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Consolidated Financial Results (Japanese Accounting Standards)
For the Second Quarter Ended 31 March 2024

8 May 2024

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Stock Code 3328 URL http://www.beenos.com
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Scheduled filing date of the Annual Securities Report 14MAY2024 Scheduled date of commencement of dividend payment -
Supplementary documents for quarterly results: Yes
Quarterly results briefing: Yes

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter Ended 31 March 2024 (1 October 2023 – 31 March 2024)

(1) Consolidated Results of Operations (Accumulated Total) (% show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q FY2024	16,077	9.9	672	△61.3	649	△54.7	229	△72.0
2Q FY2023	14,631	4.6	1,737	238.2	1,435	223.0	819	207.3

(Note) Comprehensive Income 2Q FY2024 384 Mil. yen (—%) 2Q FY2023 △3,990 Mil. yen (—%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
2Q FY2024	18.94	18.42
2Q FY2023	66.17	62.73

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2Q FY2024	29,500	13,186	44.0	1,068.34
FY2023	27,911	13,010	45.8	1,060.34

(Reference) Shareholders' equity 2Q FY2024 12,969 Million yen FY2023 12,789 Million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	—	0.00	—	27.00	27.00
FY2024	—	0.00			
FY2024 (Forecast)			—	27.00	27.00

Note 1: Changes in the most recently announced dividend forecast: None

3. Consolidated Forecasts for the Fiscal Year Ending 30 September 2024

(1 October 2023 – 30 September 2024)

(% show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2024	24,500	△24.6	2,100	△53.4	1,800	△55.6	1,560	△29.0	128.25

(Note) Changes from previously announced forecast: None

Please see page 7 for details within (3) Explanation of Outlook for the Future

※ Notes

(1) Changes of important subsidiaries during period : None

New companies: - (Company name: -) Excluded companies: - (Company name: -)

(2) Application of unique accounting process in creating the quarterly financial statement: No

(3) Changes in accounting policies and changes or restatement of accounting estimates

① Changes in accounting policies caused by revision of accounting standards	: None
② Changes in accounting policies other than ①	: None
③ Changes in accounting estimates	: None
④ Restatement	: None

(4) Number of shares outstanding (common shares)

① Number of shares outstanding at the end of period (including treasury shares)	FY2024 2Q	12,931,295 Shares	FY2023	12,876,995 Shares
② Number of treasury shares at end of period	FY2024 2Q	791,333 Shares	FY2023	814,966 Shares
③ Average number of shares outstanding during the term	FY2024 2Q	12,099,108 Shares	FY2023 2Q	12,381,629 Shares

(Note) The number of treasury shares at the end of period includes the shares held in the BEENOS E-Ship program (FY2023 8,300 shares). The same shares are excluded from the average number of shares outstanding.

※ This financial summary does not need to go through the auditing process.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ from the forecast depending on a range of factors.

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1. Qualitative Information for this Fiscal Year's Results

(1) Business Performance Report

The BEENOS Group is committed to becoming a leader on the "Global Platform Frontier," setting new standards and unlocking possibilities by fusing people, products, and information with the global commerce market. This ambition is fueled by leveraging technological advancements and our comprehensive expertise in global commerce.

For this fiscal year, we are concentrating on tailored strategies for each of our business segments to attain our objectives. Our goal in Global Commerce is to broaden our distribution channels by enhancing the Buyee service with AI technology, reducing operational costs, and engaging in vigorous promotional efforts. Our focus in Entertainment is on boosting profit margins through the systematization and automation of operations.

Our intentions in Value Cycle were to increase profit margins by launching new purchasing outlets and employing data-driven strategies to buy and sell at optimal prices, but we have completed the transfer of shares for the 2 companies within this segment as announced in "Notice of Changes in Consolidated Subsidiaries (Share Transfer)" on 14 February 2024 and "(Progress of Disclosed Matters) Notice of Completion of Change in Consolidated Subsidiaries (Shares Transfer) and Forecast of Extraordinary Income" on 30 April 2024. The Value Cycle segment will be deconsolidated from the BEENOS Group after 2Q FY2024.

