

Summary of Financial Results for the Second Quarter of Fiscal Year 2024 (Six Months Ended June 30, 2024)

[Japanese GAAP]

August 9, 2024

Company name: **SENSHUKAI CO.,LTD.** Stock exchange: Tokyo Stock Exchange
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Scheduled date of filing of Semi-annual Report: August 13, 2024

Scheduled date of payment of dividend: -

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (A video of this meeting is planned to be posted on the Senshukai website)

(All amounts are rounded down to the nearest millions of yen)

1. Consolidated Financial Results for the 2nd Quarter of 2024 (January 1, 2024 – June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q 2024	22,546	(15.4)	(2,000)	-	(2,006)	-	(1,411)	-
2Q 2023	26,635	(6.2)	(3,157)	-	(3,268)	-	(3,264)	-

Note: Comprehensive income (millions of yen) 2Q 2024: (1,488) (-%) 2Q 2023: (2,873) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q 2024	(30.17)	-
2Q 2023	(69.73)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2Q 2024	28,134	15,790	56.1	337.56
Fiscal Year 2023	31,809	17,279	54.3	369.15

Reference: Shareholders' equity (millions of yen) 2Q 2024: 15,789 Fiscal Year 2023: 17,273

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2023	-	0.00	-	0.00	0.00
Fiscal Year 2024	-	0.00	-	-	-
Fiscal Year 2024 (forecasts)	-	-	-	0.00	0.00

Note: Revision to the most recently announced dividend forecast: None

3. Consolidated Outlook for Fiscal Year 2024 (January 1, 2024 – December 31, 2024)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year 2024	51,000	3.6	(1,900)	-	(1,900)	-	(1,800)	-	(38.47)

Note: Revision to the most recently announced consolidated outlook: None

*** Notes**

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

(2) Application of special accounting methods for presenting interim consolidated financial statements: Yes

Note: Please refer to “2. Interim Consolidated Financial Statements and Notes, (4) Notes to Interim Consolidated Financial Statements (Application of Special Accounting Methods for Presenting Interim Consolidated Financial Statements)” on page 10 for further information.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

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

2Q 2024:	52,056,993 shares	Fiscal Year 2023:	52,056,993 shares
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2) Number of treasury shares at the end of the period

2Q 2024:	5,280,734 shares	Fiscal Year 2023:	5,263,634 shares
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3) Average number of shares outstanding during the period

2Q 2024:	46,781,549 shares	2Q 2023:	46,814,264 shares
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* This financial report is not subject to quarterly (semi-annual) review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements

Cautionary statement with respect to forecasts

The above projections are based on information available at the time of release of this report. Actual results could differ significantly from these projections due to a variety of factors. For further details regarding the projections, please refer to page 3, “1. Overview of Results of Operations, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements.”

How to view supplementary information at the financial results meeting

A video of the meeting for the presentation of the financial results for the second quarter of 2024 is planned to be posted on the Senshukai website soon. In addition, materials used for this presentation will be disclosed using the Timely Disclosure network (TDnet) and will be posted on the Senshukai website.

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1. Overview of Results of Operations

(1) Results of Operations

In the first half (January 1 to June 30) of 2024, the outlook for the Japanese economy remained uncertain. Despite signs of rising wages, upward pressure on prices continued, especially for imported goods, coupled with the impact of the Bank of Japan's monetary policy revisions and the yen's depreciation. Consumer purchasing behavior remained cautious, and a full recovery in private consumption has yet to be achieved.

In this business environment, during the first half of 2024 the Group undertook various initiatives based on its reform pillars aimed at regrowth from the previous fiscal year: reforming the mail-order and online shopping business structure, enhancing company-wide sales and profits, and deepening and expanding co-creation. However, despite improvements in profitability in the mail-order and online shopping business, sales fell year-on-year due to factors including the impact of the catalog distribution strategy underperforming expectations and delays in efforts to rebuild customer engagement through LINE and other social media platforms. As a result, net sales in the first half of 2024 decreased 15.4% YoY to 22,546 million yen, operating loss was 2,000 million yen (compared with a loss of 3,157 million yen in the first half of 2023), and ordinary loss was 2,006 million yen (compared with a loss of 3,268 million yen in the first half of 2023). Loss attributable to owners of parent was 1,411 million yen (compared with a loss of 3,264 million yen in the first half of 2023).

Furthermore, the reduction of executive compensation continues to be implemented after April 2024.

Business segment performance was as follows.

