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**QUARTERLY FINANCIAL REPORT**  
**FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2022**  
 (Based on JAPANESE GAAP) (Consolidated)

August 9, 2022

Company name: SECOM CO., LTD. (URL: <https://www.secom.co.jp/>)  
 Code number: 9735 Tokyo Stock Exchange ----- Prime Market  
 Representative: Ichiro Ozeki, President and Representative Director  
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Scheduled date of filing Quarterly Securities Report: August 12, 2022  
 Scheduled date of dividend payout: –  
 Preparation of quarterly supplementary materials: Applicable  
 Holding of quarterly results information meeting: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

**1. Consolidated financial results for the three-month period ended June 30, 2022 (April 1, 2022 – June 30, 2022)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three-month period ended								
June 30, 2022	246,123	0.8	30,418	(10.6)	34,424	(8.2)	23,061	(3.5)
June 30, 2021	244,277	2.2	34,016	6.6	37,507	22.2	23,897	24.8

Note: Comprehensive income Three-month period ended June 30, 2022: JPY 31,996 million [0.2%]  
 Three-month period ended June 30, 2021: JPY 31,943 million [47.0%]

	Basic net income per share	Diluted net income per share
Three-month period ended	Yen	Yen
June 30, 2022	106.51	–
June 30, 2021	109.49	–

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

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
June 30, 2022	1,861,827	1,248,283	59.8	5,160.21
March 31, 2022	1,907,755	1,256,036	58.8	5,147.30

Reference: Equity

As of June 30, 2022 : JPY 1,114,202 million

As of March 31, 2022: JPY 1,122,536 million

Note: 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

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	90.00	—	90.00	180.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Projected)		90.00	—	95.00	185.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Projections for the consolidated financial results for the fiscal year ending March 31, 2023 (April 1, 2022 – March 31, 2023) and the six-month period ending September 30, 2022 (April 1, 2022 – September 30, 2022)

(Percentages indicate changes from the results of the corresponding periods of the previous year.)

	Projected revenue		Projected operating profit		Projected ordinary profit		Projected net income attributable to owners of the parent		Projected basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2022	500,000	(0.5)	61,000	(14.3)	64,500	(16.2)	41,500	(13.6)	191.93
Year ending March 31, 2023	1,059,400	0.9	134,000	(6.6)	141,000	(8.0)	87,300	(7.4)	404.03

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, 2023 and the six-month period ending September 30, 2022 are calculated based on the number of average common shares outstanding over the three-month period ended June 30, 2022, assuming that it remains the same until March 31, 2023.

### \* Notes

- (1) Changes in significant subsidiaries during the period (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 restatement
  - (i) Changes in accounting policies associated with amendment of accounting standards: Applicable
  - (ii) Other changes in accounting policies: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

- (4) Number of common shares outstanding

- (i) Number of common shares outstanding, including treasury stock

As of June 30, 2022	233,298,049 shares
As of March 31, 2022	233,298,049 shares

- (ii) Number of shares of treasury stock

As of June 30, 2022	17,376,219 shares
As of March 31, 2022	15,215,218 shares

- (iii) Number of average common shares outstanding during the period

The three-month period ended June 30, 2022	216,521,877 shares
The three-month period ended June 30, 2021	218,261,192 shares

**Note on status of quarterly review procedures**

This report is excluded from the scope of quarterly review procedures.

**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 Three-month Period Ended June 30, 2022 (3) Qualitative Information Regarding Consolidated Financial Projections” on page 4 in the appendices.

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# 1. Qualitative Information Regarding the Three-month Period Ended June 30, 2022

## (1) Qualitative Information Regarding Consolidated Financial Results

During the three-month period ended June 30, 2022, the Japanese economy showed movements of recovery in some areas such as corporate earnings and private consumption, with economic and social activities moving toward normalization. On the other hand, continual attention has been required to downside risks in the economy due to the trends of the fluctuations in the financial and capital markets, as well as the growing uncertainty of the international situation and the rising raw material prices.

Under these circumstances, we have been actively working to implement initiatives to achieve the SECOM Group's Vision for 2030, formulated with an aim to establish the "Social System Industry," which delivers safety and peace of mind, as well as makes life more comfortable and convenient.