During FY2024 2Q, our E-commerce Business experienced notable growth across its segments. In Global Commerce, the implementation of cost-effective campaigns significantly increased total GMV and enhanced profit margins. The Value Cycle segment saw the opening of new purchasing stores coupled with improvements to gross profit margins. Meanwhile, the Entertainment segment increased its GMV through large scale events of the artists it supports while expanding its lineup of new artists on Groobee. In the Incubation business, although there were no sales of operating investment securities during this period, provisions and impairments were recognized in response to changes in the valuation of these securities.

As a result, the consolidated GMV was 58,862 mil JPY (up 26.6% year on year), net sales were 16,077 mil JPY (up 9.9% year on year), operating income was 672 mil JPY (down 61.3% year on year), ordinary income was 649 mil JPY (down 54.7% year on year), and net income attributable to owners of parent was 229 mil JPY (down 72.0% year on year).

The achievements of each business segment are as follows.

(1) E-Commerce Business

i) Global Commerce Business

In the Overseas Forwarding and Proxy Purchasing Business (From Japan) via our Buyee platform, we managed more cost-effective campaigns with precision, which significantly expanded our GMV and enhanced our profit margins from 1Q. The effectiveness of these campaigns was notably seen through discounts on product prices across various e-commerce sites and product categories with which we collaborate, playing a key role in broadening our distribution reach.

In an effort to boost user convenience, we improved the Buyee's search capabilities using AI, in addition to making UI/UX enhancements. Moreover, we took steps to lower operation costs and server expenses, aiming to operate with a heightened focus on maintaining a healthy operating profit margin in relation to GMV. Buyee Connect, the Cross Border EC support service that allows EC sites in Japan to enable overseas sales by adding tag lines, onboarded menswear brand, D'URBAN Official Online Store, operated by Oggi INTERNATIONAL Co., ltd. and apparel brand, louren Official Online Store, operated by aeka corporation.

In our Global Shopping Business (TO JAPAN), we expanded our product supply with the addition of products from Italy's eBay. We also aimed to expand distribution by enhancing marketing efforts, including campaigns for repeat customers and SEO strategies. However, the continued trend of a weaker yen affected our operations,

leading to a sustained decrease in user demand.

As a result, GMV was 43,226 mil JPY (up 30.9% year on year), net sales were 6,938 mil JPY (up 16.3% year on year) and operating income was 2,076 mil JPY (up 5.5% year on year).

ii) Value Cycle Business

In the Apparel Reuse Business, focusing on the acquisition of high-priced items, such as luxury brand products, we further expanded our specialty purchase store "Brandear" by opening the "Jiyuugaoka Store" in March 2024. This new store increased our presence to 10 locations in the metropolitan area and 17 across Japan. The growth in repeat customers, spurred by effective marketing strategies like SEO and MEO, along with service improvements in-store, led to the highest quarterly purchase amount recorded so far.

On the sales front, leveraging the strong purchasing performance from last year, we engaged in vigorous sales activities, utilizing a rich inventory to boost sales revenue. Gross margin on operating profit improved QoQ in 2Q due to the adjustment of sale prices. Cutting costs in SG&A also contributed to the improvement of operating profitability.

In the Liquor Mediation Business, we opened the first JOYLAB store in Japan's northeastern region with the "JOYLAB Sendai Store" which brings the total number of stores to 10. The launch of diverse purchase campaigns aimed at boosting purchase volumes significantly increased the acquisition of pivotal products like domestic whiskey and wine, leading to a comprehensive enhancement in purchase volumes.

Sales-wise, whiskey and wine, which experienced strong purchasing, showcased excellent sales performance, bolstering overall results. Specifically, for domestic whiskey, despite market shifts caused by rising market prices, we achieved consistent sales by regularly adjusting our prices to ensure transactions were conducted at fair market values.

As a result, GMV was 8,267 mil JPY (up 17.7% year on year), net sales were 8,387 mil JPY (up 18.6% year on year) and operating losses were 63 mil JPY (operating income in 2Q FY2023 was 60 mil JPY).

