



Financial Results for the Three-month Period Ended March 31, 2024 [IFRS] (Consolidated)

May 15, 2024

Listed Company: NOVARESE, Inc. Stock Exchange: Tokyo Stock Exchange
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 Scheduled date to submit quarterly report: May 15, 2024
 Scheduled date of the start of dividends payment: –
 Supplementary material for quarterly financial results: Yes
 Briefing on quarterly financial results: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded off.)

1. Consolidated financial results for the three-month period ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

(1) Consolidated results of operations

(Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before income taxes		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three-month period ended								
March 31, 2024	3,696	11.0	-333	–	-394	–	-259	–
March 31, 2023	3,330	52.6	-383	–	-480	–	-323	–

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share		Diluted earnings per share	
	Million yen	%	Million yen	%	Yen		Yen	
Three-month period ended								
March 31, 2024	-259	–	-263	–	-10.39		–	
March 31, 2023	-323	–	-325	–	-12.93		–	

(Note) On May 25, 2023, the Company implemented a two-hundred-for-one common stock split. The basic earnings per share has been calculated under the assumption that the said share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of				
March 31, 2024	33,579	7,918	7,918	23.6
December 31, 2023	32,301	8,177	8,177	25.3

2. Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	–	0.00	–	0.00	0.00
Fiscal year ending December 31, 2024	–				
Fiscal year ending December 31, 2024 (forecast)		0.00	–	0.00	0.00

(Note) Revisions from dividends forecasts announced most recently: None

3. Consolidated financial results forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages calculated on year-on-year basis.)

	Revenue		Operating profit		Profit before income taxes		Net profit		Profit attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	8,653	4.9	92	-66.8	-95	–	-64	–	-64	–	-2.56
Full year	19,576	7.2	1,710	11.1	1,361	10.6	943	0.1	943	0.1	37.72

(Note) Revisions from financial results forecasts published most recently: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies as required by IFRS: Yes

(ii) Changes in accounting policies other than (i): No

(iii) Changes in accounting estimates: No

(3) Number of shares outstanding (common stock)

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

As of March 31, 2024: 25,000,000 shares

As of December 31, 2023: 25,000,000 shares

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

As of March 31, 2024: – shares

As of December 31, 2023: – shares

(iii) Average number of shares outstanding during the period

Three-month period ended March 31, 2024: 25,000,000 shares

Three-month period ended March 31, 2023: 25,000,000 shares

(Note) On May 25, 2023, the Company implemented a two-hundred-for-one common stock split. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period were calculated assuming that the stock split was implemented at the beginning of the previous consolidated fiscal year.

* This consolidated financial results falls outside the scope of quarterly review procedures to be performed by certified public accountants or an audit firm.

* Note regarding proper use of consolidated financial results forecasts and other special comments

The forward-looking statements, such as results forecasts, included in this document are based on information available to the Company and certain assumptions that the Company considers reasonable as of the date of the document. The Company does not promise that the forecasts will be achieved. Actual results may differ significantly due to a range of factors. For conditions regarding the assumptions for results forecasts and notes on the use of results forecasts, etc., please refer to page 4 of the accompanying materials “1. Qualitative information regarding consolidated financial results for the three-month period ended March 31, 2024, (4) Explanations on forward-looking information including forecast of consolidated financial results.”

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1. Qualitative information regarding consolidated financial results for the three-month period ended March 31, 2024

(1) Explanations on operating results

During the three-month period ended March 31, 2024, the Japanese economy recovered moderately, partly due to the effects of measures implemented in an improving employment and income situation. However, the future of the economy remained uncertain given risks of downward pressure on the Japanese economy caused by a downturn in overseas economies, such as the effects of continuing global monetary tightening and concern over the future of the Chinese economy.

In this environment, NOVARESE, Inc. (the “Company”) and its associated companies (the “Group”) have been implementing priority initiatives guided by its corporate philosophy, “Rock your life: We want to be a company that provides vitality to society.” One of the priority initiatives is the opening of new wedding venues. In July 2024, the Company will open Seiryuso, an exclusive use wedding venue in Sendai City and the Company’s first venue in Miyagi prefecture.

The Company will build a two-story building on part of a site covering an area of approximately 2,556 m² adjacent to Zuihoden, the mausoleum of Masamune Date, who was the founder of the Sendai domain. The location is on a hill offering a stunning view of Zuihoden’s surroundings of cedar-lined paths, Aobayama to the west of Sendai plain, and the Hirose River running through the center of the city. Wedding guests will be offered food incorporating plenty of the local specialties such as seafood caught near Mt. Kinka and in the Sanriku coastal area.

