

# Summary of Financial Results for the Second Quarter of Fiscal Year 2021 (Six Months Ended June 30, 2021)

[Japanese GAAP]

July 29, 2021

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

Stock exchange: Tokyo Stock Exchange, First Section

Stock code: 8165

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

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Scheduled date of filing of Quarterly Report: August 11, 2021

Scheduled date of payment of dividend: September 1, 2021

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (Only a webcast is planned to prevent the spread of COVID-19)

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

## 1. Consolidated Financial Results for the 2nd Quarter of 2021 (January 1, 2021 – June 30, 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	%
2Q 2021	37,905	(10.2)	473	-	499	-	478	-
2Q 2020	42,226	(3.8)	(563)	-	(2,898)	-	(3,000)	-

Note: Comprehensive income (millions of yen) 2Q 2021: 911 (-%) 2Q 2020: (3,148) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q 2021	10.41	-
2Q 2020	(74.66)	-

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2Q 2021	52,026	33,495	64.4	714.14
Fiscal Year 2020	63,933	32,088	50.2	699.01

Reference: Shareholders' equity (millions of yen) 2Q 2021: 33,495 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	Yen -	Yen 3.00	Yen -	Yen -	Yen -
Fiscal Year 2021 (forecasts)	Yen -	Yen -	Yen -	Yen 4.00	Yen 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	-	24.76

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, (4) Notes to Quarterly Consolidated Financial Statements (Changes in Significant Subsidiaries during the Period)” on page 10 for further information.

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

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

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

- 1) Changes in accounting policies due to revisions in accounting standards, others: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

(4) Number of shares outstanding (common shares)

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

2Q 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

2Q 2021:	5,153,503 shares	Fiscal Year 2020:	6,151,627 shares
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3) Average number of shares outstanding during the period

2Q 2021:	45,983,955 shares	2Q 2020:	40,191,510 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

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

How to view supplementary information at the financial results meeting

There will be no meeting for the presentation of the financial results for the second quarter of 2021 because of the COVID-19 pandemic. A video of this presentation 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. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half (January 1 to June 30) of 2021, the business environment remained severe due to restrictions on economic activity and sluggish personal consumption caused by the resurgence of COVID-19. Vaccinations have started, but state of emergency or priority measures to prevent the spread of the infection are still being implemented in some areas and 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 and online shopping sales are growing steadily. We assume that such changes in consumer values and consumption behavior will not be merely transient or temporary, but irreversible.

In this business environment, sales were down but earnings increased in the mail-order and online shopping business compared with the first half of 2020, as the special demand for stay-at-home consumption caused by the COVID-19 pandemic settled down and the scale of sales promotion activities was reduced. In addition, following the sale of shares at the end of the first quarter, a subsidiary company in the bridal business was excluded from the Group's scope of consolidation. Net sales in the first half of 2021 were down 10.2% year-over-year to 37,905 million yen. There was an operating profit of 473 million yen compared with an operating loss of 563 million yen in the first half of 2020. Ordinary profit was 499 million yen compared with a loss of 2,898 million yen in the first half of 2020. Profit attributable to owners of parent was 478 million yen compared with a loss of 3,000 million yen in the first half 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, decreased 5.3% year-over-year to 32,842 million yen in the first half. Operating profit increased 8.8% to 1,331 million yen.

In the first half of 2021, the mail order service was firmly established because of the COVID-19 pandemic. However, the special demand for stay-at-home consumption has settled down from the level seen in the previous year. In addition, the Group scaled down its sales promotion programs implemented in the previous year to expand its customer base. Instead, the Group prioritized measures to encourage its existing members to continue making use of the service. Sales decreased and earnings increased due to the improvement in gross profit margins mainly resulting from the implementation of ongoing operational reforms.

#### (Bridal Business)

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. In the first quarter of 2021, when the Group had withdrawn from these businesses, consolidated sales in the bridal business decreased 51.3% year-over-year to 1,733 million yen and there was an operating loss of 1,045 million yen compared with a loss of 505 million yen in the first quarter of 2020.

