Summary of Financial Results for the Second Quarter of Fiscal Year 2025
(Six Months Ended June 30, 2025)

[Japanese GAAP]

August 6, 2025

Company name: **SENSHUKAI CO.,LTD.** Stock exchange: Tokyo Stock Exchange
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Scheduled date of filing of Semi-annual Report: August 7, 2025
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 2025 (January 1, 2025 – June 30, 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	%
2Q 2025	21,273	(6.2)	(1,346)	-	(1,484)	-	(1,920)	-
2Q 2024	22,668	-	(1,924)	-	(2,046)	-	(1,451)	-

Note: Comprehensive income (millions of yen) 2Q 2025: (2,214) (-%) 2Q 2024: (1,528) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q 2025	(41.06)	-
2Q 2024	(31.02)	-

Note: All figures for 2Q 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
2Q 2025	27,112	11,019	40.7	235.75
Fiscal Year 2024	25,484	13,147	51.6	281.22

Reference: Shareholders' equity (millions of yen) 2Q 2025: 11,027 Fiscal Year 2024: 13,154
Note: All figures for the fiscal year 2024 incorporate changes in accounting policies.

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	-	0.00			
Fiscal Year 2025 (forecasts)			-	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) Significant changes in scope of consolidation during the period: Yes

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

Note: Please refer to "2. Interim Consolidated Financial Statements and Notes, (4) Notes to Interim Consolidated Financial Statements (Significant Changes in the Scope of Consolidation)" on page 13 for further information.

(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: 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 "2. Interim Consolidated Financial Statements and Notes, (4) Notes to Interim Consolidated Financial Statements (Changes in Accounting Policies)" on page 9, and "2. Interim Consolidated Financial Statements and Notes, (4) Notes to Interim Consolidated Financial Statements (Changes in Accounting Estimates)" on page 10 for further information.

(4) Number of shares outstanding (common shares)

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

2Q 2025:	52,056,993 shares	Fiscal Year 2024:	52,056,993 shares

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

2Q 2025:	5,280,777 shares	Fiscal Year 2024:	5,280,756 shares

3) Average number of shares outstanding during the period

2Q 2025:	46,776,219 shares	2Q 2024:	46,781,549 shares

* 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 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.

Contents of Attachments

1. Overview of Results of Operations

Beginning from the first half 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

In the first half of 2025 (January 1 to June 30), the Japanese economy showed a gradual recovery trend. However, the outlook remains uncertain due to persistent geopolitical risks and the impact of U.S. trade policies, which have heightened concerns over an economic downturn. Additionally, ongoing price hikes are affecting personal consumption and posing a risk of downward pressure on the economy.

In this business environment, the Senshukai Group is advancing initiatives based on the Revitalization Plan (2025–2027) announced on February 13, which aims to restore business performance. As a result, while net sales in the first half of 2025 decreased 6.2% YoY to 21,273 million yen, operating loss was 1,346 million yen (compared with a loss of 1,924 million yen in the first half of 2024), and ordinary loss was 1,484 million yen (compared with a loss of 2,046 million yen in the first half of 2024). Loss attributable to owners of parent was 1,920 million yen (compared with a loss of 1,451 million yen in the first half 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 implementing measures for reorganizing business domains by generation and optimizing the products and marketing provided to our core targets. Although net sales declined year on year due in part to the planned discontinuation and revision of unprofitable goods, initiatives to raise awareness of key summer products such as “Salalist” achieved some measure of success, and sales from stores on e-commerce malls exceeded those of the previous first half. In addition, efforts to improve the efficiency of order acquisition costs contributed to improved profitability. As a result, consolidated sales in the mail-order and online shopping business decreased 7.6% YoY to 18,326 million yen in the first half of 2025. There was an operating loss of 1,639 million yen compared with a loss of 2,116 million yen in the first half of 2024.

(Corporates Business)

In the corporates business, which provides products and services to corporations, advertising orders fell short of expectations. However, outsourced logistics services performed well. Consolidated sales in the corporates business increased 1.0% YoY to 1,831 million yen in the first half of 2025. Operating profit increased 130.8% YoY to 101 million yen.

(Insurance Business)

This business provides support, mainly to Belle Maison members, for choosing the most suitable insurance policies. Consolidated sales decreased 2.7% YoY to 213 million yen in the first half of 2025 and operating profit increased 4.8% YoY to 92 million yen.

