

Summary of Financial Results for the Fiscal Year 2025 (Ended December 31, 2025)

[Japanese GAAP]

February 13, 2026

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Scheduled date of annual general meeting of shareholders: March 26, 2026

Scheduled date of payment of dividend: -

Scheduled date of filing of Annual Security Report: March 25, 2026

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 Fiscal Year 2025 (January 1, 2025 – December 31, 2025)

(1) Consolidated operating results

(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	%
Fiscal Year 2025	42,071	(8.3)	(2,588)	-	(2,737)	-	3,940	-
Fiscal Year 2024	45,859	-	(3,459)	-	(3,909)	-	(3,616)	-

Note: Comprehensive income (millions of yen) Fiscal Year 2025: 3,881 (-%) Fiscal Year 2024: (3,792) (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal Year 2025	84.23	-	26.1	(10.6)	(6.2)
Fiscal Year 2024	(77.31)	-	(23.5)	(13.6)	(7.5)

Reference: Equity in earnings (losses) of affiliates (millions of yen) Fiscal Year 2025: 35 Fiscal Year 2024: 59

Note: All figures for 2024 incorporate changes in accounting policies and year-on-year changes are omitted.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year 2025	26,149	17,037	65.2	364.22
Fiscal Year 2024	25,484	13,147	51.6	281.22

Reference: Shareholders' equity (millions of yen) Fiscal Year 2025: 17,037 Fiscal Year 2024: 13,154

Note: All figures for the fiscal year 2024 incorporate changes in accounting policies.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year 2025	(3,075)	9,854	(2,511)	6,937
Fiscal Year 2024	(3,459)	297	(710)	2,654

2. Dividends

	Dividend per share					Total dividends (total)	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year 2024	-	0.00	-	0.00	0.00	-	-	-
Fiscal Year 2025	-	0.00	-	0.00	0.00	-	-	-
Fiscal Year 2026 (forecasts)	-	0.00	-	-	-			

Note: Year-end dividend for fiscal year 2026 (forecasts) has yet to be determined.

3. Consolidated Outlook for Fiscal Year 2026 (January 1, 2026 – December 31, 2026)

(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 2026	45,000	7.0	200	-	200	-	100	(97.5)	2.14

*** Notes**

(1) Significant changes in scope of consolidation during the period: Yes

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

Excluded: 2 (Senshukai Make Co- Inc., WellServe Co., Ltd.,)

Note: Please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Significant Changes in the Scope of Consolidation)” on page 14 for further information.

(2) 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: Yes

3) Changes in accounting-based estimates: Yes

4) Restatements: None

Note: Please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 13, and “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Estimates)” on page 14 for further information.

(3) Number of shares outstanding (common shares)

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

Fiscal Year 2025: 52,056,993 shares Fiscal Year 2024: 52,056,993 shares

2) Number of treasury shares at the end of the period

Fiscal Year 2025: 5,280,829 shares Fiscal Year 2024: 5,280,756 shares

3) Average number of shares outstanding during the period

Fiscal Year 2025: 46,776,201 shares Fiscal Year 2024: 46,778,872 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for Fiscal Year 2025 (January 1, 2025 – December 31, 2025)

(1) Non-consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year 2025	39,142	(9.2)	(2,781)	-	(2,752)	-	4,314	-
Fiscal Year 2024	43,121	-	(3,523)	-	(3,903)	-	(3,575)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal Year 2025	92.25	-
Fiscal Year 2024	(76.43)	-

Note: All figures for 2024 incorporate changes in accounting policies and year-on-year changes are omitted.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year 2025	24,880	16,549	66.5	353.81
Fiscal Year 2024	24,125	12,302	51.0	263.00

Reference: Shareholders' equity (millions of yen) Fiscal Year 2025: 16,549 Fiscal Year 2024: 12,302

* This financial report is not subject to audit 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 4, “1. Overview of Results of Operations, (5) Outlook.”

How to view supplementary information at the financial results meeting

A video of the meeting for the presentation of the financial results for 2025 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

Starting with the beginning of 2025, Senshukai changed its accounting method for unused catalog gift certificates and its accounting policy for sales promotion expenses, and is conducting comparative analyses using retroactively adjusted figures.

