

CORPORATE PRESENTATION (Fiscal Year Ended March 31, 2019)



▲ Main catalog
BELLUNA



▲ BELLUNA Net -
A mail order website



▲ Apparel stores
「BELLUNA」



▲ Cosmetics mail order
「OZIO」

BELLUNA

Friday, May 24, 2019

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1. Financial Highlights

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1. Financial overview
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6. Balance sheet
7. Statement of cash flows
8. Plan for FY March 2020

The results of net sales, ordinary income, and net income were generally in line with the forecast.

- Net sales increased 9.9% year on year.
- Operating income decreased 7.7% year on year.
- Ordinary income increased 15.6% year on year, to 15.31 billion yen, thanks to the contribution of exchange rate-related gains
- Net income increased 7.0% year on year, to 10.34 billion yen.

1-2. Financial summary

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Net sales: Up 9.9% year on year.

Operating income: Increased in the three segments including Specialty Mail Order, Finance and Other but decreased in the remaining four segments.

Ordinary income and net income exceeded those in the previous year due to exchange rate-related gains and other profits.

Unit: Billion Yen

Consolidated	FY March 2018	FY March 2019			FY March 2020
	Actual	Actual	vs.Plan	YoY Change	Plan
Net Sales	161.67	177.65	-1.3%	9.9%	185.00
Cost of Sales	71.78	76.28	-2.2%	6.3%	78.00
Selling, General & Administrative Expenses	76.89	89.36	2.7%	16.2%	93.00
Operating income	13.01	12.01	-20.0%	-7.7%	14.00
Non-operating income and Expenses	0.24	3.30	5.6 times	12.8 times	1.00
(Exchange rate-related gains and losses)	(-0.28)	(2.23)	-	-	-
Ordinary income	13.25	15.31	-1.2%	15.6%	15.00
Net income	9.67	10.34	-1.5%	7.0%	10.50

1-3. Profitability by segment

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

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

- Operating income decreased in the General Mail Order segment, mainly due to an increase in media-related expenses and higher distribution costs.
- Operating income decreased in the Property segment, mainly due to the impact of the cost of establishing the hotel business.

Consolidated Net Sales and Operating Income by Segment

Unit: Billion Yen

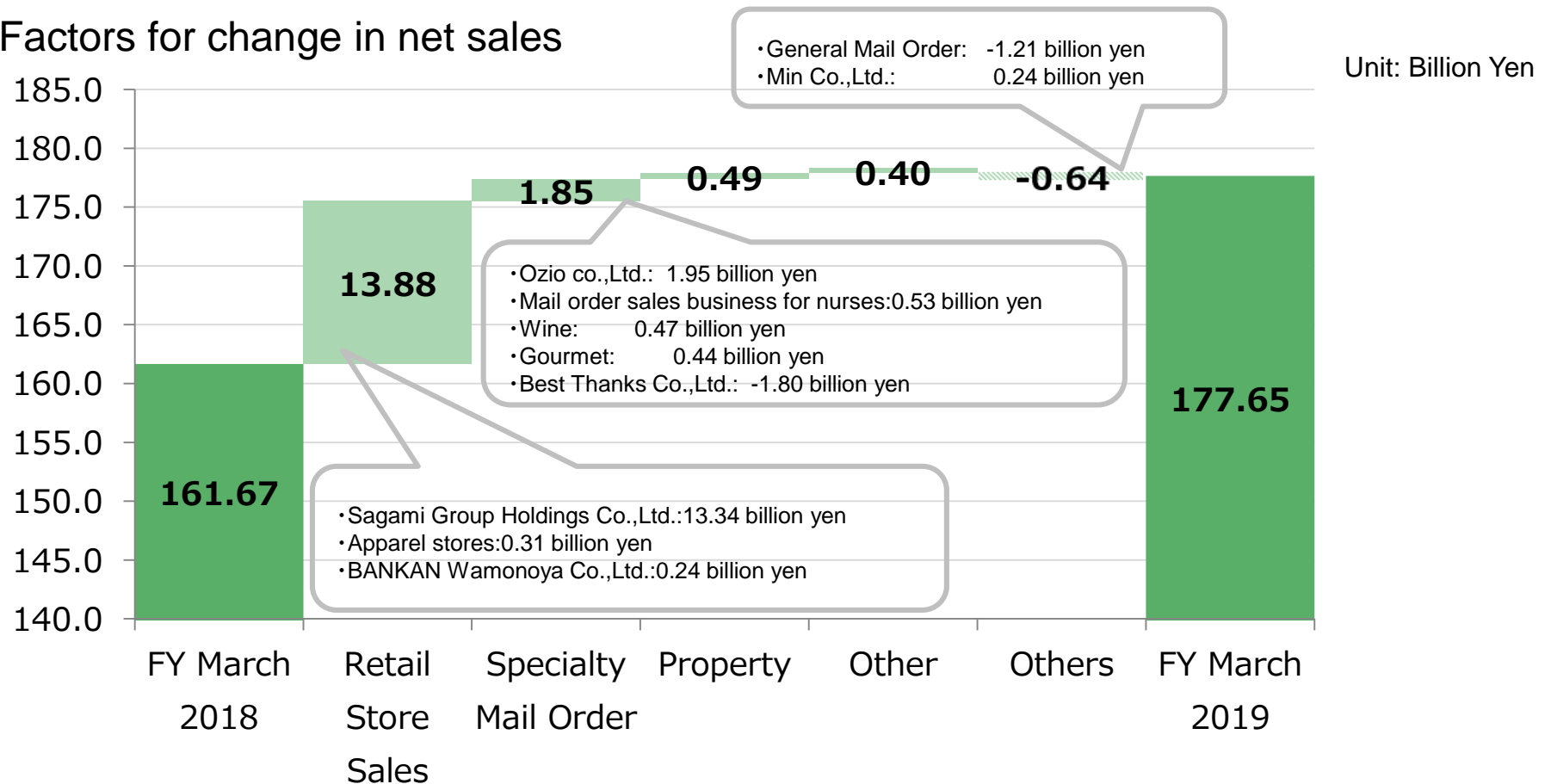
	FY March 2019								
	General Mail Order	Specialty Mail Order	Retail Store Sales	Solution	Finance	Property	Other	Elimination or Corporate	Total
Net Sales	77.60	47.85	28.15	6.26	3.83	8.07	6.91	-1.03	177.65
vs.Plan(%)	-7.6%	-5.1%	+68.1%	-0.1%	-0.3%	-35.5%	-6.9%	-15.4%	-1.3%
YoY Change(%)	-1.3%	+4.0%	+97.3%	+2.4%	+10.8%	+6.5%	+6.2%	+17.3%	+9.9%
Operating Income	3.82	3.26	1.00	2.27	1.76	0.24	0.24	-0.59	12.01
vs.Plan(billion yen)	-0.54	-0.45	-0.01	-0.03	0.01	-1.48	-0.18	-0.33	-2.99
YoY Change(billion yen)	-0.45	0.60	-0.16	-0.10	0.19	-0.79	0.02	-0.32	-1.00
Operating Income Ratio	4.9%	6.8%	3.6%	36.3%	46.0%	3.0%	3.4%	57.1%	6.8%

1-4. Analysis of increases and decreases in sales

Sales in the Retail Store Sales segment increased chiefly based on the consolidation of Sagami Group Holdings Co., Ltd.

Sales growth in the Specialty Mail Order segment was driven by Ozio Co., Ltd., an operator of the cosmetics business and the mail order sales business for nurses, despite the impact of the withdrawal of Best Thanks Co., Ltd.