As mentioned earlier, this segment will be deconsolidated after 2Q FY2024.

iii) Entertainment Business

In our Entertainment Business, strategically organized performances and seasonal events tailored for the artists we represent have seamlessly driven merchandise sales and CD distributions, resulting in an uplift in overall GMV.

Our entertainment industry-specific EC platform, Groobee, onboarded Sunarrow Co., Ltd.'s "Sunarrow Official Online Shop" in 2Q. As the platform welcomed more adopting companies, we have focused on enhancing systematization across various operational aspects to mitigate the internal workload associated with this expansion.

As a result, GMV was 7,071 mil JPY (up 19.4% year on year), net sales were 693 mil JPY (up 18.8% year on year) and operating losses were 35 mil JPY (operating losses in FY2023 2Q were 125 mil JPY).

For the E-Commerce Business as a whole, GMV was 58,541 mil JPY (up 27.4% year on year), net sales were 16,019 mil JPY (up 17.6% year on year) and operating income was 1,977 mil JPY (up 3.9% year on year).

② Incubation Business

The Incubation Business booked 2 million JPY through dividends from its operational investment securities but incurred impairment losses due to the devaluation of some of its investment securities.

As a result, net sales were 2 mil JPY (down 99.7% year on year) and operating losses were 244 mil JPY (operating income in FY2023 2Q was 736 mil JPY).

(iii) Other Businesses

In our Cross-Border E-Commerce Support Business, we offer a comprehensive suite of one-stop services for Japanese companies aiming to penetrate major international marketplaces like "Shopee" and "eBay." Our offerings cover everything from store setup and customer support to international shipping and payment processing. GMV has decreased as some restrictions has been placed on the listing of certain product categories for a few of our foreign marketplaces.

In the domain of our SaaS-based Cross-Border HR Platform Business, we renewed the current function and added new features to "Linkus," a specialized skill support management system, to restaurant management companies among others.

As a result, GMV was 408 mil JPY (down 44.5% year on year), net sales were 334 mil JPY (down 18.6% year on year) and operating losses were 520 mil JPY (operating losses in FY2023 2Q were 445 mil JPY).

(2) Financial Status Report

(1) Analysis of Financial Position

(I) Assets

Total assets at the end of the second quarter were 29.500 billion yen, an increase of 1.588 billion yen from the end of the previous fiscal year.

The breakdown shows total current assets at 24.139 billion yen, an increase of 1.406 billion yen from the end of the previous fiscal year. This was mainly due to an increase of 1.425 billion yen in cash and deposits.

Total fixed assets were 5.361 billion yen, an increase of 182 million yen from the end of the previous fiscal year. This was mainly due to an increase of 126 million yen in investment securities.

(ii) Liabilities

Total liabilities at the end of the second quarter of the fiscal year under review increased by 1.412 billion yen from the end of the previous fiscal year to 16.314 billion yen.

The breakdown shows total current liabilities at 15.691 billion yen, an increase of 1.63 billion yen from the end of the previous fiscal year. This was mainly due to an increase of 776 million yen in deposits received, 546 million yen in accounts payable-other, 492 million yen in Income taxes payable, and a decrease of 247 million yen in current portion of long-term loans payable.

On the other hand, total fixed liabilities were 623 million yen, a decrease of 218 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 129 million yen in deferred tax liabilities and 100 million yen in long-term loans payable.

(iii) Net assets

Total net assets at the end of the second quarter of the current fiscal year increased by 176 million yen from the end of the previous fiscal year to 13.186 billion yen. This was mainly due to increases of 95 million yen in foreign currency translation adjustment and 60 million yen in valuation difference on securities-for-sale securities.

(3) Explanation of Outlook for the Future

The consolidated earnings forecast has been revised as follows, taking into account the transfer of two companies in the Value Cycle Business, which is disclosed separately, and the actual results for the first half of FY2024.

