



President & CEO
Kiyoshi Yasuno

Belluna Co., Ltd. (9997)



Company Information

Market	TSE 1st Section
Industry	Retail (commerce)
President & CEO	Kiyoshi Yasuno
HQ Address	4-2 Miyamoto-cho, Ageo-shi, Saitama
Year-end	End of March
Homepage	https://www.belluna.co.jp/en/

Stock Information

Share Price	Number of Shares Issued		Total Market Cap	ROE (Actual)	Trading Unit
¥918	97,244,472 shares		¥89,270 million	10.3%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Actual)	PBR (Actual)
¥19.00	2.1%	¥129.31	7.1x	¥1,164.97	0.8x

* The share price is the closing price on July 26.

*Each Number is based on the earning results of FY 3/21.

Earning trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
March 2018 (Actual)	161,673	13,008	13,248	9,665	99.41	12.50
March 2019 (Actual)	177,648	12,005	15,309	10,343	106.39	15.00
March 2020 (Actual)	179,948	10,311	10,365	5,862	60.62	16.00
March 2021 (Actual)	206,499	15,734	16,872	11,036	114.17	16.50
March 2022 (Forecast)	246,000	17,500	18,200	12,500	129.31	19.00

* Unit: Million yen, yen.

*Net income is profit attributable to owners of parent. Hereinafter the same shall apply.

This report outlines Belluna, the financial results for the term ended March 2021, fiscal year ending March 2022 earnings estimates and etc.

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Key Points

- In the term ended March 2021, sales grew 14.8% year on year to 206.4 billion yen. Meeting the demand from housebound consumers amid the COVID-19 pandemic, the General Mail Order Business and the Specialty Mail Order Business performed well. In-store sales declined, due to the decrease of visitors to stores. Gross profit margin rose 0.5 points, while gross profit increased 15.7%. SG&A expenses, including media costs and fares, augmented 11.7% year on year, but this was offset, and operating income grew significantly by 52.6% year on year to 15.7 billion yen. Ordinary income increased 62.8% year on year to 16.8 billion yen, due to the revenues from subsidies, the reduction of loss on valuation of derivatives, etc. Sales and profit exceeded the initial forecast considerably, and also topped the second revised forecast announced in January 2021.
- In the term ending March 2022, sales are projected to rise 19.1% year on year to 246 billion yen and operating income is forecast to grow 11.2% year on year to 17.5 billion yen. The mail-order industry is expected to see the continuous growth of demand due to the changes in consumers' lifestyles and purchase behavior amid the COVID-19 pandemic. The General Mail Order Business is expected to see a significant sales growth this term, too. The kimono-related business and the property business are projected to recover. The company plans to pay a dividend of 19.00 yen/share, up 2.5 yen from the previous term. The expected payout ratio is 14.7%. This term is the final fiscal year of the fourth management plan, so the company aims to attain goals steadily, before launching the fifth management plan.
- The General Mail Order Business, which is the mainstay, has been sluggish for the past few terms, but its sales and profit grew considerably, as the company met the demand from people staying home via online shops and improved business efficiency. This term, too, the General Mail Order Business is expected to see a double-digit growth of sales and a rise in profit, and serve as a growth driver.
- In addition, the development of the kimono-related business is noteworthy. As the company aims to increase sales and post profit this term and then achieve sales of 310 billion yen in the term ending March 2025, the kimono-related business, whose CAGR is estimated to be 11.8% in the coming 4 years, is indispensable like the General Mail Order Business and the property business. We would like to pay attention to the endeavor and business progress of the company, which aims to shift from the sunset industry to the sunrise industry, while seeing how they will stir the needs from those who are interested in kimono rather than those who already wear kimono.

1. Company Overview

Belluna is a leading general catalog retailer. In addition to the mail-order business specializing in some genres, this company operates the Retail Store Sales Business, the Solution Business for providing corporations with its know-how and infrastructure that have been nurtured through its mail-order business, and so on. Its strengths and characteristics include a database of customers who are mainly married women, and stable profitability and growth potential based on portfolio management. It also conducts M&A actively.

BRIDGE REPORT



1-1 Corporate History

In 1968, Mr. Kiyoshi Yasuno, who is currently the representative director and president of the company, started the business of selling seals door-to-door under the name of “Yukado.” Then, starting with the mail-order sale of clothes, the company started dealing in food products, cosmetics, etc. While operating the Specialty Mail Order Business, the company has enriched its business portfolio, including the Finance Business, Property Business, Retail Store Sales Business, Solution Business, etc. targeted at mail-order customers. In March 2000, the company was listed on the first section of the Tokyo Stock Exchange. Belluna actively conducts M&As to fortify the business base.

1-2 Management Philosophy

◎Management Philosophy

Origin of our business	To contribute to our customers’ lifestyle and happiness, by taking an international perspective to be the first company to provide a wide range of customers across the nation with an abundance of food, clothing, lifestyle and recreational products and services, with superior systems and planning for improved convenience, economy, fashion and assortment.
Ideal employees of our company	Our employees approach challenges with a cheerful and positive attitude, to do whatever possible to proactively improve customer satisfaction and broaden their abilities, in order to always maintain the confidence of our customers.
Ideal state of our company	We aim to develop overwhelming superiority as we compete with other companies in the areas of food, clothing, lifestyle and recreational goods and services, and with an image of stability, growth, continuity, and profitability to become an excellent company that attracts capable personnel and makes a contribution to society.

In addition, Belluna set “Basic Mind,” which describes the mindset of Belluna’s employees, and “Basic Action.” “Basic Mind” is composed of “the awareness as a party involved,” “the awareness of profit,” “a sense of playing a game,” “positive thinking,” and “the willingness to grow,” while “Basic Action” is composed of “1. Collecting information,” “2. Case studies,” “3. Utilizing data,” “4. Testing theories,” “5. Use of others,” “6. Intellectual understanding,” “7. Discussion” and “8. Reporting, contacting, and consulting.” These are what the employees of Belluna should return to when facing a challenging problem.

In addition, the company considered “CCBSKKKS” (C: Change, C: Challenge, B: Brushing up, S: Speed, K: (Kizuki) Awareness, K: (Kaizen) Improvement, K: (Kyakushikou / Kyakumichaku) Customers’ perspective and getting closer to customers, S: Case studies of SA class corporations) as a common factor in growing corporations and recognizes it as a milestone for its own growth.

1-3 Market Environment・Competitors in the same business

Compared with Scroll and Senshukai, which are competitors in the general mail-order field, Belluna has large sales and market cap, and high profit ratio.

Promoting further understanding of the growth strategy will be necessary for an increase in PER and PBR.

◎Comparison of major mail-order companies

Code	Corporate name	Sales	Sales growth rate	Operating income	Profit growth rate	Operating income ratio	ROE	Market cap	PER	PBR
3092	ZOZO	162,600	+10.3	47,800	+8.3%	29.4%	68.8%	1,111,011	32.7	19.6
4921	Fancl	109,000	-5.1%	12,000	+3.7%	11.0%	11.7%	462,753	52.9	6.1
4927	Pola Orbis HLD	190,000	+7.8%	19,000	+38.2%	10.0%	2.6%	672,743	57.5	6.3
8005	Scroll	80,000	-	3,900	-	4.9%	21.6%	30,234	10.8	1.1
8165	Senshukai	76,000	-8.7%	1,000	-	1.3%	-10.6%	19,573	15.0	0.5
9997	Belluna	246,000	+19.1%	17,500	+11.2%	7.1%	10.3%	89,756	7.1	0.8

* Unit: Million-yen, yen, x.

*Sales and operating income are the values estimated by the company for this term.

*ROE is the actual result of the previous term.

*Market Cap, PER and PBR are the values calculated from the closing prices on July 14, 2021.