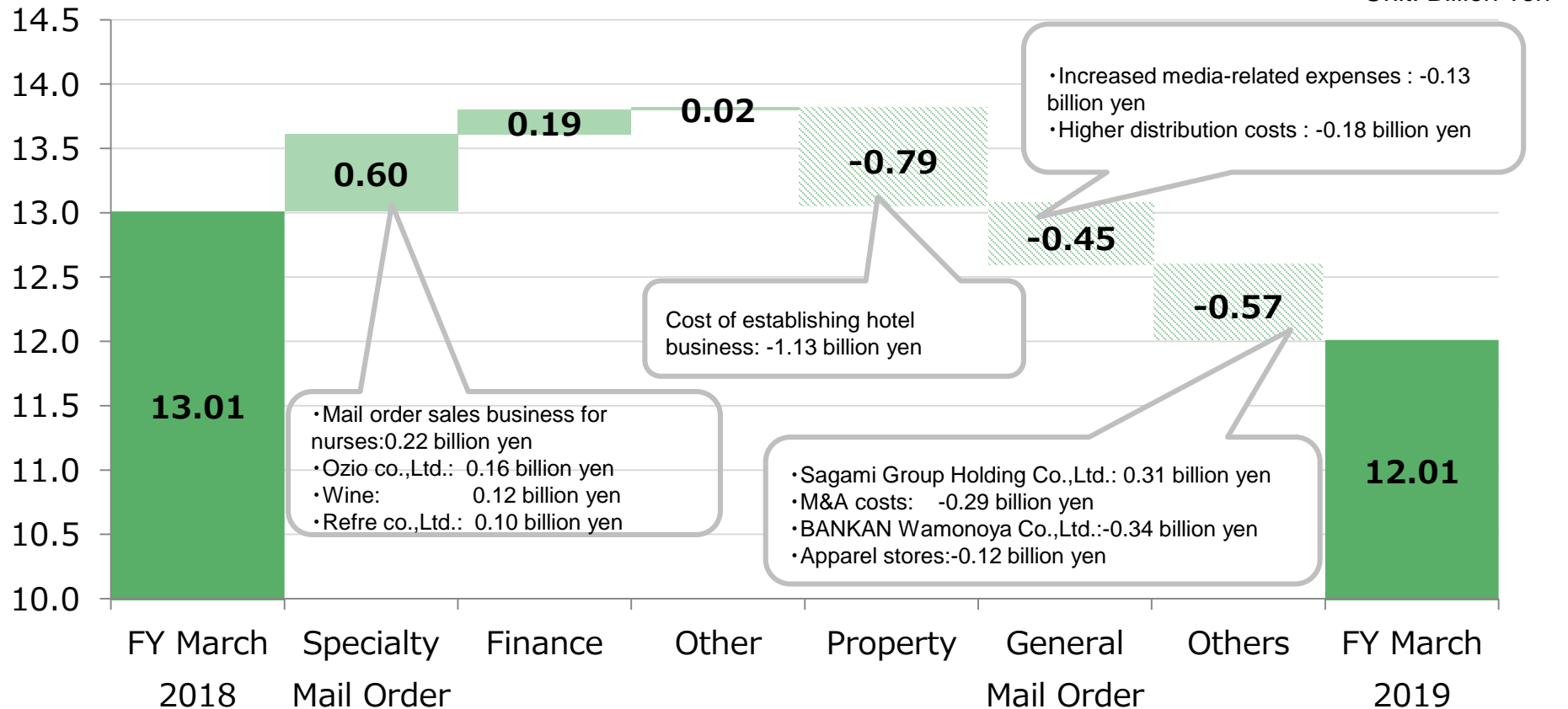
Factors for change in net sales



1-5. Analysis of increases and decreases in operating income

Income continued to rise in the Specialty Mail Order segment, mainly due to improvements in the profitability of the mail order sales business for nurses, as well as sales added by Ozio Co., Ltd., an operator in the cosmetics business. Meanwhile, operating income in the General Mail Order segment decreased largely due to an increase in media-related expenses and higher distribution costs. Operating income fell in the Property segment due in part to the cost of establishing the business for three hotels.

Factors for change in operating income



1-6. Balance sheet

Current assets rose, mainly reflecting increases in operating loans and merchandise and finished goods. Non-current assets increased, led particularly by growth in tangible fixed assets. Liabilities rose, chiefly due to an increase in interest-bearing liabilities.

Unit: Billion Yen

	As of March 31,2018	As of March 31,2019	Change
Current assets	89.99	99.24	9.26
Operating loans	20.81	23.78	2.97
Merchandise and finished goods	17.98	20.86	2.88
Non-current assets	105.96	114.54	8.59
tangible fixed assets	75.55	83.20	7.65
Investments and other assets	18.67	20.08	1.41
Total Assets	195.95	213.79	17.84
Liabilities	102.89	113.25	10.37
Interest-bearing liabilities	63.12	69.71	6.58
Net assets	93.06	100.53	7.48
Retained earnings	71.81	80.82	9.01
[Shareholders' Equity Ratio]	[47.1%]	[46.7%]	[-0.4P]

1-7. Statement of cash flows

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Cash flow from investing activities was negative, primarily due to the purchase of property, plant and equipment, and the purchase of shares of subsidiaries. Cash flow from financing activities increased long- and short-term loans, and overall cash decreased by 3.29 billion yen.

	FY March 2018	FY March 2019		Unit: Billion Yen
		Actual	YoY Change	
Cash flows from operating activities	8.92	8.56	-0.37	
Income before income taxes	13.73	15.47	1.73	
Loss (gain) on valuation of derivatives	1.30	-1.36	-2.65	
Loss (gain) on sales of property, plant and equipment	-0.99	-0.01	0.98	
Cash flows from investing activities	-12.85	-12.72	0.13	
Purchase of property, plant and equipment	-14.91	-6.14	8.77	Capital expenditure*1
Proceeds from sales of property, plant and equipment	2.89	0.06	-2.83	7.34 billion yen
Purchase of shares of subsidiaries	0.00	-4.92	-4.92	
Cash flows from financing activities	6.94	3.58	-3.37	
Change in short- and long-term borrowings	11.11	6.19	-4.92	Depreciation*2
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-2.25	-0.61	1.64	2.77 billion yen
Translation differences on cash	-0.40	-0.09	0.31	
Increase/decrease in cash	2.61	-0.68	-3.29	

*1: Capital expenditure includes the amount of investment in intangible fixed assets, such as software and leased assets.

*2: Depreciation and amortization include the amount relating to the amortization of intangible assets and long-term prepaid expenses.

1-8. Plan for FY March 2020

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Net sales, ordinary income, and net income reached a record high in the last two fiscal years. The fiscal year ending March 2020 is the first year in the Fourth Business Plan. We will aim for the steady achievement of 185 billion yen in net sales, and 14 billion yen in operating income.

Unit: Billion Yen

Consolidated	FY March 2018		FY March 2019		FY March 2020	
	Plan	Actual	Plan	Actual	Plan	YoY
Net Sales	160.00	161.67	180.00	177.65	185.00	+9.9%
Operating Income	13.00	13.01	15.00	12.01	14.00	+16.9%
Ordinary Income	13.50	13.25	15.50	15.31	15.00	-2.0%
Net Income	8.80	9.67	10.50	10.34	10.50	+1.5%
Interest Bearing Liabilities	53.00~58.00	63.12	66.00~71.00	69.71	72.00~77.00	+3.3~10.4%
Net Assets	92.93	93.06	102.00	100.53	109.00	+8.5%
ROE	9.5%	10.9%	10.8%	10.8%	10.1%	-0.7P

1-8. Plan for FY March 2020

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While sales and income will decrease in the General Mail Order segment due to a rise in the cost of paper, both sales and income are expected to increase in other segments based on growth led by the Specialty Mail Order segment, which continues to grow, and the Property segment, which no longer carries the cost of business opening.

Budgets by Segment

Unit: Billion Yen

	FY March 2020								
	General Mail order	Specialty Mail order	Retail Store Sales	Solution	Finance	Property	Others	Elimination or Corporate	Total
Net sales	73.53	50.30	34.01	6.96	4.44	10.44	8.07	-2.75	185.00
YoY Change(%)	-5.3%	+5.1%	+20.8%	+11.1%	+15.9%	+29.3%	+16.8%	+167.4%	+4.1%
Operating Income	2.90	3.67	1.36	2.38	1.98	1.52	0.45	-0.24	14.00
YoY Change(billion yen)	-0.92	0.41	0.35	0.11	0.22	1.28	0.21	0.34	1.99

2. Review of the Third Business Plan

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2. Review of the Third Business Plan

