

Supplementary Information for Financial Results of the Third Quarter ended December 31, 2016



Tuesday January 31, 2017

1. Consolidated Statement of Income

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Net sales: Sales increased more than expected, by 8.6% year on year.

Operating income: Operating income was almost as planned, excluding seasonal factors related to Maimu Co., Ltd. (- 0.52 billion yen).

Ordinary income: Ordinary income increased more than expected, by 2.32 billion yen year on year, reflecting exchange rate-related gains of 0.93 billion yen.

Unit: Billion Yen

| Consolidated | FY March 2016/3Q | FY March 2017/3Q | | FY March 2017 |
|--|------------------|------------------|------------|---------------|
| | Actual | Actual | YoY Change | Plan |
| Net Sales | 100.93 | 109.64 | 8.6% | 140.00 |
| Cost of Sales | 45.56 | 48.59 | 6.7% | 61.60 |
| Selling, General & Administrative Expenses | 48.97 | 53.34 | 8.9% | 67.40 |
| Operating Income | 6.40 | 7.71 | 20.5% | 11.00 |
| Non-operating Income and Expenses | 0.71 | 1.71 | 142.3% | 0.00 |
| (Exchange rate-related gains and losses) | (0.12) | (0.93) | 674.0% | — |
| Ordinary income/ loss | 7.11 | 9.42 | 32.6% | 11.00 |
| Net income/ loss | 4.59 | 6.32 | 37.7% | 7.00 |

2. Profitability by segment

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Net sales: Sales increased in all businesses other than the Property Business.

Operating income: Operating income increased in the General Mail Order Business and three other businesses, but decreased in the Retail Sales Business and two other businesses.

- Operating income increased in the Specialty Mail Order Business driven by mail order services for nurses.
- Operating income remained almost unchanged from the previous year in the Retail Store Business, excluding seasonal factors related to Maimu Co., Ltd. Operating income declined in the Property Business, mainly reflecting the absence of revenue from real estate sales.

Consolidated Net Sales and Operating Income by Segment

Unit: Billion Yen

| | FY March 2017/3Q | | | | | | | | Total |
|--------------------------|--------------------|----------------------|--------------------|----------|---------|----------|-------|--------------------------|--------|
| | General Mail Order | Specialty Mail Order | Retail Store Sales | Solution | Finance | Property | Other | Elimination or Corporate | |
| Net Sales | 57.65 | 30.92 | 9.63 | 4.01 | 2.30 | 2.79 | 2.85 | -0.51 | 109.64 |
| YoY Change (%) | +6.3% | +11.9% | +24.9% | +21.1% | +8.4% | -25.6% | +9.1% | +14.0% | +8.6% |
| Operating Income | 3.62 | 1.89 | -0.38 | 1.84 | 0.92 | 0.15 | -0.09 | -0.24 | 7.71 |
| YoY Change (billion yen) | 0.89 | 0.88 | -0.52 | 0.44 | 0.18 | -0.39 | -0.07 | -0.10 | 1.31 |
| Operating Income Ratio | 6.3% | 6.1% | -4.0% | 45.9% | 40.1% | 5.5% | -3.1% | 48.3% | 7.0% |

