

Review of the SECOM Group Road Map 2022

From the fiscal year ended March 31, 2019 through the fiscal year ended March 31, 2023, we promoted initiatives in line with the SECOM Group Road Map 2022 aimed at ensuring realization of the SECOM Group's Vision for 2030. Having positioned responding to technological advances and a declining labor force as priority challenges, we promoted crucial investments expected to yield appropriate returns over the medium to long term—including concentrated investments in people and systems—and worked actively to keep abreast of rising needs related to these issues, which we saw as likely to yield major business opportunities. Key achievements over the road map's five years enabled us to establish a solid foundation for growth going forward.

Of particular note, we launched the new System Security AZ series of platform-like security systems for commercial facilities that provide all-in-one protection against crimes and fires, as well as a variety of other functions. We also worked to reinforce our human resources technology services, which are highly compatible with commercial security services, and reinforced collaborative capabilities. As options for SECOM Home Security subscribers, we began providing the cloud-based SECOM Monitoring Service for Seniors, which uses a dedicated app. In addition, we took steps to strengthen SECOM Home Security's connectivity with third-party devices, including apps for Apple Watch and iPhone that deliver enhanced convenience.

Overseas, in 2019 we began offering security services in Turkey and established the ASEAN Innovation Center in Thailand, where we are striving to establish a full-fledged business firmly rooted in the local community by, among others, devising systems that respond to market needs, and kicking off a local advertising and publicity campaign.

Investments in our people, an important focus, included enhancing returns to employees, including by raising base salaries, and creating work environments conducive to job satisfaction with the objective of improving employee engagement.

We also sought to optimize our business portfolio. In November 2021, we transformed listed subsidiary Secom Joshinetsu into a wholly owned subsidiary. To expand the scale of our security services business, in July 2022 security services company Senon joined the SECOM Group.

Initiatives under the SECOM Group Road Map 2022—notably the introduction of new services, centered on security and monitoring services in Japan, security services overseas, and BPO and ICT services, as well as a variety of measures implemented in-house—thus accelerated the creation of a foundation for future growth.

Formulation of the SECOM Group Road Map 2027

In May 2023, we formulated the SECOM Group Road Map 2027 with the intention of sharing our direction over the next five years with our stakeholders. Together with extraordinary socioenvironmental changes, recent years have brought remarkable technological advances. At the same time, in Japan a declining labor force, the aging of society and worsening perceptions of public safety have taken on greater urgency, while issues such as increasingly frequent and severe natural disasters, together with advancing global inflation, are becoming more and more acute.

We are committed to accurately identifying needs arising from these circumstances, and will continue to promote open innovation, collaborating with a broad range of partners to offer innovative services that deliver safety and peace of mind to customers whatever the situation. At the same time, we will work to address social imperatives, positioning us to achieve sustainable growth together with society.

SECOM Group Road Map 2027: Core strategies

Guided by the SECOM Group Road Map 2027, we will capitalize on our advanced technologies and extensive know-how to further promote five core strategies aimed at ensuring our ability to deliver safety and peace of mind in all situations.

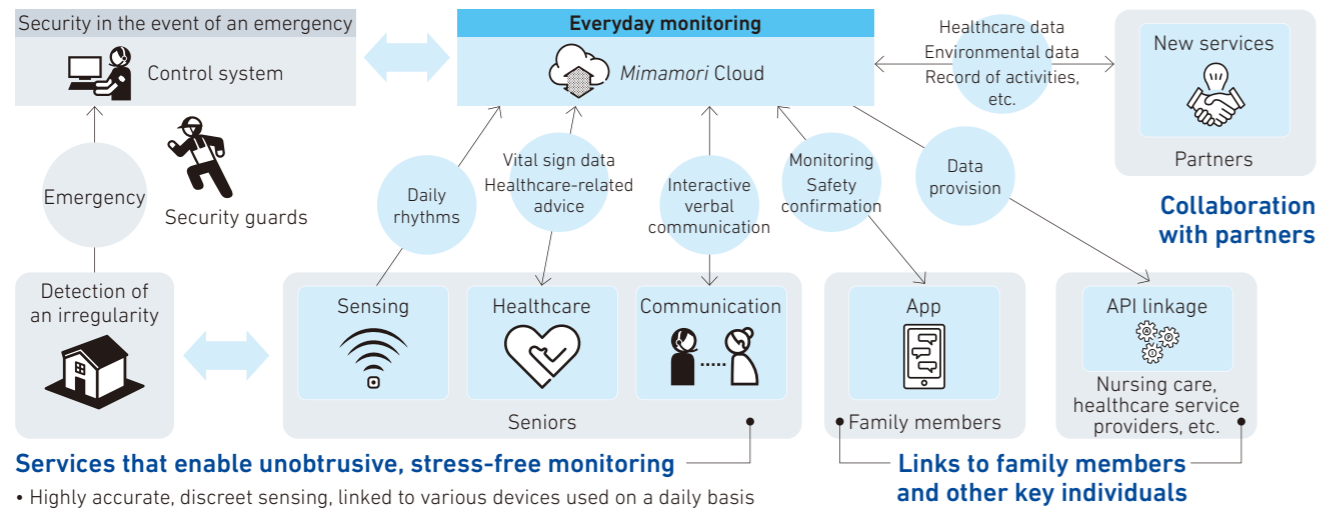
Road Map 2027—Capitalize on advanced technologies and extensive know-how to deliver safety and peace of mind in all situations

