

Supplementary Information for Financial Results of the Third Quarter ended December 31, 2019

BELLUNA

Friday, January 31, 2020

1. Consolidated Statement of Income

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Net sales: Up 3.0% year on year

Operating income: Down year on year and fell below the plan

Ordinary income and net income: Also down year on year and fell below the plan

Unit: Billion Yen

Consolidated	FY March 2019/3Q	FY March 2020/3Q		FY March 2020
	Actual	Actual	YoY Change	Plan
Net Sales	133.56	137.58	3.0%	180.00
Cost of Sales	58.43	58.06	-0.6%	77.00
Selling, General & Administrative Expenses	66.67	72.24	8.4%	92.00
Operating Income	8.46	7.27	-14.0%	11.00
Non-operating Income and Expenses	2.85	0.11	—	0.00
(Exchange rate-related gains and losses)	(1.93)	(-0.07)	—	—
Ordinary income/ loss	11.31	7.39	-34.7%	11.00
Net income/ loss	7.18	4.59	-36.0%	7.00

2. Profitability by segment

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Net sales: Increased in all segments excluding the General Mail Order

Operating income: Operating income increased in Specialty Mail Order and two other segments. It decreased in General Mail Order and three other segments.

- The Specialty Mail Order segment led growth and profit thanks to the acquisition of a large number of new customers and a high percentage of returning customers in businesses such as cosmetics and wines.
- In the General Mail Order segment, operating income declined because the improvement in the cost ratio was smaller than expected.

Consolidated Net Sales and Operating Income by Segment

Unit: Billion Yen

	FY March 2020/3Q								
	General Mail Order	Specialty Mail Order	Retail Store Sales	Solution	Finance	Property	Other	Elimination or Corporate	Total
Net Sales	58.13	37.37	22.95	5.91	3.25	6.73	4.00	-0.75	137.58
YoY Change (%)	-5.0%	+3.0%	+19.1%	+35.0%	+14.6%	+3.6%	+0.1%	-16.3%	+3.0%
Operating Income	1.82	2.79	-0.01	1.90	1.37	0.43	-0.75	-0.29	7.27
YoY Change (billion yen)	-1.55	0.42	-0.49	0.31	0.07	-0.10	-0.09	0.24	-1.19
Operating Income Ratio	3.1%	7.5%	0.0%	32.2%	42.2%	6.5%	-18.7%	39.4%	5.3%

