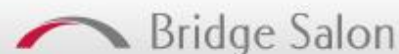




BRIDGE REPORT



 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
¥700	97,244,472 shares		¥68,071 million	6.1%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Actual)	PBR (Actual)
¥20.50	2.9%	¥97.22	7.2x	¥1,297.92	0.5x

*The share price is the closing price on July 20. Each number is based on the results of the fiscal year ended March 2023.

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 (Actual)	212,376	11,217	12,459	7,417	76.71	20.00
March 2024 (Forecast)	219,000	14,000	14,700	9,400	97.22	20.50

* 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 2023 etc.

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Key Points

- In the term ended March 2023, sales and operating income declined 3.5% and 18.9%, respectively, year on year. The Property Business saw a 15.6% increase in sales due to the improvement in hotel occupancy rate, but the Apparel & Goods Business saw a 10.1% decline in sales as the company prioritized the securing of profitability. In terms of profit, gross profit margin increased 0.5 points and SGA decreased 0.9% year on year, but they were not enough to offset the decline in sales. Both sales and profit fell below the forecasts revised in October 2022.
- In the term ending March 2024, sales and operating income are expected to grow 3.1% and 24.8%, respectively, year on year. This term is the second year of the fifth management plan, and the company plans to establish a foundation for maturing it as a general trading company specializing in mail order. The Property Business is expected to serve as a growth driver for sales and profit. The company plans to pay an annual dividend of 20.50 yen/share (including an interim dividend of 10.25 yen/share), up 0.50 yen/share from the previous term. The expected payout ratio is 21.1%.
- In the Mail Order Business, costs for products are augmenting, due to the skyrocketing of raw material prices and marine freight. Under these circumstances, the company considers the change in demand from consumers as an opportunity mainly in the Mail Order Business, and aims to increase customers and grow its business by releasing products and services that would produce new value and satisfying customers. For the Kimono-Related Business and the Property Business, the company aims to grow them and secure revenues by developing and releasing new services and methods for attracting customers in response to the changes in the external environment, including the lifting of restrictions on activities inside and outside Japan and the recovery of demand from foreign visitors to Japan.
- In the term ended March 2023, sales and profit declined, as the Apparel & Goods Business and the Cosmetics & Health foods Business struggled although the Property Business performed well and the Kimono-Related Business saw an increase in profit. The term ending March 2024 will become the year in which the company aims to earn profit comparable to that in the term ended March 2022. The company plans to take strategies of prioritizing the securing of profitability in the Apparel & Goods Business, so we would like to pay attention to their progress. The Property Business has gotten on track. The lifting of restrictions on activities inside and outside Japan and the recovery of demand from foreign visitors to Japan as well as the newly established facilities are expected to contribute. We also would like to pay attention to the progress of the Database Utilization Business, which has a high profit margin.

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.

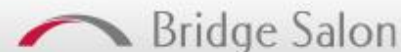
In addition, the company considered “CCBSKKKS” (C: Change, C: Challenge, B: Brushing up, S: Speed, K: (Kizuki) Awareness, K: (Kaizen) Improvement, K: (Kyakushikou / Kyakumichaku) Customers’ perspective and getting closer to customers, S: Case studies of SA class corporations) as a common factor in growing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

1-3 Business Contents

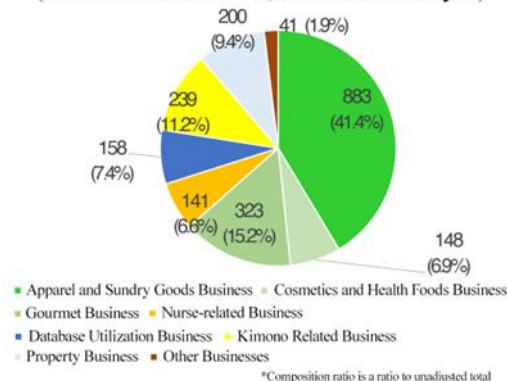
(1) Segments

There are four major segments: “the Mail Order Business,” “the Kimono-Related Business,” “the Property Business,” and “Other Business.” The Mail Order Business is composed of five businesses: “the Apparel & Goods Business,” “the Cosmetics & Health foods Business,” “the Gourmet Business (including wine and sake),” “the Nurse-Related Business,” and “the Database Utilization Business.”

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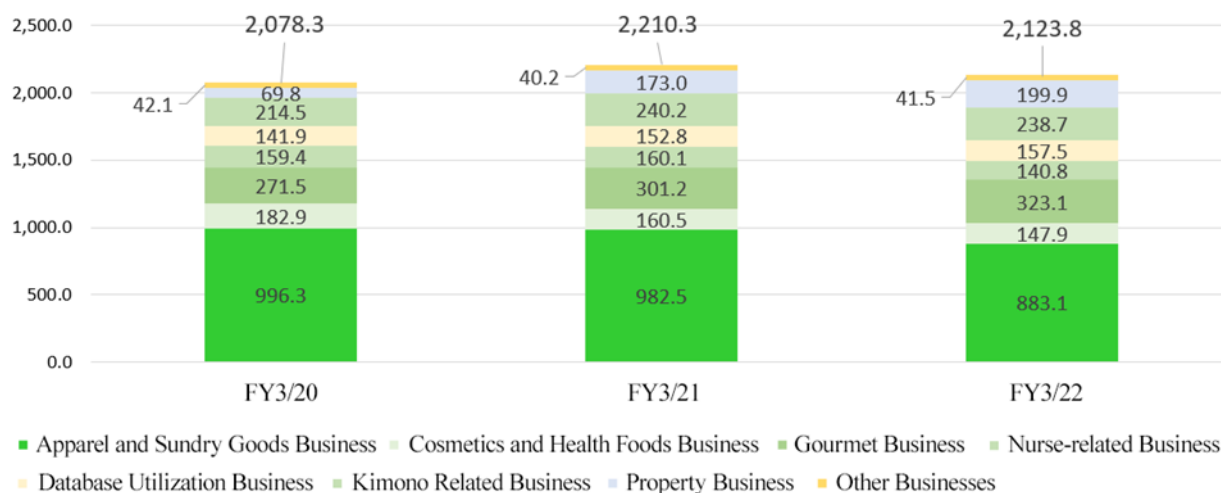


Sales composition by segment
(Term ended Mar. 2023; unit: 100million yen)



(Produced by Investment Bridge with reference to the earning results of FY3/23 of Belluna.)

Variation in sales (Unit: 100 million yen)



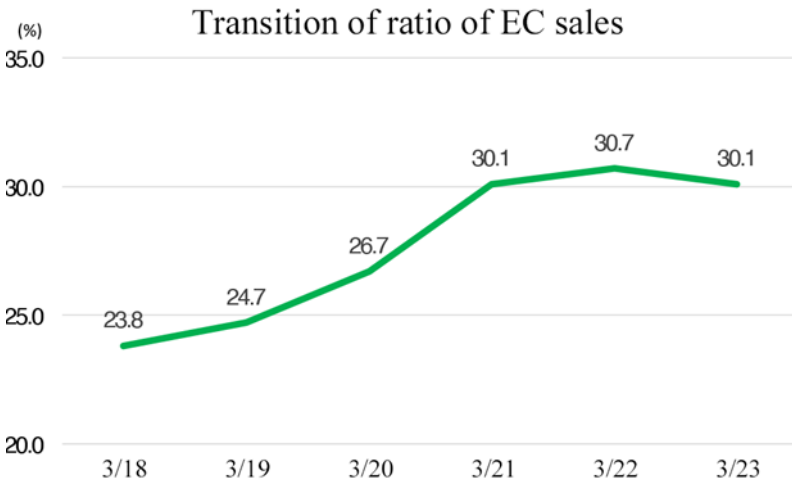
*Prepared by Investment Bridge based on company materials. Totals are unadjusted subtotals.

① Mail-Order Business

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

* 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 and 2023, 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 & 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.