(1) Results of Operations

Overview

In 2025 (January 1 to December 31), the Japanese economy showed some positive signs, including rising wages and a recovery in capital investment. However, concerns remain over the uncertain economic outlook, as ongoing geopolitical risks and persistent inflationary pressure from the weakening yen continue to weigh on corporate profits and personal consumption.

In this business environment, the Senshukai Group has been steadily advancing measures for reforming business structure and restoring business performance, based on the Revitalization Plan (2025–2027) announced on February 13, 2025. As a result, net sales decreased 8.3% YoY to 42,071 million yen and the operating loss was 2,588 million yen (compared with an operating loss of 3,459 million yen in 2024), indicating a narrowing of the loss. Ordinary loss was 2,737 million yen (compared with a loss of 3,909 million yen in 2024) and profit attributable to owners of parent was 3,940 million yen due to a recording of gain on sale of non-current assets (compared with a loss of 3,616 million yen in 2024). We will continue to advance structural reforms based on the Revitalization Plan and work toward returning to profitability in the next fiscal year. We will also continue our efforts to enhance corporate value over the medium- to long-term.

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 implemented the Revitalization Plan by reorganizing business domains around clearly defined target customer segments by generation and by reviewing and discontinuing unprofitable products. We also shifted from a catalog-based model to an e-commerce-focused business model, and optimized our e-commerce sites and catalogs to better align with target customer segments. As a result of these structural reforms, revenue declined; however, operating losses narrowed due to profit improvement initiatives, and we made steady progress in building a solid earnings base with a view to returning to profitability in the next fiscal year. As a result, consolidated sales in the mail-order and online shopping business decreased 9.9% YoY to 35,989 million yen in 2025. There was an operating loss of 3,082 million yen compared with a loss of 3,933 million yen in 2024.

(Corporates Business)

In the corporates business, which provides products and services to corporations, outsourced logistics services and products for shareholder benefit programs performed well. Consolidated sales in the corporates business increased 2.4% YoY to 4,007 million yen in 2025. Operating profit increased 56.9% YoY to 253 million yen.

(Insurance Business)

This business provides customers with support for choosing the most suitable insurance policies. The number of new contracts from conventional channels such as wedding venues has declined, and while we are working to develop corporate insurance, maternity hospitals, and other new sales channels, these efforts have yet to fully offset the decrease. Consolidated sales decreased 23.8% YoY to 390 million yen in 2025 and operating profit decreased 45.8% YoY to 142 million yen.

(Others)

In the other businesses, which include the childcare support business, the child care business is performing well. As a result, consolidated sales increased 12.2% YoY to 1,684 million yen in 2025. Operating profit increased 100.8% YoY to 96 million yen.

(2) Financial Position

Assets totaled 26,149 million yen at the end of 2025, an increase of 664 million yen from the end of 2024.

Current assets increased by 3,727 million yen to 17,557 million yen. The factors included an increase of 4,283 million yen in cash and deposits. Non-current assets decreased by 3,063 million yen to 8,591 million yen. The factors included decreases of 2,015 million yen in property, plant and equipment, 694 million yen in investments and other assets and 353 million yen in intangible assets.

Current liabilities decreased 1,297 million yen to 8,805 million yen. The factors included decreases of 969 million yen in electronically recorded obligations-operating and 420 million yen in short-term borrowings. Non-current liabilities decreased by 1,927 million yen to 306 million yen. The main factors included a decrease of 1,963 million yen in long-term borrowings.

Net assets increased by 3,889 million yen to 17,037 million yen. The factors included booking of profit attributable to owners of parent of 3,940 million yen. As a result, the equity ratio was 65.2%.

(3) Cash Flows

The balance of cash and cash equivalents at the end of 2025 was 6,937 million yen, an increase of 4,283 million yen from the end of 2024.

Operating activities used net cash of 3,075 million yen (net cash used of 3,459 million yen in 2024). The main cash inflows include a profit before income taxes of 3,999 million yen. The main cash outflows include loss (gain) on sale and retirement of non-current assets of 7,053 million yen and a decrease in trade payables of 891 million yen.

Investing activities provided net cash of 9,854 million yen (net cash provided of 297 million yen in 2024). The main cash inflows include proceeds from sales of property, plant and equipment of 9,503 million yen. The main cash outflows include 288 million yen for purchase of property, plant and equipment and 185 million yen for the purchase of intangible assets.

