

Summary of Financial Results for the First Quarter of Fiscal Year 2025 (Three Months Ended March 31, 2025)

[Japanese GAAP]

May 2, 2025

Company name: **SENSHUKAI CO.,LTD.**

Stock exchange: Tokyo Stock Exchange

Stock code: 8165

URL: <https://www.senshukai.co.jp>

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Scheduled date of payment of dividend: -

Preparation of supplementary materials for financial results: None

Holding of financial results meeting: None

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

1. Consolidated Financial Results for the 1st Quarter of 2025 (January 1, 2025 – March 31, 2025)

(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	%
1Q 2025	9,826	(5.0)	(1,029)	-	(994)	-	(1,138)	-
1Q 2024	10,340	(17.3)	(1,299)	-	(1,333)	-	(950)	-

Note: Comprehensive income (millions of yen) 1Q 2025: (1,308) (-%) 1Q 2024: (1,154) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q 2025	(24.33)	-
1Q 2024	(20.32)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1Q 2025	28,759	12,135	42.2	259.61
Fiscal Year 2024	25,781	13,444	52.2	287.57

Reference: Shareholders' equity (millions of yen) 1Q 2025: 12,143 Fiscal Year 2024: 13,451

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2024	-	0.00	-	0.00	0.00
Fiscal Year 2025	-				
Fiscal Year 2025 (forecasts)		0.00	-	0.00	0.00

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

3. Consolidated Outlook for Fiscal Year 2025 (January 1, 2025 – December 31, 2025)

(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 2025	42,000	(7.9)	(2,700)	-	(2,800)	-	4,150	-	88.72

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

*** Notes**

(1) Changes in significant subsidiaries resulting in changes in scope of consolidation during the period: Yes

Newly added: 1 (Belle Maison Logisco Co., Ltd.)

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Notes on Significant Changes in the Scope of Consolidation)” on page 10 for further information.

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

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements)” on page 8 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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 8 for further information.

(4) Number of shares outstanding (common shares)

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

1Q 2025:	52,056,993 shares	Fiscal Year 2024:	52,056,993 shares
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2) Number of treasury shares at the end of the period

1Q 2025:	5,280,777 shares	Fiscal Year 2024:	5,280,756 shares
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3) Average number of shares outstanding during the period

1Q 2025:	46,776,223 shares	1Q 2024:	46,785,783 shares
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* Review of the attached quarterly consolidated financial statements by certified public accountants or auditing firms: None

* Cautionary statement with respect to forward-looking statements

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.”

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1. Overview of Results of Operations

(1) Results of Operations

In the first quarter (January 1 to March 31) of 2025, although wages increased and the global economy showed signs of a gradual recovery, businesses and consumers remained cautious amid continued price increases from the previous year and persistent geopolitical risks.

In this business environment, Senshukai has begun initiatives based on the Revitalization Plan (2025–2027) announced on February 13. As a result of our efforts to fundamentally reform the mail-order and online shopping business and improve business structure efficiency, net sales in the first quarter of 2025 decreased 5.0% YoY to 9,826 million yen, operating loss was 1,029 million yen (compared with a loss of 1,299 million yen in the first quarter of 2024), and ordinary loss was 994 million yen (compared with a loss of 1,333 million yen in the first quarter of 2024). Loss attributable to owners of parent was 1,138 million yen (compared with a loss of 950 million yen in the first quarter of 2024).

Business segment performance was as follows.

(Mail-order and Online Shopping Business)

In the mail-order and online shopping business, which focuses on online and catalog sales, we are reorganizing business domains by generation, optimizing the products and marketing provided to our core targets, and developing a structure to realize these initiatives. As a result, consolidated sales in the mail-order and online shopping business decreased 6.3% YoY to 8,350 million yen in the first quarter of 2025. There was an operating loss of 1,223 million yen compared with a loss of 1,418 million yen in the first quarter of 2024.