(Mail-order and Online Shopping Business)

In the mail-order and online shopping business, which focuses on catalog and online sales, the Group implemented measures in the first half to enhance profitability. These included a review of pricing focusing on original products and the provision of tailored sales environments considering the unique characteristics of catalog and digital channels. Set against this, products that performed well had higher-than-expected cost ratios, sales were held to promote inventory clearance, and orders obtained through catalog distribution fell short of expectations. As a result, consolidated sales in the mail-order and online shopping business decreased 17.3% YoY to 19,710 million yen in the first half of 2024. There was an operating loss of 2,192 million yen compared with a loss of 3,315 million yen in the first half of 2023.

(Corporates Business)

The corporates business, which provides products and services to corporations, made good progress in obtaining corporate orders for the use of consignment sales projects and agency services such as logistics operations, leading to improved profitability. However, due to a downturn in advertising orders, consolidated sales in the corporates business decreased 1.8% YoY to 1,812 million yen in the first half of 2024. Operating profit increased 643.3% YoY to 44 million yen.

(Insurance Business)

This business provides support, mainly to Belle Maison members, for choosing the most suitable insurance policies. Consolidated sales decreased 5.5% YoY to 219 million yen in the first half of 2024 and operating profit decreased 23.9% YoY to 88 million yen.

(Others)

Consolidated sales in other businesses, which include the childcare support business, increased 10.6% YoY to 803 million yen in the first half of 2024. Operating profit increased 64.0% YoY to 59 million yen.

(2) Financial Position

(Balance sheet position)

Assets totaled 28,134 million yen at the end of the second quarter of 2024, a decrease of 3,675 million yen from the end of 2023.

Current assets decreased 2,910 million yen to 15,990 million yen. The factors included a decrease of 2,184 million yen in cash and deposits. Non-current assets decreased 765 million yen to 12,143 million yen. The factors included decreases of 591 million yen in investments and other assets, 110 million yen in intangible assets and 62 million yen in property, plant and equipment.

Current liabilities decreased 1,609 million yen to 9,672 million yen. The factors included decreases of 700 million yen in other, 504 million yen in accounts payable-trade and 358 million yen in electronically recorded obligations-operating. Non-current liabilities decreased 577 million yen to 2,671 million yen. The main factors included decreases of 300 million yen in long-term borrowings and 203 million yen in other.

Net assets decreased 1,489 million yen to 15,790 million yen. The factors included booking of loss attributable to owners of parent of 1,411 million yen. As a result, the equity ratio was 56.1%.

(Cash flow position)

The balance of cash and cash equivalents at the end of the second quarter of 2024 was 4,296 million yen, a decrease of 2,184 million yen from the end of 2023.

Operating activities used net cash of 2,330 million yen (net cash used of 1,691 million yen in the same period of 2023). The main cash inflows include a decrease in other current liabilities of 1,017 million yen. The main cash outflows include loss before income taxes of 1,457 million yen, a decrease in trade payables of 816 million yen and a decrease in other current liabilities of 655 million yen.

Investing activities provided net cash of 441 million yen (net cash provided of 4 million yen in the same period of 2023). The main cash inflows include proceeds from sales of investment securities of 688 million yen. The main cash outflows include 196 million yen for purchase of property, plant and equipment and 134 million yen for the purchase of intangible assets.

Financing activities used net cash of 350 million yen (net cash used of 368 million yen in the same period of 2023). The main cash outflows were repayments of long-term borrowings of 310 million yen.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

Although sales of Belle Maison, our core mail-order and online shopping business, have been falling below the previous year's level due to sluggish sales of seasonal products and delays in restructuring customer contact points, we remain committed to achieving our consolidated earnings forecast. Based on the policy announced on February 13, 2024, we aim to return to profitability in 2025 by making steady progress reforming the mail-order and online shopping business structure and shifting to a profit-oriented model as well as diversifying our business portfolio to create new growth areas. Therefore, at this time, we are maintaining our current forecasts for this fiscal year (January 1 to December 31, 2024) as announced on February 13, 2024. If the need to revise the forecast arises, we will promptly disclose the information.

2. Interim Consolidated Financial Statements and Notes**(1) Interim Consolidated Balance Sheet**

(Millions of yen)

	Fiscal Year 2023 (As of Dec. 31, 2023)	2Q 2024 (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	6,481	4,296
Notes and accounts receivable - trade, and contract assets	1,562	1,214
Merchandise and finished goods	6,026	6,353
Accounts receivable-other	3,684	2,829
Other	1,232	1,364
Allowance for doubtful accounts	(86)	(68)
Total current assets	18,900	15,990
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,662	3,554
Land	5,402	5,402
Other, net	150	195
Total property, plant and equipment	9,215	9,152
Intangible assets		
Other	1,142	1,031
Total intangible assets	1,142	1,031
Investments and other assets		
Investment securities	1,719	1,092
Other	831	867
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,550	1,959
Total non-current assets	12,908	12,143
Total assets	31,809	28,134

