

Note: The following is an abridged English translation of Quarterly Financial Report (*Kessan Tanshin*) of SECOM CO., LTD. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

QUARTERLY FINANCIAL REPORT FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2018

(Based on JAPANESE GAAP) (Consolidated)

February 8, 2019

Company name: SECOM CO., LTD. (URL: <https://www.secom.co.jp/>)
 Code number: 9735 Tokyo Stock Exchange ----- First Section
 Representative: Yasuo Nakayama, President and Representative Director
 For inquiries: Seiya Nagao, Executive Officer and Head of Finance Division
 Phone (03) 5775-8100

Scheduled date of filing Quarterly Securities Report: February 14, 2019

Scheduled date of dividend payout: —

Preparation of quarterly supplementary materials: Applicable

Holding of quarterly results information meeting: None

1. Consolidated financial results for the nine-month period ended December 31, 2018 (April 1, 2018– December 31, 2018)

(1) Consolidated operating results (In millions of yen, figures rounded down)

	Nine-month Period Ended December 31	
	2017	2018
Revenue	692,862 3.4%	726,983 4.9%
Operating profit	94,854 (1.5%)	92,960 (2.0%)
Ordinary profit	101,945 (6.1%)	107,799 5.7%
Net income attributable to owners of the parent	63,110 (4.4%)	69,503 10.1%
Basic net income per share (in yen)	289.15	318.44
Diluted net income per share (in yen)	—	—

Note 1: Comprehensive income:

Nine-month period ended December 31, 2018: JPY 69,141 million [(7.1%)]

Nine-month period ended December 31, 2017: JPY 74,464 million [25.3%]

Note 2: There is no diluted net income per share as there are no shares with dilutive effect.

Note 3: Percentage figures represent changes from the results of the corresponding period of the previous year.

(2) Consolidated financial position (In millions of yen, figures rounded down)

	March 31, 2018	December 31, 2018
Total assets	1,715,123	1,743,685
Net assets	1,081,213	1,109,579
Equity ratio	55.5%	56.1%
Net assets per share (in yen)	4,364.63	4,484.81

Note 1: Equity as of:

December 31, 2018 : JPY 978,856 million

March 31, 2018 : JPY 952,623 million

Note 2: Equity is calculated by deducting noncontrolling interests from net assets. Net assets per share is calculated by dividing equity by the number of common shares outstanding, excluding treasury stock, as of each period-end.

2. Dividends

	Years ended/ending March 31		
	2018	2019	2019 (projected)
1 st quarter dividends per share (in yen)	–	–	
2 nd quarter dividends per share (in yen)	75.00	80.00	
3 rd quarter dividends per share (in yen)	–	–	
Year-end dividends per share (in yen)	80.00		85.00
Annual dividends per share (in yen)	155.00		165.00

Note: Revision of projected dividends from that most recently disclosed: None

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(In millions of yen)

	Year ending March 31, 2019
Projected revenue	1,000,000 3.0%
Projected operating profit	126,500 (6.6%)
Projected ordinary profit	132,500 (8.2%)
Projected net income attributable to owners of the parent	83,000 (4.6%)
Projected basic net income per share (in yen)	380.28

Note 1: Revision of projections for the consolidated financial results from those most recently disclosed: None

Note 2: Projected basic net income per share for the fiscal year ending March 31, 2019 is calculated based on the number of average common shares outstanding over the nine-month period ended December 31, 2018, assuming that it remains the same until March 31, 2019.

Note 3: Percentage figures represent changes from the results of the corresponding period of the previous year.