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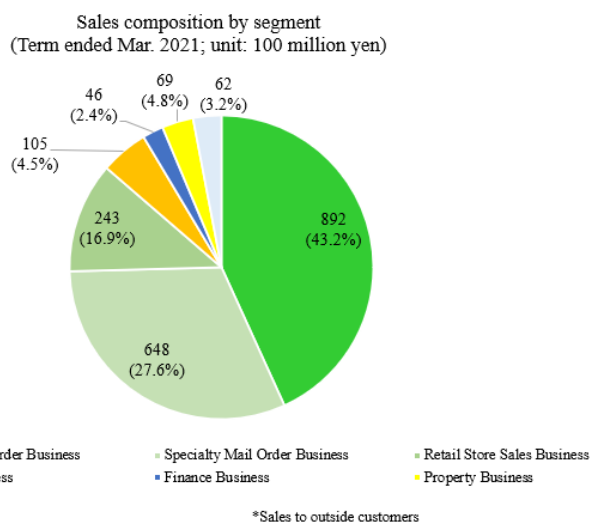


1-4 Business Contents

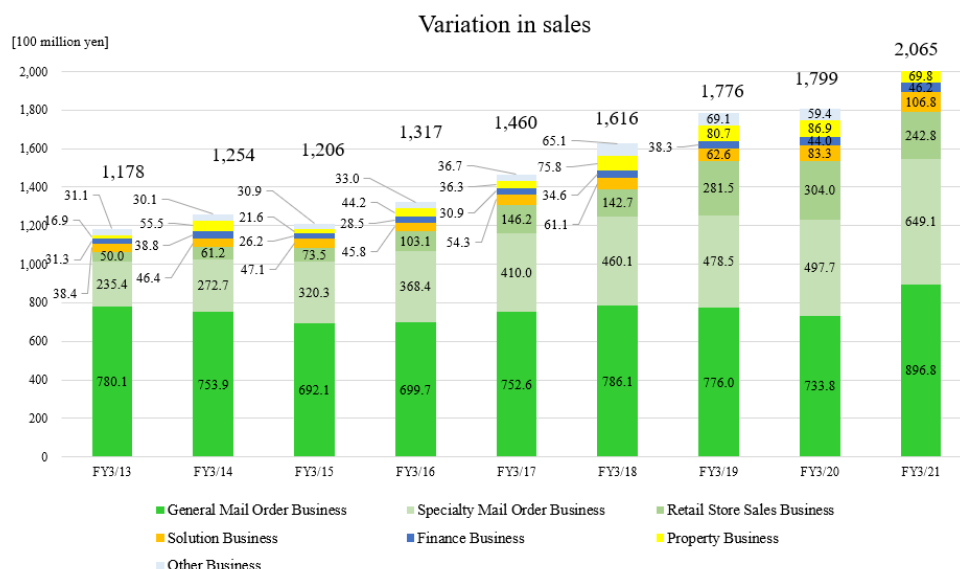
(1) Segments

Belluna operates seven business segments: General Mail Order Business, which is its core business, Specialty Mail Order Business, Retail Store Sales Business, Solution Business, Finance Business, Property Business, and Other Business. The General Mail Order and Specialty Mail Order businesses account for about 70% of total sales.

In order to further clarify business content, Belluna has classified its business into eight segments: General Mail Order Business, Cosmetics and Health Foods Business, Gourmet Business (including wine and Japanese sake), Nursely Business, Database Use Business, Kimono-related Business, Property Business, and Other Business in the fiscal year ending March 2022.



(Produced by Investment Bridge with reference to the material of Belluna.)



(Produced by Investment Bridge with reference to the material of Belluna.)

① General Mail Order Business

◎ Outline

The company receives orders and sells apparel goods, fashion goods, interior accessories, etc. mainly via e-commerce (via PCs and smartphones), catalogues and flyers.

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(E-commerce, smartphone application)



(Major catalogs)



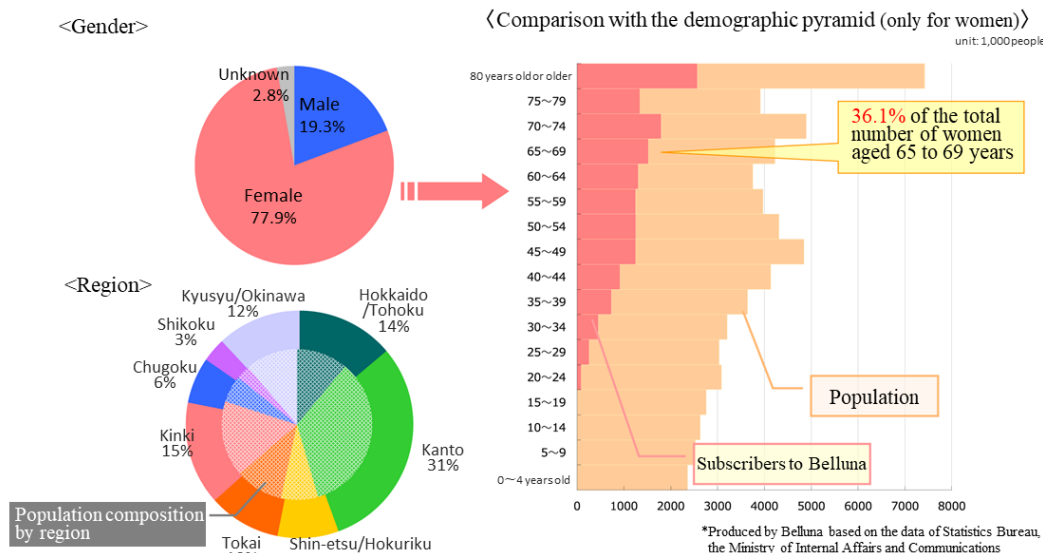
(Taken from the website of Belluna)

◎Attributes of subscribers

As of the end of March 2021, the number of subscribers is about 21.4 million, and married women in their 40s or older account for about 80% of them.

The subscribers aged 65 to 69 years, who are major married women, make up 36.1 % of the population of this age group in Japan, indicating an overwhelming market share.

Characteristics of subscribers (as of the end of Mar. 2021)



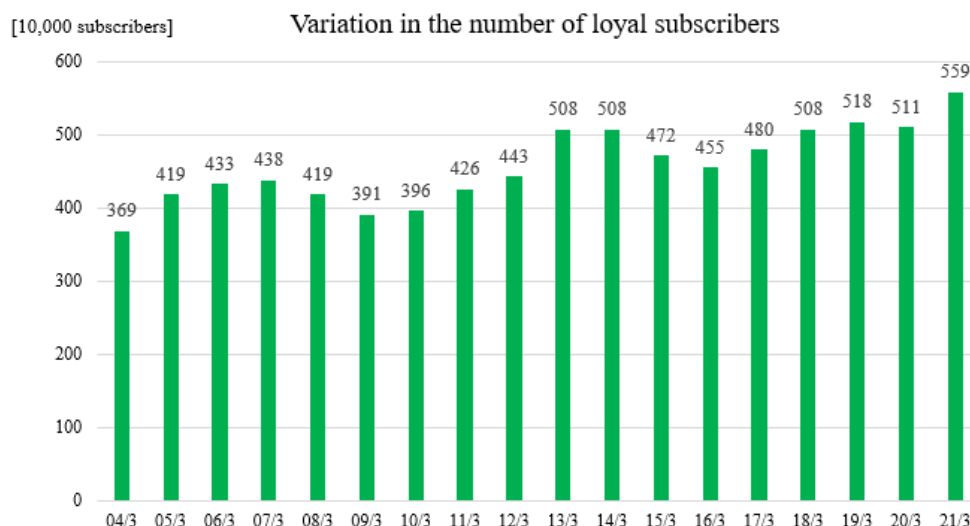
(Taken from the reference material of the company)

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The number of loyal subscribers, who are defined as subscribers who have purchased products within 2 years after registration, was 5.11 million in the term ended March 2020.

Despite some fluctuations, it is steadily increasing.



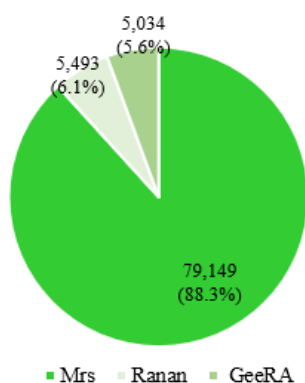
(Produced by Investment Bridge with reference to the material of Belluna)

Belluna employs about 70 merchandisers, and offers more fashionable products than leading supermarkets and women’s apparel shops. Particularly, designs focusing on hiding Mrs’s figures which change with age are well-received by its user. In addition, the company offers a variety of unrivaled catalogs targeted at customers in their 50s to 70s. Accordingly, it won overwhelming support from married women.

◎Customer segments

Female customer segments are divided into three ones: “Mrs” for customers in their 50s or older, “Ranan” for customers in their 40s, and “GeeRA(former Ryu-Ryu)” for customers in their 30s. The company offers products tailored for the preferences and needs of each age group.