(Concept page, smartphone application)



(Major shop)



(Taken from the website of Belluna)

◎Attributes of subscribers

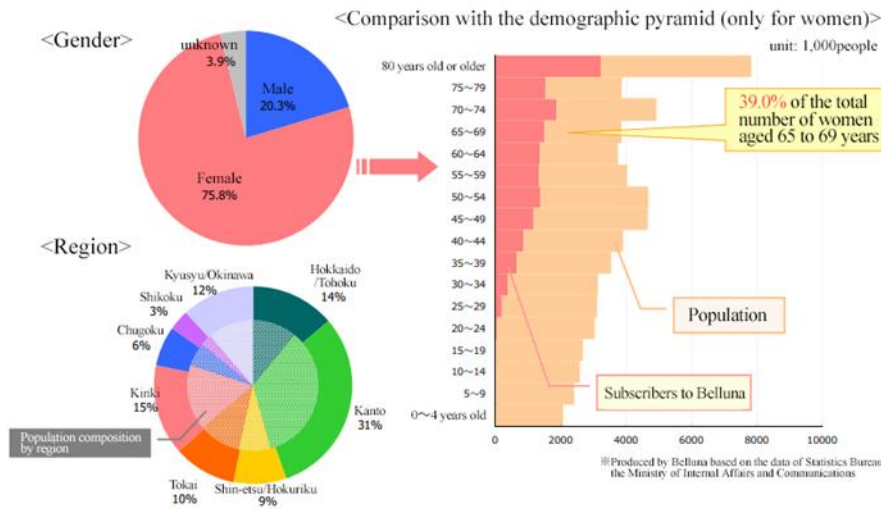
The number of subscribers is over 22 million, and married women in their 40s or older account for about 80% of them.

The subscribers aged 65 to 69 years, who are major married women, make up 39.0 % of the population of this age group in Japan, indicating an overwhelming market share.

【Mail-Order of apparel and sundry goods】

Characteristics of subscribers (as of the end of Mar. 2023)

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(Taken from the reference material of the company)

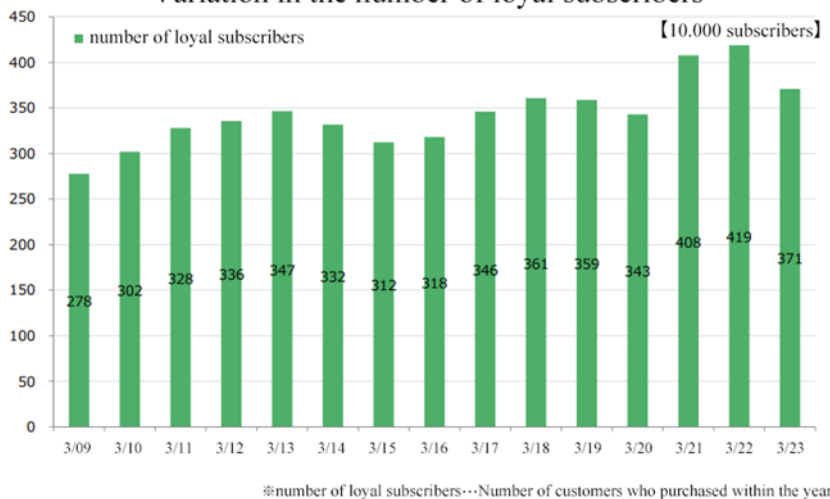
The number of apparel & goods loyal subscribers, who are defined as subscribers who have purchased products within the fiscal year, was 3.71 million in the term ended March 2023.

It increased in the term ended March 2021 and the term ended March 2022, but decreased in the term ended March 2023.

【Mail-Order of apparel and sundry goods】

Variation in the number of loyal subscribers

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※number of loyal subscribers...Number of customers who purchased within the year

(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 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.

①-2. Cosmetics & Health food Business

◎ Cosmetics

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

In addition, the company launched "Bab²," which is a brand targeted at young people in April 2023.

「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 Mochiri Gel, an all-in-one cosmetic for aging skin, exceeded 13 million products. The company is cultivating the overseas market, including Taiwan, for Nachu life and OZIO, and plans to expand its business also in Hong Kong, Singapore, and China.

◎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.



(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 14 consecutive years (FY 2008-FY 2021) in a survey of domestic wine sales share.

The sales of sake, too, ranks the highest for a sixth consecutive year, and the annual sales quantity of Osechi (traditional New Year's food) in the term ended March 2023 was 320,000 sets.

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**Wine Mail Order**

No. 1 in sales for
14 consecutive years



No. 1 product sold as a set
World's Best Red Wine
12 Bottle Set

Sake Mail Order

No. 1 in sales for
6 consecutive years



No. 1 Sake Product
Echino Gogon Daiginjo

**Food served during
the New Year's Holidays**

Shipped 320,000 units



No.1 Osechi product
Yui Japanese three-tiered
stacked boxes

(Taken from the reference material of the company)

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

"Belluna Direct," which utilizes the enormous customer database owned by Belluna, offers a service of enclosing sales promotion items, such as flyers and samples of client enterprises in products and catalogues. 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. The company handles stock at distribution warehouses, operates call centers, and sends products to customers in a comprehensive manner for clients. With this service, enterprises that plan to start mail order business do not require their own infrastructure, and can swiftly provide products and services at low prices.

Finance Business

It is a consumer finance business utilizing the database cultivated in the mail-order business. This business is operated by Sunstage Co., Ltd., which is a subsidiary of Belluna. 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.



(Taken from the website of Belluna)

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.



(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

Friendly Inc., which is a subsidiary of Belluna, operates the wholesale business targeted at department stores, co-ops, etc. by utilizing the know-how for planning products. It also operates insurance 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 39.0% 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.

Currently, the growth of the hotel business is noteworthy. In the term ended March 2023, sales and profit grew considerably, as the effects of the restrictions on transportation in Japan and the restrictions on entry to Japan decreased and the improved occupancy rate of newly opened hotels in the previous fiscal year. This term, further growth is expected, thanks to the easing of restrictions on activities inside and outside Japan, the recovery of demand from foreign visitors to Japan, and the contribution of newly opened hotels and hotels acquired through M&A. In particular, "Jozankei View Hotel," which is a spa and resort hotel with 647 guest rooms (one of the largest in Hokkaido) acquired in May 2021 and opened in August after renovation, received many awards in Hokkaido, where customers from inside and outside Japan are expected to increase, so the company thinks that it will contribute to the business significantly.

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.

【1-5 Sustainability】

The company established a "Sustainability Promotion Committee" as an organization for cross-sectoral discussions and promotion. Centering around this committee, the company clarifies issues to be tackled and accelerates activities for realizing a sustainable society. In addition, it set seven major measures to be conducted, and executes sustainability-related measures while enlisting cooperation from stakeholders, including employees.

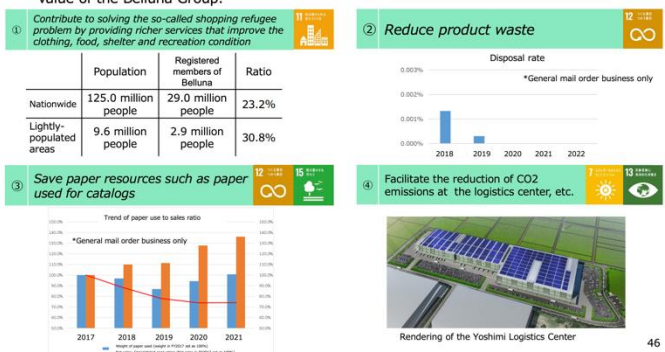
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2-5. Initiatives for Sustainability

Enhance initiatives to achieve the key practice items (material issues). We contribute to the realization of a sustainable society by decreasing environmental burdens and continue providing value to society while working to improve the value of the Belluna Group.

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2-5. Initiatives for Sustainability

Enhance initiatives to achieve the key practice items (material issues). We contribute to the realization of a sustainable society by decreasing environmental burdens and continue providing value to society while working to improve the value of the Belluna Group.

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(Taken from the reference material of the company)

1-6 Shareholder Return

Belluna determines dividends while considering its business performance and strategic investments for mid-term growth. The company paid a dividend of 20 yen per share for the term ended March 2023, up 1.0 yen per share from the previous year. For the term ending March 2024, the company plans to raise the dividend by 0.5 yen to 20.5 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. In September 2022, the company announced a partial change (expansion) of its shareholder benefit program with the aim of further increasing shareholder satisfaction and encouraging medium- to long-term ownership of the company's shares. The company increased the number of selectable gourmet products from 2 to 4, and replaced the accommodation coupon to a special discount coupon for staying at a hotel with a coupon for hotels, restaurants, and golf courses operated by the Belluna Group or affiliated ones. The facilities where the coupon can be used increased from 2 hotels to 19 hotels, 5 restaurants, and 1 golf course. The new benefits became effective on the record date at the end of September 2022.