※ Notes

1. Significant changes in subsidiaries during the nine-month period ended December 31, 2018 (changes in specified subsidiaries accompanied with changes in scope of consolidation): None
2. Adoption of unique accounting treatment for preparation of consolidated quarterly financial statements: None
3. Changes in accounting policies, accounting estimates and/or restatements:

- ① Changes in accounting policies associated with amendment of accounting standards: None
 - ② Other changes in accounting policies: None
 - ③ Changes in accounting estimates: None
 - ④ Restatements: None
4. Number of common shares outstanding :
- ① Number of common shares outstanding, including treasury stock, as of:
 - December 31, 2018 : 233,292,219 shares
 - March 31, 2018 : 233,290,441 shares
 - ② Number of shares of treasury stock, as of:
 - December 31, 2018 : 15,031,565 shares
 - March 31, 2018 : 15,030,573 shares
 - ③ Number of average common shares outstanding over:
 - The nine-month period ended December 31, 2018: 218,260,547 shares
 - The nine-month period ended December 31, 2017: 218,260,555 shares

Note on status of quarterly review procedures

This report is excluded from the scope of quarterly review procedures pursuant to the Financial Instruments and Exchange Act. Review procedures for quarterly financial statements have not been completed at the time of disclosure of this report.

Note on appropriate use of projections for the financial results; other special items

The forward-looking statements including the future performance described in this document are provided based on both all information available at this moment and certain assumptions considered reasonable. Actual performance may differ materially from the forward-looking statements due to various factors hereafter occurred. For matters regarding assumptions on financial projections and notes for the use of financial projections, please refer to “1. Qualitative Information Regarding the Nine-month Period Ended December 31, 2018 (3) Qualitative Information Regarding Consolidated Financial Projections” on page 5 in the appendices.

Contents for the Appendices

- 1. Qualitative Information Regarding the Nine-month Period Ended December 31, 2018..... - 2 -
 - (1) Qualitative Information Regarding Consolidated Financial Results - 2 -
 - (2) Qualitative Information Regarding Consolidated Financial Position - 4 -
 - (3) Qualitative Information Regarding Consolidated Financial Projections - 5 -
- 2. Consolidated Quarterly Financial Statements - 6 -
 - (1) Consolidated Balance Sheets - 6 -
 - (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income - 8 -
 - (3) Notes Regarding the Consolidated Quarterly Financial Statement..... - 10 -
 - [Notes Regarding the Assumption of Going Concern]..... - 10 -
 - [Notes Regarding Significant Changes in Shareholders’ Equity] - 10 -
 - [Additional Information] - 10 -
 - [Segment Information, etc.]..... - 11 -
 - [Significant Subsequent Events]..... - 12 -

1. Qualitative Information Regarding the Nine-month Period Ended December 31, 2018

(1) Qualitative Information Regarding Consolidated Financial Results

During the nine-month period ended December 31, 2018, Japanese economy has been in a moderate upward trend as shown in improvements in corporate earnings and employment environment. On the other hand, continual attentions to the effects of uncertainties in overseas economies related to various policies of the U.S., the trends of the emerging economies in Asia, including China, U.K. exiting the E.U. (BREXIT), as well as the international trade issues, and the fluctuations in the financial and capital markets, have been required.

In this environment, we have been continuously pushing forward with efforts to establish “Social System Industry” which delivers safety and peace of mind, as well as makes life more comfortable and convenient, whenever and wherever necessary for everyone. In May 2017, we formulated the SECOM Group’s Vision for 2030. Guided by this vision, we have been promoting the “ALL SECOM” concept, which emphasizes cooperation among our various businesses to strengthen the bond of the group. In addition, we are working to realize the *ANSHIN* Platform, a service infrastructure designed to provide peace of mind to people in their everyday lives, as well as to society as a whole. To create the *ANSHIN* Platform, we are advancing collaborative initiatives with partners having the same philosophy. In May 2018, we announced the SECOM Group Road Map 2022, in which we clarified what we should do in order to realize our Vision for 2030. In the period under review, we have been continuously seeking to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind through the seamless provision of services.

In November 2018, we signed a cooperation agreement with the major distribution group aiming to enhance mutual corporate values through contribution to local societies by providing assistance in case of large scale disasters. In December, as a means to avoid sudden cardiac death at home, we launched SECOM My AED, Japan’s first leased home-use AED (Automated External Defibrillator) combined with on-line service. We also succeeded in wide area security demonstration at a stadium for the first time in Japan, using smart drones that are applicable to mobile communication network (4G LTE) and human detection function in cooperation with the major domestic telecommunications company and the drone business company. Furthermore, to assure food safety and its stable supply, we established a support service to acquire the SGS certification for physical prevention of intentional foreign material contamination of food products. It makes it possible to objectively demonstrate the security measures taken at facilities in food supply chain to business partners and society. At the end of the year, we launched SESAMO FF, a facial recognition system, responding to the needs of labor-saving and improvement in productivity among various types of facilities in diverse industries, capitalizing on human detection capabilities. One of its applications is detecting a patient at a hospital or a resident at a nursing home who inappropriately goes outside of the facility, and then notifying staff.