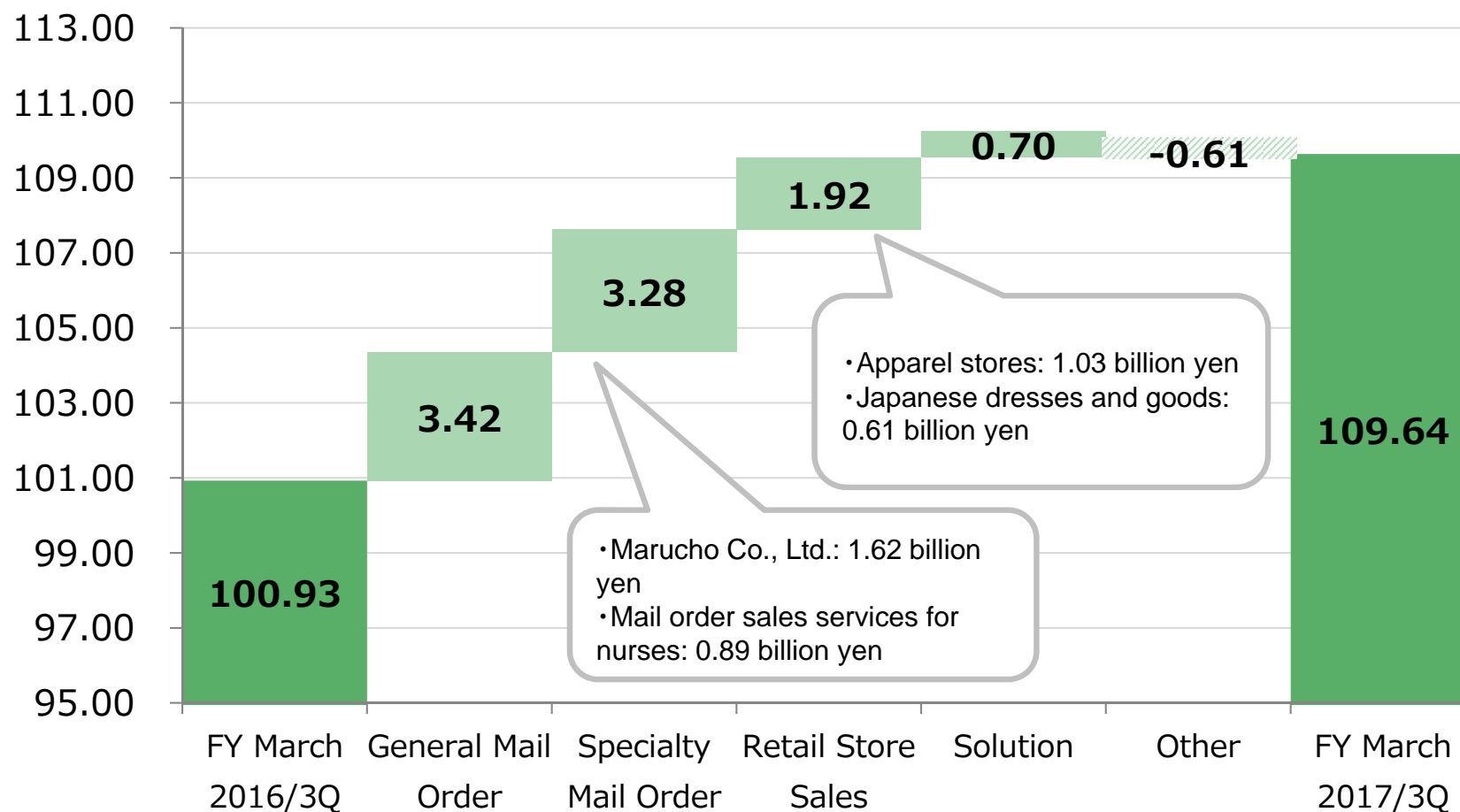
3. Analysis of increases and decreases in sales

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Sales via the Internet were strong in the General Mail Order Business. Sales rose in the Specialty Mail Order Business, mainly reflecting the strong performance of mail order services for nurses as well as Marucho Co., Ltd., a newly acquired company. Sales increased in the Retail Sales Business due to the opening of new stores.