*Contents of benefits after the change (expansion)

	100 to 499 shares	500 to 999 shares	1,000 or more shares
Mail-order special discount coupon Coupon exclusively for online shopping Belluna's product (food product/wine)	Worth 1,000 yen	Worth 3,000 yen	Worth 5,000 yen
1000-yen special discount coupons for hotels, restaurants, and golf courses operated by the Belluna Group or affiliated ones	2 coupon	5 coupons	10coupons

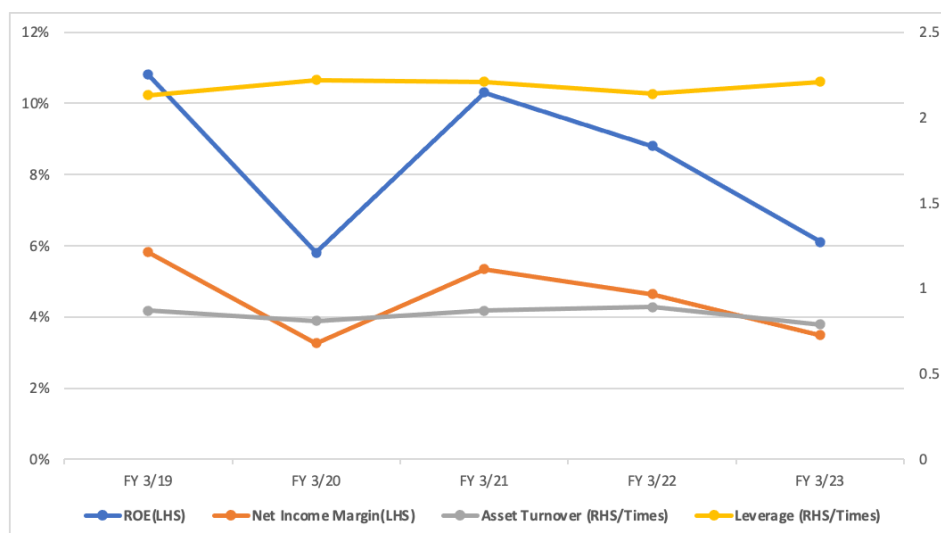
*The coupons can be used for a stay or dinner at a hotel (cannot be used for lunch or a one-day hot spring), dinner at a restaurant (cannot be used for lunch), and the fee for playing golf at Obatago Golf Club on Saturday or Sunday. There is a possibility that the special discount coupon will become unusable at some facilities.

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1-7 ROE analysis

	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
ROE (%)	4.4	7.0	10.9	10.8	5.8	10.3	8.8	6.1
Net Income Margin (%)	2.69	3.97	5.98	5.82	3.26	5.34	4.64	3.49
Total Asset Turnover (times)	0.84	0.86	0.86	0.87	0.81	0.87	0.89	0.79
Leverage (times)	1.97	2.06	2.12	2.13	2.22	2.21	2.14	2.21



*This figure is created by Investment Bridge Co., Ltd. based on disclosed materials.

The company targets ROE of 8.0% for the fiscal year ending March 31, 2013, the final year of its fifth management plan.

2. Fiscal Year ended March 2023 Earnings Results

2-1 Consolidated Business Results

	FY3/22	Ratio to sales	FY3/23	Ratio to sales	YoY	Compared to forecast
Sales	220,128	100.0%	212,376	100.0%	-3.5%	-1.2%
Gross profit	129,305	58.7%	125,701	59.2%	-2.8%	-
SG&A expenses	115,478	52.5%	114,484	53.9%	-0.9%	-
Operating income	13,827	6.3%	11,217	5.3%	-18.9%	-19.9%
Ordinary income	14,537	6.6%	12,459	5.9%	-14.3%	-16.9%
Net income	10,204	4.6%	7,417	3.5%	-27.3%	-25.8%

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

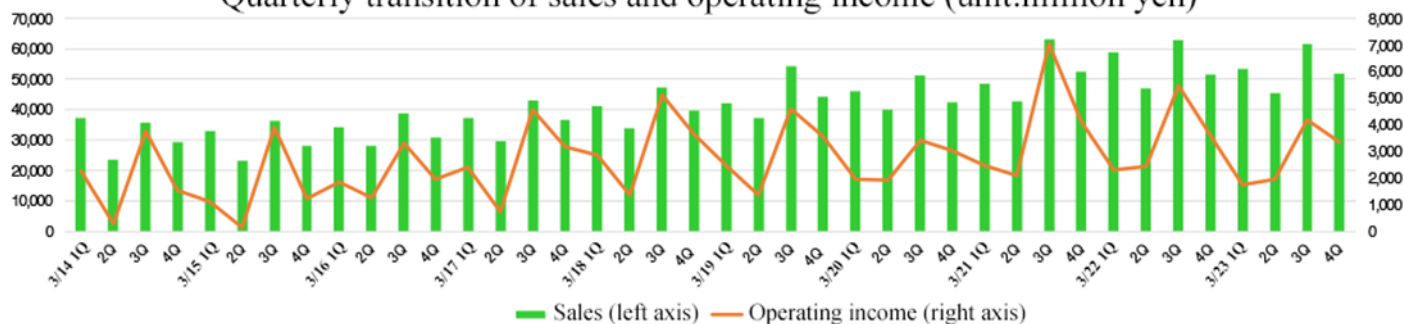
Sales and profit declined. Both sales and profit went below the revised plan.

In the term ended March 2023, sales declined 3.5% year on year to 212.3 billion yen. The Property Business saw a 15.6% increase in sales due to the improvement in hotel occupancy rate, but the Apparel & Goods Business saw a 10.1% decline in sales as the company prioritized the securing of profitability. Operating income declined 18.9% year on year to 11.2 billion yen. Gross profit margin increased 0.5 points and SGA decreased 0.9% year on year, but they were not enough to offset the decline in sales. Both sales and profit fell below the forecasts revised in October 2022.

