SECURE（4264-TSE Mothers）- December 28,2021

Pursuing growth by diving deeper into existing business and developing new areas

This report is an English translation of part of the report issued on December 28, 2021.
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【 4264 SECURE   Sector : Information & Communication 】

Fiscal Year		Net sales (mn yen)	YoY (%)	Ope. profit (mn yen)	YoY (%)	Ord. profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Dec. 2019		1,717	16.6	-49	-	-56	-	-47	-	-13.0	19.8	0.0
Dec. 2020		2,790	62.5	35	-	27	-	33	-	8.0	29.1	0.0
Dec. 2021	f	3,380	21.1	150	4.3x	142	5.3x	126	3.8x	30.5	-	0.0

Note: Figures for the fiscal year ending December 2019 are on a non-consolidated basis.
Figures for the fiscal year ended December 2020 and 2021 are on a consolidated basis.
It conducted 1-to-30 stock split on June 10,2021. Par share indicies are adjusted retoroactively.

Providing Companies with Security Systems That Use Image Recognition AI

The SECURE Group provides a wide range of corporate customers with security systems that combine technology for facial recognition, human behavior analysis, human detection, crowd analysis, etc., based on image recognition AI and devices such as security cameras. It creates its systems by purchasing devices such as security cameras and combining them with software developed in-house, then selling them mainly via distributors.

Its Korean subsidiary SECURE KOREA, Inc., established in March 2020, develops products such as systems that use image recognition AI.

In the fiscal year ended December 2020, SECURE AC (access control systems) accounted for 30.3% of net sales, SECURE VS (video surveillance systems) for 67.6%, and SECURE Analytics (image analysis services) for 2.1%.

SECURE AC

SECURE AC offers access control systems that use card authentication, fingerprint authentication, face authentication, and so forth. Approximately 80% of the systems are for offices, while the remainder are for factories, etc. The company's strength is in face authentication technology using image recognition AI, and 30% to 40% of net sales are access control systems based on face authentication.

SECURE VS

Around 50% of SECURE VS systems are used by retailers such as drugstores and supermarkets, with the remainder used in factories (food producers, etc.), data centers, and so forth. SECURE VS also uses face authentication systems that employ image recognition AI, and it can provide functions such as external notifications based on identification of registered and non-registered individuals.

SECURE Analytics

SECURE Analytics provides visitor information analysis applications that measure the number of people entering and exiting facilities and the number who remain on site, and services that visualize congestion in facilities using stereo cameras dedicated to image recognition AI in a cloud-based SaaS format.

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Financial Statements

Statement of income Fiscal Year	Dec. 2020		Nine months to Sep. 2021	
	(mn yen)	(%)	(mn yen)	(%)
Net sales	2,790	100.0	2,505	100.0
Cost of sales	1,688	60.5	1,516	60.5
Gross profit	1,101	39.5	988	39.4
Selling, general and administrative expenses	1,065	38.2	852	34.0
Operating profit	35	1.3	135	5.4
Non-operating income	1	-	0	-
Non-operating expenses	9	-	5	-
Ordinary profit	27	1.0	130	5.2
Profit before income taxes	25	0.9	130	5.2
Profit	33	1.2	108	4.3

Balance sheet	Dec. 2020		Sep. 2021	
	(mn yen)	(%)	(mn yen)	(%)
Current assets	1,191	81.8	1,295	81.7
Cash and deposits	372	25.3	328	20.7
Accounts receivable	379	25.8	390	24.6
Inventories	405	27.6	524	33.1
Non-current assets	276	18.8	289	18.2
Property, plant and equipment	56	3.8	47	3.0
Intangible assets	78	5.3	104	6.6
Investments and other assets	141	9.6	137	8.6
Total assets	1,468	100.0	1,585	100.0
Current liabilities	684	46.6	790	49.8
Accounts payable	173	11.8	364	23.0
Short-term borrowings	200	13.6	100	6.3
Current portion of long-term borrowings	131	8.9	115	7.3
Non-current liabilities	328	22.3	227	14.3
Long-term borrowings	276	18.8	185	11.7
Net assets	455	31.0	568	35.8
Shareholders' equity	455	31.0	568	35.8

Statement of cash flows	Dec. 2020	
	(mn yen)	(%)
Cash flows from operating activities	-132	
Depreciation	38	
Cash flows from investing activities	-83	
Cash flows from financing activities	90	
Dividends paid	-	
Net increase in cash and cash equivalents	-124	
Cash and cash equivalents	372	

Note:Consolidated basis
Source: Prepared by Stock Research Center based on the notifiable prospectus.

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