
 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
¥732	97,244,472 株		¥71,182 million	4.5%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Actual)	PBR (Actual)
¥29.00	4.0%	¥82.73	8.8x	¥1,398.07	0.5x

*The share price is the closing price on June 13. Each number is based on the results of the fiscal year ended March 2024. ROE and BPS are those as of the end of the previous fiscal year.

Earning trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
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 (Actual)	208,298	9,787	11,831	5,839	60.39	20.50
March 2025 (Forecast)	217,000	11,500	12,500	8,000	82.73	29.00

* 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 2024 etc.

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Key Points

- In fiscal year ended March 2024, sales decreased 1.9% and operating income fell 12.7% year on year. While the Property Business saw a significant increase in sales, the Apparel & Goods Business, which is the mainstay, experienced a decline in sales. Although gross profit margin improved, SG&A expenses increased. Regarding non-operating results, increased foreign exchange gains led to a 5.0% decrease in ordinary income and a 21.3% drop in net income. The year-end dividend was set at 10.25 yen/share, for a total of 20.50 yen/share per year, representing a year on year increase of 0.50 yen/share.
- For fiscal year ending March 2025, the company expects a 4.2% increase in sales and a 17.5% increase in operating income compared to the previous fiscal year. The company views the expansion of foreign tourism demand as an opportunity and plans to focus on the Property Business, particularly hotel development, as a key growth driver. In the Apparel & Goods Business, the goal is to recover the number of new customers to an appropriate level and also the number of repeat customers to make the profitable early. The projected dividend is 29.00 yen/share (including 14.50 yen/share at the end of the first half).
- Fiscal year ended March 2024 saw a decline in sales and profit mainly due to challenges in the Apparel & Goods Business, which negatively impacted the mail-order segment. Despite this, the Property Business is fully on track, with numerous hotels being developed in popular tourist destinations like Hokkaido and Kyoto. The number of foreign visitors to Japan has already exceeded the pre-COVID-19 level, and further growth is expected. The ratio of the Property Business' sales to total sales increased from 9.4% in the previous fiscal year to 14.9% in fiscal year ended March 2024, and its high-profit margin suggests it will significantly boost profit in the future.
- For fiscal year ending March 2025, a 17.5% increase in operating income is projected. The Property Business will continue to lead growth, while the Apparel & Goods Business is expected to improve through the increase of new customers and the improvement in efficiency. Although the Database Utilization Business with a high profit margin is projected to see a decline in both sales and profit in fiscal year ending March 2025 its future potential remains noteworthy. They announced measures for realizing business administration conscious of capital cost and share price, and enhanced shareholder return. Although their shareholder return may seem modest compared to other companies announcing bold returns, it is seen as a step toward correcting the current stock price, which has significantly dropped below a price-to-book ratio of 1.

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

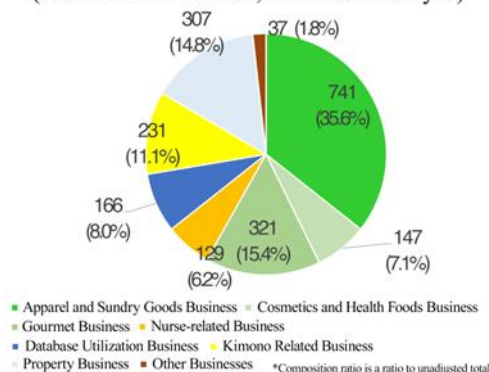
(1) Segments

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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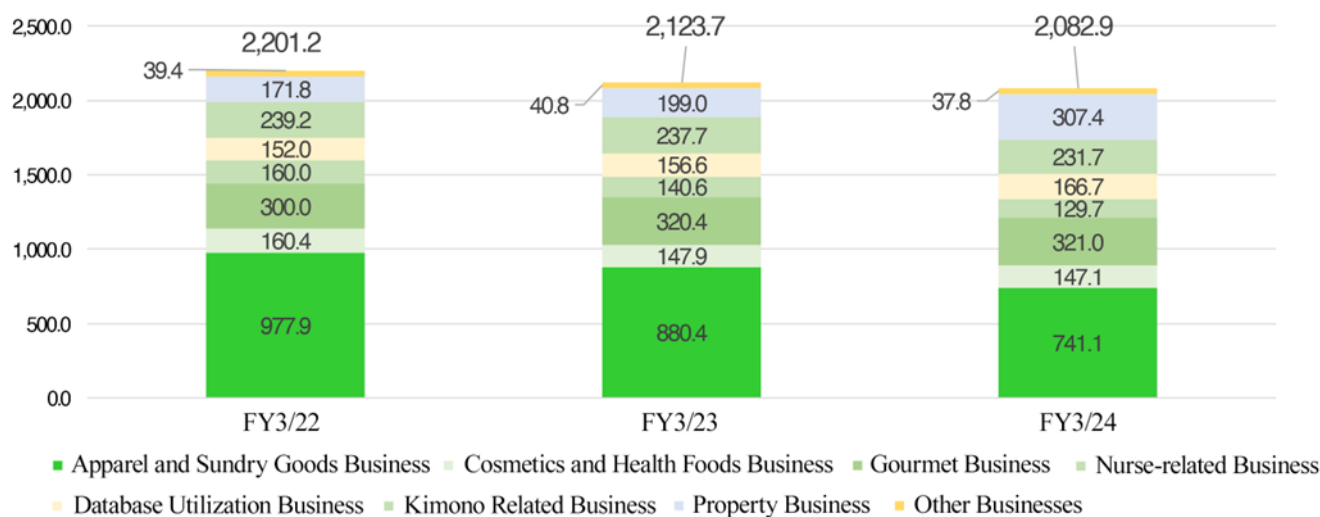


Sales composition by segment
(Term ended Mar. 2024; unit: 100million yen)



(Produced by Investment Bridge with reference to the earning results of FY 3/24 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. 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

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.

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(Store brand)



(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.