Sales composition
(the term ended Mar. 2021; unit: million yen)

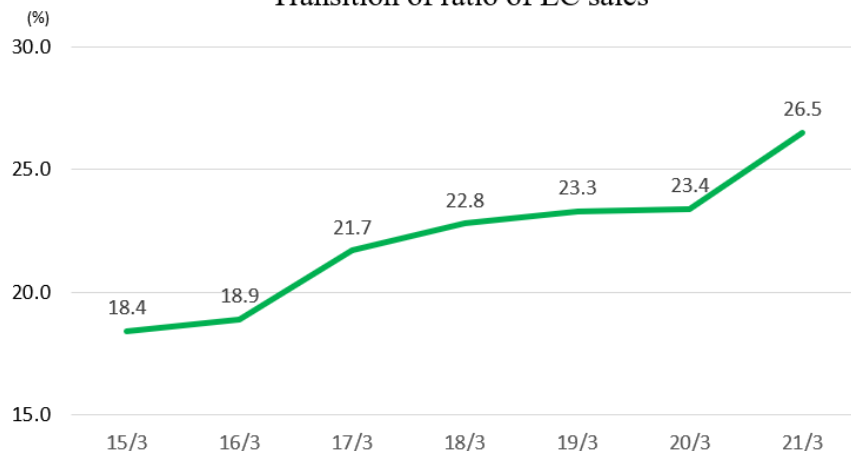


(Produced by Investment Bridge with reference to the material of Belluna.)

◎Efforts for developing e-commerce

As a result of the efforts, online shopping has become the main driving force in attracting new customers. In the term ended March 2021, the ratio of e-commerce increased significantly, meeting the demand from housebound consumers amid the spread of COVID-19.

Transition of ratio of EC sales



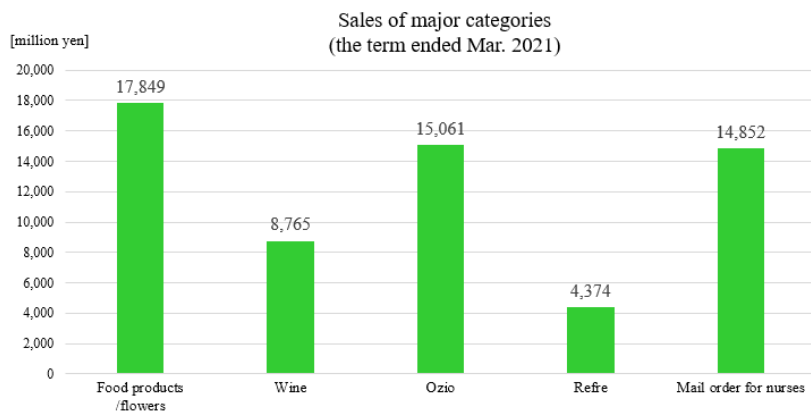
(Produced by Investment Bridge with reference to the material of Belluna)

②Specialty Mail Order Business

By specializing in specific genres, the company adds characteristics to its product lineup, prices, and services. Therefore, the company can retain customers easily, and receive orders from repeat customers.

Main genre	Catalog/website	Outline
Food products, flowers, and wine	Belluna Gourmet	Belluna handles food products and flowers. In addition to the sale of individual products, it offers a “periodic distribution service” for delivering products to subscribers every month, a “gift service” for mid-summer gifts, and so on.
	My Wine CLUB	Belluna directly imports wines that are rare in Japan, and won the largest share in the mail-order market for wine in Japan for 12 consecutive years (fiscal 2008 to fiscal 2019).
Cosmetics	Ozio	Belluna deals in cosmetics and supplements, such as facial washes, skin lotions, and milks, for which safety is pursued. It is composed of 18 different types of amino acids, collagen, hyaluronic acid, etc. "Eggshell Membrane Beauty Serum: Beauty Opener," which is made from an eggshell membrane that provides firmness, gloss, elasticity, and moisture, is the number one domestic seller.
	Nachu life	All-in-one cosmetics are mainly handled. Especially, the company offers products composed of mainly skin-friendly plant ingredients. As for the all-in-one cosmetic product "Royal Jelly Mocchiri Gel" for the mature skin, the company has sold over 11 million products. Together with Ozio, the company is also working on developing overseas markets such as Taiwan.
Supplements	Refre	Belluna deals in healthy food products and supplements made from ingredients selected rigorously. The company is working to develop products suitable for senior customers to enhance lives of married women in a healthy and enjoyable way. The company also focuses on securing the safety of food and the quality of products, preventing health hazards, and so on.
Mail order for nurses	Nursery infirmière	Belluna operates “Nursery,” which offers products at reasonable prices, and “infirmière,” whose attractive features are its rich product lineup and collaborative products with other brands. It has an overwhelming share in the mail-order market for nurses.

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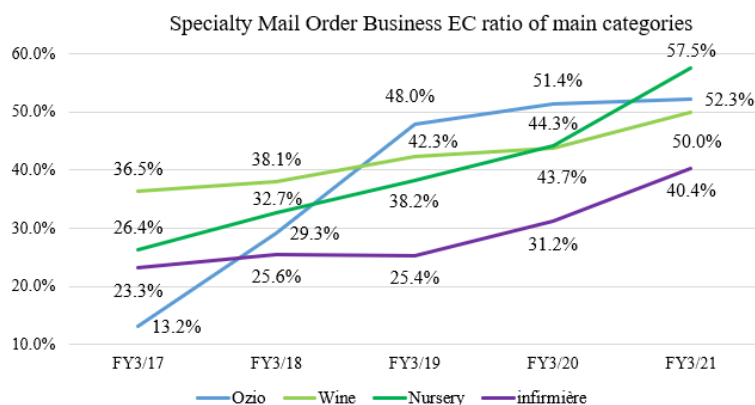


* Mail order for nurses is the total of Nursery and infirmière.

(Produced by Investment Bridge with reference to the material of Belluna)

◎ Efforts for the shift to e-commerce

In each category, e-commerce ratio has increased remarkably. The majority of new customers were acquired through online shopping.



* Ozio is the domestic ratio.

(Produced by Investment Bridge with reference to the material of Belluna)

③Retail Store Sales Business

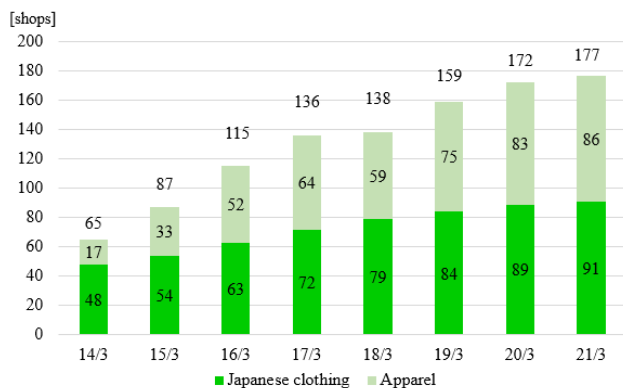
Aiming for a synergistic effect between the mail-order, online, and physical store sales channels, the company is targeting customers who are unreachable by mail-order by placing kimono and apparel stores in shopping centers and shopping malls.

In Japanese clothing field, the company operates “BANKAN” and “Wamonoya,” which sell kimono and Japanese clothing-related products. In addition to them, Sagami Group Holdings Co., Ltd. was reorganized into a consolidated subsidiary in Jun. 2018.

Sagami Group Holdings runs stores under the two brand names “Sagami” and “Tokyo Masuiwaya.” They possess abundant knowledge and know-how about kimono culture and how to handle kimono, and excel in helping customers get dressed. The traditional Japanese apparel stores "BANKAN" and "Wamonoya," which has a high average spending per customer, can be characterized by high profitability they have improved, and presently, the company is working to permeate the market with their “Sagami” brand. It is also endeavoring to cultivate future customers among young women who do not currently own kimonos through promotional campaigns.

Apparel stores BELLUNA offer casual clothes at low prices, targeted mainly at women in their 40s and 50s.

As of the end of March 2021, there are 91 Japanese clothing stores ("BANKAN" and "Wamonoya,") and 86 apparel stores. The total number of stores is 177.



(Produced by Investment Bridge with reference to the material of Belluna)

④Solution Business

By utilizing the know-how and infrastructure that have been nurtured through the mail-order business for many years, Belluna offers the “service of enclosing promotional flyers” and the “mail-order agency service” to corporations.

