

## Summary of Financial Results for the First Quarter of Fiscal Year 2021 (Three Months Ended March 31, 2021)

[Japanese GAAP]

April 30, 2021

Company name: **SENSHUKAI CO.,LTD.** Stock exchange: Tokyo Stock Exchange, First Section  
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 Scheduled date of filing of Quarterly Report: May 14, 2021  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None

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

### 1. Consolidated Financial Results for the 1st Quarter of 2021 (January 1, 2021 – March 31, 2021)

#### (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 2021	18,655	(6.0)	(388)	-	(373)	-	(290)	-
1Q 2020	19,850	(5.3)	(1,001)	-	(1,782)	-	(1,722)	-

Note: Comprehensive income (millions of yen) 1Q 2021: 89 (-%) 1Q 2020: (1,907) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q 2021	(6.32)	-
1Q 2020	(44.09)	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1Q 2021	53,731	32,177	59.9	700.96
Fiscal Year 2020	63,933	32,088	50.2	699.01

Reference: Shareholders' equity (millions of yen) 1Q 2021: 32,177 Fiscal Year 2020: 32,088

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal Year 2020	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal Year 2021	-	-	-	-	-
Fiscal Year 2021 (forecasts)	-	3.00	-	4.00	7.00

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

### 3. Consolidated Outlook for Fiscal Year 2021 (January 1, 2021 – December 31, 2021)

(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 2021	76,000	(8.7)	1,000	-	1,100	-	1,150	-	25.05

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

**\* Notes**

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

Excluded: 3 (Dears Brain Inc., PLANETWORK CO., LTD., WONDERSTAGE Co., Ltd.)

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Significant Subsidiaries during the Period)” on page 9 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 9 for further information.

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

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

1Q 2021:	52,056,993 shares	Fiscal Year 2020:	52,056,993 shares
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2) Number of treasury shares at the end of the period

1Q 2021:	6,151,722 shares	Fiscal Year 2020:	6,151,627 shares
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3) Average number of shares outstanding during the period

1Q 2021:	45,905,333 shares	1Q 2020:	40,191,545 shares
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\* This quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* 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 4, “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements.”

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter (January 1 to March 31) of 2021, the business environment remained severe due to restrictions on economic activity and sluggish personal consumption caused by the resurgence of COVID-19. The lifting of the second emergency declaration led to a gradual resumption of economic activity, but priority measures to prevent the spread of the infection are still being implemented in some areas, and, with a third declaration of a state of emergency issued in April 2021, the outlook continues to be uncertain.

In Japan's retail industry, "out-of-home consumption," which involves visiting stores, continues to face a difficult situation. On the other hand, mail-order sales are growing steadily due to the increase in "stay-at-home consumption." We assume that such changes in consumer values and consumption behavior will not be merely transient or temporary, but irreversible.

In Japan's wedding industry, the situation remains challenging. Although couples who had postponed their wedding receptions are now using our services more, business has not recovered to the pre-pandemic level due to the increasing consumer awareness of issues such as avoiding eating and drinking in large groups.

In such a business environment, sales and earnings increased in the mail-order and online shopping business due to continued use by members of our service following the rebuilding of the customer base in the previous year. However, the decrease in sales and earnings in the bridal business had a significant impact. Net sales in the first quarter of 2021 were down 6.0% year-over-year to 18,655 million yen. There was an operating loss of 388 million yen compared with an operating loss of 1,001 million yen in the first quarter of 2020. Ordinary loss was 373 million yen compared with a loss of 1,782 million yen in the first quarter of 2020. The loss attributable to owners of parent was 290 million yen compared with a loss of 1,722 million yen in the first quarter of 2020.

Business segment performance was as follows.

From the first quarter of 2021, the credit card business, which was formerly included in the insurance and credit card business segment, has been reclassified and included in the mail-order and online shopping business segment for better coordination to the mail-order and online shopping business. In line with this change, the insurance and credit card business segment has been renamed as the "insurance business" segment. Prior-year segment information has been revised to incorporate this new segment to permit comparisons.

#### (Mail-order and Online Shopping Business)

Consolidated sales in the mail-order and online shopping business, which is primarily the catalog and the Internet businesses, increased 5.2% year-over-year to 15,337 million yen in the first quarter. There was an operating profit of 531 million yen compared with a loss of 635 million yen in the first quarter of 2020.

In the first quarter of 2021, the Group continued to propose new lifestyles from the customer's point of view in response to the "stay-at-home consumption" due to the spread of the COVID-19 pandemic. We also developed sales promotion strategies by utilizing the customer base that we rebuilt in the previous year. In addition, sales and earnings increased due to the improvement in gross profit margins resulting from the implementation of ongoing operational reforms.

