

## 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 the expectations of both individual and corporate customers, as well as to ensure sustainable growth.

### A powerful brand

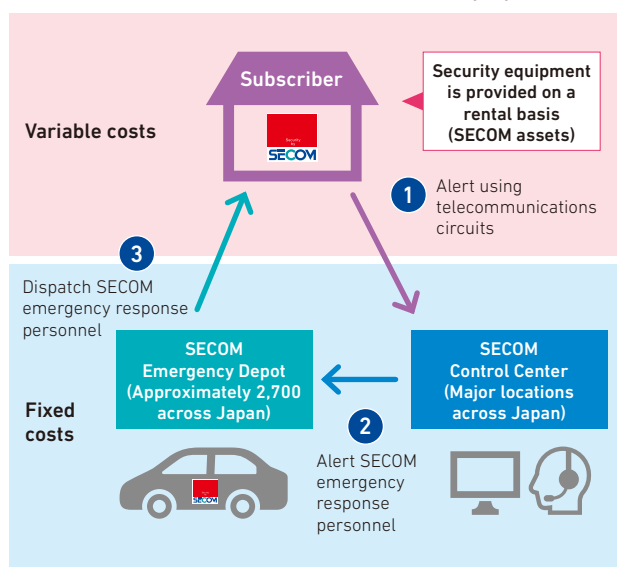
Since our establishment, we have consistently kept abreast of society's evolving needs by providing—and promoting unceasing efforts to improve and evolve—on-line security and other services and systems. At present, we continue to enjoy the leading share of Japan's market for on-line security systems. Our ability to resolve customers'

apprehensions has earned us a reputation for reliability and contributed to the rise of the SECOM brand. Recognition of SECOM as the leader of this country's security services industry also positions us well to secure and foster talented human resources and maintain an edge over the competition.

### A recurring revenue-based business model

We are engaged primarily in recurring revenue-based businesses. In addition to securing new contracts, 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 and control center staff to sales, technology, and administrative personnel—work together to increase customer satisfaction by providing services that exceed our subscribers' expectations. We will continue to invest cash generated by recurring revenue-based businesses as necessary to accommodate new contracts, as well as to reinvest in growth to further bolster our competitive edge and ensure sustainable growth, enhancing our ability to deliver seamless safety and peace of mind.

#### Variable and Fixed Costs for On-Line Security Systems



### Group strengths

With the aim of realizing our Social System Industry vision, as well as to boost per-customer income, we continue working to address concerns through a business portfolio encompassing security services, fire protection services, medical services, insurance services, geospatial information

services, BPO and ICT services, and other services. In addition to expanding offerings and streamlining sales activities in each business, we will further fortify collaboration across the Group, as well as invest in M&As with the goal of further reinforcing Group strengths.