In September 2024, the Company will open Amandan Aisle, an exclusive use wedding venue in Fukushima City, Fukushima prefecture.

Amandan Aisle is situated opposite Arakawa Sakura-zutsumi Park, which straddles the Arakawa River, and is a wedding venue that boasts views of natural beauty. On land with an area of approx. 3,775.17 m², the Company will build a one-story building (with a total floor space of approx. 1,122.05 m²). The side of the building looking out on the Arakawa River will be made completely of glass. The banquet hall and chapel will look out directly onto the cherry trees lining the Arakawa River, with majestic views of Mount Azuma-kofuji and Mount Adatara in the background. The Company will incorporate the seasonal changes in the landscape, the cherry blossom of spring, the greenery of summer, the red leaves of autumn, and the snow of winter, into wedding production. In the spring of 2025, the Company will open (tentative name) HOMAM (Former Mckenzie House), a dedicated wedding venue in Suruga Ward, Shizuoka City. The Company made a proposal for the project to use the Former Mckenzie House and surrounded lands owned by the city government of Shizuoka. As a result, the Company was selected as the priority candidate in the lending of the Former Mckenzie House and the city-owned lands around it.

In the spring of 2026, the Company will open (tentative name) Amandan Bridge, a dedicated wedding venue in Toyama City, Toyama prefecture. The Group, including the Company, has been selected as the designated installer for the Kureha Hills Footpath Bridge and Surrounding Plaza Park-Private Finance Initiative (Park-PFI) of Toyama City, which is aimed at making the plaza around the bridge and footpath livelier by leveraging the expertise of local private businesses of the city. The Group will remain proactive in working on public-private collaboration projects.

In restaurant operations in wedding facilities, the Company held MAISON de PARFAIT, which offered all-you-can-eat afternoon tea and others, and increased the number of facilities which serve lunch. In addition, the Company reinforced the system for receiving orders for corporate banquets, etc., and as a result, banquets and general food and drink remained strong, with an increase in the number of orders received for banquets, among others.

In the Restaurant business, the Company will open a new Japanese-style restaurant in Hiroshima City, Hiroshima prefecture in July 2024. The Company will also open a cafe in the hotel of APA Hotel & Resort <Osaka Namba Ekimae Tower>, a 40-story superhigh-rise tower hotel the APA Group expected to open in Naniwa-ku, Osaka City in December 2024.

In the wedding production division of the Bridal business, the number of new visitors was trending toward a recovery. As a result, the number of couples from whom the Company received orders increased 5.8% year on year, to 1,246. The number of back orders stood at 3,250, down 7.0% year on year, because the number of new orders received grew sluggishly in the second half of the previous fiscal year due to increasing competition at some existing venues.

Revenue in the three-month period ended March 31, 2024 amounted to 3,696 million yen, rising 11.0% year on year, primarily due to an increase in the number of wedding guests and growth in sales from banquets and general food and drink at wedding facilities. On the profit side, the operating loss was 333 million yen (an operating loss of 383 million yen in the three-month period ended March 31, 2023), the loss before income taxes came to 394 million yen (a loss before income taxes of 480 million yen in the three-month period ended March 31, 2023), and the net loss was 259 million yen (a net loss of 323 million yen in the three-month period ended March 31, 2023). This was attributable to an increase in selling, general and administrative expenses, mainly reflecting higher personnel expenses associated with an increase in staff hired as an up-front investment in sustainable growth and an increase in advertising expenses to improve the ability to attract customers.

The number of our facilities as of March 31, 2024 is as follows.

Segment	Bridal business			Restaurant business
	Guesthouse	Dress shop	Other	
Japan	34	24	1	7
Overseas	–	–	1	–

Results by segment are as follows.

(Bridal business)

In the Bridal business, revenue rose 9.8% year on year, to 3,445 million yen, attributable to a recovery in the number of wedding guests compared to the three-month period ended March 31, 2023 as well as an improvement in demand for banquets and general food and drink at wedding facilities. However, the segment loss was 70 million yen (a segment loss of 83 million yen in the three-month period ended March 31, 2023), reflecting an increase in selling, general and administrative expenses that resulted mainly from higher personnel expenses associated with an increase in staff hired as an up-front investment in sustainable growth and an increase in advertising expenses to improve the ability to attract customers.

(Restaurant business)

In the Restaurant business, revenue rose 30.2% year on year, to 250 million yen, and segment profit increased to 11 million yen (a segment loss of 0 million yen in the three-month period ended March 31, 2023), reflecting growth in sales at existing restaurants driven mainly by demand from inbound tourists and recovery trend of use by corporate customers.