(Corporates Business)

In the corporates business, which provides products and services to corporations, the acquisition of new advertising orders fell short of expectations. However, profitability improved due to a reduced cost ratio in consignment sales projects for corporate clients and reduced delivery costs in outsourced logistics services. Consolidated sales in the corporates business decreased 3.3% YoY to 881 million yen in the first quarter of 2025. Operating profit increased 137.8% YoY to 48 million yen.

(Insurance Business)

This business provides support, mainly to Belle Maison members, for choosing the most suitable insurance policies. Consolidated sales increased 41.4% YoY to 124 million yen in the first quarter of 2025 and operating profit increased 177.2% YoY to 66 million yen.

(Others)

Consolidated sales in other businesses, which include the childcare support business, increased 10.8% YoY to 470 million yen in the first quarter of 2025. Operating profit increased 7.8% YoY to 79 million yen.

(2) Financial Position

(Balance sheet position)

Assets totaled 28,759 million yen at the end of the first quarter of 2025, an increase of 2,978 million yen from the end of 2024.

Current assets increased 3,127 million yen to 17,254 million yen. The factors included an increase of 3,159 million yen in cash and deposits. Non-current assets decreased 149 million yen to 11,505 million yen. The factors included decreases of 5 million yen in property, plant and equipment, 35 million yen in intangible assets and 109 million yen in investments and other assets.

Current liabilities increased 4,405 million yen to 14,509 million yen. The factors included an increase of 4,500 million yen in short-term borrowings. Non-current liabilities decreased 118 million yen to 2,115 million yen. The main factors included a decrease of 130 million yen in long-term borrowings.

Net assets decreased 1,308 million yen to 12,135 million yen. The factors included booking of loss attributable to owners of parent of 1,138 million yen. As a result, the equity ratio was 42.2%.

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

The consolidated forecasts for the current fiscal year (January 1–December 31, 2025), announced on February 13, 2025, is based on the Revitalization Plan (2025–2027). As it will take time to thoroughly implement reforms and establish the profit model, we will continue to focus on driving these initiatives throughout fiscal 2025, with the goal of returning to profitability in fiscal 2026. The Senshukai Group is advancing efforts in three key areas: fundamentally reforming the mail-order and online shopping business; expanding business using mail-order and online shopping assets; and developing new revenue streams. Business performance is expected to progress largely in line with initial projections.

For more information, please refer to “Notice of Sale of Non-current Assets and Recording of Extraordinary Income and Revisions to Full-Year Consolidated Forecasts” (Japanese version only) that was announced on March 28, 2025.

(4) Important Matters Regarding Going Concern Assumption, Etc.

The Senshukai Group recorded a significant operating loss and loss attributable to owners of parent for three consecutive years in 2024. In the first quarter of 2025, 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. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Going Concern Assumption).”

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

	(Millions of yen)	
	Fiscal Year 2024 (As of Dec. 31, 2024)	1Q 2025 (As of Mar. 31, 2025)
Assets		
Current assets		
Cash and deposits	2,654	5,813
Notes and accounts receivable-trade, and contract assets	1,203	1,134
Merchandise and finished goods	5,272	6,169
Accounts receivable-other	3,823	3,186
Other	1,235	1,013
Allowance for doubtful accounts	(63)	(63)
Total current assets	14,126	17,254
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,524	3,516
Land	5,402	5,402
Other, net	140	141
Total property, plant and equipment	9,067	9,061
Intangible assets		
Other	703	668
Total intangible assets	703	668
Investments and other assets		
Investment securities	1,096	989
Other	788	785
Allowance for doubtful accounts	(0)	-
Total investments and other assets	1,884	1,775
Total non-current assets	11,654	11,505
Total assets	25,781	28,759