#### (Bridal Business)

Consolidated sales in the bridal business, centered on the house wedding business, decreased 51.3% year-over-year to 1,733 million yen. There was an operating loss of 1,045 million yen compared with a loss of 505 million yen in the first quarter of 2020.

The big downturns in sales and earnings compared with the first quarter of 2020 were caused by wedding and reception postponements and the suspension of most sales activities because of COVID-19.

Consolidated subsidiaries Dears Brain Inc. and PLANETWORK CO., LTD., and WONDERSTAGE Co., Ltd., a

wholly owned subsidiary of Dears Brain and a sub-subsidiary of Senshukai, were excluded from the scope of consolidation following the sales of all shares of Dears Brain and PLANETWORK on March 31, 2021. For details, please refer to “Notice of Change in Consolidated Subsidiaries (Transfer of Shares) and Revisions to Consolidated Outlook” released on March 23, 2021 (Japanese version only).

(Corporates Business)

Consolidated sales in the corporates business, which provides products and services to corporations, decreased 10.0% year-over-year to 1,065 million yen. Operating profit decreased 1.0% to 109 million yen.

Segment sales and earnings decreased as a result of a decline in sales of services to deliver appropriate direct mails and other messages to members of the mail-order and online shopping business.

(Insurance Business)

This business provides support, mainly to Belle Maison members, for choosing the most suitable insurance policies. Consolidated sales decreased 10.4% year-over-year to 71 million yen and operating profit decreased 44.2% to 13 million yen.

(Others)

Consolidated sales in other businesses, which include childcare support business and manufacturing and sales of cosmetics, increased 0.4% year-over-year to 447 million yen. Operating profit decreased 37.2% to 3 million yen.

## **(2) Explanation of Financial Position**

(Balance sheet position)

Consolidated subsidiaries Dears Brain Inc. and PLANETWORK CO., LTD., and WONDERSTAGE Co., Ltd., a wholly owned subsidiary of Dears Brain and a sub-subsidiary of Senshukai, were excluded from the scope of consolidation following the sales of all shares of Dears Brain and PLANETWORK at the end of the first quarter of 2021.

Main reason for the following decrease in non-current assets, short-term borrowings, long-term borrowings is the effect of the exclusion of these subsidiaries from the consolidation.

Assets totaled 53,731 million yen at the end of the first quarter of 2021, a decrease of 10,202 million yen from the end of 2020.

Current assets decreased 73 million yen to 37,539 million yen. The factors included decreases of 945 million yen in notes and accounts receivable-trade, and 847 million yen in accounts receivable-other, while there were increases of 985 million yen in merchandise and finished goods, and 614 million yen in other. Non-current assets decreased 10,128 million yen to 16,192 million yen. The factors included decreases of 8,094 million yen in property, plant and equipment, 860 million yen in intangible assets and 1,173 million yen in investments and other assets.

Current liabilities decreased 3,412 million yen to 17,918 million yen. The factors included decreases of 2,874 million yen in other and 583 million yen in short-term borrowings. Non-current liabilities decreased 6,879 million yen to 3,635 million yen. The main factor was a decrease of 5,445 million yen in long-term borrowings.

Net assets increased 89 million yen to 32,177 million yen. The factors included booking of loss attributable to owners of parent of 290 million yen, and increases of 234 million yen in deferred gains or losses on hedges, 74 million yen in valuation difference on available-for-sale securities, and 70 million yen in foreign currency translation adjustment. As a result, the equity ratio was 59.9%.

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

Although the consolidated forecast for 2021 remains uncertain due to the impact of the resurgence of the COVID-19 cases, the performance of the mail-order and online shopping business, which is becoming increasingly important to society as a lifestyle infrastructure, is expected to be generally in line with the initial outlook. We remain firmly dedicated to contributing to society by fulfilling our duty as a retail company that provides support to consumers by supplying merchandise and new ideas that match the needs of our customers.

For details, please refer to “Notice of Change in Consolidated Subsidiaries (Transfer of Shares) and Revisions to Consolidated Outlook” released on March 23, 2021 (Japanese version only).

Approximately 200 million yen in gain on sales of shares of subsidiaries and associates was assumed in the consolidated outlook announced on March 23, 2021. Since the book value of the stocks of subsidiaries and associates at the time of sale was higher than expected due to better-than-expected performance of the subsidiaries and associates, there was a loss on sales of shares of subsidiaries and associates of 9 million yen. There is no revision to the consolidated outlook.