	(Millions of yen)	
	Fiscal Year 2023 (As of Dec. 31, 2023)	2Q 2024 (As of Jun. 30, 2024)
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	3,954	3,596
Accounts payable-trade	1,988	1,484
Short-term borrowings	620	620
Income taxes payable	32	20
Contract liabilities	627	570
Provision for bonuses	33	56
Other	4,024	3,324
Total current liabilities	11,282	9,672
Non-current liabilities		
Long-term borrowings	2,674	2,374
Retirement benefit liability	5	5
Provision for loss on business closure	170	96
Other	398	194
Total non-current liabilities	3,248	2,671
Total liabilities	14,530	12,343
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	30,084	30,084
Retained earnings	(8,891)	(10,302)
Treasury shares	(2,953)	(2,953)
Total shareholders' equity	18,339	16,927
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	302	13
Deferred gains or losses on hedges	71	235
Revaluation reserve for land	(1,516)	(1,516)
Foreign currency translation adjustment	77	129
Total accumulated other comprehensive income	(1,065)	(1,137)
Non-controlling interests	5	0
Total net assets	17,279	15,790
Total liabilities and net assets	31,809	28,134

(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income
(Interim Consolidated Statement of Income)
(For the Six-month Period)

(Millions of yen)

	2Q 2023 (Jan. 1, 2023 – Jun. 30, 2023)	2Q 2024 (Jan. 1, 2024 – Jun. 30, 2024)
Net sales	26,635	22,546
Cost of sales	13,177	10,691
Gross profit	13,458	11,854
Selling, general and administrative expenses	16,615	13,855
Operating loss	(3,157)	(2,000)
Non-operating income		
Interest and dividend income	20	5
Share of profit of entities accounted for using equity method	-	22
Gain on adjustment of accounts payable	96	121
Reversal of provision loss on business closure	-	52
Other	171	42
Total non-operating income	289	244
Non-operating expenses		
Interest expenses	24	20
Foreign exchange losses	-	112
Share of loss of entities accounted for using equity method	2	-
Commission expenses	174	103
Penalty loss	139	-
Other	60	12
Total non-operating expenses	400	250
Ordinary loss	(3,268)	(2,006)
Extraordinary income		
Gain on sale of investment securities	3	549
Total extraordinary income	3	549
Extraordinary losses		
Loss on sale and retirement of non-current assets	4	0
Impairment losses	79	0
Total extraordinary losses	83	0
Loss before income taxes	(3,348)	(1,457)
Income taxes	(72)	(41)
Loss	(3,276)	(1,416)
Loss attributable to non-controlling interests	(11)	(4)
Loss attributable to owners of parent	(3,264)	(1,411)

(Interim Consolidated Statement of Comprehensive Income)
(For the Six-month Period)

	(Millions of yen)	
	2Q 2023	2Q 2024
	(Jan. 1, 2023 – Jun. 30, 2023)	(Jan. 1, 2024 – Jun. 30, 2024)
Loss	(3,276)	(1,416)
Other comprehensive income		
Valuation difference on available-for-sale securities	186	(289)
Deferred gains or losses on hedges	192	163
Foreign currency translation adjustment	12	34
Share of other comprehensive income of entities accounted for using equity method	11	17
Total other comprehensive income	403	(72)
Comprehensive income	(2,873)	(1,488)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,861)	(1,484)
Comprehensive income attributable to non-controlling interests	(11)	(4)