3. Analysis of increases and decreases in sales

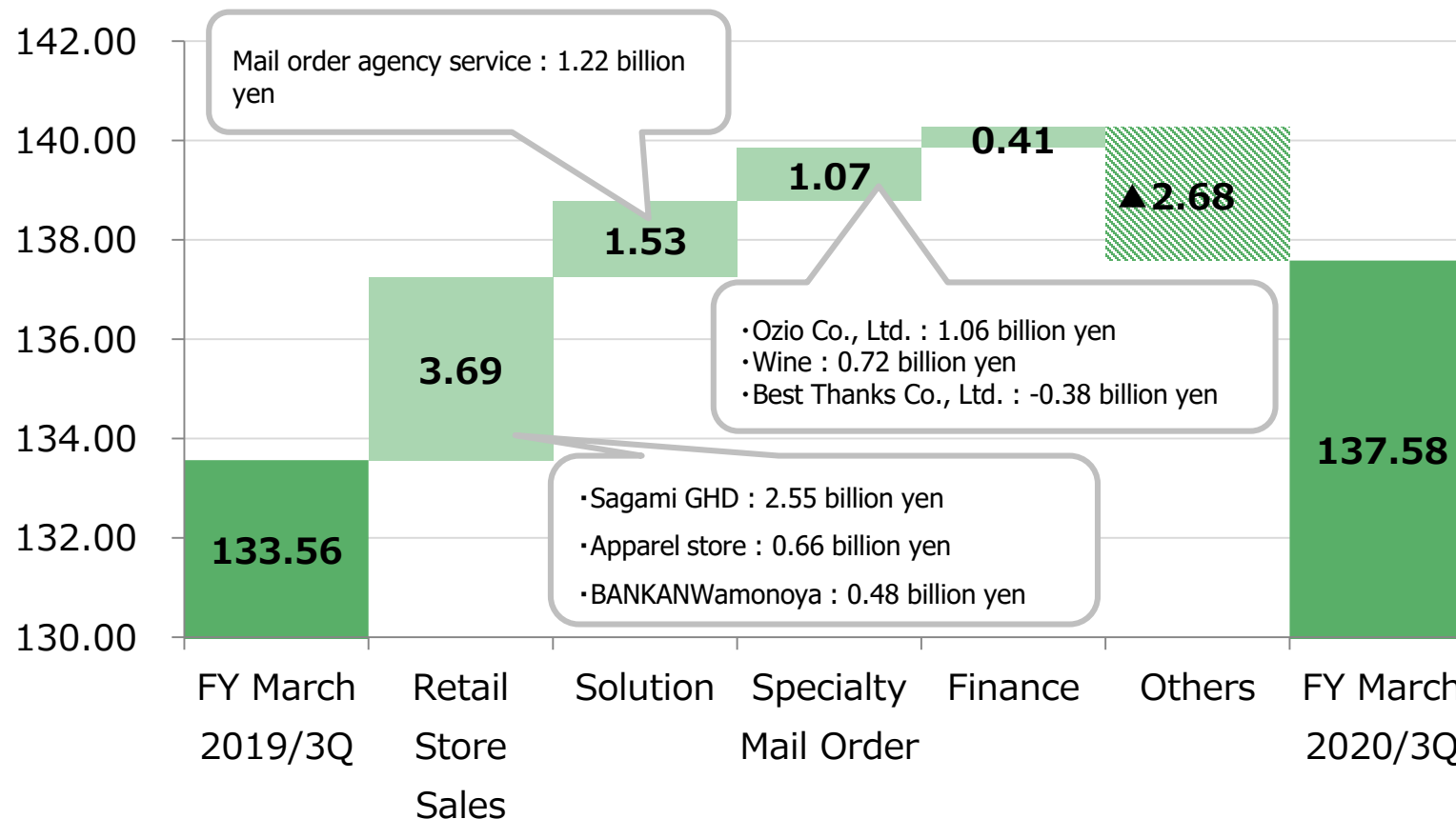
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Sales in the Retail Store Sales segment increased chiefly thanks to the consolidation of Sagami Group Holdings.

Sales in the Solution segment increased mainly due to the strong performance of the mail order agency service.