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

(Millions of yen)

	Fiscal Year 2020 (As of Dec. 31, 2020)	1Q 2021 (As of Mar. 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	19,592	19,689
Notes and accounts receivable-trade	3,695	2,749
Merchandise and finished goods	7,173	8,159
Accounts receivable-other	5,529	4,681
Other	1,750	2,365
Allowance for doubtful accounts	(129)	(106)
<b>Total current assets</b>	<b>37,612</b>	<b>37,539</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,641	4,205
Land	6,809	5,524
Other, net	726	351
<b>Total property, plant and equipment</b>	<b>18,176</b>	<b>10,082</b>
Intangible assets		
Goodwill	1,203	-
Other	1,954	2,297
<b>Total intangible assets</b>	<b>3,158</b>	<b>2,297</b>
Investments and other assets		
Investment securities	2,102	2,431
Other	3,004	1,501
Allowance for doubtful accounts	(120)	(119)
<b>Total investments and other assets</b>	<b>4,986</b>	<b>3,813</b>
<b>Total non-current assets</b>	<b>26,321</b>	<b>16,192</b>
<b>Total assets</b>	<b>63,933</b>	<b>53,731</b>

	(Millions of yen)	
	Fiscal Year 2020 (As of Dec. 31, 2020)	1Q 2021 (As of Mar. 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Electronically recorded obligations-operating	6,185	6,120
Accounts payable-trade	3,620	3,776
Short-term borrowings	3,263	2,680
Income taxes payable	52	7
Provision for sales promotion expenses	216	226
Provision for bonuses	194	184
Other	7,797	4,922
<b>Total current liabilities</b>	<b>21,330</b>	<b>17,918</b>
<b>Non-current liabilities</b>		
Long-term borrowings	8,845	3,400
Retirement benefit liability	5	5
Other	1,664	230
<b>Total non-current liabilities</b>	<b>10,514</b>	<b>3,635</b>
<b>Total liabilities</b>	<b>31,845</b>	<b>21,554</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	100	100
Capital surplus	30,264	30,264
Retained earnings	6,768	6,477
Treasury shares	(3,525)	(3,525)
<b>Total shareholders' equity</b>	<b>33,606</b>	<b>33,316</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	195	269
Deferred gains or losses on hedges	(78)	156
Revaluation reserve for land	(1,516)	(1,516)
Foreign currency translation adjustment	(118)	(47)
<b>Total accumulated other comprehensive income</b>	<b>(1,518)</b>	<b>(1,138)</b>
<b>Total net assets</b>	<b>32,088</b>	<b>32,177</b>
<b>Total liabilities and net assets</b>	<b>63,933</b>	<b>53,731</b>

**(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 2020 (Jan. 1, 2020 – Mar. 31, 2020)	1Q 2021 (Jan. 1, 2021 – Mar. 31, 2021)
Net sales	19,850	18,655
Cost of sales	10,092	9,268
Gross profit	9,758	9,386
Selling, general and administrative expenses	10,759	9,774
Operating loss	(1,001)	(388)
Non-operating income		
Interest income	5	4
Dividend income	9	1
Gain on adjustment of account payable	56	19
Subsidy income	0	163
Other	84	62
Total non-operating income	157	252
Non-operating expenses		
Interest expenses	29	39
Share of loss of entities accounted for using equity method	841	35
Commission expenses	7	138
Other	60	24
Total non-operating expenses	938	238
Ordinary loss	(1,782)	(373)
Extraordinary income		
Subsidy income	18	-
Total extraordinary income	18	-
Extraordinary losses		
Loss on sales and retirement of non-current assets	2	0
Loss on tax purpose reduction entry of non-current assets	18	-
Impairment loss	0	-
Loss on sales of shares of subsidiaries and associates	-	9
Loss on disaster	16	-
Loss on change in equity	-	26
Total extraordinary losses	39	36
Loss before income taxes	(1,802)	(409)
Income taxes	(80)	(119)
Loss	(1,722)	(290)
Loss attributable to owners of parent	(1,722)	(290)

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

(Millions of yen)

	1Q 2020 (Jan. 1, 2020 – Mar. 31, 2020)	1Q 2021 (Jan. 1, 2021 – Mar. 31, 2021)
Loss	(1,722)	(290)
Other comprehensive income		
Valuation difference on available-for-sale securities	(168)	73
Deferred gains or losses on hedges	(18)	213
Foreign currency translation adjustment	4	(6)
Share of other comprehensive income of entities accounted for using equity method	(2)	99
Total other comprehensive income	(185)	379
Comprehensive income	(1,907)	89
Comprehensive income attributable to Comprehensive income attributable to owners of parent	(1,907)	89

**(3) Notes to Quarterly Consolidated Financial Statements****(Going Concern Assumption)**

Not applicable.