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	2Q 2023 (Jan. 1, 2023 – Jun. 30, 2023)	2Q 2024 (Jan. 1, 2024 – Jun. 30, 2024)
Cash flows from operating activities		
Loss before income taxes	(3,348)	(1,457)
Depreciation	372	356
Impairment losses	79	0
Increase (decrease) in allowance for doubtful accounts	73	(17)
Increase (decrease) in provision for bonuses	(0)	22
Increase (decrease) in provision for loss on office closing	-	(73)
Increase (decrease) in provision for sales promotion expenses	6	-
Interest and dividend income	(20)	(5)
Interest expenses	24	20
Share of loss (profit) of entities accounted for using equity method	2	(22)
Loss (gain) on sale and retirement of non-current assets	4	0
Loss (gain) on sale of investment securities	(3)	(549)
Decrease (increase) in trade receivables	(26)	360
Decrease (increase) in inventories	719	(360)
Decrease (increase) in other current assets	1,837	1,017
Increase (decrease) in trade payables	(996)	(816)
Increase (decrease) in contract liabilities	(109)	(56)
Increase (decrease) in other current liabilities	(938)	(655)
Other, net	595	(116)
Subtotal	(1,729)	(2,351)
Interest and dividends received	59	28
Interest paid	(23)	(21)
Income taxes refund (paid)	2	13
Net cash provided by (used in) operating activities	(1,691)	(2,330)
Cash flows from investing activities		
Purchase of property, plant and equipment	(74)	(196)
Purchase of intangible assets	(79)	(134)
Proceeds from sale of investment securities	3	688
Proceeds from collection of loans receivable	72	0
Other, net	82	82
Net cash provided by (used in) investing activities	4	441
Cash flows from financing activities		
Proceeds from long-term borrowings	-	9
Repayments of long-term borrowings	(310)	(310)
Dividends paid	(0)	(0)
Repayments of installment payables	(43)	(38)
Other, net	(14)	(11)
Net cash provided by (used in) financing activities	(368)	(350)
Effect of exchange rate change on cash and cash equivalents	50	54
Net increase (decrease) in cash and cash equivalents	(2,005)	(2,184)
Cash and cash equivalents at beginning of period	9,287	6,481
Cash and cash equivalents at end of period	7,282	4,296

(4) Notes to Interim Consolidated Financial Statements

(Going Concern Assumption)

The Senshukai Group recorded a significant operating loss and loss attributable to owners of parent for two consecutive years in 2023. In the second quarter of 2024, the Group continued to record a significant operating loss and loss attributable to owners of parent. These circumstances raise significant doubts about the Group's ability to continue as a going concern. The Group is taking the following measures to resolve this situation.

<Measures to improve results of operations>

A. Reforming the mail-order and online shopping business structure

1) Enhancing proposal capability (what and for whom) based on a deep understanding of customer needs

Rather than securing sufficient numbers of models to publish catalogs, we will shift to a product lineup with a deep understanding of customers and a greater awareness of themes and seasons. By concentrating resources on narrowly focused products, we will enhance our product and proposal capabilities, improve the list price sales ratio, and enhance gross profit margins.

2) Clarifying and integrating the roles of catalogs and digital media

By analyzing customers' purchasing behavior, we will design the optimal combination of paper-based (including catalogs, flyers, and direct mail) and digital measures, leveraging the strengths of each to maximize sales promotion efficiency. As the e-commerce market grows increasingly challenging, the catalog will be used as a tool to enable differentiation, mainly in the promotion of sales to existing members, while digital media will be used efficiently to strengthen SEO (search engine optimization) measures and social media marketing and as a tool for acquisition of new members and communication.

3) Promoting customer retention and fan engagement

Rather than relying on financial incentives such as discounts and points to encourage purchases, we will strengthen efforts to build trust and attachment to products and brands.

4) Strengthening outsourced e-commerce mall sales

In response to the trend toward oligopoly among major e-commerce malls, we will review the investment allocation for in-house and outsourced e-commerce malls to capture sales in growth channels.

B. Enhancing company-wide sales and profits

1) Reducing fixed costs

We will methodically reduce fixed costs by such means as cutting system costs, reducing outsourcing costs, and cancelling leased properties.

2) Reorganizing business sectors

We will ensure enhanced profit and growth by making decisions such as withdrawing from business sectors where profitability and growth are not anticipated and allocating human resources to targeted areas.

C. Deepening and expanding co-creation

1) Deepening and expanding cooperation with JR East

Leveraging original products for the East Japan Railway Company Group (JR East), we will increase sales at JRE MALL, expanding physical store openings, and growing projects such as contract logistics for the JR East Group.

2) Deepening and expanding reuse & recycling collaboration centered on Aucnet Inc.

By expanding the range of targeted products for the "kimawari" purchasing service and enhancing its handling capacity, we aim to acquire new members and increase the retention rate and purchase frequency of existing members.

3) Strengthening sales of services and experiential products

We will strengthen sales of other companies' services that can be ordered and purchased on Belle Maison Net, and

make the site useful in customers' lives through lifestyle proposals that combine goods, services, and experiences.

4) Strengthening the advertising business

Regarding other companies' advertising placements on Belle Maison Net, we will develop new options such as tie-up formats, creating lifestyle proposals that are not limited to our own products and services and increasing sales and profits.