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

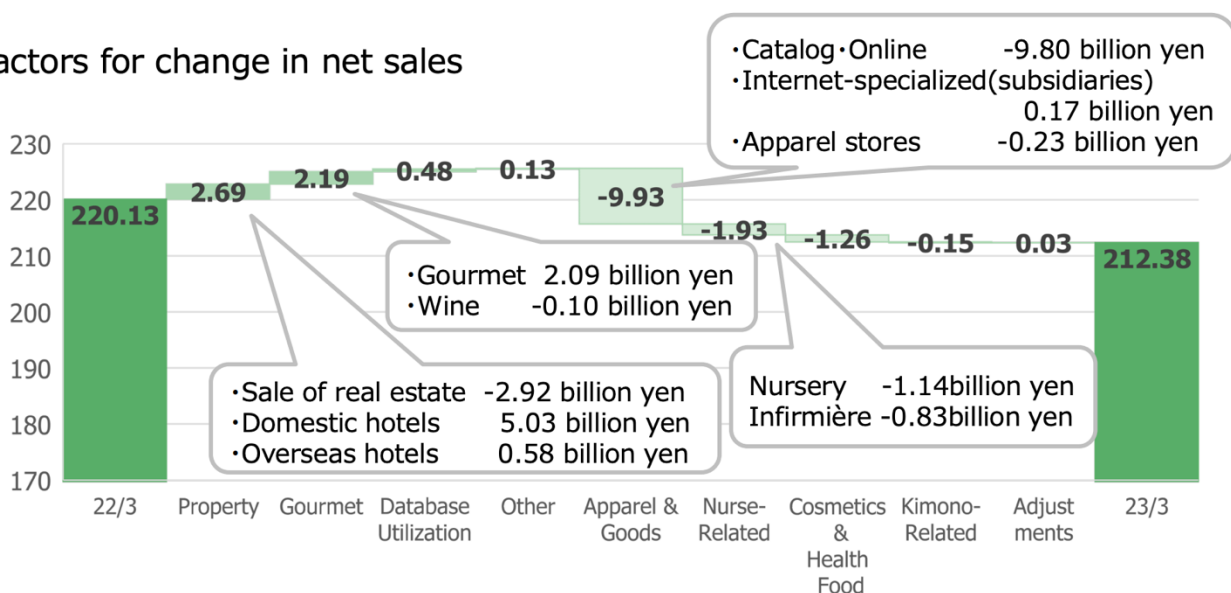


2-2 Trend of each segment

	FY3/22	Composition Ratio	FY3/23	Composition Ratio	YoY	Compared to forecast
Sales						
Apparel & Goods Business	98,247	44.6%	88,314	41.6%	-10.1%	+0.2%
Cosmetics & Healthy food Business	16,049	7.3%	14,792	7.0%	-7.8%	-2.4%
Gourmet Business	30,116	13.7%	32,306	15.2%	+7.3%	-1.5%
Nurse-Related Business	16,005	7.3%	14,076	6.6%	-12.1%	-1.4%
Database Utilization Business	15,276	6.9%	15,752	7.4%	+3.1%	-3.5%
Subtotal of Mail-Order Business	175,696	79.8%	165,242	77.8%	-6.0%	-0.9%
Kimono -Related Business	24,017	10.9%	23,865	11.2%	-0.6%	-5.4%
Property Business	17,296	7.9%	19,986	9.4%	+15.6%	+0.1%
Other Business	4,019	1.8%	4,149	2.0%	+3.2%	-7.1%
Adjustment	-901	-	-867	-	-	-
Total	220,128	100.0%	212,376	100.0%	-3.5%	-1.2%
Operating income						
Apparel & Goods Business	2,092	2.1%	930	1.1%	-55.5%	-30.1%
Cosmetics & Healthy food Business	1,829	11.4%	588	4.0%	-67.8%	-48.9%
Gourmet Business	2,268	7.5%	1,763	5.5%	-22.3%	-22.0%
Nurse-Related Business	1,021	6.4%	237	1.7%	-76.8%	-63.0%
Database Utilization Business	5,691	37.3%	5,700	36.2%	+0.2%	-0.9%
Subtotal of Mail-Order Business	12,903	7.3%	9,221	5.6%	-28.5%	-17.2%
Kimono -Related Business	594	2.5%	1,246	5.2%	+109.7%	-1.9%
Property Business	867	5.0%	1,366	6.8%	+57.6%	-36.2%
Other Business	-99	-	-92	-	-	-
Adjustments	-437	-	-523	-	-	-
Total	13,827	6.3%	11,217	5.3%	-18.9%	-19.9%

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

Factors for change in net sales



6

(Taken from the reference material of the company)

◎Apparel & goods business

Both sales and profit declined.

Regarding mail order, due to the impact of COVID-19 subsided, and the response from existing customers slowed down. In addition, in response to the rapid depreciation of the yen, the skyrocketing of prices of raw materials and materials, the company revised product prices and reduced the publication amount of paper media in the third quarter, to operate business while prioritizing profitability.

◎Cosmetics & Health foods Business

Both sales and profit declined.

In the business of selling cosmetics, sales dropped due to struggling to the impact of COVID-19 in Taiwan and the decrease of new customers in Japan in the first half of the term. In addition, advertisement costs augmented as the company ran TV commercials.

In the mail order business for healthy food products, sales dropped, as the company enhanced efforts to increase new customers, but the sales from existing customers decreased.

◎Gourmet Business

Sales increased and profit declined.

Sales increased due to the growth of sales of Osechi (traditional New Year's food) sets and increased new customers through online advertising, etc., although the response from existing customers slowed down while the impact of COVID-19 subsided. In addition, advertisement costs augmented while the company increased new customers.

◎ Nurse -Related Business

Both sales and profit declined.

While the company conducted aggressive advertising campaigns including TV commercials in the first quarter, as the impact of COVID-19 has subsided, and demand for medical sundries and consumables such as masks and pulse oximeters, for which there was special demand in the previous fiscal year has decreased.

In response to the slowdown of response from customers, the company reduced the publication amount of paper media in the fourth quarter.

◎ Database Utilization Business

Sales and profit grew.

Sales of enclosing and mailing services declined due to the slowdown of growth in the apparel & goods business. Due to the increase of new customers, the sales of the finance business grew.

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◎ Kimono -Related Business

Sales declined and profit grew.

The sales of the costume rental business grew, thanks to the increase of rental of hakama (traditional Japanese clothing) for university commencement ceremonies. In the business of selling Kimono, the number of visitors to shops started recovering in first quarter, but decreased from third quarter. In addition, the structural reform in Sagami Group Holdings and Tokyo Masuiwaya turned out to be effective, increasing the earning capacity.

◎ Property Business

Both sales and profit increased.

In the hotel business, the impact of the governmental restrictions on transportation in Japan and the restrictions on entry to Japan decreased from the previous term. In addition, sales and profit grew considerably, due to the improvement in occupancy rate of hotels opened in the previous fiscal year.

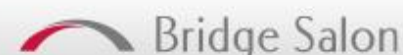
On the other hand, the company sold large-scale overseas real estate in the previous fiscal year, so sales and profit dropped significantly.

◎ Other Business

Sales grew, and loss shrank.

As the impact of COVID-19 subsided, the sales of the restaurant business, the hotel booking business, etc. increased significantly. On the other hand, the apparel wholesale business struggled.

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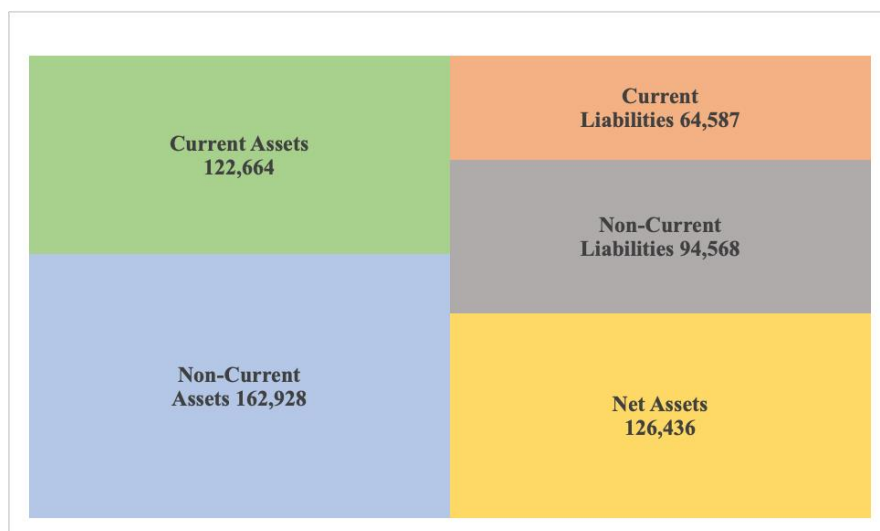


2-3 Financial Condition and Cash Flows

◎Main BS

	End of March 2022	End of March 2023	Increase/Decrease		End of March 2022	End of March 2023	Increase/Decrease
Current assets	118,133	122,664	+4,531	Current liabilities	64,904	64,587	-317
Cash and deposits	28,591	32,111	+3,520	Trade payables	22,303	19,165	-3,138
Trade receivable	10,666	10,397	-269	Short-term interest-bearing debts	17,909	20,346	+2,437
Inventories	27,961	29,927	+1,966	Noncurrent liabilities	70,229	94,568	+24,339
Noncurrent assets	136,045	162,928	+26,883	Long-term interest-bearing debts	65,642	90,482	+24,840
Property, plant and equipment	103,342	129,495	+26,153	Total liabilities	135,134	159,155	+24,021
Intangible assets	10,278	10,574	+296	Net assets	119,044	126,436	+7,392
Investments and other assets	22,424	22,857	+433	Retained earnings	103,131	108,663	+5,532
Total assets	254,178	285,592	+31,414	Total liabilities and net assets	254,178	285,592	+31,414

*Unit: Million yen



*This figure is created by Investment Bridge Co., Ltd. based on disclosed materials.

Total assets increased 31.4 billion yen year on year to 285.5 billion yen, as cash and deposits, inventory assets rose. Total liabilities rose 24.0 billion yen to 159.1 billion yen due to the increase in long-term interest-bearing debts. As retained earnings grew etc., net assets increased 7.3 billion yen to 126.4 billion yen. As a result, capital-to-asset ratio decreased 2.6 points from the end of the previous term to 43.9%.