In the service of enclosing promotional flyers, the company encloses the flyers, product samples, etc. of client companies with products and catalogs and ships them to customers, by utilizing its enormous customer database. It is possible to narrow down target customers according to the needs of client companies. Accordingly, client companies can expect effective sales promotion.

“The mail-order agency service” is to offer a series of functions, including the infrastructure and know-how of Belluna, to enterprises that sell products by mail order. Belluna comprehensively undertakes the tasks of receiving, shipping, and storing products at distribution centers and operating call centers (managing both inbound and outbound calls).

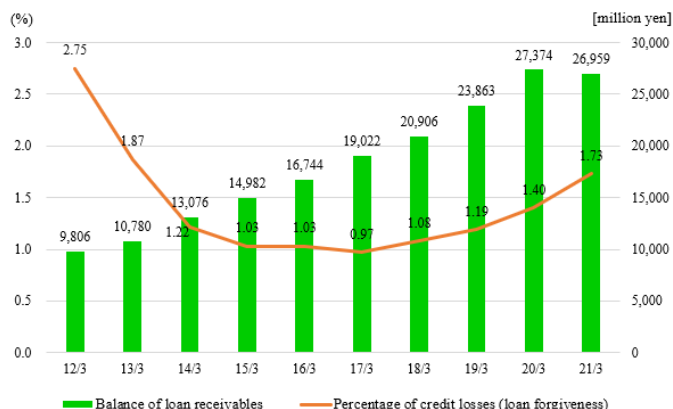
Even enterprises that are starting the mail-order business do not need to prepare their own infrastructure, and they can offer products and services swiftly at low prices.

⑤Finance Business

It is a consumer finance business utilizing the database developed through the mail-order business.

The company mainly introduces loans to mail-order customers by enclosing flyers, etc. Since the company possesses the data of the past purchases and payments by customers, credibility is high and the balance of loan receivables is expanding steadily, while the percentage of credit losses is low compared with other companies.

Its profitability is high, partially because the cost for reeling in borrowers is low as mail-order customers are targeted.



(Produced by Investment Bridge with reference to the material of Belluna)

⑥Property Business

The company leases real estate, such as office buildings, operates hotels, and so on.

⑦Other Business

The company operates the wholesale business targeted at department stores and co-op shops, and the insurance business.

1-5 Characteristics and Strengths

① Customer database and know-how mainly for married women, which have been nurtured through the mail-order business for about 40 years

As mentioned in the section of business contents, about 80% of over 20 million subscribers of Belluna are married women in their 40s or older.

Belluna's female subscribers aged 65 to 69 years, who are dominant among married women, account for 36.1% of the population, 1 in 3 people of this age group in Japan.

The competitive customer database and know-how, which have been developed through the mail-order business for about 40 years, are significant features that contribute to the creation of corporate value. In the mail-order sale business, which is its mainstay, Belluna won strong support from married women by proposing products that can meet their needs based on the requests from customers, etc. grasped through sales and purchase activities and questionnaire surveys.

In the finance business, the company earns sales and profit stably by utilizing its database. In the solution business, the company creates new business opportunities by offering its customer database, know-how, and infrastructure.

② Building a new successful business model and challenges

Within a corporate culture that values endeavors, Belluna is working to construct a new successful business model and establishing a track record rather than maintaining the status quo.

In the General Mail Order Business, the fashion e-commerce mall "RyuRyumall" targeted at young people launched in 2018 continues to grow in terms of order receipt and total distribution amount. In the Specialty Mail Order Business, the "Eggshell Membrane Beauty Serum: Beauty Opener" has grown to achieve the largest domestic sales, beginning to contribute to the profit of new products.

In addition to strengthening the mail order business targeted at men and handling more champagne, Belluna will begin focusing on the online sales of products targeted at nurses and caregivers, which is a large market.

Moreover, the company will actively engage in M&A to further strengthen online sales.

③ Stable profitability and growth potential based on portfolio management

Another characteristic of Belluna is the business model called "portfolio management," which actualizes stable growth potential and profitability by conducting business in a multifaceted manner while utilizing its managerial resources nurtured through the mail-order business.

Based on this business model, the company disperses the risks of changes in social situations and economic trends, allows each business to exert its strengths as a mainstay, brings out the synergy among businesses, and actualizes stable profitability and growth potential.

1-6 Shareholder Return

Belluna determines dividends while considering its business performance and strategic investments for mid-term growth. This term (FY3/21), the company plans to pay 16 yen/share, up 1 yen/share from the previous year.

The company has been implementing a shareholders' benefit plan, and gives benefits twice a year to shareholders who hold 100 or more shares as of the end of March and the end of September every year. For the purposes of expressing gratitude to shareholders and deepening shareholders' understanding, the company announced the enrichment of the shareholders' benefit plan in November 2017, adding complimentary coupons that can be used in Belluna Net. There is no revision to the criteria for receiving shareholders' benefits, the date of issuance of coupons, or their effective periods.

	100 to 499 shares	500 to 999 shares	1,000 or more shares
Shareholders can choose any of the following: "General mail-order coupon," "Coupon exclusively for online shopping," and "Belluna's product (food product/wine)"	Worth 1,000 yen	Worth 3,000 yen	Worth 5,000 yen
Accommodation coupon of Urabandai Lake Resort	1 coupon	2 coupons	4 coupons
Accommodation coupon of Le Grand Kyu Karuizawa	1 coupon	1 coupon	1 coupon

*The accommodation coupon of Le Grand Kyu Karuizawa is distributed once a year (issued in early December).

1-7 ROE analysis

	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
ROE (%)	10.0	8.4	4.4	7.0	10.9	10.8	5.8	10.3
Net Income Margin (%)	5.59	5.30	2.69	3.97	5.98	5.82	3.26	5.34
Total Asset Turnover (times)	1.02	0.85	0.84	0.86	0.86	0.87	0.81	0.87
Leverage (times)	1.75	1.85	1.97	2.06	2.12	2.13	2.22	2.21

In the term ended March 2021, due to the increase of net income margin, ROE recovered to the double-digit level. The goal of the fourth management plan is to achieve ROE of 10.5% by the end of the final year of the plan in the term ending March 2022. If the company can improve total asset turnover rate, it will be able to achieve a higher ROE.

2. Fiscal Year ended March 2021 Earnings Results

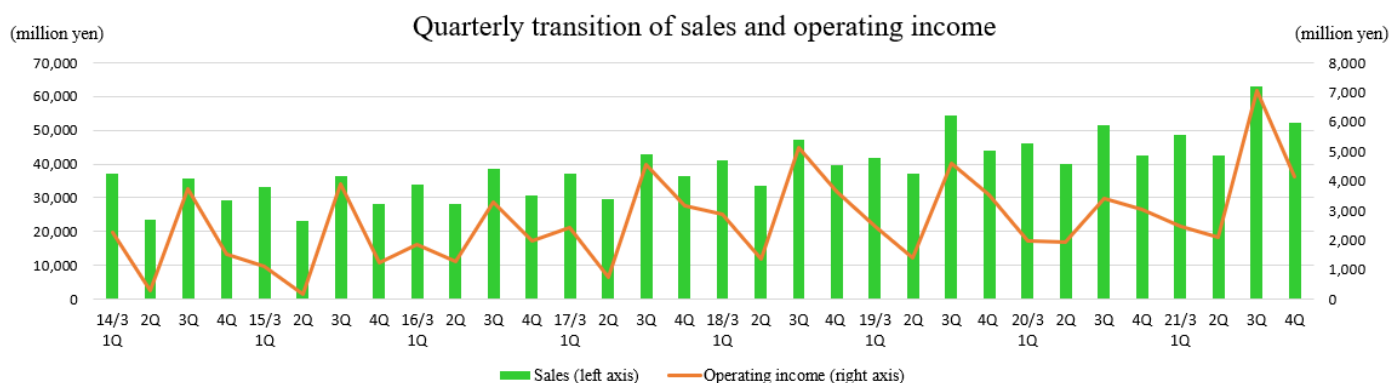
2-1 Consolidated Business Results

	FY3/20	Ratio to sales	FY3/21	Ratio to sales	YoY	Ratio to forecast1	Ratio to forecast2
Sales	179,948	100.0%	206,499	100.0%	+14.8%	+18.0%	+3.2%
Gross profit	105,062	58.4%	121,556	58.9%	+15.7%	-	-
SG&A expenses	94,751	52.7%	105,821	51.2%	+11.7%	-	-
Operating income	10,311	5.7%	15,734	7.6%	+52.6%	+124.8%	+12.4%
Ordinary income	10,365	5.8%	16,872	8.2%	+62.8%	+116.3%	+14.0%
Net income	5,862	3.3%	11,036	5.3%	+88.3%	+112.2%	+5.1%

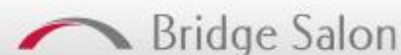
*Unit: Million yen. Gross profit is gross profit - net. Quarterly net income is quarterly profit attributable to owners of parent. Ratio to forecast1 and forecast2 are ratios to the initial forecast and the revised forecast announced in January 2021, respectively.

