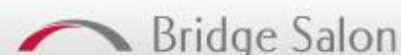


BRIDGE REPORT



President & CEO
Kiyoshi Yasuno

Belluna Co., Ltd. (9997)



Company Information

Market	TSE Prime
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
¥697	97,244,472 shares		¥67,779 million	8.8%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Actual)	PBR (Actual)
¥20.00	2.9%	¥109.64	6.4x	¥1,223.24	0.6x

*The share price is the closing price on June 9. Each number is based on the results of the fiscal year ended March 2022.

Earning trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
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 (Actual)	220,128	13,827	14,537	10,204	105.55	19.00
March 2023 (Forecast)	219,000	15,000	15,700	10,600	109.64	20.00

* 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 fiscal year ended March 2022 etc.

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Key Points

- In the term ended March 2022, sales increased 6.6% year on year to 220.1 billion yen. Gourmet and kimono-related sales increased. In apparel and sundries, mail-order demand fell short of initial expectations. The performance of cosmetics and health foods was affected by the curfew and other restrictive measures in Taiwan. Operating income declined 12.1% year on year to 13.8 billion yen. In apparel and sundries, advertising expenses were curbed from the second half, but media cost ratio, logistics cost ratio, and personnel cost ratio each rose, partly due to a slowdown in response from existing customers. Both sales and profit exceeded the revised forecast announced in January 2022.
- For the term ending March 2023, the company forecasts net sales of 219 billion yen, down 0.5% year on year, and an operating income of 15 billion yen, up 8.5% year on year. Sales and profit are expected to increase in the kimono-related and property businesses, while sales and profit are projected to decrease in the apparel and sundries business and the cosmetics and health foods business. The company intends to manage its business with an emphasis on profit, taking into account the fact that the impact of the spread of COVID-19 has subsided. This is the first year of the company's 5th Management Plan, and it is positioned as a year to develop the groundwork for the maturation of a comprehensive mail-order sales company. The company plans to pay a dividend of 20.00 yen per share, up 1.00 yen per share from the previous year. This will be the fourth consecutive year of dividend increases. The payout ratio is expected to be 18.2%.
- The company's medium/long-term policy is to mature as a comprehensive mail-order sales company with sales of 300 billion yen and an operating income of 30 billion yen as a milestone. The company's fifth management plan, which covers the three-year period from FY 3/2023 to FY 3/2025, targets "net sales of 261 billion yen and an operating income of 22.6 billion yen" for the final year of the plan. The company will focus on "achievement of each segment target," "promotion of the use of the Internet, including social media," "management that responds to current trends," "enhancement and development of practical human resources," and "promotion of M&A aimed at synergistic effects."
- Although the forecast for the term ended March 2022 was revised downwardly, both sales and profit exceeded that forecast. The company is confident that it has sufficiently built a business foundation to achieve 20 billion yen in operating income, which it expects to achieve shortly after reaching 15 billion yen this fiscal year.
- Although there remain many uncertainties in the business environment, such as soaring raw material prices and logistics costs, the impact of the spread of COVID-19 has subsided and we look forward to resuming growth of the mail-order business, which is expected to plateau this fiscal year, and how speedily the kimono-related business, for which structural reforms have been completed, will get off the ground.

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.

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.

In April 2022, following the market reorganization, the company got listed on the Prime Market of TSE.

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 Business Contents

(1) Segments

From the fiscal year ended March 2022, the company is reorganizing its business into eight segments to better clarify its operations: “General Mail-Order Business,” “Cosmetics and Health Foods Business,” “Gourmet Business (including wine and sake),” “Nurse-related Business,” “Database Utilization Business,” “Kimono Related Business,” “Property Business” and “Other Businesses”.

From the term ending March 2023, the company will use four segments: “Mail-Order Business,” “Kimono Related Business,” “Property Business,” and “Other Businesses,” to make disclosure easier to understand.

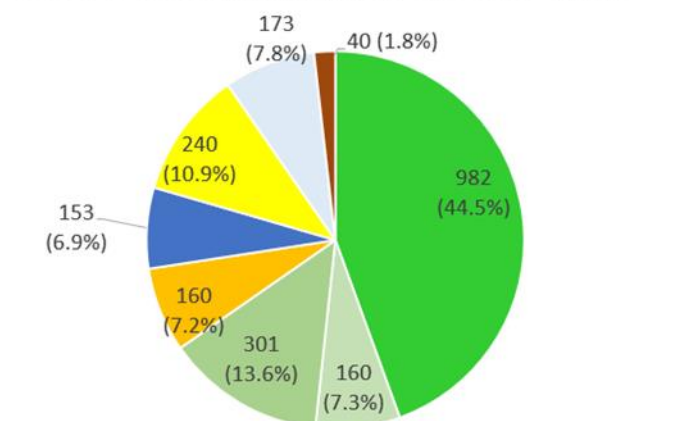
The Mail-Order Business consists of five categories: “apparel and sundry goods business (former general mail-order business),” “cosmetics and health foods business,” “gourmet business (including wine and sake),” “nurse-related business,” and “database utilization

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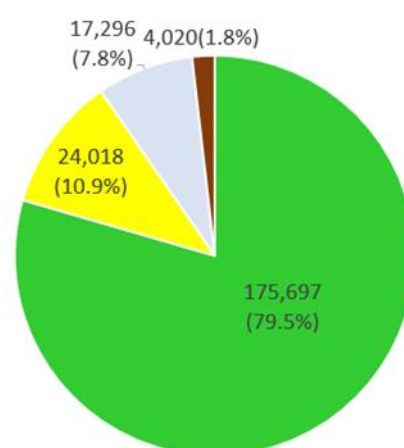
business.”

Sales composition by segment
(Term ended Mar. 2022; unit: 100million yen)



■ Apparel and Sundry Goods Business ■ Cosmetology and Health Foods Business ■ Gourmet Business
■ Nurse-related Business ■ Database Utilization Business ■ Kimono Related Business
■ Property Business ■ Other Businesses

Sales composition by segment
(Term ended Mar. 2022; unit: 100million yen)



■ Mail-Order Business ■ Kimono Related Business
■ Property Business ■ Other Businesses