(2) Explanations on financial position

(Assets)

As of March 31, 2024, assets totaled 33,579 million yen, an increase of 1,278 million yen compared to the end of the previous fiscal year. Major factors were an increase of 933 million yen in cash and cash equivalents, mainly reflecting an increase in borrowings, an increase of 136 million yen in property, plant and equipment attributed to the purchase of property, plant and equipment for new and existing facilities, and a rise of 135 million yen in deferred tax assets, which offset a decrease of 16 million yen in trade and other receivables.

(Liabilities)

As of March 31, 2024, liabilities totaled 25,661 million yen, an increase of 1,538 million yen compared to the end of the previous fiscal year. Factors for the increase were a net increase of 1,607 million yen in borrowings, which chiefly resulted from a borrowing under overdraft agreements with financial institutions, and a climb of 252 million yen in contract liabilities owed to customers, partially offset by a decrease of 348 million yen in income taxes payable that resulted from payment of income taxes.

(Equity)

As of March 31, 2024, equity totaled 7,918 million yen, a decrease of 259 million yen compared to the end of the previous fiscal year. The main factor was a decrease in retained earnings resulting from a net loss of 259 million yen recorded.

(3) Overview of cash flows

Cash and cash equivalents (“cash”) as of March 31, 2024 increased by 2,653 million yen from the end of the previous fiscal year, to 933 million yen (up 54.3% year on year).

Cash flow conditions in the three-month period ended March 31, 2024 and the main associated factors are as follows.

(Cash flows from operating activities)

Net cash used in operating activities was 394million yen. This is primarily attributable to income taxes paid of 349 million yen, a decrease of 139 million yen in accrued consumption taxes, interest paid of 61 million yen, and a loss before income taxes of 394 million yen, partially offset by an increase of 252 million yen in contract liabilities, an increase of 128 million yen in trade and other payables, and depreciation and amortization of 604 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 391million yen. This is attributed to use of 390million yen for the purchase of property, plant and equipment related to opening of new facilities in 2024 and pre-existing facilities.

(Cash flows from financing activities)

Net cash provided by financing activities was 1,357 million yen. This is due to a net increase in short-term borrowings of 975 million yen and 723 million yen in proceeds from long-term borrowings, which were partially offset by repayments of long-term borrowings of 109 million yen and repayments of lease liabilities of 231 million yen in connection with leases of buildings, etc.

(4) Explanations on forward-looking information including forecast of consolidated financial results

Looking at our business environment during the three-month period ended March 31, 2024, the Vital Statistics Report (Preliminary data) published by the Ministry of Health, Labour and Welfare estimates the number of marriages in 2023 at around 500,000, with figures still far below the pre-COVID 2019 level of around 600,000 (according to the same statistics).

Under such conditions, the Group will leverage its strength in the in-house production of various items to develop high added value products and increase efficiency. At existing facilities, the Group will seek to maintain the appeal of the facilities and win more customers and orders through flexible renovation that accurately reflects customer preferences and vigorous advertising activities.

As the Group undertakes these initiatives, it forecasts that it will record revenue of 19,576 million yen, an operating profit of 1,710 million yen, a profit before income tax of 1,361 million yen and a net profit of 943 million yen in the fiscal year ending December 31, 2024.

2. Condensed quarterly consolidated financial statements and significant notes

(1) Condensed quarterly consolidated statements of financial position

	As of December 31, 2023	As of March 31, 2024
	Thousand yen	Thousand yen
Assets		
Current assets		
Cash and cash equivalents	1,719,405	2,653,233
Trade and other receivables	402,477	385,562
Inventories	241,505	244,732
Other financial assets	20,033	19,573
Other current assets	140,739	222,292
Total current assets	<u>2,524,162</u>	<u>3,525,393</u>
Non-current assets		
Property, plant and equipment, net	15,820,651	15,957,590
Goodwill	11,203,452	11,203,452
Intangible assets, net	71,268	71,657
Investments accounted for using the equity method	23,718	33,283
Other financial assets	999,161	994,801
Deferred tax assets	1,630,672	1,766,389
Other non-current assets	28,313	27,398
Total non-current assets	<u>29,777,239</u>	<u>30,054,574</u>
Total assets	<u><u>32,301,401</u></u>	<u><u>33,579,968</u></u>

