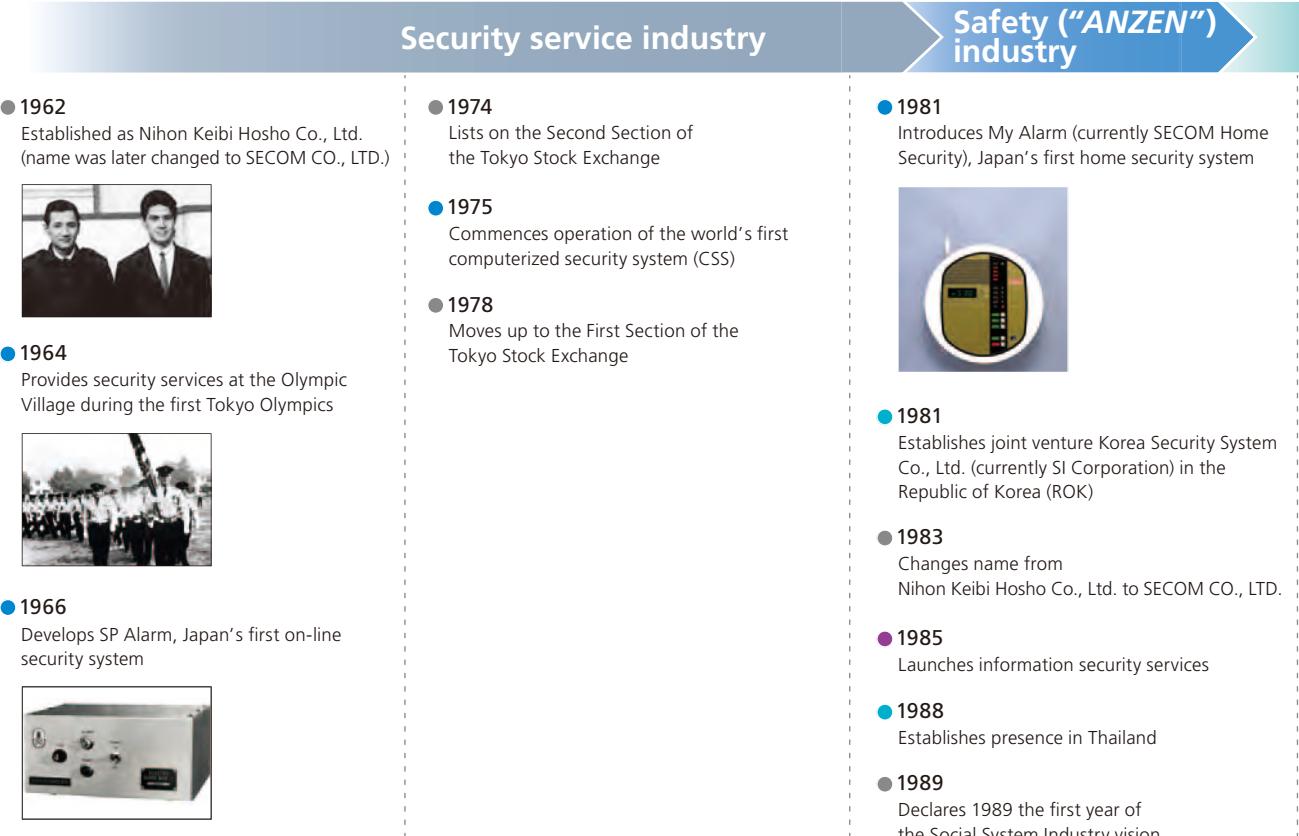
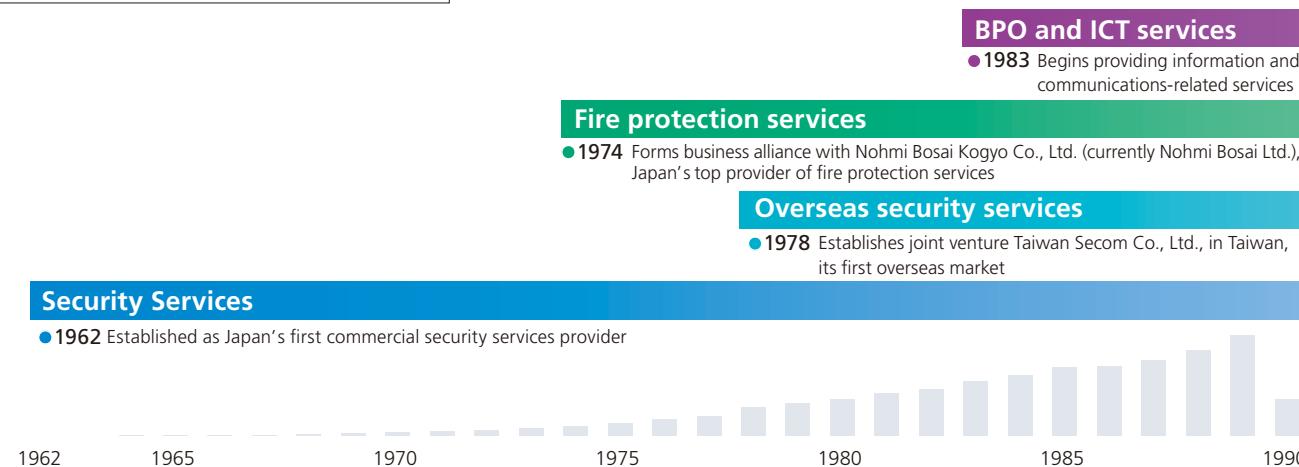
In our International Business Division and at our overseas subsidiaries, we have established the COVID-19 Risk Response Committee with the aim of protecting the health of overseas employees, maintaining business continuity and helping prevent the further spread of infection. To ensure the safety of employees from Japan assigned to overseas posts, we actively gather information on the spread of the pandemic in each country and territory, including local government measures. Where necessary, we allow these individuals to return to Japan temporarily, providing support for them during mandatory quarantine when they enter the country and ensuring they have access to the necessary medical care. To ensure business continuity overseas, we have identified critical operations and formulated business continuity plans (BCPs) tailored to the risk level in each location. To date, this has enabled us to maintain uninterrupted services.

Although Japan's state of emergency has been lifted, we continue to promote stringent measures to curb the spread of COVID-19 in compliance with government guidelines. These include reducing face-to-face contact as much as possible, providing services as appropriate given local conditions while not causing customers untoward trouble, in line with our abiding commitment to providing services that deliver safety and peace of mind and make life more comfortable and convenient.

The Path to Value Creation

Established as Japan's first security services company, SECOM has pioneered the creation of services that deliver safety and peace of mind. Going forward, we will continue to develop and provide innovative services and systems that accelerate the realization of our Social System Industry vision, an original concept unparalleled anywhere else in the world.

● Security services	● Insurance services
● Overseas security services	● Geospatial information services
● Fire protection services	● BPO and ICT services
● Medical services	● Real estate and other services



Note: As indicated in the legend, this graph shows net sales and operating revenue for each fiscal year at the time of announcement. Figures have not been readjusted.

However, data for periods up to and including the fiscal year ended November 30, 1977, is nonconsolidated revenue for SECOM CO., LTD., calculated using Japanese GAAP, while from the fiscal year ended November 30, 1978 through the fiscal year ended March 31, 2004, the Company reported "revenue and other income." Owing to a change in the Company's settlement date, the fiscal year ended March 31, 1990, was a transitional four-month period.

SECOM at a Glance

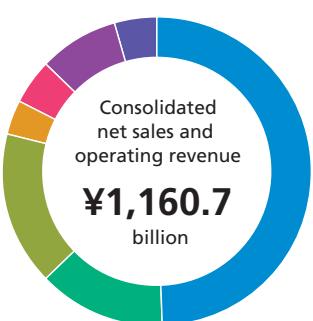
	Security Services	Fire Protection Services	Medical Services	Insurance Services	Geospatial Information Services	BPO and ICT Services	Real Estate and Other Services
Principal operations	<ul style="list-style-type: none"> On-line security systems Static guard services Armored car services Merchandise and other 	<ul style="list-style-type: none"> Fire alarm systems Fire extinguishing systems Maintenance services 	<ul style="list-style-type: none"> Home medical services Operation of residences for seniors Medical services that leverage ICT Sales of medical equipment and pharmaceuticals Support for affiliated medical institutions 	<ul style="list-style-type: none"> Fire insurance policies Automobile insurance policies Cancer treatment policies 	<ul style="list-style-type: none"> Services for public sector entities Services for private sector entities Services for overseas customers 	<ul style="list-style-type: none"> Data center services Large-scale disaster preparedness services Information security services Cloud-based services BPO services 	<ul style="list-style-type: none"> Real estate development and sales Real estate leasing Construction and installation services Home services
	▶ Pages 24–29	▶ Pages 30–31	▶ Pages 32–33	▶ Page 34	▶ Page 35	▶ Pages 36–37	▶ Page 38
Competitive advantages	<ul style="list-style-type: none"> Integrated approach to providing on-line security systems Solid technological foundation made possible by proprietary research and development configuration Nationwide network of 2,800 emergency depots, facilitating swift response in the event of an emergency and appropriate operational control Rental format that minimizes initial costs for subscribers and enables SECOM to take responsibility for equipment maintenance and upkeep Solid income foundation (attributable to stable recurring revenue) and robust customer base Overseas operations centered on the provision of distinctively SECOM on-line security systems 	<ul style="list-style-type: none"> Two Group companies with the largest and third-largest shares of the Japanese fire protection market Comprehensive lineup of services that respond to a broad range of customer needs Integrated service configuration encompassing R&D and planning, equipment design and production, installation and maintenance Stable demand for equipment that complies with Japan's Fire Service Act Ability to extend renovation proposals that draw on a wealth of experience Expertise in fire extinguishing systems for tunnels and other large-scale structures 	<ul style="list-style-type: none"> Conviction that protecting health and life is the ultimate expression of the SECOM commitment to delivering safety and peace of mind Experience and extensive know-how in the provision of diverse medical services Strong collaboration with local communities aimed at realizing effective comprehensive community healthcare systems ICT-based services that leverage expertise accumulated in the provision of medical services and SECOM's management resources 	<ul style="list-style-type: none"> Belief in the need for both security services, which are preventative by nature, and non-life insurance, which looks after people in the event of misfortune Development and provision of unique policies that take into account the risk mitigating factors of on-line security systems Development and provision of an automotive insurance policy that includes access to emergency response services Development and provision of a cancer treatment policy that features full coverage for all treatment costs 	<ul style="list-style-type: none"> Service configuration overseen by the leading company in Japan's aerial surveying and geographic information system (GIS) markets Ability to provide geospatial information based on geographic data collected by commercial satellites, aircraft, drones, vehicles and ships Technological capabilities and expertise in the integration, processing and analysis of geographic and related data to provide geospatial information Development and provision of a cancer treatment policy that features full coverage for all treatment costs 	<ul style="list-style-type: none"> Highly secure facilities and equipment and tailored support, as well as data center facilities boasting excellent connectivity that are among Japan's largest One of Japan's leading disaster management support services Seamless information security services encompassing the formulation of strategies, monitoring, implementation of countermeasures and restoration ICT services that reflect technological prowess, operational capabilities and know-how that facilitates the construction and operation of network systems that leverage extensive experience in the provision of security services Provision of high-grade contact center and other BPO services that deliver safety and peace of mind 	<ul style="list-style-type: none"> Development and sale of condominiums that incorporate sophisticated SECOM security as standard features Provision of lifestyle support services that deliver safety and security and make life more comfortable and convenient
Principal Group companies*	SECOM CO., LTD.** Secom Jishinetsu Co., Ltd.*** Asahi Security Co., Ltd., Secom plc	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.	Secom Home Life Co., Ltd.

* For more information, please see pages 73–76.

** Listed on the First Section of the Tokyo Stock Exchange

*** Listed on the Second Section of the Tokyo Stock Exchange

Percentage of Consolidated Net Sales and Operating Revenue

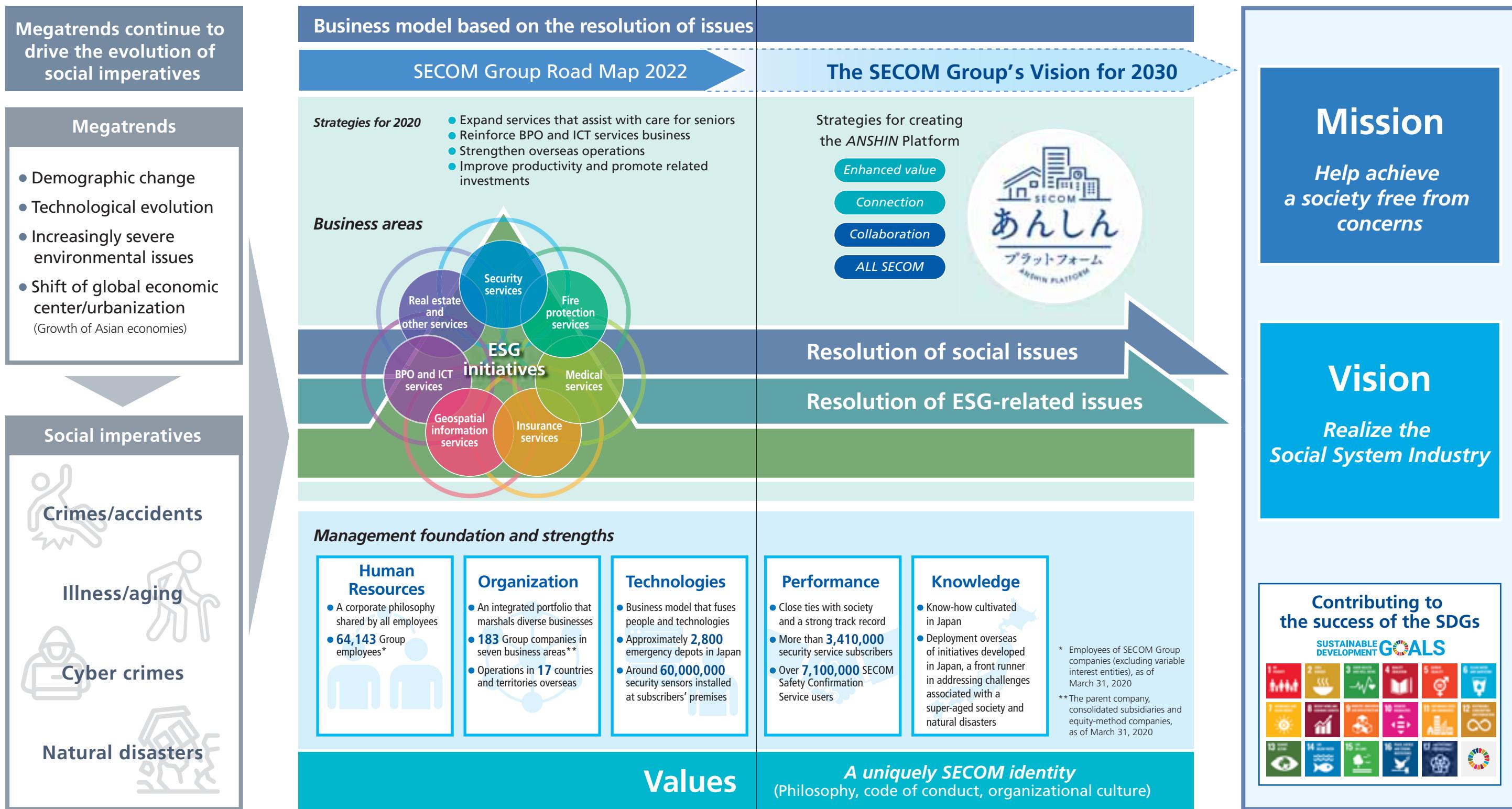


■ Security Services	49.7%
■ Fire Protection Services	13.1%
■ Medical Services	16.1%
■ Insurance Services	3.8%
■ Geospatial Information Services	4.6%
■ BPO and ICT Services	8.4%
■ Real Estate and Other Services	4.3%

Note: This pie chart shows percentage of consolidated net sales and operating revenue (excluding intersegment transactions) for the year ended March 31, 2020

The Value Creation Process

We remain committed to providing enduring peace of mind by keeping abreast or where possible ahead of the times. By reinforcing our relationship with society and addressing increasingly diverse social imperatives, we continue working to maximize our corporate value and grow together with society.



SECOM's Core Competitive Advantages

We continue to leverage three competitive advantages—a powerful brand, a recurring revenue-based business model and Group strengths—to respond to customers' expectations and ensure sustainable growth.

A powerful brand

As Japan's security services pioneer, we have consistently led the industry, keeping abreast of society's evolving needs by providing services and systems that deliver safety and peace of mind, as well as make life more comfortable and convenient. At present, contracts for our domestic on-line commercial and home security systems number more than 2.35 million, and we continue to enjoy the leading share of the market. Our accumulated experience and know-how in the provision of services that deliver safety and peace of mind, together with our robust customer base, have earned us a reputation for reliability and contributed to the rise of the SECOM brand. Recognition of SECOM as the leader of Japan's security services industry and our outstanding growth potential position us well to secure and foster talented human resources and maintain an edge over the competition.

A recurring revenue-based business model

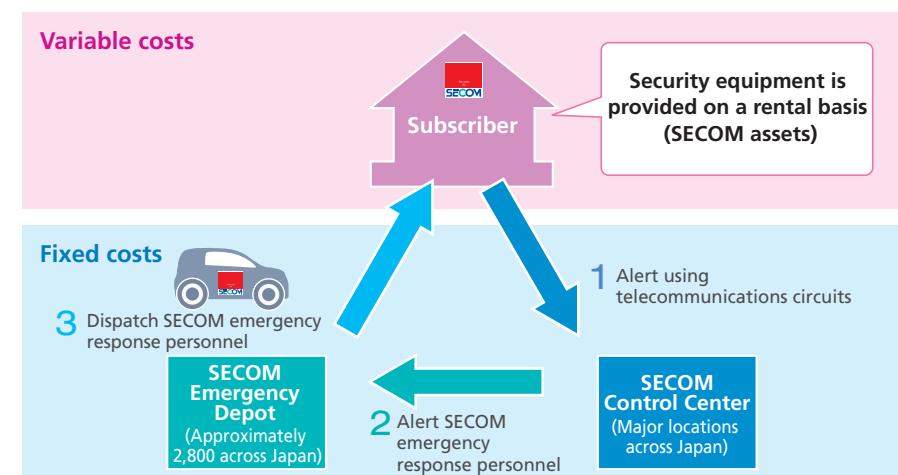
Our operating revenue is generated largely by recurring revenue-based businesses. In addition to cultivating new customers, we endeavor to ensure that existing customers are content to leave contracts in place. In our core on-line security systems business, all employees—from emergency response personnel to sales, technology and administrative staff—work to increase customer

satisfaction by providing services that exceed their expectations. We also have customer satisfaction staff, who visit customers in person to furnish useful information and gain feedback, which we incorporate into our unceasing efforts to improve services and systems and grasp latent needs. We have applied our recurring revenue-based business model to various SECOM Group services and will continue to reinvest in growth using cash generated by these businesses to further enhance our competitive edge and ensure sustainable growth.

Group strengths

At present, the SECOM business portfolio encompasses seven segments: security services, fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and real estate and other services. In all of these areas, we endeavor to resolve customers' concerns by rallying SECOM Group strengths to provide a diverse range of services and products. To date, we have not only strengthened services and products in each business and fortified collaboration across the Group, but also invested in M&As to further enhance Group strengths. Looking ahead, we will continue working to expand our lineup of services to effectively respond to market needs, thereby deepening our ties with customers.

Variable and Fixed Costs for On-Line Security Systems



The SECOM Group's Vision for 2030

To accelerate the realization of our Social System Industry vision, in May 2017, we formulated the SECOM Group's Vision for 2030, which positions 2030 as an important milestone and further defines our direction going forward. One year later, in May 2018, we devised the SECOM Group Road Map 2022 to clarify the challenges that must be addressed for us to achieve this vision, identifying 2022 as a particularly critical juncture.

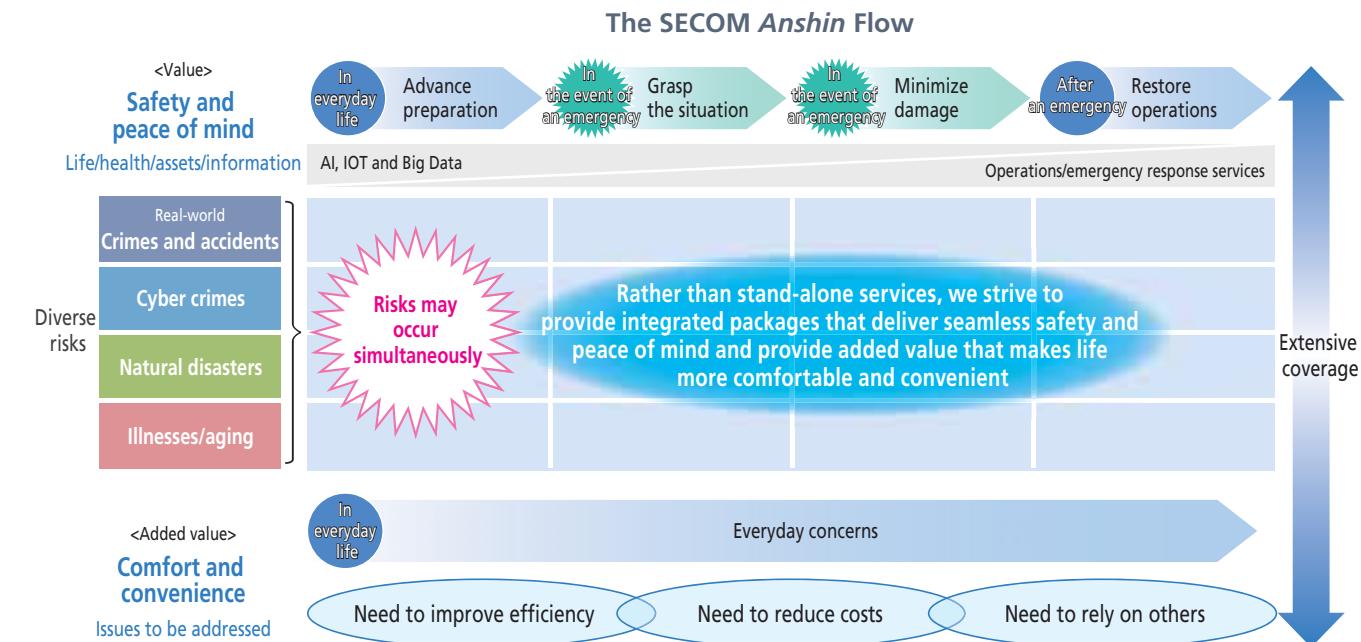
Conceptual framework of the ANSHIN Platform

Guided by the SECOM Group's Vision for 2030, we are working to create the *ANSHIN* Platform, a service infrastructure through which we strive to provide services that deliver seamless peace of mind for anyone and everyone whenever and wherever necessary.

Anchored in the relationship of trust that we have cultivated with society, the *ANSHIN* Platform seeks to provide peace of mind to people in their everyday lives, as well as to society as a whole through collaboration with partners in industry, government and academia who share our mission to help achieve a society free from concerns and who have diverse technologies and expertise.

For both companies and individuals, the occurrence of an unanticipated crime or disaster can interrupt daily rhythms. For companies, productivity can fall sharply. Moreover, the greater the damage is, the longer it takes to recover. Society faces significant risks associated with crimes, accidents, cyber crimes, natural disasters, illnesses and aging. In addition to recognizing the importance of routine advance preparation, we provide comprehensive services designed to address potential risks by helping customers accurately grasp conditions, minimize impact and achieve restoration. These four approaches, which comprise what we call the SECOM *ANSHIN* Flow, enable us to provide seamless peace of mind.

The ANSHIN Platform Service Infrastructure



Strategies for creating the ANSHIN Platform

To create the ANSHIN Platform, we are currently promoting initiatives in line with four core strategies. The **"ALL SECOM"** strategy focuses on rallying SECOM Group strengths to maximize synergies. Through our **"Collaboration"** strategy we are endeavoring to promote open innovation by integrating the business ideas and technologies of various partners who share our mission. Our **"Connection"** strategy emphasizes leveraging Big Data analysis, which makes use of advanced information

technologies, to respond to latent needs and strengthen our relationships with customers, while our **"Enhanced value"** strategy revolves around addressing everyday concerns by adding greater value to services that make life more comfortable and convenient. Guided by these efforts, we continue to promote the creation of services and systems that respond to increasingly diverse needs for safety and peace of mind.



Targeting sustainable growth: Devising the SECOM Group Road Map 2022

In May 2018, we introduced the SECOM Group Road Map 2022, devised using backcasting* with the aim of clarifying the challenges we must address to achieve the SECOM Group's Vision for 2030. The road map identifies technological advances and a declining labor force as priority issues in today's rapidly changing society. For both companies and society in general, these issues can become threats if not addressed properly. We

believe that anticipating evolving needs for solutions to these issues will lead to major business opportunities that will allow us to contribute to the improvement of social productivity.

* Backcasting is a planning method that starts with envisioning a desirable future and working backward from there to identify steps necessary to attain that future.