Unit: Billion JPY		Initial Forecast	Revised Forecast	Difference		FY2023 (Reference)
Consolidated	GMV	117.50	108.00	- 9.50		100.75
	Net Sales	33.62	24.50	- 9.12		32.50
	Operating Income	2.83	2.10	- 0.73		4.50
	Net Income	1.56	1.56	-		2.19
Global Commerce	GMV	83.50	84.00	0.50		70.68
	Operating Income	4.18	4.12	- 0.06		3.66
Entertainment	GMV	15.40	15.40	-		14.43
	Operating Income	0.07	0.05	- 0.02		- 0.10
Value Cycle	GMV	16.70	8.26	- 8.43		14.88
	Operating Income	0.32	- 0.06	- 0.38		- 0.05
Incubation	Operating Income	0.0	0.0	-		2.97
Other Businesses	GMV	2.10	1.00	- 1.10		1.11
	Operating Income	- 0.71	- 0.88	- 0.17		- 1.01
Adjustments	Operating Income	- 1.03	- 1.13	- 0.10		- 0.95

(1) Global Commerce Business

Based on the steady progress in the first half of the fiscal year, the total GMV is expected to increase for the full fiscal year. However, forecast for operating income has been revised downward due to an increase in taxes and public dues due to the scheduled application of pro forma standard taxation.

② Entertainment Business

The forecast for GMV has not been changed from the initial forecast, and the forecast for operating income has been revised in consideration of the profit margin in the first half of this fiscal year.

③ Value Cycle Business

Only the results for the first half of the fiscal year are reflected because the segment will be excluded from the Company's consolidation from the second half of the fiscal year due to the transfer of the Apparel Reuse Business and Liquor Mediation Business.

④ Incubation Business

There is no revision to the initial earnings forecast.

⑤ Other Business

The downward revision is due to the delay in the progress of the Cross-Border E-Commerce Support Business compared to the time when the initial earnings forecast was formulated. In addition, the Company's policy is to develop businesses within this segment while carefully assessing cost control and business feasibility.

⑤ Adjustments (elimination of inter-segment transactions, corporate expenses, etc.)

The revision was made in consideration of additional expenses related to the transfer of the Value Cycle Business and an increase in head office relocation expenses associated with the extension of the construction period.

2. Quarterly Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	FY2023 (30 September 2023)	2Q FY2024 (31 March 2024)
Assets		
Current assets		
Cash and deposits	10,648	12,073
Notes and accounts receivable	1,367	848
Operational investment securities	3,998	3,854
Products	2,650	2,128
Accounts receivable	1,211	2,442
Other	2,929	2,864
Allowance for doubtful accounts	△73	△73
Total current assets	22,733	24,139
Fixed assets		
Tangible Assets		
Buildings and structures	783	822
Accumulated depreciation	△439	△459
Buildings and structures, net	344	362
Tools, materials and supplies	271	283
Accumulated depreciation	△196	△211
Tools, materials and supplies, net	75	71
Other	42	42
Accumulated depreciation	△19	△22
Other, net	22	20
Total tangible assets	442	455
Intangible assets		
Software	297	338
Other	0	0
Total intangible assets	297	339
Investments etc.		
Investment securities	2,983	3,109
Deferred tax assets	910	1,033
Other	544	423
Total investments etc.	4,438	4,566
Total fixed assets	5,178	5,361
Total assets	27,911	29,500

(Unit: million yen)

	FY2023 (30 September 2023)	2Q FY2024 (31 March 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	54	27
Short-term loan	4,250	4,250
Current portion of long-term loans payable	647	400
Accounts payable-other	6,822	7,368
Deposits received	996	1,773
Income taxes payable	254	747
Other	1,034	1,124
Total current liabilities	14,060	15,691
Fixed liabilities		
Long-term loans payable	300	200
Deferred tax liabilities	295	166
Asset retirement obligations	223	234
Other	22	22
Total fixed liabilities	841	623
Total liabilities	14,901	16,314
Net assets		
Shareholders' equity		
Capital stock	2,775	2,812
Capital surplus	2,954	2,981
Retained earnings	7,256	7,159
Treasury Stock	△1,566	△1,509
Total shareholders' equity	11,421	11,445
Other accumulated comprehensive income		
Valuation difference on securities	△215	△155
Foreign currency translation adjustments	1,584	1,679
Total other accumulated comprehensive income	1,368	1,524
Share subscription rights	220	216
Total net assets	13,010	13,186
Total liabilities and net assets	27,911	29,500