(Others)

Consolidated sales in other businesses, which include the childcare support business, increased 12.3% YoY to 901 million yen in the first half of 2025. Operating profit increased 65.6% YoY to 98 million yen.

(2) Financial Position

(Balance sheet position)

Assets totaled 27,112 million yen at the end of the second quarter of 2025, an increase of 1,627 million yen from the end of 2024.

Current assets increased 2,141 million yen to 15,970 million yen. The factors included an increase of 3,481 million yen in cash and deposits. Non-current assets decreased 513 million yen to 11,141 million yen. The factors included decreases of 336 million yen in intangible assets, 115 million yen in investments and other assets and 61 million yen in property, plant and equipment.

Current liabilities increased 4,020 million yen to 14,124 million yen. The factors included an increase of 4,500 million yen in short-term borrowings. Non-current liabilities decreased 265 million yen to 1,968 million yen. The main factors included a decrease of 310 million yen in long-term borrowings.

Net assets decreased 2,127 million yen to 11,019 million yen. The factors included booking of loss attributable to owners of parent of 1,920 million yen. As a result, the equity ratio was 40.7%.

(Cash flow position)

The balance of cash and cash equivalents at the end of the second quarter of 2025 was 6,135 million yen, an increase of 3,481 million yen from the end of 2024.

Operating activities used net cash of 1,555 million yen (net cash used of 2,330 million yen in the same period of 2024). The main cash inflows include a decrease in other current liabilities of 1,560 million yen. The main cash outflows include loss before income taxes of 1,792 million yen and a decrease in other current liabilities of 980 million yen and a decrease in trade payables of 891 million yen.

Investing activities provided net cash of 1,003 million yen (net cash provided of 441 million yen in the same period of 2024). The main cash inflows include proceeds from earnest related sales of property, plant and equipment of 946 million yen. The main cash outflows include 144 million yen for purchase of property, plant and equipment and 82 million yen for the purchase of intangible assets.

Financing activities provided net cash of 4,068 million yen (net cash used of 350 million yen in the same period of 2024). The main cash outflows were a net increase in short-term borrowings of 4,500 million yen.

(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 half 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. Interim Consolidated Financial Statements and Notes, (4) Notes to Interim Consolidated Financial Statements (Going Concern Assumption)."

2. Interim Consolidated Financial Statements and Notes

(1) Interim Consolidated Balance Sheet

(Millions of yen)

	Fiscal Year 2024 (As of Dec. 31, 2024)	2Q 2025 (As of Jun. 30, 2025)
Assets		
Current assets		
Cash and deposits	2,654	6,135
Notes and accounts receivable-trade, and contract assets	1,203	1,165
Merchandise and finished goods	5,272	5,617
Accounts receivable-other	3,823	2,600
Other	938	503
Allowance for doubtful accounts	(63)	(50)
Total current assets	13,829	15,970
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,524	3,504
Land	5,402	5,402
Other, net	140	98
Total property, plant and equipment	9,067	9,005
Intangible assets		
Other	703	366
Total intangible assets	703	366
Investments and other assets		
Investment securities	1,096	994
Other	788	774
Allowance for doubtful accounts	(0)	-
Total investments and other assets	1,884	1,768
Total non-current assets	11,654	11,141
Total assets	25,484	27,112

(Millions of yen)

	Fiscal Year 2024 (As of Dec. 31, 2024)	2Q 2025 (As of Jun. 30, 2025)
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	3,278	2,924
Accounts payable-trade	1,822	1,376
Short-term borrowings	620	5,121
Accounts payable-other	21	28
Contract liabilities	482	551
Provision for sales promotion expenses	-	20
Provision for bonuses	35	99
Provision for loss on business closure	90	143
Other	3,750	3,857
Total current liabilities	10,103	14,124
Non-current liabilities		
Long-term borrowings	2,063	1,753
Retirement benefit liability	5	5
Other	164	209
Total non-current liabilities	2,233	1,968
Total liabilities	12,337	16,092
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	30,084	30,084
Retained earnings	(12,846)	(14,767)
Treasury shares	(2,954)	(2,954)
Total shareholders' equity	14,383	12,462
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18	16
Deferred gains or losses on hedges	144	(22)
Revaluation reserve for land	(1,516)	(1,516)
Foreign currency translation adjustment	124	87
Total accumulated other comprehensive income	(1,229)	(1,435)
Non-controlling interests	(7)	(7)
Total net assets	13,147	11,019
Total liabilities and net assets	25,484	27,112