Factors for change in net sales

Unit: Billion Yen



4. Analysis of increases and decreases in operating income

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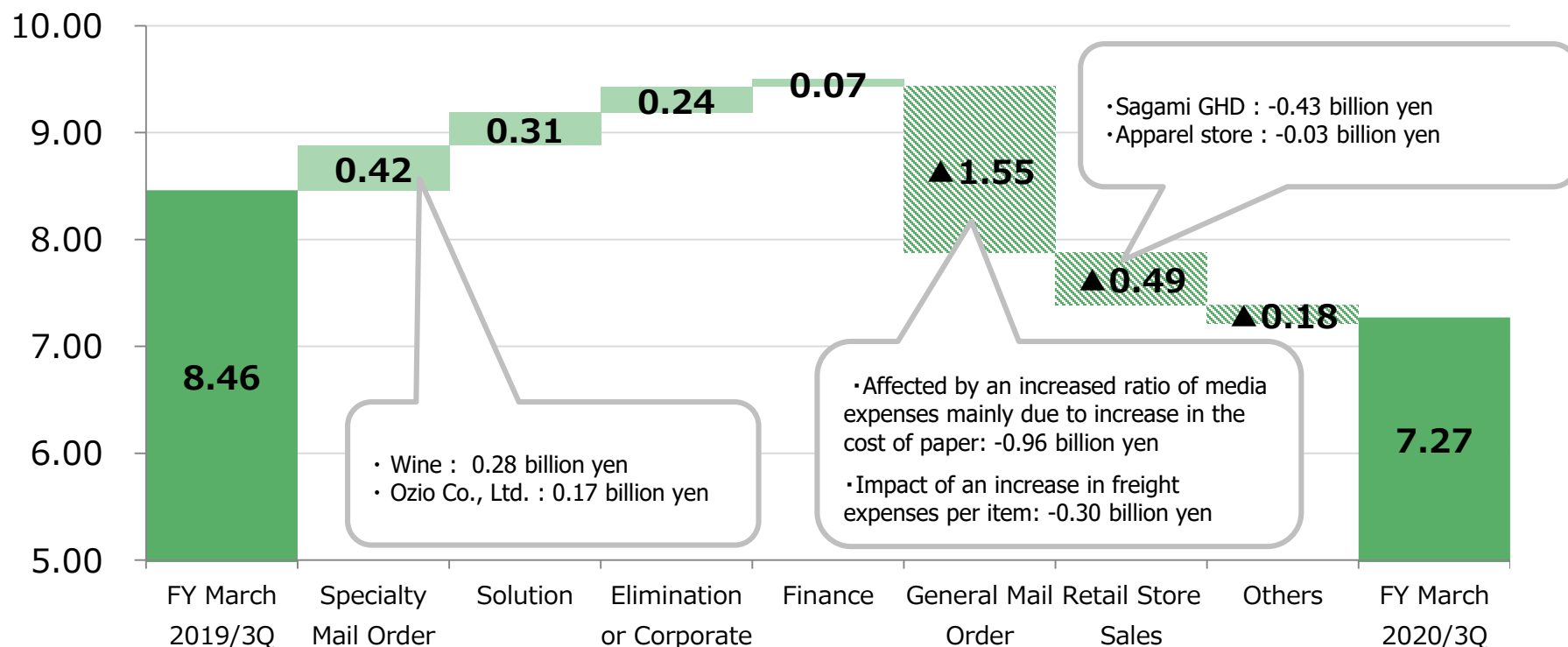
The Specialty Mail Order segment achieved an increase in income mainly thanks to the effect of higher sales in the cosmetics and wine businesses.

Operating income in the General Mail Order segment declined largely due to the effect of the deteriorated ratio of media expenses, mainly due to an increase in the paper price.

Operating income also fell in the Retail Store Sales segment mainly due to the effect of reflecting profit and loss for the first quarter during which expenses exceeded revenue in Sagami Group Holdings Co., Ltd., which was acquired in the previous fiscal year, from the current fiscal year.

Factors for change in operating income

Unit: Billion Yen



5. Consolidated Balance Sheet

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In current assets, operating loans increased. In fixed assets, mainly tangible fixed assets increased. In liabilities, notes and accounts payable – trade and interest-bearing liabilities increased.

	FY March 2019	FY March 2020/3Q	Change	Unit: Billion Yen
Current Assets	99.24	106.85	7.60	
Cash and deposits	22.07	20.27	-1.80	
Operating loans	23.78	26.38	2.59	
Merchandise and finished goods	20.86	23.05	2.20	
Fixed Assets	114.54	120.56	6.02	
Tangible fixed assets	83.20	88.51	5.31	
Investments and other assets	20.08	20.31	0.22	
Total Assets	213.79	227.41	13.62	
Liabilities	113.25	124.56	11.31	
Notes and accounts payable - trade	17.09	23.09	6.00	
Interest-bearing liabilities	69.71	74.70	4.99	
Net Assets	100.53	102.85	2.32	
Treasury shares	-0.17	-0.49	-0.32	
[Shareholders' Equity Ratio]	[46.7%]	[44.9%]	[-1.8P]	

<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, 2020. 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, 2020. 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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