Sales and Profit increased. Both sales and profit exceeded its revised estimate

Sales grew 14.8% year on year to 206.4 billion yen. Meeting the demand from housebound consumers amid the COVID-19 pandemic, the General Mail Order Business and the Specialty Mail Order Business performed well. In-store sales declined, due to the decrease of visitors to stores. Gross profit margin rose 0.5 points, while gross profit increased 15.7%. SG&A expenses, including media costs and fares, augmented 11.7% year on year, but this was offset, and operating income grew significantly by 52.6% year on year to 15.7 billion yen. Ordinary income increased 62.8% year on year to 16.8 billion yen, due to the revenues from subsidies, the reduction of loss on valuation of derivatives, etc. Sales and profit exceeded the initial forecast considerably, and also topped the second revised forecast announced in January 2021.



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2-2 Trend of each segment

	FY3/20	Composition Ratio	FY3/21	Composition Ratio	YoY	Ratio to forecast1	Ratio to forecast2
Sales							
General Mail Order Business	73,378	40.8%	89,675	43.4%	+22.2%	+197.0	+17.8
Specialty Mail Order Business	49,774	27.7%	64,909	31.4%	+30.4%	+117.9	+26.4
Retail Store Sales Business	30,402	16.9%	24,276	11.8%	-20.1%	-14.4	-2.7
Solution Business	8,330	4.6%	10,676	5.2%	+28.2%	+15.2	+3.6
Finance Business	4,396	2.4%	4,617	2.2%	+5.0%	+0.6	+0.2
Property Business	8,690	4.8%	6,983	3.4%	-19.6%	-24.9	+1.8
Other Business	5,943	3.3%	6,281	3.0%	+5.7%	-6.2	+2.6
Adjustments	-968	-	-920	-	-	-	-
Total	179,948	100.0%	206,499	100.0%	+14.8%	+315.0	+65.0
Operating income							
General Mail Order Business	1,713	2.3%	5,309	5.9%	+209.9%	+54.3	+6.1
Specialty Mail Order Business	3,906	7.8%	6,907	10.6%	+76.8%	+24.1	+4.9
Retail Store Sales Business	310	1.0%	-1,612	-	-	+3.6	+0.1
Solution Business	2,652	31.8%	3,033	28.4%	+14.4%	+4.4	+3.0
Finance Business	1,874	42.6%	2,445	53.0%	+30.5%	+2.1	-1.5
Property Business	658	7.6%	6	0.1%	-99.1%	-2.6	-0.3
Other Business	-392	-	73	1.2%	-	-1.5	+2.4
Adjustments	-410	-	-429	-	-	-	-
Total	10,311	5.7%	15,734	7.6%	+52.6%	+87.3	+17.3

*Unit: Million yen. The composition ratio of income means the ratio of income to sales. Ratio to forecast1 and forecast2 are ratios to the initial forecast and the revised forecast announced in January 2021, respectively.

◎General Mail Order Business

Sales and profit grew.

Partly due to the spread of COVID-19, the demand for mail-order services, mainly for miscellaneous goods and at-home clothes, increased, and the company met that demand. As sales grew, cost ratio and media rate improved. Although losses were expected at the beginning of the fiscal year, cost rate and media ratio improved due to the increase in revenue, resulting in a significant increase in profit.

◎Specialty Mail Order Business

Sales and profit grew.

Partly due to the spread of COVID-19, especially the Mail Order Business for Nurses and the Gourmet/Wine Business performed well.

◎Retail Store Sales Business

Sales dropped, and a loss was posted.

This business was affected by the shortening of business hours and temporary closure implemented under the developers' policy for preventing the spread of COVID-19.

◎Solution Business

Sales and profit grew.

The mail order agency service and the service of enclosing promotional flyers performed well, and JOBSTUDIOPT. LTD., which newly became a subsidiary, contributed.

◎Finance Business

Sales and profit rose.

The balance of loan receivables in the domestic consumer finance business increased. In view of the status of the spread of COVID-19,

advertisement was reduced.

◎Property Business

Sales and profit decreased

The hotel business was affected by the restraint of travel in Japan promoted by the government and the restrictions on foreign people's entry to Japan for preventing the spread of COVID-19.

◎Other Business

Sales grew, and profit turned positive.

Although the golf course operation business, restaurant business, accommodation booking business, etc. struggled due to the spread of COVID-19, Mime Co., Ltd., which is operating the costume rental business, saw a decrease of COVID-19-caused cancellations compared with the previous fiscal year and became profitable.

2-3 Financial Condition and Cash Flows

◎Main BS

	End of March 2020	End of March 2021		End of March 2020	End of March 2021
Current assets	103,683	115,534	Current liabilities	50,135	55,645
Cash and deposits	22,788	30,778	Trade payables	18,225	22,250
Trade receivable	9,391	10,242	Short-term interest-bearing debts	12,046	5,909
Inventories	22,313	23,416	Noncurrent liabilities	70,467	71,334
Noncurrent assets	119,445	124,677	Long-term interest-bearing debts	65,774	66,797
Property, plant and equipment	88,651	92,558	Total liabilities	120,602	126,980
Intangible assets	11,827	10,904	Net assets	102,525	113,231
Investments and other assets	18,966	21,213	Retained earnings	85,177	94,667
Total assets	223,128	240,211	Total liabilities and net assets	223,128	240,211

*Unit: Million yen

Total assets increased 17 billion yen to 240.2 billion yen thanks to the increase in cash and deposits and property, plant and equipment, etc. Total liabilities rose 6.3 billion yen to 126.9 billion yen due to the increase in trade payables, etc. As retained earnings grew etc., net assets increased 10.7 billion yen to 113.2 billion yen. As a result, capital-to-asset ratio decreased 1.2 points from the end of the previous term to 46.9%.

◎Cash Flows

	FY3/20	FY3/21	Increase/Decrease
Operating CF	6,624	20,772	+14,148
Investing CF	-11,108	-5,185	+5,923
Free CF	-4,484	15,587	+20,071
Financing CF	5,712	-6,996	-12,708
Balance of cash equivalents	22,292	30,958	+8,666

*Unit: Million yen

The positive range of Operating CF increased, and free CF turned positive, due to the increase in quarterly net income before taxes and other adjustments, etc.

Financing CF turned negative, due to the decrease of short-term interest-bearing debts, etc. The cash position improved.

3. Fiscal Year ending March 2022 Earnings Estimates

3-1 Full-year Earnings Estimates

	FY 3/21	Ratio to sales	FY 3/22 (Est.)	Ratio to sales	YOY
Sales	206,499	100.0%	246,000	100.0%	+19.1%
Operating income	15,734	7.6%	17,500	7.1%	+11.2%
Ordinary income	16,872	8.2%	18,200	7.4%	+7.9%
Net income	11,036	5.3%	12,500	5.1%	+13.3%

*Unit: Million yen. The estimated values are those announced by the Company. Net income is profit attributable to owners of parent.

Sales and profit are estimated to increase

Sales are projected to rise 19.1% year on year to 246 billion yen and operating income is forecast to grow 11.2% year on year to 17.5 billion yen. The mail-order industry is expected to see the continuous growth of demand due to the changes in consumers' lifestyles and purchase behavior amid the COVID-19 pandemic. The General Mail Order Business is expected to see a significant sales growth this term, too. The kimono-related business and the property business are projected to recover. The company plans to pay a dividend of 19.00 yen/share, up 2.5 yen from the previous term. The expected payout ratio is 14.7%. This term is the final fiscal year of the fourth management plan, so the company aims to attain goals steadily, before launching the fifth management plan.