*Composition ratio is a ratio to unadjusted total

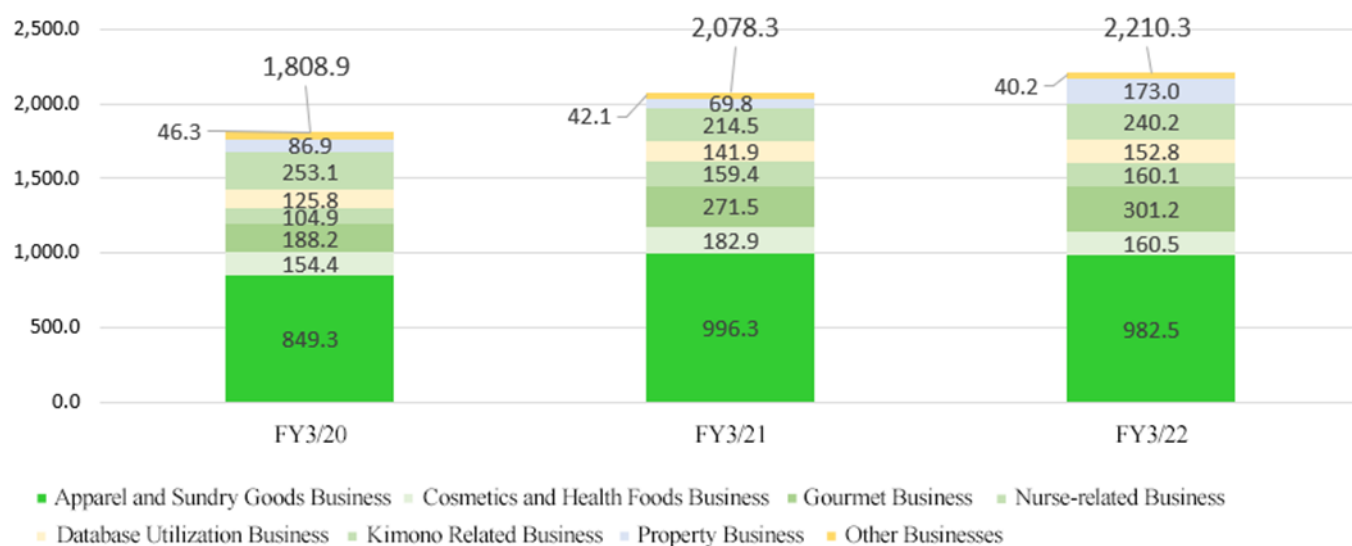
*For the fiscal year ended March 2022, there are eight segments: "General Mail-Order Business," "Cosmetics Health Food Business," "Gourmet Business (including wine and sake)," "Nurse-related Business," "Database Utilization Business," "Kimono-related Business," "Property Business," and "Other Businesses. From the fiscal year ending March 2023, reorganized into four segments: "Mail-Order Business," "Kimono Related Business," "Property Business," and "Other Businesses."

Based on the company's materials, Investment Bridge prepared the FY3/22 figures in the new segment.

(Produced by Investment Bridge with reference to the earning results of FY3/22 of Belluna.)

【100 million yen】

Variation in sales



*Prepared by Investment Bridge based on company materials. Totals are unadjusted subtotals.

① Mail-Order Business

The mail-order business consists of five categories: "apparel and sundry goods business (former general mail-order business)," "cosmetics and health foods business," "gourmet business (including wine and sake)," "nurse-related business," and "database utilization business."

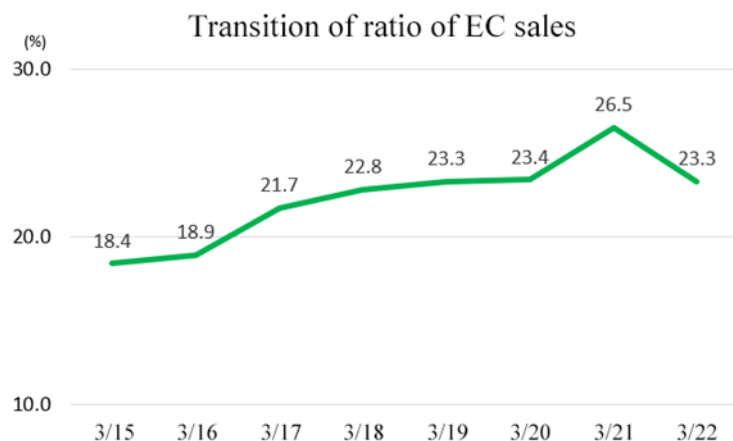
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* Initiatives to promote EC

As a result of the company's efforts so far, online sales have become the main route for acquiring new customers.

The company has also captured the "demand from people staying at home" caused by the spread of COVID-19, and its EC ratio has increased significantly. In the term ended March 2022, the EC ratio declined due to the recoil from that demand, but the company will continue to focus on marketing through social media to further strengthen its business.



①-1. Apparel and sundry goods business (former general mail-order business)

◎ Overview

It is a core business. In addition to clothing, the company offers a wide variety of products, including fashion accessories and interior goods, for all generations. In order to provide higher quality items at reasonable prices, the company has established know-how in product development and efficient product management by utilizing data on its more than 22 million members. In addition to flyers and catalogs, the company is strengthening communication through web media such as those for PCs and smartphones.

Of the former store sales business, the apparel store "BELLUNA" was recategorized into this segment.

(E-commerce, smartphone application)



(Major catalogs)



(Taken from the website of Belluna)

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◎Attributes of subscribers

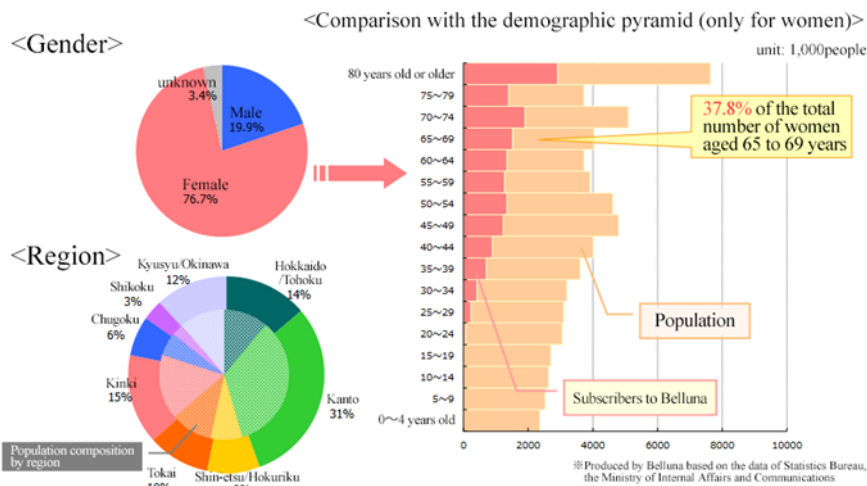
The number of subscribers is over 22 million, and married women in their 40s or older account for about 80% of them.

The subscribers aged 65 to 69 years, who are major married women, make up 37.8 % of the population of this age group in Japan, indicating an overwhelming market share.

【Mail-Order of apparel and sundry goods】

BELLUNA

Characteristics of subscribers (as of the end of Mar. 2022)



(Taken from the reference material of the company)

The number of apparel and sundry goods loyal subscribers, who are defined as subscribers who have purchased products within the fiscal year, was 4.19 million in the term ended March 2022.

It is steadily increasing.

【Mail-Order of apparel and sundry goods】

BELLUNA

Variation in the number of loyal subscribers



(Taken from the reference material of the company)

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 unrivalled catalogs targeted at customers in their 50s to 70s. Accordingly, it won overwhelming support from married women.