Financing activities used net cash of 2,511 million yen (net cash used of 710 million yen in 2024). The main cash outflows were repayments of long-term borrowings of 2,365 million yen.

Cash flow indices

	Fiscal Year 2023 (As of Dec. 31, 2023)	Fiscal Year 2024 (As of Dec. 31, 2024)	Fiscal Year 2025 (As of Dec. 31, 2025)
Equity ratio (%)	54.3	51.6	65.2
Equity ratio based on fair value (%)	55.3	52.3	36.7
Ratio of interest-bearing debt to cash flows (years)	-	-	-
Interest coverage ratio (times)	-	-	-

Notes: 1. Cash flow indices are calculated, using consolidated financial figures, as follows:

The equity ratio is shareholders' equity divided by total assets.

The equity ratio based on fair value is market capitalization divided by total assets.

The ratio of interest-bearing debt to cash flows is interest-bearing debt divided by the amount of operating cash flows.

The interest coverage ratio is operating cash flows divided by interest payments.

2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares issued and outstanding at the end of the period, excluding treasury shares.

3. Interest-bearing debt includes short-term borrowings, long-term borrowings, and lease obligations shown on the consolidated balance sheet.

4. Operating cash flows and interest payments represent net cash provided by (used in) operating activities and interest expenses paid, respectively, on the consolidated statement of cash flows.

5. Ratio of interest-bearing debt to cash flows and interest coverage ratio are not shown because operating cash flows were negative.

(4) Basic Policy Regarding Distribution of Earnings and Dividends in the Current and Next Fiscal Years

Our group's basic policy is to strengthen the management base while securing retained earnings as a source of investment for sustainable growth, and to maintain stable dividends while providing appropriate shareholder returns in line with business performance.

With regard to the distribution of profits to shareholders, we have decided to discontinue the shareholder benefit program previously in place and to consolidate returns into direct cash dividends, thereby providing a fair distribution based on the number of shares held. Going forward, we will strive to provide continuous shareholder returns while comprehensively taking into account our consolidated performance and financial position.

Regrettably, no dividend has been allocated for 2025. Although profit attributable to owners of parent was positive due to the recording of extraordinary income on sales of non-current assets, an operating loss was recorded, reflecting the lack of profitability in the company's core business.

Regarding dividends for the next fiscal year, we anticipate a return to profitability through business restructuring. However, achieving this plan depends largely on meeting profit targets in the fourth quarter, and we will need to assess the progress made during that period to confirm final profitability. As such, no interim dividend will be paid, and the year-end dividend has yet to be determined.

With regard to dividends, a decision will be made after carefully assessing full-year performance trends—including the fourth quarter—as well as our financial position. The entire group will work together to improve profitability and strengthen our financial base with the aim of resuming dividends at the earliest opportunity, and we will make a prompt announcement once we are in a position to do so.

(5) Outlook

Consolidated	(Millions of yen)			
	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal Year 2026 (forecast)	45,000	200	200	100
Fiscal Year 2025 (results)	42,071	(2,588)	(2,737)	3,940
Change (%)	7.0	-	-	(97.5)

Regarding the outlook for fiscal year 2026, the second year of the Revitalization Plan (2025–2027), we will leverage the business foundation established in the current fiscal year to drive solid results. We have revised net sales forecast for the second year of the plan from 46,000 million yen to 45,000 million yen, reflecting a reassessment of the timing at which initiatives associated with the fundamental reform of our mail-order and online shopping business will deliver their full impact. In line with this revision, the operating profit target has been lowered from 300 million yen to 200 million yen. Nevertheless, with profitability improving through the full-scale rollout of our e-commerce-focused business model and the refinement of target-specific strategies, and with cost structure reforms also progressing steadily, we are confident in achieving a return to profitability. The targets for the final year of the Revitalization Plan (fiscal 2027) remain unchanged, with net sales of 50,000 million yen and operating profit of 1,600 million yen. For details on specific initiatives and progress, please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Going Concern Assumption).”

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

The Senshukai Group recorded a significant operating loss for four consecutive years in 2025. These circumstances raise significant doubts about the Group's ability to continue as a going concern.