3-2 Trends of each segment

	FY 3/21	FY 3/22(Est.)	YOY
Sales			
General Mail Order Business	996.3	1,199.8	+20.4%
Cosmetics and Health Foods Business	182.9	186.0	+1.7%
Gourmet Food Business (including wine and Japanese sake)	271.5	280.0	+3.1%
Nurse-Related Business	159.4	157.5	-1.2%
Database Use Business	141.8	143.2	+1.0%
Kimono-Related Business	214.4	256.8	+19.7%
Property Business	69.8	212.5	+204.2%
Operating income			
General Mail Order Business	52.6	57.6	+9.5%
Cosmetics and Health Foods Business	26.4	19.3	-26.9%
Gourmet Food Business (including wine and Japanese sake)	21.5	19.8	-7.9%
Nurse-Related Business	17.7	14.9	-15.8%
Database Use Business	55.0	49.4	-10.2%
Kimono-Related Business	-10.6	3.5	-
Property Business	0.1	16.5	-

*Unit: 100 million yen. The composition ratio of income means the ratio of income to sales.

4. Management Policy and Activities

Belluna's mid/long-term policy is to aim for the maturation as a general trading company for online shops with 300 billion yen in sales and 30 billion yen in operating income as a benchmark.

[4-1 Fifth Management Plan]

The company's goals for the final fiscal year of its Fifth Management Plan for three years from the fiscal year ending March 2023 to the fiscal year ending March 2025 are as follows.

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Goal of fiscal year ending March 2025

Sales	310 billion yen	CAGR 9.2%
Operating income	28 billion yen	CAGR 18.3%
ROE	Over 10%	-

In order to establish a foothold for the Fifth Management Plan, Belluna intends to meet this fiscal year's budget, which is the final year of the Fourth Management Plan.

(1) The current term and Fifth Management Plan

Business Description	FY3/22		FY3/23		FY3/24		FY3/25	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
General Mail Order Business	1,199.8	57.6	1,331.3	67.2	1,417.5	73.2	1,514.7	81.2
Cosmetics and Health Foods Business	186.0	19.3	206.3	21.4	230.3	23.4	256.3	26.0
Gourmet Food Business (including wine and Japanese sake)	280.0	19.8	303.8	21.1	347.0	23.3	369.8	26.5
Nurse-Related Business	157.5	14.9	169.4	17.6	181.7	19.8	197.0	22.0
Database Use Business	143.2	49.4	150.2	49.8	168.7	54.1	189.8	58.6
Kimono-Related Business	256.8	3.5	277.2	12.0	303.7	17.4	335.1	21.2
Property Business	212.5	16.5	157.1	13.5	215.8	36.7	219.1	40.2
Other Business + Adjustments	22.2	-6.4	4.7	-2.4	35.5	2.0	18.3	4.3
Total	2,460.0	175.0	2,600.0	200.0	2,900.0	250.0	3,100.0	280.0

*Unit: 100 million yen.

(2) Concept of the Fifth Management Plan

The company will focus on the following five points.

1. Achieving each segment goal
2. Implementation of e-commercialization (including SNS)
3. Maturation of the portfolio (by widening and strengthening business pillars)
4. Training and enhancing practical human resources
5. Promoting M&A aimed at synergy effect

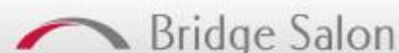
【4-2 Activities in each business segment】

The current situation and activities for growth in the new segments are as follows. The company deems it necessary to improve product competitiveness.

(1) General Mail Order Business

Business Description	FY3/21(Act.)		FY3/22 (Est.)	
	Sales	Operating income	Sales	Operating income
General Mail Order Business -Selling products via catalogs and the Internet mainly to madams -The company started selling products at shopping malls for young customers in 2018 -Also sells men's goods and hardware through mail order	869.9	52.6	1,042.1	51.2
Min Co., Ltd. • ICnet Co., Ltd. • Maruchou Co., Ltd. (Internet-	78.6	4.2	89.6	4.9

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specialized mail order) -min: an online shop handling big-size apparel -IC Net: an online shop handling high-end products -Marucho: an online shop handling miscellaneous goods				
Apparel stores -Operating shops nationwide under the Belluna brand (83 shops as of March 2020)	49.1	-3.8	68.2	1.5
Total	996.3	52.6	1,199.8	57.6

*Unit: 100 million yen.

(Recent trends and the outlook for this term)

- ☆ Paper media performed well, and the shift to online services progressed considerably.
- ☆ RyuRyumall, an EC mall for young fashion, is expected to grow, and the shift to online shops is progressing.
- ☆ Like in the previous term, 20% growth is expected this term.
- ☆ In the previous term, business performance improved significantly due to efforts to improve revenues and the increase in demand from housebound consumers.
This term, the company put importance on growth potential as it has increased new customers steadily, and recognized this term as the year for building a foundation for the Fifth Management Plan.
- ☆ The company will work to improve the efficiency of increasing new customers, inventory turnover and cost ratio.

1. Growth of E-commerce

Both e-commerce orders and RyuRyumall distribution amounts have increased significantly. There is high growth potential for e-commerce, and steady growth is expected to continue this fiscal year.

2. Improvement in efficiency for increasing new customers

We were able to create a pattern to increase the efficiency of increasing customers. The efficiency is expected to remain at the same level as the previous term.

3. Improvement in inventory turnover and cost ratio

In the previous term, the company reduced cost ratio and curbed the worsening of inventory turnover. Inventory turnover is improving. This improvement trend is expected to continue this term.

Business Description	FY3/22		FY3/23		FY3/24		FY3/25	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
General Mail Order Business -Selling products via catalogs and the Internet mainly to madams -The company started selling products at shopping malls for young customers in 2018 -Also sells men's goods and hardware through mail order	1,042.1	51.2	1,155.0	57.1	1,218.7	61.0	1,289.0	66.6
Min Co., Ltd. • ICnet Co., Ltd. • Maruchou Co., Ltd. (Internet-specialized mail order) -min: an online shop handling big-size apparel -IC Net: an online shop handling high-end products	89.6	4.9	101.9	6.0	117.9	7.7	138.4	9.7

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-Marucho: an online shop handling miscellaneous goods								
Apparel stores -Operating shops nationwide under the Belluna brand (83 shops as of March 2020)	68.2	1.5	74.3	4.1	80.8	4.5	87.3	5.0
Total	1,199.8	57.6	1,331.3	67.2	1,417.5	73.2	1,514.7	81.2

*Unit: 100 million yen.

(Items on which the company will concentrate from now on)

Belluna will enhance brand development and shift to e-commerce to secure stable growth and profitability.

(2) Cosmetics and Health Foods Business

Business Description	FY3/21(Act.)		FY3/22 (Est.)	
	Sales	Operating income	Sales	Operating income
Cosmetics Business -Operating mail order cosmetic products business -Cross-border EC in Asia -Growth drivers are online and overseas businesses	150.6	20.8	150.0	15.0
Health Foods Business -Business operation under the Refre brand •Gussurizum received the Golden Award of the Monde Selection for the 4 th consecutive year	43.7	5.7	36.0	4.3
Total	182.9	26.4	186.0	19.3

*Unit: 100 million yen.

(Recent trends and the outlook for this term)

- ☆ Belluna's domestic e-commerce growth and strong cosmetics business expansion in Asia led to a significant increase in its business performance in the previous term.
- ☆ This fiscal year, sales are expected to level off due to the influence of domestic online advertising regulations.

Ozio's e-commerce ratio rose to 52.3% (13.2% in the fiscal year ended March 2017). Overseas business operation is also favorable. Domestically, the development and investment in new products will be accelerated. It also strengthens its overseas expansion.

The "Royal Jelly Mocchiri Gel" became a big hit both domestically and overseas. The cumulative sales volume exceeded 11 million products.

Sales of the "Eggshell Membrane Beauty Serum" is also favorable, and its cumulative sales volume exceeded 4 million products, achieving the largest domestic sales.

Business Description	FY3/22		FY3/23		FY3/24		FY3/25	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Cosmetics Business -Operating mail order cosmetic products business -Cross-border EC in Asia -Growth drivers are online and overseas businesses	150.0	15.0	165.0	16.5	181.5	18.2	200.0	20.0

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Health Foods Business -Business operation under the Refre brand	36.0	4.3	41.3	4.9	48.8	5.3	56.3	6.0
Total	186.0	19.3	206.3	21.4	230.3	23.4	256.3	26.0

*Unit: 100 million yen.