	(Millions of yen)	
	Fiscal Year 2024 (As of Dec. 31, 2024)	1Q 2025 (As of Mar. 31, 2025)
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	3,278	2,466
Accounts payable-trade	1,822	2,129
Short-term borrowings	620	5,121
Accounts payable-other	21	15
Contract liabilities	482	468
Provision for sales promotion expenses	-	3
Provision for bonuses	35	249
Provision for loss on business closure	90	74
Other	3,750	3,978
Total current liabilities	10,103	14,509
Non-current liabilities		
Long-term borrowings	2,063	1,933
Retirement benefit liability	5	5
Other	164	176
Total non-current liabilities	2,233	2,115
Total liabilities	12,337	16,624
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	30,084	30,084
Retained earnings	(12,549)	(13,688)
Treasury shares	(2,954)	(2,954)
Total shareholders' equity	14,680	13,542
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18	16
Deferred gains or losses on hedges	144	3
Revaluation reserve for land	(1,516)	(1,516)
Foreign currency translation adjustment	124	98
Total accumulated other comprehensive income	(1,229)	(1,398)
Non-controlling interests	(7)	(8)
Total net assets	13,444	12,135
Total liabilities and net assets	25,781	28,759

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the Three-month Period)

	(Millions of yen)	
	1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)
Net sales	10,340	9,826
Cost of sales	5,053	4,769
Gross profit	5,286	5,057
Selling, general and administrative expenses	6,586	6,086
Operating loss	(1,299)	(1,029)
Non-operating income		
Interest and dividend income	1	0
Share of profit of entities accounted for using equity method	1	14
Gain on adjustment of accounts payable	53	41
Refunded tax	-	23
Other	73	26
Total non-operating income	129	106
Non-operating expenses		
Interest expenses	10	32
Foreign exchange losses	57	26
Commission expenses	95	2
Other	0	11
Total non-operating expenses	163	72
Ordinary loss	(1,333)	(994)
Extraordinary income		
Gain on sale of investment securities	352	-
Total extraordinary income	352	-
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	0
Impairment losses	-	46
Total extraordinary losses	0	46
Loss before income taxes	(981)	(1,041)
Income taxes	(27)	97
Loss	(953)	(1,139)
Loss attributable to non-controlling interests	(2)	(1)
Loss attributable to owners of parent	(950)	(1,138)

(Quarterly Consolidated Statement of Comprehensive Income)
(For the Three-month Period)

	(Millions of yen)	
	1Q 2024	1Q 2025
	(Jan. 1, 2024 – Mar. 31, 2024)	(Jan. 1, 2025 – Mar. 31, 2025)
Loss	(953)	(1,139)
Other comprehensive income		
Valuation difference on available-for-sale securities	(289)	(2)
Deferred gains or losses on hedges	68	(140)
Foreign currency translation adjustment	11	(17)
Share of other comprehensive income of entities accounted for using equity method	8	(8)
Total other comprehensive income	(201)	(169)
Comprehensive income	(1,154)	(1,308)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,151)	(1,307)
Comprehensive income attributable to non-controlling interests	(2)	(1)

(3) Notes to Quarterly Consolidated Financial Statements**(Changes in Accounting Policies)**

(Application of Accounting Standard for Current Income Taxes)

Senshukai has applied the “Accounting Standard for Current Income Taxes, etc.” (Accounting Standard Board of Japan (“ASBJ”) Statement No. 27, October 28, 2022, “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022) and “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, October 28, 2022) from the beginning of the first quarter of the current fiscal year. There is no impact of this change on the quarterly consolidated financial statements.

(Application of Special Accounting Methods for Presenting Quarterly 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 1Q 2024 (Jan. 1, 2024 – Mar. 31, 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 quarterly consolidated statement of income (Note 2)
	Mail-order and online shopping business	Corporates business	Insurance business	Sub-total				
Net sales								
Sales to customers	8,917	911	87	9,916	424	10,340	-	10,340
Inter-segment sales or transfers	42	18	-	60	0	61	(61)	-
Total	8,959	929	87	9,977	424	10,401	(61)	10,340
Segment profit (loss)	(1,418)	20	23	(1,374)	74	(1,299)	-	(1,299)

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 quarterly consolidated statement of income.