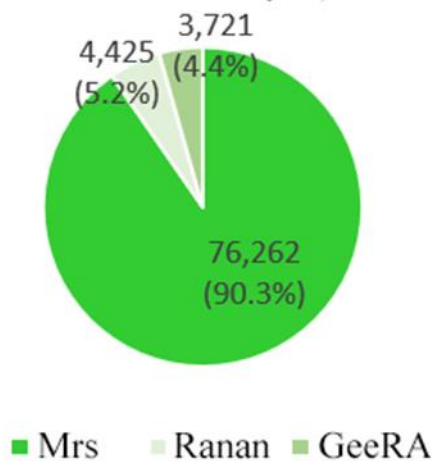
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©Customer segments

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. 2022;
unit: million yen)



①-2. Cosmetics and Health Food Business

© Cosmetics

Ozio Corporation, which handles cosmetics, offers two brands: "Ozio" and "Nachu Life."

Ozio

The company offers cosmetics such as face wash, lotion, and milky lotion, and supplements that are designed to be safe. Its eggshell membrane beauty serum "Beauty Opener," which includes eggshell membrane, which is composed of 18 types of amino acids, collagen, hyaluronic acid, and other substances that provide elasticity, luster, and moisture, is the No. 1 selling product in Japan.

Nachu Life

Nachu-Life mainly offers all-in-one cosmetics. In particular, the company offers products made mainly from plant ingredients that are gentle on the skin. The sales volume of Royal Jelly Mocchiri Gel, an all-in-one cosmetic for aging skin, exceeded 12 million products. The company is also working to develop overseas markets, such as Taiwan, in conjunction with Ozio.

©Healthy Food Products

Refre, Inc., which deals in healthy food products and supplements, offers products that support users' health under the concept of "Tomorrow's Body, From Today."

The company carefully selects only the ingredients that have been verified in terms of origin, agricultural methods, data to prove safety, and nutritional analysis, and it conducts quality inspections many times after receiving raw materials.

They also conduct various analytical tests during the manufacturing process to thoroughly pursue product safety. In 2013, the company established the Refre Research Institute, which is working to improve product value, food safety, product quality assurance, and health hazard prevention through health food products.

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(Taken from the website of Belluna)

①-3 Gourmet business (including wine and sake)

Gourmet Tomonokai, which deals in food and flowers, offers a nationwide selection of delicious foods, including prepared foods, marine products, sweets, and sake.

The company offers a variety of sales formats, including "hanpukai," in which products are delivered once a month; "single item" sales, in which customers can order what they want when they want it; and "gift" sales, in which products are delivered for mid-year gifts and Valentine's Day.

My Wine Club, a mail order service specializing in wine, offers a large selection of wines that are rare in Japan and imported directly from local markets. The variety, richness, and high quality of the products handled are well-received, and the company has been ranked No. 1 for 13 consecutive years (FY 2008-FY 2020) in a survey of domestic wine sales share.



(Taken from the website of Belluna)

①-4 Nurse-related business

The company offers a full line of nurses' wear, shoes, and goods to fully support nurses in their daily lives.

The company has two brands: "Nursery," with its strength in reasonable prices, and "Anfamie," with its wide selection of products and collaboration with other companies' brands and has a dominant share in the mail-order market for nurses.

The company also offers "Nurse Career Next" and "JOB STUDIO," career change support services for nurses.



(Taken from the website of Belluna)

①-5 Database Utilization Business

The company's business consists of enclosed package delivery services, mail-order agency services, and finance business.

Package delivery services

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.

Mail-order agency services

The company provides a series of functions, including Belluna's infrastructure and know-how, to companies engaged in mail-order sales. In addition to receiving, shipping, and stocking products at distribution center, the company provides comprehensive outsourcing services, including inbound and outbound call center operations. Even new entrants into the mail-order business can provide products and services quickly and inexpensively, without their own infrastructure.

Finance Business

It is a consumer finance business utilizing the database cultivated in the mail-order business. Since the company offers loans to mail-order users, it is characterized by the fact that many of its customers are women, who are the main targets of mail-order sales. Another strength of this business is its ability to provide credit using mail-order usage history.

② Kimono-related business

The company has opened stores selling kimonos and kimono-related products in shopping centers and malls.

The company also rents hakama for graduation ceremonies for university students.

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.

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(Taken from the website of Belluna)

③ Property Business

The company operates a real estate business that leases office buildings and commercial facilities and engages in value-added real estate revitalization and development, as well as a hotel business.



(Taken from the website of Belluna)

④ Other Business

The company also operates a wholesale business, a golf course management business, a restaurant business, and an accommodation reservation business.

1-4 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 22 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 37.8% of the population, 1 in 3 people of this age group in Japan.

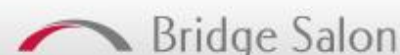
The competitive customer database and know-how, which have been developed through the mail-order business for about 40 years, are significant features that contribute to the creation of corporate value. In the mail-order sale business, which is its mainstay, Belluna won strong support from married women 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 earn 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.

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In the Apparel and sundry goods 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 Cosmetics 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.

③Stable 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.

1-5 Shareholder Return

Belluna determines dividends while considering its business performance and strategic investments for mid-term growth. The company paid a dividend of 19 yen per share for the term ended March 2022, up 2.5 yen per share from the previous year. For the term ending March 2023, the company plans to raise the dividend by 1 yen to 20 yen per share. 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: "Apparel and sundry goods 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).

*Actual allocation for March 2022

1-6 ROE analysis

	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
ROE (%)	8.4	4.4	7.0	10.9	10.8	5.8	10.3	8.8
Net Income Margin (%)	5.30	2.69	3.97	5.98	5.82	3.26	5.34	4.64
Total Asset Turnover (times)	0.85	0.84	0.86	0.86	0.87	0.81	0.87	0.89
Leverage (times)	1.85	1.97	2.06	2.12	2.13	2.22	2.21	2.14

Although the company did not reach its target of 10.5% in the term ended March 2022, which is the final year of its fourth management plan, it will continue to work on improving profitability and asset efficiency.

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2. Fiscal Year ended March 2022 Earnings Results

2-1 Consolidated Business Results

	FY3/21	Ratio to sales	FY3/22	Ratio to sales	YoY	Compared to initial plan	Compared to revised plan
Sales	206,499	100.0%	220,128	100.0%	+6.6%	-10.5%	+1.4%
Gross profit	121,556	58.9%	129,305	58.7%	+6.4%	-	-
SG&A expenses	105,821	51.2%	115,478	52.5%	+9.1%	-8.7%	+1.8%
Operating income	15,734	7.6%	13,827	6.3%	-12.1%	-21.0%	+2.4%
Ordinary income	16,872	8.2%	14,537	6.6%	-13.8%	-20.1%	+1.0%
Net income	11,036	5.3%	10,204	4.6%	-7.5%	-18.4%	+4.1%

*Unit: Million yen. Gross profit is gross profit - net. Net income is net income attributable to owners of parent.

