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March 13, 2025

Consolidated Financial Results for the Six Months of the Fiscal Year Ending July 31, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6535
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 Scheduled filing date of interim report: March 14, 2025
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the six months ended January 31, 2025 (from August 1, 2024 to January 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended January 31, 2025	16,397	14.5	3,742	8.2	3,742	7.9	2,561	6.1
January 31, 2024	14,321	14.1	3,458	10.7	3,469	12.4	2,415	14.7

Note: Comprehensive income For the six months ended January 31, 2025: 2,565 million yen [5.9%]
 For the six months ended January 31, 2024: 2,422 million yen [15.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
January 31, 2025	44.40	44.24
January 31, 2024	42.04	41.89

Note: The Company conducted a stock split on November 1, 2023 with each common share split into three shares. “Basic earnings per share and diluted earnings per share” are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
January 31, 2025	35,647	17,018	47.3
July 31, 2024	24,488	15,633	63.3

Reference: Equity As of January 31, 2025: 16,874 million yen
 As of July 31, 2024: 15,496 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended July 31, 2024	Yen	Yen	Yen	Yen	Yen
	—	0.00	—	22.00	22.00
Fiscal year ending July 31, 2025	—	0.00			
Fiscal year ending July 31, 2025 (Forecast)			—	26.00	26.00

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

3. Consolidated earnings forecast for the fiscal year ending July 31, 2025 (from August 1, 2024 to July 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
July 31, 2025	23,000	22.8	4,500	26.8	4,330	25.2	2,950	21.9	51.20

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: 0 companies

Excluded: 0 companies

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatement : None

(4) Number of issued shares (common shares)

(i) Number of issued shares at the end of the period (including treasury shares)

As of January 31, 2025	58,147,188 shares
As of July 31, 2024	58,147,188 shares

(ii) Number of treasury shares at the end of the period

As of January 31, 2025	332,400 shares
As of July 31, 2024	526,800 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended January 31, 2025	57,701,105 shares
Six months ended January 31, 2024	57,455,819 shares

Note: The Company conducted a stock split on November 1, 2023 with each common share split into three shares. "Number of issued shares," "Number of treasury shares" and "Average number of shares outstanding" are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including business results forecasts, contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable by the Company. Actual business results may differ considerably due to various factors. See 1. Qualitative Information on Semi-annual Financial Results, (3) Explanation of Forward-looking Information, Including Consolidated Earnings Forecasts on page 4 (Appendix).

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1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results

During the first six months of the current fiscal year (August 1, 2024 to January 31, 2025), the Japanese economy gradually recovered as inbound demand remained strong and increases in nominal wages continued. Meanwhile, with the Comprehensive Consumer Price Index (based on 2020) reaching 111.2 (as announced by the Ministry of Internal Affairs and Communications on February 21, 2025), the outlook for future consumption trends remains uncertain due to consumers' frugality in an effort to safeguard their livelihoods.

The i-mobile Group (the "Group") is composed of two business segments—Consumer Service and Online Advertising—operating under the Group vision "Creating a Business for the Future." In the market for the Hometown Tax Donation business, which is the mainstay business domain of the Consumer Service business, the hometown tax donation amount in fiscal 2023 surpassed 1 trillion yen for the first time as it increased by approximately 1.2 times year on year to 1,117.5 billion yen, amid increased awareness of the system and the aforementioned Japanese business conditions. The number of hometown tax donations also continuously increased by approximately 1.1 times year on year to 58.94 million and the number of people eligible for the hometown tax donation credit (the number of people who actually made a hometown tax donation and were eligible for a residence tax credit) also increased by approximately 1.1 times year on year to 10.00 million people^{*1}. The hometown tax donations become more widely accepted as a system in line with its initial purpose of realizing regional revitalization; however, the usage rate of hometown tax donation^{*2} was as low as 16.6%. It is expected to have a large room for growth with market expansion.

In the domestic online advertising market, which is the mainstay business domain of the Online Advertising business, online advertising expenditure in 2024 continued its steady growth with an increase of 9.6% year on year to 3,651.7 billion yen^{*3}, and the market is expected to remain strong going forward, driven by search ad, social media ad and video ad. However, changes in people's behavior and consumer lifestyles worldwide have had a significant impact on the decline in advertising unit prices and our mainstay Ad Network business, and the situation remains highly unpredictable.