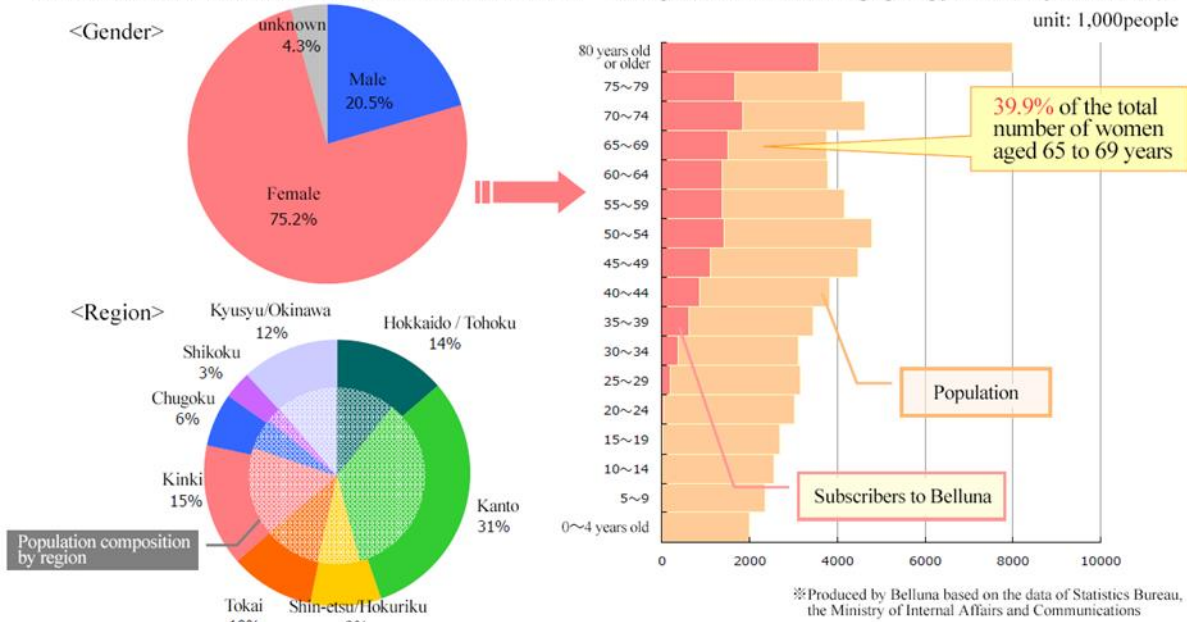
The subscribers aged 65 to 69 years, who are major married women, make up 39.9 % of the population of this age group in Japan, indicating an overwhelming market share.

Characteristics of the Comprehensive Mail-Order Business Membership

It also serves as a lifeline for the elderly and those in rural areas who have difficulty shopping.

【Mail-Order of apparel and sundry goods】

Characteristics of subscribers (as of the end of Mar. 2024) <Comparison with the demographic pyramid (only for women)>



(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.

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 Mocchi 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

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No. 1 for 15 consecutive years (FY 2008-FY 2022) in a survey of domestic wine sales share.

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

Wine Mail Order
No. 1 in sales for
15 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
7 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 is the No. 1 domestic sales leader in mail-order for nurses. 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.

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 39.9% 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. Also in the term ended March 2023, it showed continued growth, 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.

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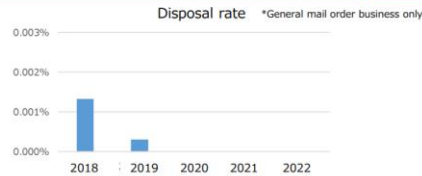
1-5 Sustainability

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.

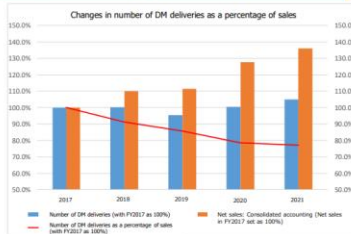
① *Contribute to solving the so-called shopping refugee problem by providing richer services that improve the clothing, food, shelter and recreation condition*

	Population	Registered members of Belluna	Ratio
Nationwide	125.0 million people	29.0 million people	23.2%
Lightly-populated areas	9.6 million people	2.9 million people	30.8%

② *Reduce product waste*



③ *Save paper resources such as paper used for catalogs*



④ *Facilitate the reduction of CO2 emissions at the logistics center, etc.*



Yoshimi Logistics Center

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⑤ *Improve employees' workstyles*



Mother's workplace tour

⑥ *Study methods to make original products sustainable*



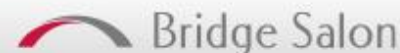
⑦ *Develop the awareness of SDG contribution across the Group*



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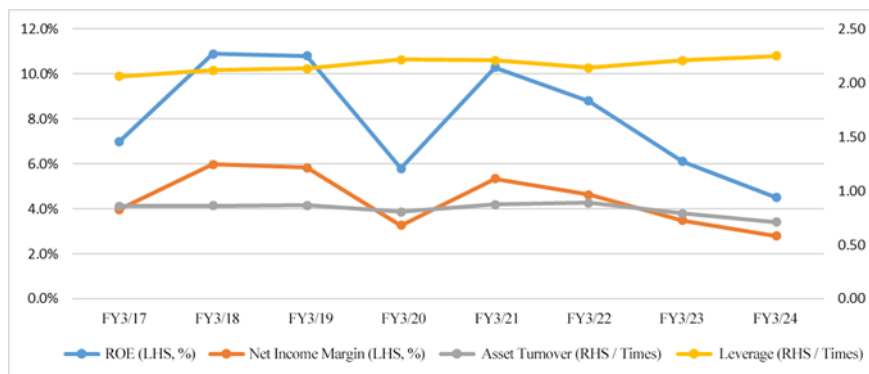
(Taken from the reference material of the company)

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1-6 ROE analysis

	FY 3/17	FY 3/18	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24
ROE (%)	7.0	10.9	10.8	5.8	10.3	8.8	6.1	4.5
Net Income Margin (%)	3.97	5.98	5.82	3.26	5.34	4.64	3.49	2.80
Total Asset Turnover (times)	0.86	0.86	0.87	0.81	0.87	0.89	0.79	0.71
Leverage (times)	2.06	2.12	2.13	2.22	2.21	2.14	2.21	2.25



*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, 2025, the final year of its fifth management plan.

2. Fiscal Year ended March 2024 Earnings Results

2-1 Consolidated Business Results

	FY 3/23	Ratio to sales	FY 3/24	Ratio to sales	YoY	Compared to forecast
Sales	212,376	100.0%	208,298	100.0%	-1.9%	-0.1%
Gross profit	125,701	59.2%	126,345	60.7%	+0.5%	-
SG&A expenses	114,484	53.9%	116,557	56.0%	+1.8%	-
Operating income	11,217	5.3%	9,787	4.7%	-12.7%	-2.1%
Ordinary income	12,459	5.9%	11,831	5.7%	-5.0%	+7.6%
Net income	7,417	3.5%	5,839	2.8%	-21.3%	-16.6%

*Unit: Million yen. Net income is net income attributable to owners of parent.

Sales and profit declined.