The ratio to the revised forecast is the ratio to the revised forecast announced in January 2022.

Sales increased but profit declined. But both sales and profit exceed the revised plan.

In the term ended March 2022, sales increased 6.6% year on year to 220.1 billion yen. Gourmet and kimono-related sales increased. In apparel and sundries, mail-order demand fell short of initial expectations. The performance of cosmetics and health foods was affected by the curfew and other restrictive measures in Taiwan. Operating income declined 12.1% year on year to 13.8 billion yen. In apparel and sundries, advertising expenses were curbed from the second half, but media cost ratio, logistics cost ratio, and personnel cost ratio each rose, partly due to a slowdown in response from existing customers. Both sales and profit exceeded the revised forecast announced in January 2022.

Quarterly transition of sales and operating income (unit:million yen)



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2-2 Trend of each segment

	FY3/21	Composition Ratio	FY3/22	Composition Ratio	YoY	Compared to initial plan	Compared to revised plan
Sales							
Apparel and Sundry Goods Business	99,625	48.2%	98,247	44.6%	-1.4%	-18.1%	+0.4%
Cosmetics & Healthy food Business	18,293	8.9%	16,049	7.3%	-12.3%	-13.7%	+2.0%
Gourmet Business	27,147	13.1%	30,116	13.7%	+10.9%	+7.6%	+1.1%
Nurse Business	15,942	7.7%	16,005	7.3%	+0.4%	+1.6%	+0.3%
Database Business	14,184	6.9%	15,276	6.9%	+7.7%	+6.7%	+0.8%
Kimono store sales Business	21,444	10.4%	24,017	10.9%	+12.0%	-6.5%	+1.1%
Property Business	6,983	3.4%	17,296	7.9%	+147.7%	-18.6%	+7.7%
Other Business	4,206	2.0%	4,019	1.8%	-4.4%	-23.2%	-3.8%
Adjustment	-1,329	-	-901	-	-	-	-
Total	206,499	100.0%	220,128	100.0%	+6.6%	-10.5%	+1.4%
Operating income							
Apparel and Sundry Goods Business	5,256	5.3%	2,092	2.1%	-60.2%	-63.7%	+3.7%
Cosmetics & Healthy food Business	2,635	14.4%	1,829	11.4%	-30.6%	-5.2%	+0.6%
Gourmet Business	2,145	7.9%	2,268	7.5%	+5.7%	+14.5%	+0.8%
Nurse Business	1,800	11.3%	1,021	6.4%	-43.3%	-31.5%	-1.7%
Database Business	5,500	38.8%	5,691	37.3%	+3.5%	+15.2%	+1.3%
Kimono store sales Business	-1,058	-	594	2.5%	-	+69.7%	+0.5%
Property Business	6	0.1%	867	5.0%	-	-47.5%	-2.1%
Other Business	-127	-	-99	-	-	-	-
Adjustments	-425	-	-437	-	-	-	-
Total	15,734	7.6%	13,827	6.3%	-12.1%	-21.0%	+3.3%

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

The ratio to the revised forecast is the ratio to the revised forecast announced in January 2022.

◎Apparel and sundry goods business

Both sales and profit declined.

Despite aggressive advertising in Q1 and Q2, profitability declined due to a slowdown in response from existing customers compared to the same period a year earlier caused by the subsiding of the impact of the spread of COVID-19. In Q3 and Q4, while the slowdown in response from existing customers continued, the company prioritized business operations to secure earnings by curbing advertising expenses. Although sales and profit declined in Q3 and Q4 from the same period of the previous year, the extent of the decline improved compared with the first half of the fiscal year.

◎Cosmetics and Health Foods Business

Both sales and profit declined.

In addition to a slowdown of growth due to the impact of COVID-19 in Taiwan from Q2, advertising expenses increased in Q3 and Q4 due to the start of TV commercials in Japan in October. In the health food mail-order business, sales and profit continued to decline due to a drop in new customer response.

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◎Gourmet Business

Both sales and profit increased.

In addition to continued aggressive advertising in the previous year in response to the increase in the number of active customers, sales of Osechi (New Year's food) dishes were strong in the third quarter. On the other hand, the impact of the spread of COVID-19 has subsided, and response from existing customers continued to slow compared to the same period last year.

◎ Nurse Business

Sales grew, but profit declined.

While the company advertised its products actively through TV commercials, etc., the demand from housebound consumers due to the spread of COVID-19 subsided. The demand for medical goods and supplies, including face masks and pulse oxymeters, which was in high demand in the same period of the previous year, weakened.

◎ Database Business

Sales and profit grew.

Mail-order agency service sales increased due to the steady increase of new clients. Sales of enclosing and mailing services declined in Q3 and Q4 due to the slowdown of growth in the apparel and sundry goods business, but rose for the full year. In the finance business, the efficiency of acquiring new customers declined due to the spread of COVID-19.

◎ Kimono store sales Business

Sales grew, and profit returned to profitability.

In Q1 and Q2, the impact of shortened business hours and temporary closures due to developers' policies to prevent the spread of COVID-19 was mitigated compared to the same period of the previous year. In Q3 and Q4, improvement in average order efficiency per store and cost-cutting measures contributed to both increased order amount and improved profitability.

◎ Property Business

Both sales and profit increased.

In the hotel business, the impact of the spread of COVID-19 has subsided, and the negative impact has diminished compared to the same period of the previous year, but in addition to the expenses incurred in advance for newly opened hotels, the occupancy rate of existing hotels declined in the third quarter due to the absence of the GoTo campaign that was implemented in the same period of the previous year, resulting in a significant increase in revenues and a decrease in profit.

In the real estate development and sales business, they sold overseas real estate.

◎ Other Business

Sales declined, and an operating loss was posted.

In Q1 and Q2, the restaurant business and the hotel reservation business struggled due to the impact of the spread of COVID-19, but the impact was smaller than that in the same period of the previous year. In Q3, the number of room reservations declined significantly year on year due to the absence of the GoTo campaign in the room reservation business, which was implemented in the same period of the previous year.