Core strategies	Key initiatives
Expand monitoring and security services	Provide innovative security-focused services and solutions <ul style="list-style-type: none"> Realize seamless protection by linking diverse information in the <i>Mimamori</i> ("Monitoring") Cloud Create a business infrastructure that combines robust security and an open cloud
Strengthen overseas operations	Realize further growth in promising overseas markets <ul style="list-style-type: none"> Add depth to existing security services and medical services businesses Cultivate new business portfolios in new overseas markets and new business areas
Reinforce BPO and ICT services	Create an infrastructure that supports customers' operations <ul style="list-style-type: none"> Enhance service infrastructure by establishing new data centers and expanding network Expand solutions to assist customers in ensuring smooth operations and provide effective BPO services
Improve productivity	Enhance productivity by maximizing service value and improving operational efficiency <ul style="list-style-type: none"> Implement initiatives that facilitate the provision of a steady stream of new services and maximize service value Leverage the latest technologies to help employees reach their full potential and improve operational efficiency
Reward stakeholders	Ensure SECOM remains the company of choice for all stakeholders <ul style="list-style-type: none"> Securing and fostering human resources by improving working environment including measures designed to bolster employee engagement Press ahead with sustainability initiatives to earn the trust of all stakeholders

1 Expand monitoring and security services

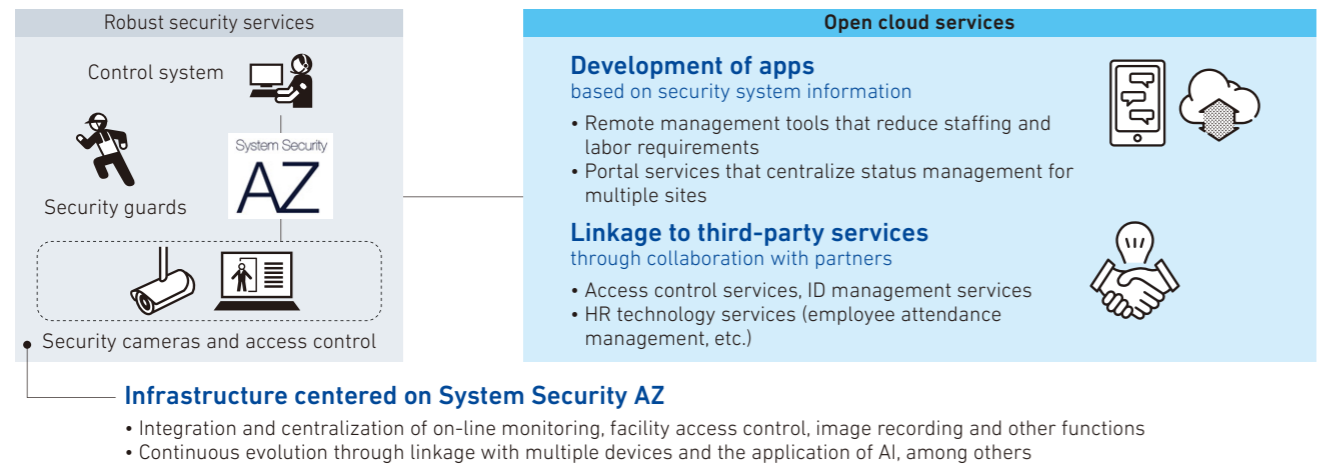
Develop more advanced monitoring services

We will leverage AI, 5G, cloud and other technologies to provide new services and solutions, particularly in the area of security. For residential subscribers, we will combine home security and the *Mimamori Cloud* to facilitate the seamless monitoring of users, as well as develop services for their families and nursing care providers, thereby providing peace of mind in all aspects of daily life.