For further details regarding the going-concern assumption, please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Going Concern Assumption).”

2. Basic Approach for the Selection of Accounting Standards

The Senshukai Group has a policy of preparing its consolidated financial statements using Japanese GAAP for the time being to facilitate comparisons with prior-year performance and the performance of other companies in Japan.

We will take suitable actions with regard to the application of the International Financial Reporting Standards (IFRS) by taking into account trends in our industry peers in Japan and associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal Year 2024 (As of Dec. 31, 2024)	Fiscal Year 2025 (As of Dec. 31, 2025)
Assets		
Current assets		
Cash and deposits	2,654	6,937
Notes receivable-trade	84	68
Accounts receivable-trade	1,119	965
Merchandise and finished goods	5,272	5,553
Supplies	202	173
Accounts receivable-other	3,823	3,357
Other	736	547
Allowance for doubtful accounts	(63)	(46)
Total current assets	13,829	17,557
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,053	15,726
Accumulated depreciation	(16,529)	(12,974)
Buildings and structures, net	3,524	2,751
Machinery, equipment and vehicles	6,311	6,226
Accumulated depreciation	(6,251)	(6,185)
Machinery, equipment and vehicles, net	59	40
Tools, furniture and fixtures	755	646
Accumulated depreciation	(675)	(604)
Tools, furniture and fixtures, net	80	42
Land	5,402	4,118
Lease assets	-	4
Accumulated depreciation	-	(0)
Lease assets, net	-	3
Construction in progress	0	95
Total property, plant and equipment	9,067	7,051
Intangible assets		
Other	703	350
Total intangible assets	703	350
Investments and other assets		
Investment securities	1,096	342
Leasehold and guarantee deposits	404	531
Deferred tax assets	32	40
Other, net	350	275
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,884	1,190
Total non-current assets	11,654	8,591
Total assets	25,484	26,149

	(Millions of yen)	
	Fiscal Year 2024 (As of Dec. 31, 2024)	Fiscal Year 2025 (As of Dec. 31, 2025)
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	3,278	2,309
Accounts payable-trade	1,822	1,951
Short-term borrowings	620	200
Lease liabilities	22	3
Accounts payable-other	2,505	2,157
Accrued expenses	564	675
Income taxes payable	21	20
Accrued consumption taxes	93	642
Contract liabilities	482	455
Provision for sales promotion expenses	-	15
Provision for bonuses	35	68
Provision for loss on business closure	90	-
Other	564	305
Total current liabilities	10,103	8,805
Non-current liabilities		
Long-term borrowings	2,063	100
Lease liabilities	2	3
Deferred tax liabilities	14	-
Retirement benefit liability	5	6
Asset retirement obligations	125	174
Other	21	22
Total non-current liabilities	2,233	306
Total liabilities	12,337	9,111
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	30,084	30,084
Retained earnings	(12,846)	(9,298)
Treasury shares	(2,954)	(2,954)
Total shareholders' equity	14,383	17,931
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18	-
Deferred gains or losses on hedges	144	95
Revaluation reserve for land	(1,516)	(1,124)
Foreign currency translation adjustment	124	133
Total accumulated other comprehensive income	(1,229)	(894)
Non-controlling interests	(7)	-
Total net assets	13,147	17,037
Total liabilities and net assets	25,484	26,149