In the period under review, we actively worked to expand SECOM Home Security that enhanced its convenience by linking with SECOM Cantabile, an app for Apple Watch and iPhone, which enables more comfortable and pleasant use of the system. In June, we started providing cocobo, a security robot that makes use of AI and 5G technologies to conduct monitoring and patrol services as well as security inspections at Narita International Airport and a large-scale complex. Through these initiatives, we continued to provide meticulous and seamless services to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind.

In July, we acquired 55.1% of the issued shares of common stock of SENON LIMITED ("SENON"), a total security company that provides a wide range of security services nationwide, including security guard services, electronic security services, airport security services, and vehicle fleet operation services, and made it our subsidiary. We will strive to provide more customers with higher quality and optimized security services by combining SENON's strengths as a total security company with the Company's technological advantages and expertise.

Consolidated revenue for the three-month period ended June 30, 2022 was 246.1 billion yen, up 0.8% from the previous corresponding period. Consolidated operating profit decreased by 10.6% to 30.4 billion yen, attributable to the effect of the decreases in operating profit in security services, fire protection services and insurance services. Consolidated ordinary profit decreased by 8.2% to 34.4 billion yen. Net income attributable to owners of the parent decreased by 3.5% to 23.0 billion yen. For the three-month period ended June 30, 2022, revenue reached a record-high.

Segment information is as follows.

In the security services segment, revenue increased by 0.6% to 135.4 billion yen, mainly due to the increase in sales of large-scale security systems in overseas market. Operating profit decreased by 2.6% to 27.5 billion yen, attributable to the increase in the cost of sales ratio due to investments in human capital, including base salary increases, as well as the increase in selling, general and administrative expenses due to the expansion of advertisements and investments for future growth.

In the fire protection services segment, revenue decreased by 7.6% to 28.3 billion yen, mainly attributable to the decrease in revenue in fire alarm systems provided by Nohmi Bosai Ltd. Operating loss was 0.8 billion yen, from operating profit of 1.4 billion yen in the previous corresponding period, chiefly owing to the concentration of projects with relatively high profitability in the previous corresponding period. 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 0.1% to 18.0 billion yen, mainly due to the increase in revenue in Takshasila Hospitals Operating Pvt. Ltd., a general hospital operating company in India. Operating profit rose by 4.6% to 1.3 billion yen.

In the insurance services segment, revenue increased by 1.9% to 12.3 billion yen, mainly due to the increase in investment income. Operating profit was down 15.2% to 2.5 billion yen, largely attributable to the increase in losses from natural disasters.

In the geospatial information services segment, revenue increased by 5.0% to 11.3 billion yen, owing to the rise in revenue in the domestic public sector division and the international division. Operating loss was 0.2 billion yen (operating loss of 0.2 billion yen in the previous corresponding period.) 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 and ICT services segment, revenue increased by 8.4% to 29.8 billion yen, chiefly owing to the increases in revenue in TMJ, Inc., a provider of BPO services including contact centers and back office services, and data center business. Operating profit was down 0.8% to 3.0 billion yen, attributable to the rise in cost mainly due to the increase in the fuel cost adjustment unit price in data center business.

In the other services segment, revenue increased by 2.1% to 10.6 billion yen. Operating profit rose by 6.6% to 1.6 billion yen.

## **(2) Qualitative Information Regarding Consolidated Financial Position**

### **Consolidated Balance Sheets**

Total assets as of June 30, 2022 amounted to 1,861.8 billion yen, 2.4% or 45.9 billion yen lower than that at the end of the previous fiscal year. Total current assets, at 939.1 billion yen, were down 4.8% or 47.0 billion yen. This was largely attributable to the decreases in notes and accounts receivable - trade and contract assets by 32.7% or 49.0 billion yen to 100.8 billion yen and cash on hand and in banks by 0.9% or 4.7 billion yen to 517.5 billion yen, despite the increase in short-term investments by 14.5% or 3.9 billion yen to 30.9 billion yen. Total fixed assets, at 922.6 billion yen, were up 0.1% or 1.1 billion yen from the end of the previous fiscal year. This was mainly attributable to the increase in investment securities by 1.5% or 4.2 billion yen to 280.4 billion yen, despite the decreases in tangible assets by 0.5% or 1.8 billion yen to 388.6 billion yen and intangible assets by 1.0% or 1.1 billion yen to 114.1 billion yen.