**(Corporates Business)**

Consolidated sales in the corporates business, which provides products and services to corporations, decreased 11.7% year-over-year to 2,239 million yen. Operating profit decreased 18.8% to 203 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 1.8% year-over-year to 174 million yen and operating profit decreased 30.4% to 59 million yen.

**(Others)**

Consolidated sales in other businesses, which include childcare support business and manufacturing and sales of cosmetics, decreased 2.1% year-over-year to 916 million yen. There was an operating loss of 77 million yen compared with a profit of 16 million yen in the first half of 2020.

**(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 52,026 million yen at the end of the second quarter of 2021, a decrease of 11,907 million yen from the end of 2020.

Current assets decreased 2,324 million yen to 35,287 million yen. The factors included decreases of 1,271 million yen in notes and accounts receivable-trade and 1,123 million yen in accounts receivable-other. Non-current assets decreased 9,582 million yen to 16,738 million yen. The factors included decreases of 8,148 million yen in property, plant and equipment, 648 million yen in intangible assets and 786 million yen in investments and other assets.

Current liabilities decreased 6,263 million yen to 15,066 million yen. The factors included decreases of 3,319 million yen in other and 2,683 million yen in short-term borrowings. Non-current liabilities decreased 7,050 million yen to 3,464 million yen. The main factor was a decrease of 5,630 million yen in long-term borrowings.

Net assets increased 1,407 million yen to 33,495 million yen. The factors included booking of profit attributable to owners of parent of 478 million yen, and a decrease of 572 million yen in treasury shares due to disposal of treasury stock for restricted stock compensation. As a result, the equity ratio was 64.4%.

**(Cash flow position)**

The balance of cash and cash equivalents at the end of the second quarter of 2021 was 18,830 million yen, a decrease of 762 million yen from the end of 2020.

Operating activities provided net cash of 388 million yen (net cash provided of 113 million yen in the same period of 2020). The main cash inflows were an increase in trade payables of 882 million yen and a decrease in other current assets of 713 million yen. The main cash outflows include a decrease in other current liabilities of 1,294 million yen.

Investing activities provided net cash of 1,486 million yen (net cash used of 681 million yen in the same period of

2020). The main cash inflows include proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation of 2,773 million yen. The main cash outflows include 894 million yen for the purchase of intangible assets and 309 million yen for the purchase of property, plant and equipment.

Financing activities used net cash of 2,672 million yen (net cash provided of 3,533 million yen in the same period of 2020). The main cash outflows were a decrease in short-term borrowings of 2,100 million yen and repayments of long-term borrowings of 534 million yen.

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

Senshukai currently maintains its consolidated forecasts for fiscal year 2021 (January 1, 2021 to December 31, 2021) that was released on March 23, 2021. Although the consolidated forecast for 2021 remains uncertain due to the impact 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.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	Fiscal Year 2020 (As of Dec. 31, 2020)	2Q 2021 (As of Jun. 30, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	19,592	18,830
Notes and accounts receivable-trade	3,695	2,423
Merchandise and finished goods	7,173	8,030
Accounts receivable-other	5,529	4,406
Other	1,750	1,699
Allowance for doubtful accounts	(129)	(101)
<b>Total current assets</b>	<b>37,612</b>	<b>35,287</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	10,641	4,171
Land	6,809	5,524
Other, net	726	332
<b>Total property, plant and equipment</b>	<b>18,176</b>	<b>10,028</b>
Intangible assets		
Goodwill	1,203	-
Other	1,954	2,509
<b>Total intangible assets</b>	<b>3,158</b>	<b>2,509</b>
Investments and other assets		
Investment securities	2,102	2,585
Other	3,004	1,734
Allowance for doubtful accounts	(120)	(119)
<b>Total investments and other assets</b>	<b>4,986</b>	<b>4,200</b>
<b>Total non-current assets</b>	<b>26,321</b>	<b>16,738</b>
<b>Total assets</b>	<b>63,933</b>	<b>52,026</b>