As an Internet marketing company in this business climate, the Group has worked to further enhance corporate value, leveraging the technology and marketing expertise from multiple angles cultivated in the original Online Advertising (Ad Network) business by developing new markets, and investing in growth business sectors.

With the Hometown Tax Donation business which has functions for solving social issues, such as regional industry promotion, we improved recognition of the Furunavi brand and ran promotion activities to increase the number of members and local governments under contract, and have enhanced unique products for experience-based gifts in return such as dining and lodging gift certificates, working with local governments. Additionally, we are promoting the agency service for hometown tax donation^{*4} to strengthen collaboration with municipalities.

In the Online Advertising business, we are advancing the optimization of our business portfolio with a shift of resources from the Ad Network business to the Influencer Marketing business and App Operation business in the growing market. Furthermore, green energy business that realizes regional revitalization by solving social issues, 7 solar power plants (agrivoltaics and ground-mounted type^{*5}) started operation in the first six months of the current fiscal year, bringing the total to 21 solar power plants. In addition, we have concluded a basic agreement on a business partnership with the ANA Group to promote regional revitalization in December 2024. Going forward, we will make full use of the strengths of both groups, further strengthen initiatives toward regional revitalization and contribute to sustainable regional development.

As a result of these efforts, for the first six months of the current fiscal year, the Group recorded net sales of 16,397 million yen, up 14.5% year on year, operating profit of 3,742 million yen, up 8.2% year on year, ordinary profit of 3,742 million yen, up 7.9% year on year, and profit attributable to owners of parent of 2,561 million yen, up 6.1% year on year.

*1 Source: Results of Survey on Current Status of Hometown Tax Donations, Municipal Tax Planning Division, Local Tax Bureau, Ministry of Internal Affairs and Communications of Japan, August 2, 2024

In addition, the results including the hometown tax donation amount were calculated based on the municipal fiscal year (from April 1 to March 31 of the following year), which differs from the calculation period of residence tax.

*2 The usage rate of hometown tax donation is calculated by the Company with reference to "Actual Results of Residence Tax Deduction for Taxation in Each Fiscal Year" and "Survey of Municipal Taxation Status in Each Fiscal Year," both published by the Ministry of Internal Affairs and Communications.

*3 Source: 2024 Advertising Expenditures in Japan, Dentsu Inc., February 27, 2025

*4 Acting as an agent for complex operations of hometown tax donations, such as posting on portal sites, delivery management, and

response to businesses and donors.

*5 Method of selling electricity by installing solar power generation facilities directly on land

Business performance by segment was as follows.

Net sales for each segment include inter-segment sales and transfers.

(Consumer Service Segment)

In the Consumer Service segment, the Company operates the Hometown Tax Donation business “Furunavi,” as well as the Furunavi Travel business, Restaurant PR business, and Loyalty Points Service business as peripheral businesses. In the Hometown Tax Donation business “Furunavi,” our main business, with the continued stable growth of the hometown tax donation market, we have actively implemented promotions for the busiest seasons and measures to gain customer engagement to achieve the target of a 20% market share to secure a competitive advantage. Due to the success of these measures, the amount of hometown tax donations received in the first six months of the current fiscal year was significantly higher year on year, and the growth rate also surpassed that of the previous year (the first six months of 2023 compared to the same period in 2022). Furthermore, the “Furunavi App,” designed to enhance customer engagement, surpassed 500,000 total downloads after approximately two months of its launch and has been well received. In addition, in our peripheral business “Furunavi Travel,” we are steadily increasing the number of contracted facilities such as accommodations and restaurants, thereby contributing to the promotion of continuous use through the improvement of customer experience. These measures contributed to an expansion of the customer base and an increase in repeat customers, and the number of donations and members steadily grew year over year.

As a result, net sales in the Consumer Service segment for the first six months of the current fiscal year were 15,133 million yen, up 17.6% year on year, and segment profit was 3,736 million yen, up 14.3% year on year.