Regarding funds, as of the end of the second quarter of 2024, the Group possessed cash and deposits totaling 4,296 million yen. We have concluded a commitment line agreement with a financial institution for a total of 6,000 million yen. The term of the agreement expires on March 31, 2025, and enables borrowing for a maximum of six months from the date of execution. Moreover, a special overdraft agreement of 5,500 million yen (with an expiry date of April 30, 2025) has been set up as an overdraft facility in the eventuality that the commitment line agreement cannot be continued. As stated in "2. Interim Consolidated Financial Statements and Notes, (4) Notes to Interim Consolidated Financial Statements (Significant Subsequent Events)," the expiry date of the special overdraft agreement extended to July 31, 2025. As of the end of the second quarter of 2024, there were no outstanding borrowings under the aforementioned commitment line, or special overdraft agreement. We will continue to work closely with financial institutions to ensure further support should we need it in the future or when the term of agreement expire.

However, measures to improve results of operations being undertaken to address significant doubts regarding the going concern assumption are currently in progress, and it is possible that the profit and loss and financial benefits arising from the above-mentioned measures may not be fully realized. The Group recognizes that there is significant uncertainty regarding the assumption of a going concern as it has yet to determine whether it will be able to procure funds should renewal of the term of agreement or further support from financial institutions be required.

Furthermore, the interim consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and do not reflect the impact of significant uncertainties regarding this assumption.

We will continue to respond flexibly to changes in the business environment and implement necessary measures in a timely manner to achieve profitability in 2025. In the medium- to long-term, we strive to become a company that is long cherished by customers and meets the expectations of all stakeholders.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Application of Special Accounting Methods for Presenting Interim Consolidated Financial Statements)

(Calculation of tax expense)

Tax expenses are calculated by first determining a reasonable estimate of the effective tax rate after the application of tax effect accounting with respect to profit before income taxes for the fiscal year that includes the applicable quarter and multiplying the profit before income taxes for that quarter by that rate. However, Senshukai uses legally stipulated effective tax rates to calculate tax expenses when the use of estimated tax rates produces a clearly irrational result.

(Segment Information)

I 2Q 2023 (Jan. 1, 2023 – Jun. 30, 2023)

1. Information related to sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment	Amounts shown on interim consolidated statement of income (Note 2)
	Mail-order and online shopping business	Corporates business	Insurance business	Sub-total				
Net sales								
Sales to customers	23,830	1,846	231	25,909	726	26,635	-	26,635
Inter-segment sales or transfers	120	24	-	144	0	145	(145)	-
Total	23,950	1,871	231	26,054	726	26,780	(145)	26,635
Segment profit (loss)	(3,315)	5	115	(3,193)	36	(3,157)	-	(3,157)

Notes: 1. Others represent the businesses which are not included in any of the reportable segments and consist of the childcare support business.

2. Segment profit (loss) is adjusted to be consistent with the operating loss on the interim consolidated statement of income.

II 2Q 2024 (Jan. 1, 2024 – Jun. 30, 2024)

1. Information related to sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment	Amounts shown on interim consolidated statement of income (Note 2)
	Mail-order and online shopping business	Corporates business	Insurance business	Sub-total				
Net sales								
Sales to customers	19,710	1,812	219	21,742	803	22,546	-	22,546
Inter-segment sales or transfers	98	33	-	132	0	132	(132)	-
Total	19,809	1,846	219	21,875	803	22,678	(132)	22,546
Segment profit (loss)	(2,192)	44	88	(2,060)	59	(2,000)	-	(2,000)

Notes: 1. Others represent the businesses which are not included in any of the reportable segments and consist of the childcare support business.

2. Segment profit (loss) is adjusted to be consistent with the operating loss on the interim consolidated statement of income.

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

No major events or changes occurred.

(Significant Subsequent Events)

(Renewal of overdraft agreement)

In accordance with a resolution of the Board of Directors' meeting held on July 12, 2024, Senshukai renewed the contract period under the special overdraft agreement of 5,500 million yen, which was entered into to prepare for the eventuality that the commitment line agreement cannot be renewed, as follows:

Lender: Sumitomo Mitsui Banking Corporation

Interest rate: Base rate + spread

Contract signing date: August 5, 2024

Contract maturity date: July 31, 2025

3. Other

(Important Matters Regarding Going Concern Assumption, Etc.)

The Senshukai Group recorded a significant operating loss and loss attributable to owners of parent for two consecutive years in 2023. In the second quarter of 2024, the Group continued to record a significant operating loss and loss attributable to owners of parent. These circumstances raise significant doubts about the Group's ability to continue as a going concern.

For further details regarding measures to resolve this situation and the going-concern assumption, please refer to "2. Interim Consolidated Financial Statements and Notes, (4) Notes to Interim Consolidated Financial Statements (Going Concern Assumption)."

** This financial report is solely a translation of summary of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally with accepted in Japan, for the convenience of readers who prefer an English translation.*