Targeting sustainable growth

We place a particular emphasis on the sustainability of society and our businesses and thus see related expenditures not as costs but rather as investments that enable us to integrate changes in our operating environment into our operations over the long term. Since our establishment, we have tirelessly pursued service innovations that create value. This is rooted in our fundamental commitment to offering services that anticipate

what is needed to ensure sustainability for society, rather than simply providing services that will sell in any market. This is why people and technology will always be given top priority. Looking ahead, we will continue working tirelessly to enhance our ability to make effective use of these intangible assets, positioning us to cement our competitive edge and earn the trust of our customers and society, thereby growing sustainably.

Linking social change and business opportunities to address social imperatives

Technological advances have brought an increase in the variety of connected devices. This is driving a variety of profound changes, including the realization of connected vehicles, the expanded use of drones and robots, the increasing prevalence of unattended retail facilities and cashless transactions, and the rising popularity of smart homes. Such changes are expected to push up demand related to the need for security in a connected society, which involves the fusion of physical and cyber security.

Owing to a declining labor force, companies face a growing need to outsource noncore functions, which enables them to concentrate on core businesses. With the rising prevalence of families in which both parents work outside the home, we are also seeing an increase in needs related to the care of children and seniors. In response to expanding demand related to the need to rely on others, we will continue working to extend

distinctive services that deliver safety and peace of mind and make life more comfortable and convenient, thereby helping to address key social imperatives.

The COVID-19 pandemic has brought fundamental changes to society, transforming business practices, consumer behavior and work styles. With many of these changes likely to remain even after the pandemic has eased, companies must respond effectively to survive and thrive in what is emerging as a new normal. In response to demand in diverse areas arising from the spread of COVID-19, including that related to the advance of digitization and the use of ICT, we will continue to drive social change to help resolve new social imperatives, thereby ensuring our ability to play a key role in both the social and consumer infrastructures.

Investments in future growth

Recognizing that responding to demand arising from an increasingly connected society and from the need to rely on others would require us to change significantly ourselves—a process we dubbed "SECOM-Transformation"—we positioned the two-year period ended March 31, 2020, as an investment phase, during which we would promote the focused outlays in the areas of systems and human resources.

Investments in systems center on building next-generation core systems and reinforcing functions with the goal of improving service quality and productivity by reducing labor requirements and enhancing employee capabilities. We also invest actively in areas that help bolster the quality and efficiency of our operations, including AI, the IoT and RPA, as well as in efforts to drive R&D targeting innovative services and products

that respond to needs engendered by technological progress and a declining labor force.

Investments in human resources emphasize the reinforcement of critical capabilities that cannot be replaced with technology. Accordingly, we are stepping up efforts to enhance our human capital by securing human resources who have the ability to adapt to change and create value and who seek to contribute to society. Specifically, we are improving our ability to attract and foster talented, experienced personnel, including IT specialists and individuals with global business skills. In addition, we make investments aimed at helping employees fulfill their potential, including the enhancement of our various training programs and other efforts to create positive working environments and boost job satisfaction.

Achieving the Goals of the SECOM Group Road Map 2022

Having made extensive, focused investments in systems and human resources, the next challenge we face is to develop and deploy new services that build on these investments. To these ends, we will step up efforts to collaborate with partners who share our mission. Overseas, we will continue working to expand the variety of services we offer, as well as to actively enter promising new markets.

We have also allocated ¥200 billion from equity over five years (April 1, 2018–March 31, 2023) for M&As. During this period, we will seek to invest in key growth businesses, namely,

physical security, cyber security, BPO and ICT services and healthcare, as well as in start-ups with advanced technological capabilities both in Japan and overseas.

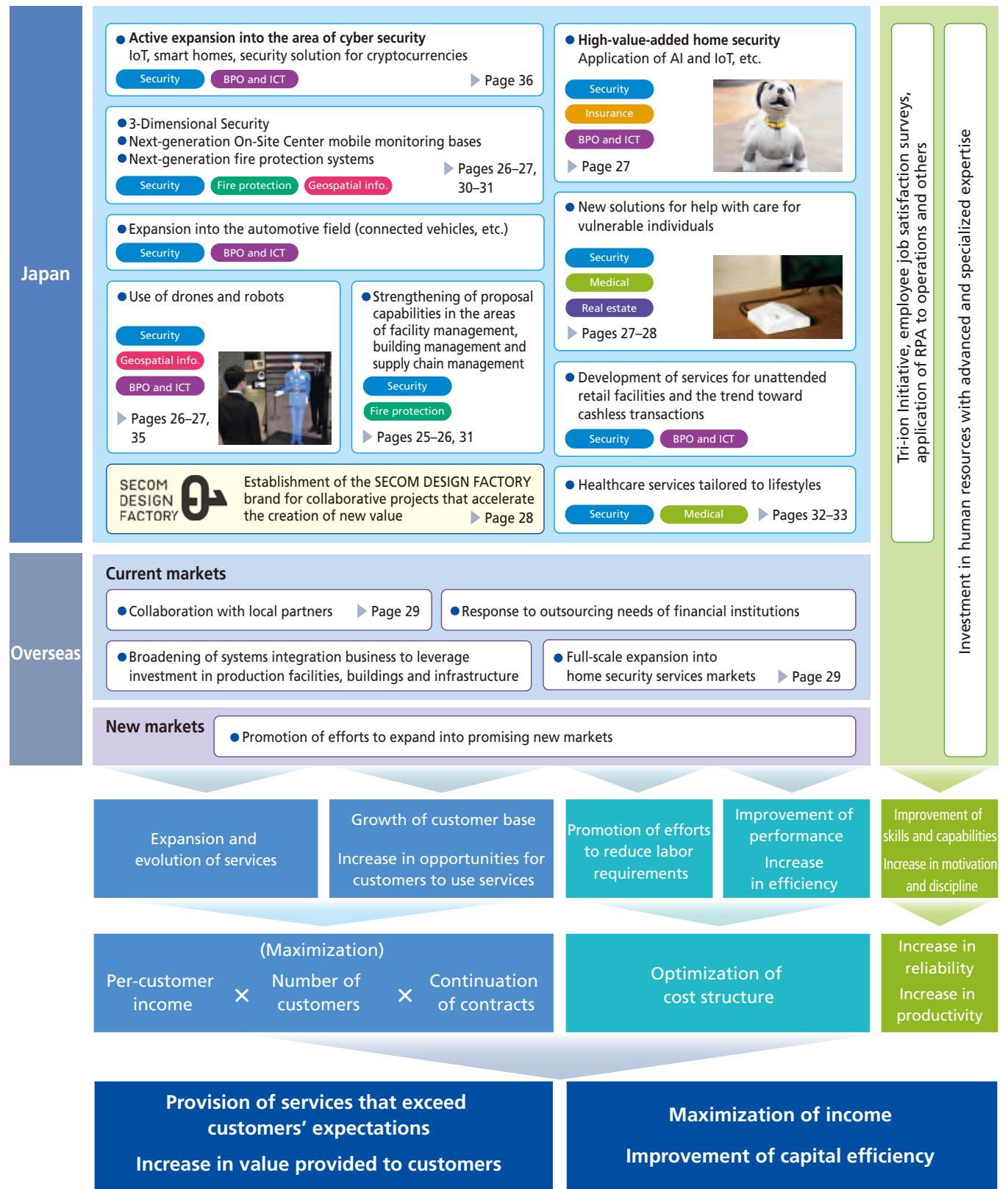
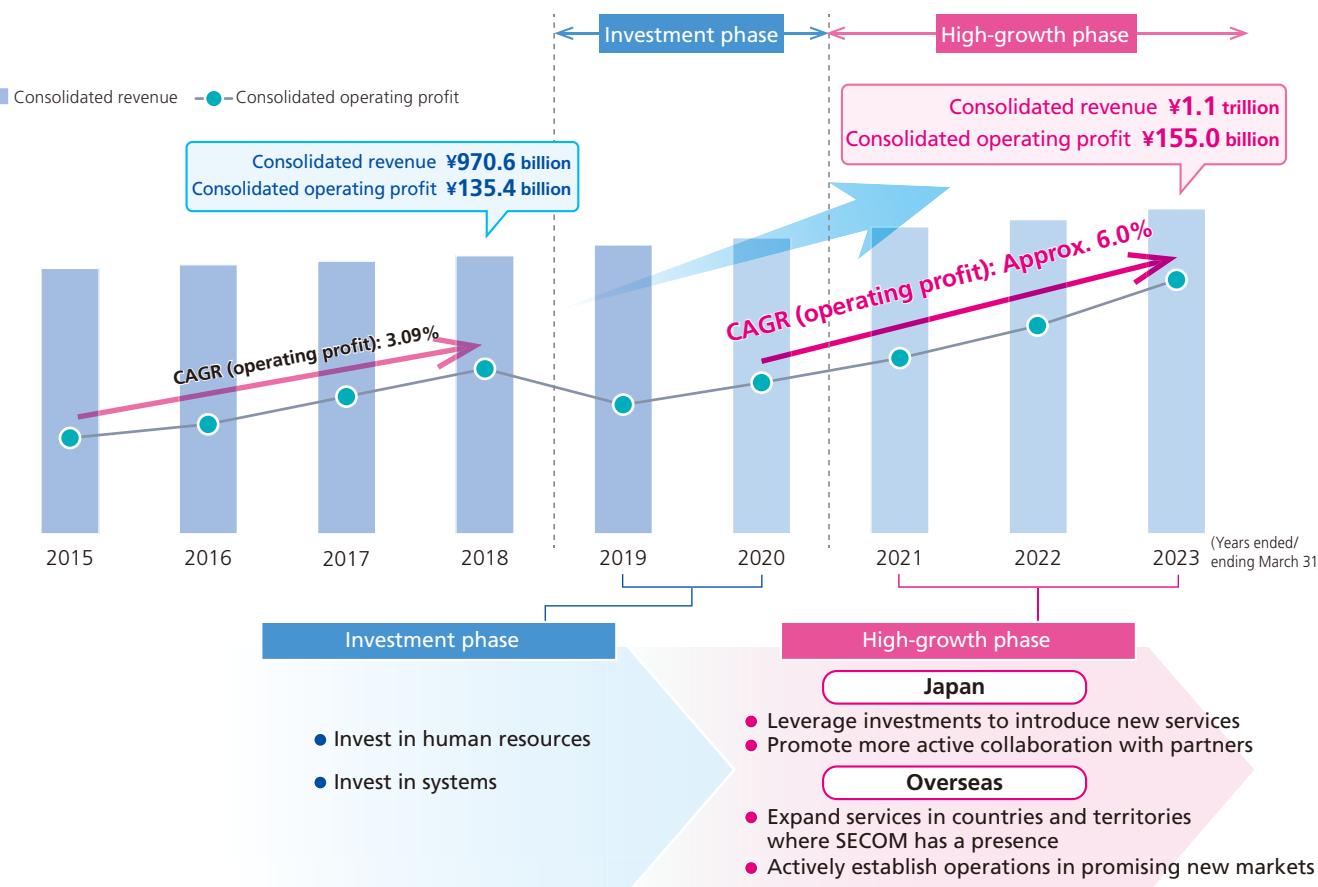
In addition to promoting new businesses, we will respond to changes arising from the COVID-19 pandemic. Through these and other efforts, we will strive to achieve the quantitative targets we have set for the fiscal year ending March 31, 2023, including consolidated revenue of ¥1.1 trillion and consolidated operating profit of ¥155.0 billion. (Targets are based on Japanese GAAP.)

SECOM Group Road Map 2022

Targets for the fiscal year ending March 31, 2023 (Japanese GAAP) (Provided for reference only)

Consolidated revenue: **¥1.1 trillion** Consolidated operating profit: **¥155.0 billion** ROE: **8% plus** Dividend payment ratio: **40%—45%**

Note: Figures do not reflect the impact of new M&As.

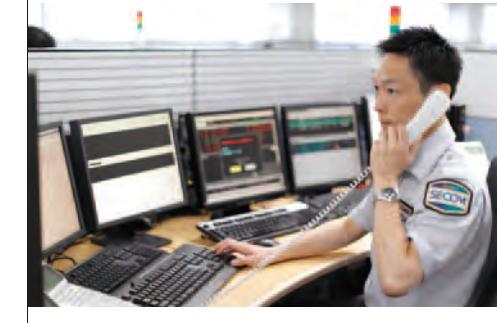
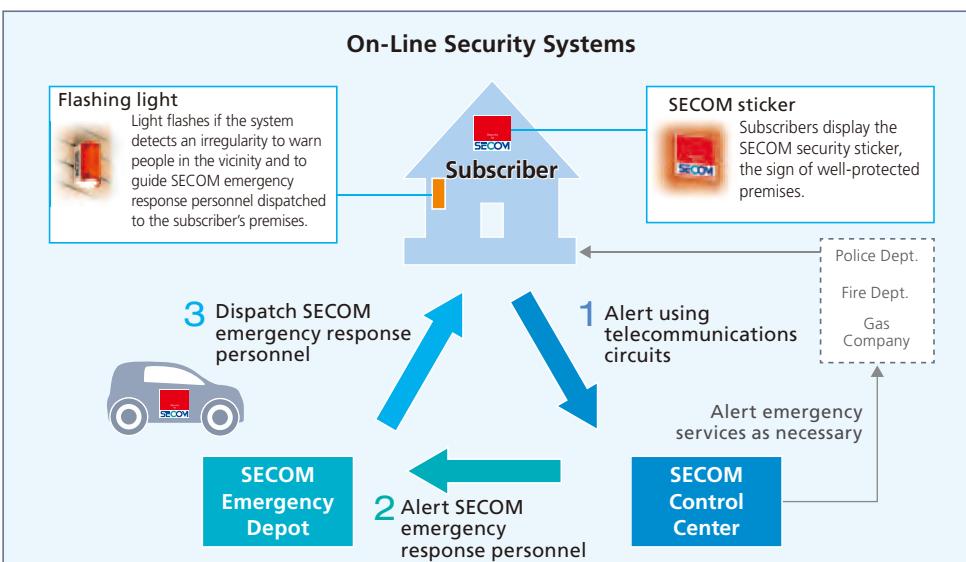




Business summary

A distinguishing feature of our security services business is that it primarily consists of recurring revenue-based services, that is, services based on long-term contracts. For example, the initial contract period for mainstay on-line security systems is five years, after which the contract is automatically renewed annually. The provision of SECOM on-line security systems includes the installation of sensors and other monitoring equipment and around-the-clock monitoring by a SECOM control center via telecommunications, and the SECOM Development Center, which capitalizes on these core technologies to develop highly reliable security systems. Our R&D team's ability to keep abreast of the latest technological trends and take into account social imperatives and trends in criminal activity has enabled us to realize unparalleled services and systems that leverage optimal technologies. In addition, the critical opinions and needs of subscribers, obtained by sales staff, emergency response personnel and other employees in the course of their work, are conveyed to our R&D team, facilitating swift and precise adjustments that further enhance the quality of our on-line security systems.

Since our founding, we have sought to expand our menu of services in response to increasingly diverse and sophisticated market needs—a consequence of rising subscriber numbers and socioenvironmental changes—by capitalizing on the three components of our operating foundation, namely, our technological prowess, human resources and operational and control structure. Our technological prowess is underpinned by the SECOM Intelligent Systems Laboratory, which conducts forward-looking research in the area of core technologies, and the SECOM Development Center, which capitalizes on these core technologies to develop highly reliable security systems. Our R&D team's ability to keep abreast of the latest technological trends and take into account social imperatives and trends in criminal activity has enabled us to realize unparalleled services and systems that leverage optimal technologies. In addition, the critical opinions and needs of subscribers, obtained by sales staff, emergency response personnel and other employees in the course of their work, are conveyed to our R&D team, facilitating swift and precise adjustments that further enhance the quality of our on-line security systems.



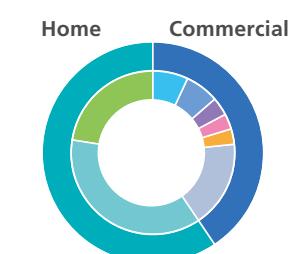
SECOM control center

To foster human resources, we provide training for new recruits, as well as for emergency response personnel, sales staff, administrative staff and other employees, at four training centers in Japan. This enables us to ensure that employees fully understand our corporate philosophy and observe a code of conduct befitting security professionals and equips them with advanced knowledge and technical skills. We also leverage our wealth of experience in serving a diverse range of customers to improve our training programs. Strengthening our effort to cultivate human resources has enabled us to build a strong organization that underpins our ability to extend high-grade, distinctively SECOM services.

We have established an incomparable operational and control structure by offering on-line security systems through a nationwide network of approximately 2,800 emergency depots across Japan, extensive know-how accumulated over many years, the unerring decision making of our highly experienced control center staff and the swift actions of our emergency response personnel. By maintaining a close proximity to the communities in which we operate, we ensure our ability to promptly ascertain customers' needs for safety and peace of mind and provide the optimum solutions. Our experience addressing diverse customer needs gives us outstanding flexibility and broad responsiveness. These capabilities have earned us the trust of customers, enhancing the value of the SECOM brand.

Looking ahead, we will continue to rally SECOM Group strengths, at the core of which is on-line security systems, to offer unique services and products that deliver safety and peace of mind and make life more comfortable and convenient. Through these efforts, we will endeavor to further differentiate SECOM from its competitors, as well as to deepen and strengthen our ties with customers.

Contracts for On-line Security Systems in Japan (As of March 31, 2020)



Category	Percentage
Service industries	7.0%
Financial services	6.7%
Retailing/wholesaling	3.6%
Manufacturing	3.2%
Government agencies	3.1%
Other	17.0%
Residences (excluding condominiums and apartments)	37.0%
Condominiums and apartments	22.4%

Operating highlights

Commercial security services

We work actively to provide an extensive lineup of security services, centered on on-line security systems, that respond to the diverse needs of customers. In recent years, on-line security systems for commercial subscribers must not only offer monitoring for irregularities to guarantee security and prevent fires, but also support the business activities of subscribers around the clock. In response to such needs, we are working to reinforce our business policy, which emphasizes the quality of subscriptions, by extending a variety of high-value-added offerings. In line with this policy, in the fiscal year ended March 31, 2020, we launched System Security AZ, an updated on-line security system for commercial use that further enhances our ability to respond swiftly and flexibly to the needs of subscribers.

Introducing System Security AZ

In 1966, we developed and launched the first on-line security system in Japan and have since expanded our lineup to accommodate business establishments of different sizes and customers with various business formats. Today, customer needs are highly diverse and continue to evolve in line with changing business and social conditions. In response, in September 2019 we launched System Security AZ, an all-in-one system that leverages our unmatched know-how in the provision of security. In addition to security, fire prevention and access control functions, AZ can be integrated with attendance management systems to create effective work efficiency solutions, as well as with biometric systems such as SESAMO IDf, a finger vein authentication system, to provide rigorous identity confirmation, record images of people arming and disarming the system, allow the adjustment of security settings and confirmation of images remotely from a smartphone and browsing of operating history, and the efficient management of user information and other functions. Because it consolidates multiple systems for commercial subscribers



System Security AZ

into one, AZ also benefits us by helping reduce our inventory, development and procurement costs.

AZ also boasts superb expandability, making it possible to heighten the system's functions in response to evolving customer needs, technological innovations and changes in the communications infrastructure. Going forward, we will work to expand the popularity of this system by further improving service quality through the addition of functions such as centralized multisite management and the introduction of advanced new sensors.

● The launch of the SECOM IP Camera system and SECOM Cloud Video Surveillance Service

The new SECOM IP Camera system is a next-generation surveillance camera system that meets the security needs of a broad range of premises. Incorporating box-type, dome-type, attractively designed compact 180° omnidirectional or other cameras, this system makes it possible to record in full HD for clear, high-resolution images that capture even the smallest details. Recorded images can be checked via the Internet from a computer or from a smartphone using a dedicated application.

Linking this system to the SECOM Cloud Video Surveillance Service makes it possible to manage captured video images in the cloud and check them anytime and anywhere from a computer or a smartphone. This eliminates the need for a video recorder, minimizing the amount of equipment necessary to install a surveillance camera system.

● Protecting facilities with the Virtual Security Guard System

Against a backdrop of rising security needs and increasing labor shortages in the security services industry, we launched the AI-powered Virtual Security Guard System, which features a virtual character who performs security, receptionist and other static guard duties. With the goal of helping prevent the spread of COVID-19, a practical trial of this system linked with a thermographic camera to



SECOM IP Camera system



Trial using the Virtual Security Guard System to measure visitors' body temperature



SECOM Robot X2 on patrol at the G20 Osaka Summit

measure visitors' body temperature, as well as to request that they wear a mask is currently under way.

■ Security services for large-scale events

● Extending SECOM security services for the G20 Osaka Summit

In June 2019, we deployed SECOM 3D Security Planning to assist the Osaka Prefectural Police (OPP) Headquarters in preparing a security plan for the G20 Osaka Summit and carried out a preliminary aerial check of the security area using a SECOM Aerostat dirigible. We also offered SECOM Robot X2 autonomous patrol robot units and the SECOM IP Camera system to the OPP Headquarters to help ensure the safety and security of this global event. In addition, we extended security services, including static guards equipped with wearable cameras, for the G20 Ibaraki-Tsukuba Ministerial Meeting on Trade and Digital Economy, helping to facilitate the safe and secure staging of this important event.

● Earning certification as Japan's first emergency medical care facility with ELSTs

In December 2019, we earned certification as Japan's first emergency medical care facility with emergency life-saving technicians (ELSTs)*. This makes it possible for our ELSTs to provide specialized emergency medical care under the direction of physicians. Accordingly, we will expand the scope of our services for large-scale events and major facilities, creating a framework for providing medical assistance that will enable us to offer integrated services encompassing both security and First Aid.

* Certification provided by Japan's Accreditation Board for Prehospital Medical Oversight (ABPMO) for systems of training and rules for legal compliance aimed at ensuring the quality of the medical care provided by ELSTs.



Airborne stadium surveillance by a drone

● Participation in demonstration test of stadium security using 5G mobile communications system

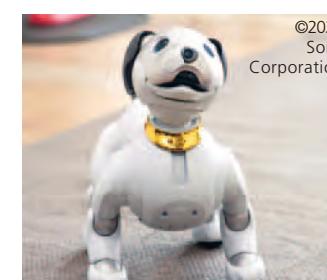
In collaboration with a major telecommunications group, we successfully conducted a demonstration test of security around the Hanazono Rugby Stadium in the city of Higashi-Osaka using the 5G mobile communications system. During the tests, 4K video was transmitted in real time by SECOM Robot X2 units and cameras worn by security guards, as well as by drones operated by the telecommunications provider, over 5G networks to one of SECOM's vehicle-mounted On-Site Center mobile monitoring bases, enabling the assessment of security status over a broad area and prompt provision of an assortment of security responses, including the detection and apprehension of suspicious individuals. AI is used to analyze the movement of people, automatically flagging irregularities and notifying On-Site Center operators, demonstrating the ability to ensure the timely detection of problems and swift implementation of response measures. Looking ahead, we will capitalize on the results of this test in the provision of security for large-scale events with the aim of realizing sophisticated security that leverages 5G technology.

■ Home security services

Enhanced convenience continues to underscore steady growth in the popularity of SECOM Home Security NEO, a home security system that can be armed and disarmed remotely from a smartphone and includes an automatic notification feature that enables subscribers to receive alerts on their smartphones when the system is accessed by family members entering or leaving the home. In addition to standard home security, including monitoring for intruders and fires and emergency alerts, and optional services such as medical emergency calls, monitoring for gas leaks and safety monitoring, SECOM Home Security NEO can be linked with devices on the IoT to facilitate use of a variety of new services.



SECOM Home Security NEO



©2020 Sony Corporation
aibo see off a SECOM Home Security subscriber
aibo is a product of Sony Corporation

● New service linking SECOM Home Security and the aibo entertainment robot premiers

In January 2020, we began offering a new service linking SECOM Home Security with the aibo autonomous entertainment robot. In addition to enabling aibo to see subscribers off when they go out and greet them when they return, this service makes it possible to check up on their home remotely via aibo when they are out, providing comfort and further enhancing satisfaction with SECOM Home Security. In the years ahead, we will continue working to combine our expertise in the area of security services and our partner's capabilities in the areas of AI, robotics and entertainment to create truly original new services.

● SECOM Senior Care Phone Service for resolving users' concerns whether indoors or out

The SECOM Senior Care Phone Service is an emergency monitoring service that combines emergency medical alert, health consultation and safety confirmation functions. Whether indoors or out, the device sends an emergency alert to SECOM when activated by pulling in its strap and, if deemed necessary, triggers the dispatch of emergency response personnel. When the user presses the safety confirmation prompt on the device's display, an email verifying his or her safety is automatically sent to registered individuals. If the user does not respond to the prompt, family members or other registered individuals can request the dispatch of emergency response personnel. This service, which does not require a SECOM Home Security contract, continues to earn solid marks as an offering that helps resolve the concerns of elderly individuals and their families.

