

SECOM's Core Competitive Advantages

We continue to leverage three key strengths—a powerful brand, a recurring revenue-based business model, and Group strengths—to deliver safety and peace of mind to both individual and corporate customers, as well as to ensure sustainable growth.

A powerful brand

- Domestic market-leading 2.5 million-plus contracts for on-line commercial and home security systems
- Robust local network and sales channels firmly rooted in the community and our reputation as a pioneer in the security services industry
- Ability to resolve customers' apprehensions underpinned by experience and know-how accumulated over our history—the industry's longest—and by the provision of services to a broad range of customers
- Brand name synonymous with safety and peace of mind nurtured through the extension of services that exceed customer expectations
- Continuous efforts to promote the improvement and evolution of systems by communicating the opinions and requests of customers to our R&D team
- Open innovation in collaboration with partners who share our mission and are attracted by our strong brand and domestic market-leading customer base
- Recognition as an industry leader, helping attract talented human resources

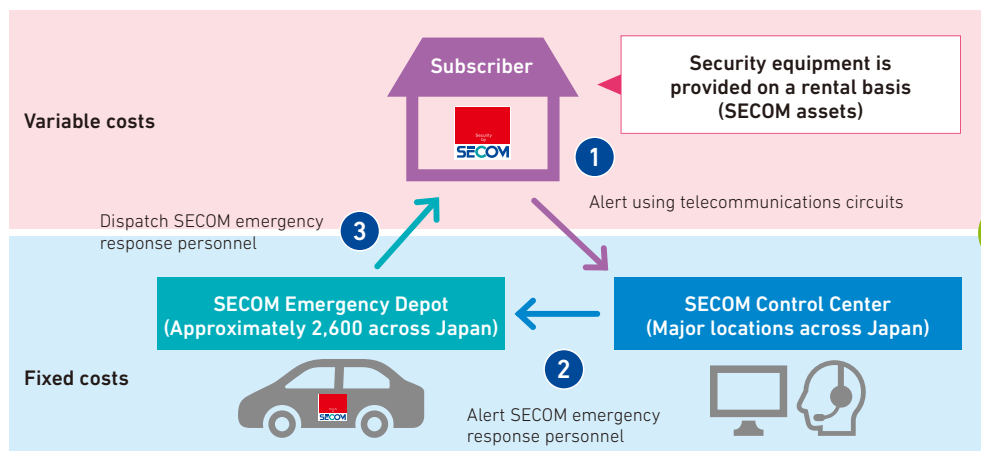
A recurring revenue-based business model

- Businesses that are primarily recurring revenue based, including on-line security systems, and boast a stable earnings base whereby expanded contract volume leads to increased income
- Business model that works well with economies of scale, particularly in on-line security systems, which boast a high marginal profit
- Commitment to ensuring long-term relationships with customers by developing and providing services and products that surpass their expectations and respond to latent needs
- Stable generation of cash thanks to recurring revenue-based businesses, facilitating continuous investments to improve quality and functionality, accommodate new contracts and drive future growth

Group strengths

- Efforts to boost per-customer income by addressing 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
- Determination to strengthen relations with customers and extend contract periods by encouraging use of multiple Group services
- Focus on fortifying cooperation within the Group, yielding distinctively SECOM services and cross-selling opportunities, thereby streamlining sales activities
- Steady investment in M&As with the aim of further reinforcing Group strengths

Variable and Fixed Costs for On-Line Security Systems



An Evolving Recurring Revenue-Based Business Model

Advanced services that leverage digital technologies and respond to market needs