(2) Quarterly Consolidated Profit & Loss Statement and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statements of Income

Second quarter consolidated cumulative period

(Unit: million yen)

	2Q FY2023 (1 October 2022 – 31 March 2023)	2Q FY2024 (1 October 2023 – 31 March 2024)
Net sales	14,631	16,077
Cost of sales	7,354	9,556
Gross profit	7,277	6,520
Selling, general and administrative expenses	5,539	5,847
Operating income	1,737	672
Non-operating income		
Interest income	2	7
Equity in earnings of affiliated companies	-	58
Subsidy income	1	0
Guarantee income	9	3
Other	19	23
Total non-operating income	32	92
Non-operating expenses		
Interest expenses	9	7
Equity in loss of affiliates	125	-
Foreign exchange losses	198	87
Commissions paid	0	-
Loss on investments in partnerships	0	10
Other	0	9
Total non-operating expenses	335	115
Ordinary income	1,435	649
Extraordinary income		
Gain on reversal of subscription rights to shares	4	9
Total extraordinary income	4	9
Net Income or Loss (△) before income taxes	1,440	659
Income taxes	667	710
Income taxes-deferred	△46	△280
Total income taxes	620	429
Net Income or Loss (△)	819	229
Net income (△) attributable to owners of parent	819	229

Quarterly Consolidated Statements of Comprehensive Income

Second quarter consolidated cumulative period

(Unit: million yen)

	2Q FY2023 (1 October 2022 – 31 March 2023)	2Q FY2024 (1 October 2023 – 31 March 2024)
Net Income or Loss (△)	819	229
Other comprehensive income		
Valuation difference on securities	△4,498	60
Foreign currency translation adjustments	△298	91
Share of other comprehensive (loss) income in associates	△12	3
Total other comprehensive income	△4,809	155
Quarterly Comprehensive income	△3,990	384
(Breakdown)		
Comprehensive income attributable to owners of parent	△3,990	384
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: million yen)

	2Q FY2023 (1 October 2022 – 31 March 2023)	2Q FY2024 (1 October 2023 – 31 March 2024)
Net cash provided by (used in) operating activities		
Net Income or Loss (△) before income taxes	1,440	659
Depreciation and amortization	94	94
Amortization of goodwill	52	-
Stock-based Compensation Expense	60	50
Increase in allowance for doubtful accounts (Decrease:△)	0	△0
Increase in allowance loss on guarantees (Decrease:△)	-	△132
Interest and dividends income	△2	△7
Interest expenses	9	7
Foreign exchange losses (Gains:△)	△1	△6
Equity in losses of affiliates (Gains:△)	125	△58
Loss on investments in partnership (Gains:△)	0	10
Gain on reversal of subscription rights to shares	△4	△9
Decrease in notes and accounts receivable-trade (Increase:△)	31	717
Increase in operational investment securities (Increase: △)	△354	134
Decrease in inventory (Increase:△)	146	525
Increase (decrease) in accounts receivable-other (increased by △)	△690	△1,228
Increase in notes and accounts payable-trade (Decrease:△)	△303	△27
Increase in accounts payable-other (Decrease: △)	△27	534
Increase in deposits received (Decrease:△)	489	776
Increase in consumption taxes payable (Decrease:△)	△23	0
Other	898	495
Subtotal	1,940	2,536
Interest and dividend received	61	5
Interest expenses paid	△9	△7
Income taxes refunded	746	106
Income taxes paid	△2,083	△607
Net cash provided by (used in) operating activities	655	2,033
Cash flow from investing activities		
Purchase of property, plant and equipment	△74	△37
Purchase of intangible assets	△52	△98
Purchase of investment securities	△137	△35
Payments for lease and guarantee deposits	△29	△9
Proceeds from collection of lease and guarantee deposits	15	1
Proceeds from distributions from investment partnerships	43	103
Other	△60	0
Cash flow from investing activities	△294	△75