Sales decreased 1.9% year on year to 208.2 billion yen. Although the Property Business saw a significant sales increase of 54.4% year on year, and the Database Utilization Business also experienced sales growth, the Apparel & Goods Business, which is the mainstay, saw a 15.9% year on year decline in sales due to a slowdown in order receipt caused by price increases and a drop in the number of new customers due to the limiting of the number of printed media issued.

Operating income decreased 12.7% year on year to 9.78 billion yen. While gross profit margin improved 1.5 points, SG&A expenses increased. Ordinary income decreased 5.0% year on year to 11.83 billion yen due to increased foreign exchange gains. Despite recording gains from the sale of securities as a special profit, the recording of impairment losses led to a 21.3% year on year decrease in net income, which amounted to 5.83 billion yen.

The year-end dividend was set at 10.25 yen/share. Namely, the annual dividend was 20.50 yen/share, up 0.50 yen/share from the previous fiscal year.

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



2-2 Trend of each segment

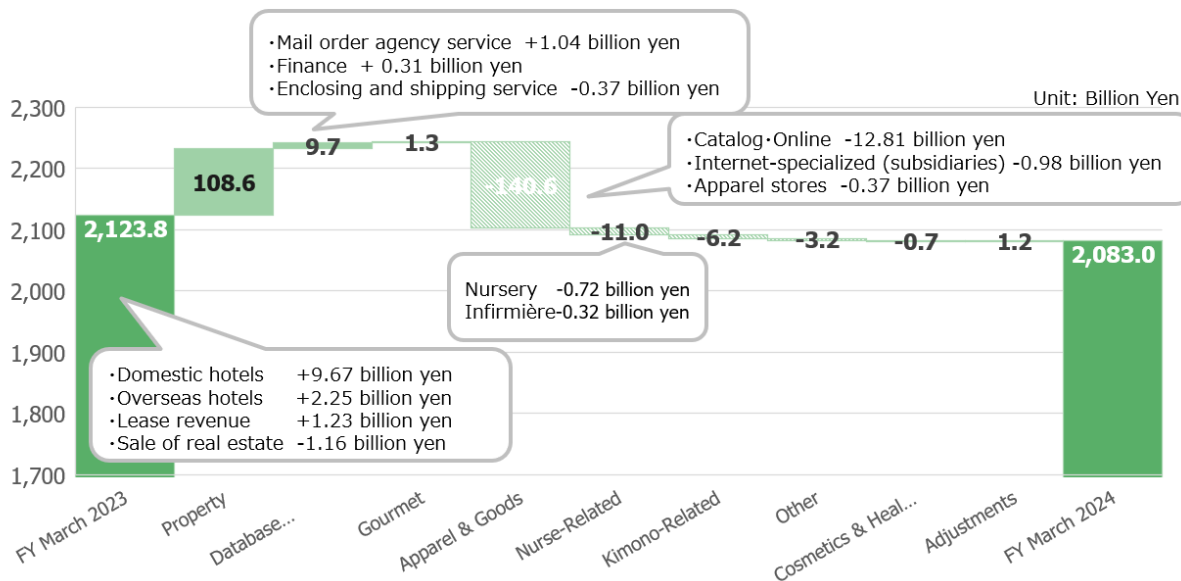
	FY 3/23	Composition Ratio	FY 3/24	Composition Ratio	YoY
Sales					
Apparel & Goods Business	88,314	41.8%	74,251	35.8%	-15.9%
Cosmetics & Healthy food Business	14,792	7.0%	14,718	7.1%	-0.5%
Gourmet Business	32,306	15.3%	32,438	15.6%	+0.4%
Nurse-Related Business	14,076	6.7%	12,975	6.3%	-7.8%
Database Utilization Business	15,752	7.4%	16,725	8.1%	+6.2%
Subtotal of Mail-Order Business	165,242	78.1%	151,109	72.8%	-8.6%
Kimono -Related Business	23,865	11.3%	23,248	11.2%	-2.6%
Property Business	19,986	9.4%	30,851	14.9%	+54.4%
Other Business	4,149	2.0%	3,833	1.8%	-7.6%
Adjustment	-867	-	-746	-	-
Total	212,376	100.0%	208,298	100.0%	-1.9%
Operating income					
Apparel & Goods Business	930	1.1%	-2,992	-	-
Cosmetics & Healthy food Business	588	4.0%	926	6.3%	+57.5%
Gourmet Business	1,763	5.5%	1,091	3.4%	-38.1%
Nurse-Related Business	237	1.7%	481	3.7%	+102.7%
Database Utilization Business	5,700	36.2%	5,150	30.8%	-9.7%
Subtotal of Mail-Order Business	9,221	5.6%	4,667	3.1%	-49.4%
Kimono -Related Business	1,246	5.2%	1,357	5.8%	+9.0%
Property Business	1,366	6.8%	4,143	13.4%	+203.2%
Other Business	-92	-	-152	-	-
Adjustments	-523	-	-218	-	-
Total	11,217	5.3%	9,787	4.7%	-12.7%

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

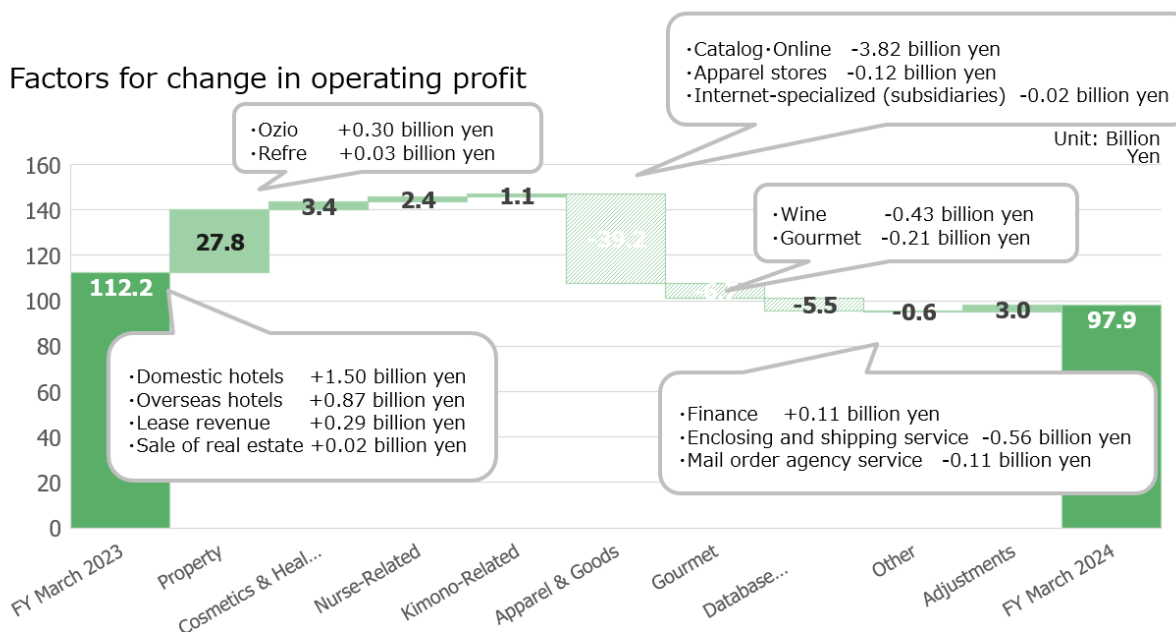
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Factors for change in net sales



Factors for change in operating profit



(Taken from the reference material of the company)

◎Apparel & goods business

Both sales and profit declined.