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

(Interim Consolidated Statement of Income)

(Millions of yen)

	2Q 2024 (Jan. 1, 2024 – Jun. 30, 2024)	2Q 2025 (Jan. 1, 2025 – Jun. 30, 2025)
Net sales	22,668	21,273
Cost of sales	10,691	10,183
Gross profit	11,976	11,089
Selling, general and administrative expenses	13,901	12,435
Operating loss	(1,924)	(1,346)
Non-operating income		
Interest and dividend income	5	3
Share of profit of entities accounted for using equity method	22	24
Reversal of provision for loss on business closure	52	24
Refunded tax	-	23
Other	42	32
Total non-operating income	122	109
Non-operating expenses		
Interest expenses	20	82
Foreign exchange losses	112	20
Commission expenses	103	4
Provision for loss on office closing	-	127
Other	7	12
Total non-operating expenses	244	247
Ordinary loss	(2,046)	(1,484)
Extraordinary income		
Gain on sale of investment securities	549	-
Total extraordinary income	549	-
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	0
Impairment losses	0	307
Other	-	0
Total extraordinary losses	0	307
Loss before income taxes	(1,497)	(1,792)
Income taxes	(41)	128
Loss	(1,456)	(1,921)
Loss attributable to non-controlling interests	(4)	(0)
Loss attributable to owners of parent	(1,451)	(1,920)

(Interim Consolidated Statement of Comprehensive Income)

(Millions of yen)

	2Q 2024 (Jan. 1, 2024 – Jun. 30, 2024)	2Q 2025 (Jan. 1, 2025 – Jun. 30, 2025)
Loss	(1,456)	(1,921)
Other comprehensive income		
Valuation difference on available-for-sale securities	(289)	(2)
Deferred gains or losses on hedges	163	(166)
Foreign currency translation adjustment	34	(152)
Share of other comprehensive income of entities accounted for using equity method	17	28
Total other comprehensive income	(72)	(293)
Comprehensive income	(1,528)	(2,214)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,523)	(2,214)
Comprehensive income attributable to non-controlling interests	(4)	(0)

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	2Q 2024 (Jan. 1, 2024 – Jun. 30, 2024)	2Q 2025 (Jan. 1, 2025 – Jun. 30, 2025)
Cash flows from operating activities		
Loss before income taxes	(1,497)	(1,792)
Depreciation	356	326
Impairment losses	0	307
Increase (decrease) in allowance for doubtful accounts	(17)	(13)
Increase (decrease) in provision for bonuses	22	26
Increase (decrease) in provision for sales promotion expenses	-	20
Increase (decrease) in provision for loss on office closing	(73)	52
Interest and dividend income	(5)	(3)
Interest expenses	20	82
Share of loss (profit) of entities accounted for using equity method	(22)	(24)
Loss (gain) on sale and retirement of non-current assets	0	0
Loss (gain) on sale of investment securities	(549)	0
Decrease (increase) in trade receivables	360	222
Decrease (increase) in inventories	(360)	(344)
Decrease (increase) in other current assets	1,017	1,560
Increase (decrease) in trade payables	(816)	(891)
Increase (decrease) in contract liabilities	(56)	69
Increase (decrease) in other current liabilities	(655)	(980)
Other, net	(76)	(109)
Subtotal	(2,351)	(1,491)
Interest and dividends received	28	3
Interest paid	(21)	(21)
Income taxes refund (paid)	13	(46)
Net cash provided by (used in) operating activities	(2,330)	(1,555)
Cash flows from investing activities		
Purchase of property, plant and equipment	(196)	(144)
Purchase of intangible assets	(134)	(82)
Proceeds from earnest related sales of property, plant and equipment	-	946
Proceeds from sale of investment securities	688	0
Proceeds from sale of shares of subsidiaries and associates	-	249
Other, net	83	33
Net cash provided by (used in) investing activities	441	1,003
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	4,500
Proceeds from long-term borrowings	9	-
Repayments of long-term borrowings	(310)	(310)
Dividends paid	(0)	(71)
Repayments of installment payables	(38)	(38)
Other, net	(11)	(11)
Net cash provided by (used in) financing activities	(350)	4,068
Effect of exchange rate change on cash and cash equivalents	54	(35)
Net increase (decrease) in cash and cash equivalents	(2,184)	3,481
Cash and cash equivalents at beginning of period	6,481	2,654
Cash and cash equivalents at end of period	4,296	6,135