(Online Advertising Segment)

In the Online Advertising segment, the Group develops the Ad Network business, the Influencer Marketing business, the Media Solution business, the Ad Agency business (Cyber Consultant, Inc.), and App Operation business (Ohte, Inc., etc.). In the App Operation business, we focused on increasing user retention by releasing new titles in the “Puzzle de Kensho” series, conducting collaboration campaign with company from different industry, and holding the major prize event “Yume wo ateyo!” among other initiatives. Moreover, we began developing the poikatsu (loyalty point-saving activity)^{*6} market and overseas markets through collaboration with other companies to build new revenue models and customer bases and expand the market. In the Influencer Marketing business, to grow the number of registered influencers and the utilization rate, we offer variety fee plans. Furthermore, we focused on developing additional features for the “Brand radar”^{*7} to contribute to enhancing the brand value for advertisers. Additionally, for the first time in Japan, we conducted a movie promotion using the real-time social media app “BeReal.” On the other hand, the decrease in advertising budgets of our main clients and industries in the Ad Network business continued to have a significant impact on our earnings, resulting in year-on-year declined in both net sales and segment profit.

As a result, net sales in the Online Advertising segment for the first six months of the current fiscal year were 1,243 million yen, down 14.0% year on year, and segment profit was 77 million yen, down 70.2% year on year.

*6 It is an abbreviation for “point-saving activity,” a generic term for accumulating points and using accumulated points.

*7 In social media marketing, tools to support the increase in brand value, such as responses to stealth marketing regulations.

(2) Explanation of Financial Position

1. Assets, Liabilities and Net Assets

(Assets)

Total assets were 35,647 million yen, an increase of 11,158 million yen from the end of the previous fiscal year. This was mainly due to increases of 9,691 million yen in accounts receivable – trade and 2,025 million yen in other current assets.

(Liabilities)

Liabilities were 18,628 million yen, an increase of 9,772 million yen from the end of the previous fiscal year. This was mainly due to increases of 3,387 million yen in provision for sales promotion expenses, 2,255 million yen in accounts payable – other, 2,021 million yen in deposits received and 1,883 million yen in income taxes payable.

(Net Assets)

Net Assets were 17,018 million yen, an increase of 1,385 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,561 million yen due to profit attributable to owners of parent, which offset a decline of 1,267 million yen in retained earnings due to the payment of dividends.

2. Cash flows

The balance of cash and cash equivalents (hereinafter referred to as “funds”) for the six months ended January 31, 2025 totaled 13,653 million yen, a decrease of 4,949 million yen from the end of the previous fiscal year.

Each cash flow status and their factors during the six months ended January 31, 2025 were as follows.

(Cash flows from operating activities)

In the six months ended January 31, 2025 of the current fiscal year, funds used as a result of operating activities amounted to 70 million yen, compared to 256 million yen acquired in the six months ended January 31, 2024 of the previous fiscal year. This was mainly attributed to profit before income taxes of 3,704 million yen, an increase of 3,387 million yen in provision for sales promotion expenses, and an increase of 2,692 million yen in accounts payable - other, each of which resulted in the acquisition of funds, compared to an increase in trade receivables of 9,692 million yen, which resulted in the expenditure of funds.

(Cash flows from investing activities)

Funds used in investing activities in the six months ended January 31, 2025 of the current fiscal year totaled 3,686 million yen, compared to 476 million yen in the six months ended January 31, 2024 of the previous fiscal year. This was mainly attributed to expenditures of 3 billion yen for payments into time deposits and 654 million yen for the purchase of property, plant, and equipment.

(Cash flows from financing activities)

Funds used in financing activities in the six months ended January 31, 2025 of the current fiscal year totaled 1,195 million yen compared to expenditures of 720 million yen in the six months ended January 31, 2024 of the previous fiscal year. This was attributed to dividends paid of 1,268 million yen.

(3) Explanation of Forward-looking Information, Including Consolidated Earnings Forecasts

There are no changes in the earnings forecasts for the fiscal year ending July 31, 2025 from those announced in the Consolidated Financial Results for the Fiscal Year Ended July 31, 2024 (under Japanese GAAP) released on September 12, 2024.