The impact of the yen's depreciation and the soaring costs of raw materials and supplies led to an increase in procurement costs as well as the costs associated with printed media such as catalogs and flyers. To prioritize profitability, the company revised product prices and limited the quantity of printed media issued. Although the price increase led to a rise in the average spending per order, the number of orders showed a tendency to slow down. Additionally, the reduction in the issuance of printed media resulted in a decrease in the number of new customers and a decline in the number of active customers.

◎Cosmetics & Health foods Business

Slight decrease in sales, and increase in profit.

In the Cosmetics Business, sales and profit increased due to the favorable increase of new domestic e-commerce customers during the fresh period and the expansion of domestic wholesale sales. In the Health foods Business, sales decreased due to a decline in the number of regular mail-order customers. However, profit increased as a result of advertising initiatives focused on profitability.

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Sales increased and profit declined.

The growth rate of sales slowed due to the resumption of dining out and drinking out as the COVID-19 pandemic subsided. In addition, procurement costs rose due to the weak yen and soaring prices of raw materials and supplies, and the cost of sales ratio worsened despite a revision of selling prices for some products.

◎ Nurse -Related Business

Sales decreased, while profit increased.

The company's strategy was to maximize profitability by reducing the number of print publications produced for each season and re-evaluating the number of publications themselves. The number of orders also showed an improvement trend due to the company's focus on receiving corporate orders.

◎ Database Utilization Business

Sales increased, but profit decreased.

In the insertion and accompanying service, the acquisition of new clients and the development of new services progressed smoothly. However, sales and profit decreased due to the reduction in the number of printed media issued and the decline in the number of product shipments in the Apparel & Goods Business. In the fulfillment service, although the acquisition of new clients was smooth, sales increased, but profit decreased due to rising labor costs and other expenses. In the finance business, bad debts were increasing, but sales and profit increased due to the smooth acquisition of new customers.

◎ Kimono -Related Business

Sales declined and profit grew.

In the kimono sales business, sales decreased due to the withdrawal of unprofitable stores, a decrease in the number of visitors to existing stores, and a decline in the purchase price per customer. On the other hand, profit increased due to continued cost-cutting efforts. In the costume rental business, sales and profit increased due to new initiatives such as expanding early order receipt sessions for hakama for graduation and offering pre-shooting services.

◎ Property Business

Both sales and profit increased significantly.

In the hotel business, the end of the COVID-19 pandemic led to a recovery in domestic travel, business trips, and foreign demand, resulting in higher occupancy rates and room rates for existing hotels both domestically and internationally. In addition, new hotels in Japan contributed to the full-year results, resulting in an increase in both sales and profit.

◎ Other Business

Both sales and profit declined.

In the restaurant business, sales and profit increased due to a recovery in demand for dining out following the end of the COVID-19 pandemic and the opening of new stores. In the apparel wholesale business, sales and profit decreased due to the continued decrease of client operations.

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2-3 Financial Condition and Cash Flows

◎Main BS

	End of March 2023	End of March 2024	Increase/ Decrease		End of March 2023	End of March 2024	Increase/ Decrease
Current assets	122,664	129,961	+7,297	Current liabilities	64,587	59,206	-5,381
Cash and deposits	32,111	35,842	+3,731	Trade payables	19,165	16,616	-2,549
Trade receivable	10,397	10,569	+172	Short-term interest-bearing debts	20,346	18,105	-2,241
Inventories	29,927	27,584	-2,343	Noncurrent liabilities	94,568	105,302	+10,734
Noncurrent assets	162,928	170,730	+7,802	Long-term interest-bearing debts	90,482	98,568	+8,086
Property, plant and equipment	129,495	136,909	+7,414	Total liabilities	159,155	164,509	+5,354
Intangible assets	10,574	10,893	+319	Net assets	126,436	136,182	+9,746
Investments and other assets	22,857	22,927	+70	Retained earnings	108,663	112,545	+3,882
Total assets	285,592	300,691	+15,099	Total liabilities and net assets	285,592	300,691	+15,099

*Unit: Million yen. Electronically recorded payables are included in trade payables.



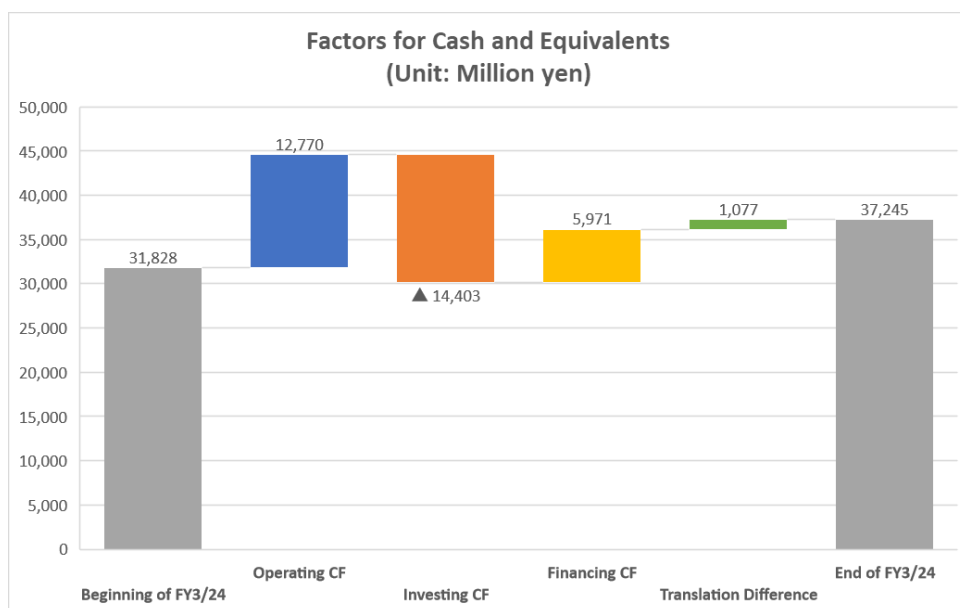
*This figure is created by Investment Bridge Co., Ltd. based on disclosed materials.