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2-3 Financial Condition and Cash Flows

◎Main BS

	End of March 2021	End of March 2022	Increase/ Decrease		End of March 2021	End of March 2022	Increase/ Decrease
Current assets	115,534	118,133	+2,599	Current liabilities	55,645	64,904	+9,259
Cash and deposits	30,778	28,591	-2,187	Trade payables	22,250	22,303	+53
Trade receivable	10,242	10,666	+424	Short-term interest-bearing debts	5,909	17,909	+12,000
Inventories	23,416	27,961	+4,545	Noncurrent liabilities	71,334	70,229	-1,105
Noncurrent assets	124,677	136,045	+11,368	Long-term interest-bearing debts	66,797	65,642	-1,155
Property, plant and equipment	92,558	103,342	+10,784	Total liabilities	126,980	135,134	+8,154
Intangible assets	10,904	10,278	-626	Net assets	113,231	119,044	+5,813
Investments and other assets	21,213	22,424	+1,211	Retained earnings	94,667	103,131	+8,464
Total assets	240,211	254,178	+13,967	Total liabilities and net assets	240,211	254,178	+13,967

*Unit: Million yen

Total assets increased 13.9 billion yen year on year to 254.1 billion yen, as cash and deposits declined, but inventory assets and tangible fixed assets rose. Total liabilities rose 8.1 billion yen to 135.1 billion yen due to the increase in trade payables, short-term interest-bearing debts and etc. As retained earnings grew etc., net assets increased 5.8 billion yen to 119 billion yen. As a result, capital-to-asset ratio decreased 0.4 points from the end of the previous term to 46.5%.

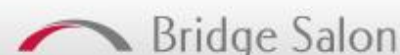
◎Cash Flows

	FY3/21	FY3/22	Increase/Decrease
Operating CF	20,772	7,154	-13,618
Investing CF	-5,185	-17,033	-11,848
Free CF	15,587	-9,879	-25,466
Financing CF	-6,996	8,652	+15,648
Balance of cash equivalents	30,958	29,569	-1,389

*Unit: Million yen

Operating CF decreased due to the increases in inventory assets and payment of income taxes, etc. The cash outflow from investing activities increased due to an increase in purchase of property plant and equipment, and free CF turned negative. Financing CF turned positive due to the increase in short and long-term debts, etc. The cash position declined.

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3. Fiscal Year ending March 2023 Earnings Estimates

3-1 Full-year Earnings Estimates

	FY 3/22	Ratio to sales	FY 3/23 (Est.)	Ratio to sales	YOY
Sales	220,128	100.0%	219,000	100.0%	-0.5%
Operating income	13,827	6.3%	15,000	6.8%	+8.5%
Ordinary income	14,537	6.6%	15,700	7.2%	+8.0%
Net income	10,204	4.6%	10,600	4.8%	+3.9%

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

Slight decrease in sales and increase in profit are forecast.

The company forecasts net sales of 219 billion yen, down 0.5% year on year, and an operating income of 15 billion yen, up 8.5% year on year. Sales and profit are expected to increase in the kimono-related and property businesses, while sales and profit are projected to decrease in the apparel and sundries business and the cosmetics and health foods business. The company intends to manage its business with an emphasis on profit, taking into account the fact that the impact of the spread of COVID-19 has subsided. This is the first year of the company's 5th Management Plan, and it is positioned as a year to develop the groundwork for the maturation of a comprehensive mail-order sales company. The company plans to pay a dividend of 20.00 yen per share, up 1.00 yen per share from the previous year. This will be the fourth consecutive year of dividend increases. The payout ratio is expected to be 18.2%.

3-2 Trends of each segment

	FY 3/22	Ratio to sales	FY 3/23 (Est.)	Ratio to sales	YoY
Sales					
Apparel and Sundry Goods Business	98,247	44.6%	90,070	41.1%	-8.3%
Cosmetics & Healthy food Business	16,049	7.3%	15,160	6.9%	-5.6%
Gourmet Business	30,116	13.7%	32,790	15.0%	+8.9%
Nurse Business	16,005	7.3%	15,740	7.2%	-1.7%
Database Business	15,276	6.9%	15,620	7.1%	+2.2%
Kimono store sales Business	24,017	10.9%	25,230	11.5%	+5.1%
Property Business	17,296	7.9%	20,230	9.2%	+17.0%
Other Business	4,019	1.8%	4,670	2.1%	+16.1%
Adjustment	-901	-	-500	-	-
Total	220,128	100.0%	219,000	100.0%	-0.5%
Operating income					
Apparel and Sundry Goods Business	2,092	2.1%	1,600	1.8%	-23.5%
Cosmetics & Healthy food Business	1,829	11.4%	1,350	8.9%	-26.2%
Gourmet Business	2,268	7.5%	2,260	6.9%	-0.4%
Nurse Business	1,021	6.4%	1,220	7.8%	+19.5%
Database Business	5,691	37.3%	5,750	36.8%	+1.0%
Kimono store sales	594	2.5%	1,270	5.0%	+113.8%

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Business					
Property Business	867	5.0%	2,010	9.9%	+131.8%
Other Business	-99	-	120	2.6%	-
Adjustments	-437	-	-580	-	-
Total	13,827	6.3%	15,000	6.8%	+8.5%

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

The kimono store sales and property businesses are expected to contribute to profit growth.

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 Regarding the business environment】

The company will pay attention to “the intensification of competition,” “lingering deflationary mindsets,” “weakening of demand from housebound consumers,” “growth of the Internet,” and “diversification of consumption” in the external environment and “business administration in response to the change of the times,” “mature organizational structures,” “initiatives for new business” and “Improvement of product value” in the internal environment, and cope with changes.

【4-2 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.

Based on the results in the term ended March 2022, the company revised its forecasts for sales and operating income to 310.0 billion yen and 28.0 billion yen, respectively. The sales growth rate remains unchanged, while profit growth rate rose from 18.3% to 22.8%.

Goal of fiscal year ending March 2025

Sales	261 billion yen	CAGR 9.2%
Operating income	22.6 billion yen	CAGR 22.8%
ROE	Over 10%	-

(1) The current term and Fifth Management Plan

Fifth Management Plan (FY3/23~FY3/25)

Unit: 100 million yen

	FY3/23		FY3/24		FY3/25	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Mail-Order Business	1,693.7	121.8	1,857.4	145.2	2,020.7	170.4
Apparel & Sundry Goods Business	900.7	16.0	982.1	33.1	1,048.0	48.8
Cosmetics & Health Foods Business	151.6	13.5	168.6	15.3	186.2	16.7
Gourmet Business	327.9	22.6	369.0	25.2	413.3	28.6
Nurse-related Business	157.4	12.2	166.1	13.4	177.0	15.2
Database Utilization Business	156.2	57.5	171.5	58.1	196.1	61.2
Kimono Related Business	252.3	12.7	276.7	17.3	310.9	21.1
Property Business	202.3	20.1	204.6	26.0	219.8	31.0
Other Businesses	46.7	1.2	54.8	2.8	64.7	3.9
Adjustments	-5.0	-5.8	-3.5	-1.3	-6.0	-0.4
Consolidated Total	2,190.0	150.0	2,390.0	190.0	2,610.0	226.0

(Taken from the reference material of the company)

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**(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. Management in response to current trends
4. Training and enhancing practical human resources
5. Promoting M&A aimed at synergy effect

【4-3 Activities in each business segment】**(1) Mail Order Business****①Overall Mail Order Business**

Performance forecast for FY3/22 and business plan for FY3/23

Unit: 100 million yen

	FY3/22 (achievement)		FY3/23 (estimate)	
	Sales	Operating income	Sales	Operating income
Apparel & Sundry Goods Business	982.5	20.9	900.7	16.0
Cosmetics & Health Foods Business	160.5	18.3	151.6	13.5
Gourmet Business	301.2	22.7	327.9	22.6
Nurse-related Business	160.1	10.2	157.4	12.2
Database Utilization Business	152.8	56.9	156.2	57.5
Consolidated Total	1,757.0	129.0	1,693.7	121.8

(Taken from the reference material of the company)

In the current fiscal year, the impact of the spread of COVID-19 will subside, and the market is expected to level off. In light of current trends, the company will move forward to create a new winning pattern and build the groundwork for further growth.