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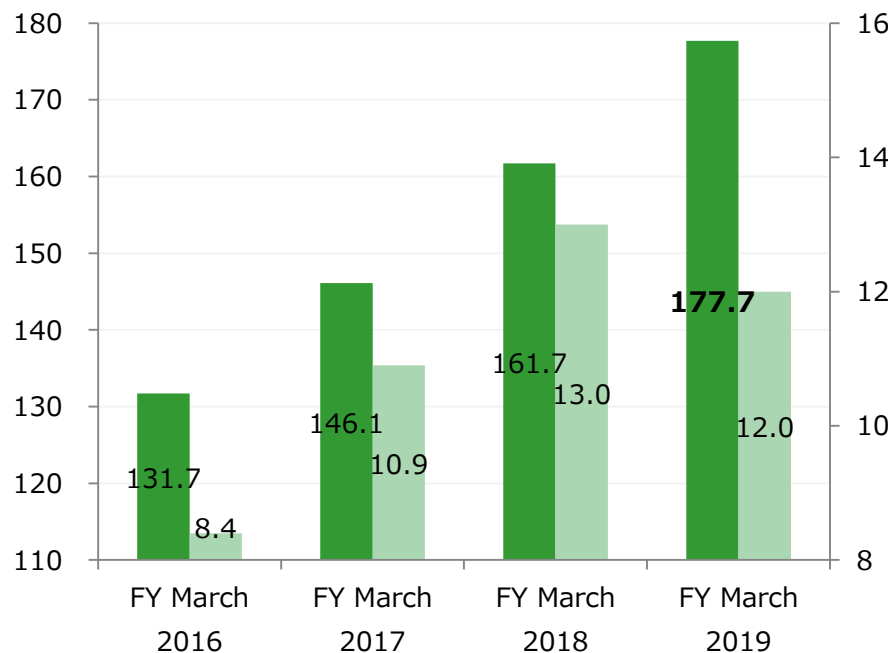
Third Business Plan (FY March 2017~FY March 2019)

	Final year goal	Performance
■ Net sales	160.0 billion yen (average annual growth of 6.9%)	177.7 billion yen (average annual growth of 10.5%)
■ Operating income	16.0 billion yen (average annual growth of 20.6%)	12.0 billion yen (average annual growth of 12.8%)
■ ROE	At least 8% is maintained.	10.9%

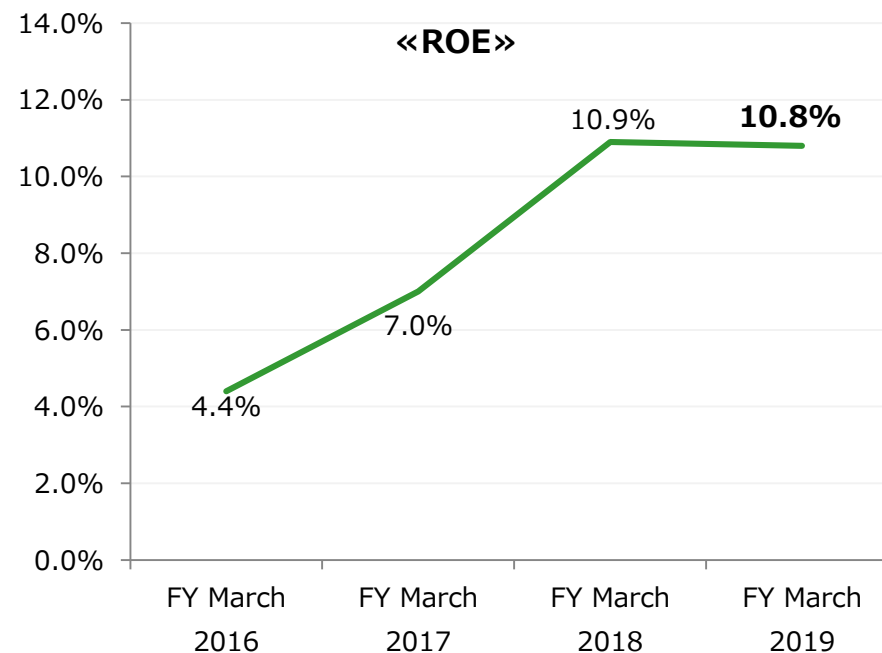
2. Review of the Third Business Plan

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During the period of the Third Business Plan (FY ended March 2017 – FY ended March 2019), net sales and ROE reached the initial targets one year ahead of the plan despite the operating income falling short of the target in FY ended March 2019.



Third Business Plan



Third Business Plan

2. Review of the Third Business Plan

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Expansion of four main businesses

Achievement

Expand the **general mail order business** in a stable manner.

We worked aggressively to strengthen internet-based sales, which resulted in growth in both net sales and profit despite changes in the external environment not initially expected such as a rise in the cost of distribution.

Expand the **specialty mail order business**

We focused on product development, strengthening of internet-based sales, etc. in the gourmet food, wine, and cosmetics mail-order businesses and mail order sales services for nurses, which resulted in significant growth.

Expand the **Retail Store Sales business** by opening new stores

BANKANWamonoya Co., Ltd., selling kimono and Japanese-style goods, increased the number of stores to 86 and acquired Sagami Group Holdings Co.,Ltd. through M&A. The apparel stores business turned a profit and the number of stores rose to 75.

Strengthen the **property business**

The rental business steadily increased revenue while the number of hotels operated grew to seven, having established the foundations for the Fourth Business Plan.

3. Management Policies and Initiatives

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1. General Mail Order Business
2. Specialty Mail Order Business
3. Retail Store Sales
4. Property Business
5. Fourth Business Plan
6. Returns to shareholders

3. Management Policy ~ External Environment

Our business plans respond to changes in the external environment (changes in the consumption environment and growth of the Internet).

External environment

- An increase in the tendency towards a deflationary mindset
- Price hikes in home delivery services and postage and shipping
- Growth of the Internet

Internal environment

- Growth of specialty mail-order
- Growth of portfolios
- Recovery of hotel business

3. Management Policy ~Fourth Business Plan

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Fourth Business Plan (FY March 2020~FY March 2022)

Final year goal

■ Net sales

220.0 billion yen

(average annual growth of 7.4%)

■ Operating income

20.0 billion yen

(average annual growth of 18.5%)

■ ROE

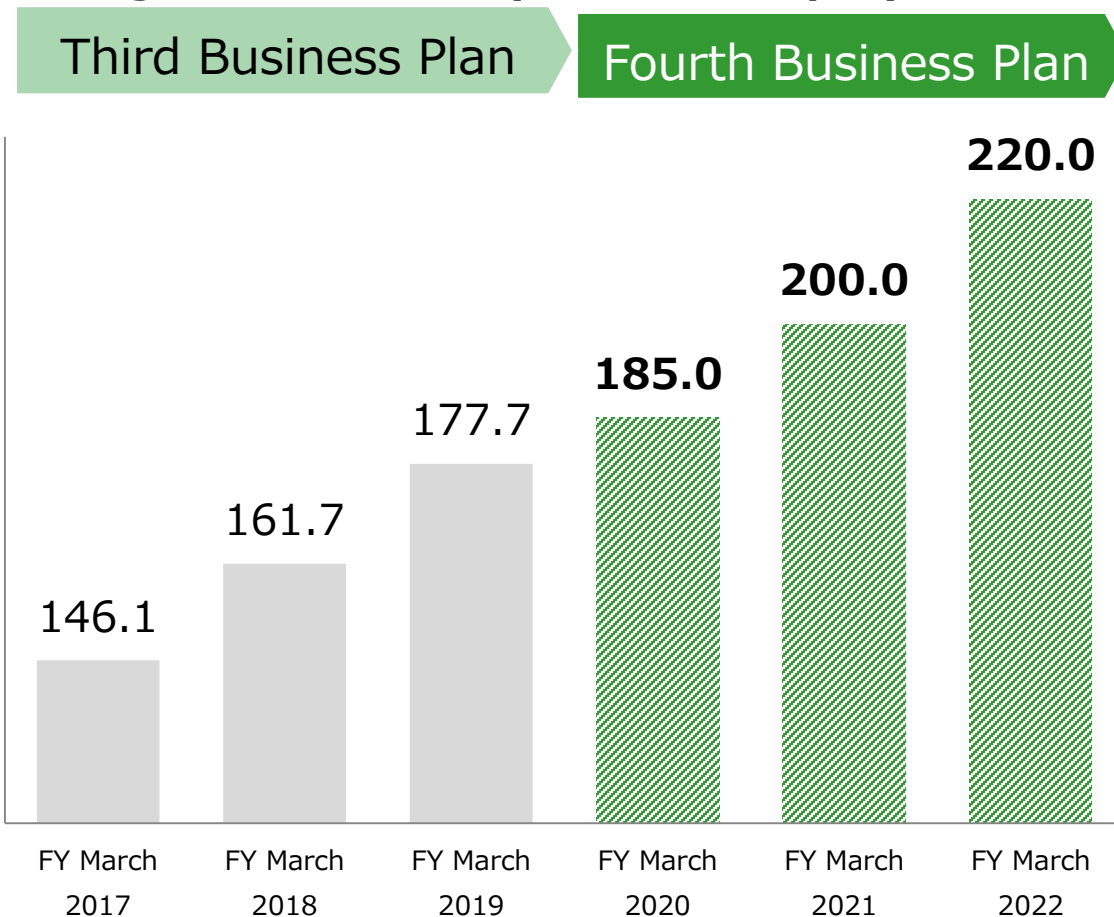
At least 10% is maintained.