(Key Points of the Fifth Management Plan)

1. Improve product competitiveness
 - (1) To target new customers (in their 20s and 30s).
 - (2) Develop products for cross-selling
2. Improve the brand image
 - (1) Utilize the mass media
 - (2) Resume in-store sales
3. Implement overseas strategies
 - (1) Cultivate the Southeast Asian market
 - ① Grow business in the markets of Taiwan, Hong Kong
 - ② Challenge to enter the markets in Malaysia, Thailand, and Vietnam

(3) Gourmet Food Business (including wine and sake)

Business Description	FY3/21(Act.)		FY3/22 (Est.)	
	Sales	Operating income	Sales	Operating income
Wine mail order businesses My Wine Club recorded the largest online sales of wine for 12 consecutive years	87.7	10.5	100.0	9.8
Mail order of Sake Belluna Gourmet recorded the largest online sales of sake for four consecutive years	44.5	3.0	52.0	3.3
Gourmet food business -Sells boxed meals, year-end gifts, New Year's food, etc. through mail order -The total sales volume of Belluna Gourmet's New Year's food, Yui, is over 400,000	134.0	8.3	128.0	6.7
Total	271.5	21.5	280.0	19.8

*Unit: 100 million yen.

(Recent trends and the outlook for this term)

- ☆ In the wine category, directly imported products are highly rated online. The ratio of online sales exceeded 50%. The company utilized the largest share in the mail-order market, achieving attractive prices and securing a stable repeat customer base.
- ☆ Wine and Japanese sake are maintaining stable sales. The sales growth is expected to continue.

A special selection set of 11 bottles of wine from around the world attained the number one position in domestic wine set sales in 2020. Japanese sake sales volume exceeded two million bottles in the term ended March 2021. This fiscal year, they will continue to expand their product lineup and develop new products, aiming at the number one position in mail-order sales for the fifth consecutive year. 112,000 products of Belluna's original New Year's food Yui—a three-tiered Japanese dish box, were sold during the fiscal year ended March 2021.

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Business Description	FY3/22		FY3/23		FY3/24		FY3/25	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Wine mail order businesses My Wine Club recorded the largest online sales of wine for 12 consecutive years	100.0	9.8	105.8	10.3	117.5	11.4	129.8	12.6
Mail order of Sake Belluna Gourmet recorded the largest online sales of sake for four consecutive years	52.0	3.3	60.0	4.2	70.0	5.6	80.0	7.2
Gourmet food business -Sells boxed meals, year-end gifts, New Year's food, etc. through mail order -The total sales volume of Belluna Gourmet's New Year's food, Yui, is over 400,000	128.0	6.7	138.0	6.5	159.5	6.2	160.0	6.7
Total	280.0	19.8	303.8	21.1	347.0	23.3	369.8	26.5

*Unit: 100 million yen.

(Items on which the company will concentrate from now on)

In the wine and Japanese sake business, they will fortify Belluna's number one position in the industry by promoting quality enhancement, reinforcing the lineup and strengthening brand power.

(4) Nurse-Related Business

Business Description	FY3/21(Act.)		FY3/22 (Est.)	
	Sales	Operating income	Sales	Operating income
Nursery (the 2 nd largest in the mail-order field for nurses)	61.4	6.9	65.5	6.0
infirmière (the largest in the mail-order field for nurses)	87.1	11.5	75.8	8.5
Nurse Career Next (business of nurse staff agency)	1.5	-1.5	2.9	-0.7
JOBSTUDIO (business of staff agency in Singapore)	9.5	1.3	13.3	1.1
Total	159.4	17.7	157.5	14.9

*Unit: 100 million yen.

(Recent trends and the outlook for this term)

- ☆ In the previous term, mainly sales of consumable medical goods were strong not only for healthcare professionals but also for general customers due to the effects of COVID-19.
- ☆ Healthcare professionals tend to become repeat customers, so the company expects to see a continuation of this trend in the next term and beyond.

The nurse-related business is being upgraded to e-commerce. infirmière and Nursery accounts for the majority of the market share, and it is expected to grow steadily with the implementation of e-commerce. Belluna also plans to tap into the nursing-care market by taking advantage of its strengths as an SPA company.

The highest sales volumes were all achieved by original products, and high repeat sales were realized through balancing quality and

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price with SPA production.

Business Description	FY3/22		FY3/23		FY3/24		FY3/25	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Nursery (the 2 nd largest in the mail-order field for nurses)	65.5	6.0	68.2	6.3	73.7	7.0	80.6	7.7
infirmière (the largest in the mail-order field for nurses)	75.8	8.5	81.9	9.4	86.0	10.5	90.3	10.8
Nurse Career Next (business of nurse staff agency)	2.9	-0.7	4.7	0.7	5.9	1.1	8.8	2.1
JOBSTUDIO (business of staff agency in Singapore)	13.3	1.1	14.7	1.2	16.0	1.3	17.3	1.4
Total	157.5	14.9	169.4	17.6	181.7	19.8	197.0	22.0

*Unit: 100 million yen.

(Items on which the company will concentrate from now on)

In addition to stabilizing mail-order sales to nurses, Belluna will enter the mail-order market targeting caregivers. Since the market is large, they will pursue the building of a sales structure aiming at becoming a market leader.

As for overseas expansion, they will work toward product sales, with JOBSTUDIO as a foothold.

(5) Database Use Business

Business Description	FY3/21(Act.)		FY3/22 (Est.)	
	Sales	Operating income	Sales	Operating income
Finance (Consumer financing business for members)	46.2	24.5	46.4	20.0
BD (Business of enclosing and shipping promotional flyers)	33.4	23.2	33.9	22.9
BBS business (Business of undertaking tasks of call centers and distribution)	64.1	7.2	63.0	6.5
Total	141.8	55.0	143.2	49.4

*Unit: 100 million yen.

(Recent trends and the outlook for this term)

- ☆ The outstanding amount of loans at the end of the previous fiscal year decreased due to changes in the external environment.
- ☆ Belluna Direct: In the previous fiscal year, the company achieved a steady increase in both sales and profit in accordance with the increase of mail-order customers.
- ☆ BBS business: The mail order agency service utilizing its own infrastructure is growing, as it met the needs for mail-order services.

In the BBS business, which undertakes tasks of call centers and distribution centers, the company mainly deals with the mail order for healthy food products and cosmetic products for repeat customers.

The annual growth rate of customers is 20%, and the retention rate of customers is as high as 70%. Namely, the company possesses a

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stable foundation for growth.

As call centers specialize in the mail order business, a high response rate and a high customer retention rate have been achieved.

Also, for distribution centers, the company offers services utilizing their group's scale.

The strengths of the company are the knowledge and consulting capability for adjusting packages flexibly according to the growth state of each customer.

Business Description	FY3/22		FY3/23		FY3/24		FY3/25	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Finance (Consumer financing business for members)	46.4	20.0	52.0	20.0	58.2	23.0	64.0	25.6
BD (Business of enclosing and shipping promotional flyers)	33.9	22.9	32.5	23.0	34.0	24.0	35.8	25.0
BBS business (Business of undertaking tasks of call centers and distribution)	63.0	6.5	65.7	6.8	76.5	7.1	90.0	8.0
Total	143.2	49.4	150.2	49.8	168.7	54.1	189.8	58.6

*Unit: 100 million yen.

(Items on which the company will concentrate from now on)

In finance, Belluna plans to increase the balance and boost growth after COVID-19 subsidies.

Belluna Direct aims for steady growth in accordance with the growing number of mail-order customers.

The BBS business will develop new customers and expand infrastructure.

(Key Points of the Fifth Management Plan)

1. Finance will contribute to growth potential by utilizing databases.
2. Belluna Direct will expand advertising as the general mail-order market grows.
3. BBS will take advantage of the expansion of the mail-order industry and proactively develop its business.
4. The company will aim to develop this business as a major pillar of revenues following the General Mail-Order Business.
5. Belluna will achieve profits at around a 30% margin.

(6) Kimono-Related Business

Business Description	FY3/21(Act.)		FY3/22 (Est.)	
	Sales	Operating income	Sales	Operating income
BANKAN, Wamonoya (Japanese clothing sales business launched by the company in 2007)	90.4	3.9	98.8	6.2
Sagami Group Holdings Co., Ltd. (Acquired in 2018. Business of selling mid-priced kimono)	73.3	-12.1	88.4	-6.1
Tokyo Masuiwaya (Acquired in parallel with the acquisition of Sagami. Business of selling high-priced kimono)	30.9	-3.8	42.0	0.7
Maimu Co., LTD. (Rental of hakama, a traditional Japanese kimono-skirt, for university graduation ceremonies)	20.8	1.7	27.5	2.7
Total	214.4	-10.6	256.8	3.5

*Unit: 100 million yen.