As for medical services, we promote SECOM Vitalook, a remote medical assistance platform, which allows doctors and nurses to remotely monitor home care patients’ vital data such as electrocardiogram and blood pressure. We aim to contribute to reduce the workload of home care physicians and to improve the quality of medical treatment.

Pasco Corporation, the principal company in the Geographic Information Services, released “Pasco Group’s Medium-Term Management Plan 2018-2022” on May 9, 2018, expressing its aim to become a

comprehensive company in geospatial information industry pursuing the business model that capitalizes positional information including various related events. Accordingly, the segment name was changed from Geographic Information Services to Geospatial Information Services from the three-month period ended June 30, 2018. Reportable segments are not reclassified by this change.

Consolidated revenue for the nine-month period ended December 31, 2018 increased by 4.9% to 726.9 billion yen, while consolidated operating profit decreased by 2.0% to 92.9 billion yen, chiefly owing to the decrease in operating profit in fire protection services. Consolidated ordinary profit increased by 5.7% to 107.7 billion yen, mainly due to the increases in net gains on private equity investment in the U.S. etc. by 7.0 billion yen and net gains from investment in affiliated companies accounted for under the equity method by 1.3 billion yen. Consolidated net income attributable to owners of the parent increased by 10.1% to 69.5 billion yen. For the nine-month period ended December 31, 2018, consolidated revenue and net income attributable to owners of the parent have reached a record-high, respectively.

Segment information is as follows.

In the security services segment, revenue increased by 2.2% to 411.9 billion yen, mainly due to the brisk sales of on-line security systems for commercial and residential use, as well as the increases in revenue in static guard services chiefly owing to the contribution of Secom Tosec Co., Ltd., a newly consolidated subsidiary, and in Asahi Security Co., Ltd., a provider of cash collection and delivery services. Operating profit was down by 0.3% to 85.7 billion yen, mainly attributable to the effect of the investment targeting creation of a stronger foundation for future sustainable growth.

In the fire protection services segment, revenue increased by 0.6% to 89.0 billion yen, mainly attributable to the active marketing efforts. Operating profit decreased by 38.5% to 4.2 billion yen, chiefly owing to the concentration of projects with high cost ratio compared to the previous corresponding period and the increase in selling, general and administrative expenses. Revenue tends to increase toward the end of the fiscal year, due to the fact that this segment is greatly affected by the construction industry.

In the medical services segment, revenue increased by 0.9% to 53.8 billion yen, mainly due to the increase in sales of residences for seniors, despite the decrease in revenue affected by the drug price revision. Operating profit decreased by 9.6% to 3.6 billion yen, chiefly owing to the increase in cost ratio.

In the insurance services segment, revenue increased by 4.7% to 33.3 billion yen, mainly due to the firm increase in sales of MEDCOM, an unrestricted cancer treatment policy, and fire insurance policy provided by Secom General Insurance Co., Ltd. Operating profit rose 27.2% to 3.1 billion yen, chiefly owing to the offset of the increase in losses incurred from major disasters such as The Heavy Rain Event of July 2018 and the Typhoon No.21 and No.24 by the reversal of a part of policy reserve during the nine-month period.

In the geospatial information services segment, revenue increased by 1.3% to 33.6 billion yen, owing to

the increase in revenue in domestic division, despite the decrease in international division. Operating loss was 90 million yen, from an operating loss of 0.9 billion yen in the previous corresponding period, mainly attributable to the improvement in cost ratio and the decrease in selling, general and administrative expenses. Revenue tends to concentrate toward the end of the fiscal year, due to the fact that deliveries of public-sector contracts, which is the primary market for this segment, are mainly made at the end of March.