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

	(Millions of yen)	
	Fiscal Year 2024 (Jan. 1, 2024 – Dec. 31, 2024)	Fiscal Year 2025 (Jan. 1, 2025 – Dec. 31, 2025)
Net sales	45,859	42,071
Cost of sales	22,357	20,738
Gross profit	23,501	21,332
Selling, general and administrative expenses		
Freight and packing costs	3,877	3,428
Sales commission	2,434	1,746
Promotion expenses	5,407	4,443
Provision for allowance for sales promotion expenses	-	15
Provision of allowance for doubtful accounts	50	35
Remuneration for directors (and other officers)	173	180
Salaries and allowances	3,784	4,653
Bonuses	571	679
Provision for bonuses	35	68
Retirement benefit expenses	289	279
Commission expenses	3,746	3,591
Depreciation	725	555
Other	5,864	4,243
Total selling, general and administrative expenses	26,961	23,921
Operating loss	(3,459)	(2,588)
Non-operating income		
Interest and dividend income	6	5
Share of profit of entities accounted for using equity method	59	35
Provision for loss on office closing	12	24
Refunded tax	-	23
Miscellaneous income	52	44
Total non-operating income	131	133
Non-operating expenses		
Interest expenses	52	83
Foreign exchange losses	77	44
Commission expenses	115	4
Extra retirement payments	131	125
Miscellaneous losses	204	25
Total non-operating expenses	581	282
Ordinary loss	(3,909)	(2,737)
Extraordinary income		
Gain on sale of non-current assets	0	7,054
Other	549	37
Total extraordinary income	549	7,091
Extraordinary losses		
Loss on sale and retirement of non-current assets	6	0
Impairment losses	235	352
Other	24	1
Total extraordinary losses	266	354
Profit (loss) before income taxes	(3,626)	3,999
Income taxes-current	42	27
Income taxes-deferred	(40)	32
Total income taxes	2	59
Profit (loss)	(3,628)	3,939
Loss attributable to non-controlling interests	(12)	(0)
Profit (loss) attributable to owners of parent	(3,616)	3,940

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal Year 2024 (Jan. 1, 2024 – Dec. 31, 2024)	Fiscal Year 2025 (Jan. 1, 2025 – Dec. 31, 2025)
Profit (loss)	(3,628)	3,939
Other comprehensive income		
Valuation difference on available-for-sale securities	(283)	(18)
Deferred gains or losses on hedges	72	(48)
Foreign currency translation adjustment	31	11
Share of other comprehensive income of entities accounted for using equity method	15	(1)
Total other comprehensive income	(163)	(57)
Comprehensive income	(3,792)	3,881
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,780)	3,882
Comprehensive income attributable to non-controlling interests	(12)	(0)

(3) Consolidated Statement of Changes in Equity

Fiscal Year 2024 (Jan. 1, 2024 – Dec. 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	30,084	(8,891)	(2,953)	18,339
Cumulative effects of changes in accounting policies			(339)		(339)
Restated balance	100	30,084	(9,230)	(2,953)	18,000
Changes during period					
Loss attributable to owners of parent			(3,616)		(3,616)
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(3,616)	(0)	(3,616)
Balance at end of period	100	30,084	(12,846)	(2,954)	14,383

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	302	71	(1,516)	77	(1,065)	5	17,279
Cumulative effects of changes in accounting policies							(339)
Restated balance	302	71	(1,516)	77	(1,065)	5	16,940
Changes during period							
Loss attributable to owners of parent							(3,616)
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	(283)	72	-	46	(163)	(12)	(176)
Total changes during period	(283)	72	-	46	(163)	(12)	(3,792)
Balance at end of period	18	144	(1,516)	124	(1,229)	(7)	13,147

Fiscal Year 2025 (Jan. 1, 2025 – Dec. 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	30,084	(12,846)	(2,954)	14,383
Changes during period					
Profit attributable to owners of parent			3,940		3,940
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			(391)		(391)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,548	(0)	3,548
Balance at end of period	100	30,084	(9,298)	(2,954)	17,931

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	18	144	(1,516)	124	(1,229)	(7)	13,147
Changes during period							
Profit attributable to owners of parent							3,940
Purchase of treasury shares							(0)
Reversal of revaluation reserve for land							(391)
Net changes in items other than shareholders' equity	(18)	(48)	391	9	334	7	341
Total changes during period	(18)	(48)	391	9	334	7	3,889
Balance at end of period	-	95	(1,124)	133	(894)	-	17,037