Total assets increased 15.0 billion yen from the end of the previous term to 300.6 billion yen, as cash and deposits, property, plant and equipment, etc. rose. Total liabilities rose 5.3 billion yen from the end of the previous term to 164.5 billion yen mainly due to the increase in long-term interest-bearing debts. As retained earnings grew etc., net assets increased 9.7 billion yen from the end of the previous term to 136.1 billion yen. As a result, capital-to-asset ratio increased 1.1 points from the end of the previous term to 45.0%.

◎Cash Flows

	FY 3/23	FY 3/24	Increase/Decrease
Operating CF	8,241	12,770	+4,529
Investing CF	-29,924	-14,403	+15,521
Free CF	-21,683	-1,633	+20,050
Financing CF	23,527	5,971	-17,556
Balance of cash equivalents	31,828	37,245	+5,417

*Unit: Million yen



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

Operating cash inflow increased due to higher depreciation expenses, and the cash outflow from investing activities shrank due to a reduction in expenditures for the acquisition of tangible fixed assets. As a result, the deficit of free cash flow decreased significantly. The cash inflow from financing activities dropped due to a decrease in income from long-term borrowings. The cash position improved.

3. Fiscal Year ending March 2025 Earnings Estimates

3-1 Full-year Earnings Estimates

	FY 3/24	Ratio to sales	FY 3/25 (Est.)	Ratio to sales	YoY
Sales	208,298	100.0%	217,000	100.0%	+4.2%
Operating income	9,787	4.7%	11,500	5.3%	+17.5%
Ordinary income	11,831	5.7%	12,500	5.8%	+5.6%
Net income	5,839	2.8%	8,000	3.7%	+37.0%

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

Sales are expected to increase 4.2% YoY and operating income 17.5% YoY in FY 3/25.

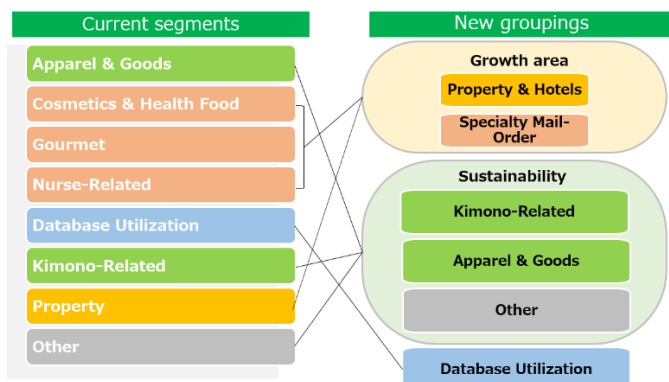
For fiscal year ended March 2024, the company projects sales to rise 4.2% year on year to 217 billion yen, and operating income to increase 17.5% year on year to 11.5 billion yen. The company views the further expansion of demand from foreign visitors to Japan as an opportunity and will focus on the Property Business, centered around hotel operation, as a key growth driver. Additionally, the company will prioritize stable growth in specialized business areas less affected by consumer sentiment, such as the Cosmetics & Health Foods Business, Gourmet Business, and Nurse-Related Business. In the Apparel & Goods Business, the company aims to recover the number of new customers to an appropriate level and improve repeat rates to enhance business scale and efficiency, targeting early profitability.

The dividend amount will increase 8.50 yen/share year on year to 29.00 yen/share (including an interim dividend of 14.50 yen/share). The forecast dividend payout ratio is 35.1%.

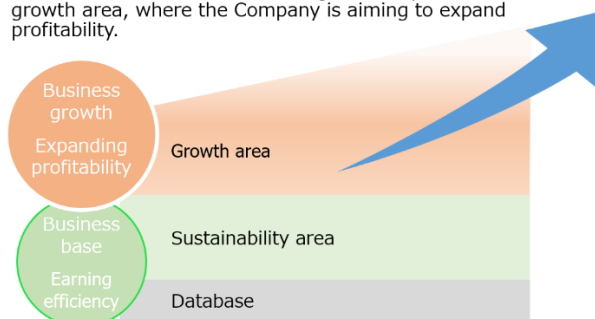
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From fiscal year ending March 2025, a new grouping method will be used as shown below:



The Company has regrouped its businesses into three groups. The first group is its database business which is the base of the Company's business. The second is its sustainability area, where it aims to maximize earning efficiency. The third is the growth area, where the Company is aiming to expand profitability.



(Taken from the reference material of the company)

The following section describes the budget for each segment.

The Property and Hotel Business will be the main driver. Many businesses are expected to see increases in both sales and profit.

	FY 3/24	Ratio to sales	FY 3/25 (Est.)	Ratio to sales	YoY
Sales					
Growth Domain	921.4	44.2%	975.9	46.9%	+5.9%
Property & Hotel Business	Hotels	12.6%	307.3	14.8%	+16.9%
	Income, solar power	2.8%	58.7	2.8%	+2.4%
	Subtotal	15.4%	366.0	17.6%	+14.3%
Specialized Mail-Order Business	Cosmetics & Healthy Food Business	7.1%	148.3	7.1%	+0.7%
	Gourmet Business	15.6%	328.9	15.8%	+1.4%
	Nurse -Related Business	6.2%	132.6	6.4%	+2.2%
Subtotal	28.9%	609.9	29.3%	+1.4%	
Sustainable Domain	1,001.8	48.1%	1,042.6	50.1%	+4.1%
Kimono-Related Business	232.5	11.2%	235.9	11.3%	+1.5%
Apparel & Goods Business	742.5	35.6%	778.3	37.4%	+4.8%
Other Business	26.8	1.3%	28.4	1.4%	+6.0%
Database Utilization Business	167.3	8.0%	165.4	7.9%	-1.1%
Adjustments	-7.5	-	-14.0	-	-
Total	2,082.9	100.0%	2,170.0	100.0%	+4.2%
Operating Income					
Growth Domain	67.6	7.3%	80.0	8.2%	+18.3%
Property & Hotel Business	Hotels	7.8%	31.9	10.4%	+56.4%
	Income, solar power	38.7%	21.6	36.8%	-2.7%
	Subtotal	13.3%	53.5	14.6%	+25.5%
Specialized Mail-Order Business	Cosmetics & Healthy food Business	6.3%	10.0	6.7%	+7.5%
	Gourmet Business	3.4%	11.3	3.4%	+3.7%
	Nurse -Related Business	3.7%	5.1	3.8%	+6.3%
Subtotal	4.2%	26.5	4.3%	+5.9%	
Sustainable Domain	-19.1	-	-11.8	-	-
Kimono -Related Business	13.6	5.8%	13.9	5.9%	+2.2%