	As of December 31, 2023	As of March 31, 2024
	Thousand yen	Thousand yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	1,427,247	1,580,297
Contract liabilities	1,212,356	1,464,926
Borrowings	3,399,769	12,989,795
Other financial liabilities	982,907	1,000,372
Provisions	60,448	–
Income taxes payable	349,179	1,091
Other current liabilities	745,531	587,117
Total current liabilities	8,177,438	17,623,599
Non-current liabilities		
Borrowings	9,688,801	1,705,900
Other financial liabilities	4,937,598	4,992,384
Provisions	1,271,155	1,285,433
Other non-current liabilities	48,443	54,300
Total non-current liabilities	15,945,998	8,038,020
Total liabilities	24,123,437	25,661,619
Equity		
Share capital	100,000	100,000
Capital surplus	6,150,000	6,150,000
Retained earnings	1,865,936	1,606,079
Other components of equity	62,027	62,268
Total equity attributable to owners of the parent	8,177,964	7,918,348
Total equity	8,177,964	7,918,348
Total liabilities and equity	32,301,401	33,579,968

(2) Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income

(Condensed quarterly consolidated statements of profit or loss)

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2024
	Thousand yen	Thousand yen
Revenue	3,330,090	3,696,322
Cost of sales	(1,638,395)	(1,747,445)
Gross profit	1,691,694	1,948,876
Selling, general and administrative expenses	(2,071,452)	(2,285,552)
Other income	5,196	8,707
Other expenses	(9,297)	(6,005)
Operating profit (loss)	(383,858)	(333,974)
Finance income	3,979	14,810
Finance expenses	(95,406)	(84,882)
Share of profit (loss) of investments accounted for using the equity method	(5,686)	9,564
Profit (loss) before income taxes	(480,972)	(394,481)
Income taxes	157,602	134,624
Net profit (loss)	(323,369)	(259,856)
Net profit (loss) attributable to		
Owners of the parent	(323,369)	(259,856)
Net profit (loss)	(323,369)	(259,856)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(12.93)	(10.39)
Diluted earnings per share (yen)	-	-

(Condensed quarterly consolidated statements of comprehensive income)

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2024
	Thousand yen	Thousand yen
Net profit (loss)	(323,369)	(259,856)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,105)	(3,985)
Total of items that may be reclassified to profit or loss	(2,105)	(3,985)
Other comprehensive income, net of tax	(2,105)	(3,985)
Comprehensive income	(325,475)	(263,842)
Comprehensive income attributable to		
Owners of the parent	(325,475)	(263,842)
Comprehensive income	(325,475)	(263,842)

(3) Condensed quarterly consolidated statements of changes in equity

	Equity attributable to owners of the parent					Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total equity attributable to owners of the parent	
	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen	
Balance as of January 1, 2023	100,000	6,150,000	923,664	60,607	7,234,271	7,234,271
Net profit (loss)	–	–	(323,369)	–	(323,369)	(323,369)
Other comprehensive income	–	–	–	(2,105)	(2,105)	(2,105)
Comprehensive income	–	–	(323,369)	(2,105)	(325,475)	(325,475)
Stock compensation	–	–	–	4,226	4,226	4,226
Total transactions with owners	–	–	–	4,226	4,226	4,226
Balance as of March 31, 2023	100,000	6,150,000	600,294	62,728	6,913,022	6,913,022
	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total equity attributable to owners of the parent	Total equity
	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen
	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen
Balance as of January 1, 2024	100,000	6,150,000	1,865,936	62,027	8,177,964	8,177,964
Net profit (loss)	–	–	(259,856)	–	(259,856)	(259,856)
Other comprehensive income	–	–	–	(3,985)	(3,985)	(3,985)
Comprehensive income	–	–	(259,856)	(3,985)	(263,842)	(263,842)
Stock compensation	–	–	–	4,226	4,226	4,226
Total transactions with owners	–	–	–	4,226	4,226	4,226
Balance as of March 31, 2024	100,000	6,150,000	1,606,079	62,268	7,918,348	7,918,348