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal Year 2024 (Jan. 1, 2024 – Dec. 31, 2024)	Fiscal Year 2025 (Jan. 1, 2025 – Dec. 31, 2025)
Cash flows from operating activities		
Profit (loss) before income taxes	(3,626)	3,999
Depreciation	726	555
Impairment losses	235	352
Increase (decrease) in allowance for doubtful accounts	(22)	(16)
Increase (decrease) in provision for bonuses	2	(3)
Increase (decrease) in provision for sales promotion expenses	-	15
Increase (decrease) in provision for loss on office closing	(79)	(90)
Interest and dividend income	(6)	(5)
Interest expenses	52	83
Share of loss (profit) of entities accounted for using equity method	(59)	(35)
Loss (gain) on sale and retirement of non-current assets	5	(7,053)
Decrease (increase) in trade receivables	368	324
Decrease (increase) in inventories	735	(280)
Decrease (increase) in other current assets	(28)	756
Increase (decrease) in trade payables	(781)	(891)
Increase (decrease) in contract liabilities	(144)	(27)
Increase (decrease) in other current liabilities	(312)	(525)
Other, net	(505)	(81)
Subtotal	(3,441)	(2,924)
Interest and dividends received	30	5
Interest paid	(52)	(82)
Income taxes refund (paid)	4	(74)
Net cash provided by (used in) operating activities	(3,459)	(3,075)
Cash flows from investing activities		
Purchase of property, plant and equipment	(297)	(288)
Proceeds from sale of property, plant and equipment	3	9,503
Purchase of intangible assets	(155)	(185)
Proceeds from sale of investment securities	688	281
Proceeds from sale of shares of subsidiaries and associates	0	405
Purchase of shares of subsidiaries and associates	-	(25)
Proceeds from sale of shares of subsidiaries and associates	-	249
Other, net	57	(86)
Net cash provided by (used in) investing activities	297	9,854
Cash flows from financing activities		
Proceeds from long-term borrowings	9	-
Repayments of long-term borrowings	(620)	(2,365)
Dividends paid	(0)	(71)
Repayments to non-controlling shareholders	-	(6)
Repayments of installment payables	(76)	(44)
Other, net	(22)	(23)
Net cash provided by (used in) financing activities	(710)	(2,511)
Effect of exchange rate change on cash and cash equivalents	44	16
Net increase (decrease) in cash and cash equivalents	(3,827)	4,283
Cash and cash equivalents at beginning of period	6,481	2,654
Cash and cash equivalents at end of period	2,654	6,937

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

The Senshukai Group recorded a significant operating loss for four consecutive years in 2025. 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 is implementing 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 are implementing improvement measures based on three key strategies.

Progress report

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

By clarifying its targets and reorganizing business domains by generation, we have driven the shift from a catalog-based business model to one centered on e-commerce as the primary battleground.

Targeted initiatives, including social media promotions aimed at child-rearing households and catalog campaigns for senior customers, have proven effective, and we are seeing early signs of success. We will continue to focus on testing and refinement to establish a sustainable revenue model while pursuing overall optimization across segments, including our core target audience. In addition, we have advanced the development of a framework to enable agile product launches in line with seasonal and market trends. With the completion of foundational business process reforms, operations have now commenced. Going forward, we will leverage these capabilities to deliver tangible results.

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

The Group is using e-commerce malls and physical stores to maximize its sales potential, while diversifying its revenue base by strengthening B-to-B operations in areas including insurance and corporate commissions. Sales through our stores on e-commerce malls and at physical stores increased, while our logistics outsourcing and shareholder benefit fulfillment services also performed steadily. Going forward, we will focus on further growth in our e-commerce mall stores, physical stores, and corporate outsourcing businesses, while expanding into new insurance seminar offerings and broadening our wholesale distribution channels, with the aim of expanding our business scale and securing stable earnings.

C. Developing new revenue streams

To secure new revenue streams, we are exploring new initiatives through collaboration with the childcare support business, developing and expanding our ethical promotion business, and driving our overseas expansion. We also undertook initiatives in a new business area focused on IP (intellectual property).

In particular, we achieved solid results in acquiring new customer segments through the development of original products leveraging popular content and integrated event and e-commerce sales. Going forward, we aim to achieve early commercialization and contribute to earnings by expanding collaborations with leading IP holders. In addition, we will continue to evaluate the business potential of childcare support initiatives, ethical initiatives, and overseas expansion from a medium- to long-term perspective.

Regarding funds, as of the end of 2025, the Group possessed cash and deposits totaling 6,937 million yen. Borrowings decreased from 2,600 million yen at the end of 2024 to 300 million yen at the end of 2025, following repayment using proceeds from the sale of real estate. Regarding future funding plans, we will carefully assess the progress of the Revitalization Plan and consider various measures to secure financing

from diverse sources. We will also maintain close coordination with financial institutions to ensure that we can respond promptly should additional funding be required.

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 various financing measures and any additional support from financial institutions are yet to be determined.