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Apparel & Goods Business	-29.9	-	-23.1	-	-
Other Business	-2.7	-	-2.6	-	-
Database Utilization Business	51.5	30.8%	50.0	30.2%	-2.9%
Adjustments	-2.2	-	-3.2	-	-
Total	97.9	4.7%	115.0	5.3%	+17.5%

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

【3-2 Future Growth Businesses】

《3-2-1 Property & Hotel Business》

For fiscal year ending March 2025, the company aims for sales of 36.6 billion yen (up 14.3% year on year) and an operating income of 5.35 billion yen (up 25.5% year on year).

Strengths of the Hotel Business

Low-Cost Operation System

- (1) Multitasking initiatives
- (2) Company-wide participation in low-cost operations

<City Hotels>

- Expansion into prime locations such as Ginza, Sapporo, and Osaka
- Room specifications tailored for foreign customers

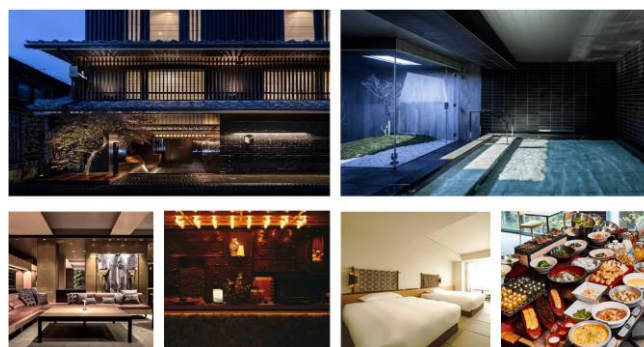
<Resort Hotels>

- Advantageous locations
- Renovations to improve customer satisfaction
- High-quality customer service
- Increase of facilities through M&A strategy

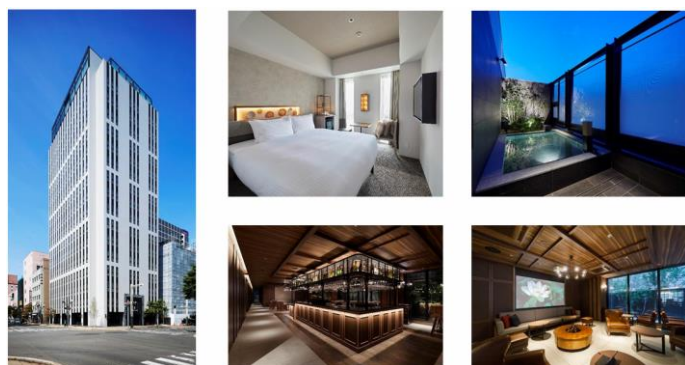
Jozankei View Hotel: Opened in August 2021, 647 rooms



Kyoto Granbell Hotel: Opened in July 2017, 105 rooms



Susukino Granbell Hotel: Opened in September 2021, 300 rooms



Other Hotels



(Taken from the reference material of the company)

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Hotels Scheduled to Open in FY 3/26:

■SAPPORO HOTEL by GRANBELL: Scheduled to open in April 2025, 605 rooms



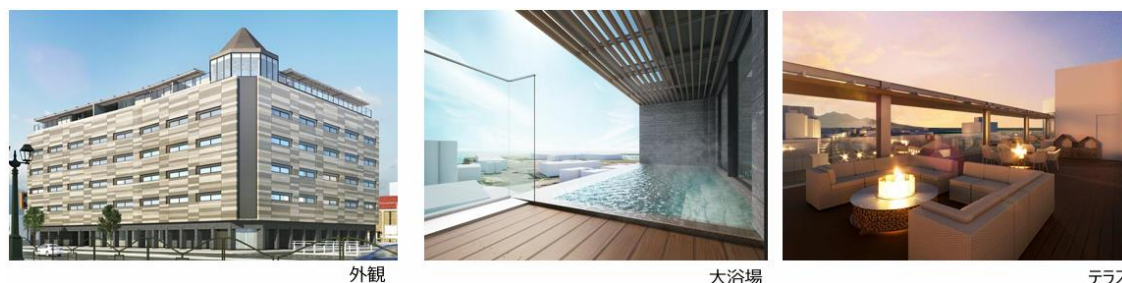
外観

客室

大浴場

(Taken from the reference material of the company)

■ Otaru Granbell Hotel: Scheduled to open in July 2025, 159 rooms



外観

大浴場

テラス

(Taken from the reference material of the company)

Belluna Group Hotel List

Ref	Area	Facility name	Number of guest rooms	FY March 2014	FY March 2015	FY March 2016	FY March 2017	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023	FY March 2024	Operation period
1	Okinawa	Hotel Hamahigashima Resort	29	[Timeline bar]											May-13
2	Fukushima	Urabandai Lake Resort	324	[Timeline bar]											Oct-15
3	Nagano	Le Grand Kyu Karuizawa Hotel	43	[Timeline bar]											Jul-16
4	Kyoto	Kyoto Granbell Hotel	105	[Timeline bar]											Jul-17
5	Nagano	Le Grand Karuizawa Hotel & Resort	58	[Timeline bar]											Jul-18
6	Sri Lanka	Le Grand Galle Hotel	48	[Timeline bar]											Jul-18
7	Maldives	The Westin Maldives Miriandhoo Resort	70	[Timeline bar]											Oct-18
8	Hawaii	EWA Hotel	92	[Timeline bar]											Apr-19
9	Osaka	Umeda Holic Hotel	117	[Timeline bar]											Apr-21
10	Osaka	Osaka Granbell Hotel	191	[Timeline bar]											Apr-21
11	Hokkaido	Sapporo Granbell Hotel	218	[Timeline bar]											Apr-21
12	Hokkaido	Jozankei View Hotel	647	[Timeline bar]											Aug-21
13	Hokkaido	Susukino Granbell Hotel	300	[Timeline bar]											Sep-21
14	Sri Lanka	Granbell Hotel Colombo	292	[Timeline bar]											Apr-22
15	Kyoto	Kyoto Granbell Hotel hanareya	13	[Timeline bar]											Nov-22
16	Ginza	GINZA HOTEL by GRANBELL	102	[Timeline bar]											Apr-23
17	Hokkaido	Toya SunPalace, The LakeSuite KO no SUMIKA	404	[Timeline bar]											Apr-23
18	Hokkaido	NEW AKAN HOTEL	366	[Timeline bar]											Apr-23
19	Hokkaido	SAPPORO HOTEL by GRANBELL (tentative name)	605	[Timeline bar]											April 2025 (plan)
20	Hokkaido	Otaru Granbell Hotel (tentative name)	159	[Timeline bar]											July 2025 (plan)
		Total	4,183												

(Taken from the reference material of the company)

<<3-2-2 Specialized Mail-Order Business>>

For fiscal year ending March 2025, the company aims for sales of 60.99 billion yen (up 1.4% year on year) and an operating income of 2.65 billion yen (up 5.9% year on year).