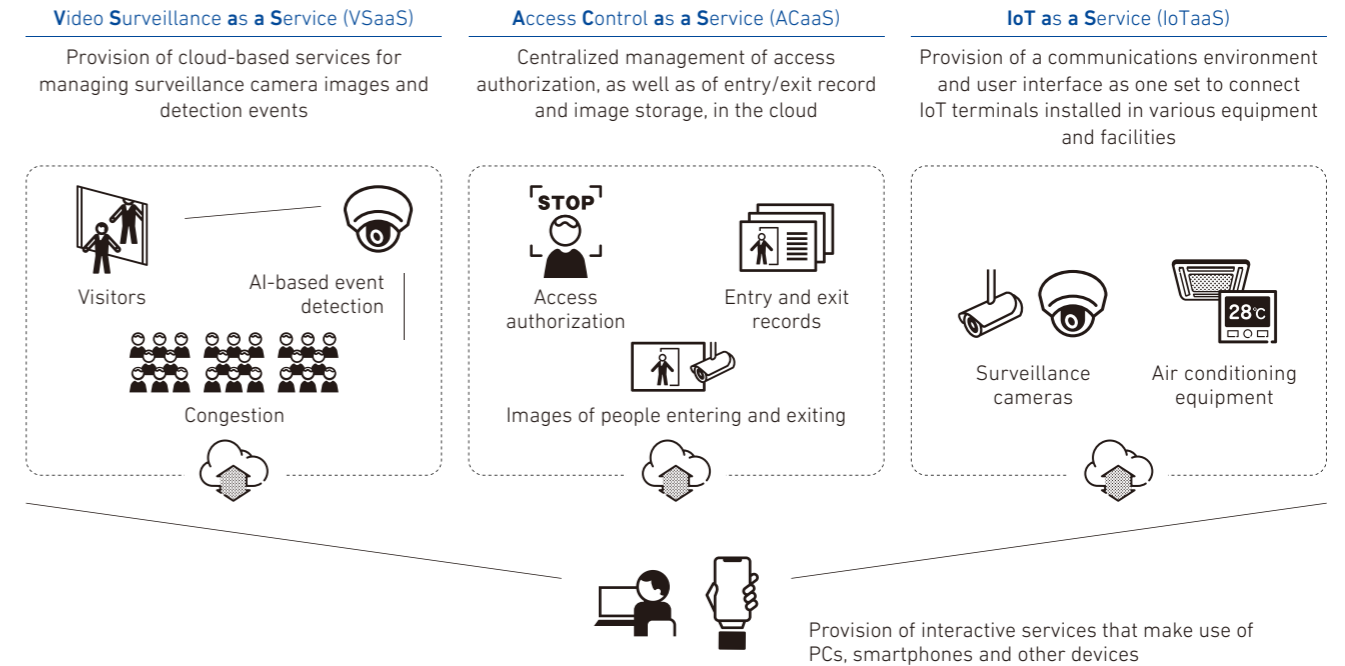
Integrate robust security with and open cloud

For commercial subscribers, we will expand linkable open cloud services to create a service infrastructure centered on System Security AZ that supports subscribers' business activities.