Total liabilities amounted to 613.5 billion yen, 5.9% or 38.1 billion yen lower than that at the end of the previous fiscal year. Total current liabilities amounted to 323.1 billion yen, down 10.7% or 38.5 billion yen, owing to the decreases in accrued income taxes by 76.4% or 19.1 billion yen to 5.9 billion yen, bank loans by 22.6% or 7.2 billion yen to 24.8 billion yen, notes and accounts payable, trade by 15.6% or 6.9 billion yen to 37.3 billion yen, and payables - other by 15.5% or 6.6 billion yen to 36.5 billion yen. Long-term liabilities increased by 0.1% or 0.3 billion yen to 290.3 billion yen, owing to the increase in deferred income taxes by 49.4% or 3.3 billion yen to 10.2 billion yen, despite the decrease in investment deposits by policyholders, unearned premiums and other insurance liabilities by 1.4% or 2.5 billion yen to 183.1 billion yen.

Total net assets amounted to 1,248.2 billion yen, 0.6% or 7.7 billion yen lower than that at the end of the previous fiscal year, mainly due to the decreases in common stock in treasury, at cost by 23.6% or 18.7 billion yen and unrealized gains on securities by 2.3% or 0.4 billion yen, despite the increases in retained earnings by 0.3% or 3.4 billion yen and foreign currency translation adjustments by 142.2% or 7.9 billion yen.

### **(3) Qualitative Information Regarding Consolidated Financial Projections**

Projections for the consolidated financial results for the six-month period ending September 30, 2022 and the fiscal year ending March 31, 2023 have not been changed from those disclosed on May 12, 2022.

(Notes for financial projections)

Projections for the consolidated financial results for the six-month period ending September 30, 2022 and the fiscal year ending March 31, 2023, 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, 2022	June 30, 2022
<b>ASSETS:</b>		
Current assets:		
Cash on hand and in banks	522,363	517,599
Cash deposits for armored car services	136,477	134,108
Notes and accounts receivable - trade and contract assets	149,878	100,849
Due from subscribers	39,468	41,539
Short-term investments	27,020	30,951
Lease receivables and investment in leased assets	37,518	36,612
Merchandise and products	14,724	16,279
Real estate inventories	2,593	2,986
Work in process	5,629	6,613
Raw materials and supplies	13,930	14,946
Short-term loans receivable	2,563	2,425
Other	36,064	36,371
Allowance for doubtful accounts	(2,031)	(2,144)
Total current assets	986,202	939,138
Fixed assets:		
Tangible assets:		
Buildings and improvements, net	151,809	154,163
Security equipment and control stations, net	73,911	74,944
Land	122,050	119,928
Other, net	42,695	39,575
Total tangible assets	390,467	388,611
Intangible assets	115,228	114,127
Investments and others:		
Investment securities	276,230	280,458
Long-term loans receivable	29,494	28,902
Net defined benefit asset	47,852	48,584
Deferred income taxes	27,407	27,041
Other	47,068	47,164
Allowance for doubtful accounts	(12,195)	(12,201)
Total investments and others	415,858	419,950
Total fixed assets	921,553	922,689
Total assets	1,907,755	1,861,827



**(1) Consolidated Balance Sheets (Continued)**

	(In millions of yen)	
	March 31, 2022	June 30, 2022
<b>LIABILITIES:</b>		
Current liabilities:		
Notes and accounts payable, trade	44,271	37,361
Bank loans	32,159	24,886
Current portion of straight bonds	409	409
Lease obligations	4,843	4,810
Payables - other	43,257	36,563
Accrued income taxes	25,043	5,908
Accrued consumption taxes	8,966	10,210
Accrued expenses	8,436	9,193
Deposits received for armored car services	118,971	118,868
Deferred revenue	38,228	41,545
Accrued bonuses	17,960	12,359
Provision for losses on construction contracts	2,159	2,306
Other	17,041	18,753
Total current liabilities	361,750	323,176
Long-term liabilities:		
Straight bonds	3,489	3,486
Long-term loans	11,650	11,338
Lease obligations	15,077	14,993
Guarantee deposits received	23,669	23,724
Deferred income taxes	6,859	10,250
Accrued retirement benefits for directors and audit and supervisory board members	842	793
Net defined benefit liability	21,896	22,026
Long-term deferred revenue	16,545	16,532
Investment deposits by policyholders, unearned premiums and other insurance liabilities	185,698	183,111
Other	4,240	4,109
Total long-term liabilities	289,969	290,367
Total liabilities	651,719	613,543
<b>NET ASSETS:</b>		
Shareholders' equity:		
Common stock	66,419	66,419
Capital surplus	70,335	70,326
Retained earnings	1,043,766	1,047,200
Common stock in treasury, at cost	(79,436)	(98,206)
Total shareholders' equity	1,101,084	1,085,740
Accumulated other comprehensive income (losses):		
Unrealized gains on securities	20,220	19,750
Deferred losses on hedges	(6)	(5)
Foreign currency translation adjustments	(5,627)	2,372
Remeasurements of defined benefit plans, net of taxes	6,865	6,344
Total accumulated other comprehensive income (losses)	21,451	28,461
Noncontrolling interests	133,499	134,081
Total net assets	1,256,036	1,248,283
Total liabilities and net assets	1,907,755	1,861,827