	(Millions of yen)	
	Fiscal Year 2020 (As of Dec. 31, 2020)	2Q 2021 (As of Jun. 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Electronically recorded obligations-operating	6,185	6,852
Accounts payable-trade	3,620	2,839
Short-term borrowings	3,263	580
Income taxes payable	52	30
Provision for sales promotion expenses	216	229
Provision for bonuses	194	56
Other	7,797	4,478
<b>Total current liabilities</b>	<b>21,330</b>	<b>15,066</b>
<b>Non-current liabilities</b>		
Long-term borrowings	8,845	3,215
Retirement benefit liability	5	5
Other	1,664	243
<b>Total non-current liabilities</b>	<b>10,514</b>	<b>3,464</b>
<b>Total liabilities</b>	<b>31,845</b>	<b>18,530</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	100	100
Capital surplus	30,264	30,084
Retained earnings	6,768	7,349
Treasury shares	(3,525)	(2,953)
<b>Total shareholders' equity</b>	<b>33,606</b>	<b>34,580</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	195	250
Deferred gains or losses on hedges	(78)	140
Revaluation reserve for land	(1,516)	(1,516)
Foreign currency translation adjustment	(118)	40
<b>Total accumulated other comprehensive income</b>	<b>(1,518)</b>	<b>(1,084)</b>
<b>Total net assets</b>	<b>32,088</b>	<b>33,495</b>
<b>Total liabilities and net assets</b>	<b>63,933</b>	<b>52,026</b>

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

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

	2Q 2020 (Jan. 1, 2020 – Jun. 30, 2020)	2Q 2021 (Jan. 1, 2021 – Jun. 30, 2021)	(Millions of yen)
Net sales	42,226	37,905	
Cost of sales	20,899	18,463	
Gross profit	21,327	19,442	
Selling, general and administrative expenses	21,890	18,968	
Operating profit (loss)	(563)	473	
Non-operating income			
Interest income	11	6	
Dividend income	28	17	
Share of profit of entities accounted for using equity method	-	23	
Gain on adjustment of account payable	115	42	
Subsidy income	0	164	
Other	117	110	
Total non-operating income	273	365	
Non-operating expenses			
Interest expenses	62	54	
Share of loss of entities accounted for using equity method	2,369	-	
Commission expenses	15	231	
Other	160	53	
Total non-operating expenses	2,608	339	
Ordinary profit (loss)	(2,898)	499	
Extraordinary income			
Subsidy income	18	162	
Gain on change in equity	13	-	
Total extraordinary income	32	162	
Extraordinary losses			
Loss on sales and retirement of non-current assets	3	0	
Loss on tax purpose reduction entry of non-current assets	18	151	
Impairment loss	5	-	
Loss on valuation of investment securities	38	-	
Loss on sales of shares of subsidiaries and associates	-	9	
Loss on disaster	14	-	
Loss on change in equity	-	110	
Total extraordinary losses	80	272	
Profit (loss) before income taxes	(2,946)	388	
Income taxes	53	(89)	
Profit (loss)	(3,000)	478	
Profit (loss) attributable to owners of parent	(3,000)	478	

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

	2Q 2020 (Jan. 1, 2020 – Jun. 30, 2020)	2Q 2021 (Jan. 1, 2021 – Jun. 30, 2021)	(Millions of yen)
Profit (loss)	(3,000)	478	
Other comprehensive income			
Valuation difference on available-for-sale securities	(128)	55	
Deferred gains or losses on hedges	(20)	204	
Foreign currency translation adjustment	4	(10)	
Share of other comprehensive income of entities accounted for using equity method	(3)	183	
Total other comprehensive income	<u>(147)</u>	<u>433</u>	
Comprehensive income	<u>(3,148)</u>	<u>911</u>	
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	(3,148)	911	