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 the medium- to long-term, we strive to become a company that is long cherished by customers and meets the expectations of all stakeholders.

(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) from the beginning of the current fiscal year. There is no impact of this change on the consolidated financial statements.

For the revision concerning the change in the treatment in the consolidated financial statements of the tax deferral of gains or losses on sales of shares of subsidiaries, etc. between consolidated companies, Senshukai has applied the Guidance on Accounting Standard for Tax Effect Accounting from the beginning of the current fiscal year. This change has been applied retrospectively and the fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement. This change in accounting policies has no effect on the fiscal year consolidated financial statements for the previous fiscal year.

(Change in Accounting Method for Unused Catalog Gift Certificates)

Regarding catalog gift certificates issued by Senshukai, we incur a performance obligation to deliver products to customers in the future at the time of sale of catalog gifts, and recognize revenue when the catalog gift certificates are redeemed by customers.

Previously, unused portions of catalog gift certificates were recorded under non-operating income as a gain on adjustment of accounts payable. Starting with the beginning of the current fiscal year, they are now recorded as revenue. This change was made after a reexamination of the actual nature of transactions related to catalog gifts, which concluded that even unused portions should be recognized as revenue arising from contracts with customers. The revision was implemented to more appropriately reflect the substance of these transactions.

This change has been applied retrospectively and the fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement.

As a result, net sales for the previous fiscal year increased 258 million yen and operating loss decreased 246 million yen compared to those before the retrospective application.

(Change in Accounting Policy for Sales Promotion Expenses)

In the Senshukai Group’s mail-order and online shopping business, catalog-related expenses, classified within sales promotion expenses and associated with sales in subsequent periods, were previously recorded as prepaid expenses under “Other” in current assets. Starting with the beginning of the current fiscal year, these expenses are now recognized at the time of catalog distribution.

This change was made because the Group has been facing management challenges in responding to trends under its catalog-based seasonal merchandising cycle. In its Revitalization Plan (2025–2027), the Group has set a policy to introduce new products outside the catalog’s seasonal cycle. The Group has determined that this change will more appropriately reflect its operating results.

This change has been applied retrospectively and the fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement.

As a result, supplies, other current assets and retained earnings for the previous fiscal year increased 74 million yen, decreased 371 million yen and 296 million yen, respectively, and operating loss, ordinary loss and loss before income taxes for the previous fiscal year decreased 42 million yen each compared to those before the retrospective application.

(Changes in Accounting Estimates)

(Contract Liabilities and Provision for Sales Promotion Expenses)

After a certain period had passed since the system replacement and sufficient data on reward points had been accumulated, it became possible to more reasonably estimate the number of points expected to be redeemed in the future. Accordingly, starting with the beginning of the current fiscal year, Senshukai has adopted an estimation method based on this data.

As a result, net sales for the current fiscal year decreased 186 million yen, selling, general and administrative expenses increased 39 million yen, and operating loss and ordinary loss increased 225 million yen each, and profit before income taxes decreased 225 million yen, compared to those with the previous accounting method.

(Significant Changes in the Scope of Consolidation)

In 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.

In addition, Senshukai Make Co- Inc. and WellServe Co., Ltd., which were consolidated subsidiaries, were excluded from the scope of consolidation as a result of liquidation and sales of all shares, respectively.

(Segment Information)

1. Overview of reportable segment

Segments used for financial reporting are Senshukai's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Senshukai Group primarily operates the mail-order and online shopping business, corporates business and insurance business, and Senshukai and its group companies manage each of these businesses according to these classifications.

Therefore, the Group, comprised of these different business segments, has three reportable segments: the mail-order and online shopping business, corporates business and insurance business.

The mail-order and online shopping business is engaged in mail-order sales via a variety of media centered on the Internet and catalogs. The corporates business uses Senshukai's infrastructure to provide solutions services and promotional services targeting mail-order companies and e-commerce businesses. The insurance business provides insurance services primarily to Belle Maison members.

2. Calculation methods for sales, profit or loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements" in the annual securities report.

Profits (loss) for reportable segments are generally operating profit (loss) figures.

Inter-segment sales or transfers are based on market prices.