【Cosmetics & Health Foods Business】

•Overview and Characteristics of the Business

A leading company in anti-aging, addressing skin concerns for people in their 40s and beyond.

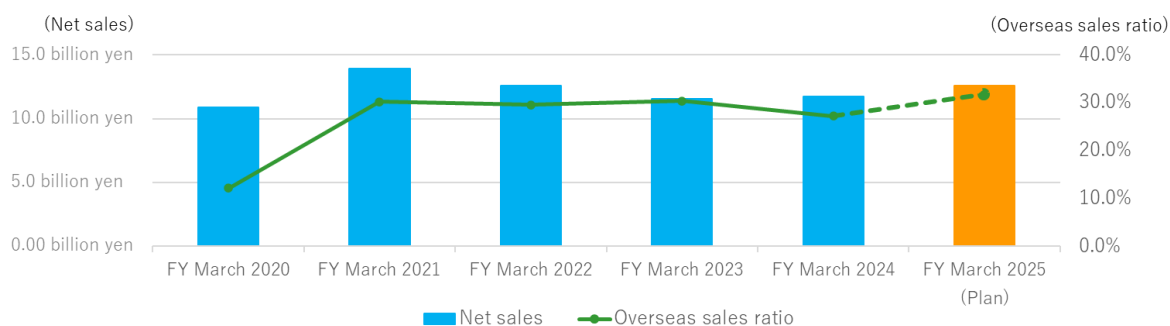
Strengths include the ability to collect customer reviews, a robust production network, and a fast-paced product development process.

The company aims to expand the domestic market while cultivating overseas markets.

Currently, operations are established in Taiwan, Hong Kong, and Singapore. The company plans to further expand into China, Malaysia, Vietnam, and Thailand to drive growth.

In addition to expanding mail-order sales, the company is focusing on increasing wholesale distribution to drugstores and other retail outlets.

Trends in net sales and overseas sales ratio (Cosmetics)



(Taken from the reference material of the company)

【Gourmet Business (Gourmet)】

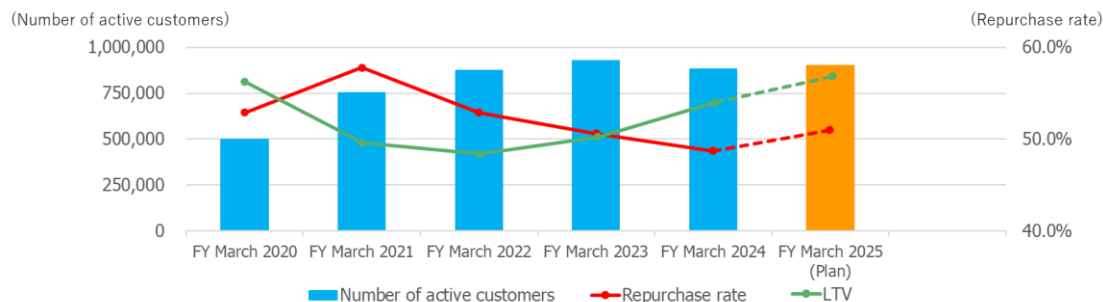
•Overview and Characteristics of the Business

The company sells club memberships, individual food items, gifts such as mid-year and year-end gifts, osechi (New Year's dishes), flowers, and Japanese sake. Their product lineup is basic compared to competitors. Their strengths include the capability of providing individual products, including cost performance.

Has been No.1 in Japanese sake mail-order sales for seven consecutive years.

The unification of brand development and promotion across categories is insufficient. They focus on strengthening cross-business brand development. They aim to increase brand fans and improve KPIs such as the number of active customers, repeat rate, and lifetime value (LTV) by adding value through information and content and offering entertainment through food.

Trends in the number of active customers, the repurchase rate and LTV



(Taken from the reference material of the company)

【Gourmet Business (Wine)】

•Overview and Characteristics of the Business

Their strengths include the capability of proposing a variety of package deals for light wine drinkers and cost performance. They use a

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promotional method combining printed materials and e-commerce, characterized by low entry barriers and high repeat rates.

The company has been **No.1 in wine mail-order sales for 15 consecutive years.**

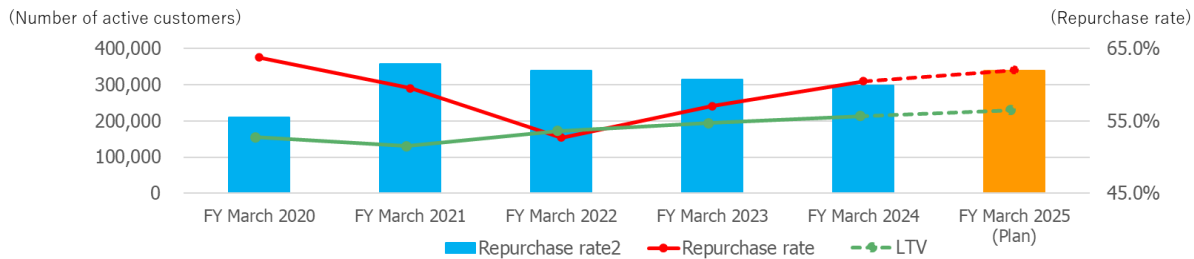
(1) In fiscal year ended March 2024, they sold 13 million bottles of wine.

(2) In addition to wine, they will handle whiskey, gin, and other products.

(3) Launched the high-end wine brand "ELEVIN" from the previous fiscal year, with sales of 200 million yen, and aim to expand to a scale of 1 billion yen in the future.

They aim to maintain and expand its overwhelming No.1 position in wine mail-order sales.