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

### Consolidated Statements of Income

	(In millions of yen)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Revenue	244,277	246,123
Costs of revenue	162,154	166,745
Gross profit	82,123	79,378
Selling, general and administrative expenses	48,106	48,959
Operating profit	34,016	30,418
Non-operating income	4,297	4,940
Non-operating expenses	806	934
Ordinary profit	37,507	34,424
Extraordinary profit	566	1,741
Extraordinary losses	269	614
Income before income taxes	37,804	35,551
Income taxes - current	7,150	6,799
Income taxes - deferred	4,441	4,371
Total income taxes	11,592	11,170
Net income	26,212	24,380
Net income attributable to noncontrolling interests	2,314	1,319
Net income attributable to owners of the parent	23,897	23,061

### Consolidated Statements of Comprehensive Income

	(In millions of yen)	
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022
Net income	26,212	24,380
Other comprehensive income (losses):		
Unrealized gains (losses) on securities	(1,560)	(519)
Foreign currency translation adjustments	5,864	6,588
Remeasurements of defined benefit plans, net of taxes	(240)	(404)
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	1,668	1,951
Total other comprehensive income (losses)	5,731	7,615
Comprehensive income	31,943	31,996
Comprehensive income attributable to:		
Owners of the parent company	29,343	30,071
Noncontrolling interests	2,599	1,925

### **(3) Notes Regarding the Consolidated Quarterly Financial Statement**

#### **[Notes Regarding the Assumption of Going Concern]**

Not applicable.

#### **[Notes Regarding Significant Changes in the Amount of Shareholders' Equity]**

Based on the resolution adopted by its Board of Directors at the meeting held on February 10, 2022, the Company repurchased 2,160,800 shares of its own shares. As a result, the amount of treasury stock was 98,206 million yen at the end of the three-month period ended June 30, 2022, with the increase of 18,769 million yen during the three-month period ended June 30, 2022.

#### **[Changes in Accounting Policies]**

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

From the beginning of the three-month period ended June 30, 2022, we have applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021; hereinafter, "Implementation Guidance on Fair Value Accounting Standards"). In accordance with the transitional treatment set forth in Article 27-2 of Implementation Guidance on Fair Value Accounting Standards, we have applied prospectively new accounting policies prescribed by Implementation Guidance on Fair Value Accounting Standards. This change has no effect on the consolidated quarterly financial statements.

#### **[Additional Information]**

There have been no material changes to the assumptions, including the future spread of COVID-19 and the timing of its containment, described in Additional Information "Accounting estimates of the impact of the spread of COVID-19" in the Annual Securities Report for the year ended March 31, 2022.

#### Reference

(Additional Information in the Annual Securities Report for the year ended March 31, 2022)

"Accounting estimates of the impact of the spread of COVID-19"

The SECOM Group has made accounting estimates for impairment of fixed assets and allowance for doubtful accounts based on the assumption that the impact of the spread of COVID-19 will continue for at least a certain period of time. At this point in time, we expect that there will be no material impact on the consolidated financial statements. However, since there are a number of uncertainties regarding the impact of the spread of COVID-19, there may be a significant impact on the financial position and operating results of the SECOM Group in the next fiscal year and beyond.

[Segment Information, etc.]