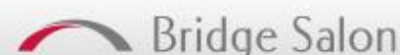
In the previous fiscal year, the company curbed advertising expenses from the second half, but profit declined due to a slowdown in response from existing customers.

Although the impact of the spread of COVID-19 has subsided and customer response has slowed, the company has been able to expand and maintain its base.

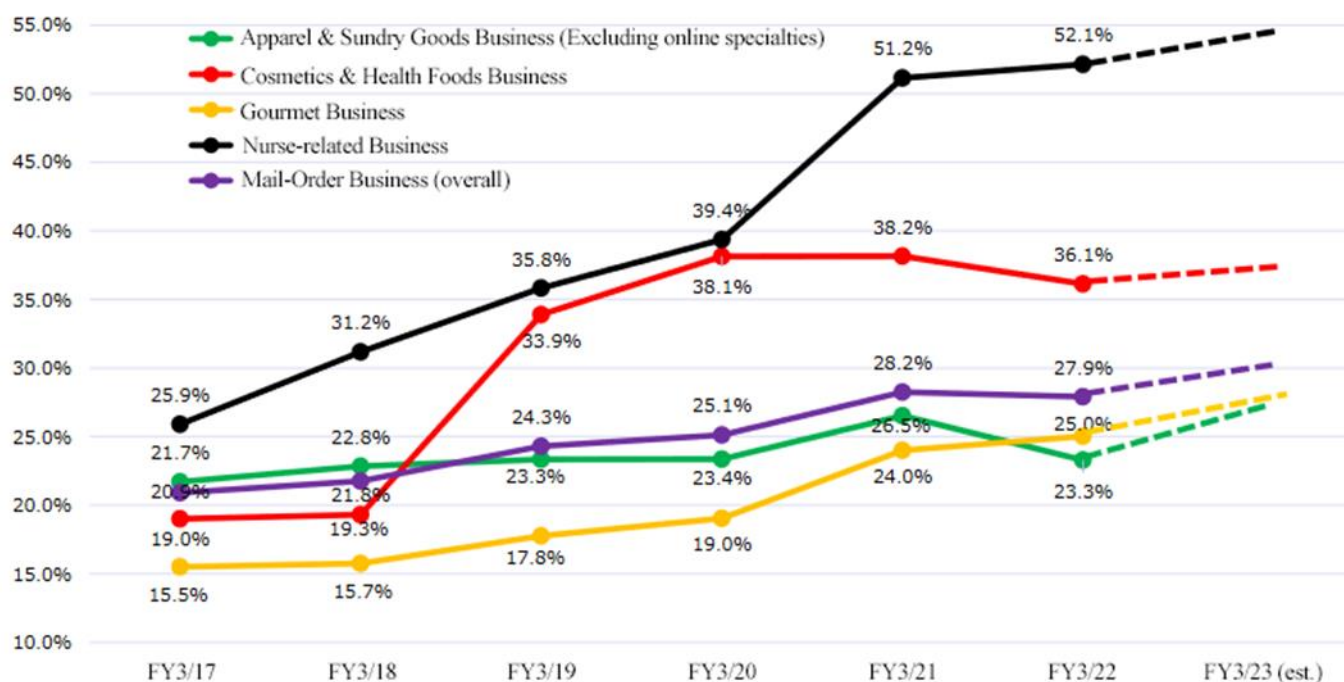
Due in part to the acquisition of new customers and a preference for lower unit prices, order unit prices have been flat to declining. In the current fiscal year, the company expects order unit prices to rise by strengthening branding.

The EC ratio in the term ended March 2022 was flat, partly due to a rebound in the term ended March 2021, but is expected to rise in the future.

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Unit : %



(Taken from the reference material of the company)

② Apparel & Furniture, Goods Business

Performance forecast for FY3/22 and business plan for FY3/23

Unit: 100 million yen

Business breakdown	FY3/22 (achievement)		FY3/23 (estimate)	
	Sales	Operating income	Sales	Operating income
Apparel & Sundry Goods Business • Rolled out products mainly targeted to madams through catalogs and the Internet. • For the young group, we started selling products at shopping mails in 2018. • We started selling men's and hard products on mail order.	844.1	21.5	762.0	13.1
Min Co., Ltd. / ICnet Co., Ltd. / Maruchou Co., Ltd. / Select Co., Ltd. (Internet-specialized mail order) • Min Co., Ltd. : Big-sized apparel mail order • ICnet Co., Ltd. : Brand mail order • Maruchou Co., Ltd. : General goods mail order • Select Co., Ltd. : Women's apparel mail order	85.8	3.7	93.9	3.8
Apparel stores • Rolled out Belluna brand nationwide (March 2022 84 stores)	53.8	-3.9	57.8	-0.5
Total	982.5	20.9	900.7	16.0

(Taken from the reference material of the company)

In the previous fiscal year, profit declined due to a slowdown in the response rate of existing customers as the impact of the spread of COVID-19 wore off. In the current fiscal year, the company will work to create the groundwork for further growth.

(Recent situation, outlook for this fiscal year, and initiatives)

- ☆ Strengthen menswear and home electronics, and introduce mid-priced products.
- ☆ Promote brand development and pursue "brand's uniqueness" in the brand's worldview.

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③ Cosmetics & Healthy Food Business

Performance forecast for FY3/22 and business plan for FY3/23

Unit: 100 million yen

	FY3/22 (achievement)		FY3/23 (estimate)	
	Sales	Operating income	Sales	Operating income
Cosmetics Business (Ozio・Nachu life brand) • Cosmetics mail-order business • Develop cross-border EC in Asia • The Internet and overseas are growth drivers	129.1	14.1	118.7	11.0
Health Foods Business • Rolled out health foods in Refre brand • Gussurizu received the gold prize from the Monde Selection for four consecutive years.	34.6	3.9	32.9	2.5
Total	160.5	18.3	151.6	13.5

(Taken from the reference material of the company)

In addition to the slowdown of growth due to the impact of the spread of COVID-19 in Taiwan, the company's profit declined in Japan due to the augmentation of advertising expenses following the start of TV commercials.