3. Management Policy ~Fourth Business Plan

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Under the Fourth Business Plan, we will aim for upward revisions while steadily reaching targets.

Changes in Net Sales (Unit: Billion yen)



1. Achieved record high net sales and profit under the Third Business Plan
2. Built the foundations for reaching targets in the Fourth Business Plan, taking into account changes in the external environment.
3. Steadily reach the targets for the net sales and operating income under the Fourth Business Plan.

3. Management Policy – Strengthen four businesses

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Expansion of four main businesses

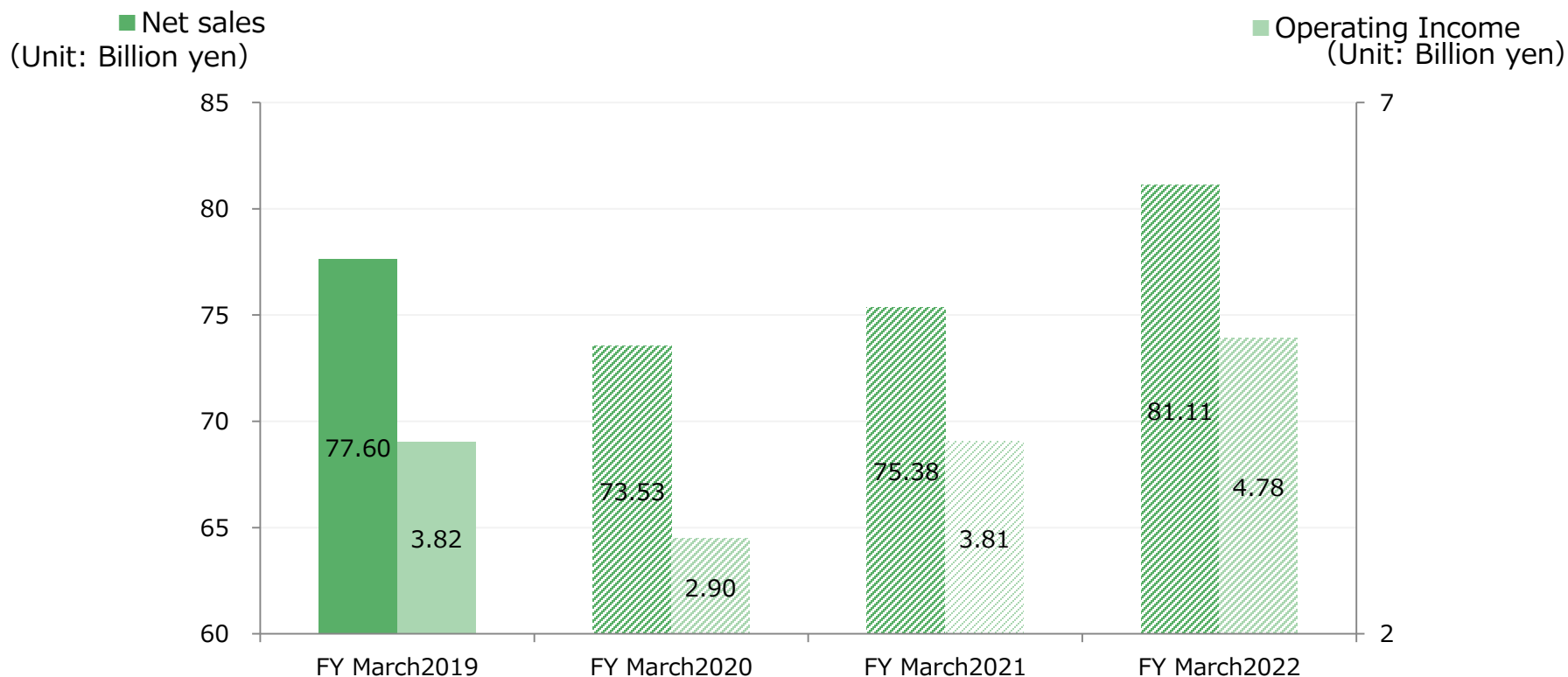
1. Expand the **general mail order business** in a stable manner.
2. Expand the **specialty mail order business**.
3. Expand the **retail store sales business** by launching new stores and improve its profitability.
4. Strengthen the **property business** by focusing on hotel business which earns a profit.



3-1. General Mail Order Business

(1) Condition of the General Mail Order business

Although the price hikes in home delivery services, postage and shipping, and paper are causing the business results to remain flat in the fiscal year under review, we will take on the challenge of growing in the new external environment, leading to growth from the next fiscal year.



Increase catalog-based sales

Aim for 100 billion yen in General Mail Order under the Fourth and Fifth Business Plans

1. Aim for a recovery in the traditional paper catalog
2. Offer products to consumers in their 20s to 70s
3. Strengthen the men's fashion and innerwear segment
4. Develop products characteristic of Belluna

Strengthen operations via the Internet

Create a winning pattern specialized in products for middle-aged women and young people

1. Belluna's website (targeting middle-aged women)
 - (1) Introduce online- exclusive products and increase standard products
 - (2) Improve online content (featured products) exclusively for middle-aged women
 - (3) Grow out of reliance on discounts

2. Ryu Ryu Mall (targeting young people)
 - (1) Increase the number of stores (expand styles and product lines)
 - (2) Product selection / Appeal to customers

3-1. General Mail Order Business

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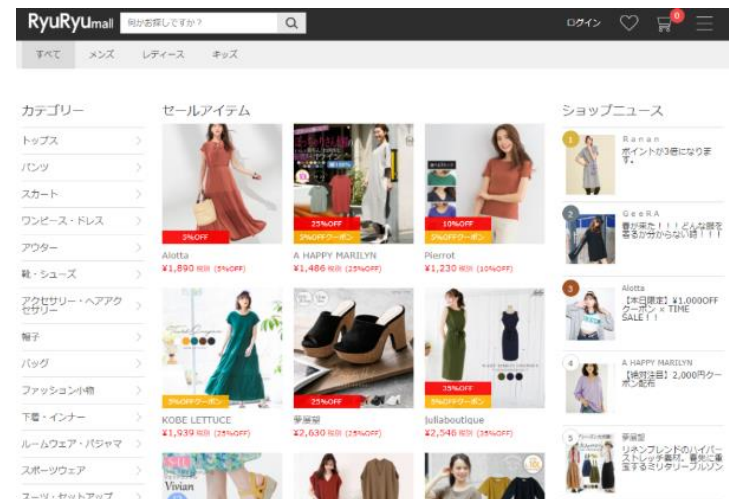
Opening of Ryu Ryu Mall, an online fashion mall targeting young people

Opening date: June 17, 2019

Concept: (1) Target consumers in their 20s and 30s (2) Offers a wide range of sizes
(3) Selection and promotion taking advantage of our experience of in-house product development

Number of stores: Start with 40 stores and plan to increase to 70 stores by the end of FY2019

RyuRyuUmall



Aim for a 10 billion yen volume of business

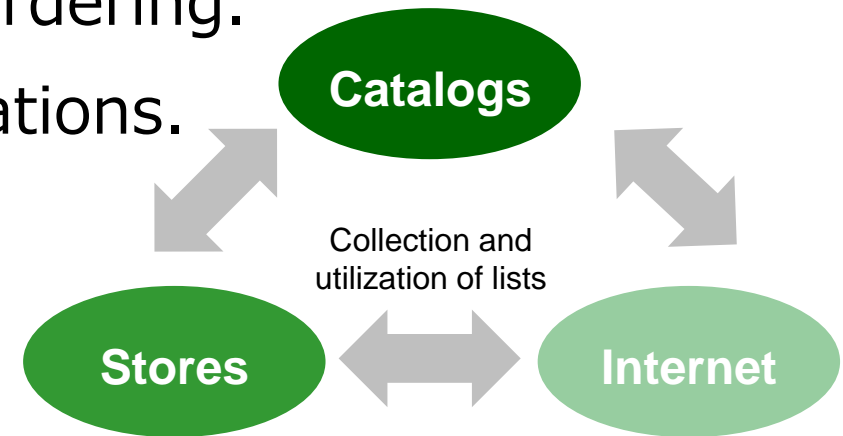
3-1. General Mail Order Business

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Synergy among catalogs, Internet, and in-store operations