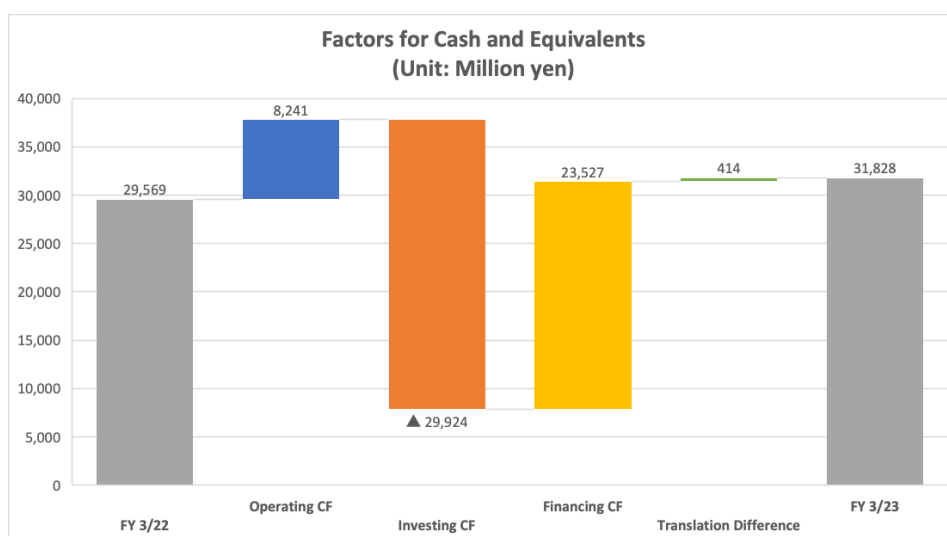
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◎Cash Flows

	FY3/22	FY3/23	Increase/Decrease
Operating CF	7,154	8,241	+1,087
Investing CF	-17,033	-29,924	-12,891
Free CF	-9,879	-21,683	-11,804
Financing CF	8,652	23,527	+14,875
Balance of cash equivalents	29,569	31,828	+2,259

*Unit: Million yen



*This figure is created by Investment Bridge Co., Ltd. based on disclosed materials.

The deficits in investing cash flow and free cash flow augmented, mainly due to the increase in purchase of property plant and equipment. The cash inflow from financing activities grew, due to the proceeds from long-term borrowings. The cash position improved.

3. Fiscal Year ending March 2024 Earnings Estimates

3-1 Full-year Earnings Estimates

	FY 3/23	Ratio to sales	FY 3/24 (Est.)	Ratio to sales	YOY
Sales	212,376	100.0%	219,000	100.0%	+3.1%
Operating income	11,217	5.3%	14,000	6.4%	+24.8%
Ordinary income	12,459	5.9%	14,700	6.7%	+18.0%
Net income	7,417	3.5%	9,400	4.3%	+26.7%

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

For the term ending March 2024, it is forecast that sales and operating income will rise 3.1% and 24.8%, respectively.

For the term ending March 2024, sales are expected to grow 3.1% year on year to 219 billion yen, and operating income is forecast to rise 24.8% year on year to 14 billion yen. This term is the second year of the fifth management plan, and the company plans to establish a foundation for maturing it as a general trading company specializing in mail order.

In the mail order industry, the effects of voluntary restraint of going out and avoidance of human contact weakened, but the demand for mail order from a broad range of customers is still growing. In the mail order business, costs for products are augmenting due to the skyrocketing of raw material prices and ocean freight. Under these circumstances, the company considers the change in demand from

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consumers as an opportunity mainly in the Mail Order Business, and aims to increase customers and grow its business by releasing products and services that would produce new value and satisfying customers. For the Kimono-Related Business and the Property Business, the company aims to grow them and secure revenues by developing and releasing new services and methods for attracting customers in response to the changes in the external environment, including the lifting of restrictions on activities inside and outside Japan and the recovery of demand from foreign visitors to Japan.

The company plans to pay an annual dividend of 20.50 yen/share (including an interim dividend of 10.25 yen/share), up 0.50 yen/share from the previous term. The expected payout ratio is 21.1%.

The following section describes the budget for each segment.

The Property Business is expected to contribute to profit growth. The occupancy rate of hotels is expected to improve, thanks to the easing of restrictions on activities inside and outside Japan, the recovery of demand from foreign visitors to Japan, etc. In addition, the sales and profit of the entire segment are projected to grow, also thanks to the contribution of newly opened hotels and hotels acquired through M&A.

	FY 3/23	Ratio to sales	FY 3/24 (Est.)	Ratio to sales	YoY
Sales					
Apparel & Goods Business	88,314	41.6%	78,920	36.0%	-10.6%
Cosmetics & Healthy food Business	14,792	7.0%	15,800	7.2%	-6.8%
Gourmet Business	32,306	15.2%	34,650	15.8%	+7.2%
Nurse -Related Business	14,076	6.6%	13,440	6.1%	-4.5%
Database Utilization Business	15,752	7.4%	16,450	7.5%	+4.5%
Subtotal of Mail-Order Business	165,242	77.8%	159,260	72.7%	-3.6%
Kimono -Related Business	23,865	11.2%	24,580	11.2%	+3.0%
Property Business	19,986	9.4%	31,280	14.3%	+56.5%
Other Business	4,149	2.0%	4,400	2.0%	+6.0%
Adjustment	-867	-	-520	-	-
Total	212,376	100.0%	219,000	100.0%	+3.1%
Operating income					
Apparel & Goods Business	930	1.1%	370	0.5%	-60.2%
Cosmetics & Healthy food Business	588	4.0%	810	5.1%	+37.7%
Gourmet Business	1,763	5.5%	1,850	5.3%	+4.9%
Nurse-Related Business	237	1.7%	700	5.2%	+195.3%
Database Utilization Business	5,700	36.2%	5,320	32.3%	-6.7%
Subtotal of Mail-Order Business	9,221	5.6%	9,050	5.7%	-1.9%
Kimono -Related Business	1,246	5.2%	1,510	6.1%	+21.2%
Property Business	1,366	6.8%	3,610	11.5%	+164.3%
Other Business	-92	-	40	0.9%	-
Adjustments	-523	-	-200	-	-
Total	11,217	5.3%	14,000	6.4%	+24.8%

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

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3-2 Trends of each segment and initiatives

(1) Mail-Order Business

Results for the term ended March 2023 and the budget for the term ending March 2024

	FY March 2023		FY March 2024			
	Actual		plan			
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales year on year	Operating Income year on year
Apparel & Goods Business	88.31	0.93	78.92	0.37	-10.6%	-0.56
Cosmetics & Health Food Business	14.79	0.59	15.80	0.81	+6.8%	+0.22
Gourmet Business	32.31	1.76	34.65	1.85	+7.2%	+0.08
Nurse-Related Business	14.08	0.24	13.44	0.70	-4.5%	+0.46
Database Utilization Business	15.75	5.70	16.45	5.32	+4.5%	-0.38
Mail Order Business Total	165.24	9.22	159.26	9.05	-3.6%	-0.17

*unit : billion yen.

(Taken from the reference material of the company)

The company aims to increase the number of customers and grow the business by releasing products and services that create new value.

Number of active customers	Response from existing customers has slowed down, and the number of new customers has decreased due to reduced paper media publication volume, resulting in a decline in the number of active customers.
Average spending per order	In the Gourmet Business, average spending per order is on a downward trend due to an increase in the ratio of orders for single products. In the current fiscal year, average spending per order is expected to increase due to the reflection of the rise in the prices of raw materials and resources in product prices.
EC Ratio	Although this ratio is flat due to the recoil from the special demand due to COVID-19 in the term ended March 2021 and in the term ended March 2022, expansion is expected through promotion of strengthening of EC.