(Changes in Accounting Policies)

As described in Notes (Changes in Accounting Policies), Senshukai has revised the accounting method for unused catalog gift certificates and the accounting policy for sales promotion expenses from the beginning of 2025. Accordingly, the segment information for 2024 has also been reclassified. These revisions increased net sales by 258 million yen and decreased operating loss by 288 million yen in the mail-order and online shopping business.

3. Information related to sales and profit or loss, assets, and other items for each reportable segment

Fiscal Year 2024 (Jan. 1, 2024 – Dec. 31, 2024)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Mail-order and online shopping business	Corporates business	Insurance business	Sub-total				
Net sales								
Sales to customers	39,933	3,912	512	44,358	1,500	45,859	-	45,859
Inter-segment sales or transfers	231	44	-	275	0	276	(276)	-
Total	40,164	3,956	512	44,634	1,501	46,135	(276)	45,859
Segment profit (loss)	(3,933)	161	263	(3,508)	48	(3,459)	-	(3,459)
Segment assets	14,140	2,401	42	16,583	785	17,369	8,114	25,484
Other items								
Depreciation	682	20	-	703	22	726	-	726
Share of profit of entities accounted for using equity method	23	-	-	23	-	23	35	59
Investment in equity-method affiliates	506	-	-	506	-	506	102	609
Increase in property, plant and equipment and intangible assets	199	192	-	392	1	393	31	425

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

2. Adjustments are as follows.

(1) The adjustment to segment assets includes an elimination for inter-segment transactions and corporate assets that are not allocated to any of the reportable segments.

(2) The 35 million yen adjustment to share of profit of entities accounted for using equity method represents the portion not allocated to any of the reportable segments.

(3) The 102 million yen adjustment to investment in equity-method affiliates represents the portion not allocated to any of the reportable segments.

(4) The 31 million yen adjustment to increase in property, plant and equipment and intangible assets is the sum of corporate assets that are not allocated to any of the reportable segments.

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

Fiscal Year 2025 (Jan. 1, 2025 – Dec. 31, 2025)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Mail-order and online shopping business	Corporates business	Insurance business	Sub-total				
Net sales								
Sales to customers	35,989	4,007	390	40,386	1,684	42,071	-	42,071
Inter-segment sales or transfers	228	180	-	409	0	409	(409)	-
Total	36,218	4,187	390	40,796	1,684	42,480	(409)	42,071
Segment profit (loss)	(3,082)	253	142	(2,685)	96	(2,588)	-	(2,588)
Segment assets	13,617	2,144	51	15,813	939	16,752	9,396	26,149
Other items								
Depreciation	506	25	-	532	23	555	-	555
Share of profit of entities accounted for using equity method	35	-	-	35	-	35	-	35
Investment in equity-method affiliates	147	-	-	147	-	147	-	147
Increase in property, plant and equipment and intangible assets	183	39	-	222	101	324	101	426

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

2. Adjustments are as follows.

- (1) The adjustment to segment assets includes an elimination for inter-segment transactions and corporate assets that are not allocated to any of the reportable segments.
- (2) The 101 million yen adjustment to increase in property, plant and equipment and intangible assets is the sum of corporate assets that are not allocated to any of the reportable segments.

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

(Per Share Information)

(Yen)

	Fiscal Year 2024 (Jan. 1, 2024 – Dec. 31, 2024)	Fiscal Year 2025 (Jan. 1, 2025 – Dec. 31, 2025)
Net assets per share	281.22	364.22
Net income (loss) per share	(77.31)	84.23

Notes: 1. Diluted net income per share in 2024 is not presented since Senshukai has no outstanding dilutive securities, and posted a net loss. Diluted net income per share in 2025 is not presented since Senshukai has no outstanding dilutive securities.

2. All figures for the fiscal year 2024 incorporate changes in accounting policies.

3. Basis for calculation of net income (loss) per share is as follows.

(Millions of yen)

	Fiscal Year 2024 (Jan. 1, 2024 – Dec. 31, 2024)	Fiscal Year 2025 (Jan. 1, 2025 – Dec. 31, 2025)
Profit (loss) attributable to owners of parent	(3,616)	3,940
Amounts unavailable to common shareholders	-	-
Profit (loss) attributable to owners of parent related to common stock	(3,616)	3,940
Average number of common stock outstanding during the period (thousand shares)	46,778	46,776

* 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.