In the current fiscal year, the company will focus on creating a new winning pattern in sales promotion.

(Recent situation, outlook for this fiscal year, and initiatives)

- ☆ The company began airing commercials in October 2021. In response to restrictions on Internet advertising, the company will focus on brand development strategies for its product brands.
- ☆ In addition to mail-order sales, the company will focus on store wholesaling in the future.

④ Gourmet Business (including wine and sake)

Performance forecast for FY3/22 and business plan for FY3/23

Unit: 100 million yen

	FY3/22 (achievement)		FY3/23 (estimate)	
	Sales	Operating income	Sales	Operating income
Wine mail order businesses (My Wine Club - ranked No.1 sales of mail order of wine for 12 consecutive years)	93.9	9.7	100.0	9.0
Mail order of Sake Belluna Gourmet - ranked No.1 in sales of mail order of sake for 4 consecutive years	48.0	3.9	55.0	4.0
Gourmet food business • Released mail orders for foods such as boxed lunches, year-end gifts, and osechi (foods prepared for New Year's holidays) • The total no. of Belluna gourmet / Osechi yui sold topped 400,000 units.	157.3	9.1	172.9	9.6
Total	301.2	22.7	327.9	22.6

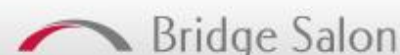
(Taken from the reference material of the company)

Both the wine mail-order business and the gourmet foods business remain strong. In the current fiscal year, the company expects to continue its revenue growth while coping with rising production and material costs.

(Recent situation, outlook for this fiscal year, and initiatives)

- ☆ The mail-order sales of wine have been the largest for 13 consecutive years, and a set of globally selected 11 bottles of wine marked the largest sales volume in the wine set section in Japan in 2020.
Sales volume in the term ended March 2022 was 11.2 million bottles. For the current fiscal year, the company expects to sell 12.2 million bottles.
The factors in favorable performance are the continuous development and improvement of attractive products.
- ☆ The mail-order sales of sake have been the largest for 5 consecutive years. Sales volume exceeded 2.8 million bottles in the

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term ended March 2022. The company expects to sell 3 million bottles this fiscal year.

- ☆ Sales volume of Osechi (New year food) "Yui" totaled 155,000 boxes in the term ended March 2022. Sales volume of Osechi (New year food) totaled 280,000 boxes. The company plans to sell 350,000 boxes this fiscal year.

⑤ Nurse Business

Performance forecast for FY3/22 and business plan for FY3/23

Unit: 100 million

	FY3/22 (achievement)		FY3/23 (estimate)	
	Sales	Operating income	Sales	Operating income
Nursery (Mail order for nurses, No.2 in the industry)	59.4	2.8	56.2	4.0
infirmière (Mail order for nurses, No.1 in the industry)	81.3	7.1	80.0	7.4
Nurse Career Next (Personnel placement business for nurses)	1.7	-1.0	2.9	0.2
JOB STUDIO (Personnel placement business in Singapore)	17.7	1.6	18.2	1.5
Total	160.1	10.2	157.4	12.2

(Taken from the reference material of the company)

While the company aggressively advertised products through TV commercials and other media, demand for medical sundries and consumables such as masks and pulse oximeters, for which there was special demand in the same period of the previous year, has declined. In the current fiscal year, the company will focus on profit-oriented management.

(Recent situation, outlook for this fiscal year, and initiatives)

- ☆ The company is the No. 1 mail-order sales company for nurses in Japan.
- ☆ The company aims to meet the demand for corporations, by strengthening the BtoB business for hospitals and clinics based on online and offline systems.
- ☆ The company will enter healthcare-related markets targeting nurses, dental clinics, beauty clinics, etc. by utilizing the forte as an SPA (Speciality store retailer of Private label Apparel).

⑤ Database Utilization Business

Performance forecast for FY3/22 and business plan for FY3/23

Unit: 100 million yen

	FY3/22 (achievement)		FY3/23 (estimate)	
	Sales	Operating income	Sales	Operating income
Finance (Consumer finance business for members)	45.5	20.2	48.3	21.3
Belluna Direct (Enclosure / combined shipping business)	37.4	27.2	36.1	26.2
Belluna Business Solution (Contracted call center / logistics business)	70.3	8.1	73.0	8.2
BGL (Consolidated from FY3/22. Logistics 3PL Business)	21.8	1.4	28.4	1.8
Total	152.8	56.9	156.2	57.5

In the finance business, new client acquisition efficiency declined in the previous fiscal year due to the impact of the spread of COVID-19.

Belluna Direct achieved steady revenue and profit growth in the previous fiscal year in response to an increase of mail-order customers. The mail-order agency service, which utilizes the company's own infrastructure, made steady progress in acquiring new clients. Customer retention rate was as high as 79% in the previous term.

The call center has achieved high response rates and customer retention by specializing in the mail-order business, and the distribution

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center also provides services that take advantage of the Group's economies of scale. The company's competitive advantage is its know-how and consulting capabilities that enable it to propose flexible changes in packages to match the growth stages of its customers. BGL, which operates a 3PL (logistics service provider) business, has been a target of consolidation since July 2021.

⑥ Kimono store sales Business

Performance forecast for FY3/22 and business plan for FY3/23

Unit: 100 million yen

	FY3/22 (achievement)		FY3/23 (estimate)	
	Sales	Operating income	Sales	Operating income
BANKAN Wamonoya (Kimono sales business started in 2007, when the Company was founded)	103.9	8.8	112.2	10.0
• Sagami Group Holdings Co.,Ltd. (Acquired in 2018, medium priced kimono sales business)	80.8	-2.6	78.1	0.6
Tokyo masuiwaya (Acquired at the same time as Sagami, a highly-priced kimono sales business)	33.3	-1.6	34.9	0.4
Maimu Co.,LTD. (Rental hakama traditional graduation attire for students)	24.3	1.9	29.2	2.4
Total	240.2	5.9	252.3	12.7

In the previous fiscal year, sales and profit increased due to the reduced impact of store holidays, improved average order efficiency per store, and cost reduction measures.

The company aims to return Sagami and Tokyo Masuiwa-ya to profitability in the current fiscal year.

(Recent situation, outlook for this fiscal year, and initiatives)

BANKAN and Wamonoya maintained growth despite the COVID-19 pandemic.

Regarding Sagami, the company strives to “enrich products” for increasing new customers, holds sessions for wearing kimono and teaching how to get on kimono for increasing repeat customers, and is shifting from large-scale events to in-store events for reducing the ratio of costs.

In addition, the company educates sales staff for selling products at stores, closes unprofitable stores, and takes comprehensive measures for cost reduction. The company aims to raise the earning ratio per store from 2-3% to 10%.

The company has been making steady progress in "switching from large event sales to in-store sales," "training to enable in-store sales," "dismantling unprofitable stores," and "cost reduction," and the structural reform was completed in the previous fiscal year. The company expects to return to profitability in the current fiscal year.