①Apparel & goods business

Results for the term ended March 2023 and the budget for the term ending March 2024

Business breakdown	FY March 2023(Actual)		FY March 2024(plan)			
	Net Sales	Operating income	Net Sales	Operating income	Net Sales year on year	Operating income year on year
Apparel & Furniture, Goods <small> *Rolled out products mainly targeted to madams through catalogs and the Internet. *For the young group, we started selling products at shopping malls in 2018. *We started selling men's and hard products on mail order. Min-ICnet : Maruchou- Select (Internet-specialized mail order) *Min : Big-sized apparel mail order *ICnet : Brand mail order *Maruchou : General goods mailorder *Select: women's apparel mail order sale Apparel stores *Rolled out Belluna brand nationwide (March 2023 77 stores) </small>	74.59	0.98	64.66	0.07	-13.3%	-0.91
	8.75	0.04	8.89	0.26	+1.6%	+0.21
	5.15	-0.12	5.53	0.03	+7.3%	+0.15
Total	88.31	0.93	78.92	0.37	-10.6%	-0.56

*unit : billion yen.

(Taken from the reference material of the company)

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The response rate from existing customers has slowed down as the impact of COVID-19 has subsided. In addition, in response to soaring prices of raw materials and resources, the company revised product prices and curbed the volume of paper publication from the third quarter, giving priority to ensuring profitability.

The budget for the current fiscal year will be designed with priority given to ensuring profitability under the same environment. The company will establish a foundation for continued growth.

Initiatives in this term

- Further strengthening of men's products (expansion of categories such as golf wear and underwear)
- Release of mid-priced products
- Revamping visuals as a measure to improve response
- Promotion of brand development and strengthening of EC
- Pursuit of "uniqueness" in the brand's worldview



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(Taken from the reference material of the company)

②Cosmetics & Health food Business

Results for the term ended March 2023 and the budget for the term ending March 2024

Business breakdown	FY March 2023(Actual)		FY March 2024(plan)			
	Net Sales	Operating income	Net Sales	Operating income	Net Sales year on year	Operating income year on year
Cosmetics Business (Ozio・Nachu life brand) ・cosmetics mail-order business ・Develop cross-border EC in Asia ・The Internet and overseas are growth drivers	11.92	0.58	12.77	0.74	+7.1%	+0.16
Health Food Business ・Rolled out health food in Refre brand ・Gussurizm received the gold prize from the Monde Selection for four consecutive years.	3.24	0.05	3.03	0.07	-6.4%	+0.02
Total	14.79	0.59	15.80	0.81	+6.8%	+0.22

*unit : billion yen.

(Taken from the reference material of the company)

Sales declined due to the impact of COVID-19 in Taiwan and the struggle in acquiring new customers due to restrictions on online advertising in Japan. In the Health Foods Business, sales decreased due to sluggish sales to existing customers, although the company strengthened efforts to acquire new customers.

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

Initiatives in this term

- Launch of "Bab² (Bab Bab)," which is a brand for young adults in April 2023, and start of product sale

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- The accumulated sales volume of the all-in-one gel "Royal Jelly Mocchiri Gel," which has been on sale since 2008, exceeded 13 million products worldwide.
- Expanding cross-border EC (Hong Kong, Singapore, and China). Building a new pillar of overseas business, following the business in Taiwan.



(Taken from the reference material of the company)

③ Gourmet business (including wine and sake)

Results for the term ended March 2023 and the budget for the term ending March 2024

Business breakdown	FY March 2023(Actual)		FY March 2024(plan)			
	Net sales	Operating income	Net sales	Operating income	Net Sales year on year	Operating income year on year
Wine mail order Business (My Wine Club - ranked No.1 in sales of mail order of wine for 14 consecutive years)	9.29	0.59	10.38	0.69	+11.7%	+0.10
Sake mail order Business (Belluna Gourmet - ranked No.1 in sales of mail order of sake for 6 consecutive years)	4.98	0.33	5.70	0.47	+14.4%	+0.14
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 840,000 units.	17.64	0.82	18.57	0.69	+5.3%	-0.14
Total	32.31	1.76	34.65	1.85	+7.2%	+0.08

*unit : billion yen.

(Taken from the reference material of the company)

While the impact of COVID-19 has subsided and response from existing customers has slowed down, sales increased in the food business due to the growth of sales of Osechi (traditional New Year's food) sets and the enhancement of efforts to increase new customers through online advertising.

In the current fiscal year, the company expects to increase sales and profit while responding to rising production and material costs.

Initiatives in this term

- In the Gourmet Business, the sales of single-dish products centered on frozen side dishes are expected to continue expanding.
- Improving the service level by upgrading systems to make customers into fans.
- Launch of "ELEVIN," a website dedicated to high-end wines.
- Offering primeur and rare wines based on over 20 years of experience in the wine mail order business.
- Expecting increased sales and profit this fiscal year, mainly due to growth of ELEVIN.



(Taken from the reference material of the company)

④Nurse-Related business

Results for the term ended March 2023 and the budget for the term ending March 2024

Business breakdown	FY March 2023(Acutal)		FY March 2024(plan)			
	Net sales	Operating income	Net sales	Operating income	Net Sales year on year	Operating income year on year
Nursery (Mail order for nurses, No. 2 in the industry)	4.80	-0.10	4.70	0.23	-2.1%	+0.33
infirmière (Mail order for nurses, No. 1 in the industry)	7.30	0.34	6.70	0.40	-8.2%	+0.06
Nurse Career Next (Personnel placement business for nurses)	0.17	-0.10	0.40	0.10	+132.8%	+0.21
JOB STUDIO (Personnel placement business in Singapore)	1.81	0.12	1.63	0.09	-9.9%	-0.03
Total	14.08	0.24	13.44	0.70	-4.5%	+0.46

*unit : billion yen.

(Taken from the reference material of the company)

While the company conducted aggressive advertising campaigns including TV commercials in the first quarter, as the impact of COVID-19 has subsided, and demand for medical sundries and consumables such as masks and pulse oximeters, for which there was special demand in the same period last year, has decreased.

In the current fiscal year, in addition to increasing the ratio of EC sales, the company plans to continue efforts to optimize catalog publishing in order to improve profitability.

⑤Database Utilization Business

Results for the term ended March 2023 and the budget for the term ending March 2024

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Business breakdown	FY March 2023(Actual)		FY March 2024(Plan)			
	Net Sales	Operating income	Net Sales	Operating income	Net Sales year on year	Operating income year on year
Finance (Consumer finance business for members)	4.70	2.15	5.03	2.15	+7.0%	+0.01
Belluna Direct (Enclosure/combined shipping business)	3.67	2.64	3.26	2.27	-11.2%	-0.37
Belluna Business Solution (Contracted call center/logistics business)	7.12	0.66	7.70	0.69	+8.2%	+0.03
BGL (Consolidated in FY Mar. 2022 Thirdparty logistics)	3.05	0.23	3.11	0.21	+1.7%	-0.02
Label (Acquired in August 2022. Third-party logistics business, etc.)	1.13	0.07	1.80	0.05	+59.6%	-0.02
Total	15.75	5.70	16.45	5.32	+4.5%	-0.38

※BGL : Consolidated in July 2021

※Label : Consolidated in September 2022

*unit : billion yen.

(Taken from the reference material of the company)

Finance: Sales and profit increased due to the improvement of marketing and service level, in addition to the subsiding of COVID-19.

Belluna Direct: Decrease in sales due to the impact of sluggish growth of the Apparel & Goods Business.

BBS/BGL: Sales growth due to an increase in the number of customers as a result of strengthened sales efforts

Label: Developing 3PL (logistics agency) business. Acquired through M&A in August 2022.

⑥ Kimono-Related business

Results for the term ended March 2023 and the budget for the term ending March 2024

Business breakdown	FY March 2023(Actual)		FY March 2024(plan)			
	Net sales	Operating income	Net sales	Operating income	Net Sales year on year	Operating income year on year
BANKAN Wamonoya (Kimono sales business started in 2007, when the Company was founded)	9.97	0.77	9.80	0.80	-1.7%	+0.03
Sagami Group Holdings (Acquired in 2018, medium priced kimono sales business)	7.73	0.24	8.16	0.34	+5.5%	+0.10
Tokyo masuiwaya (Acquired at the same time as Sagami, a highly-priced kimono sales business)	3.57	0.09	3.85	0.18	+7.8%	+0.08
Maimu (Acquired in 2016, Rental hakama traditional graduation attire for students)	2.76	0.21	2.95	0.28	+6.7%	+0.07
Total	23.87	1.25	24.58	1.51	+3.0%	+0.26

*unit : billion yen.