**(Significant Changes in Shareholders' Equity)**

Not applicable.

**(Changes in Significant Subsidiaries during the Period)**

Significant subsidiaries Dears Brain Inc. and PLANETWORK CO., LTD., and WONDERSTAGE Co., Ltd., a wholly owned subsidiary of Dears Brain and a sub-subsidiary of Senshukai, were excluded from the scope of consolidation following the sales of all shares of Dears Brain and PLANETWORK at the end of the first quarter of 2021.

**(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.

**(Additional Information)**

(Application of tax effect accounting associated with the transition from the consolidated taxation system to the group tax sharing system)

Senshukai and its consolidated subsidiaries are transitioning to the group tax sharing system that was created by the Act on Partial Amendments to the Income Tax Act, etc. (Act No. 8 of 2020) and, in conjunction with this transition, has reexamined items concerning the non-consolidated taxation system. With respect to this transition and reexamination, Senshukai and its consolidated subsidiaries have not used the provisions of Paragraph 44 of Implementation Guidance on Tax Effect Accounting (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) in accordance with the treatment in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ Practical Issues Task Force (PITF) No. 39, March 31, 2020). As a result, deferred tax assets and deferred tax liabilities are based on the tax law prior to these amendments.

(Uncertainty of accounting estimates)

In the first quarter of 2021, the business environment remained severe due to restrictions on economic activity and sluggish personal consumption caused by the resurgence of COVID-19. In addition, priority measures to prevent the spread of the infection are still being implemented in some areas, and, with a third declaration of a state of emergency issued in April 2021, the outlook continues to be uncertain. However, Senshukai believes that this situation will have only a negligible effect on business activities of the Group. We are using the best possible estimates in accordance with information that is currently available. However, if some upcoming event alters the impact of this crisis on business operations, there may be an effect on the Senshukai Group's financial soundness, results of operations and cash flows.

**(Segment Information)**

I 1Q 2020 (Jan. 1, 2020 – Mar. 31, 2020)

## 1. Information related to sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Mail- order and online shopping business	Bridal business	Corporates business	Insurance business	Sub-total				
Net sales									
Sales to customers	14,579	3,562	1,183	79	19,405	445	19,850	-	19,850
Inter-segment sales or transfers	88	2	29	-	120	-	120	(120)	-
Total	14,668	3,564	1,213	79	19,525	445	19,971	(120)	19,850
Segment profit (loss)	(635)	(505)	110	23	(1,006)	5	(1,001)	0	(1,001)

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

2. The 0 million yen adjustment to segment profit (loss) is an elimination for inter-segment transactions.

3. 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.

II 1Q 2021 (Jan. 1, 2021 – Mar. 31, 2021)

## 1. Information related to sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Mail- order and online shopping business	Bridal business	Corporates business	Insurance business	Sub-total				
Net sales									
Sales to customers	15,337	1,733	1,065	71	18,207	447	18,655	-	18,655
Inter-segment sales or transfers	65	5	10	-	81	-	81	(81)	-
Total	15,402	1,738	1,076	71	18,289	447	18,736	(81)	18,655
Segment profit (loss)	531	(1,045)	109	13	(391)	3	(388)	0	(388)

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

2. The 0 million yen adjustment to segment profit (loss) is an elimination for inter-segment transactions.

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

## 2. Information related to revisions for reportable segments

In the first quarter of 2021, the credit card business, which was formerly included in the insurance and credit card business segment, has been reclassified and included in the mail-order and online shopping business segment for better coordination to the mail-order and online shopping business. In line with this change, the insurance and credit card business segment has been renamed as the “insurance business” segment.

Prior-year segment information has been revised to incorporate this new segment to permit comparisons.

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

Significant changes in the amount of goodwill

In the bridal business, all shares of consolidated subsidiaries Dears Brain Inc. and PLANETWORK CO., LTD. were sold at the end of the first quarter of 2021. As a result of the sales of these subsidiaries shares, goodwill decreased 1,158 million yen in the first quarter.

#### 4. Information related to assets for each reportable segment

##### Significant decrease in assets due to decrease in number of subsidiaries

Consolidated subsidiaries Dears Brain Inc. and PLANETWORK CO., LTD., and WONDERSTAGE Co., Ltd., a wholly owned subsidiary of Dears Brain and a sub-subsidiary of Senshukai, were excluded from the scope of consolidation following the sales of all shares of Dears Brain and PLANETWORK at the end of the first quarter of 2021. As a result, segment assets of the bridal business decreased 14,911 million yen, compared with the end of 2020.

*\* 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.*