## (3) Quarterly Consolidated Statement of Cash Flows

	(Millions of yen)	
	2Q 2020 (Jan. 1, 2020 – Jun. 30, 2020)	2Q 2021 (Jan. 1, 2021 – Jun. 30, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(2,946)	388
Depreciation	893	620
Impairment loss	5	-
Increase (decrease) in allowance for doubtful accounts	(57)	(10)
Increase (decrease) in provision for bonuses	(64)	95
Increase (decrease) in provision for sales promotion expenses	(20)	12
Interest and dividend income	(39)	(24)
Interest expenses	62	54
Share of loss (profit) of entities accounted for using equity method	2,369	(23)
Loss (gain) on sales and retirement of non-current assets	3	0
Loss on tax purpose reduction entry of non-current assets	18	151
Loss (gain) on sales of shares of subsidiaries and associates	-	9
Loss (gain) on valuation of investment securities	38	-
Subsidy income	(18)	(162)
Subsidy income	(0)	(164)
Loss (gain) on change in equity	(13)	110
Decrease (increase) in trade receivables	254	37
Decrease (increase) in inventories	1,216	(964)
Decrease (increase) in other current assets	622	713
Increase (decrease) in trade payables	335	882
Increase (decrease) in other current liabilities	(2,694)	(1,294)
Other, net	146	(138)
Subtotal	110	293
Interest and dividends received	84	97
Interest paid	(61)	(57)
Income taxes paid	(6)	(109)
Proceeds from subsidy income	0	164
Payments for business structure reform expenses	(13)	-
Net cash provided by (used in) operating activities	113	388
Cash flows from investing activities		
Purchase of property, plant and equipment	(299)	(309)
Proceeds from sales of property, plant and equipment	0	-
Purchase of intangible assets	(548)	(894)
Subsidies received	18	162
Purchase of investment securities	(15)	(295)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	2,773
Other, net	162	49
Net cash provided by (used in) investing activities	(681)	1,486
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,000	(2,100)
Proceeds from long-term borrowings	1,450	-
Repayments of long-term borrowings	(677)	(534)
Dividends paid	(179)	(0)
Other, net	(58)	(37)
Net cash provided by (used in) financing activities	3,533	(2,672)
Effect of exchange rate change on cash and cash equivalents	(7)	34
Net increase (decrease) in cash and cash equivalents	2,957	(762)
Cash and cash equivalents at beginning of period	22,713	19,592
Cash and cash equivalents at end of period	25,671	18,830

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

Not applicable.

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

Pursuant to a resolution of the Board of Directors' meeting held on April 16, 2021, Senshukai disposed of/sold its own shares (196,442 shares) with a due date of May 14, 2021 for its directors (excluding the outside directors and directors dispatched by its capital and business alliance partners) and for the directors of its subsidiaries as restricted stock compensation.

Furthermore, in accordance with the same Board of Directors' resolution, Senshukai disposed of/sold its own shares (801,860 shares) with a due date of June 25, 2021 for employees of Senshukai and its subsidiaries (wholly owned subsidiaries) as restricted stock compensation.

As a result, treasury shares decreased 572 million yen during the first half of 2021 to 2,953 million yen at the end of the second quarter.

**(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.

**(Important Changes in the Scope of Application of the Equity Method)**

In the second quarter of 2021, Watabe Wedding Corporation, an equity-method affiliate of Senshukai was excluded from the scope of application of the equity method due to a decrease in Senshukai's equity interest in Watabe Wedding following a third-party allotment of new shares by Watabe Wedding and the free transfer of a portion of its shares.

**(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)

At the end of the second 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 fourth declaration of a state of emergency issued in July 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 2Q 2020 (Jan. 1, 2020 – Jun. 30, 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	34,672	3,902	2,537	178	41,290	935	42,226	-	42,226
Inter-segment sales or transfers	134	3	38	-	176	0	176	(176)	-
Total	34,807	3,906	2,575	178	41,467	935	42,403	(176)	42,226
Segment profit (loss)	1,223	(2,142)	251	86	(581)	16	(564)	1	(563)

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 1 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 2Q 2021 (Jan. 1, 2021 – Jun. 30, 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	32,842	1,733	2,239	174	36,989	916	37,905	-	37,905
Inter-segment sales or transfers	127	5	19	-	151	0	151	(151)	-
Total	32,969	1,738	2,258	174	37,141	916	38,057	(151)	37,905
Segment profit (loss)	1,331	(1,045)	203	59	550	(77)	472	0	473

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 profit 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.

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 for the second quarter of 2021 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.