1. Efficiency is improved reciprocally (among catalogs, Internet and in-store operations) through synergy.

- (1) Improved responses in mail ordering.
- (2) Improved CVR in online operations.
- (3) Increase retail stores



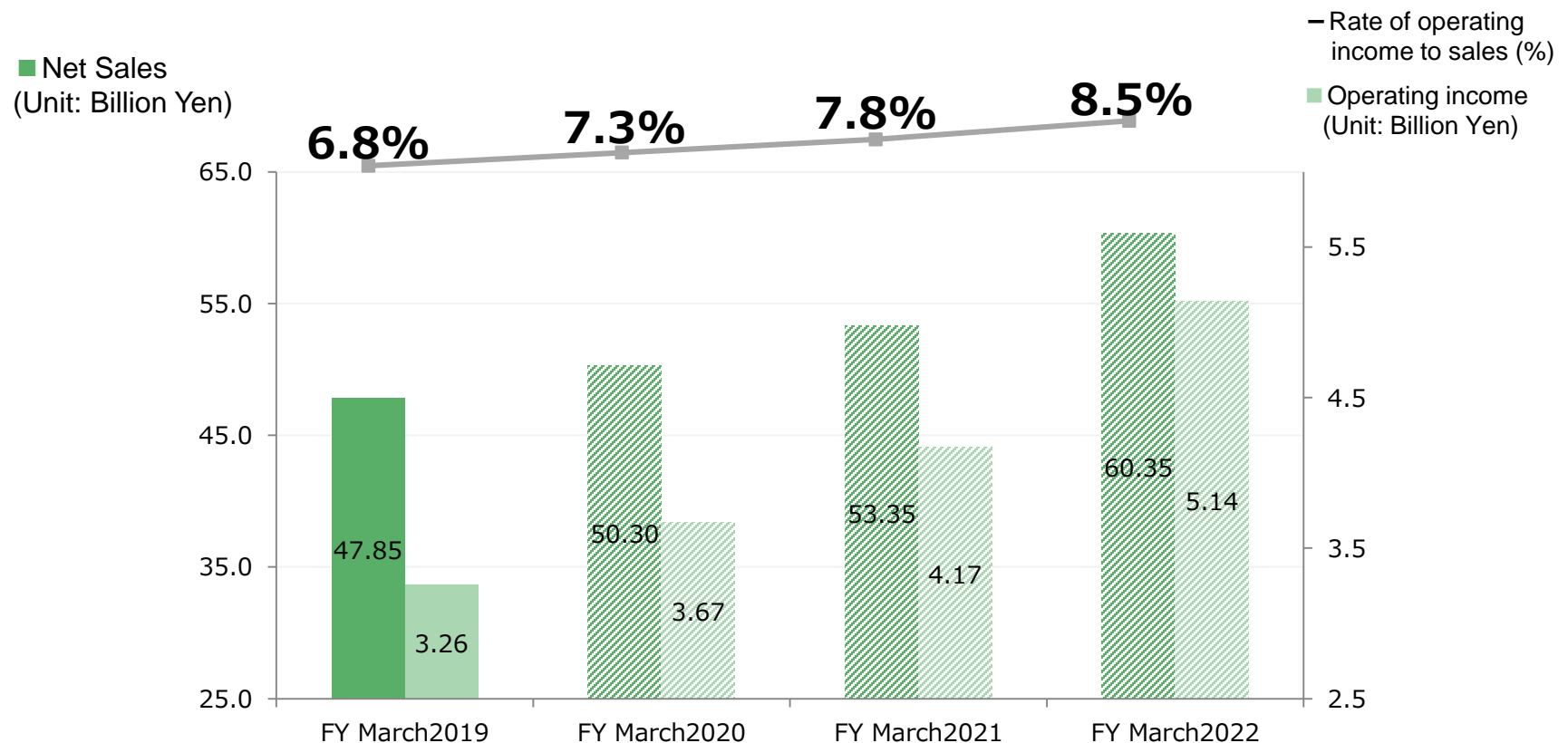
2. Use of advertising expenses

- (1) System capable of absorbing expenses by increasing sales volumes

3-2. Specialty Mail Order Business

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Increase both growth potential and profitability by improving product development capabilities and raising the percentage of online sales. Aggressively work towards overseas expansion from now on, develop new profit sources, and aim to reach targets ahead of schedule.



3-2. Specialty Mail Order Business : Ozio

In Japan, maintain high growth potential and profitability by continuing the development and growth of hit products that become the core. Overseas, Ozio Taiwan achieved full-year profit. Following Taiwan, we will consider entering other Asian markets.

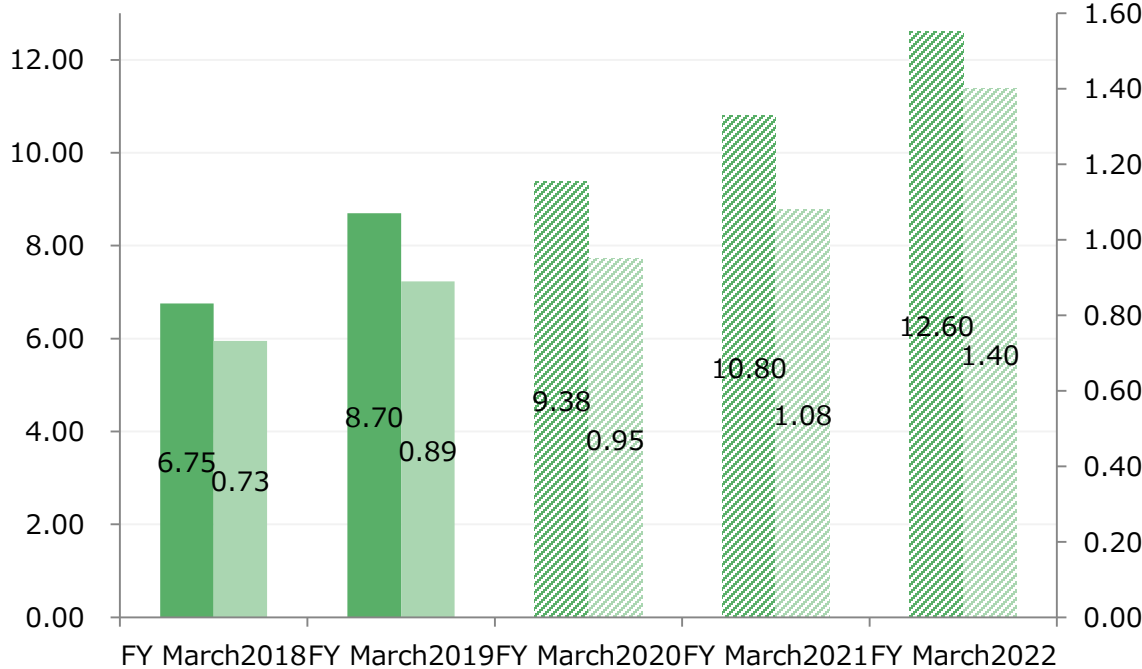
〈Ozio Taiwan〉

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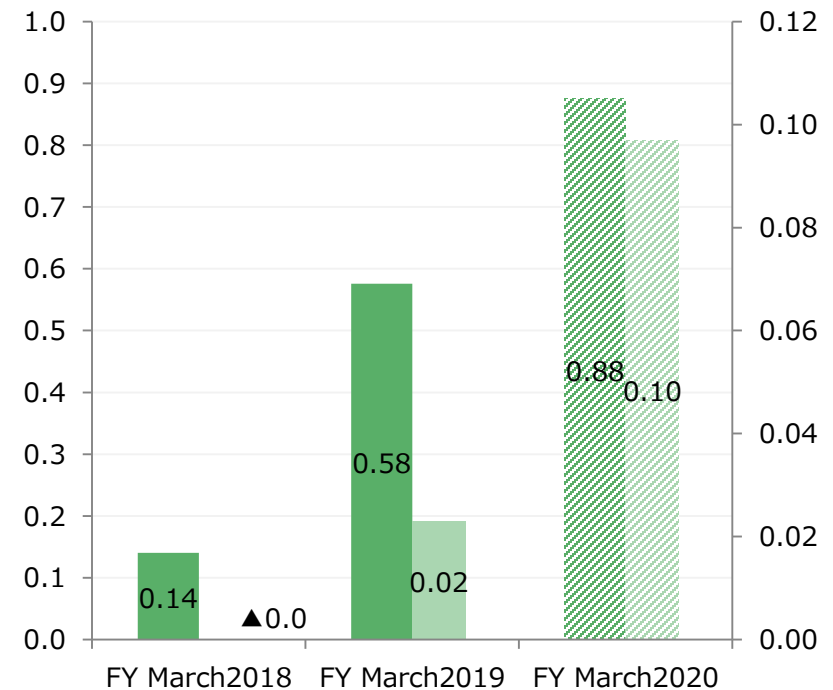
«Ozio»