(4) Notes to Interim 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) from the beginning of the first half of the current fiscal year. There is no impact of this change on the interim 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 Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the first half of the current fiscal year. This change has been applied retrospectively and the interim and 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 interim and 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, but under the revised policy, they are now recorded as sales 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 interim and fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement.

As a result, profit for the first half of the previous fiscal year increased 122 million yen and operating loss decreased 116 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 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. Beginning with the first half 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 interim and fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement.

As a result, other current assets and retained earnings for the previous fiscal year decreased 296 million yen each and operating loss, ordinary profit and loss before income taxes for the first half of the current fiscal year increased 39 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, effective from the first half of the current fiscal year, Senshukai has adopted an estimation method based on this data.

As a result, net sales for the first half of the current fiscal year decreased 136 million yen, selling, general and administrative expenses increased 33 million yen, and operating loss, ordinary loss and loss before income taxes increased 169 million yen each, compared to those with the previous accounting method.

(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 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	19,832	1,812	219	21,865	803	22,668	-	22,668
Inter-segment sales or transfers	98	33	-	132	0	132	(132)	-
Total	19,931	1,846	219	21,997	803	22,801	(132)	22,668
Segment profit (loss)	(2,116)	44	88	(1,983)	59	(1,924)	-	(1,924)

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 2025 (Jan. 1, 2025 – Jun. 30, 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 interim consolidated statement of income (Note 2)
	Mail-order and online shopping business	Corporates business	Insurance business	Sub-total				
Net sales								
Sales to customers	18,326	1,831	213	20,371	901	21,273	-	21,273
Inter-segment sales or transfers	106	89	-	196	0	196	(196)	-
Total	18,432	1,921	213	20,567	902	21,469	(196)	21,273
Segment profit (loss)	(1,639)	101	92	(1,444)	98	(1,346)	-	(1,346)

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

(Significant impairment losses related to non-current assets)

(Millions of yen)

	Reportable segment			Sub-total	Others	Elimination or corporate (Note)	Total
	Mail-order and online shopping business	Corporates business	Insurance business				
Impairment loss	14	34	-	48	6	251	307

Note: The amount in “Elimination or corporate” pertains to corporate assets.

3. Information related to revisions for reportable segments

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 first half of 2025. Accordingly, the segment information for the first half of 2024 has also been reclassified. The effect of these revisions was to increase net sales by 122 million yen and to decrease segment loss by 76 million yen in the mail-order and online shopping business.

(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 half 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 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, the Group is developing business strategies and merchandising measures for each core target while building a system that enables it to offer appropriate products to customers of each generation at appropriate sales points based on marketing insights. From the third quarter onward, the Group will implement full-scale product development and marketing initiatives aligned with these core target strategies, restructure Belle Maison Net, renew catalogs, and review product lineups, thereby advancing reforms aimed at restoring performance in our mail-order and online business.

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

To maximize our sales potential, the Group is placing greater emphasis than in the previous fiscal year on e-commerce malls and physical stores, while diversifying its revenue base by strengthening B-to-B operations in areas including insurance, shareholder benefits, advertising, and corporate commissions. In particular, physical stores and B-to-B corporate commissions are performing well. Additionally, from the third quarter onward, the Group will focus on implementing new services such as gift offerings at e-commerce malls, strengthening B-to-B insurance seminars, and broadening wholesale sales channels.

C. Developing new revenue streams

In order to secure new revenue streams to support the Group's future, we are exploring business opportunities in childcare support, ethical promotion, and overseas expansion. In the childcare support business, we have emphasized inclusivity for persons with disabilities and developed a policy for initiatives aimed at assessing the potential for product development. In the ethical promotion business, we are reexamining replacement business plans following the termination of "kimawari fashion," a home pick-up purchasing service for unwanted clothing, scheduled for the third quarter. Meanwhile, we continue to examine strategies to expand overseas sales channels.