● Provision of Mago Channel with SECOM commences

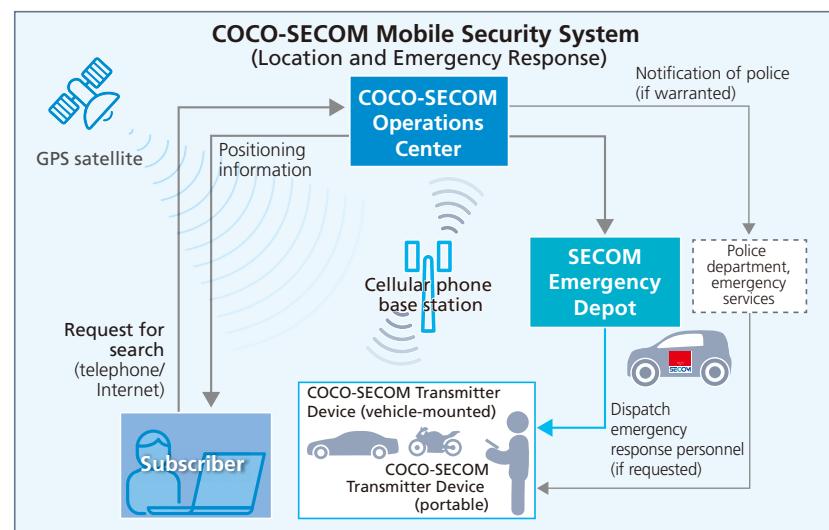
In January 2020, we began extending Mago ("grandchild") Channel with SECOM, a new service based on the concept of "joyful care," in collaboration with an IoT startup. Mago Channel enables users to display photographs



Mago Channel with SECOM



SECOM DESIGN FACTORY logo



or videos on the home televisions of parents living apart. Information from *Mago Channel's* environment sensor also makes it possible for users to check whether their parents are up or in bed and advise them of heatstroke alerts, among others, as well as to monitor indoor temperature and humidity changes, using an application. Going forward, we will continue to expand our lineup of services that address needs arising from factors such as declining birthrates and the graying of Japanese society.

■ New initiatives

● Establishment of the SECOM DESIGN FACTORY brand

In December 2019, we established the SECOM DESIGN FACTORY brand, which will be used for strategic projects undertaken with partners that will seek to develop innovative, original services. The new brand will be used for initiatives designed to capitalize on the beliefs and ideals of our diverse partners, rather than exclusively our own, and for new services and products that accelerate the creation of customer and social value. SECOM DESIGN FACTORY projects to date include the development of *Mago Channel* with SECOM, a new service linking SECOM Home Security with the *aibo* entertainment robot, and training programs for security guards that make use

of VR technologies. Multiple other initiatives are currently underway that we expect will yield a variety of new services and products in the future.

■ Other security services

COCO-SECOM, a mobile security system for outdoor use, uses signals from GPS satellites and cellular phone base stations to pinpoint the location of dedicated portable transmitters carried by individuals or attached to objects. If a customer wants to locate a transmitter, he or she can trace it precisely via a dedicated COCO-SECOM website or by contacting the COCO-SECOM Operations Center. Upon receiving a search request from a customer, operations center operators dispatch emergency response personnel and, if necessary, notify the police or fire department. Users can also alert the COCO-SECOM Operations Center if they are concerned for their physical safety by pushing the transmitter's emergency alert button. Applications for COCO-SECOM are diverse, ranging from deterring child abductions and tracking dementia patients who wander to preventing the theft of cars and motorcycles, managing taxi and bus fleets, averting the theft of ATMs, managing employee safety and aiding self-defense.

■ Overseas security services

● Extending services in 13 countries and territories

We made our overseas debut in 1978, when we established a presence in Taiwan. Today, our overseas business encompasses operations in 13 countries and territories. A distinguishing feature of our overseas security services is that we offer on-line security systems with SECOM-style emergency response services customized to reflect local needs and sensibilities. The high quality of the services we extend continues to earn praise from overseas customers, as a result of which market acceptance is increasing.

Publicly listed affiliated company Taiwan Secom, the largest security services company in the Taiwanese market, offers a broad lineup of



Control center in Thailand
(Thai SECOM Security Co., Ltd.)



Emergency response vehicle
(Shanghai Secom Security Co., Ltd.)

security services, ranging from home security to safety management systems for large-scale facilities. The company is also working actively to improve services by incorporating new technologies, including using SECOM wearable cameras to provide security for an international ladies' professional golf tournament.

In the ROK, affiliated company S1 extends a wide variety of security services and building solutions, centered on on-line security systems. Also publicly listed, S1 continues to garner praise from customers for its swift initial responses, which it provides through approximately 650 emergency depots.

In the PRC, we have established that country's largest security network, which today encompasses bases in 25 key coastal and inland cities. We have also established a manufacturing facility in Shanghai that produces security equipment tailored to local market needs.

In Southeast Asia, which continues to see economic growth, the efforts of Group companies are bolstering acceptance of SECOM-style on-line security systems. As the largest security services company in Thailand, we provide comprehensive security systems that encompass tailored solutions. We also offer comprehensive services in Malaysia that range from on-line security systems to static guard and security management services. In Singapore and Indonesia, we continue to earn solid marks for on-line security systems and anti-terrorism security. In Vietnam and Myanmar, which continue to see brisk economic growth, we extend security services to major Japanese companies.

We entered the Turkish market in 2019 and have begun providing a diverse range of security services, from home security to safety management systems for large-scale facilities.

Group companies in Australia extend security services to private-sector companies such as financial institutions, large commercial facilities, and to state and federal government agencies. In New Zealand, our high-grade security and maintenance/inspection services enjoyed solid support from customers.

Subsidiary Secom plc provides on-line security systems and other security services to customers across the United Kingdom. The company has long been trusted by government agencies and major corporate customers, including prominent British banks, and has built a robust reputation for service quality.

● Tailoring services to local needs

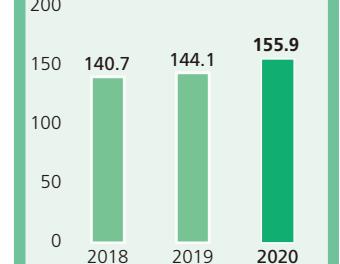
In addition to promoting a variety of efforts to ensure an accurate understanding of customer needs in overseas markets, including conducting market surveys, we actively promote open innovation with manufacturers and IT companies around the world and collaborate with overseas partner companies to drive innovation in a manner that meets local needs. In June 2019, we established the China Innovation Center, an R&D facility, in Shanghai, and are creating a framework for leveraging advanced technologies and local market conditions to swiftly develop services and systems that address local needs. We also continued working with a major local electric appliances manufacturer and a telecommunications company to help create services that help address key social imperatives.

In Thailand, where the number of middle-income earners continues to rise, we advanced initiatives aimed at achieving a full-scale entry into the market for home security services. These included commencing sales of home security services in July 2019. We are also collaborating with partner companies in Thailand and will inaugurate a project to develop and launch services optimized to meet local market needs. In addition, plans are in place to establish the ASEAN Innovation Center, in Bangkok, which will support efforts to expand our presence in other Southeast Asian markets. We will also deploy our ANSHIN Platform service infrastructure overseas and promote ANSHIN as a universally recognized and accepted term.

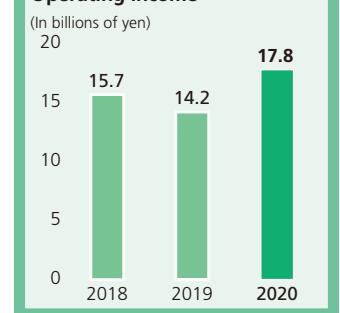
Fire Protection Services



Net sales and operating revenue
(in billions of yen)



Operating income
(in billions of yen)



Operating highlights

The evolution of society, as represented by the growth of cities and advances in building techniques, continues to drive demand for increasingly diverse and sophisticated fire protection services. At the same time, new issues are emerging, including the aging of existing buildings and infrastructure. The operations of Nohmi Bosai and Nittan, two of Japan's leading fire protection services companies, include the provision of automatic fire alarms and fire extinguishing systems, as well as equipment inspection and maintenance, for a broad range of applications, including residences, commercial facilities and cultural properties. Both companies boast competitive advantages that derive from extensive experience and know-how, as well as an integrated service configuration encompassing everything from R&D to system planning, manufacturing, installation and maintenance, allowing them to extend high-grade services tailored to customer needs.

In the area of automatic fire alarms, sales efforts in the period under review focused on securing orders for alarms for new buildings. Nohmi Bosai and Nittan also responded to replacement demand in the renovations market

by drawing on their solid track record and the trust of customers to promote optimized proposal-oriented sales efforts. In fire extinguishing equipment, orders remained brisk.

● The new TASKis cloud-based disaster response support software

Nohmi Bosai recently launched TASKis, a cloud-based disaster response support software that assists efforts to promote awareness of BCP emergency response manuals and to create an initial disaster response infrastructure. In the event of a fire, earthquake or other emergency, TASKis sends manual-based instructions regarding tasks to perform to the smartphones of pertinent individuals. This enables individuals to act swiftly and appropriately while checking the instructions displayed on their smartphone screens and to send a status report back to their supervisor once tasks have been completed. As a software that adds new value, TASKis is also ideal for proposals offered to maintenance and inspection services customers. Looking ahead, the company will continue to upgrade TASKis to accommodate customers' needs while at the same time expanding the provision of this promising recurring revenue-based service.



Visual representation of TASKis action guidelines (Nohmi Bosai)



Water cannon test (Nohmi Bosai)

● Protecting cultural properties against fire

In the wake of major fires that caused heavy damage to Notre Dame cathedral in Paris and Shuri Castle in Okinawa, Japan's Agency for Cultural Affairs published new guidelines to enhance the protection of national treasures or important cultural properties (structures) against fire. These guidelines are expected to increase the need for fire protection measures at buildings that have earned World Heritage Site or National Treasure designations and museums. Nohmi Bosai, which boasts a wealth of experience providing fire protection systems for cultural properties, has taken steps to respond to such rising needs by strengthening its framework for developing proposals and its installation capabilities and will continue working to provide automatic fire alarm and fire extinguishing systems optimized for such structures.



B Catch Now sensor beacon and screen displaying location information (Nittan)

● The debut of the B Catch Now indoor location information system

A new addition to Nittan's portfolio is B Catch Now, which uses positioning information to aid the evacuation of people from facilities in the event of an emergency. If a fire breaks out, this system, which is linked with an automatic fire alarm system, swiftly pinpoints the point of origin and the location of individuals and sends a visual notification to the facility's disaster prevention center, thereby making it possible to swiftly extinguish the fire and guide rescue operations. On an everyday basis, customers can use the system to track people in the facility, analyze the time and frequency of meetings and operations, and generate visual information and data for flow lines, helping to improve workplace efficiency and office environments. The beacons used by B Catch Now to measure location require maintenance to replace depleted batteries and make repairs, but because Nittan services the system on the same cycle as it conducts fire alarm system inspections it is always in working order with no additional burden on the customer. Nittan

plans to add additional functions, including equipment location and management, with the aim of contributing to the provision of offices that are safer as well as more secure and comfortable.

● Active efforts to expand overseas operations

Nittan's fire alarm systems have also garnered praise overseas for their ease of use, reliability and quality. This, combined with the skill of the company's installers, has led to the increased adoption of Nittan systems. Nittan Europe Ltd., the company's consolidated subsidiary in the United Kingdom, established a training center in 2017 and launched a program to provide support to distributors and installers with the goal of reinforcing its sales capabilities and improving the quality of installation work. This led to a European Standards (ENs)-compliant Nittan Evolution series analogue addressable fire detection system being installed in a new student accommodation development that centers on a building with a complex architectural structure that dates back to the 18th century. Nittan smoke detectors were incorporated into hospitals newly built as an emergency measure as part of the United Kingdom's response to the COVID-19 crisis. Nittan Europe also offers technical support for systems that comply with the ENs and UL LLC standards installed by partners outside of the United Kingdom and Europe. These include the UL-compliant SPERA fire alarm system installed at a major hospital in Dhaka, the capital of Bangladesh.



University student accommodation development in the United Kingdom that installed a Nittan fire detection system



Operating highlights

Believing that extending services that protect health and life is the ultimate expression of our commitment to providing safety and peace of mind, we have created a medical services business in four key categories: medical care, personal care, health and preventative care, and ICT-based services. Our operations in this area reflect our commitment to providing a menu of services tailored to the needs of individuals with medical care, nursing care or healthcare concerns. We continue to capitalize on ICT to create seamless, integrated community-based healthcare models encompassing, among others, support for affiliated medical institutions and the provision of home nursing, pharmaceutical dispensing, personal care, and health and preventative care services.

● Medical care services

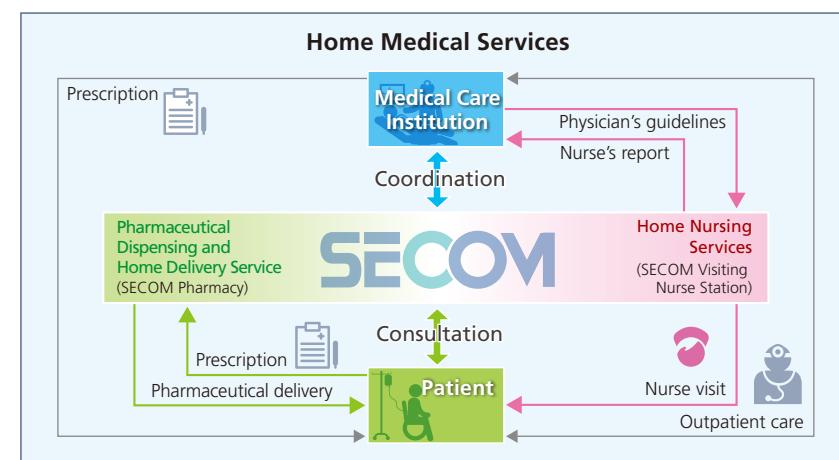
Our medical care services business began with home nursing services and pharmaceutical dispensing services, both of which are provided to patients in the comfort of their own homes. Today, our home nursing services assist home medical care by dispatching visiting nurses from a nationwide network of 34 visiting nurse stations to provide expert

medical treatment and nursing care in the patient's home under the direction of his or her physician. Our pharmaceutical dispensing services involve filling prescriptions and delivering medications needed by patients at home, as well as providing medical supplies, including infusion lines and syringes for home parenteral nutrition (HPN) administered via central venous catheter, and medical hygiene products.

Our support for affiliated medical institutions focuses on partnering with diverse hospitals and clinics providing services ranging from emergency medicine to convalescent care to help ensure high-grade medical care services and working to create integrated community-based healthcare models. We also leverage our extensive expertise and proficiency in home medical care to open and operate



Pharmaceutical dispensing services



Visiting personal care services



Hospi-net remote image diagnosis support system

community clinics. Leveraging our experience in Japan, we also opened and currently operate Sakra World Hospital, a general hospital, in Bengaluru, India.

● Personal care services

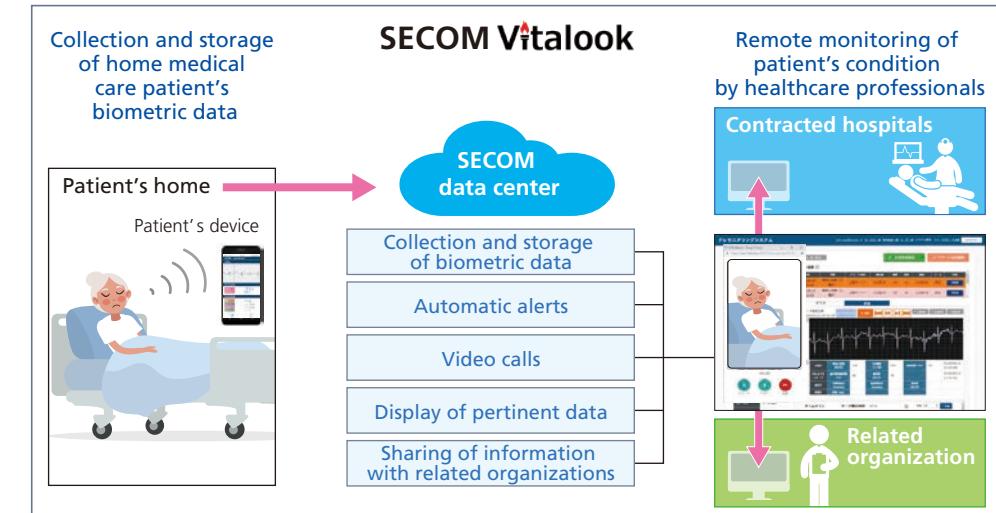
This category includes the operation of residences for seniors, which brings together our know-how in security services and in medical and personal care. We also provide visiting personal care services and adult day care services, as well as operate comprehensive senior care centers that offer diverse in-home care services.

● Health and preventative care services

We are taking steps to expand health and preventative care services to encourage health maintenance and promotion and enhance quality of life. We also manage SECOM Health Care Club KENKO, a membership-based club that provides access to a variety of health management services.

● ICT-based services

These services center on the deployment of distinctively SECOM networked services. One example is the SECOM Vitalook remote medical support platform, which capitalizes on our accumulated expertise in home medical care and in the provision of support for affiliated medical institutions, together with our capabilities in ICT and unique management resources. We also provide an extensive selection of cloud-based medical record systems designed to suit the needs of a range of medical care institutions, from clinics to small and medium-sized hospitals. Other offerings include solutions that leverage our know-how in ICT, data center operation and medical services to respond to the diverse information needs of medical care institutions, such as SECOM LINKus, which allows medical personnel to share electronic medical records stored at a SECOM data center, the Hospi-net remote image diagnosis support system and SECOM SMASH, a hospital management information analysis system.





Operating highlights

We believe that both security services, which are preventative by nature, and non-life insurance, which looks after people should misfortune strike, are essential to our ability to deliver uninterrupted safety and peace of mind. In line with this belief, we continue to expand the scope of our insurance services business by offering a variety of distinctive policies that support the daily lives and business activities of our customers.

● Subscriptions to MEDCOM continue to rise

MEDCOM is an unrestricted cancer treatment policy that provides coverage for costs associated with all inpatient hospital treatments, including those covered under Japan's National Health Insurance (NHI) scheme, those for advanced medical care, and those for which the individual usually bears the burden. Coverage for inpatient treatment is unlimited, while that for outpatient treatment provides up to ¥10 million per five-year period. This allows the subscriber to concentrate on treatment without having to worry about the economic implications thereof. Developed from the perspective of the subscriber to facilitate the best possible cancer treatment, MEDCOM continues to attract support, underpinning the expansion of subscriptions.



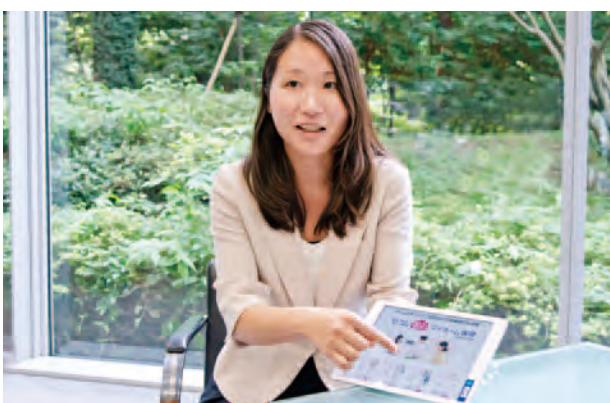
New pamphlets for MEDCOM, SECOM Anshin My Home and SECOM Anshin My Car

● Fire insurance policies with distinctively SECOM discounts

SECOM Anshin My Home is a fire insurance policy for residential customers that offers a discount on premiums for subscribers who have installed on-line security systems, reflecting our belief that such systems reduce the risk of theft and fire. The Security Discount Fire Policy is a similar policy for commercial customers who have installed on-line security systems in which premiums are discounted to reflect the risk-mitigating benefits of such systems. Active efforts to propose fire insurance when introducing on-line security systems to potential home and commercial security services customers continues to push up subscriptions. Going forward, we will continue to focus on expanding sales of these policies in line with increasing security services subscriptions.

● SECOM Anshin My Car: Backed by on-site support from emergency response personnel

SECOM Anshin My Car is an automotive insurance policy that includes around-the-clock access to on-site support by SECOM emergency response personnel in the event of an accident if requested, thereby helping to resolve concerns. This feature, which also includes emergency response personnel contacting the police and ambulance services and photographing the accident site, continues to earn high marks.



A security advisor proposes fire insurance to new home security subscribers

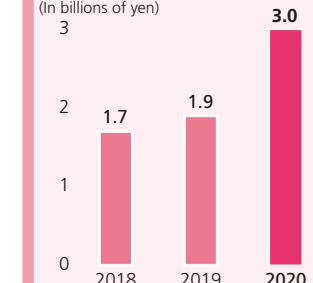
Geospatial Information Services



Net sales and operating revenue



Operating income

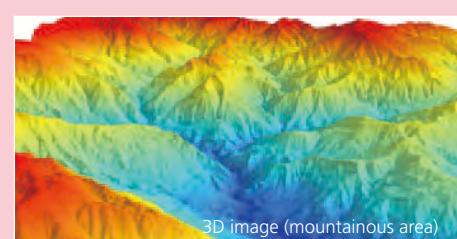


Operating highlights

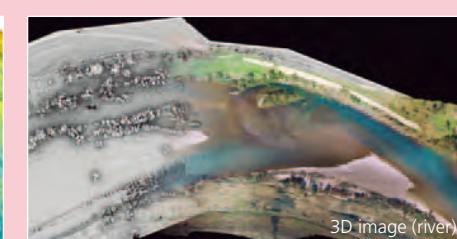
Subsidiary Pasco collects geographic data from commercial satellites, aircraft, drones and proprietary vehicle- and ship-mounted sensors, among others, which it integrates, processes and analyzes to provide a variety of geospatial information services, assisting efforts to address diverse social imperatives. Pasco provides services to public sector entities—including national and local governments—and private sector customers in Japan. The company also extends services to customers in both the public and private sectors overseas. Services for public sector entities in Japan account for approximately 80% of segment net sales and operating revenue.

● Contributing to national resilience

The need for measures to prevent disasters attributable to climate change, including flooding rivers and landslides, continues to grow. Using aerial lasers, Pasco collects high-precision 3D topographical data necessary for effective dam and river management and erosion control and conducts risk assessments and evaluates scale of impact. The company also offers comprehensive surveying services that use a drone-mounted green laser scanner, enabling the simultaneous 3D topographical measurement of both the beds and above-ground portions of water bodies, helping boost the efficiency and precision of river management and fields included in the i-Construction* program. Pasco looks forward to expanding its deployment of sophisticated geospatial information technologies to facilitate an accurate topographical understanding, as well



3D image (mountainous area)



3D image (river)

as to provide comprehensive assistance for risk assessment, the formulation of countermeasures and effective management.

● Support for efforts to prevent the deterioration of infrastructure

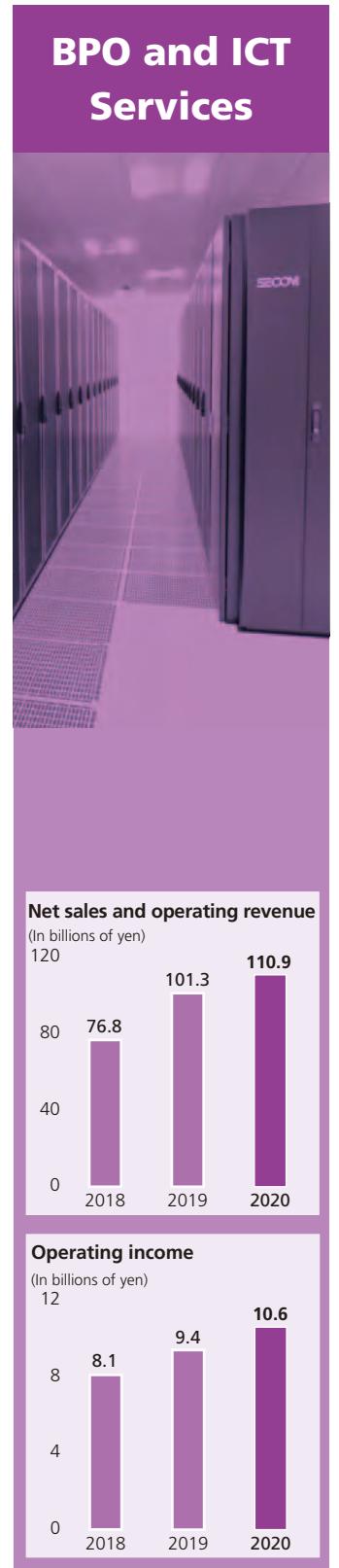
The aging of Japan's infrastructure, much of which was built during the country's postwar period of rapid economic growth, has become a major issue. Pasco continues to see brisk results for the development of plans designed to extend the lifespan of roads, bridges, schools and other infrastructure assets. The company also provides integrated support for the preparation of infrastructure-specific electronic ledgers, as well as the implementation of inspections to assess deterioration, and the formulation of long-term repair plans and maintenance work, and will continue to actively submit proposals to local governments nationwide.