■ Net Sales
(Unit: Billion Yen)



«Ozio Taiwan»

■ Net Sales
(Unit: Billion Yen)



3-3. Retail Store Sales: Stores selling kimono and Japanese-style goods

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BANKANWamonoya and Sagami Group will create synergy and

Fourth Business Plan

Net sales 30 billion yen

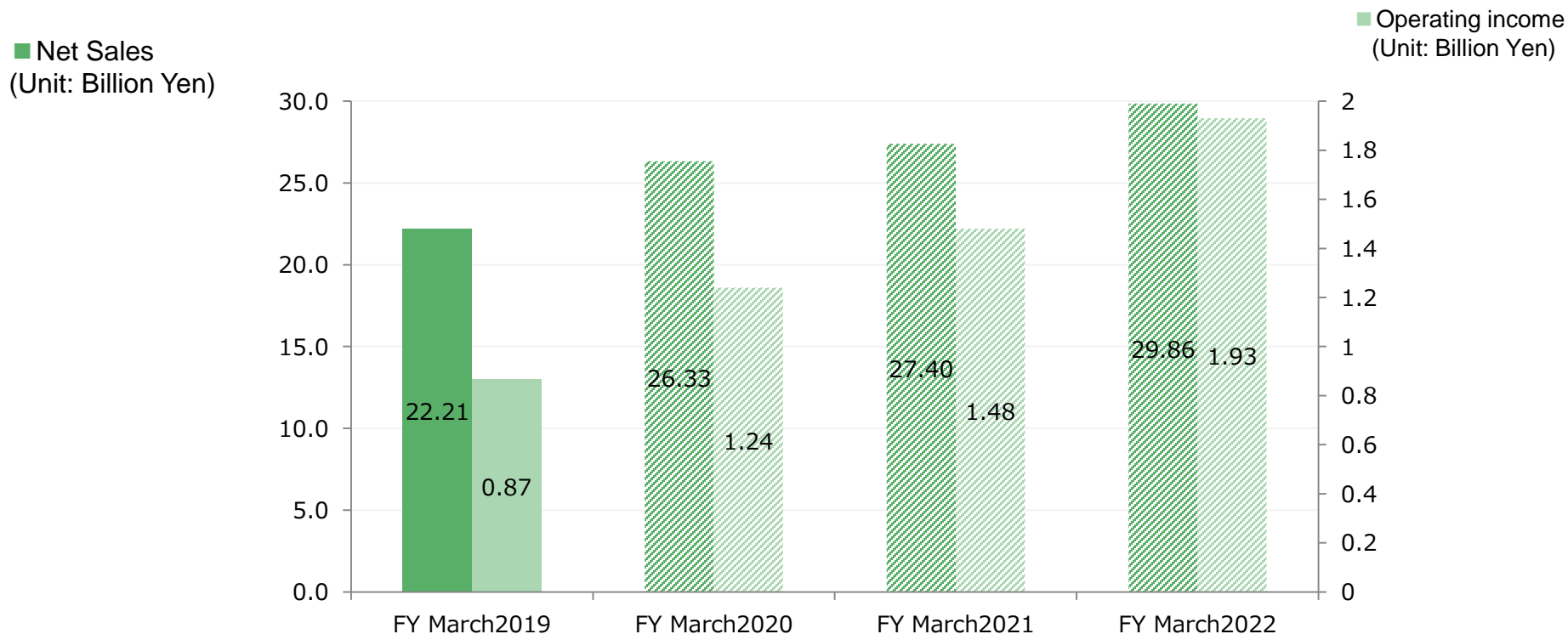
Fifth Business Plan

Net sales 50 billion yen

Profit rate

10%

aim to establish a dominant position in Japan in terms of both net sales and profit.



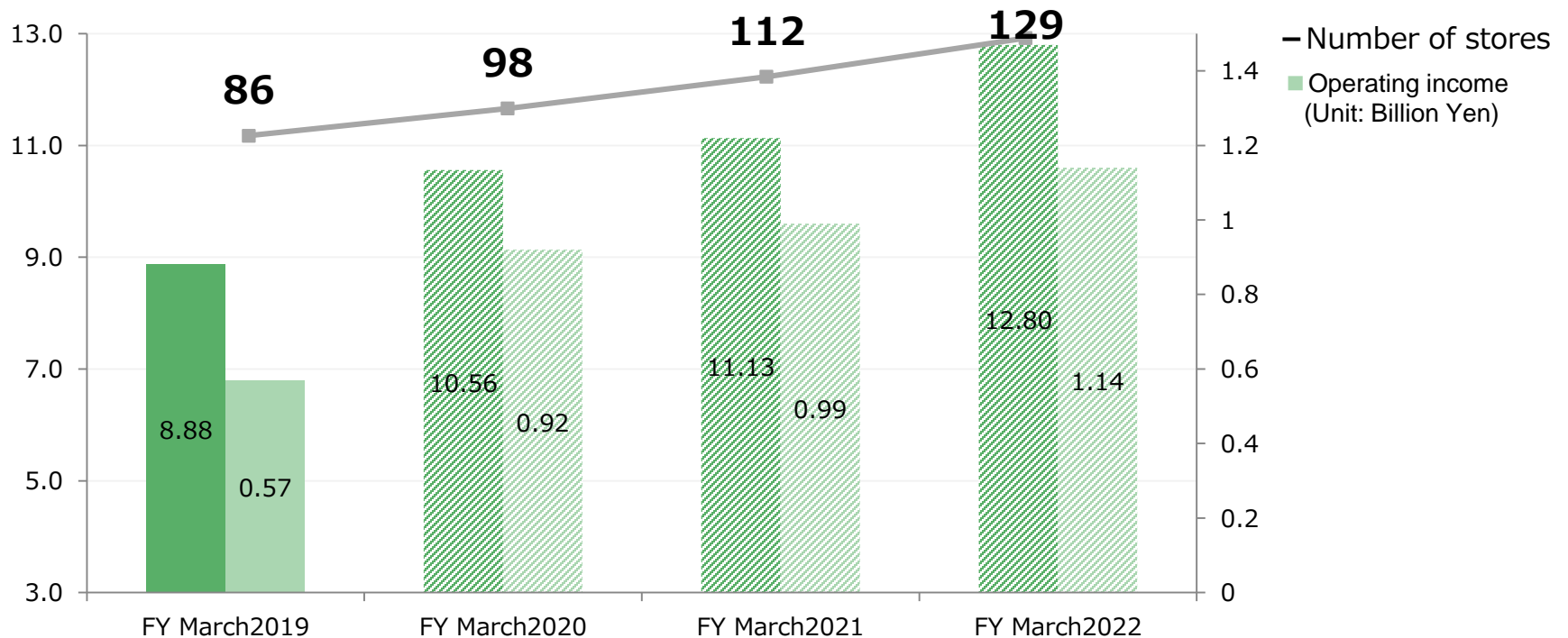
3-3. Retail Store Sales: Stores selling kimono and Japanese-style goods (BANKANWamonoya)

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Under the Fourth Business Plan, we will take advantage of our pioneering ability to become the leader in the kimono industry by achieving both growth potential and profitability.