(4) Condensed quarterly consolidated statements of cash flows

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2024
	Thousand yen	Thousand yen
Cash flows from operating activities		
Profit (loss) before income taxes	(480,972)	(394,481)
Depreciation and amortization	548,293	604,981
Finance income	(3,979)	(14,810)
Finance expenses	95,406	84,882
Share of profit (loss) of investments accounted for using the equity method	5,686	(9,564)
Loss on retirement of fixed assets	6,297	5,281
Decrease (increase) in trade and other receivables	1,492	22,393
Decrease (increase) in inventories	(12,966)	(2,469)
Increase (decrease) in trade and other payables	28,157	128,249
Increase (decrease) in contract liabilities	316,566	252,565
Increase (decrease) in accrued expenses	(47,808)	1,001
Increase (decrease) in deposits received	4,155	13,591
Increase (decrease) in accrued consumption taxes	(385,877)	(139,699)
Other	(71,745)	(181,566)
Subtotal	2,708	370,355
Interest received	614	483
Interest paid	(62,340)	(61,274)
Income taxes paid	(209,024)	(349,180)
Net cash provided by (used in) operating activities	(268,042)	(39,617)
Cash flows from investing activities		
Purchases of property, plant and equipment	(731,250)	(390,391)
Proceeds from sale of property, plant and equipment	10	850
Purchases of intangible assets	(1,995)	(6,807)
Proceeds from collection of loans receivable	5,016	5,110
Payments of guarantee deposits	(35,200)	(1,100)
Proceeds from refund of guarantee deposits	–	501
Net cash used in investing activities	(763,418)	(391,836)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100,000)	975,001
Proceeds from long-term borrowings	11,346,564	723,827
Repayments of long-term borrowings	(11,548,908)	(109,762)
Repayments of lease liabilities	(219,095)	(231,668)
Net cash provided by (used in) financing activities	(521,439)	1,357,396
Effect of exchange rate changes in cash and cash equivalents	(562)	7,884
Net increase (decrease) in cash and cash equivalents	(1,553,462)	933,827
Cash and cash equivalents at beginning of period	2,803,410	1,719,405
Cash and cash equivalents at end of period	1,249,948	2,653,233

(5) Notes to condensed quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable.

(Changes in accounting policies)

The significant accounting policies applied to the condensed quarterly consolidated financial statements for the three-month period ended March 31, 2024 are the same as those applied to the consolidated financial statements for the previous fiscal year, except the following.

The Group has applied the following standards from the first quarter of the fiscal year ending December 31, 2024.

IFRS		Description of new standards/amendments
IAS 1	Presentation of Financial Statements	Clarifies requirements for classifying liabilities as current or non-current.
IAS 1	Presentation of Financial Statements	Non-current Liabilities with Covenants

The application of the accounting standards above does not have material impact on the condensed quarterly consolidated financial statements.

(Segment information)

(1) Overview of reportable segments

The Group's reportable segments are the Company's components for which separate financial information is available and for which the Board of Directors performs periodic reviews for the purposes of determining management resources allocation and evaluating performance.

The Group's business is classified into segments according to business type. The Group has two reportable segments: the Bridal business and the Restaurant business.

The major operations of the Bridal business are the planning and operations of ceremonies and banquets, wedding attire rental and sale, and provision of banquet food and beverages.

The major operations of the Restaurant business are preparing banquets and general meals (lunches and dinners).

(2) Revenues and business results by segment

The following are the results, including revenue, of the reportable segments of the Group.

Profit or loss of the reportable segments is the operating profit on the condensed quarterly consolidated statements of profit or loss.

Intersegment transaction prices are based on prevailing market prices.

Three-month period ended March 31, 2023

	Reportable segments			Adjustments (Note)	Consolidated
	Bridal business	Restaurant business	Total		
	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen
Revenue					
External	3,137,750	192,339	3,330,090	–	3,330,090
Intersegment	774	6,618	7,392	(7,392)	–
Total	3,138,524	198,958	3,337,482	(7,392)	3,330,090
Segment profit (loss)	(83,557)	(632)	(84,189)	(299,669)	(383,858)
Finance income					3,979
Finance expenses					(95,406)
Share of profit (loss) of investments accounted for using the equity method					(5,686)
Profit (loss) before income taxes					(480,972)

(Note) “Adjustments” in segment profit (loss) is mostly the elimination of intersegment transactions and corporate expenses that are not allocated to either reportable segment. Corporate expenses are primarily general and administrative expenses that are not attributable to either reportable segment.

Three-month period ended March 31, 2024

	Reportable segments			Adjustments (Note)	Consolidated
	Bridal business	Restaurant business	Total		
	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen
Revenue					
External	3,445,975	250,346	3,696,322	–	3,696,322
Intersegment	326	4,255	4,581	(4,581)	–
Total	3,446,301	254,602	3,700,903	(4,581)	3,696,322
Segment profit (loss)	(70,019)	11,066	(58,952)	(275,021)	(333,974)
Finance income					14,810
Finance expenses					(84,882)
Share of profit of investments accounted for using the equity method					9,564
Profit (loss) before income taxes					(394,481)

(Note) “Adjustments” in segment profit (loss) is mostly the elimination of intersegment transactions and corporate expenses that are not allocated to either reportable segment. Corporate expenses are primarily general and administrative expenses that are not attributable to either reportable segment.