● Providing total services for logistics

Pasco is collaborating with companies to enhance services and expand marketing channels in order to solve challenges in the logistics industry. Pasco leverages its geospatial information technologies to conduct marketing and location analysis and determine optimal warehouse configurations, and has partnered an ICT solutions provider in the area of warehouse management and with a logistics solutions developer in the area of delivery management. To enhance delivery from warehouses, Pasco prepares optimized delivery plans and ensures effective crisis management in the event of a disaster, while an allied mobile navigation services provider offers route navigation.

Looking ahead, Pasco will step up its efforts to provide total logistics and other next-generation services that will lead to future growth. To this end, it will strengthen cooperation with companies and academic institutions in diverse fields.

* The i-Construction program was launched by Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as an initiative aimed at deploying ICT in construction and civil engineering to help overcome persistent labor shortages.



Operating highlights

This segment encompasses the operations of subsidiaries Secom Trust Systems, which develops and provides ICT services that resolve a variety of issues faced by customers, delivering safety and peace of mind and making lives more comfortable and convenient; At Tokyo, one of Japan's largest data center operators, which offers services boasting excellent connectivity to mainstay cloud-based services; and TMJ, which provides BPO services, including contact center and back office support services.

● Large-scale disaster preparedness, information security and cloud-based services

Secom Trust Systems provides wide-ranging services that assist in the formulation of BCPs to ensure preparedness, the implementation of effective immediate response measures and the prompt restart of operations in the aftermath of a major disaster. The SECOM Safety Confirmation Service enables subscribers to swiftly ascertain the safety of employees and their families and damage to sites in the event of a major earthquake or other disaster or the failure of key infrastructure. As of March 31, 2020, this service was used by approximately 7,900 companies employing around 7.1 million individuals, with contracts with large companies and public-sector entities continuing to grow. Since its release, steps have been taken in response to customer feedback to improve convenience, as a result of which it is now possible to confirm and report on safety using the business communication tools of major social media services.

In response to COVID-19, Secom Trust Systems prepared a questionnaire template to help companies to promptly confirm the status of their employees' health, providing certain components free of charge to support companies' efforts to prevent the further spread of the virus. Moreover, with the

pandemic forcing people to change the way they work, accelerating the trend toward telework, the company is also focusing efforts on proposing cloud-based services that make new work styles safer and more comfortable. Examples include personnel management-related services such as the SECOM Anshin Employee Attendance Management Service KING OF TIME Edition, which makes it possible for employees utilizing telework to enter work start and end times and manage attendance data online regardless of their location, and the SECOM Secure Digital Payslip Service that enables employees to safely manage and view salary details protected by stringent SECOM security. SECOM Trust Systems also capitalizes on our robust secure data center capabilities and the competitive advantage we enjoy as a certification authority to offer a variety of services that contribute to the resolution of issues faced by companies, including the SECOM Secure Digital Minutes Service, which makes it possible to approve digitized minutes of Board of Directors' meetings held via Web conference or teleconference; the SECOM Anshin Eco Document Digitization Service, which digitizes contracts and other documents; and the SECOM Secure File Transmission Service, which facilitates the

SECOM Safety Confirmation Service:
Helping ensure safety in the COVID-19 era



At Tokyo data center



Operator at call center deploying voice sentiment analysis (TMJ)

safe and secure transmission of electronic files to and from individuals in teleworking environments. Looking ahead, SECOM Trust Systems will continue to enhance its lineup of services that support new ways of working.

● Data center services

Data center operator At Tokyo capitalizes on its many years of experience and operational know-how to offer a broad range of customers uninterrupted, around-the-clock data center services that respond to diverse needs and have earned a reputation for world-class quality and reliability. Of note, the company's key competitive advantage is its ability to provide high-grade services that boast low latency and excellent connectivity together with megacloud, internet exchange (IX) and diverse other services, creating an important IT infrastructure for companies for which system outages would significantly impact society. In recent years, companies have been forced to address business risks associated with large-scale natural disasters, prompting a further increase in demand for data center services in the Kansai region, which is unlikely to suffer a disaster concurrently with the Tokyo metropolitan area. In light of this trend, in January 2020 At Tokyo opened a new data center in the Kansai region to help ensure business continuity for financial institutions in the event of a major disaster. In April, the company opened another new data center for use as a network communication hub in the same region.

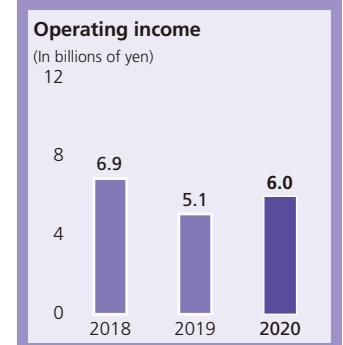
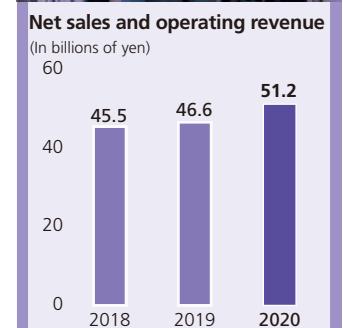
Going forward, At Tokyo will continue to promote the qualitative and quantitative expansion of its data center operations in response to rising demand, providing a platform that will support the realization of diverse services essential to tomorrow's advanced information society.

● BPO services

In Japan, a declining labor force and the spread of COVID-19 are spurring brisk demand for high-grade BPO services that deliver safety and peace of mind. Subsidiary TMJ provides highly rated contact center and back office support services tailored to the needs of financial institutions and other companies. In March 2020, TMJ leveraged its know-how in the management of contact centers to develop voice sentiment analysis AI to assist call center operations in collaboration with a firm specializing in AI-based voice sentiment analysis. This AI is deployed to analyze and evaluate the emotions of call center operators and customers from their vocal intonation and displays the results on the operators' monitors. Supervisors can check the results displayed in real time and provide advice, thereby helping to improve the skills of new operators. This also contributes to the creation of more positive work environments for operators.

With an increasing number of companies introducing telework arrangements as a result of COVID-19, TMJ is working to boost sales of the SECOM Call on Duty Service, an outsourced telephone receptionist service that responds to calls coming into the customers' premises around the clock whenever requested. Through the provision of this service, the company seeks to support the creation of an environment that enables employees to work from remote locations comfortably and securely, as well as to increase customers for its high-grade contact center services.

Real Estate and Other Services



Glorio Residence Urawa Motocho

Operating highlights

● Real estate development and sales

We continue to promote the development and sales of the Glorio Residence series of family-focused condominiums, which boast the latest security systems, extensive disaster preparedness features and dependable follow-up services, reflecting the concepts of security, peace of mind and reliability. We also offer the Glorio Comfort series of inviting, high-performance urban condominiums that offer outstanding security in a compact package, and the Glorio Scelto series of condominiums for lease and pre-owned condominiums that have been renovated in response to rising demand. On another front, we opened condominium information centers in the Tokyo metropolitan area to handle inquiries about housing-related issues. With remote support becoming a new normal in the era of COVID-19, we also launched an online condominium information center that enables people to access services from their homes. Looking ahead, we will promote sales activities that make use of these facilities.

● Real estate leasing

Our real estate leasing business focuses on advantageous locations in central Tokyo. This business comprises extensive, highly rated maintenance and management that are used by diverse companies in various industries.

● Construction and installation

We have created a configuration for providing a wide range of high-grade services, from the design and installation of air conditioning, plumbing and electrical systems to building maintenance.

● Home services

SECOM Home Service is an optional suite of services available to SECOM Home Security subscribers with a diverse menu that enables us to tailor packages that help customers resolve concerns in everyday life. Services offered vary from housework support to patrolling around subscribers' homes when they are out.



SECOM Home Service



Condominium information center display room

Sustainability

Basic philosophy and framework for promotion

Since our establishment, we have sought to fulfill our responsibility to society through our business activities, acknowledging the importance of sustainability for ourselves and for society. In light of dramatic socioenvironmental changes and the increasingly serious nature of issues such as crimes and accidents, cyber crimes, illness and aging, and natural disasters, the entire SECOM Group is working as one to create the *ANSHIN* Platform, a service infrastructure designed to provide services that deliver peace of mind to people in their everyday lives, as well as to society as a whole.

The key to our efforts to further enhance corporate value is having human resources who are committed to providing satisfaction that exceeds customers' expectations. The evolution of social imperatives continues to underscore the importance of securing and fostering talented human resources who have the ability to adapt to change and create value and who seek to contribute to society. By ensuring that SECOM's Philosophy permeates our operations and encouraging adherence to the SECOM Group Code of Employee Conduct, we have built a diverse team of people who thrive in a free and open corporate culture, which we recognize as our greatest asset. We also

understand the need for rigorous corporate governance in increasing the trust of society and fully leveraging our competitive edge. Further, recognizing that protecting the environment is essential to our ability to provide services that deliver safety and peace of mind and make life more comfortable and convenient, we incorporate consideration for the environment into all aspects of our operations.

Our day-to-day business activities are structured to both facilitate sustainable growth, as well as to resolve ESG-related issues. We believe that increasing corporate value by expanding our business activities directly improves our ability to address ESG-related issues, which in turn enables us to contribute to the achievement of the SDGs. We thus continue to place a priority on maintaining a strong relationship and encouraging dialogue with our various stakeholders as we advance sustainability. To further strengthen sustainability initiatives, in October 2019 we established the Sustainability Promotion Office, which functions as a Groupwide body, collecting and sharing information from relevant departments while working to reinforce efforts to address ESG-related issues and enhance related disclosure.

Support for the UNGC

In May 2018, we became a signatory to the United Nations Global Compact (UNGC) and pledged our support for the Ten Principles of the UNGC, which are classified into the four categories of "Human rights," "Labour," "Environment" and "Anti-corruption."



Earning selection for inclusion in ESG investment indices

Our efforts to address ESG-related issues continue to earn high marks from third-party assessment organizations around the world. Of note, we have been selected as a constituent of a number of



2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF SECOM CO., LTD., IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SECOM CO., LTD., BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



Social initiatives

Relevant SDGs	Central themes	Summary
	Occupational health and safety	Preparation of manuals that draw on our accumulated know-how and promotion of training to ensure employee safety and collaboration with the SECOM Health Insurance Union to manage employee health
	SECOM's Philosophy and the SECOM Group Code of Employee Conduct	Efforts to ensure the full penetration of SECOM's Philosophy and encourage strict compliance with the SECOM Group Code of Employee Conduct to bolster employee motivation and earn the trust of society
	Securing and fostering talented human resources	Focus on securing and fostering talented human resources who have the ability to adapt to change and create value and who seek to contribute to society
	Advancing diversity	Assignment of diversity and inclusion staff to the Human Resource Department to promote the creation of positive work environments in which diverse employees can maximize their capabilities
	Promoting work-life balance	Establishment of programs and promotion of ongoing efforts to enhance work-life balance and increase employee retention
	Dialogue with employees	Employee job satisfaction surveys and the exchange of opinions between the SECOM Employee Union Federation and executives to facilitate the creation of employee-friendly workplaces

Occupational health and safety

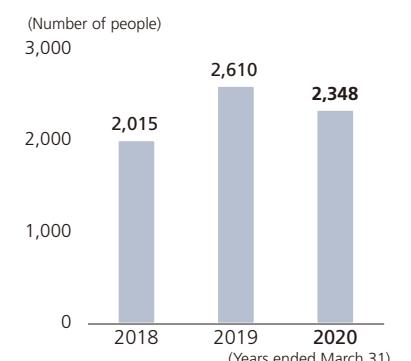
We believe that our ability to provide safety and peace of mind to our customers depends on first ensuring the health and vitality of our employees. Accordingly, we promote various initiatives aimed at protecting and enhancing employee health and creating safe, employee-friendly workplaces.

The Human Resource Division has established a system to comprehensively manage occupational health in collaboration with the Health Promotion Office, which is staffed with occupational health physicians (OHPs), and the SECOM Health Insurance Union. To promote continuous improvements in occupational health and safety, health committees nationwide meet monthly to discuss key issues, including employee working hours and efforts to improve health, enhance work environments ensure safety and prevent risks. We also actively care for employees' mental health, conducting stress checks, arranging meetings with psychiatrists and specialized counselors, to make certain that employees feel both physically and mentally supported.

To ensure occupational safety, the Operation Division verifies day-to-day security operations and works to reduce identified occupational safety risks. Our operational and control structure facilitates the efficient exchange of reports and instructions between the front lines and senior management, ensuring that the latter is fully apprised of day-to-day operations across Japan and able to provide guidance for the improvements where

necessary to enhance occupational safety. The division has developed procedures and equipment designed to prevent accidents and promotes initiatives to improve employee skills, including a program that seeks to improve driving techniques. Efforts to ensure safe, employee-friendly workplaces also include the provision of extensive training aimed at preventing occupational accidents, including that related to the risks of security accidents in various situations.

Participants in Training Aimed at Preventing Occupational Accidents

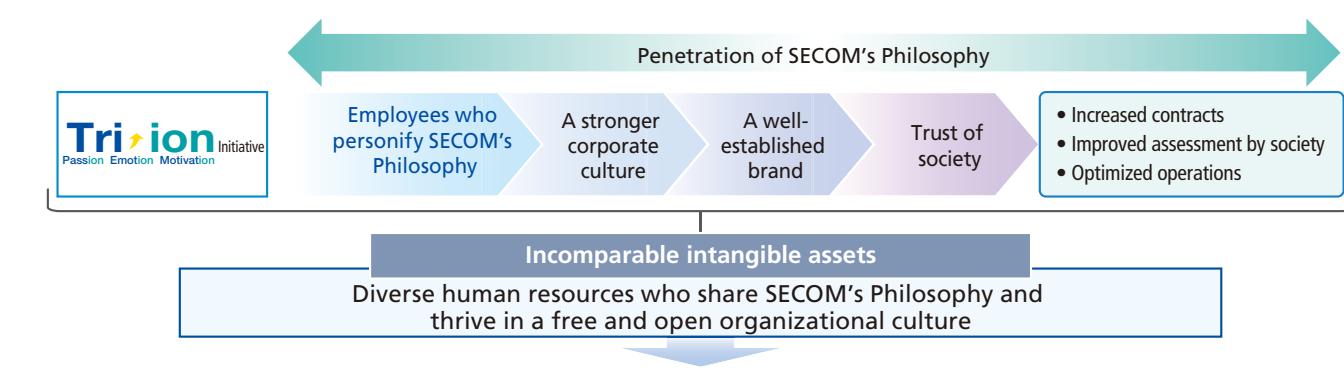


*Scope of reporting: SECOM CO., LTD.

SECOM's Philosophy and the SECOM Group Code of Employee Conduct

Encouraging awareness of SECOM's Philosophy and adherence to the SECOM Group Code of Employee Conduct are essential to maximizing the trust of stakeholders and our corporate value. Handed down since our establishment, SECOM's Philosophy provides a spiritual anchor for Group employees and the entire SECOM Group. The driving force behind our growth and evolution, this philosophy emphasizes a refusal to be content with the status quo and a commitment to doing what is appropriate. The first element expresses our determination to offer innovative services and systems

by challenging accepted norms, while the second calls for judging the legitimacy of our actions by examining whether they are just, fair and beneficial not only to SECOM but also to society as a whole. The SECOM Group Code of Employee Conduct sets forth ideals for the conduct of employees in both public and private life and specific standards for the day-to-day performance of duties. We have published SECOM's Philosophy and the SECOM Group Code of Employee Conduct in the form of handbooks and pocket-sized guides, which are distributed to employees in Japan and overseas.



Questions on SECOM's Philosophy and the SECOM Group Code of Employee Conduct are included in our e-learning program, which is provided annually, and employees' compliance status is reflected in their semiannual performance reviews. An employee who becomes aware of a violation is obliged to submit a report to his or her superior. In addition, we have established a whistleblowing system. We are currently using IT equipment and taking

Securing and fostering talented human resources

Our vibrant, diverse team of employees, who are critical to our ability to provide services that deliver safety and peace of mind, are our greatest asset and another driving force behind our growth and evolution. Accordingly, we strive to secure and foster talented human resources who have the ability to adapt to change and create value and who seek to contribute to society.

As a company that extends services across Japan and around the world, we promote active recruiting efforts. We also work to enhance employee welfare with the goal of improving our ability to retain human resources, and have established a variety of programs designed to boost motivation and productivity, as well as to create

other steps to promote more strict observance. Since 2018, we have promoted the Tri-ion initiative, which seeks to ensure that SECOM's Philosophy fully penetrates every aspect of our operations and to bolster motivation and productivity Groupwide. Through this initiative, we aim to nurture employees who embody SECOM's Philosophy to foster a stronger corporate culture, ensure a well-established brand and further earn the trust of society.

employee-friendly workplaces. One such program enables employees to choose the geographic location to which they are assigned to suit career phase or personal preference.

We provide extensive training to foster human resources with high ethical standards and superior skills. In addition to training for all new employees, we have developed department- and job-specific curricula that reinforce practical capabilities in a manner that benefits employees on the front lines. We have also launched a variety of specialized training options, including an overseas study program and a subsidy system for employees to take correspondence courses. In the area of training for security guards, we have introduced VR

technology, among others, to improve effectiveness and ensure employees acquire excellent discernment and know-how.

Employee performance reviews look to impartially evaluate employees' efforts and support self-realization. Evaluations are based on reports prepared by employees assessing their execution of duties, achievements and areas in need of improvement, and rational assessment categories optimized for each particular job. We use an open, fair format whereby review results are disclosed to employees. In addition, we promote self-actualization through systems designed to assist with career development, including the Self-Reporting System and Challenge Support System, which encourage employees to declare and assist their efforts to realize their own future goals and aspirations.

Advancing diversity

Recognizing the importance of welcoming a broad spectrum of individuals with wide-ranging ideas, to the creation of new value, we actively promote diversity in our labor force, including by advancing career opportunities for female employees. In 2017, we established the Declaration of Promoting Diversity and Inclusions, and assigned diversity and inclusion staff to the Human Resource Department. We currently promote the creation of positive work environments that maximize the capabilities of all employees regardless of gender, nationality, age, physical ability, sexual orientation or gender identity.

With the aim of actively fostering female leaders, we are a member of the nonprofit organization Japan Women's Innovative Network (J-Win). We also dispatch two female employees to participate in J-Win programs, which are aimed at cultivating skills and helping female employees build networks.

Promoting work-life balance

We view work-life balance, including sufficient physical and mental rest and a fulfilling private life as essential to the ability to approach one's work with energy and focus. In addition to actively encouraging employees to take annual paid vacation days, we have established vacation and leave systems in line with which we promote ongoing efforts to help employees achieve a balance between their careers and private lives and enhance employee retention.



*Scope of reporting: SECOM CO., LTD.

Declaration of Promoting Diversity and Inclusions

- Guided by a disciplined corporate culture rooted in SECOM's Philosophy, we respect differences and prioritize diversity in our human resources.
- We aim to be an organization in which all employees can work with drive, vitality, confidence and pride.
- We consistently pursue the creation of innovative value by supporting employee growth and enhancing synergies among the various strengths of individual employees.

Labor Force by Gender

	As of March 31, 2020	
	Male	Female
Executive management	91.2%	8.8%
Other	76.0%	24.0%
Total	81.5%	18.5%

*Scope of reporting: SECOM CO., LTD.

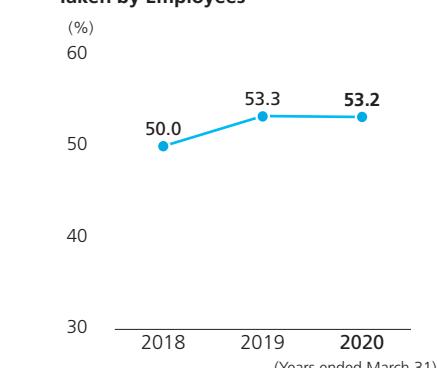
- Flex vacation:** Enables employees to take 10 consecutive vacation days annually, in theory at any time during the year
- Refresh vacation:** A two-week vacation available to employees every 10 years
- Maternity leave:** Available for the six weeks prior to and eight weeks after giving birth; an additional two weeks is available to employees who wish to start their maternity leave earlier
- Childcare leave:** Can be taken by both female and male employees up until the day before the child's third birthday

Change in working hours/exemption (shorter working hours) for childcare

Available within certain restrictions on request to employees who are pregnant or have children who have not yet entered the second grade of elementary school (exceeds legal requirement, which is children under the age of three)

Nursing care leave or change in working hours/exemption (shorter working hours) for nursing care: Full leave or adjusted working hours for up to six months (maximum of 186 days) for employees providing nursing care to a family member wishing to return to work full-time after conclusion of nursing care provision

Percentage of Annual Paid Vacation Days Taken by Employees



*Scope of reporting: SECOM CO., LTD.

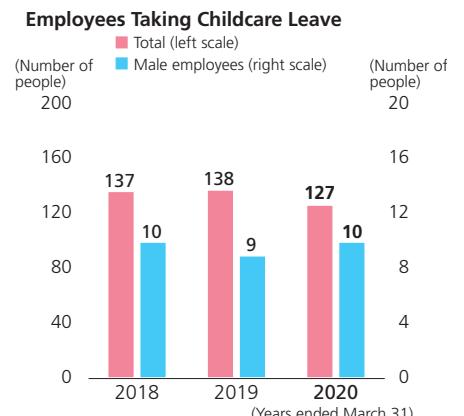
Dialogue with employees

We seek to achieve sustainable growth as a strong, flexible organization that is impervious to the impact of social change and the competitive environment. We are thus working to create a virtuous circle, recognizing the importance of enabling employees who share SECOM's Philosophy to demonstrate their full potential, which helps raise the quality of the services and products we provide, thereby enhancing customer satisfaction and earning the trust of society, which in turn increases employees' job satisfaction. Since 2016, we have conducted an annual anonymous employee job satisfaction survey. In the fiscal year ended March 31, 2020, the response rate for this survey was 85.5%.

Reflecting our fundamental belief that the growth of our employees is inextricably linked to our prosperity, we signed a union membership qualification agreement with SECOM Lively Union (the SECOM Employee Union Federation), which was established in 1964, and became a union shop, meaning that in

SECOM Life Support Program: Allows employees to temporarily change work style and/or location to which they are assigned to provide childcare or nursing care or to accompany a spouse who has been transferred overseas and provides support for long-term career advancement

Job Return Program: Enables people who have left employment at SECOM for unavoidable reasons such as childbirth, childcare or nursing care to apply to return to work



*Scope of reporting: SECOM CO., LTD.

principle employees automatically become union members when they are hired. As a consequence, our union membership rate for eligible employees is 100%.

We place a priority on dialogue between labor and management. With the aim of boosting employee morale, building a vibrant and healthy organizational culture and maximizing organizational energy, the management representatives, including the President and Representative Director, meet monthly with SECOM Lively Union to exchange views. Discussions are also held at SECOM Group companies and branches across Japan to address issues such as improving workplace environments and operating procedures and ensuring occupational health and safety. SECOM Lively Union also exchanges views with management through meetings with employees on organizational culture and the SECOM Employee Central Council.

Governance initiatives

Relevant SDGs	Central themes	Summary
 	Corporate governance	Independent oversight of management and ensure proper business execution while working to actively disclose information to shareholders and other stakeholders
	Compliance	Efforts to improve compliance by promoting strict adherence to the SECOM Group Code of Employee Conduct
	Information security/data security	Promotion of information security through establishment of the SECOM Group Information Security Basic Policy and creating and operating a robust information security system

Basic philosophy

With the aim of earning the continued support of our customers, shareholders, clients, employees, local communities and other stakeholders as a company with value that is worthy of trust, we strive to maximize corporate and shareholder value over the medium to long term and recognize the importance of fulfilling our responsibilities as a corporate citizen and achieving sustainable growth and development.

In line with Japan's Corporate Governance Code and at the direction of top management, outside members of the Board of Directors and Audit & Supervisory Board provide independent oversight of the management team's performance in a manner that takes into account the interest of stakeholders and ensures the appropriate execution of business activities. We also work actively to disclose information to shareholders and other stakeholders and strengthen our compliance framework.