Regarding funds, as of the end of the first half of 2025, the Group possessed cash and deposits totaling 6,135 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 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 half of 2025 is 4,500 million yen. With respect to borrowings, as described in "2. Interim Consolidated Financial Statements and Notes, (4) Notes to Interim Consolidated Financial Statements (Significant Subsequent Events)," the proceeds from the real estate sale announced on March 28, 2025, were used to fully repay the 4,500-million-yen commitment line agreement on July 1, 2025. Additionally, the long-term loan from Sumitomo Mitsui Banking Corporation, which had a balance of 1,955 million yen as of the end of June, was also fully repaid on the same day. As of July 1, 2025, the outstanding loan balance stood at 419 million yen. In addition, the overdraft agreement was renewed as a special overdraft facility of 3,000 million yen (expiring on February 2, 2026), considering the cash position following the sale of real estate and other factors. With regard to future funding plans, the Group is considering various measures to properly assess the progress of the Revitalization Plan and to secure funding through multiple channels. The Group will maintain close coordination with financial institutions and others in order to respond to additional funding when 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 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 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 the Scope of Consolidation)

In the first half 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.

(Significant Subsequent Events)

(Significant Transfer of Assets)

In accordance with a resolution of the Board of Directors' meeting held on March 28, 2025, Senshukai signed a real estate sale agreement for its land and building and completed the transfer on July 1, 2025.

1. Reason for transfer

Senshukai has transferred its non-current assets in order to improve its working environment, increase asset efficiency, and ensure financial soundness. Following the transfer, Senshukai will continue operating at the same location under a lease (sale and leaseback) agreement with the transferee for up to two years.

2. Overview of the transferee

The transferee, and transfer price and book value of assets will not be disclosed due to the transferee's request. There are no capital, personnel, or business relationships between Senshukai and the transferee. Furthermore, the transferee does not fall under the category of Senshukai's related parties.

3. Details of the asset transferred

Name of the asset:	Business Center, SENSHUKAI CO.,LTD.
Location:	1-6-23 Doushin, Kita-ku, Osaka, Osaka prefecture
Land:	Area 2,790.74m^2
Building:	Floor area 11,570.18m^2
Use before transfer:	Use as the Senshukai's Osaka Head Office

4. Effect on results of operations

Senshukai expects to record a gain on sales of non-current assets of 7,054 million yen as extraordinary income in 2025.

(Early Repayment of Borrowings)

As stated in "Significant transfer of assets" above, Senshukai completed the transfer of its land and building on July 1, 2025. On July 1, 2025, Senshukai made an early repayment of a portion of the borrowings listed below.

1. Reason for early repayment

Senshukai secured a certain amount of repayment funds through a transfer agreement for its land and building. To strengthen its financial position and reduce interest expenses, Senshukai made an early repayment on a portion of its borrowings based on the commitment line agreement and long-term borrowings.

2. Overview of borrowings subject to the early repayment

i) Borrowings based on the commitment line agreement

Lenders:	Four counterparty financial institutions
Amount borrowed:	4,500 million yen
Borrowing date:	January 9, 2025
Repayment deadline:	July 9, 2025
Collateral:	Real estate

ii) Long-term borrowings

Lenders:	Sumitomo Mitsui Banking Corporation
Repayments of borrowings:	1,955 million yen
Borrowing date:	January 13, 2015
Repayment deadline:	January 15, 2030
Collateral:	Real estate

3. Details of early repayment

(1) Repayment date

July 1, 2025

(2) Repayment amount

i) Borrowings based on the commitment line agreement

Lenders:	Four counterparty financial institutions
Balance before repayment:	4,500 million yen
Repayment amount:	4,500 million yen
Balance after repayment:	-

ii) Long-term borrowings

Lenders:	Sumitomo Mitsui Banking Corporation
Balance before repayment:	1,955 million yen
Repayment amount:	1,955 million yen
Balance after repayment:	-

4. Status of borrowings, etc. after early repayment

(Millions of yen)

	Balance before early repayment	Balance after early repayment	Difference
Short-term borrowings	4,500	-	(4,500)
Current portion of long-term borrowings	621	201	(420)
Long-term borrowings	1,753	218	(1,535)
Total	6,874	419	(6,455)

5. Estimated reduction in interest payments due to early repayment

67 million yen

** 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.*