**Segment Information**

**I. Three-month Period Ended June 30, 2021**

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

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Revenue from security contracts	117,349	—	—	—	—
Other	15,071	30,688	16,172	170	10,808
Revenue from contracts with customers	132,420	30,688	16,172	170	10,808
Other revenue	2,225	—	1,825	11,954	—
Customers	134,646	30,688	17,997	12,125	10,808
Intersegment	2,920	848	51	841	53
Subtotal	137,567	31,536	18,048	12,966	10,861
Segment profit (loss)	28,254	1,410	1,310	2,951	(286)

	Reportable segments		Other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	BPO and ICT services	Subtotal				
Revenue:						
Revenue from security contracts	—	117,349	—	117,349	—	117,349
Other	27,553	100,463	6,268	106,732	—	106,732
Revenue from contracts with customers	27,553	217,812	6,268	224,081	—	224,081
Other revenue	—	16,005	4,190	20,196	—	20,196
Customers	27,553	233,818	10,459	244,277	—	244,277
Intersegment	1,979	6,695	325	7,020	(7,020)	—
Subtotal	29,532	240,513	10,784	251,298	(7,020)	244,277
Segment profit (loss)	3,115	36,754	1,507	38,262	(4,245)	34,016

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

Note 2: Adjustment of segment profit/ (loss) includes intersegment elimination of (69) million yen and corporate expenses not allocated to each reportable segment of 4,314 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 quarterly consolidated statements of income.

## II. Three-month Period Ended June 30, 2022

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

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Revenue from security contracts	116,861	—	—	—	—
Other	16,517	28,350	16,166	165	11,353
Revenue from contracts with customers	133,379	28,350	16,166	165	11,353
Other revenue	2,104	—	1,856	12,187	—
Customers	135,483	28,350	18,022	12,352	11,353
Intersegment	2,752	631	52	790	49
Subtotal	138,236	28,981	18,075	13,142	11,402
Segment profit (loss)	27,506	(868)	1,371	2,503	(243)

	Reportable segments		Other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	BPO and ICT services	Subtotal				
Revenue:						
Revenue from security contracts	—	116,861	—	116,861	—	116,861
Other	29,878	102,431	6,432	108,864	—	108,864
Revenue from contracts with customers	29,878	219,293	6,432	225,725	—	225,725
Other revenue	—	16,148	4,249	20,398	—	20,398
Customers	29,878	235,441	10,682	246,123	—	246,123
Intersegment	2,723	6,999	395	7,395	(7,395)	—
Subtotal	32,602	242,441	11,078	253,519	(7,395)	246,123
Segment profit (loss)	3,090	33,360	1,607	34,967	(4,548)	30,418

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

Note 2: Adjustment of segment profit/ (loss) includes intersegment elimination of (47) million yen and corporate expenses not allocated to each reportable segment of 4,596 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 quarterly consolidated statements of income.

## [Significant Subsequent Events]

### Business Combination by Share Acquisition

The Company entered into the share purchase agreement on May 12, 2022 to acquire 55.1%, or 7,612,000 shares of the common shares outstanding of SENON LIMITED and acquired the shares on July 1, 2022.

#### 1. Outline of Business Combination

##### (i) Name and Business Description of the Acquired Company

###### (a) Name

SENON LIMITED

###### (b) Business Description

Security

##### (ii) Purpose of Acquisition

SENON provides a wide range of security services nationwide as a total security company. Its business includes security guard services, electronic security services, airport security services, and vehicle fleet operation services. The Company believes that SENON's strengths as a total security company combined with the Company's technological advantages and expertise will enable us to provide more customers with higher quality and optimized security services.

##### (iii) Date of Business Combination

July 1, 2022

##### (iv) Legal Form of Business Combination

Share acquisition

##### (v) Name of Company after Business Combination

SENON LIMITED

##### (vi) Percentage of Voting Rights Acquired

55.1%

##### (vii) Principal Reason for Determining Acquiring Company

Since the Company delivered the cash consideration of the acquired shares and acquired 55.1% of voting rights, the Company is determined as the acquiring company.

#### 2. Acquisition Cost of Company Subject to Business Combination and Breakdown Thereof

<u>Consideration for Acquisition</u>	<u>Cash</u>	<u>26,999 million yen</u>
Acquisition Cost		26,999 million yen

#### 3. Amount of Goodwill Incurred, Reasons for the Goodwill Incurred and the Method and the Period of Amortization

Not determined at this point of time.