Initiatives to strengthen corporate governance

Area	1986	2000	2005	2010	2015	2020
Establishment of corporate governance system	● 1986: Creates SECOM's Philosophy			● 2006: Formulates basic rules of management for SECOM Group companies		● 2010: Establishes the SECOM Group Management Committee
Separation of management and execution				● 2004: Institutes an executive officer system		
Number of directors designated in the Articles of Incorporation			Up to 2004: Maximum of 40	● From 2005: Maximum of 20		
Term of service of directors			Up to 2003: 2 years	● From 2004: 1 year		
Number of directors			● 2000–2001: 28–29	● 2002–2003: 22–23	● From 2004: 10–13	
Number of auditors			Up to 2010: 4	● From 2011: 5		
Number of outside directors			● 2013–2015: 2	● From 2016: 3	● From 2020: 4	
Number of outside auditors		Up to 2002: 2	● From 2003: 3			
Remuneration for/ appointment of directors			● 2016: Establishes Nomination and Compensation Committee		● 2017: Adopts performance-linked remuneration system	

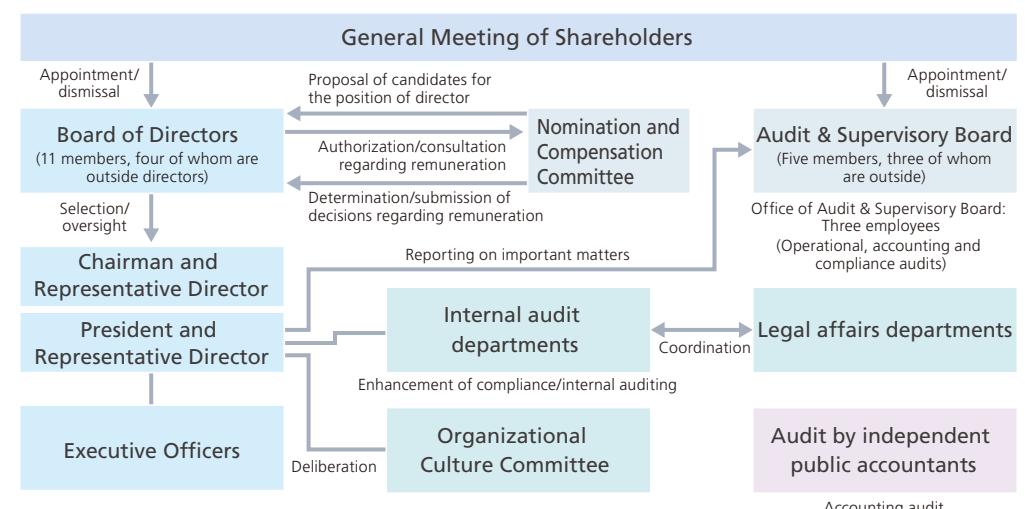
Outline of corporate governance system

We are a company with an Audit & Supervisory Board. The Board of Directors, which includes four outside members, determines overall management and business execution policies and supervises the execution of duties by directors. Executive officers, led by the President and Representative Director, are responsible for business execution. Under our corporate governance system, the Audit & Supervisory Board, which includes three outside members, and the Board of Directors coordinate with the internal audit departments to audit and supervise directors' and executive

officers' discharge of their duties. We believe that this enables us to conduct independent oversight of management and ensure appropriate business execution.

The Nomination and Compensation Committee has been established as a discretionary committee of the Board of Directors. This committee, which is responsible for presenting candidates for the position of director to the Board of Directors and for ensuring the appropriateness of remuneration for directors, comprises seven directors, four of whom are outside.

Corporate governance organization



Board of Directors	Executive Officers	Audit & Supervisory Board
The Board of Directors comprises 11 directors and in principle meets monthly, with five members of the Audit & Supervisory Board also in attendance. The Board of Directors is responsible for deciding overall management policies and business execution policies, as well as for monitoring the performance of duties by directors, and strives to promote the active exchange of opinions with the aim of ensuring effective and swift decision making. Six of the 11 members are responsible for business execution, with the remaining five members (the founder and the four outside directors) having no involvement.	We have adopted an executive officers system, whereby the Board of Directors is responsible for decision making and the executive officers are responsible for business execution. This was done with the aim of strengthening field divisions and enhancing customer service systems by clarifying responsibilities and authority and expediting business execution. We currently have 30 executive officers, six of whom are also directors.	The Audit & Supervisory Board comprises five members, two of whom are full-time and three of whom are outside. In principle, the Audit & Supervisory Board meets monthly. Individuals well-versed in our businesses and internal affairs, as well as in finance and accounting, are appointed to serve as full-time members, while individuals who are independent of the management team, have extensive knowledge of corporate management, legal, financial and other matters and are capable of providing effective oversight and monitoring of the management team, are appointed to serve as outside members.

Nomination of candidates for appointment to the Board of Directors and the Audit & Supervisory Board

In accordance with the policy for appointment set forth by the Board of Directors, candidates for appointment to the Board of Directors and the Audit & Supervisory Board are decided through deliberation by the Board of Directors. Candidates for the Board of Directors are nominated from among candidates determined through discussion by the Nomination and Compensation Committee, the majority of whom are outside directors. Candidates for the Audit & Supervisory Board are nominated with the agreement of the Audit & Supervisory Board.

Internal audits and cooperation among board members and offices

Audits by Audit & Supervisory Board members

Audit & Supervisory Board members attend important meetings, including those of the Board of Directors, to exchange opinions on overall corporate management, as well as to collect reports on the discharge of duties from directors and other pertinent individuals and conduct audits focused on the possible occurrence of violations of laws, regulations, the Articles of Incorporation and/or shareholders' interests. The Audit & Supervisory Board also conducts audits of our overall business activities, as well as those of subsidiaries and affiliates, in accordance with annual audit plans.

Principal Activities of Audit & Supervisory Board members in the Fiscal Year Ended March 31, 2020

Participation in meetings of the Board of Directors	98.18%
Participation in meetings of the Audit & Supervisory Board	98.18%
Information sessions with directors and other executives of the parent company, subsidiaries and affiliated companies	77 times
Audits conducted by Audit & Supervisory Board members at remote locations	101 locations

Regular meetings between the President and Representative Director and Audit & Supervisory Board members

Audit & Supervisory Board members hold regular (monthly) meetings with the President and Representative Director, during which they exchange opinions on important management-related issues, including the results of audits, to ensure common understanding.

Meetings between Audit & Supervisory Board members and accounting auditors

Audit & Supervisory Board members meet regularly (six times annually) with the accounting auditors, as well as additional meetings as necessary, for the purpose of exchanging opinions and information. Audit & Supervisory Board members receive explanations and exchange opinions regarding annual audit plans and audit results. If necessary, Audit & Supervisory Board members also act as witnesses during audits conducted by the accounting auditors at remote locations and during audit reviews (23 times in the fiscal year ended March 31, 2020).

Collaboration with internal audit and other departments

Audit & Supervisory Board members hold regular (monthly) meetings with the Internal Audit and Compliance Department, during which they receive reports and exchange opinions on the results of internal audits and, as appropriate, receive reports on inspections of subsidiaries from and exchange opinions and information with the Group Governance Department. If necessary, to ensure the efficiency of audits, Audit & Supervisory Board members ask the internal audit departments to conduct investigations.

Outside directors and outside Audit & Supervisory Board members

We appoint individuals who have extensive knowledge of corporate management to serve as outside directors, thereby incorporating a broad range of external perspectives not constrained by the internal affairs. We thus have a structure that ensures the transparency and objectivity of management.

We appoint Audit & Supervisory Board members who have a wealth of knowledge of corporate management, legal, financial and other matters (including three outside members, who are essentially independent of the management team). We have also established an auditing organization (including the Office of Audit & Supervisory Board Members) that operates independent of day-to-day operations and a process (including periodic meetings

between the President and Representative Director, among others, and the Audit & Supervisory Board members). This ensures that Audit & Supervisory Board members' objective and neutral opinions are reflected promptly in operations. As a consequence, we believe that we fulfill our responsibility to conduct independent oversight of management performance in a manner that takes into account the interests of stakeholders.

We appoint outside directors and outside Audit & Supervisory Board members on the basis of pertinent requirements set forth in Japan's Companies Act and the standards concerning independence set forth by financial instruments exchanges.

Outside directors and outside Audit & Supervisory Board members

	Name	Principal activities	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Board meetings
Outside directors	Takaharu Hirose	Mr. Hirose offers advice and suggestions at meetings of the Board of Directors based on experience and insights gained in the foundation and management of multiple enterprises and industry organizations. He also asks questions and states opinions to clarify issues.	11/11	—
	Hiromu Kawano	Mr. Kawano offers advice and suggestions at meetings of the Board of Directors based on experience and insights gained through the holding of important positions in government. He also asks questions and states opinions to clarify issues.	11/11	—
	Hajime Watanabe	Mr. Watanabe offers advice and suggestions at meetings of the Board of Directors based on experience and insights gained through his many years of experience in corporate management. He also asks questions and states opinions to clarify issues.	11/11	—
Outside Audit & Supervisory Board members	Hideki Kato	Mr. Kato offers advice and suggestions at meetings of the Board of Directors based on experience gained through the execution of national policies and insights gained as a result of his accomplishments at a policy think tank. He also asks questions and states opinions to clarify issues.	11/11	11/11
	Makoto Yasuda	Mr. Yasuda offers advice and suggestions at meetings of the Board of Directors based on experience and insights gained in the management of a global enterprise. He also asks questions and states opinions to clarify issues.	11/11	11/11
	Setsuo Tanaka	Mr. Tanaka offers advice and suggestions at meetings of the Board of Directors based on experience and insights gained through the holding of important positions in government. He also asks questions and states opinions to clarify issues. He also makes efforts to understand what was discussed at Board of Directors or Audit & Supervisory Board meetings he has missed by obtaining reports on resolutions from, respectively, the individual in charge of meeting administration or an Audit & Supervisory Board member.	7/8	7/8

Notes: 1. Information on attendance at meetings of the Board of Directors and Audit & Supervisory Board is for the fiscal year ended March 31, 2020.

2. Setsuo Tanaka was elected and assumed the position of Audit & Supervisory Board member at the ordinary general meeting of shareholders held on July 26, 2019. Accordingly, the figures for his attendance are for meetings of the Board of Directors meetings and the Audit & Supervisory Board held on or after that date.

Remuneration for directors and Audit & Supervisory Board members

Remuneration for directors consists of pecuniary remuneration and stock compensation (shares with restrictions on transfer). Outside directors are eligible for pecuniary remuneration only.

Pecuniary remuneration is determined by the Nomination and Compensation Committee, which has received authorization from the Board of Directors, within the maximum limit resolved at the Ordinary General Meeting of Shareholders. Pecuniary remuneration for directors comprises basic remuneration and bonuses, the latter of which is linked to consolidated operating results and individual contribution. Outside directors receive basic remuneration only.

Stock compensation is determined by discussion of the Board of Directors, taking into account deliberations by the Nomination

and Compensation Committee within the limit resolved at the Ordinary General Meeting of Shareholders set separately from that set for pecuniary remuneration. In addition to incentives offered with the goal of driving sustainable growth in corporate value, directors other than those who are outside receive shares with restrictions on transfer, the objective of which is to promote the further sharing of value with shareholders.

Remuneration for Audit & Supervisory Board members, which comprises pecuniary remuneration only, is determined through discussion involving Audit & Supervisory Board members in amounts commensurate with individual duties. Remuneration for Audit & Supervisory Board members is set within the maximum limit resolved at the Ordinary General Meeting of Shareholders.

Remuneration for directors and Audit & Supervisory Board members (Fiscal year ended March 31, 2020)

Position	Total remuneration (Millions of yen)	Breakdown of total remuneration (Millions of yen)			Number of entitled individuals
		Basic remuneration	Bonus	Restricted stock	
Directors (excluding outside directors)	341	272	52	15	7
Audit & Supervisory Board members (excluding outside members)	45	45	—	—	2
Outside directors	30	30	—	—	3
Outside Audit & Supervisory Board members	25	25	—	—	4
Total	442	373	52	15	16

Philosophy regarding the diversity and size of the Board of Directors

The Board of Directors consists of internal directors, who are familiar with SECOM's businesses and have diverse knowledge and several outside directors, includes several outside directors with extensive insight in corporate management and other areas. Diversity in terms of gender and international experience is ensured

and the number of members is appropriate to facilitate discussions and resolutions of substance. We will continue working to enhance the effectiveness of the Board of Directors by promoting further diversity and ensuring the appropriate size of the Board.

Evaluation of the Board of Directors' effectiveness

Evaluation process

The effectiveness of the Board of Directors is evaluated annually. In January 2020, a survey was conducted. Responses were collated by the Board's secretariat in early March and findings were subsequently discussed by the Board.

Summary of findings

Composition of the Board of Directors

The opinion was expressed that the diversity of the Board of Directors and the balance between execution and oversight are suitable and that the Board is an appropriate size to ensure active discussion and swift decision making. Constructive views were also expressed regarding further diversification of the Board's composition in terms of gender and other considerations.

Administration of the Board of Directors

The Board of Directors meets once monthly in principle to enable swift discussion and resolution of critical matters. To ensure that directors and Audit & Supervisory Board members are able to make appropriate decisions, matters deemed particularly critical are discussed by the Board of Directors prior to resolution and pending matters are reported to the Board of Directors subsequent to resolution. In 2020, both outside directors and outside Audit & Supervisory Board members actively made comments and

expressed the opinion that the atmosphere in which they function encourages them to speak and that further improvements in the administration of the Board of Directors had been seen since the 2019 survey. Various opinions were also expressed, including that opportunities should be created for free debate, thereby invigorating discussion, as well as for further communication with outside directors.

Oversight function of the Board of Directors

Matters handled by the Board of Directors are selected appropriately, based on the Rules of the Board of Directors and the opinion was expressed that discussions on management policies and corporate philosophy are rigorous. In addition, constructive views were expressed regarding the progress of discussions regarding changes in the operating environment attributable to technological innovation and a declining labor force and related risks undertaken with a medium- to long-term perspective.

Future initiatives

To further enhance corporate value and realize an even more effective Board of Directors, we will continue to promote efforts to improve the board's functions based on evaluations and opinions expressed.

Directors, Audit & Supervisory Board Members and Executive Officers

Directors



Makoto Iida
Founder



Yasuo Nakayama
Chairman and
Representative Director



Ichiro Ozeki
President and
Representative Director



Yasuyuki Yoshida
Senior Executive
Director



Tatsuro Fuse
Executive Director



Tatsuya Izumida
Director



Tatsushi Kurihara
Director



Takaharu Hirose
Outside Director



Hirobumi Kawano
Outside Director



Hajime Watanabe
Outside Director



Miri Hara
Outside Director

Audit & Supervisory Board Members

Takayuki Ito

Koji Kato

Hideki Kato*

Makoto Yasuda*

Setsuo Tanaka*

*Outside

Compliance

Basic philosophy

We provide security services, the objective of which is to protect the lives and assets of our customers from legal violations or malfeasance by third parties. As such, we recognize that it is essential that we not only abide by the Constitution of Japan but also operate in a manner that complies with the letter and the spirit of pertinent laws and regulations.

Because they are in the position of regulating others, employees must also conduct themselves in a disciplined manner, discharging their duties in good faith and in compliance with the letter and the spirit of the law, to earn the trust of customers, which is critical to the security services business. Since our establishment, we have viewed compliance as a matter of utmost importance. Accordingly,

our basic policy has always been to promote systematic measures to ensure unqualified compliance with the letter and spirit of the law.

The SECOM Group Code of Employee Conduct prescribes specific standards for employee behavior and ethical principles that must be observed by all executives and employees in their relationships with stakeholders, including communities, customers and suppliers. The code, which is also published in the form of a pocket-sized guide, thus serves as a universal and timeless template for everyone in the SECOM family. Standards govern, among others, deterring relations with antisocial elements, prohibiting of corruption and bribery and complying with related laws.

System for promotion and administration

Our approach to compliance is notable in that it does not involve the establishment of a dedicated system overseen by a specific department or director, but rather positions each and every employee on the front line of promoting the SECOM Group Code of Employee Conduct, including standards governing compliance, and ensuring ethical behavior.

Compliance is the foundation of each employee's day-to-day work. Managers are responsible for providing guidance regarding the SECOM Group Code of Employee Conduct and overseeing the actions of employees to ensure compliance. Executive officers are responsible for providing control for the department they supervise, while the President and Representative Director provides control for the company as a whole. Each executive officer must also have a thorough knowledge of the laws and regulations pertinent to the department he or she supervises, for which he

or she may seek the assistance of the Legal Department and other related departments. When such laws and regulations are revised, executive officers are responsible for determining appropriate responses, including examining the need to amend the SECOM Group Code of Employee Conduct and, here again with cooperation of the Legal Department and other related departments, presenting related proposals to the President and Representative Director.

The duties of the internal audit departments, i.e., the Internal Audit and Compliance Department and the Group Governance Department, include inspecting each group, department and subsidiary, providing guidance on addressing matters requiring corrective action, and reporting inspection results to the President and Representative Director, as well as to relevant executive officers.

(As of July 31, 2020)

Whistle-blowing system

The SECOM Group Code of Employee Conduct requires employees to report to their superior should they discover that an employee, executive or other individual affiliated with a subcontractor has engaged in or appears likely to engage in an action that violates the code. In the event that no corrective measures are taken after a report has been made, or if circumstances make reporting to a supervisor difficult, employees may report directly to the Internal Audit and Compliance Department via the *Hot Helpline*. Executives and employees of subsidiaries may report violations via the Group Head Office Helpline directly to the Group Governance Department.

Whistle-blower's names and the content of whistle-blower reports are kept confidential. As long as a report has been made in good faith, whistle-blowers are protected from any adverse impacts even if the report is not borne out by the subsequent investigation. Pertinent executive officers are obliged to swiftly assess the results of investigations and take appropriate corrective measures to resolve the situation. Whistle-blowers are notified confidentially of the nature and outcome of investigations.

Whistle-Blower Reports Received

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020
Number of reports	60	48	56

Organizational Culture Committee

The Organizational Culture Committee is a standing committee chaired by the President and Representative Director that meets periodically or as necessary at the direction of the President and Representative Director, and examines important organizational culture-related issues and determines important official commendations and punishments.

The Organizational Culture Committee also deliberates on matters related to compliance with and the administration of the SECOM Group Code of Employee Conduct that have been

reported to the President and Representative Director by the Internal Audit and Compliance Department or the executive officer in charge. If necessary, the committee examines proposals for modifying the system for administering compliance or amending the SECOM Group Code of Employee Conduct. All such proposals must be deliberated by the Organizational Culture Committee, reviewed by Audit & Supervisory Board members and approved by the Board of Directors.

Global compliance training

We have translated SECOM's Philosophy and the SECOM Group Code of Employee Conduct, which outlines the basic concept and specific standards for employee behavior, into multiple different languages and work to advance awareness across the

global SECOM Group. We also provide training to the senior management of overseas Group companies on key aspects of compliance, including observance of laws and regulations, the prevention of bribery and internal controls.

Information and Data Security

Policy and system for promoting information security

With the rapid spread of IT, information security risks have risen significantly, as can be seen from the increasing sophistication of cyber attacks. Any leaks of personal or confidential information entrusted to us by a customer has the potential to seriously hinder our ability to provide security services, damage or adversely impact the customer, and result in the forfeiture of our brand image and reputation for reliability. Accordingly, we have created and maintain a robust information security system.

We have also established the SECOM Group Information Security Basic Policy, to guide our efforts to promote stringent

information security. When we outsource work, we enter into appropriate contracts and provide guidance and supervision to subcontractors. We have put an executive officer in charge of information security for the Group as a whole. In addition, executive officers in charge of each business have been made responsible for information security-related matters for their particular business, as well as for collaborating with the executive officer in charge of information security to report on issues and presenting proposals to the President and Representative Director.

Reducing information security risk

We have implemented powerful security measures to reduce risks associated with information leaks and cyber attacks. We also work to ensure that all employees of the SECOM Group, regardless of employment format, comply fully with our information security rules, which include rules governing the use of personal computers and cellular telephones that must be protected for confidentiality reasons, the storage and carrying of information, and steps to be taken when an information security-related incident arises or a violation of any other information security rule is discovered.

Information system controls and audits are the responsibility of subsidiary Secom Trust Systems and are conducted in accordance with Japan's Information Security Management System (ISMS) standards under the guidance of the executive officer in charge of information security. As well as conducting regular assessments of vulnerability to external cyber attack risks, we monitor information systems around the clock to ensure we are prepared to respond to risks, including those related to large-scale disasters and cyber attacks.

Protecting personal information

The SECOM Group Code of Employee Conduct states that all information obtained in the course of business is confidential and must not be leaked, a stipulation with which all executives and employees must strictly comply. We strive to prevent leakage, loss and damage through employee training and efforts to promote awareness regarding the treatment of personal information, as well as by ensuring stringent management. All employees are required to participate in e-learning programs and tests annually to confirm understanding of and adherence to basic procedures and rules. The internal audit departments conduct periodic inspections of the handling of personal information, data management and access control at each SECOM Group site. In addition, we have established a contact point for queries regarding the handling of personal information and for

complaints and consultations regarding our system for managing and protecting personal information, facilitating swift and appropriate responses. The parent company and Secom Trust Systems have earned certification under Japan's Privacy Mark, which is granted to organizations that take appropriate measures to protect personal information.

Thorough information security (Year ended March 31, 2020)

- Annual e-learning and testing to confirm understanding and adherence (participation: 100% of employees)
- Voluntary audits (implementation: 100% of sites)
- No leaks of information

*Scope of reporting: SECOM CO., LTD.



Environmental Initiatives

Relevant SDGs	Central themes	Summary
7 INDUSTRIAL, INNOVATIVE AND CLIMATE-NEUTRAL ECONOMY 9 INCLUSIVE AND INNOVATIVE INDUSTRY 11 SUSTAINABLE CITIES AND COMMUNITIES	Prevention of global warming	Evaluation and management of the progress of environmental conservation initiatives against environmental key management indicators
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE below water	Reduction of environmental impact across the value chain	Efforts to grasp and reduce greenhouse gas emissions (Scopes 1, 2 and 3) and promote environment-friendly design
15 LIFE ON LAND	Response to the recommendations of the TCFD	Evaluation of risks and opportunities based on climate change scenario analysis and promotion of disclosure

Prevention of global warming

We have established an environmental philosophy and basic environmental policy, in line with which we incorporate initiatives aimed at resolving environmental issues with the aim of achieving sustainable development. We evaluate and manage the SECOM Group's progress in promoting these initiatives over the long term against seven major environmental management indicators.

Short-term target (previous target)

Average annual decrease in CO₂ emissions of 1.5% until the fiscal year ending March 31, 2021

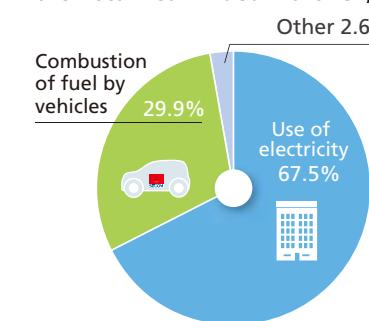
Medium-term target

35% reduction in greenhouse gas emissions from the fiscal year ended March 31, 2014, by the fiscal year ending March 31, 2031

Long-term target

80% reduction in greenhouse gas emissions by 2050

Breakdown of CO₂ Emissions by the SECOM Group in the Fiscal Year Ended March 31, 2020



Greenhouse Gas Emissions: Actual Results and Medium-Term Target



* Greenhouse gas emissions for each fiscal year are calculated in terms of metric tons of CO₂ equivalent.
** Scope of reporting: SECOM CO., LTD. and 27 principal subsidiaries in the security services business.

Reduction of environmental impact across the value chain

Since the fiscal year ended March 31, 2014, we have sought to reduce greenhouse gas emissions across the entire value chain.

Efforts to identify and reduce greenhouse gas emissions (Scopes 1, 2 and 3)

We request all suppliers to calculate and report energy input, greenhouse gas emissions and water usage for products and services supplied to the SECOM Group. As of March 31, 2020, reports had been received from suppliers accounting for approximately 76% of procurement in monetary terms.

Efforts to promote environment-friendly design

We have distributed green engineering guidelines to 109 suppliers. In designing products and services, we are also working to eliminate harmful chemical substances, reduce consumption of electric power, conserve resources, extend useful life and promote recycling.

Example of a System with a Reduced Environmental Impact (HANKS III's Security System for Financial Institutions)	
Consumption of electric power:	- 57%
Volume:	- 55%
Mass:	- 66%



Response to the recommendations of the TCFD

In July 2019, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD), pledging to proactively disclose information on the financial impacts of risks and opportunities associated with climate change on our future business activities in line with TCFD recommendations.

In businesses such as security services, data center services and medical services, the ability to provide stable and uninterrupted services is critical. To maintain services and systems at an acceptable level, we have established a Risk Committee and assess risks from multiple perspectives, including scope of impact, scale, anticipated monetary cost of damage, urgency and frequency of occurrence, based on the results of Companywide risk analysis. For example, we are using a scenario that assumes we suffer damage due to a natural disaster to explore measures to minimize destruction and have created a management system whereby a report is made to the Board of Directors if the seriousness of damage warrants it.

We recognize that the price of fuel consumed by vehicles used in our security services business and climate change-related risks affecting our nonlife insurance and data center services businesses will increase, but we also understand that shifting customer needs will yield opportunities to expand demand for new services. Accordingly, we will promote strategies that seek to capitalize on opportunities while remaining mindful of the potential impact of risks on our operations.



Note: The TCFD was established in 2015 under the auspices of the Financial Stability Board (FSB) with the goal of developing basic disclosure recommendations to provide information on the potential impact of climate change on their profitability and cash flows.

ESG Initiatives

SASB Index

We have prepared a report under Sustainability Accounting Standards Board (SASB) guidance for the Professional & Commercial Services sector, which most closely aligns with the business of SECOM. This report can be accessed from the IR section of our corporate website.