Trends in the number of active customers, the repurchase rate and LTV



(Taken from the reference material of the company)

【Nurse-Related Business】

•Overview and Characteristics of the Business

Primarily a B2C business targeting nurses through mail-order.

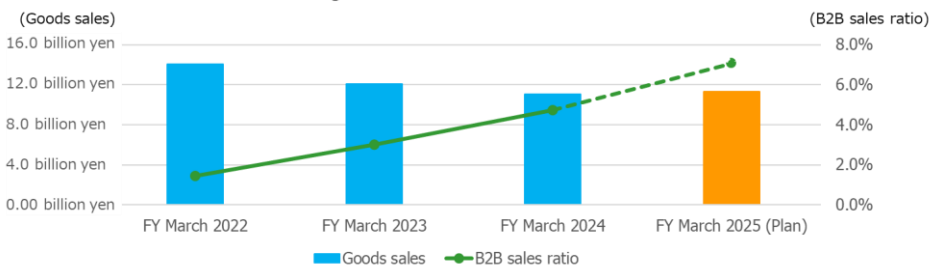
The two brands, Anfamie and Nursery, occupy about 60% of the mail-order market share for nurses.

The company holds a dominant No.1 recognition.

As the growth of the nurse population slows, the company aims to expand profitability rather than just sales growth.

They aim to expand the B2B model with growth potential, and will form partnerships with companies for home nursing and nursing care facilities.

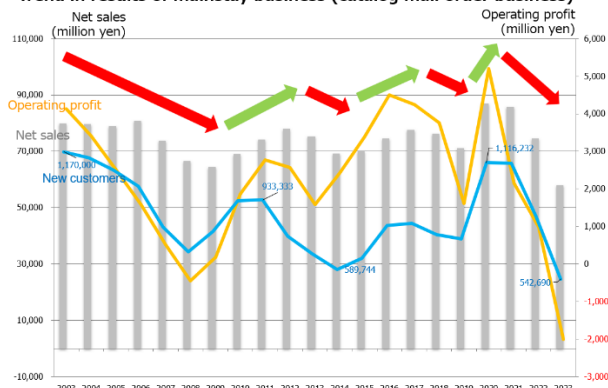
Trends in goods sales and B2B sales ratio



(Taken from the reference material of the company)

<<3-2-3 Apparel & Goods Business>>

Trend in results of mainstay business (catalog mail order business) BELLUNA



(Taken from the reference material of the company)

Strategies for Maximizing Revenue Efficiency

1. Adapting to Changing Times

① Products

- (1) Revising products, visuals, and copywriting
- (2) Enhancing and evolving pricing strategies

2. Responding to Changes in the Times (Paper, Printing Costs, and Exchange Rates)

② Marketing

- (1) Reviewing the collection, utilization, and retrieval of customer lists
- (2) Enhancing the capability of collecting customer lists, with good results starting to appear

3. Low-Cost Operations

<<3-2-4 Database Utilization Business>>

1. Insertion and Accompanying Services

A service that sends clients' flyers along with catalogs and products. The number of catalogs issued is crucial, with many handled by other mail-order companies.

2. Task-undertaking Services

Business of undertaking logistics and call center operations. They can utilize surplus logistics centers and call centers.

3. Finance

They focused on acquiring senior customers with low default rates to differentiate from competitors, and this business is progressing as planned.

Acquisition of new customers through the Internet, which is more efficient than paper media, is performing well.

4. Measures for Realizing Management Conscious of Capital Cost and Share Price

【4-1 Improvement of Performance】

- (1) To achieve the budgetary objectives for FY 3/25

【4-2 Management conscious of capital efficiency】

- (1) Management with a focus on achieving an ROE of 10% or higher
- (2) Scrapping businesses that are not expected to be profitable
- (3) M&A of companies with synergy and future potential

【4-3 Enrichment of Shareholder Return】

- (1) Clarification of the Return Policy
- (2) Consideration of share buybacks aimed at improving capital efficiency

The company has positioned profit returns to shareholders through enhanced corporate value as one of its key priorities and has consistently provided continuous and stable dividends. In May, taking into account shareholder expectations, the company's business performance, and capital situation, the company clarified its shareholder return policy to further enhance shareholder returns as follows:

•To pay dividends with a target consolidated dividend payout ratio of 35%, with a minimum Dividend on Equity (DOE) of 1.5%.

<Dividend status>

	Dividend per share (yen)			Dividend payout ratio	DOE
	End of 1H	Term-end	Annual Total		
FY 3/23	10.00	10.00	20.00	26.1%	1.49%
FY 3/24	10.25	10.25	20.50	33.9%	1.48%
FY 3/25 (Est.)	14.50	14.50	29.00	35.1%	-

<Shareholder benefits>

	100 to 499 shares	500 to 999 shares	1,000 or more shares
Mail-order special discount coupon Reward points usable on the Belluna network Gourmet, wine, and Japanese sake products	Worth 1,000 yen	Worth 3,000 yen	Worth 5,000 yen
1000-yen special discount coupons usable at facilities operated or partnered with the Belluna Group	2 coupons	6 coupons	10 coupons

*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.

•Consideration of share buybacks aimed at improving capital efficiency

【4-4 Expansion of Investor Dialogue】

(1) In addition to holding interim and year-end financial results briefings, the company will hold analyst briefings for financial results in 1Q and 3Q.

5. Conclusions

In fiscal year ended March 2024, the mail-order business experienced a downturn in sales and profit, primarily due to challenges in the Apparel & Goods Business. Despite this, the Property Business is fully on track, with numerous hotels being developed in popular tourist destinations such as Hokkaido and Kyoto. The number of foreign visitors to Japan has already exceeded pre-COVID-19 levels, and further growth is expected. The sales composition ratio of the Property Business increased from 9.4% in the previous fiscal year to 14.9% in fiscal year ended March 2024. With its high-profit margin, the Property Business is poised to significantly boost future profits.

For fiscal year ending March 2025, a 17.5% increase in operating income is expected, with the Property Business continuing to lead growth. In the Apparel & Goods Business, improvements are anticipated through the increase of new customers and efficiency enhancements. Although the high-margin Database Utilization Business is projected to see a decline in both sales and profit in fiscal year ending March 2025, its future developments remain worth watching.

The company announced measures aimed for business administration conscious of capital cost and share price and enhanced shareholder returns. Although the shareholder returns may seem modest compared to other companies announcing bold returns, it is seen as a step toward correcting the current share price, which has significantly dropped below a price-to-book ratio of 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
Audit and supervisory committee	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: 18.3% (as of the end of March 2023) 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/ (ii) Our basic policy on corporate governance is posted on our website and securities report.

	<p>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>

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