■ Net Sales
(Unit: Billion Yen)



3-3. Retail Store Sales: Stores selling kimono and Japanese-style goods(SAGAMI GHD)

Efforts to recover growth potential and profitability

1. Reform awareness (way of thinking)
 - (1) Sense of ownership, positive thinking, gamification, willingness to grow, and recognition of profit
2. Efforts to acquire new customers
 - (2) Introduction of the BANKAN method: development of customers
 - i. Sale of yukata (summer kimono)
 - ii. Plain kimono with no pattern or fine patterns
 - iii. Ordinary kimono fabrics
3. Promotion of kimono culture

〈Sagami〉

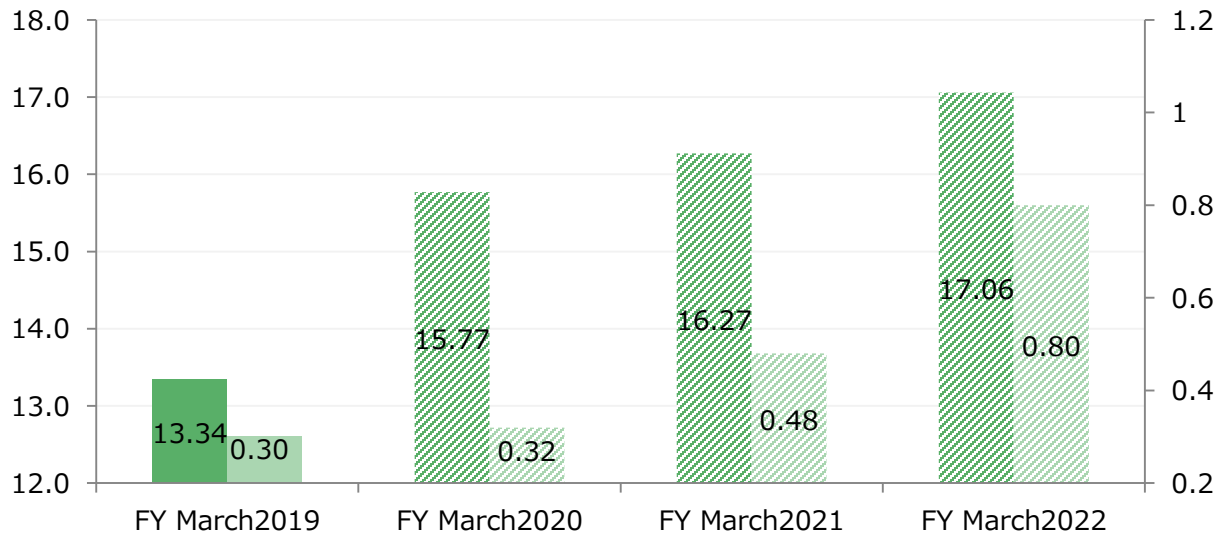


〈Tokyo Masuiwaya〉



■ Net Sales
(Unit: Billion Yen)

■ Operating income
(Unit: Billion Yen)



3-3. Retail Store Sales: Apparel stores

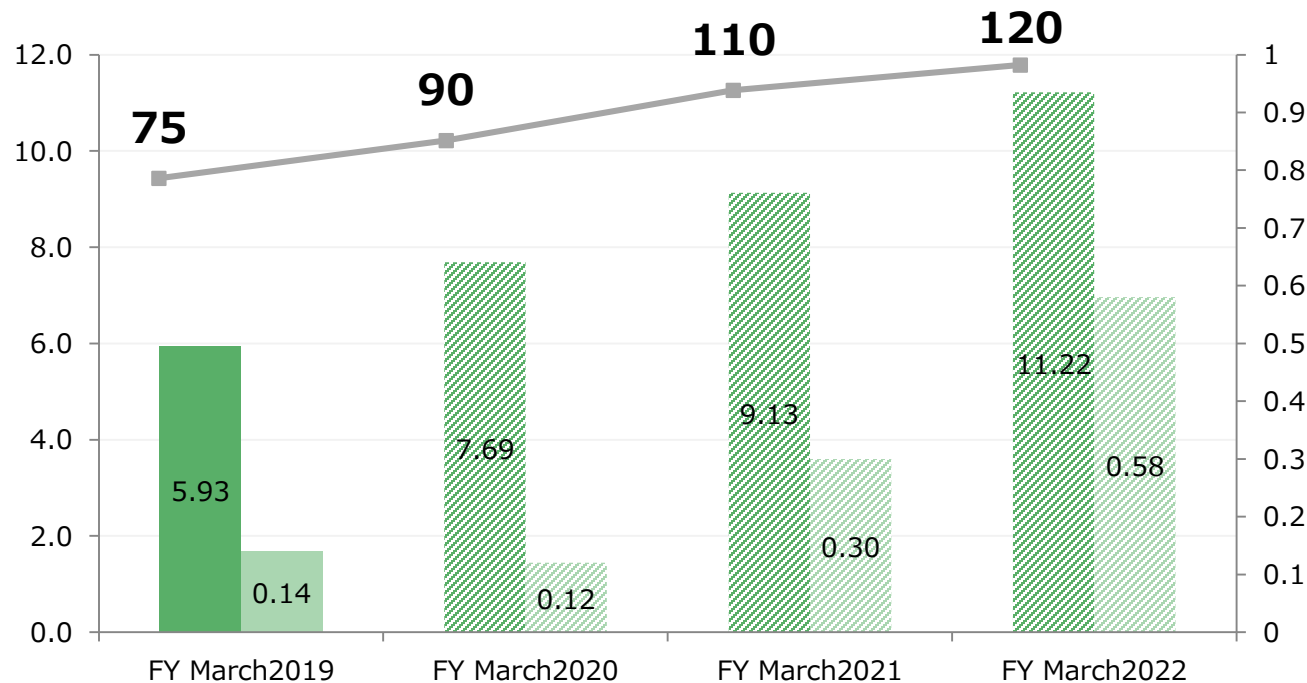
BELLUNA

Shift to steady growth. Reduce the store-opening plan and limit the number of store openings per year to 15 to 20.



Net sales and profitability at existing stores

■ Net Sales
(Unit: Billion Yen)

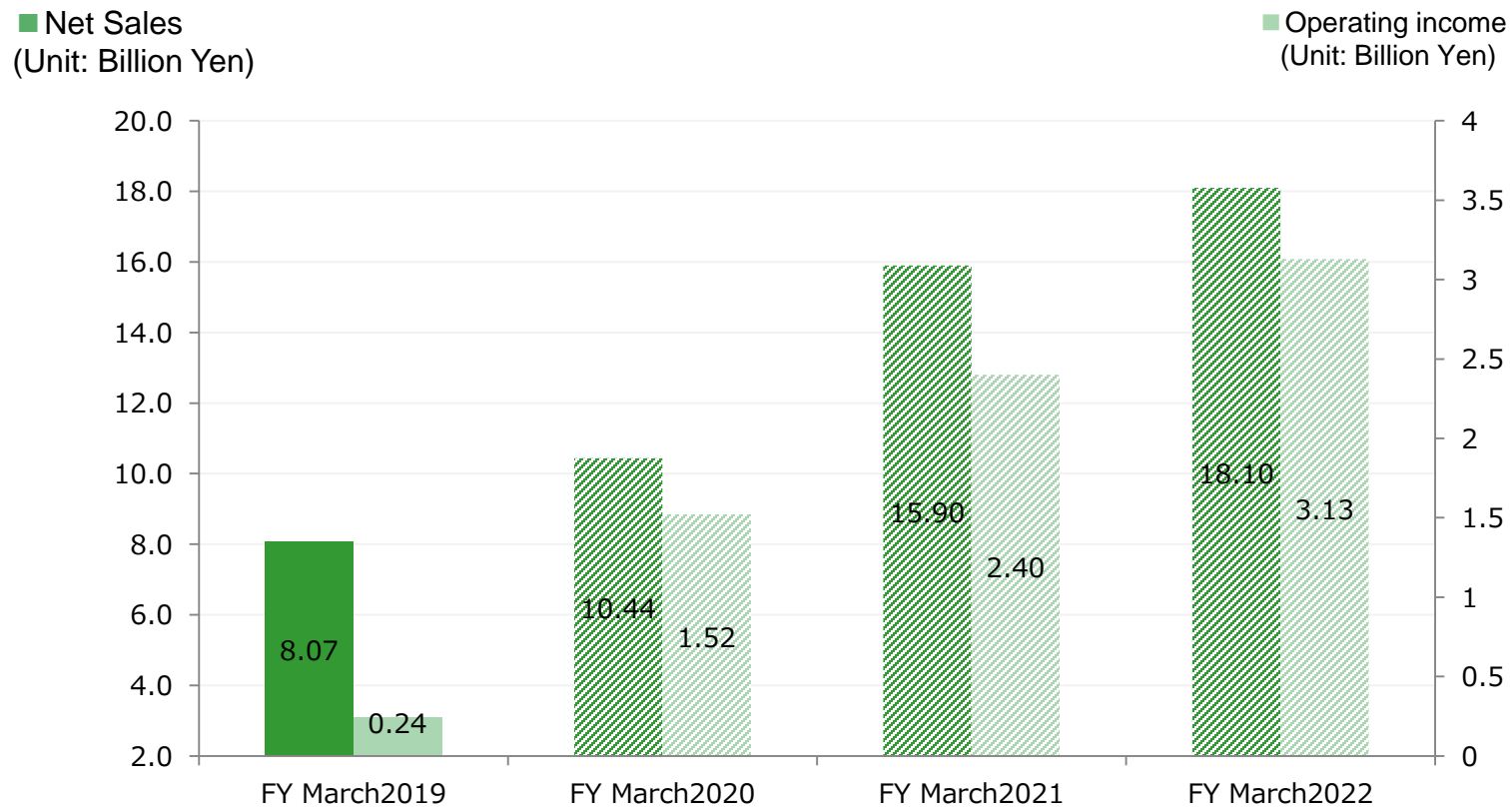


— Number of stores

■ Operating income
(Unit: Billion Yen)

3-4. Property

The hotel business will lead the financial results as a growth business while the domestic rental business maintains stable revenue.