In the BPO・ICT services segment, revenue increased by 43.6% to 67.2 billion yen, chiefly owing to the contribution of TMJ, Inc., a consolidated subsidiary from October 2017, and the increase in revenue in data center. Operating profit increased by 12.1% to 5.8 billion yen.

In the real estate and other services segment, revenue increased by 5.7% to 37.9 billion yen, mainly due to the increase in revenue in the real estate development and sales business. Operating profit was down 4.9% to 3.6 billion yen, mainly attributable to the increases in cost ratio and in selling, general and administrative expenses.

(2) Qualitative Information Regarding Consolidated Financial Position

Consolidated Balance Sheets

Total assets as of December 31, 2018 amounted to 1,743.6 billion yen, 1.7% or 28.5 billion yen higher than that at the end of the previous fiscal year. Total current assets, at 824.1 billion yen, were up 4.0% or 32.0 billion yen. This was largely attributable to the increases in cash deposits for armored car services by 32.5% or 44.1 billion yen to 179.9 billion yen and short-term investments by 61.2% or 10.6 billion yen to 27.9 billion yen, despite the decrease in notes and accounts receivable, trade by 21.5% or 27.9 billion yen to 102.0 billion yen. Total fixed assets, at 919.5 billion yen, were down 0.4% or 3.5 billion yen. This was mainly attributable to the decrease in investment securities among investments and others by 3.0% or 8.3 billion yen to 272.3 billion yen, despite the increase in tangible assets by 1.0% or 3.6 billion yen to 377.3 billion yen.

Total liabilities amounted to 634.1 billion yen, 0.1 billion yen higher than that at the end of the previous fiscal year. Total current liabilities amounted to 365.7 billion yen, up 2.3% or 8.1 billion yen, owing to the increase in deposits received for armored car services by 38.3% or 43.6 billion yen to 157.4 billion yen, despite the decreases in accrued income taxes by 75.8% or 19.6 billion yen to 6.2 billion yen, accrued bonuses by 59.3% or 9.6 billion yen to 6.5 billion yen, notes and accounts payable, trade by 9.1% or 3.9 billion yen to 39.9 billion yen, and bank loans by 9.0% or 3.7 billion yen to 37.8 billion yen. Long-term liabilities decreased by 2.9% or 7.9 billion yen to 268.3 billion yen, compared to that at the end of the previous fiscal year. This was mainly attributable to the decreases in investment deposits by policyholders, unearned premiums and other insurance liabilities by 3.1% or 5.2 billion yen to 167.0 billion yen, long-term loans by 14.2% or 1.8 billion yen to 10.9 billion yen, and deferred income taxes by 11.2% or 1.5 billion yen to 12.6 billion yen.

Total net assets amounted to 1,109.5 billion yen, 2.6% or 28.3 billion yen higher than that at the end of the previous fiscal year, mainly due to the increases in retained earnings by 4.1% or 34.5 billion yen, despite the decreases in unrealized gains on securities by 25.9% or 6.1 billion yen.

(3) Qualitative Information Regarding Consolidated Financial Projections

Projections for the consolidated financial results for the fiscal year ending March 31, 2019 have not been changed from those disclosed on May 10, 2018.

(Notes for financial projections)

Projections for the consolidated financial results for the fiscal year ending March 31, 2019, are based on management's assumptions in light of information currently available. As actual performance may differ materially from the forward-looking statements due to various factors hereafter occurred, you should refrain from making an investment decision by solely relying on these projections. Such factors include, but are not limited to, changes in economic conditions affecting our group's operations, market trends, legislative changes, occurrences of natural disasters, recalls of products sold and the results of contingency.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2018	December 31, 2018
ASSETS:		
Current assets:	792,094	824,165
Cash on hand and in banks	317,267	306,274
Cash deposits for armored car services	135,808	179,984
Notes and accounts receivable, trade	129,984	102,035
Due from subscribers	35,272	46,525
Short-term investments	17,360	27,989
Lease receivables and investment in leased assets	45,544	41,395
Merchandise and products	12,321	16,539
Real estate inventories	4,766	5,031
Work in process	5,057	7,437
Costs on uncompleted construction contracts	10,441	14,330
Work in process for real estate inventories	39,688	35,978
Raw materials and supplies	8,849	10,320
Short-term loans receivable	5,196	4,854
Other	26,352	27,200
Allowance for doubtful accounts	(1,818)	(1,733)
Fixed assets:	923,029	919,520
Tangible assets:	373,689	377,379
Buildings and improvements, net	148,622	147,437
Security equipment and control stations, net	70,872	72,275
Land	114,287	117,839
Other, net	39,907	39,826
Intangible assets	131,028	129,285
Investments and others:	418,311	412,854
Investment securities	280,659	272,338
Long-term loans receivable	35,284	34,267
Net defined benefit asset	41,409	41,508
Deferred income taxes	21,658	24,529
Other	52,332	52,967
Allowance for doubtful accounts	(13,033)	(12,756)
Total assets	1,715,123	1,743,685