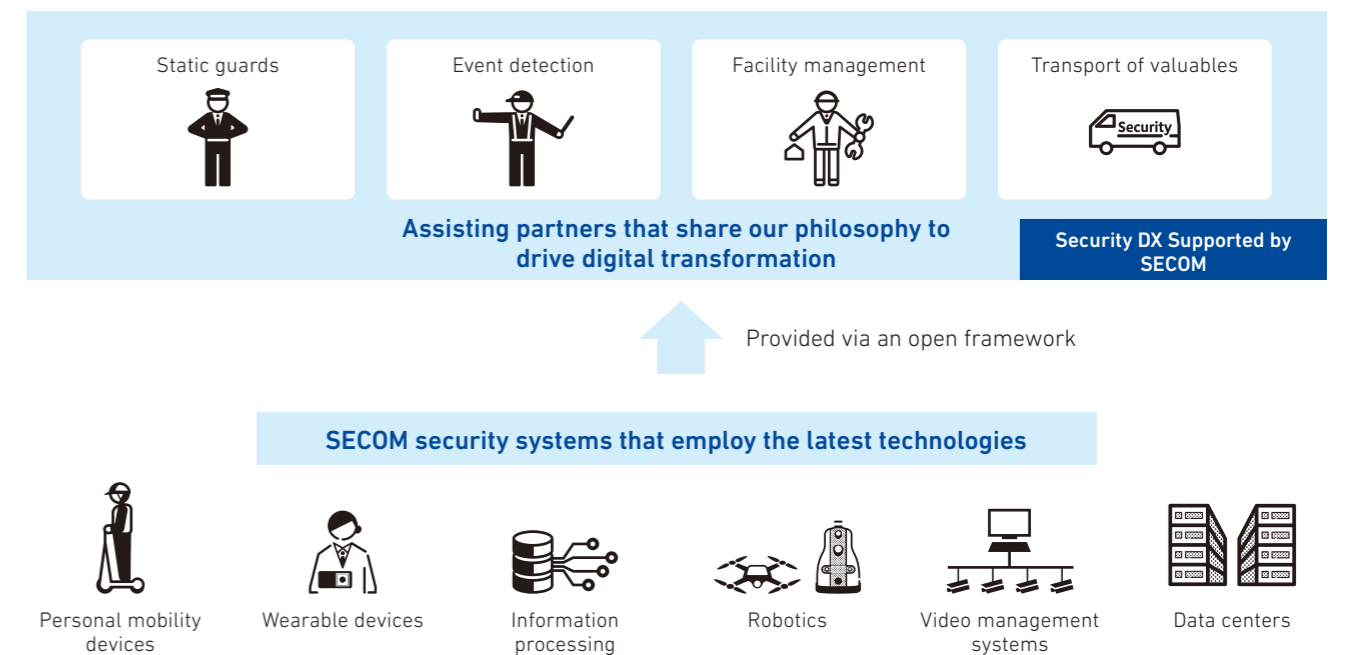
Create SaaS models for the provision of merchandise

We will also transform the provision of merchandise for on-line security systems into a sophisticated yet simple and safe service-based business suited to the cloud era.



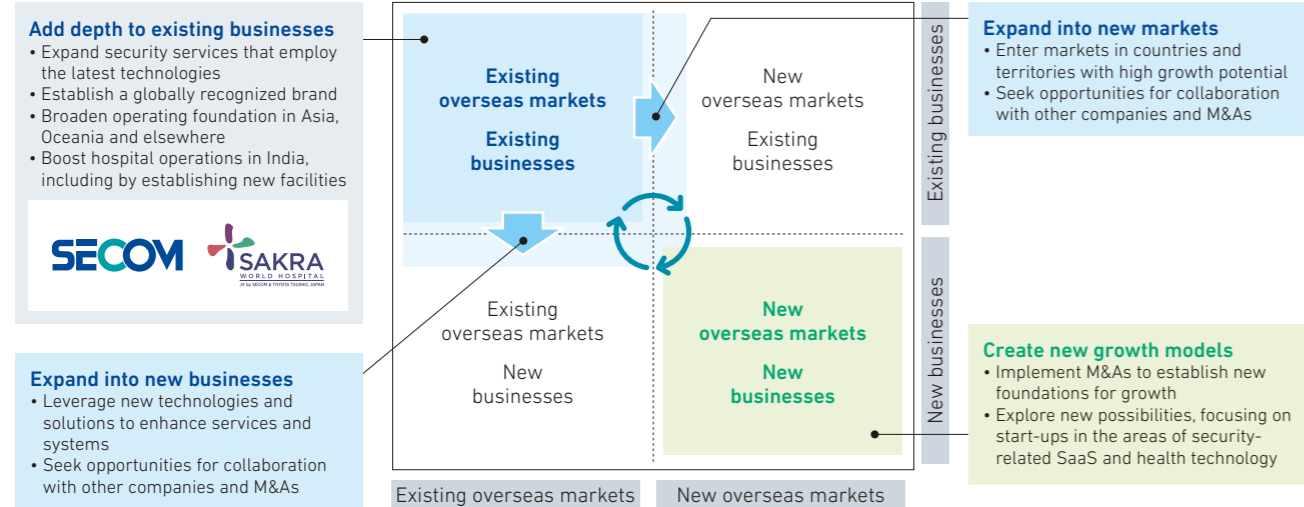
Promote DX in the security services market

In addition, we will promote DX with the objective of extending SECOM systems and know-how to partners who share our philosophy, driving improvements in the quality of safety and peace of mind for communities and society as a whole.