The forward-looking statements, including business results forecasts, contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable by the Company. Actual business results may differ considerably due to a variety of factors.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheet

(Unit: Millions of yen)

	As of July 31, 2024	As of January 31, 2025
Assets		
Current assets		
Cash and deposits	18,602	16,653
Accounts receivable – trade	1,626	11,318
Prepaid expenses	830	835
Other	324	2,350
Allowance for doubtful accounts	(0)	(2)
Total current assets	21,383	31,155
Non-current assets		
Property, plant and equipment	1,048	1,260
Intangible assets		
Goodwill	5	–
Other	273	329
Total intangible assets	279	329
Investments and other assets		
Investments and other assets	1,777	2,902
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,777	2,902
Total non-current assets	3,104	4,491
Total assets	24,488	35,647
Liabilities		
Current liabilities		
Accounts payable – trade	713	563
Accounts payable – other	1,353	3,608
Income taxes payable	476	2,360
Deposits received	2,897	4,919
Provision for bonuses	84	86
Provision for sales promotion expenses	2,548	5,936
Other	655	1,022
Total current liabilities	8,730	18,497
Non-current liabilities		
Asset retirement obligations	124	130
Other	0	0
Total non-current liabilities	125	130
Total liabilities	8,855	18,628
Net assets		
Shareholders' equity		
Share capital	152	152
Capital surplus	73	73
Retained earnings	15,446	16,736
Treasury shares	(227)	(143)
Total shareholders' equity	15,445	16,819
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51	54
Total accumulated other comprehensive income	51	54
Share acquisition rights	136	144
Total net assets	15,633	17,018
Total liabilities and net assets	24,488	35,647

(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income

Semi-annual Consolidated Statement of Income

(Six months ended January 31, 2025)

(Unit: Millions of yen)

	Six months ended January 31, 2024	Six months ended January 31, 2025
Net sales	14,321	16,397
Cost of sales	22	21
Gross profit	14,298	16,736
Selling, general and administrative expenses	10,840	12,633
Operating profit	3,458	3,742
Non-operating income		
Interest income	0	2
Foreign exchange gains	15	0
Other	1	2
Total non-operating income	16	6
Non-operating expenses		
Donations	—	5
Loss on valuation of investment securities	4	—
Commission expenses	—	1
Other	0	0
Total non-operating expenses	5	6
Ordinary profit	3,469	3,742
Extraordinary income		
Gain on sale of investment securities	39	—
Total extraordinary income	39	—
Extraordinary losses		
Head office relocation expenses	—	37
Total extraordinary losses	—	37
Profit before income taxes	3,509	3,704
Income taxes – current	1,949	2,262
Income taxes – deferred	(855)	(1,119)
Total income taxes	1,093	1,142
Profit	2,415	2,561
Profit attributable to owners of parent	2,415	2,561

Semi-annual Consolidated Statement of Comprehensive Income

(Six months ended January 31, 2025)

(Unit: Millions of yen)

	Six months ended January 31, 2024	Six months ended January 31, 2025
Profit	2,415	2,561
Other comprehensive income		
Valuation difference on available-for-sale securities	7	3
Total other comprehensive income	7	3
Comprehensive income	2,422	2,565
(Details)		
Comprehensive income attributable to owners of parent	2,422	2,565

(3) Semi-annual Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Six months ended January 31, 2024	Six months ended January 31, 2025
Cash flows from operating activities		
Profit before income taxes	3,509	3,704
Depreciation	56	105
Amortization of goodwill	34	5
Share-based payment expenses	34	18
Increase (decrease) in allowance for doubtful accounts	(2)	1
Increase (decrease) in provision for bonuses	3	2
Increase (decrease) in provision for sales promotion expenses	2,757	3,387
Loss (gain) on valuation of investment securities	4	(0)
Loss (gain) on sale of investment securities	(39)	—
Interest and dividend income	(0)	(2)
Foreign exchange losses (gains)	—	(3)
Decrease (increase) in trade receivables	(5,347)	(9,692)
Increase (decrease) in trade payables	12	(150)
Decrease (increase) in prepaid expenses	(2,036)	(7)
Increase (decrease) in accounts payable – other	1,970	2,692
Increase (decrease) in deposits received	867	2,020
Other	(709)	(1,710)
Subtotal	1,114	372
Interest and dividends received	0	1
Income taxes refund (paid)	(858)	(444)
Net cash provided by (used in) operating activities	256	(70)
Cash flows from investing activities		
Payments into time deposits	—	(3,000)
Purchase of property, plant and equipment	(106)	(654)
Purchase of intangible assets	(80)	(85)
Proceeds from the sales of investment securities	44	0
Other	(334)	52
Net cash provided by (used in) investing activities	(476)	(3,686)
Cash flows from financing activities		
Repayments for money held in trust for purchase of treasury shares	46	—
Dividends paid	(771)	(1,268)
Other	4	73
Net cash provided by (used in) financing activities	(720)	(1,195)
Effect of exchange rate on cash and cash equivalents	—	3
Net increase (decrease) in cash and equivalents	(941)	(4,949)
Cash and cash equivalents at the beginning of the period	16,218	18,602
Cash and cash equivalents at the end of the period	15,277	13,653