In the kimono-related business, the company aims to achieve sales of 31.3 billion yen and a profit of 2.1 billion yen in the fifth management plan (at the end of FY 3/25).

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⑦ Property Business

Performance forecast for FY3/22 and business plan for FY3/23

Unit: 100 million yen

	FY3/22 (achievement)		FY3/23 (estimate)	
	Sales	Operating income	Sales	Operating income
Income gain Rental revenue from properties (including office buildings, stores etc.)	30.7	7.6	30.7	11.9
Capital gain Property development and sales business	65.1	20.7	35.7	10.0
Hotel business Operate 4 hotels in Japan, 3 hotels overseas	77.2	-23.1	136.1	-5.2
Solar power generation business Own three solar properties	10.0	3.0	10.0	3.0
Total	173.0	8.7	202.3	20.1

In the previous fiscal year, the impact of the spread of COVID-19 subsided, and the negative impact of the outbreak was smaller than that in the same period of the previous year, but the hotel business was in the red due to up-front costs incurred in opening new hotels. For the current fiscal year, the company expects an increase in revenue and profit due to an increase in the number of guests attracted by the hotel business.

(Recent situation, outlook for this fiscal year, and initiatives)

- ☆ The company owns 27 rental properties, mainly office buildings in central Tokyo, and has achieved stable occupancy and yield with an NOI yield of 5.6%.
- ☆ Large-scale development of a complex facility in Ginza 7-chome (total investment of 25 billion yen, expected yield of about 5.9%) is underway, and the company expects significant profit growth from the term ending March 2024 onward.
- ☆ As of March 2022, the company operated a total of 13 hotels (7 owned and 6 leased).
- ☆ Occupancy rate in the term ended March 2022 were lower than that in the previous year, and average room prices were flat YoY. The average room rate per room is expected to decline due to the impact of an increase in the sales composition of domestic hotels, but the company expects revenue to increase due to a significant rise in occupancy rate.
- ☆ The company plans to open one project in Japan in the term ending March 2024 and the term ending March 2026, respectively. When the company returns to normal operations after COVID-19 subsides and the revival of inbound tourism, it expects to achieve net sales of 25 billion yen and an operating income of 5 billion yen or more.

5. Conclusions

Although the forecast for the term ended March 2022 was revised downwardly, both sales and profit exceeded that forecast. The company is confident that it has sufficiently built a business foundation to achieve 20 billion yen in operating income, which it expects to achieve shortly after reaching 15 billion yen this fiscal year. Although there remain many uncertainties in the business environment, such as soaring raw material prices and logistics costs, the impact of the spread of COVID-19 has subsided and we look forward to resuming growth of the mail-order business, which is expected to plateau this fiscal year, and how speedily the kimono-related business, for which structural reforms have been completed, will get off the ground.

<Reference: Regarding corporate governance>

◎Organization type, and the composition of directors and auditors

Organization type	Company with audit and supervisory committee
Directors	8 directors, including 3 external ones

◎Corporate Governance Report

Last Update: July 15, 2022.

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<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.

<Reason for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)>

原則	実施しない理由
<Supplementary Principle 3-1-(3)>	<p>Our company strives to contribute to the improvement of customers' lives and happiness through our business activities, under our management philosophy of "enriching customers' lives through food, clothing, lifestyle and recreational goods and services."</p> <p>To achieve it, our corporate group established a "Sustainability Promotion Committee" as a cross-sectoral organization for discussing and promoting measures. This committee will lead the company to clarify the challenges we have to address and accelerate activities for achieving a sustainable society. Our sustainability initiatives are posted on our website.</p> <p>Please note that we will continue preparing for the disclosure of more detailed information related to climate change based on TCFD.</p> <p>https://www.belluna.co.jp/csr/</p>

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

The following is based on the codes revised in June 2021.

原則	開示内容
【Principle 1-4】	<p>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. The shares of our business partners owned by our corporate group are evaluated for each stock for their economic rationality, including the original purpose of share acquisition, as well as the current trading price and the trading details, and we may reduce such shares by selling them, taking into consideration the company's situation, when the significance of the shareholding becomes diluted as a result of the evaluation. 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.</p>
<Supplementary Principle 2-4-(1)>	<p>The ratio of female employees in management positions: 12.4% (as of the end of March 2022)</p> <p>For core human resources, we strive to employ competent human resources regardless of gender, nationality, whether they are new hires or mid-career professionals.</p> <p>Information regarding our view on human resources development, empowerment of women, etc. are posted on our company website.</p> <p>Our view on human resources development https://www.belluna.co.jp/csr/employee/#emp01</p> <p>We support women in taking active roles. https://www.belluna.co.jp/csr/employee/#emp02</p>
【Basic principle 3-1】	<p>(i) Our management philosophy, business strategies, management plans, etc. are posted on our website and financial results briefing material.</p> <p>Management Philosophy: https://www.belluna.co.jp/company/policy/</p> <p>Business Strategies: https://www.belluna.co.jp/irinfo/policy/manage/</p>

BRIDGE REPORT



	<p>(ii) Our basic policy on corporate governance is posted on our website and securities report. Basic policy for corporate governance https://www.belluna.co.jp/irinfo/policy/governance/</p> <p>(iii) Directors' compensation shall be resolved based on the reports of the Nomination and Compensation Committee which is led by an independent outside director as a chairperson, and whose majority is comprised of outside directors, to the extent of the total remuneration amount for each Director approved at General Meetings of Shareholders, based on responsibilities and actual performance results of Directors except for Audit and Supervisory Committee members, taking into consideration the business scope and the economic situation. Further, for a Director who is also a member of the Audit and Supervisory Committee, compensation shall be resolved through consultation of Directors who are also members of the Audit and Supervisory Committee.</p> <p>(iv) For election of an Outside Director, decisions shall be made based on the criteria for independence of Outside Directors, and the criteria are posted on securities report. Moreover, for election of candidates for Directors, decisions shall be made comprehensively taking into account their excellent decision-making ability and business execution ability, and their insight with full commitment to the compliance with laws and regulations as well as corporate ethics. With regard to the policies and procedures for dismissal of a management executive, when a management executive is found not adequately fulfilling their functions, the reason for such dismissal will be explained to Outside Directors in advance of the Board of Directors meeting, and a resolution shall be made at the Board of Directors meeting after obtaining appropriate advice, which shall be proposed to the General Meeting of Shareholders.</p> <p>(v) The reason for election and dismissal of candidates for new appointment or candidates for Outside Directors will be disclosed in the Notice of Convocation of a General Meeting of Shareholders.</p>
【Basic principle 5-1】	<p>Our company actively accepts meeting requests from our shareholders and investors. On top of this, we hold semiannual results briefings, disclose material for the briefings, hold briefing sessions for individual investors and attend overseas conferences considering the shareholder composition.</p>

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