2 Strengthen overseas operations

With the aim of realizing further growth in promising overseas markets, we will add depth to existing security services and medical services businesses while also cultivating business portfolios into new overseas markets and new business areas. In addition to advancing recognition of the SECOM brand worldwide, we will strive to boost revenue generated overseas to 10% of the consolidated total by strengthening operations through both organic growth and the active promotion of M&As.



Key initiatives to date

- Expanded provision of interactive security system that uses a smartphone app in overseas markets ▶ See page 37
- Kicked off advertising and publicity campaign in Thailand ▶ See page 37
- Made investments in cloud-based physical security services providers Eagle Eye Networks and Brivo, which extend SaaS solutions primarily in North America (May 2023) ▶ See page 37

3 Reinforce BPO and ICT services

In addition to enhancing our service infrastructure by establishing new data centers and expanding our network, we will enhance existing and develop new SaaS solutions that assist customers in ensuring smooth operations and provide effective BPO services that help improve operational efficiency. We will also build business infrastructures centered on information security technologies and around-the-clock services that provide digital support for customers' operations.

Service provision framework: Data centers and networks

- Construction of new data centers in Tokyo and Osaka, and expansion of edge data center business
- Further expansion of interconnection services that improve the experience of cloud-based service users

SaaS solutions that support smooth operations

- Expansion and development of SaaS-based services for businesses including HR and BCP that support operations and business continuity
- Aim: Become a platformer that serves as a hub for HR technology services for small- and medium-sized commercial customers

BPO services that contribute to the improvement of operating efficiency

- Expansion and development of BPO services (contact center and back office support) that respond flexibly to changes in the operating environment, including evolving consumer values and needs, a decline in the labor force and the diversification of work styles

Key initiatives to date

- Acquired shares in ARTERIA Networks
- Made plans to build two new data centers in the Greater Tokyo Area (scheduled to open in 2024–2025) ▶ See page 45



4 Improve productivity

We aim to improve productivity by leveraging technologies to develop a steady stream of high-yield new services, thereby maximizing service value, and by helping employees reach their full potential and enhancing operational efficiency.

Key initiatives to date

- Overhauled work duties
- Revamped corporate structure and business processes
- Updated in-house IT system

5 Reward stakeholders

We will continue investing in efforts to secure and foster human resources that support the SECOM Group's provision of services, as well work to create workplace environments conducive to greater diversity, enhanced well-being, and improved and expanded capabilities. Having worked to fortify our sustainability framework, we will now focus on accelerating the integration of management and sustainability strategies to ensure our ability to evolve as a company that consistently earns the trust of all stakeholders.

Key initiatives to date

- Formulated target for achieving carbon neutrality by 2045 (May 2021), obtained certification of this target from the SBTi and joined RE100 (July 2021) ▶ See pages 63–64
- Formulated the SECOM Group Basic Sustainability Policy (December 2021) ▶ See page 28
- Established KGIs and KPIs based on materiality analysis (October 2022) ▶ See pages 29–31
- Created the SECOM Group Human Rights Policy (October 2022)

Financial strategies and quantitative targets

We have set three financial strategies: Enhance shareholder returns while maintaining a sound financial position, to achieve our dividend payout ratio target of 45%; invest in growth while remaining aware of the cost of capital; and conduct share buybacks in a timely manner to achieve an ROE of 10%.

To further expedite the realization of services that will ensure achievement of the goals of the SECOM Group's Vision for 2030, we will continue to share information on the initiatives outlined in this road map with investors, as well as to enhance opportunities for constructive dialog, as we work to achieve the quantitative targets we have set for the fiscal year ending March 31, 2028, and to bolster corporate value.

Targets for the Fiscal Year Ending March 31, 2028 (Japanese GAAP) (Reference)

	Results in the fiscal year ended March 31, 2023	Targets for the fiscal year ending March 31, 2028
Consolidated revenue	¥1,101.3 billion	At least ¥1,250.0 billion
Consolidated operating profit	¥136.7 billion	¥160.0–¥180.0 billion
Dividend payout ratio	41.6%	Around 45%
ROE	8.4%	10%