(1) Consolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2018	December 31, 2018
LIABILITIES :		
Current liabilities:	357,544	365,706
Notes and accounts payable, trade	43,929	39,939
Bank loans	41,558	37,830
Current portion of straight bonds	795	2,093
Lease obligations	4,932	4,926
Payables - other	40,102	40,172
Accrued income taxes	25,896	6,260
Accrued consumption taxes	7,959	6,419
Accrued expenses	7,084	6,913
Deposits received for armored car services	113,830	157,439
Deferred revenue	30,309	31,309
Accrued bonuses	16,209	6,590
Provision for losses on construction contracts	2,436	2,841
Other	22,499	22,969
Long-term liabilities:	276,366	268,399
Straight bonds	5,322	5,178
Long-term loans	12,721	10,913
Lease obligations	11,902	11,926
Guarantee deposits received	33,181	33,074
Deferred income taxes	14,217	12,621
Accrued retirement benefits for directors and audit and supervisory board members	1,421	1,017
Net defined benefit liability	21,849	22,588
Investment deposits by policyholders, unearned premiums and other insurance liabilities	172,345	167,046
Other	3,403	4,031
Total liabilities	633,910	634,105
NET ASSETS :		
Shareholders' equity:	924,729	959,318
Common stock	66,385	66,392
Capital surplus	80,328	80,335
Retained earnings	851,764	886,347
Common stock in treasury, at cost	(73,748)	(73,756)
Accumulated other comprehensive income (losses) :	27,894	19,538
Unrealized gains on securities	23,759	17,612
Deferred losses on hedges	(24)	(22)
Foreign currency translation adjustments	(5,774)	(7,448)
Remeasurements of defined benefit plans, net of taxes	9,933	9,396
Noncontrolling Interests	128,589	130,722
Total net assets	1,081,213	1,109,579
Total liabilities and net assets	1,715,123	1,743,685

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(In millions of yen)

	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Revenue	692,862	726,983
Costs of revenue	463,359	493,755
Gross profit	229,503	233,228
Selling, general and administrative expenses	134,648	140,267
Operating profit	94,854	92,960
Non-operating income	9,615	17,974
Non-operating expenses	2,525	3,135
Ordinary profit	101,945	107,799
Extraordinary profit	1,251	649
Extraordinary losses	775	1,297
Income before income taxes	102,421	107,151
Income taxes - current	38,023	30,731
Income taxes - deferred	(5,780)	(1,647)
Total income taxes	32,242	29,083
Net income	70,179	78,068
Net income attributable to noncontrolling interests	7,068	8,564
Net income attributable to owners of the parent	63,110	69,503

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Net income	70,179	78,068
Other comprehensive income (losses):	4,285	(8,926)
Unrealized gains (losses) on securities	4,257	(6,366)
Deferred gains (losses) on hedges	(3)	(0)
Foreign currency translation adjustments	(1,590)	(568)
Remeasurements of defined benefit plans, net of taxes	401	(442)
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	1,220	(1,549)
Comprehensive income	74,464	69,141
Comprehensive income attributable to:		
Owners of the parent company	67,122	61,148
Noncontrolling interests	7,342	7,993

(3) Notes Regarding the Consolidated Quarterly Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable.

[Notes Regarding Significant Changes in Shareholders' Equity]

Not applicable.