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Six months of the previous fiscal year ended July 31, 2024 (from August 1, 2023 to January 31, 2024)

Based on the resolution of the meeting of the Board of Directors held on September 7, 2023, the Company paid dividends of surplus of 772 million yen. Moreover, 3,000,000 treasury shares were cancelled on January 31, 2024 based on the resolution of the meeting of the Board of Directors held on June 30, 2023 resulting in a decrease of 38 million yen in capital surplus, 1,239 million yen in retained earnings, and 1,278 million yen in treasury shares.

As a result, capital surplus was 73 million yen, retained earnings were 15,475 million yen and treasury shares were 313 million yen as of the end of the current second quarter.

Six months of the current fiscal year ending July 31, 2025 (from August 1, 2024 to January 31, 2025)

Based on the resolution of the meeting of the Board of Directors held on September 12, 2024, the Company paid dividends of surplus of 1,267 million yen. As a result, retained earnings totaled 16,736 million yen as of the end of the current second quarter.

(Segment Information and Other Data)

Segment Information

I. Six months of the previous fiscal year ended July 31, 2024 (from August 1, 2023 to January 31, 2024)

1. Information on net sales, amounts of profit or loss by reportable segment and information on revenue breakdown

(Unit: Millions of yen)

	Reportable segment			Adjustments (Note 1, 2)	Amount recorded on semi-annual consolidated financial statements (Note 3)
	Consumer Service	Online Advertising	Total		
Net sales					
Goods to be transferred at a point in time	16	0	16	7	24
Goods to be transferred over a certain period	12,851	1,439	14,290	7	14,297
Net sales to external customers	12,867	1,439	14,307	14	14,321
Intersegment sales or transfers	—	4	4	(4)	—
Total	12,867	1,444	14,312	9	14,321
Segment profit	3,268	259	3,527	(69)	3,458

- Notes:
1. The adjustment of 14 million yen for net sales to external customers also correspond to net sales that do not belong to the reportable segments.
 2. Adjustments to segment profit of (69) million yen are entirely attributable to net sales that do not belong to reportable segments and corporate expenses not allocated to reportable segments. Corporate expenses are general and administrative expenses not attributable to reportable segments.
 3. Segment profit correspond to the operating profit reported on the Semi-annual Consolidated Statement of Income.

2. Matters concerning changes to reportable segments

Effective from the six months ended January 31, 2024, the allocation method of some expenses was changed. This change was made to bring the allocation standards closer to actual conditions in response to the increase in outsourcing and temporary staffing.

As a result of this change, segment profit in the Consumer Service segment decreased by 44 million yen and segment profit in the Online Advertising segment increased by 43 million yen in the six months ended January 31, 2024, compared with the previous method.

II. Six months of the current fiscal year ending July 31, 2025 (from August 1, 2024 to January 31, 2025)

1. Information on net sales, amounts of profit or loss by reportable segment and information on revenue breakdown

(Unit: Millions of yen)

	Reportable segment			Adjustments (Note 1,2)	Amount recorded on semi-annual consolidated financial statements (Note 3)
	Consumer Service	Online Advertising	Total		
Net sales					
Goods to be transferred at a point in time	25	0	25	4	29
Goods to be transferred over a certain period	15,108	1,239	16,347	20	16,367
Net sales to external customers	15,133	1,239	16,372	24	16,397
Intersegment sales or transfers	—	4	4	(4)	—
Total	15,133	1,243	16,376	20	16,397
Segment profit	3,736	77	3,813	(70)	3,742

- Notes:
1. The adjustment of 24 million yen for net sales to external customers also correspond to net sales that do not belong to the reportable segments.
 2. Adjustments to segment profit of (70) million yen are entirely attributable to net sales that do not belong to reportable segments and corporate expenses not allocated to reportable segments. Corporate expenses are general and administrative expenses not attributable to reportable segments.
 3. Segment profit correspond to the operating profit reported on the Semi-annual Consolidated Statement of Income.