(Recent trends and the outlook for this term)

- ☆ BANKAN and Wamonoya secured a surplus despite a decrease in sales and profit.
- ☆ This fiscal year, the company will promote the building of a foundation for Sagami to become profitable.

The annual sales volume of BANKAN's original kimono Mujikomom series exceeded 5,000 items.

This product is not targeted at people who already wear kimono, but those who want to wear kimono, as an item for beginners.

Each shop regularly holds Kimono wo Kiru Kai (Kimono wearing session) to provide customers with an opportunity to wear kimono.

Business Description	FY3/22		FY3/23		FY3/24		FY3/25	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
BANKAN, Wamonoya (Japanese clothing sales business launched by the company in 2007)	98.8	6.2	107.6	9.0	117.0	11.0	126.6	12.7
Sagami Group Holdings Co., Ltd. (Acquired in 2018. Business of selling mid-priced kimono)	88.4	-6.1	92.7	0.0	103.5	2.2	118.8	3.7
Tokyo Masuiwaya (Acquired in parallel with the acquisition of Sagami. Business of selling high-priced kimono)	42.0	0.7	46.6	0.0	50.0	0.9	53.1	1.2
Maimu Co., LTD. (Rental of hakama, a traditional Japanese kimono-skirt, for university graduation ceremonies)	27.5	2.7	30.3	3.0	33.3	3.3	36.6	3.7
Total	256.7	3.6	277.2	12.0	303.7	17.4	335.1	21.2

*Unit: 100 million yen.

(Items on which the company will concentrate from now on)

To steadily promote the BANKAN and Wamonoya business model within the Group to make them profitable.

To foster the growth potential and profitability of the kimono business as a new pillar and build a high profitability business model with a profit margin of 10% at an early stage.

(Key Points of the Fifth Management Plan)

1. Endeavor to shift from the sunset industry to the sunrise industry
 - * Endeavor to increase growth potential
 - * Endeavor to increase profitability
2. Unify business models into the BANKAN model, which is profitable
 - * To secure profitability through sales at major exhibitions as well as in stores.
 - * Cultivate new customers through Enlightening young women who do not have kimono
3. Unify the brand names of the Kimono-Related Businesses of Belluna (scheduled in May 2022)
4. To develop the business as a major pillar of profitability
5. Contribute to the promotion of the kimono culture

(7) Property Business

Business Description	FY3/21(Est.)		FY3/22 (Fourth Business plan)	
	Sales	Operating income	Sales	Operating income
Income gain Rental of real estate owned (offices, stores, solar power facilities, etc.) for rental income	25.6	11.8	22.0	12.4
Capital gain Development and sales of real estate	0.0	0.0	95.9	21.4
Hotel business Operation of 4 hotels in Japan and 3 hotels overseas	39.6	-13.7	84.6	-19.3
Other	10.0	1.9	10.0	2.0
Total	69.8	0.1	212.5	16.5

*Unit: 100 million yen.

(Recent trends and the outlook for this term)

- ☆ The hotel business was affected by the spread of COVID-19 this term, and a significant loss was posted mainly in the first half.
- ☆ The company expects opening costs due to the impact of COVID-19 during the first half of this term and costs for opening of 5 hotels.

Business Description	FY3/22		FY3/23		FY3/24		FY3/25	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Income gain Rental of real estate owned (offices, stores, solar power facilities, etc.) for rental income	22.0	12.4	22.4	11.7	52.5	23.9	58.6	24.5
Capital gain Development and sales of real estate	95.9	21.4	18.0	4.0	18.0	4.0	0.0	0.0
Hotel business Operation of 4 hotels in Japan and 3 hotels overseas	84.6	-19.3	106.4	-4.0	134.9	7.1	150.3	14.0
Other	10.0	2.0	10.3	2.1	10.3	2.1	10.3	2.1
Total	212.5	16.5	157.1	13.8	215.8	37.1	219.1	40.6

*Unit: 100 million yen.

(Items on which the company will concentrate from now on)

The hotel business is expected to see domestic and inbound international tourism recovering from the term ending March 2023. The opening of a large building complex in Ginza is expected in the term ending March 2024, with profitability expected to increase further.

5. Conclusions

The General Mail Order Business, which is the mainstay, has been sluggish for the past few terms, but its sales and profit grew considerably, as the company met the demand from people staying home via online shops and improved business efficiency. This term, too, the General Mail Order Business is expected to see a double-digit growth of sales and a rise in profit, and serve as a growth driver. In addition, the development of the kimono-related business is noteworthy. As the company aims to increase sales and post profit this

term and then achieve sales of 310 billion yen in the term ending March 2025, the kimono-related business, whose CAGR is estimated to be 11.8% in the coming 4 years, is indispensable like the General Mail Order Business and the property business. We would like to pay attention to the endeavor and business progress of the company, which aims to shift from the sunset industry to the sunrise industry, while seeing how they will stir the needs from those who are interested in kimono rather than those who already wear kimono.

Average annual growth rate of sales (FY 3/2021 – FY 3/2025)

Segment	CAGR
General Mail Order Business	+11.0%
Cosmetics and Health Foods Business	+8.8%
Gourmet Food Business (including wine and sake)	+8.0%
Nurse-Related Business	+5.4%
Database Use Business	+7.6%
Kimono-Related Business	+11.8%
Property Business	+33.1%
Total	+10.7%

(Calculated by Investment Bridge)

<Reference: Regarding corporate governance>

◎Organization type, and the composition of directors and auditors

Organization type	Company with audit and supervisory committee
Directors	11 directors, including 2 external ones

◎Corporate Governance Report

Last Update: June 30, 2021.

<Basic policy>

Our basic policy for corporate governance is to streamline business operation by allowing operating officers to have the authority and responsibility for their businesses under the policy determined by the board of directors, and establish compliance systems and effective management systems by enhancing the fairness and transparency of business administration. In addition, we organized a compliance committee inviting outside intellectuals, granting it authority, so that a third party's viewpoint would be reflected in management decisions.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

Principles	Reasons for not implementing the principles
<Supplementary Principle 1-2-(4)>	Taking shareholder composition into account, we post English convocation notices on our website to make it easier for shareholders to examine items on the agenda, whether they are from Japan or overseas. We will consider using an electronic voting platform in the future.
<Supplementary Principle 4-10-(1)>	We currently have two independent outside directors. The independent outside directors express their opinions and provide advice as necessary to both individual directors and the Board of Directors, utilizing their specialized knowledge and extensive experience. From now on, we will consider setting up a voluntary organization whose main members consist of independent outside directors if necessary.
<Supplementary Principle 4-11-(3)>	As for the analysis and evaluation of the effectiveness of the board of directors, we will keep discussing concrete evaluation methods, etc. from the viewpoint of upgrading the functions of the board of directors.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

We disclose the compliance with each principle of the corporate governance code under “Our Efforts Towards the Corporate Governance Code” at the following company website (corporate governance).

Principles	Disclosure contents
【Principle 1-4】	In order to foster good business relations with business partners and carry out business smoothly, we may hold their shares as requested by them. We judge whether or not to invest while comprehensively considering the benefits to our corporate group due to the strengthening of business relations, investment amounts, etc. As for the exercise of voting rights, we check whether proposed bills would degrade shareholder value, and consider the situations of target companies for investment, etc.
【Basic principle 5】	In order to contribute to sustainable growth and the mid/long-term improvement of corporate value, we recognize that we should have constructive dialogues with shareholders also outside general meetings of shareholders and explain our management policy to shareholders clearly and understandably, to win the understanding of shareholders. Therefore, we strive to proactively have dialogues with investors by developing IR systems and holding individual IR meetings and sessions for briefing our company to individual investors in addition to the results briefing session held twice a year, so that they will understand our company more deeply.

This report is intended solely for information purposes, and is not intended as a solicitation to invest in the shares of this company. The information and opinions contained within this report are based on data made publicly available by the Company, and comes from sources that we judge to be reliable. However, we cannot guarantee the accuracy or completeness of the data. This report is not a guarantee of the accuracy, completeness or validity of said information and or opinions, nor do we bear any responsibility for the same. All rights pertaining to this report belong to Investment Bridge Co., Ltd., which may change the contents thereof at any time without prior notice. All investment decisions are the responsibility of the individual and should be made only after proper consideration.

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