3-4. Property (Hotels)

Hotel openings in the past and future plan

Opened hotels

〈Osaka Higashi Umeda Hotel〉

Region	Hotel	Number of Guest Rooms	Start of Operation
OKINAWA	Hotel Hamahigashima Resort	29	May 2013
FUKUSHIMA	Urabandai Lake Resort	324	Oct 2015
NAGANO	Le Grand Kyu Karuizawa	43	Jul 2016
KYOTO	Kyoto Granbell Hotel	105	Jul 2017
NAGANO	Le Grand Karuizawa Hotel & Resort	58	Jul 2018
Sri Lanka	Le Grand Galle Hotel	57	Jul 2018
Maldives	The Westin Maldives Miriandhoo Resort	70	Oct 2018



Opening schedule

〈Sapporo Hotel〉

Region	Hotel	Number of Guest Rooms	Start of Operation (Projected)
OSAKA	Osaka Higashi Umeda Hotel	117	Jun 2020
Sri Lanka	Granbell Hotel Colombo	292	Sep 2020
OSAKA	Osaka Honmachi Hotel	194	Jan 2021
HOKKAIDO	Sapporo Hotel	236	Feb 2021
HOKKAIDO	Sapporo Susukino Hotel	300	May 2021

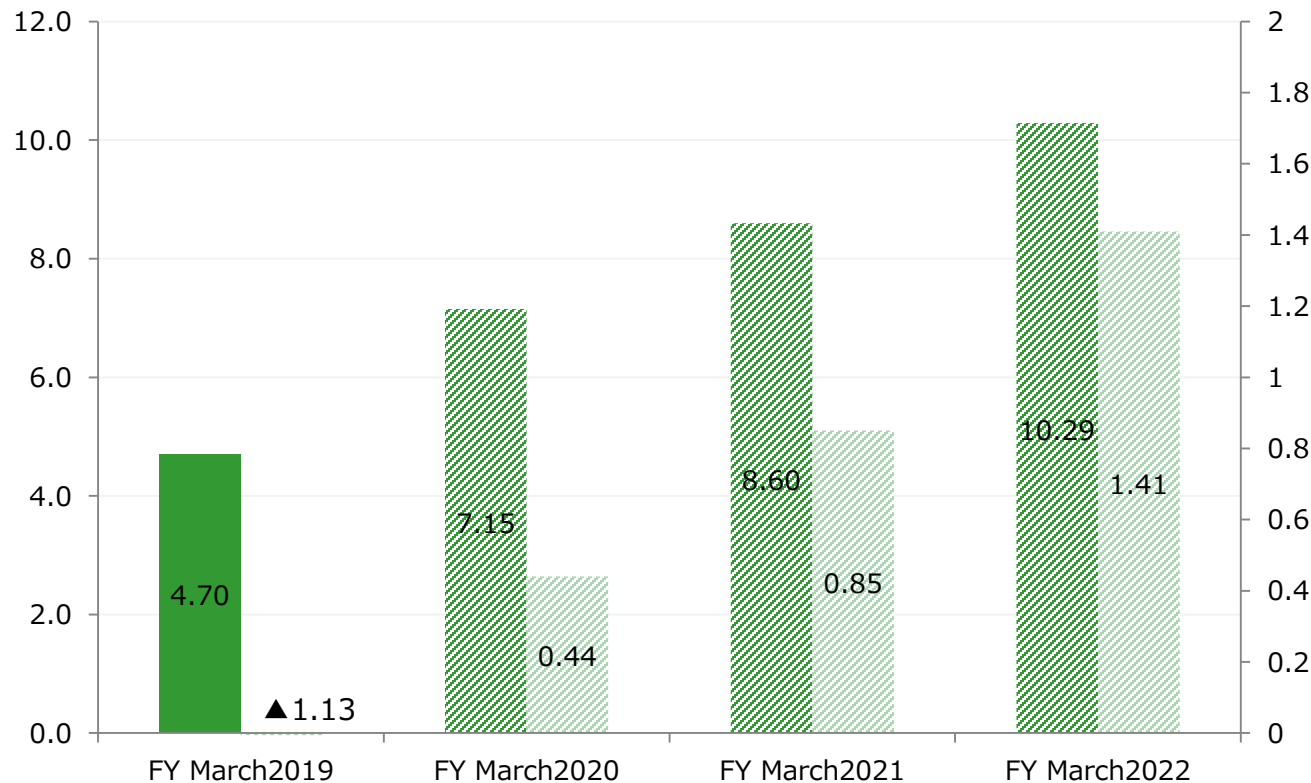


3-4. Property (Hotels)

We have no plans to open hotels during the fiscal year under review. Four hotels are scheduled to open in FY ending March 2021 and one in FY ending March 2022. All hotels scheduled to open are lodging-specialized hotels.

■ Net Sales
(Unit: Billion Yen)

■ Operating income
(Unit: Billion Yen)



〈Kyoto Granbell Hotel〉



〈Le Grand Karuizawa Hotel & Resort〉



3-5. Fourth Business Plan(by segment)

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Unit : billion yen

		Third Business Plan			Fourth Business Plan		
		FY March2017	FY March2018	FY March2019	FY March2020	FY March2021	FY March2022
		Performance	Performance	Performance	Plan	Plan	Plan
Net sales	General Mail Order	75.26	78.61	77.60	73.53	75.38	81.11
	Specialty Mail Order	41.00	46.01	47.85	50.30	53.35	60.35
	Retail Store Sales	12.23	14.27	28.15	34.01	36.53	41.08
	Solution	5.43	6.11	6.26	6.96	7.36	8.22
	Finance	3.09	3.46	3.83	4.43	4.99	5.68
	Property	3.63	7.58	8.07	10.44	15.90	18.10
	Other and adjustments	5.44	5.64	5.88	5.33	6.50	5.46
	Total		146.08	161.67	177.65	185.00	200.00
Operating income	General Mail Order	4.47	4.26	3.82	2.90	3.81	4.78
	Specialty Mail Order	2.75	2.66	3.26	3.67	4.17	5.14
	Retail Store Sales	0.15	1.16	1.00	1.36	1.78	2.51
	Solution	2.42	2.37	2.27	2.38	2.87	3.14
	Finance	1.18	1.57	1.76	1.98	2.19	2.63
	Property	0.01	1.04	0.24	1.52	2.40	3.13
	Other and adjustments	-0.10	-0.05	-0.34	0.20	-0.22	-1.32
	Total		10.88	13.01	12.01	14.00	17.00

3-6. Returns to shareholders

We will increase dividends again for the fiscal year under review by 1.0 yen to provide a dividend increase in two consecutive years.

	FY March 2017	FY March 2018	FY March 2019	FY March 2020(Plan)
EPS (yen)	59.68	99.41	106.39	107.99
Dividend (yen)	12.5	12.5	15.0	16.0

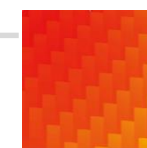
<Shareholder incentive program>

[Details]	100 shares or more	500 shares or more	1,000 shares or more
Complimentary ticket for the general mail order business, complimentary coupons that can be used at Belluna online stores, or gift of assortment of gourmet food/wine products	For the value of 1,000 yen	For the value of 3,000 yen	For the value of 5,000 yen
Complimentary ticket for Urabandai Lake Resort	One pc	Two pcs	Four pcs
Complimentary ticket for Le Grand Kyu Karuizawa	One pc	One pc	One pc

[Eligible shareholders]

Shareholders who own at least 100 shares of the Company at the end of March and September (Twice a year)

* Complimentary ticket for Le Grand Kyu Karuizawa are only provided once a year (issued in early December).



株主様
ご優待券

ベルナ



We will aim to achieve steadily the plan for the fiscal year under review by focusing on results so that we will achieve the targets in the Fourth Business Plan.

<Important notice>

This material is prepared for the purpose of publicly disclosing information concerning the financial results of the fiscal year ending March 31, 2019. 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 May 24, 2019. 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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