Factors for change in net sales

Unit: Billion Yen

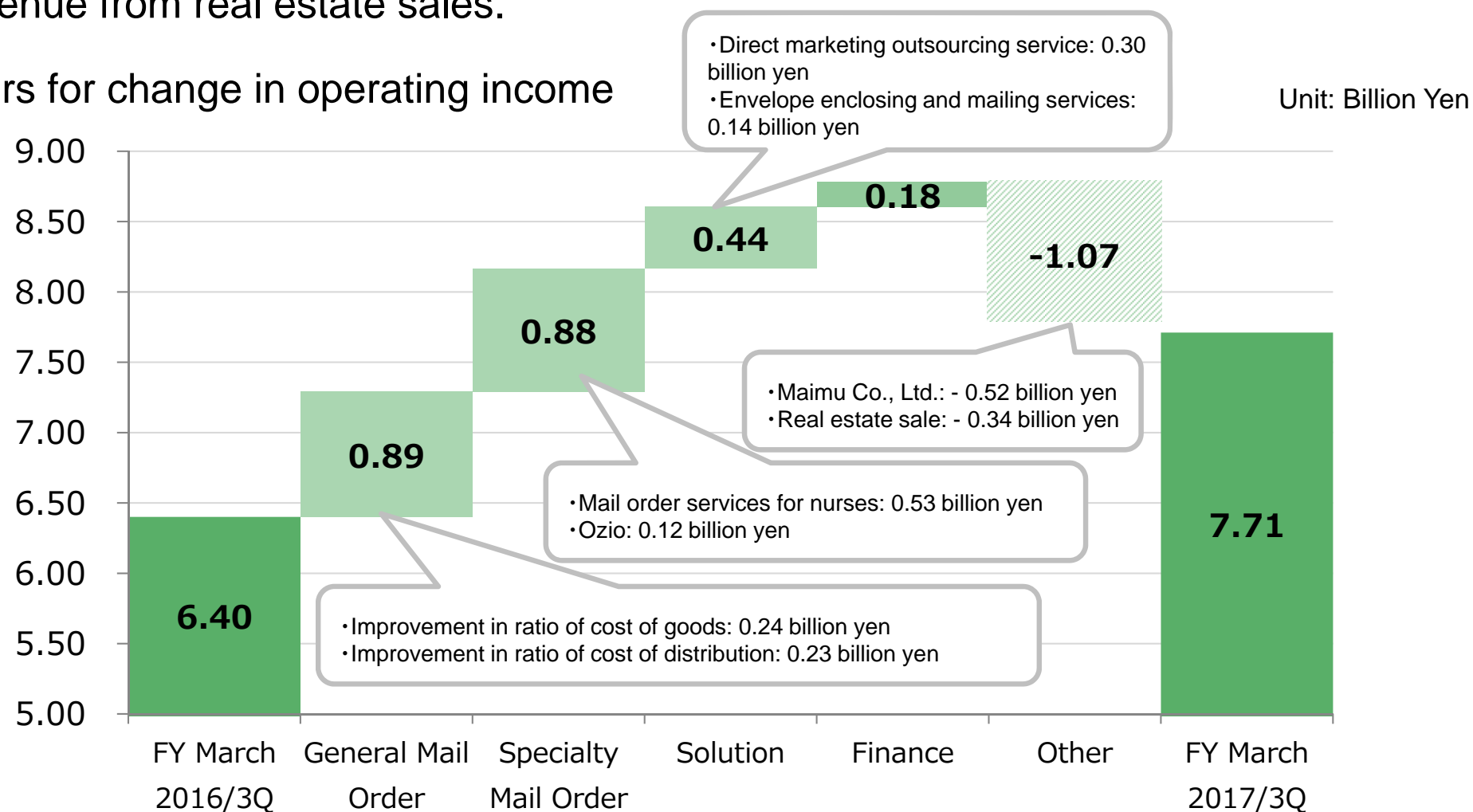


4. Analysis of increases and decreases in operating income

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Operating income increased in the General Mail Order and Specialty Mail Order Businesses, attributable to improvements in the ratios of the cost of goods and distribution and buoyant mail order sales services for nurses, respectively. On the other hand, it decreased in the Retail Store Sales Business due to seasonal factors related to Maimu Co., Ltd. and in the Property business due to the absence of revenue from real estate sales.

Factors for change in operating income



5. Consolidated balanced sheet

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In Assets, real estate for sale (in process) and tangible fixed assets increased.

In Liabilities notes and accounts payable and interest bearing liabilities increased.

| | As of march 31,2016 | As of December 31,2016 | Change |
|---------------------------------------|---------------------|------------------------|---------|
| Current Assets | 74.19 | 88.31 | 14.12 |
| Notes and accounts receivable - trade | 9.28 | 12.05 | 2.77 |
| Real estate for sale in process | 4.17 | 9.73 | 5.56 |
| Fixed Assets | 86.87 | 91.18 | 4.31 |
| Tangible fixed assets | 59.46 | 64.29 | 4.83 |
| Investment and other assets | 19.07 | 18.63 | -0.44 |
| Total Assets | 161.06 | 179.49 | 18.44 |
| Liabilities | 80.41 | 93.45 | 13.04 |
| Notes and accounts payable - trade | 15.63 | 21.66 | 6.02 |
| Interest bearing liabilities | 46.47 | 50.58 | 4.11 |
| Net Assets | 80.65 | 86.04 | 5.40 |
| Retained earnings | 68.45 | 73.56 | 5.11 |
| [Shareholders' Equity Ratio] | [49.8%] | [47.6%] | [-2.2P] |

Unit: Billion Yen

<Important notice>

This material is prepared for the purpose of publicly disclosing information concerning the financial results of the third quarter of the fiscal year ending March 31, 2017. Nothing in this document shall be considered to be an offer to sell or a solicitation of an offer to buy securities issued by the Company. It is prepared based on the data available as of January 31, 2017. The opinions and forecasts described in this document reflect the judgments of the Company at the time this document was prepared. The Company neither warrants nor promises the accuracy or completeness of this information. It may be subject to change without prior notice going forward.

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