(Taken from the reference material of the company)

Structural reform at Sagami Group Holdings and Tokyo Masuiwaya proved to be successful and the company achieved profitability. The costume rental business at Maimu saw an increase in sales and profit due to expansion of Hakama rentals for university commencement ceremonies.

The company is expected to increase sales and profit in the current fiscal year, strengthening brand power and human resource development.

<<Growth model for Kimono-Related business>>

- Switching from large event sales to in-store sales
- Training to enable in-store sales
- Closing unprofitable stores

Cost reduction measures → Progress in structural reform at Sagami Group Holdings and Tokyo Masuiwaya, achieving profitability in the previous fiscal year.

For the Kimono-Related business, they aim to achieve sales of 26.6 billion yen and an operating income of 1.8 billion yen in the 5th management plan (at the end of the term ending March 2025).

⑦Property Business

Results for the term ended March 2023 and the budget for the term ending March 2024

Business breakdown	FY March 2023(Actual)		FY March 2024(plan)			
	Net Sales	Operating income	Net Sales	Operating income	Net Sales year on year	Operating income year on year
Income gain Rental revenue from properties (including office buildings and stores,)	3.08	0.75	3.22	0.87	+4.5%	+0.11
Capital gain Property development and sales business	3.79	0.72	2.69	0.42	-29.1%	-0.30
Solar power generation facilities Solar power generation facilities held include 3 properties	1.12	0.35	1.12	0.39	0.0%	+0.04
Hotel Business Operate 10 hotels in Japan, 4 hotels overseas	13.13	-0.45	23.02	1.85	+75.3%	+2.30
GINZA GRANBELL SQUARE Grand opening scheduled for September 2023 Complex to be opened in Ginza Corridor Street	-	-	3.21	0.06	-	-
Total	19.99	1.37	31.28	3.61	+56.5%	+2.24

*unit : billion yen.

(Taken from the reference material of the company)

The hotel business saw significant increases in sales and profit due to the reduced impact of travel restrictions and restrictions on entry of foreigners to Japan, as well as higher occupancy rates at newly opened hotels in the previous fiscal year.

On the other hand, the sale of overseas real estate during the same period of the previous year had a significant impact on both sales and profit.

Further growth is expected in the current fiscal year due to easing of restrictions on activities in Japan and overseas, recovery of demand from foreign visitors to Japan, and contribution from newly opened hotels and hotels acquired through M&A.

<<New facilities>>

① GRANBELL SQUARE opened

Prior to the grand opening in September 2023, the spa sauna facility "SPA & SAUNA hot spring of Corridor" and the hotel facility "GINZA HOTEL by GRANBELL (102 rooms)" opened in April. Other restaurants, rooftop restaurants, and a nightclub developed in partnership with a major Singaporean company are also scheduled to open one after another.

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(Taken from the reference material of the company)

- ② Acquired Toya Sun Palace Resort & Spa, and The Lake Suite Ko No Sumika
Acquired “Toya Sun Palace Resort & Spa (324 rooms)” and “The Lake Suite Ko No Sumika (80 rooms),” both resort hotels located around the Lake Toya, Hokkaido.



(Taken from the reference material of the company)

- ③ Started the contract management of New Akan Hotel
Started the contract management of “New Akan Hotel (370 rooms),” a resort hotel on the shores of Lake Akan in Hokkaido.



(Taken from the reference material of the company)

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 “growth of the Internet,” “depreciation of the yen, soaring prices of raw materials and resources,” “rising paper and printing costs,” and “increased consumption in the post- COVID period” in the external environment and “strengthening the revenue structure,” “business administration involving all staff,” “being aware of balanced pricing,” and “improving the utilization of others” 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 2023, the company revised its forecasts for sales and operating income to 261.0 billion yen and 22.6 billion yen, respectively. The sales growth rate revised from 9.2% to 4.1% while profit growth rate rose from 22.8% to 23.1%.

Goal of fiscal year ending March 2025

Sales	230 billion yen	CAGR 4.1%
Operating income	17.0 billion yen	CAGR 23.1%
ROE	Over 8%	-

	FY March 2023 Actual		FY March 2024 Plan		FY March 2025 Plan	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
Mail Order Business	165.24	9.22	159.26	9.05	164.53	9.90
Apparel & Goods Business	88.31	0.93	78.92	0.37	78.25	0.44
Cosmetics and Health Food Business	14.79	0.59	15.80	0.81	17.12	1.02
Gourmet Business	32.31	1.76	34.65	1.85	36.93	1.99
NurseRelated Business	14.08	0.24	13.44	0.70	14.19	0.85
Database Utilization Business	15.75	5.70	16.45	5.32	18.04	5.59
Kimono-Related Business	23.87	1.25	24.58	1.51	26.61	1.81
Property Business	19.99	1.37	31.28	3.61	34.36	5.09
Other Business	4.15	-0.09	4.40	0.04	5.09	0.13
Adjustments	-0.87	-0.52	-0.52	-0.20	-0.58	0.07
Total	212.38	11.22	219.00	14.00	230.00	17.00

*unit : billion yen.

(Taken from the reference material of the company)

Concept of the Fifth Management Plan

The company will focus on the following four points.

- (1) Promotion of Gamification
- (2) Focus on profitability

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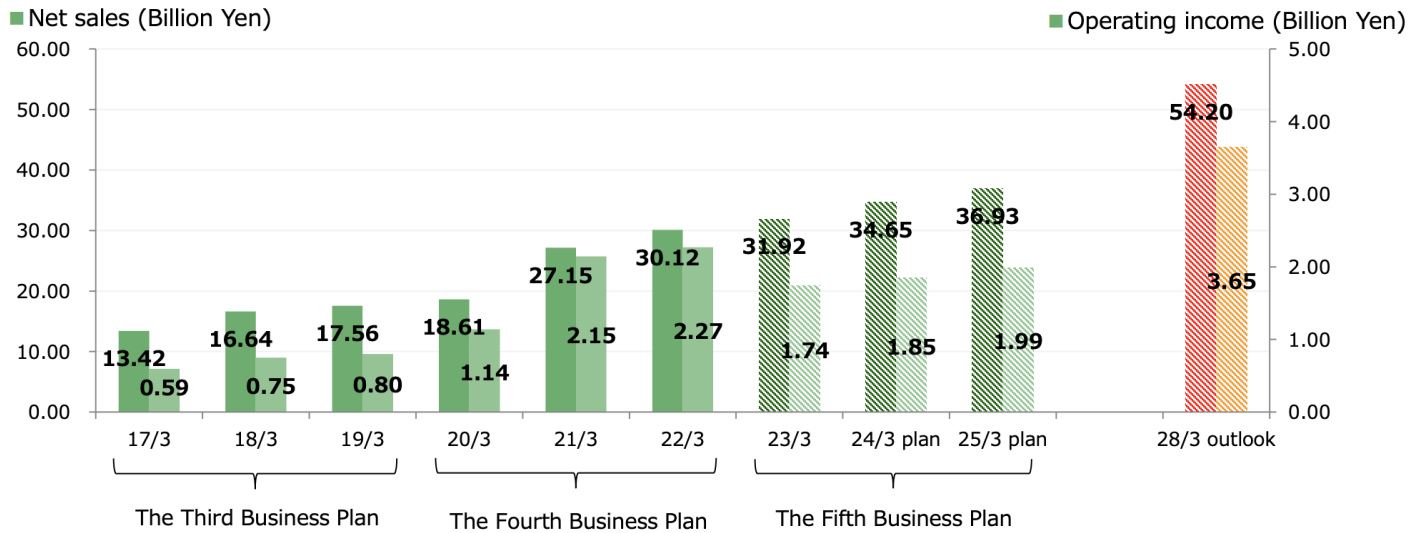


- (3) Utilization of the Internet, including social media
- (4) Promotion of monetization of hotel business

[4-3 Favorable business segment]

(1)Gourmet Business

Achieved continuous growth by leveraging overwhelming product development capabilities. Aiming to expand the market share.