[Additional Information]

From the three-month period ended June 30, 2018, we have applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28, February 16, 2018), etc. Accordingly, deferred tax assets are classified as part of “Investments and others,” and deferred tax liabilities are classified as part of “Long-term liabilities.”

In order to apply the change, the consolidated balance sheets for the previous fiscal year has been reclassified. As a result, “deferred income taxes” in “current assets” decreased by 14,651 million yen, “deferred income taxes” in “investments and others” increased by 9,507 million yen, “deferred income taxes” in “long-term liabilities” decreased by 5,144 million yen. Consequently, total assets and total liabilities and net assets decreased by 5,144 million yen, respectively.

[Segment Information, etc.]

Segment Information

I. Nine-month Period Ended December 31, 2017

1. Information about Amounts of Revenue and Profit or Loss by Reportable Segments

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Customers	403,288	88,512	53,299	31,866	33,245
Intersegment	9,428	2,924	140	2,331	83
Subtotal	412,716	91,437	53,439	34,197	33,328
Segment profit (loss)	86,063	6,872	4,083	2,512	(977)

	Reportable segments		Real estate and other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	BPO and ICT services	Subtotal				
Revenue:						
Customers	46,788	657,001	35,861	692,862	-	692,862
Intersegment	4,611	19,520	1,497	21,017	(21,017)	-
Subtotal	51,400	676,521	37,358	713,879	(21,017)	692,862
Segment profit (loss)	5,244	103,799	3,839	107,639	(12,784)	94,854

Note 1: Real estate and other services is an operating segment not designated as a reportable segment, and comprises real estate development and sales, real estate leasing, construction and installation services, etc.

Note 2: Adjustment of segment profit/loss includes intersegment eliminations of 2 million yen and corporate expenses not allocated to each reportable segment of 12,781 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

Note 3: Segment profit/loss is adjusted to operating profit in the consolidated statements of income.

2. Information about Assets by Reportable Segments

In the BPO and ICT services segment, the amount of segment assets increased by 26,664 million yen, mainly arising from the acquisition of TMJ, Inc. in the three-month period ended December 31, 2017.

3. Information about Impairment Loss on Fixed Assets and Goodwill by Reportable Segments (Significant Changes in Goodwill)

In the BPO and ICT services segment, goodwill increased due to the acquisition of TMJ, Inc. in the three-month period ended December 31, 2017. The amount of goodwill increased by 21,345 million yen in the nine-month period ended December 31, 2017, which was a provisional amount as the purchase price allocation has not been completed.

II. Nine-month Period Ended December 31, 2018

1. Information about Amounts of Revenue and Profit or Loss by Reportable Segments

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Customers	411,979	89,008	53,803	33,368	33,690
Intersegment	10,461	2,972	127	2,392	169
Subtotal	422,440	91,980	53,930	35,761	33,860
Segment profit (loss)	85,772	4,224	3,689	3,195	(98)

	Reportable segments		Real estate and other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	BPO and ICT services	Subtotal				
Revenue:						
Customers	67,210	689,061	37,922	726,983	-	726,983
Intersegment	6,743	22,866	1,445	24,312	(24,312)	-
Subtotal	73,954	711,928	39,367	751,296	(24,312)	726,983
Segment profit (loss)	5,877	102,662	3,651	106,314	(13,353)	92,960

Note 1: Real estate and other services is an operating segment not designated as a reportable segment, and comprises real estate development and sales, real estate leasing, construction and installation services, etc.

Note 2: Adjustment of segment profit/loss includes intersegment eliminations of 498 million yen and corporate expenses not allocated to each reportable segment of 12,855 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

Note 3: Segment profit/loss is adjusted to operating profit in the consolidated statements of income.

2. Information about Changes in Reportable Segments

Pasco Corporation, the principal company in the Geographic Information Services, released "Pasco Group's Medium-Term Management Plan 2018-2022" on May 9, 2018, expressing its aim to become a comprehensive company in geospatial information industry pursuing the business model that capitalizes positional information including various related events. Accordingly, the segment name was changed from Geographic Information Services to Geospatial Information Services from the three-month period ended June 30, 2018. Reportable segments are not reclassified by this change.

[Significant Subsequent Events]

Not applicable.