SECOM's SASB Index

Professional & Commercial Services Sector Sustainability Indicators

Topic	Code	Accounting Metric
Data Security	SV-PS-230a.1	Description of approach to identifying and addressing data security risks
	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information
	SV-PS-230a.3	(1) Number of data breaches, (2) Percentage involving customers' confidential business information or personally identifiable information, (3) Number of customers affected
Workforce Diversity & Engagement	SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees
	SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for employees
	SV-PS-330a.3	Employee engagement as a percentage
Professional Integrity	SV-PS-510a.1	Description of approach to ensuring professional integrity
	SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity

Topic	Code	Activity Metric	Data*
Activity metrics	SV-PS-000.A	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	(1) Full-time employees: 14,506 (2) Temporary employees: 1,390 (3) Contract employees: 1,647
		Employee hours worked, percentage billable	Employee hours worked: 29,892,709 Percentage billable: N/A

*Data for "Activity metrics" is for SECOM CO., LTD., and is as of March 31, 2020, or for the fiscal year ended March 31, 2020. Because billing for electronic security services, our principal business, is based on fixed monthly fees, "percentage billable" is not applicable.

Financial Review

Operating Results

Overview

In the fiscal year ended March 31, 2020, SECOM CO., LTD. and its consolidated subsidiaries (collectively, "the Company") sought to provide high-quality services and products that respond to the diverse needs of customers in its core security services segment, as well as in its fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and real estate and other services segments.

Thanks to increases in all segments, consolidated net sales and operating revenue in the period under review advanced 4.4%, or ¥49.1 billion, to ¥1,160.7 billion. Despite the impact of forward-looking investments to reinforce the Company's operating foundation with the aim of ensuring sustainable growth, operating income rose 5.5%, or ¥6.9 billion, to ¥130.6 billion, bolstered by operating income growth in the fire protection services, BPO and ICT services, geospatial information services, real estate and other services, and medical services segments, as well as by a smaller operating loss in the insurance services segment. Nonetheless, owing to a ¥139 million loss on private equity investments, compared with a ¥4.7 billion gain on such investments in the fiscal year ended March 31, 2019, together with an increase in income taxes that reflected a larger reversal of the valuation allowance in the preceding period, net income attributable to SECOM CO., LTD., decreased 2.8%, or ¥2.6 billion, to ¥87.1 billion.

Net Sales and Operating Revenue

Consolidated net sales and operating revenue in the period under review rose 4.4%, or ¥49.1 billion, to ¥1,160.7 billion, thanks to increases in all segments. (For further information, please see Segment Information below.)

Costs and Expenses

Total costs and expenses advanced 4.3%, or ¥42.3 billion, to ¥1,030.1 billion. Cost of sales rose 4.5%, or ¥34.9 billion, to ¥819.9 billion, and was equivalent to 70.6% of net sales and operating revenue, essentially level with the previous fiscal year. Selling, general and administrative (SG&A) expenses were up 2.4%, or ¥4.9 billion, to ¥205.8 billion, equivalent to 17.7% of net sales and operating revenue, an improvement from 18.1% in the preceding period. Impairment loss on long-lived assets increased ¥357 million, to ¥952 million. The Company also reported an impairment loss on goodwill of ¥758 million. Additionally, the Company reported a loss on sales and disposal of fixed assets, net, of ¥2.8 billion, ¥1.3 billion more than in the previous fiscal year, reflecting the disposal of certain existing buildings as a consequence of reconstruction, a decline in sales of real estate for lease and other factors.

Operating Income

Operating income rose 5.5%, or ¥6.9 billion, to ¥130.6 billion. This was largely attributable to the increase in net sales and operating revenue, which absorbed higher costs and expenses. The operating margin edged up to 11.2%, from 11.1%.

Other Income and Expenses

Other income decreased ¥1.3 billion, to ¥10.0 billion, owing primarily to a loss on private equity investments of ¥139 million, compared with a gain of ¥4.7 billion in the preceding period, although this was partially offset by a ¥2.3 billion gain on sales of securities, net, resulting from the sale of a U.S. subsidiary in the geospatial information services business during the period under review, compared with a ¥115 million loss on sales of securities, net, in the previous fiscal year. Other expenses rose ¥116 million, to ¥6.5 billion. Net other income thus amounted to ¥3.5 billion, down ¥1.4 billion.

Income from Continuing Operations before Income Taxes and Equity in Net Income of Affiliated Companies

The aforementioned results yielded income from continuing operations before income taxes and equity in net income of affiliated companies of ¥134.0 billion, up 4.3%, or ¥5.5 billion, from the preceding period.

Income Taxes

Income taxes amounted to ¥40.9 billion, an increase of ¥5.8 billion, owing to a larger reversal of the valuation allowance in the previous fiscal year. This was equivalent to 30.5% of income from continuing operations before income taxes and equity in net income of affiliated companies, up from 27.3%.

Equity in Net Income of Affiliated Companies

Equity in net income of affiliated companies slipped ¥348 million, to ¥6.7 billion.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests rose ¥1.9 billion, to ¥12.6 billion. The principal factor behind this result was increases in operating income in the fire protection services and geospatial information services segments.

Net Income Attributable to SECOM CO., LTD.

Net income attributable to SECOM CO., LTD., decreased 2.8%, or ¥2.6 billion, to ¥87.1 billion, equivalent to 7.5% of net sales and operating revenue, declining from 8.1% in the preceding period. Net income attributable to SECOM CO., LTD., per share was ¥399.23, down from ¥410.91. At the Ordinary General Meeting of Shareholders held on June 25, 2020, a proposal to pay a year-end dividend of ¥85.00 was approved. As a result, cash dividends for the period—which also included an interim dividend of ¥85.00 per share approved at the Board of Directors meeting held on November 8, 2019—amounted to ¥170.00, an increase of ¥5.00. However, the figure of ¥170.00 for cash dividends per share that appears in the consolidated financial statements represents cash dividends paid to shareholders during the period, namely, the ¥85.00 per share year-end dividend for the year ended March 31, 2019, approved at the Ordinary General Meeting of Shareholders held on June 26, 2019, and the ¥85.00 per share interim dividend for the previous fiscal year, determined by the Board of Directors and paid to shareholders of record as of September 30, 2019.

Financial Review

Segment Information

Security Services

The security services segment comprises electronic security services, which center on on-line security systems; other security services; and merchandise and other. In the fiscal year ended March 31, 2020, net sales and operating income in this segment rose 2.3%, or ¥13.3 billion, to ¥580.5 billion. Excluding intersegment transactions, segment net sales and operating income amounted to ¥577.3 billion, representing 49.7% of overall net sales and operating revenue, down from 50.8% in the preceding period.

In addition to on-line commercial and home security systems, electronic security services include large-scale proprietary security systems, which focus on surveillance services for subscribers' premises. On-line commercial and home security systems use sensors, controllers and other equipment installed at subscribers' premises to detect events, including intrusions, fires and equipment malfunctions. Equipment is linked to a SECOM control center via telecommunications circuits to facilitate around-the-clock monitoring. Should an irregularity be detected, relevant information is relayed to the control center, where staff dispatch emergency response personnel to take appropriate measures. If necessary, control center staff also notify the police, fire department or other emergency services.

The Company employs a rental format, whereby it maintains ownership of security equipment and provides it to subscribers on a rental basis. This minimizes initial costs for subscribers and guarantees the quality and stability of its services. The initial contract period for security services is five years, with contracts renewed automatically each subsequent year. Depreciation for security equipment is computed using the declining balance method principally over five years.

The Company takes full responsibility for all aspects of its on-line commercial and home security systems, from R&D through to equipment manufacturing, security planning, installation, monitoring, emergency response services and equipment maintenance. This integrated approach leverages the Company's half-century-plus of experience and knowhow in providing electronic security services, together with its R&D team's ability to recognize and address false alarms, to ensure highly efficient operations.

Net sales and operating revenue from electronic security services edged up 0.8%, or ¥2.9 billion, to ¥347.2 billion. This was due to increased sales of on-line security systems, underpinned by expanded sales of high-value-added commercial systems that respond to diverse security needs and peripheral services, and of SECOM Home Security NEO and other home security services that address growing needs for help in caring for vulnerable members of society.

Other security services include static guard and armored car services. Net sales and operating revenue generated by static guard services which are provided by highly trained professional security guards for systems requiring human judgment and flexible responsiveness, advanced 5.7%, or ¥3.8 billion, to ¥70.0 billion. This was a consequence of the first full year of contributions from Secom Tosec Co., Ltd., in which we acquired an 80.1% stake in August 2018, as well as solid demand for static guard services. Armored car services, which involve the transport of cash, securities and other valuables using special fitted armored cars and security professionals, generated net sales and operating revenue of ¥63.6 billion, up 1.9%, or ¥1.2 billion. Principal factors behind this result included an increase in the sales of Asahi Security, which principally provides cash collection and delivery services.

The merchandise and other category encompasses a wide range of security products, including security camera systems, access control systems, automated fire extinguishing systems and external monitoring systems, which can be freestanding or linked to on-line security systems. Net sales and operating revenue in this category rose 6.3%, or ¥5.7 billion, to ¥96.5 billion, underpinned by an increase in sales-type leases of large-scale security systems and higher sales of access control and custom-built systems.

Operating income in the security services segment declined 1.1%, or ¥1.2 billion, to ¥108.9 billion. The operating margin slipped to 18.8%, from 19.4% in the previous fiscal year. These results primarily reflected forward-looking investments to reinforce the Company's operating foundation with the aim of ensuring sustainable growth and an impairment loss on goodwill.

Fire Protection Services

The fire protection services segment focuses on high-grade, tailored, automatic fire alarm systems, fire extinguishing systems and other fire protection systems for a wide range of applications, including office buildings, plants, tunnels, cultural properties, ships and residences. In the period under review, Nohmi Bosai and Nittan, two of Japan's leading domestic fire protection services providers, sought to leverage their respective business foundations and product development capabilities to secure orders for fire protection systems.

Segment net sales and operating revenue increased 8.2%, or ¥11.8 billion, to ¥155.9 billion, bolstered by contributions from large-, medium- and small-scale projects, a result of potent sales efforts. Operating income climbed 25.6%, or ¥3.6 billion, to ¥17.8 billion, owing to the increase in net sales and operating revenue, as well as to a number of comparatively profitable projects and a decline in cost of sales due to improved operating efficiency. The operating margin was 11.4%, up from 9.8% in the preceding period.

Medical Services

The medical services segment provides home nursing services, pharmaceutical dispensing services, support for affiliated medical institutions in Japan, sales of medical equipment, the operation of a general hospital in India, the operation of residences for seniors and other personal care services, health and preventative care services, and ICT-based services, which included electronic medical report systems. Additionally, this segment includes the operations of variable interest entities (VIEs) of which the Company is the primary beneficiary, which manage hospitals and health care-related institutions.

Net sales and operating revenue in this segment were up 3.0%, or ¥5.4 billion, to ¥187.3 billion, a consequence of increases in the net sales and operating revenue of VIEs, underpinned by a rising number of patients at affiliated medical institutions, as well as to higher sales of pharmaceuticals and medical equipment and revenue from pharmaceutical dispensing services. Operating income advanced 7.8%, or ¥450 million, to ¥6.2 billion, reflecting an improvement in the operating income of a hospital operated by the Company in India. The operating margin improved to 3.3%, from 3.2% in the previous fiscal year.

Insurance Services

The insurance services segment continued to expand sales of an extensive lineup of distinctive non-life insurance policies, including the Security Discount Fire Policy, a commercial fire insurance policy, and SECOM Anshin My Home, a comprehensive fire insurance policy for homes—both of which extend discounts on premiums to customers who have installed on-line security systems, recognizing this as a risk-mitigating factor—and SECOM Anshin My Car, a comprehensive automobile insurance policy that offers onsite support services provided by SECOM emergency response personnel should the policyholders be involved in an accident, and MEDCOM, an unrestricted cancer treatment policy that covers the entire cost of medical treatment for cancer.

Segment net sales and operating revenue, at ¥46.9 billion, increased 4.9%, or ¥2.2 billion, bolstered by brisk sales of MEDCOM and fire and automobile insurance policies. The segment reported an operating loss of ¥4.3 billion, an improvement from ¥4.9 billion in the preceding period, attributable to higher net sales and operating revenue, as well as to a decrease in losses incurred as a result of multiple major natural disasters.

Geospatial Information Services

The geospatial information services segment centers on the collection of geographic data using commercial satellites, aircraft and surveying using proprietary vehicles, among others, which is integrated, processed and analyzed to provide geospatial information services to public-sector entities—including national and local governments—and customers in the private sector in Japan. These services are also offered to government agencies overseas. Net sales and operating revenue in this segment rose 3.5%, or ¥1.8 billion, to ¥53.7 billion, bolstered by an increase in revenue from domestic public-sector customers, owing to the expanded provision of surveying services employing aerial lasers to such customers. Operating income jumped 61.3%, or ¥1.2 billion, to ¥3.0 billion, while the operating margin improved to 5.6%, from 3.6%. This primarily reflected declines in depreciation expenses and impairment losses.

BPO and ICT Services

BPO and ICT services encompass the provision of data center services, BCP support services, information security services, cloud-based services and BPO services. Segment net sales and operating revenue increased 9.5%, or ¥9.7 billion, to ¥110.9 billion, bolstered by higher revenue from data center services and contributions from subsidiary TMJ, a provider of contact center, back office support and other BPO services. Operating income, at ¥10.6 billion, was up 13.1%, or ¥1.2 billion, and the operating margin rose to 9.6%, from 9.3%, reflecting an improvement in the cost of sales ratio attributable to higher sales in the data center business.

Real Estate and Other Services

The real estate and other services segment includes the development and sale of, among others, condominiums equipped with distinctive security and disaster preparedness features, as well as real estate leasing, construction and installation, and other services. Net sales and operating revenue in this segment advanced 9.9%, or ¥4.6 billion, to ¥51.2 billion, with contributing factors including an increase in condominium development and sales. Operating income rose 17.9%, or ¥912 million, to ¥6.0 billion, and the operating margin increased to 11.7%, from 10.9%.

Financial Review

Financial Position

Total assets as of March 31, 2020, amounted to ¥2,081.1 billion, an increase of ¥201.4 billion from the end of the previous fiscal year. Total current assets rose ¥65.6 billion, to ¥935.9 billion, and accounted for 45.0% of total assets. The current ratio was 2.2 times, up from 2.1 times. Cash and cash equivalents totaled ¥414.7 billion, an increase of ¥64.9 billion, reflecting the fact that net cash provided by operating activities exceeded net cash used in investing and financing activities. (For further details, please see Cash Flows, which follows this section.) Notes and accounts receivable, trade, rose ¥9.7 billion, to ¥166.6 billion, owing to higher net sales and operating revenue. Notes and accounts receivable are affected by the fact that income in the fire protection services and geospatial information services businesses tend to be concentrated toward the end of the fiscal year. Cash deposits for armored car services declined ¥1.4 billion, to ¥140.9 billion. These cash deposits are funded primarily through bank overdrafts and deposits and their use by the company is restricted. The sales of real estate for sale and other factors led to a decline in inventories of ¥9.6 billion, to ¥56.3 billion.

Investments and long-term receivables decreased ¥16.1 billion, to ¥325.3 billion, which represented 15.6% of total assets. Investment securities, at ¥194.8 billion, were down ¥17.8 billion. Contributing factors included the reclassification of corporate bonds and other debt securities due within one year as current assets.

Property, plant and equipment, less accumulated depreciation, amounted to ¥425.5 billion, up ¥9.3 billion and equivalent to 20.4% of total assets. This primarily reflected increases in buildings and improvements, attributable to data center business-related investments, and in security equipment and control stations, a result of purchases of security equipment necessitated by a rising number of security services subscribers.

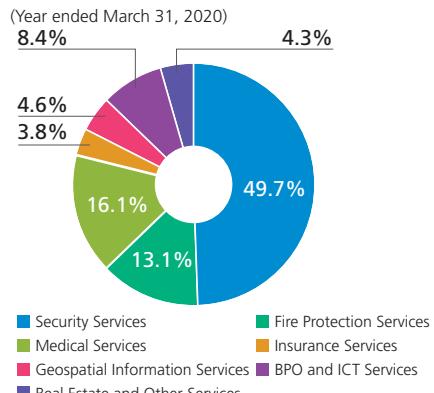
Other assets, at ¥394.4 billion, were up ¥142.6 billion and accounted for 19.0% of total assets. Owing to the application of Accounting Standards Update (ASU) No. 2016-02, "Leases," from the beginning of the period under review, the Company was required to recognize almost all lease assets and lease liabilities arising from lease contracts, which are classified as operating leases, on its balance sheets. As a consequence, operating lease right-of-use assets of ¥143.5 billion were included in other assets. In addition, prepaid pension and severance costs declined ¥6.7 billion, to ¥31.8 billion, reflecting deteriorating investment conditions, while deferred income taxes rose ¥3.7 billion, to ¥25.8 billion.

Total liabilities as of March 31, 2020, amounted to ¥853.7 billion, up ¥149.9 billion from the end of the preceding period, and accounted for 41.0% of total liabilities and equity. Total current liabilities, at ¥431.2 billion were up ¥25.8 billion and represented 20.7% of total liabilities and equity, owing largely to the application of ASU No. 2016-02, which resulted in the inclusion of current operating lease liabilities of ¥19.2 billion, and to a ¥4.9 billion increase in other current liabilities, to ¥37.9 billion, as a consumption tax rate hike led to an increase in accrued consumption tax.

Total long-term liabilities rose ¥124.1 billion, to ¥422.5 billion, and represented 20.3% of total liabilities and equity. This increase primarily reflected the inclusion of long-term operating lease liabilities of ¥124.3 billion as a result of the application of ASU No. 2016-02.

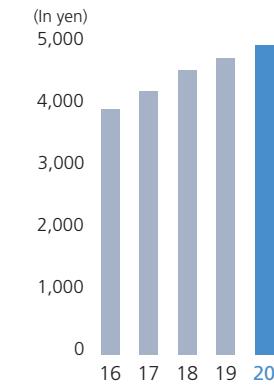
Total SECOM CO., LTD., shareholders' equity increased ¥44.6 billion, to ¥1,088.7 billion. Retained earnings rose ¥50.0 billion, to ¥1,017.7 billion, owing principally to net income attributable to SECOM CO., LTD., and the payment of dividends. Accumulated other comprehensive loss rose ¥7.0 billion, to ¥7.1 billion. As a consequence, the equity ratio was 52.3%, compared with 55.6% at the end of the previous fiscal year.

Percentage of Consolidated Net Sales and Operating Revenue*

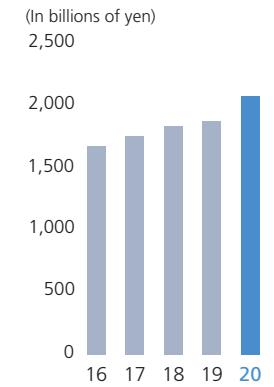


* Pie chart shows percentage of consolidated net sales and operating revenue (excluding intersegment transactions)

SECOM CO., LTD. Shareholders' Equity per Share



Total Assets



Cash Flows

The Company is committed to maintaining sufficient liquidity to allow flexibility in its operations and ensure a solid financial foundation. To the best of its ability, the Company is also firmly committed to financing strategic investments with cash generated by its operating activities.

In the period under review, net cash provided by operating activities amounted to ¥184.4 billion. The principal components of this were net income of ¥99.8 billion and an adjustment for depreciation and amortization, including amortization of deferred charges, a non-cash item, of ¥77.6 billion. Net cash provided by operating activities was ¥26.1 billion higher than in the fiscal year ended March 31, 2019. Factors behind this result included a ¥5.1 billion increase in accrued income taxes, compared with a ¥4.9 billion decrease in the previous fiscal year; a decrease in deferred income taxes of ¥7.4 billion; an increase in receivables and due from subscribers, net of allowances, of ¥10.6 billion, compared with an increase of ¥17.4 billion in the preceding period; and an increase in accrued consumption tax of ¥4.5 billion, compared with a decrease of ¥831 million in the previous fiscal year.

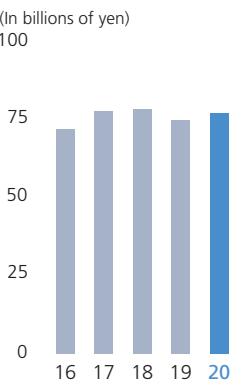
Net cash used in investing activities amounted to ¥66.6 billion. Principal components of this were payments for purchases of property, plant and equipment of ¥63.1 billion, owing to purchases of security equipment necessitated by a rising number of security services subscribers and forward-looking investments to reinforce the Company's operating foundation; payments for purchases of intangible assets of ¥11.7 billion, attributable to forward-looking investments to reinforce the Company's operating foundation; and payments for purchases of investment securities

of ¥45.3 billion, primarily in the insurance services segment and through private-equity investments in the United States, exceeding proceeds from sales and redemptions of investment securities of ¥50.3 billion. Net cash used in investing activities rose ¥2.2 billion from the previous fiscal year, with contributing factors including a ¥1.6 billion decrease in time deposits, compared with a ¥1.3 billion increase in the preceding period, and payments for purchases of property, plant and equipment, which were up ¥6.7 billion from the previous fiscal year. Owing to investments in the insurance services segment and private equity investments in the United States, net cash generated by an increase in short-term investments and net proceeds from sales and redemptions of investment securities rose to ¥3.6 billion, from ¥2.7 billion in the previous fiscal year.

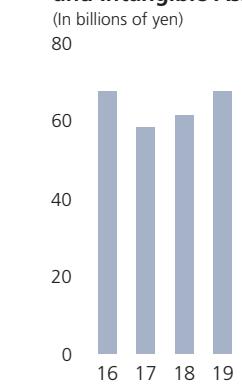
Net cash used in financing activities was ¥52.9 billion. This primarily reflected dividends paid to SECOM CO., LTD. shareholders of ¥37.1 billion and repayments of long-term debt of ¥18.8 billion. Net cash used in financing activities was ¥7.4 billion less than in the preceding period. This was due largely to declines in dividends paid to noncontrolling interests and payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders, the latter a result of the absence of the purchase of treasury stock by subsidiary Secom Joshinetsu, which pushed up outlays in the previous fiscal year.

Owing to the Company's operating, investing and financing activities in the period under review, cash and cash equivalents at end of year amounted to ¥414.7 billion, up ¥64.9 billion from cash equivalents at beginning of year, which were ¥349.7 billion.