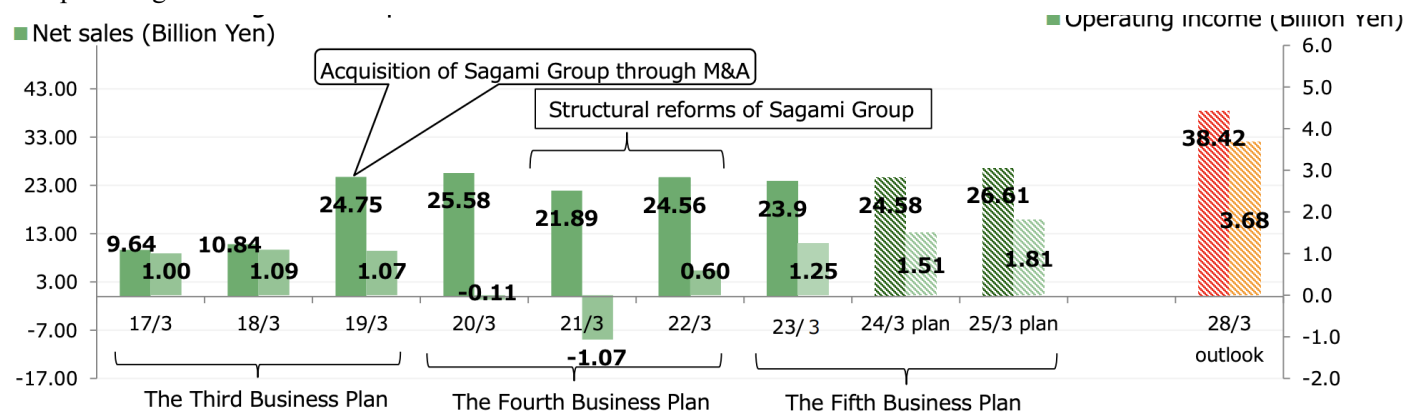


No. 1 in wine mail order sales for 14 consecutive years
 No. 1 in sake mail order sales for 6 consecutive years
 Shipment of Osechi: 320,000 units (FY2011/3 results)

(Taken from the reference material of the company)

(2)Kimono-Related Business

Acquired Sagami Group Holdings through M&A in the term ended March 2019. Despite the negative impact of COVID-19 since in the term ended March 2021, the company achieved a record-high profit in the previous fiscal year due to structural reform in the Sagami Group Holdings.



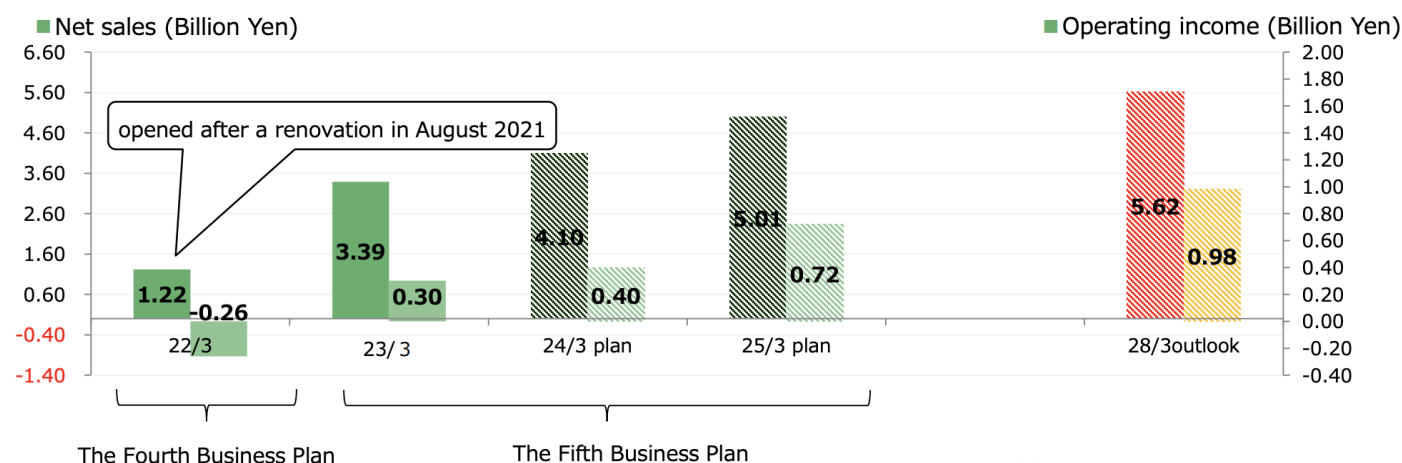
*The above figures represent simple sums before consolidation elimination, because this business was classified as the Retail Store Sales Business in and before FY March 2021.



(Taken from the reference material of the company)

(3) Jozankei View Hotel

Acquired in May 2021 and opened after renovation in August 2021. This is one of the largest spa resort hotels in Hokkaido (647 rooms). It is growing, having received numerous awards in Hokkaido, where an increase of domestic and international customers is expected in the future.



(Taken from the reference material of the company)

5. Conclusions

In the term ended March 2023, sales and profit declined, as the Apparel & Goods Business and the Cosmetics & Health foods Business struggled although the Property Business performed well and the Kimono-Related Business saw an increase in profit. The term ending March 2024 will become the year in which the company aims to earn profit comparable to that in the term ended March 2022. The company plans to take strategies of prioritizing the securing of profitability in the Apparel & Goods Business, so we would like to pay attention to their progress. We would like to expect that the profit margin of the Gourmet Business, which is performing well, will improve further. In the Kimono-Related Business, the structural reform of Sagami Group Holdings and Tokyo Masuiwaya turned out to be effective, increasing the earning capacity. In the term ended March 2023, it moved into the black, but profit is still low, so there seems to be room for improvement. In this situation, the Property Business has gotten on track. The lifting of restrictions on activities inside and outside Japan and the recovery of demand from foreign visitors to Japan as well as the newly established facilities are expected to contribute. Foreign visitors to Japan are increasing month by month, and this is expected to contribute to revenues more than assumed.

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We would like to pay attention to the Database Utilization Business. The operating income margin of this business is outstandingly high compared with other businesses. The sales of this business are expected to grow 4.5% in the term ending March 2024. As BGL was included in the scope of consolidation in July 2021 and Label was included in the scope of consolidation in August 2022, we would like to see the further growth of the top line. We hope that the sales growth will lead to the improvement in share price, as PBR is currently much below 1.

<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
Auditors	3 directors, including 3 external ones

◎Corporate Governance Report

Last Update: June 30, 2023.

<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)>

Belluna follows all of the principles of the Corporate Governance Code.

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

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

Principles	Disclosure content
【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. 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.
<Supplementary Principle 2-4- (1)>	The ratio of female employees in management positions: 12.4% (as of the end of March 2022) For core human resources, we strive to employ competent human resources regardless of gender, nationality, whether they are new hires or mid-career professionals. Information regarding our view on human resources development, empowerment of women, etc. are posted on our company website. Our view on human resources development https://www.belluna.co.jp/csr/employee/#emp01 We support women in taking active roles. https://www.belluna.co.jp/csr/employee/#emp02
【Basic principle 3-1】	(i) Our management philosophy, business strategies, management plans, etc. are posted on our website and financial results briefing material. Management Philosophy: https://www.belluna.co.jp/company/policy/ Business Strategies: https://www.belluna.co.jp/irinfo/policy/manage/

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	<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>
<p>《 Supplementary Principle 3-1-③》</p>	<p>Under the management ethos of “enriching the food, clothing, shelter, and entertainment of customers,” our company aims to contribute to the improvement of lifestyles and happiness of customers through business activities.</p> <p>To do so, our corporate group established a “Sustainability Promotion Committee” as an organization for cross-sectoral discussions and promotion. From now on, centering around this committee, our company clarifies issues to be tackled and accelerates activities for realizing a sustainable society. The details of activities for sustainability and disclosures based on the recommendations of TCFD are disclosed in our website. https://www.belluna.co.jp/csr/environment03/</p>
<p>【Basic principle 5-1】</p>	<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>

This report is not intended for soliciting or promoting investment activities or offering any advice on investment or the like, but for providing information only. The information included in this report was taken from sources considered reliable by our company. Our company will not guarantee the accuracy, integrity, or appropriateness of information or opinions in this report. Our company will not assume any responsibility for expenses, damages or the like arising out of the use of this report or information obtained from this report. All kinds of rights related to this report belong to Investment Bridge Co., Ltd. The contents, etc. of this report may be revised without notice. Please make an investment decision on your own judgment.

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