(Unit: million yen)

	2Q FY2023 (1 October 2022 – 31 March 2023)	2Q FY2024 (1 October 2023 – 31 March 2024)
Cash flow from financing activities		
Increase in short-term loans payable (Decrease: △)	733	-
Repayment of long-term loans payable	△200	△347
Purchase of treasury stock	△0	△0
Sales of treasury stock	48	11
Proceeds from exercise of stock options	54	16
Cash dividends paid	△308	△324
Cash flow from financing activities	326	△643
Effect of exchange rate change on cash and cash equivalents	△92	30
Net increase in cash and cash equivalents(Decrease:△)	595	1,345
Cash and cash equivalents at the beginning of the year	10,019	11,233
Cash and cash equivalents at the end of the quarter	10,615	12,578

(4)Notes on Consolidated Financial Statement

(Notes regarding the premise of on-going concerns)

Not Applicable.

(Notes on Significant Changes in the Amount of Shareholders' equities)

Not Applicable.

(Segment Information.)

[Segment Information]

Second quarter of the previous fiscal year (1 October 2022 to 31 March 2023)

1. Information on Net sales, Profit or Loss, and Income Breakdown by Reportable Segment

(Unit: million yen)

	Reportable segment							Adjustment (Note) 2	Recorded Amount on Quarterly Consolidated Profit & Loss Statement (Note) 3
	E-commerce business				Incubation Business	Other Businesses	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal					
Net sales									
Revenue from contracts with customers	5,951	7,026	583	13,562	-	252	13,814	-	13,814
Other income (Note) 1	-	-	-	-	816	-	816	-	816
Net sales to external customers	5,951	7,026	583	13,562	816	252	14,631	-	14,631
Intersegment Net sales or transfers	14	45	0	60	-	158	219	△219	-
Total	5,966	7,072	583	13,622	816	411	14,850	△219	14,631
Segment profit (loss)	1,968	60	△125	1,903	736	△445	2,195	△457	1,737

(Notes) 1. "Other income" "includes income related to Operational investment securityn accordance with" "Accounting Standards for Financial Instruments" "(ASBJ Statement No. 10)."

2. The negative 457 million yen Adjustment to segment profit (loss) includes negative 22 million yen elimination of inter-segment transactions, 169 million yen corporate revenue and 604 million yen corporate expenses that are not allocated to each reportable segment. Corporate income consists primarily of commissions received from Group companies. Corporate expenses are primarily related to Group management.

3. Segment profit is adjusted with Operating income in the quarterly consolidated statement of income.

(From 1 October 2023 to 31 March 2024)

1. Information on Net sales, Profit or Loss, and Income Breakdown by Reportable Segment

(Unit: million yen)

	Reportable segment							Adjustment (Note) 2	Recorded Amount on Quarterly Consolidated Profit & Loss Statement (Note) 3
	E-commerce business				Incubation Business	Other Businesses	Total		
	Global Commerce	Value Cycle	Entertainment	Subtotal					
Net sales									
Revenue from contracts with customers	6,917	8,323	693	15,933	-	140	16,074	-	16,074
Other income (Note) 1	-	-	-	-	2	-	2	-	2
Net sales to external customers	6,917	8,323	693	15,933	2	140	16,077	-	16,077
Intersegment Net sales or transfers	21	64	0	85	-	193	279	△279	-
Total	6,938	8,387	693	16,019	2	334	16,356	△279	16,077
Segment profit (loss)	2,076	△63	△35	1,977	△244	△520	1,212	△540	672

(Notes) 1. "Other income" "includes income related to Operational investment securityn accordance with" "Accounting Standards for Financial Instruments" "(ASBJ Statement No. 10)."

2. The negative 540 million yen Adjustment to segment profit (loss) includes negative 3 million yen elimination of inter-segment transactions, 167 million yen corporate revenue and 703 million yen corporate expenses that are not allocated to each reportable segment. Corporate income consists primarily of commissions received from Group companies. Corporate expenses are primarily related to Group management.

3. Segment profit is adjusted with Operating income in the quarterly consolidated statement of income.