

# 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