II 1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)

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 quarterly consolidated statement of income (Note 2)
	Mail-order and online shopping business	Corporates business	Insurance business	Sub-total				
Net sales								
Sales to customers	8,350	881	124	9,356	470	9,826	-	9,826
Inter-segment sales or transfers	48	44	-	93	0	93	(93)	-
Total	8,399	926	124	9,450	470	9,920	(93)	9,826
Segment profit (loss)	(1,223)	48	66	(1,108)	79	(1,029)	-	(1,029)

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 quarterly 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 Changes in Shareholders' Equity)

Not applicable.

(Going Concern Assumption)

The Senshukai Group recorded a significant operating loss and loss attributable to owners of parent for three consecutive years in 2024. In the first quarter of 2025, 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. To address this situation, the Group has formulated a Revitalization Plan (2025–2027) and will implement the following measures to improve results of operations.

<Measures to improve results of operations>

Building on our strengths in idea generation, planning, and proposals; product development and procurement; customer assets; and brand trust and reliability, we will implement improvement measures based on three key strategies.

A. Fundamentally reforming the mail-order and online shopping business

1) Clarify targets

Reorganize business domains by generation

2) Improve product appeal

Conducting highly precise product development based on marketing insights by clearly defining core targets.

3) Build a detailed merchandizing approach tailored to customers of each generation

Realizing a situation where fresh and highly relatable products and sales environments can be offered throughout the year.

B. Expanding business using mail-order and online shopping assets

1) Maximize sales potential

Building touchpoints with customers by developing external malls and physical stores to increase sales and profits.

2) Enhance BtoB

Diversifying the revenue base through insurance, shareholder benefits, advertising, and corporate commissions.

3) Strengthen relationships with existing clients and business partners

Expanding the scale of business, including gifts and wholesale, with a focus on utilizing business partners' channels and deepening cooperation.

C. Developing new revenue streams

1) Childcare support

Developing new measures that combine existing businesses such as mail-order and online shopping with the childcare support business to create new revenue streams.

2) Develop and expand the ethical promotion business

Developing business plans in the ethical domain to generate and expand revenue.

3) Expand overseas

Expanding sales regions beyond China and increasing revenue by broadening the range of product categories.

Regarding funds, as of the end of the first quarter of 2025, the Group possessed cash and deposits totaling 5,813 million yen. We have set up a special overdraft agreement of 5,500 million yen (with an expiry date of February 2, 2026) as an overdraft facility. With regard to the commitment line agreement, although the contract term expired on March 31, 2025, the Senshukai Group borrowed 4,500 million yen on January 9, 2025, with a repayment due date of July 9, 2025, and the outstanding loan balance as of the end of the first quarter of 2025 is 4,500 million yen. The loan is scheduled to be repaid in July 2025 through the generation of funds, including proceeds from the sale of real estate, as announced on March 28, 2025. We will continue to work closely with financial institutions to ensure support can be obtained should further assistance, such as the renewal of special overdraft agreements, become necessary.

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 further support from financial institutions be required.

Furthermore, the 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 fiscal 2026. 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.

(Notes on Quarterly Consolidated Statement of Cash Flows)

The Quarterly Consolidated Statement of Cash Flows for 1Q 2025 have not been prepared. Depreciation (includes amortization expenses related to intangible assets) for 1Q of each fiscal year are as follows.

	(Millions of yen)	
	1Q 2024 (Jan. 1, 2024 – Mar. 31, 2024)	1Q 2025 (Jan. 1, 2025 – Mar. 31, 2025)
Depreciation	177	162

(Notes on Significant Changes in the Scope of Consolidation)

In the first quarter of 2025, Belle Maison Logisco Co., Ltd., an equity-method affiliate, was included in the scope of consolidation as a result of the acquisition of all shares of Belle Maison Logisco, and making this company a consolidated subsidiary.

** 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 accepted in Japan, for the convenience of readers who prefer an English translation.*