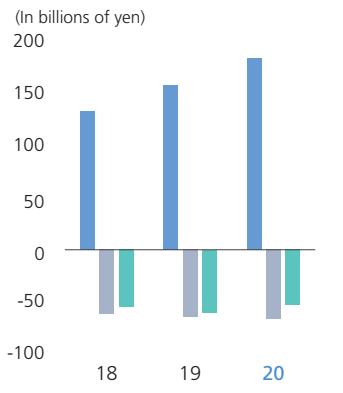
Depreciation and Amortization



Purchases of Property, Plant and Equipment and Intangible Assets



Cash Flows



Cash flows from operating activities
Cash flows from investing activities
Cash flows from financing activities

Consolidated Financial Statements

Consolidated Balance Sheets

SECOM CO., LTD. and Subsidiaries
March 31, 2020 and 2019

ASSETS	In millions of yen		Translation into thousands of U.S. dollars	
	March 31			
	2020	2019		
Current assets:				
Cash and Cash equivalents.....				
Cash and Cash equivalents.....	¥ 414,668	¥ 349,730	\$ 3,804,294	
Time deposits.....	9,097	10,619	83,459	
Cash deposits for armored car services.....	140,906	142,336	1,292,716	
Short-term investments.....	31,084	25,294	285,174	
Notes and accounts receivable, trade.....	166,612	156,869	1,528,550	
Due from subscribers.....	63,112	63,012	579,009	
Inventories.....	56,297	65,945	516,486	
Short-term receivables.....	25,679	27,111	235,587	
Allowance for doubtful accounts.....	(1,641)	(1,738)	(15,055)	
Deferred insurance acquisition costs.....	4,301	6,809	39,459	
Other current assets.....	25,749	24,301	236,229	
Total current assets.....	935,864	870,288	8,585,908	
Investments and long-term receivables:				
Investment securities.....	194,822	212,641	1,787,358	
Investments in affiliated companies.....	64,499	63,697	591,734	
Long-term receivables.....	41,566	40,095	381,339	
Lease deposits.....	17,725	17,245	162,615	
Other investments.....	10,947	11,952	100,431	
Allowance for doubtful accounts.....	(4,237)	(4,218)	(38,872)	
	325,322	341,412	2,984,605	
Property, plant and equipment:				
Land.....	117,457	116,540	1,077,587	
Buildings and improvements.....	365,362	351,947	3,351,945	
Security equipment and control stations.....	346,168	337,756	3,175,853	
Machinery, equipment and automobiles.....	156,830	155,944	1,438,807	
Construction in progress.....	7,026	6,759	64,459	
	992,843	968,946	9,108,651	
Accumulated depreciation.....	(567,339)	(552,719)	(5,204,945)	
	425,504	416,227	3,903,706	
Other assets:				
Operating lease right-of-use assets.....	143,468	—	1,316,220	
Deferred charges.....	25,664	25,220	235,450	
Goodwill.....	108,925	108,122	999,312	
Other intangible assets.....	58,814	57,892	539,578	
Prepaid pension and severance costs.....	31,790	38,489	291,651	
Deferred income taxes.....	25,769	22,060	236,413	
	394,430	251,783	3,618,624	
Total assets.....	¥2,081,120	¥1,879,710	\$19,092,843	

LIABILITIES AND EQUITY	In millions of yen		Translation into thousands of U.S. dollars	
	March 31			
	2020	2019		
Current liabilities:				
Bank loans.....				
Bank loans.....	¥ 39,002	¥ 38,658	\$ 357,817	
Current portion of long-term debt.....	17,983	18,447	164,982	
Notes and accounts payable, trade.....	48,466	46,606	444,642	
Other payables.....	44,331	44,208	406,706	
Deposits received.....	122,796	127,619	1,126,569	
Deferred revenue.....	37,048	35,947	339,890	
Accrued income taxes.....	24,811	22,904	227,624	
Accrued payroll.....	39,650	37,987	363,761	
Current operating lease liabilities.....	19,171	—	175,881	
Other current liabilities.....	37,906	32,992	347,761	
Total current liabilities.....	431,164	405,368	3,955,633	
Long-term liabilities:				
Long-term debt.....	44,255	45,342	406,009	
Guarantee deposits received.....	31,546	31,887	289,413	
Accrued pension and severance costs.....	31,393	30,913	288,009	
Long-term deferred revenue.....	12,511	11,623	114,779	
Unearned premiums and other insurance liabilities.....	128,908	124,309	1,182,642	
Investment deposits by policyholders.....	21,516	23,615	197,394	
Deferred income taxes.....	13,132	16,041	120,477	
Long-term operating lease liabilities.....	124,297	—	1,140,339	
Other long-term liabilities.....	14,991	14,710	137,532	
Total long-term liabilities.....	422,549	298,440	3,876,594	
Total liabilities.....	853,713	703,808	7,832,227	
Commitments and contingent liabilities				
Equity:				
SECOM CO., LTD. shareholders' equity:				
Common stock				
Authorized—900,000,000 shares, issued 233,293,998 shares in 2020	66,401	66,393	609,183	
Authorized—900,000,000 shares, issued 233,292,219 shares in 2019.....	74,680	73,166	685,138	
Additional paid-in capital.....	10,833	10,783	99,385	
Legal reserve.....	1,017,661	967,679	9,336,339	
Retained earnings.....				
Accumulated other comprehensive income (loss):				
Unrealized gains on securities.....	2,046	2,309	18,771	
Pension liability adjustments.....	(4,601)	(742)	(42,211)	
Foreign currency translation adjustments.....	(4,506)	(1,645)	(41,338)	
	(7,061)	(78)	(64,778)	
Common stock in treasury, at cost:				
15,033,588 shares in 2020 and 15,031,867 shares in 2019.....	(73,776)	(73,759)	(676,844)	
Total SECOM CO., LTD. shareholders' equity.....	1,088,738	1,044,184	9,988,423	
Noncontrolling interests.....	138,669	131,718	1,272,193	
Total equity.....	1,227,407	1,175,902	11,260,616	
Total liabilities and equity.....	¥2,081,120	¥1,879,710	\$19,092,843	

Consolidated Financial Statements

Consolidated Statements of Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2020

	In millions of yen			Translation into thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2020	2019	2018	2020
Net sales and operating revenue	¥1,160,707	¥1,111,600	¥1,082,792	\$10,648,688
Costs and expenses:				
Cost of sales	819,867	784,918	751,944	7,521,715
Selling, general and administrative expenses	205,796	200,932	191,389	1,888,037
Impairment loss on long-lived assets	952	595	841	8,734
Impairment loss on goodwill	758	—	11	6,954
Gain and loss on sales and disposal of fixed assets, net	2,770	1,444	(1,504)	25,413
	1,030,143	987,889	942,681	9,450,853
Operating income	130,564	123,711	140,111	1,197,835
Other income:				
Interest and dividends	2,127	1,807	1,637	19,514
Gain and loss on sales of securities, net	2,297	—	237	21,073
Gain on private equity investments	—	4,673	5,884	—
Other	5,557	4,766	5,696	50,982
	9,981	11,246	13,454	91,569
Other expenses:				
Interest	1,151	1,184	1,236	10,560
Gain and loss on sales of securities, net	—	115	—	—
Loss on other-than-temporary impairment of investment securities	3,738	3,959	57	34,294
Loss on private equity investments	139	—	—	1,275
Other	1,482	1,136	1,482	13,595
	6,510	6,394	2,775	59,724
Income from continuing operations before income taxes and equity in net income of affiliated companies	134,035	128,563	150,790	1,229,680
Income taxes:				
Current	45,654	47,210	54,225	418,844
Deferred	(4,715)	(12,086)	(6,118)	(43,256)
	40,939	35,124	48,107	375,588
Income from continuing operations before equity in net income of affiliated companies	93,096	93,439	102,683	854,092
Equity in net income of affiliated companies	6,654	7,002	7,179	61,046
Net income	99,750	100,441	109,862	915,138
Less: Net income attributable to noncontrolling interests	(12,614)	(10,755)	(13,239)	(115,725)
Net income attributable to SECOM CO., LTD.	¥ 87,136	¥ 89,686	¥ 96,623	\$ 799,413

Consolidated Statements of Comprehensive Income

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2020

	Years ended March 31			Year ended March 31
	2020	2019	2018	2020
Comprehensive income:				
Net income	¥99,750	¥100,441	¥109,862	¥915,138
Other comprehensive income (loss), net of tax:				
Unrealized gains on securities	(263)	274	256	(2,413)
Pension liability adjustments	(4,037)	(2,566)	5,376	(37,037)
Foreign currency translation adjustments	(2,934)	(4,908)	1,952	(26,917)
Total comprehensive income	92,516	93,241	117,446	848,771
Less: Comprehensive income attributable to noncontrolling interests	(12,364)	(10,060)	(13,710)	(113,431)
Comprehensive income attributable to SECOM CO., LTD.	¥80,152	¥ 83,181	¥103,736	¥735,340

Consolidated Statements of Changes in Equity

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2020

											In millions of yen
	Number of shares issued	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Common stock in treasury, at cost	SECOM CO., LTD. shareholders' equity	Total	Noncontrolling interests	Total
Balance, March 31, 2017											
Comprehensive income:											
Net income.....	—	—	—	—	96,623	—	—	96,623	13,239	109,862	
Other comprehensive income (loss), net of tax:											
Unrealized gains on securities.....	—	—	—	—	—	268	—	268	(12)	256	
Pension liability adjustments.....	—	—	—	—	—	5,070	—	5,070	306	5,376	
Foreign currency translation adjustments.....	—	—	—	—	—	1,775	—	1,775	177	1,952	
Total comprehensive income.....								103,736	13,710	117,446	
Issuance of new stocks.....	1,724	7	7	—	—	—	—	—	14	—	14
Cash dividends paid to SECOM CO., LTD. shareholders.....	—	—	—	—	(32,738)	—	—	(32,738)	—	(32,738)	
Cash dividends paid to noncontrolling interests.....	—	—	—	—	—	—	—	—	(5,381)	(5,381)	
Transfer to legal reserve.....	—	—	—	101	(101)	—	—	—	—	—	
Equity transactions with noncontrolling interests and other.....	—	—	24	—	—	—	—	24	473	497	
Changes in the scope of application of the equity method.....	—	—	—	—	17	—	—	17	—	17	
Gains on disposal of treasury stock.....	—	—	0	—	—	—	—	0	—	0	
Net changes in treasury stock.....	—	—	—	—	—	—	(18)	(18)	—	(18)	
Balance, March 31, 2018	233,290,441	66,385	73,133	10,733	896,586	27,189	(73,749)	1,000,277	131,028	1,131,305	
Comprehensive effect adjustments resulting from adoption of new accounting standards, net of tax	—	—	—	—	16,379	(20,762)	—	(4,383)	(421)	(4,804)	
Comprehensive income:											
Net income.....	—	—	—	—	89,686	—	—	89,686	10,755	100,441	
Other comprehensive income (loss), net of tax:											
Unrealized gains on securities.....	—	—	—	—	—	274	—	274	—	274	
Pension liability adjustments.....	—	—	—	—	—	(2,320)	—	(2,320)	(246)	(2,566)	
Foreign currency translation adjustments.....	—	—	—	—	—	(4,459)	—	(4,459)	(449)	(4,908)	
Total comprehensive income.....								83,181	10,060	93,241	
Issuance of new stocks.....	1,778	8	7	—	—	—	—	—	15	—	15
Cash dividends paid to SECOM CO., LTD. shareholders.....	—	—	—	—	(34,922)	—	—	(34,922)	—	(34,922)	
Cash dividends paid to noncontrolling interests.....	—	—	—	—	—	—	—	—	(6,252)	(6,252)	
Transfer to legal reserve.....	—	—	—	50	(50)	—	—	—	—	—	
Equity transactions with noncontrolling interests and other.....	—	—	26	—	—	—	—	26	(2,697)	(2,671)	
Changes in the scope of application of the equity method.....	—	—	—	—	—	—	—	—	—	—	
Gains on disposal of treasury stock.....	—	—	—	—	—	—	—	—	—	—	
Net changes in treasury stock.....	—	—	—	—	—	—	(10)	(10)	—	(10)	
Balance, March 31, 2019	233,292,219	66,393	73,166	10,783	967,679	(78)	(73,759)	1,044,184	131,718	1,175,902	
Comprehensive income:											
Net income.....	—	—	—	—	87,136	—	—	87,136	12,614	99,750	
Other comprehensive income (loss), net of tax:											
Unrealized gains on securities.....	—	—	—	—	—	(263)	—	(263)	—	(263)	
Pension liability adjustments.....	—	—	—	—	—	(3,858)	—	(3,858)	(178)	(4,036)	
Foreign currency translation adjustments.....	—	—	—	—	—	(2,862)	—	(2,862)	(72)	(2,934)	
Total comprehensive income.....								80,153	12,364	92,517	
Issuance of new stocks.....	1,779	8	8	—	—	—	—	—	16	—	16
Cash dividends paid to SECOM CO., LTD. shareholders.....	—	—	—	—	(37,104)	—	—	(37,104)	—	(37,104)	
Cash dividends paid to noncontrolling interests.....	—	—	—	—	—	—	—	—	(3,438)	(3,438)	
Transfer to legal reserve.....	—	—	—	50	(50)	—	—	—	—	—	
Equity transactions with noncontrolling interests and other.....	—	—	1,506	—	—	—	—	1,506	(1,975)	(469)	
Changes in the scope of application of the equity method.....	—	—	—	—	—	—	—	—	—	—	
Gains on disposal of treasury stock.....	—	—	0	—	—	—	—	0	—	0	
Net changes in treasury stock.....	—	—	—	—	—	—	(17)	(17)	—	(17)	
Balance, March 31, 2020	233,293,998	¥66,401	¥74,680	¥10,833	¥1,017,661	(¥ 7,061)	(¥73,776)	¥1,088,738	¥138,669	¥1,227,407	

	Translation into thousands of U.S. dollars									
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Common stock in treasury, at cost	SECOM CO., LTD. shareholders' equity	Total Noncontrolling interests	Total	
Balance, March 31, 2019	\$609,110	\$671,248	\$98,926	\$8,877,789	(\$ 716)	(\$676,688)	\$9,579,669	\$1,208,422	\$10,788,091	
Comprehensive income:										
Net income.....	—	—	—	799,413	—	—	799,413	115,725	915,138	
Other comprehensive income (loss), net of tax:										
Unrealized gains on securities.....	—	—	—	—	(2,413)	—	(2,413)	—	(2,413)	
Pension liability adjustments.....	—	—	—	—	(35,393)	—	(35,393)	(1,633)	(37,026)	
Foreign currency translation adjustments.....	—	—	—	—	(26,256)	—	(26,256)	(661)	(26,917)	
Total comprehensive income.....	—	—	—	—	—	—	735,351	113,431	848,782	
Issuance of new stocks.....	73	73	—	—	—	—	—	146	—	146
Cash dividends paid to SECOM CO., LTD. shareholders.....	—	—	—	(340,404)	—	—	(340,404)	—	—	(340,404)
Cash dividends paid to noncontrolling interests.....	—	—	—	—	—	—	—	(31,541)	—	(31,541)
Transfer to legal reserve.....	—	—	459	(459)	—	—	—	—	—	—
Equity transactions with noncontrolling interests and other.....	—	13,817	—	—	—	—	13,817	(18,119)	(4,302)	
Changes in the scope of application of the equity method.....	—	—	—	—	—	—	—	—	—	
Gains on disposal of treasury stock.....	—	0	—	—	—	0	0	—	0	
Net changes in treasury stock.....	—	—	—	—	—	(156)	(156)	—	(156)	
Balance, March 31, 2020	\$609,183	\$685,138	\$99,385	\$9,336,339	(\$64,778)	(\$676,844)	\$9,988,423	\$1,272,193	\$11,260,616	

Consolidated Financial Statements

Consolidated Statements of Cash Flows

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2020

	In millions of yen			Translation into thousands of U.S. dollars	
	Years ended March 31				
	2020	2019	2018		
Cash flows from operating activities:					
Net income.....	¥ 99,750	¥100,441	¥109,862	\$ 915,138	
Adjustments to reconcile net income to net cash provided by operating activities—					
Depreciation and amortization, including amortization of deferred charges.....	77,574	75,300	78,955	711,688	
Accrual for pension and severance costs, less payments.....	1,193	614	977	10,945	
Deferred income taxes.....	(4,715)	(12,086)	(6,118)	(43,257)	
Gain and loss on sales and disposal of fixed assets, net.....	2,770	1,444	(1,541)	25,413	
Impairment loss on long-lived assets.....	952	595	841	8,734	
Write-down on real estate inventories.....	66	580	865	606	
Gain and loss on private equity investments.....	139	(4,673)	(5,884)	1,275	
Impairment loss on goodwill.....	758	—	11	6,954	
Gain on sales of securities, net.....	(2,962)	(901)	(1,073)	(27,174)	
Loss on other-than-temporary impairment of investment securities.....	8,540	8,991	199	78,349	
Equity in net income of affiliated companies.....	(6,654)	(7,002)	(7,179)	(61,046)	
Changes in assets and liabilities, net of effects from acquisitions and disposals:					
(Increase) decrease in cash deposits for armored car services.....	1,430	(6,527)	(5,189)	13,119	
(Increase) decrease in receivables and due from subscribers, net of allowances.....	(10,576)	(17,404)	(8,292)	(97,028)	
(Increase) decrease in inventories.....	9,256	4,285	(18,639)	84,917	
Increase in deferred charges.....	(11,754)	(10,716)	(15,902)	(107,835)	
Increase (decrease) in notes and accounts payable.....	2,361	3,388	(378)	21,661	
Increase (decrease) in deposits received.....	(4,822)	8,690	5,962	(44,239)	
Increase (decrease) in deferred revenue.....	1,874	938	(779)	17,193	
Increase (decrease) in accrued income taxes.....	5,146	(4,914)	(2,441)	47,211	
Increase (decrease) in guarantee deposits received.....	(352)	(164)	(474)	(3,229)	
Increase in unearned premiums and other insurance liabilities.....	4,600	9,495	4,796	42,202	
Increase (decrease) in accrued consumption tax.....	4,529	(831)	1,924	41,550	
Other, net.....	5,295	8,784	2,754	48,577	
Net cash provided by operating activities.....	184,398	158,327	133,257	1,691,724	
Cash flows from investing activities:					
(Increase) decrease in time deposits.....	1,564	(1,251)	172	14,349	
Proceeds from sales of property, plant and equipment.....	1,178	3,379	6,166	10,807	
Payments for purchases of property, plant and equipment.....	(63,126)	(56,401)	(53,751)	(579,138)	
Payments for purchases of intangible assets.....	(11,722)	(11,454)	(7,859)	(107,541)	
Proceeds from sales and redemptions of investment securities.....	50,259	43,597	69,365	461,092	
Payments for purchases of investment securities.....	(45,325)	(36,686)	(51,098)	(415,826)	
(Increase) decrease in short-term investments.....	(1,357)	(4,256)	(1,150)	(12,450)	
Acquisitions, net of cash acquired.....	(725)	(3,133)	(23,283)	(6,651)	
(Increase) decrease in short-term receivables, net.....	(147)	62	(457)	(1,349)	
Payments for long-term receivables.....	(1,416)	(1,024)	(840)	(12,991)	
Proceeds from long-term receivables.....	1,578	1,685	1,224	14,477	
Other, net.....	2,628	1,052	50	24,114	
Net cash used in investing activities.....	(66,611)	(64,430)	(61,461)	(611,107)	
Cash flows from financing activities:					
Proceeds from long-term debt.....	8,802	7,161	9,613	80,752	
Repayments of long-term debt.....	(18,793)	(20,184)	(20,582)	(172,413)	
Increase (decrease) in bank loans, net	162	(1,789)	(3,378)	1,486	
Increase (decrease) in investment deposits by policyholders.....	(2,099)	(1,592)	(2,483)	(19,257)	
Dividends paid to SECOM CO., LTD. shareholders.....	(37,104)	(34,922)	(32,738)	(340,404)	
Dividends paid to noncontrolling interests.....	(3,425)	(6,263)	(5,426)	(31,422)	
Payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders.....	(659)	(3,033)	(120)	(6,046)	
Proceeds from sales of shares of consolidated subsidiaries to noncontrolling interest holders.....	—	—	—	—	
Increase in treasury stock, net	(16)	(10)	(17)	(147)	
Other, net.....	190	331	94	1,743	
Net cash used in financing activities.....	(52,942)	(60,301)	(55,037)	(485,708)	
Effect of exchange rate changes on cash and cash equivalents					
93	(595)	370	853		
Net increase in cash and cash equivalents					
64,938	33,001	17,129	595,762		
Cash and cash equivalents at beginning of year					
349,730	316,729	299,600	3,208,532		
Cash and cash equivalents at end of year					
¥414,668	¥349,730	¥316,729	\$3,804,294		

Segment Information

Information by business and geographic segments for the years ended and as of March 31, 2020, 2019 and 2018 is as follows:

(1) Business Segment Information

	In millions of yen			In thousands of U.S. dollars	
	Years ended March 31				
	2020	2019	2018		
Net sales and operating revenue:					
Security services—					
Customers	¥ 577,252	¥ 563,739	¥ 562,272	\$ 5,295,890	
Intersegment.....	3,207	3,428	3,144	29,422	
	580,459	567,167	565,416	5,325,312	
Fire protection services—					
Customers	151,861	140,139	136,559	1,393,220	
Intersegment.....	4,050	3,942	4,170	37,156	
	155,911	144,081	140,729	1,430,376	
Medical services—					
Customers	187,101	181,705	175,318	1,716,523	
Intersegment.....	220	168	185	2,018	
	187,321	181,873	175,503	1,718,541	
Insurance services—					
Customers	43,515	41,637	44,683	399,220	
Intersegment.....	3,413	3,120	3,034	31,312	
	46,928	44,757	47,717	430,532	
Geospatial information services—					
Customers	53,535	51,510	50,906	491,147	
Intersegment.....	201	386	176	1,844	
	53,736	51,896	51,082	492,991	
BPO and ICT services—					
Customers	97,515	88,065	69,569	894,633	
Intersegment.....	13,422	13,209	7,275	123,138	
	110,937	101,274	76,844	1,017,771	
Real estate and other services—					
Customers	49,928	44,805	43,485	458,055	
Intersegment.....	1,271	1,787	2,004	11,661	
	51,199	46,592	45,489	469,716	
Total.....	1,186,491	1,137,640	1,102,780	10,885,239	
Eliminations	(25,784)	(26,040)	(19,988)	(236,551)	
Total net sales and operating revenue...	¥1,160,707	¥1,111,600	¥1,082,792	\$10,648,688	

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Consolidated Financial Statements

Segment Information

	In millions of yen				In thousands of U.S. dollars	
	Years ended March 31		Year ended March 31			
	2020	2019	2018	2020		
Depreciation and amortization:						
Security services	¥50,383	¥49,409	¥54,091	\$462,231		
Fire protection services	2,537	2,375	2,128	23,275		
Medical services	8,321	8,684	8,675	76,339		
Insurance services.....	2,290	1,792	1,808	21,009		
Geospatial information services	1,700	2,249	2,540	15,596		
BPO and ICT services...	10,644	9,075	7,813	97,651		
Real estate and other services.....	842	953	1,066	7,725		
Total.....	76,717	74,537	78,121	703,826		
Corporate items.....	857	763	834	7,862		
Total depreciation and amortization....	¥77,574	¥75,300	¥78,955	\$711,688		
Capital expenditure:						
Security services	¥44,930	¥48,451	¥44,404	\$412,202		
Fire protection services	2,569	2,269	3,910	23,569		
Medical services	8,778	4,750	5,276	80,532		
Insurance services.....	4,440	2,972	1,900	40,734		
Geospatial information services	2,987	2,420	1,701	27,404		
BPO and ICT services...	12,894	9,085	31,987	118,294		
Real estate and other services.....	2,121	4,550	1,690	19,459		
Total.....	78,719	74,497	90,868	722,194		
Corporate items.....	1,116	1,291	349	10,239		
Total capital expenditures	¥79,835	¥75,788	¥91,217	\$732,433		

The capital expenditures in the above table represent the additions to property, plant and equipment and intangible assets of each segment.

The Company has no single customer that accounts for more than 10 percent of total revenues.

The following table is a breakdown of security services revenue to external customers by service category. The security services business is managed as a single operating segment by the Company's management.

	In millions of yen				In thousands of U.S. dollars	
	Years ended March 31		Year ended March 31			
	2020	2019	2018	2020		
Electronic security services.....	¥347,156	¥344,297	¥341,157	\$3,184,917		
Other security services:						
Static guard services.....	70,029	66,265	59,030	642,468		
Armored car services.....	63,602	62,417	61,089	583,505		
Merchandise and other	96,465	90,760	100,996	885,000		
Total security services.....	¥577,252	¥563,739	¥562,272	\$5,295,890		

Other Financial Data

Summary of Selected Financial Data

SECOM CO., LTD. and Subsidiaries
Years ended/as of March 31

	2020	2019	2018	2017	2016	2015	In millions of yen
(2) Geographic Segment Information							
Net sales and operating revenue attributed to countries based on the geographical location of customers for the years ended 2020, 2019 and 2018 and long-lived assets as of March 31, 2020 and 2019 were as follows:							
Net sales and operating revenue.....	¥1,160,707	¥1,111,600	¥1,082,792	¥1,031,261	¥983,428	¥945,238	
Security services:.....	577,252	563,739	562,272	543,524	505,058	487,063	
As a percentage of net sales and operating revenue ...	49.7%	50.8%	51.9%	52.7%	51.4%	51.5%	
Electronic security services	347,156	344,297	341,157	338,744	330,843	326,300	
As a percentage of net sales and operating revenue ...	29.9	31.0	31.5	32.8	33.6	34.5	
Other security services—							
Static guard services	70,029	66,265	59,030	56,417	55,907	53,788	
As a percentage of net sales and operating revenue ...	6.0	6.0	5.5	5.7	5.7	5.7	
Armored car services.....	63,602	62,417	59,030	57,873	52,990	21,010	
As a percentage of net sales and operating revenue ...	5.5	5.6	5.6	5.6	3.4	2.2	
Subtotal.....	133,631	128,682	120,119	114,290	88,897	74,798	
Merchandise and other.....	96,465	90,760	100,996	90,490	85,318	85,965	
As a percentage of net sales and operating revenue ...	8.3	8.2	9.3	8.8	8.7	9.1	
Fire protection services.....	151,861	140,139	136,559	126,232	131,743	121,189	
As a percentage of net sales and operating revenue ...	13.1	12.6	12.6	12.2	13.4	12.8	
Medical services.....	187,101	181,705	175,318	168,819	163,538	155,884	
As a percentage of net sales and operating revenue ...	16.1	16.3	16.2	16.4	16.6	16.5	
Insurance services	43,515	41,637	44,683	43,780	40,654	38,259	
As a percentage of net sales and operating revenue ...	3.8	3.8	4.2	4.3	4.1	4.1	
Geospatial information services	53,535	51,510	50,906	51,609	52,553	52,760	
As a percentage of net sales and operating revenue ...	4.6	4.6	4.7	5.0	5.4	5.6	
BPO and ICT services.....	97,515	88,065	69,569	49,681	48,294	47,412	
As a percentage of net sales and operating revenue ...	8.4	7.9	6.4	4.8	4.9	5.0	
Real estate and other services.....	49,928	44,805	43,485	47,616	41,588	42,671	
As a percentage of net sales and operating revenue ...	4.3	4.0</					

Other Financial Data

Summary of Selected Financial Data

	2020	2019	2018	2017	2016	2015
Number of shares outstanding						
Issued	233,293,998	233,292,219	233,290,441	233,288,717	233,288,717	233,288,717
Owned by the Company	15,033,588	15,031,867	15,030,573	15,028,470	15,026,824	15,024,812
Balance.....	218,260,410	218,260,352	218,259,868	218,260,247	218,261,893	218,263,905
Per share information						
Net income attributable to SECOM CO., LTD. per share (in yen) ⁽¹⁾	¥ 399.23	¥ 410.91	¥ 442.70	¥ 418.71	¥ 385.19	¥ 367.37
Cash dividends paid per share (in yen) ⁽²⁾	170.00	160.00	150.00	140.00	130.00	175.00
SECOM CO., LTD. shareholders' equity per share (in yen) ⁽³⁾	4,988.25	4,784.12	4,582.96	4,257.50	3,964.40	3,784.27
Cash flow per share (in yen) ^{(1)(e)}	533.88	590.91	649.44	631.91	582.27	557.88
Price/Book value ratio.....	1.80	1.98	1.73	1.87	2.11	2.12
Price/Earnings ratio	22.48	23.08	17.89	19.03	21.72	21.84
Price/Cash flow ratio.....	16.81	16.05	12.20	12.61	14.37	14.38
Stock price at year-end (in yen)	8,974	9,482	7,920	7,969	8,366	8,025

Notes: (a) Net income attributable to SECOM CO., LTD. / Total assets
 (b) Net income attributable to SECOM CO., LTD. / SECOM CO., LTD. shareholders' equity
 (c) Including discontinued operations
 (d) (Income before income taxes and equity in net income of affiliated companies + Interest expense) / Interest expense
 (e) (Net income attributable to SECOM CO., LTD. + Depreciation and amortization – Dividends approved) / Average number of shares outstanding during each period

- (1) Per share amounts are based on the average number of shares outstanding during each period.
- (2) Subsequent to March 31, 2020, cash dividends of ¥18,552 million (¥85 per share) were approved at the general shareholders' meeting on June 25, 2020 (see Note 18 of the accompanying notes to consolidated financial statements).
- (3) Per share amounts are based on the number of shares outstanding at the end of each period, less treasury stock.

Common Stock Data

SECOM CO., LTD.
As of March 31

SHAREHOLDER INFORMATION	2020	2019	2018	2017	2016	2015
Number of shareholders.....	23,297	24,023	26,809	25,200	24,975	24,852
Common shares held by:						
Financial institutions.....	38.65%	37.14%	35.94%	35.05%	32.50%	29.89%
Securities firms.....	1.95	3.30	1.63	3.89	3.52	3.43
Other domestic corporations.....	2.50	2.46	2.53	2.51	2.92	3.16
Foreign investors.....	42.76	42.74	44.85	43.42	44.46	44.95
Individuals and others.....	7.70	7.92	8.61	8.69	10.16	12.13
Treasury stock.....	6.44	6.44	6.44	6.44	6.44	6.44
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

PRICE INFORMATION (TOKYO STOCK EXCHANGE)

		Price per share (in yen)		Nikkei Stock Average (in yen)	
		High	Low	High	Low
2018	April–June.....	¥8,550	¥7,751	¥23,002.37	¥21,292.29
	July–September.....	9,368	8,130	24,120.04	21,546.99
	October–December.....	9,827	8,765	24,270.62	19,155.74
2019	January–March	9,684	8,781	21,822.04	19,561.96
	April–June.....	9,670	8,830	22,307.58	20,408.54
	July–September.....	10,005	8,149	22,098.84	20,261.04
2020	October–December.....	10,095	9,288	24,066.12	21,341.74
	January–March	9,965	7,188	24,083.51	16,552.83

Other Financial Data

Common Stock Data

COMMON STOCK ISSUES					
Date	Additional shares issued (In thousands)	Shares outstanding after issue (In thousands)	Share capital after issue (In thousands of yen)	Allotment ratio to shareholders	Remarks
June 15, 1974	1,968	9,200	¥ 460,000	—	Issue at market price (¥900)
Dec. 21, 1974	2,760	11,960	598,000	3 for 10	Stock split
May 21, 1975	1,196	13,156	657,800	1 for 10	Stock split
May 21, 1975	1,244	14,400	720,000	—	Issue at market price (¥1,134)
Dec. 1, 1975	4,320	18,720	936,000	3 for 10	Stock split
May 31, 1976	1,880	20,600	1,030,000	—	Issue at market price (¥2,570)
June 1, 1976	2,060	22,660	1,133,000	1 for 10	Stock split
Dec. 1, 1976	6,798	29,458	1,472,900	3 for 10	Stock split
Nov. 30, 1977	2,042	31,500	1,575,000	—	Issue at market price (¥1,700)
Dec. 1, 1977	6,300	37,800	1,890,000	2 for 10	Stock split
Dec. 1, 1978	7,560	45,360	2,268,000	2 for 10	Stock split
June 1, 1981	3,000	48,360	2,418,000	—	Issue at market price (¥2,230)
Dec. 1, 1981	4,836	53,196	2,659,800	1 for 10	Stock split
Jan. 20, 1983	5,320	58,516	3,000,000	1 for 10	Stock split
Nov. 30, 1983	194	58,710	3,280,942	—	Conversion of convertible bonds
Nov. 30, 1984	1,418	60,128	5,329,282	—	Conversion of convertible bonds
Nov. 30, 1985	186	60,314	5,602,945	—	Conversion of convertible bonds
Jan. 20, 1986	6,031	66,345	5,602,945	1 for 10	Stock split
Nov. 30, 1986	2,878	69,223	11,269,932	—	Conversion of convertible bonds
Nov. 30, 1987	1,609	70,832	15,021,200	—	Conversion of convertible bonds
Jan. 20, 1988	3,541	74,373	15,021,200	0.5 for 10	Stock split
Nov. 30, 1988	439	74,812	16,063,099	—	Conversion of convertible bonds
Nov. 30, 1989	1,808	76,620	21,573,139	—	Conversion of convertible bonds
Jan. 19, 1990	22,986	99,606	21,573,139	3 for 10	Stock split
Mar. 31, 1990	1,446	101,052	25,070,104	—	Conversion of convertible bonds
Mar. 31, 1991	2,949	104,001	32,244,732	—	Conversion of convertible bonds
Mar. 31, 1992	2,035	106,036	37,338,751	—	Conversion of convertible bonds
Mar. 31, 1993	267	106,303	37,991,568	—	Conversion of convertible bonds
Mar. 31, 1994	6,986	113,289	56,756,263	—	Conversion of convertible bonds
Mar. 31, 1995	477	113,766	58,214,178	—	Conversion of convertible bonds
Mar. 31, 1996	613	114,379	59,865,105	—	Conversion of convertible bonds
Mar. 31, 1997	1,825	116,204	65,253,137	—	Conversion of convertible bonds
Mar. 31, 1998	29	116,233	65,327,060	—	Conversion of convertible bonds
Mar. 31, 1999	159	116,392	65,709,927	—	Conversion of convertible bonds
Nov. 19, 1999	116,410	232,802	65,709,927	10 for 10*	Stock split
Mar. 31, 2000	273	233,075	66,096,852	—	Conversion of convertible bonds
Mar. 31, 2001	25	233,100	66,126,854	—	Conversion of convertible bonds
Mar. 31, 2002	175	233,275	66,360,338	—	Conversion of convertible bonds
Mar. 31, 2003	6	233,281	66,368,827	—	Conversion of convertible bonds
Mar. 31, 2005	8	233,289	66,377,829	—	Conversion of convertible bonds
July 27, 2017	1	233,290	66,385,263	—	Issue of new shares as restricted stock compensation
July 26, 2018	2	233,292	66,392,692	—	Issue of new shares as restricted stock compensation
July 26, 2019	2	233,294	66,401,083	—	Issue of new shares as restricted stock compensation
July 22, 2020	2	233,296	66,410,237	—	Issue of new shares as restricted stock compensation

Note: The above is a record of SECOM's common stock issues since the common stock was listed on the Tokyo Stock Exchange in June 1974.

*One share was split into two.

Corporate Information

(As of June 30, 2020)

Headquarters:	5-1, Jingumae 1-chome, Shibuya-ku, Tokyo 150-0001, Japan
Independent auditors:	KPMG AZSA LLC
Administrator of the register of shareholders:	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital (In millions of yen)	Percentage of equity/voting rights	Lines of business	(As of June 30, 2020)
Domestic				
<Security services>				
Secom Joshinetsu Co., Ltd.	¥3,530	(53.4)%	Security services	
Secom Hokuriku Co., Ltd.	201	59.1	Security services	
Secom Yamanashi Co., Ltd.	15	70.0	Security services	
Secom Mie Co., Ltd.	50	51.0	Security services	
Secom Sanin Co., Ltd.	290	64.3	Security services	
Secom Kochi Co., Ltd.	50	40.0	Security services	
Secom Miyazaki Co., Ltd.	30	68.3	Security services	
Secom Ryukyu Co., Ltd.	76	50.0	Security services	
Secom Jastic Co., Ltd.	100	100.0	Security services	
Secom Jastic Joshinetsu Co., Ltd.	40	(100.0)	Security services	
Secom Jastic Hokuriku Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Yamanashi Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Sanin Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Kochi Co., Ltd.	10	(100.0)	Security services	
Secom Jastic Miyazaki Co., Ltd.	10	(100.0)	Security services	
Secom Static Hokkaido Co., Ltd.	50	100.0	Security services	
Secom Static Tohoku Co., Ltd.	50	100.0	Security services	
Secom Static Nishi-Nihon Co., Ltd.	50	100.0	Security services	
Secom Static Kansai Co., Ltd.	50	100.0	Security services	
Secom Static Ryukyu Co., Ltd.	10	(100.0)	Security services	
Secom Sado Co., Ltd.	24	(100.0)	Security services	
JK. Siress Co., Ltd.	10	(100.0)	Security services	
Japan Safety Guard Co., Ltd.	100	60.0	Security services	
Japan Nuclear Security System Co., Ltd.	200	50.0	Security services	
Meian Co., Ltd.	60	51.0	Security services	
Secom Tech Sanin Co., Ltd.	23	(100.0)	Installation of security equipment	
Secom Techno Joshinetsu Co., Ltd.	30	(100.0)	Installation of security equipment	
Secom Win Co., Ltd.	15	66.7	Installation of security equipment and facilities	
Secom Industries Co., Ltd.	499	100.0	Manufacturing of security equipment	
Otec Electronics Co., Ltd.	200	82.0	Manufacturing and sales of security systems	
Secom Alpha Co., Ltd.	271	100.0	Sales of security and water-treatment equipment	
Secom Mine Security Co., Ltd.	30	100.0	Security services	
Social Rehabilitation Support Kitsuregawa Co., Ltd.	10	51.7	Operation of PFI correctional facilities	
Secom Kitsuregawa Security Co., Ltd.	50	100.0	Security services	
Home Life Kanri Co., Ltd.	40	(100.0)	Condominium management	
Kumalift Co., Ltd.	100	100.0	Manufacture, sales and maintenance of freight elevators	
Asahi Security Co., Ltd.	100	100.0	Security services	
Secom Tosec Co., Ltd.	30	80.1	Security services	
Aroba Inc.	255	100.0	Software development	

Notes: 1. () indicates the percentage of equity/voting rights held by both SECOM CO., LTD. and certain of its subsidiaries, or by certain subsidiaries independently.
2. Subsidiaries are categorized into segments above according to their major lines of business.

(Continued)

Corporate Information

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital (In millions of yen)	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2020)
<Fire protection services>				
Nohmi Bosai Ltd.	¥13,302	(50.4)%	Manufacturing and sales of fire protection equipment and facilities	
Ichibou Co., Ltd.	28	(73.2)	Installation of fire protection equipment	
Kyushu Nohmi Co., Ltd.	30	(100.0)	Installation and maintenance of fire protection equipment	
Chiyoda Service Co., Ltd.	20	(70.0)	Building management	
Nohmi Engineering Corp.	80	(100.0)	Installation of fire protection equipment	
Nohmi System Co., Ltd.	20	(100.0)	Maintenance of fire protection equipment	
Iwate Nohmi Co., Ltd.	30	(100.0)	Installation of fire protection equipment	
Tohoku Nohmi Co., Ltd.	32	(100.0)	Installation of fire protection equipment	
Aomori Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Nissin Bohsai Co., Ltd.	50	(100.0)	Installation of fire protection equipment	
Chiba Nohmi Co., Ltd.	10	(100.0)	Installation of fire protection equipment	
Shikoku Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Nohmi Techno Engineering Co., Ltd.	40	(100.0)	Installation of environmental monitoring systems	
Akita Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Fukushima Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Niigata Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Hokkaido Nohmi Co., Ltd.	20	(100.0)	Installation of fire protection equipment	
Yashima Bosai Setsubi Co., Ltd.	20	(82.0)	Installation of fire protection equipment	
System Service Co., Ltd.	80	(100.0)	Installation and maintenance of fire protection equipment	
Nittan Co., Ltd.	2,303	100.0	Installation, sales and maintenance of fire protection equipment	
Nittan Electronic Co., Ltd.	60	(100.0)	Manufacturing of fire protection equipment	
Nittan Denko Co., Ltd.	10	(100.0)	Installation and maintenance of fire protection equipment	
Nittan Hokkaido Service Center Co., Ltd.	10	(100.0)	Installation and maintenance of fire protection equipment	
Shell Beach Co., Ltd.	10	(100.0)	Installation and maintenance of fire protection equipment	
Consilium Nittan Marine Ltd.	42	(50.0)	Sales of fire protection equipment	
<Medical services>				
Secom Medical System Co., Ltd.	100	100.0	Home health/nursing care and other medical-related services	
Mac Corp.	95	(100.0)	Sales of medical equipment	
Yoshikikaku Co., Ltd.	20	(100.0)	Operation of restaurants and shops at medical facilities	
Kensei Co., Ltd.	100	(100.0)	Management of pharmacies	
Secomfort Tama Co., Ltd.	100	(100.0)	Management of nursing homes	
Alive Medicare Co., Ltd.	50	(100.0)	Management of nursing homes	
Secomfort Co., Ltd.	100	(100.0)	Management of nursing homes	
Secomfort West Co., Ltd.	100	(100.0)	Management of nursing homes	
US Chemical Co., Ltd.	3	(100.0)	Management of pharmacies	
Secom Mediapharma Co., Ltd.	10	(100.0)	Wholesaling of pharmaceuticals	

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2. Subsidiaries are categorized into segments above according to their major lines of business.

(Continued)

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital (In millions of yen)	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2020)
<Insurance services>				
Secom Insurance Service Co., Ltd.	¥ 100	(100.0)%	Non-life insurance agency	
Secom General Insurance Co., Ltd.	16,809	97.1	Non-life insurance	
<Geospatial information services>				
Pasco Corp.	8,758	69.8	Geospatial information services	
GIS Hokkaido Co., Ltd.	190	(100.0)	Geospatial information services	
GIS Kanto Co., Ltd.	40	(52.6)	Geospatial information services	
Mid Map Tokyo Corp.	15	(60.0)	Geospatial information services	
RIIC Corp.	20	(100.0)	Geospatial information services	
Higashi-Nihon Sogo Keikaku Co., Ltd.	200	(100.0)	Geospatial information services	
Satellite Image Marketing Corp.	60	(100.0)	Geospatial information services	
<BPO and ICT services>				
Secom Trust Systems Co., Ltd.	1,469	100.0	Information, communication, information security services and software development	
At Tokyo Corp.	13,379	50.9	Data center business	
TMJ, Inc.	100	100.0	BPO services	
BIOS, Inc.	39	(90.0)	Bilingual IT services	
Mobile Select, Inc.	10	(100.0)	Contact center support services	
<Real estate and other services>				
Secom Home Life Co., Ltd.	3,700	99.9	Development of residential buildings	
Arai & Co., Ltd.	3,000	86.7	Real estate leasing	
Arai Corporation, Inc.	10	(100.0)	Management of real estate	
Secom Credit Co., Ltd.	400	100.0	Credit services	
Secom Corp.	100	100.0	Clerical services	
Secom Auto Service Co., Ltd.	45	100.0	Car maintenance	
Wonder Dream Co., Ltd.	100	100.0	Employee welfare for SECOM Group	
Secom Business Plus Co., Ltd.	20	100.0	General office services	
Secom Home Service Co., Ltd.	32	100.0	Lifestyle support services	
Secom Engineering Co., Ltd.	100	100.0	Design, construction and maintenance of facilities	
Toko Create Co., Ltd.	50	96.6	Electrical engineering	

Notes: 1. () indicates the percentage of equity/voting rights held by both SECOM CO., LTD. and certain of its subsidiaries, or by certain subsidiaries independently.
2. Subsidiaries are categorized into segments above according to their major lines of business.

(Continued)

Corporate Information

MAJOR CONSOLIDATED SUBSIDIARIES

	Issued capital	Percentage of equity/ voting rights	Lines of business	(As of June 30, 2020)
Overseas				
<Security services>				
Secom plc	£44,126 thousand	100.0%	Security services	
Scan Alarms Ltd.	£20 thousand	(100.0)	Holding company	
Scan Alarms & Security Systems (UK) Ltd.	£50 thousand	(100.0)	Security services	
Secom (China) Co., Ltd.	¥5,550 million	100.0	Holding company	
Dalian Secom Security Co., Ltd.	US\$2,000 thousand	(95.0)	Security services	
Shanghai Secom Security Co., Ltd.	Rmb80,000 thousand	(85.0)	Security services	
Beijing Jingdun Secom Electronic Security Co., Ltd.	US\$2,500 thousand	(80.0)	Security services	
Qingdao Secom Security Co., Ltd.	US\$1,000 thousand	(80.0)	Security services	
Guangdong Secom Security Co., Ltd.	US\$4,500 thousand	(100.0)	Security services	
Fujian Secom Security Co., Ltd.	Rmb15,000 thousand	(95.0)	Security services	
Sichuan Secom Security Co., Ltd.	Rmb10,000 thousand	(100.0)	Security services	
Shaanxi Secom Security Co., Ltd.	Rmb10,000 thousand	(100.0)	Security services	
Zhejiang Secom Security Co., Ltd.	Rmb15,000 thousand	(97.0)	Security services	
Liaoning Secom Security Co., Ltd.	Rmb10,000 thousand	(60.0)	Security services	
Tianjin Secom Security Co., Ltd.	Rmb5,000 thousand	(100.0)	Security services	
Jiangsu Secom Security Co., Ltd.	Rmb15,000 thousand	(100.0)	Security services	
PT. Secom Indonesia	US\$4,111 thousand	49.0	Security services	
PT. Secom Bhayangkara	I.RP43,200 million	(40.0)	Security services	
PT. Secom Realty Indonesia	I.RP497,972 million	(99.9)	Real estate leasing	
Thai Secom Security Co., Ltd.	THB378,934 thousand	49.0	Security services	
Secom Australia Pty. Ltd.	AUD18,126 thousand	100.0	Security services	
Secom Technical Services Unit Trust	AUD5,951 thousand	(70.0)	Security services	
Secom Guardall NZ Ltd.	NZD1,604 thousand	(100.0)	Security services	
Secom Trading Co., Ltd.	¥120 million	100	Sales of security equipment	
Secom Vietnam Security Service JSC	VND95,177 million	(80.0)	Security services	
Secom (Singapore) Pte. Ltd.	S\$5,000 thousand	46.6	Security services	
D'Garde Security Pte. Ltd.	S\$100 thousand	(100.0)	Security services	
Secom Aktif Guvenlik Yatirim A.S.	TRY57,783 thousand	50.0	Security services	
Secom Aktif Elektronik Güvenlik Çözümleri A.S.	TRY57,865 thousand	(100.0)	Security services	
<Other services>				
Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd.	US\$14,300 thousand	(100.0)	Manufacturing and sales of fire protection equipment and facilities	
Nohmi Taiwan Ltd.	NT\$15,000 thousand	(100.0)	Manufacturing and sales of fire protection equipment and facilities	
Nittan Europe Ltd.	£1,194 thousand	(100.0)	Sales of fire protection equipment	
Nittan Asean Co., Ltd. – Vietnam Headquarters	US\$3,236 thousand	(100.0)	Manufacturing of fire protection equipment	
Secom Medical System (Singapore) Pte. Ltd.	S\$51,330 thousand	(100.0)	Holding company	
Takshasila Hospitals Operating Pvt. Ltd.	INR3,029 million	(49.7)	Hospital management	
Takshasila Healthcare and Research Service Pvt. Ltd.	INR15 million	(99.3)	Management of hospital real estate	
Pasco Philippines Corp.	PHP50,400 thousand	(100.0)	Geospatial information services	
Pasco (Thailand) Co., Ltd.	THB129,000 thousand	(100.0)	Geospatial information services	
PT. Nusantara Secom InfoTech	US\$3,304 thousand	(100.0)	Geospatial information services and software development	
Pasco North America Inc.	US\$5,621 thousand	(100.0)	Geospatial information services	
Value Communication Services (Shanghai), Inc.	Rmb35,749 thousand	(100.0)	BPO services	
Jie Sheng Communication Services (Shanghai), Inc.	Rmb5,000 thousand	(100.0)	BPO services	
TMJP BPO Services, Inc.	PHP35,900 thousand	(99.9)	BPO services	
The Westec Security Group, Inc.	US\$0.3 thousand	100.0	Holding company	
ClearLight Partners, LLC	—	(99.7)	Investment	
ClearLight Partners II, LLC	—	(99.0)	Investment	
ClearLight Partners III, LLC	—	(98.0)	Investment	

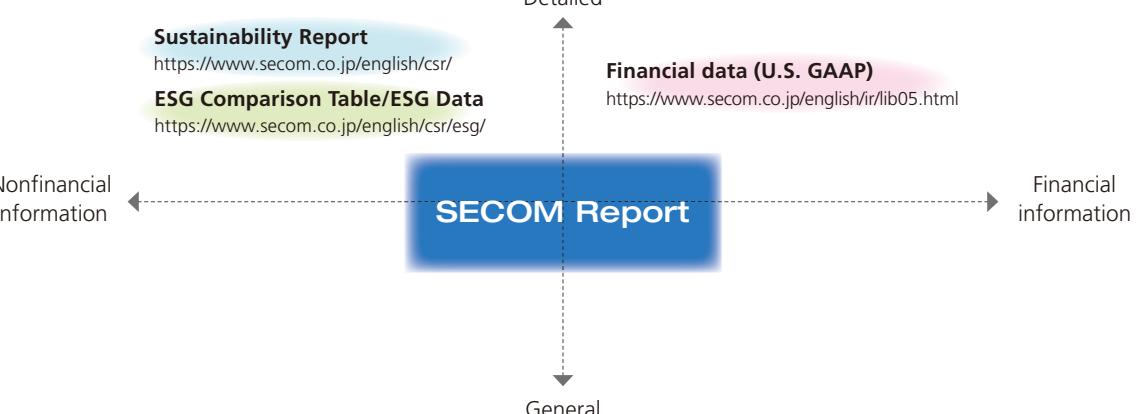
Notes: 1. () indicates the percentage of equity/voting rights held by both SECOM CO., LTD. and certain of its subsidiaries, or by certain subsidiaries independently.

2. Subsidiaries are categorized into segments above according to their major lines of business.

Regarding Publication of SECOM Report 2020

Disclosure Configuration

The IR and Sustainability sections of the SECOM corporate website provide additional detailed information on our operating performance, including financial statements prepared in accordance with U.S. GAAP, and initiatives aimed at helping realize a sustainable society.



Editorial Policy

For many years, we published an annual report that provided a comprehensive look at our activities and performance, focusing on financial information but also including ESG-related and other nonfinancial information.

In 2020, we revised our overall approach to the report, enhancing nonfinancial information to more accurately reflect our identity as a company that seeks to provide enduring peace of mind to an ever-changing society and, through that effort, to continue growing together with society. Accordingly, we also changed the name to "SECOM Report," which we feel is more appropriate for the current format. References used in the production of SECOM Report 2020 include the disclosure framework for integrated reports issued by the International Integrated Reporting Council (IIRC) and Guidance for Collaborative Value Creation, put out by Japan's Ministry of Economy, Trade and Industry (METI). We have positioned this report as a core tool that systematically and concisely communicates with shareholders and investors by combining information on the various strategies that are essential to the creation of corporate value with financial and nonfinancial information.

Scope of Reporting

In principle, this report provides information on SECOM CO., LTD., and its consolidated subsidiaries, equity-method companies and variable interest entities. (In instances where the scope differs, an explanation is provided.)

Reporting Period

This report is for the fiscal year ended March 31, 2020. (Some data subsequent to that period is included.)

Accounting Principles

Unless otherwise indicated, all financial data has been prepared in accordance with U.S. GAAP.

Forward-Looking Statements

This report contains forward-looking statements about future plans and strategies, as well as forecasts and expectations regarding SECOM's performance. Actual results may differ materially from these statements.

An Official Partner of the Olympic and Paralympic Games Tokyo 2020

As an official partner (Security Services and Planning category), we will contribute to the safe and secure staging of the Olympic and Paralympic Games Tokyo 2020.

Our history with the Olympics stretches back five decades. Still in our infancy, in 1964 we provided security services for the Olympic Village at the first

Tokyo Olympics, earning high marks and the trust of society, an achievement that contributed to our subsequent evolution and growth.

We will continue working to create innovative services to help ensure the safe and secure staging of the upcoming games.



Tokyo 2020 Official Partner
(Security Services and Planning)



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Printed in Japan