

CORPORATE PRESENTATION

(1st Half ended September 30, 2020 for FY March 2021)



Mail order sales
to nurses
NURSERY



Mail order sales
to nurses
infirmière



BELLUNA Net A mail
order website



Main catalog BELLUNA



Mail order sales to adult
women Ranan

BELLUNA

Friday, November 20, 2020

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1. Financial Highlights

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1. Financial overview
2. Consolidated Statement of Income
3. Profitability by segment
4. Analysis of increases and decreases in sales
5. Analysis of increases and decreases in operating income
6. Balance sheet
7. Statement of cash flows
8. Plan for FY March 2021
9. Revision of earnings forecast (by segment)

Net sales, operating income, ordinary income and net income increased year on year and surpassed the plan.

Substantially revised upward for the full year.

- Net sales increased 5.7% year on year.
- Operating income increased 18.2% year on year.
- Ordinary income increased 55.5% year on year, partly due to the influence of exchange rate-related gains.
- Net income increased 74.2% year on year.

1-2. Consolidated Statement of Income

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Net sales: Up 5.7% year on year, surpassing planned net sales.

Operating income: Up 18.2% year on year and exceeded the plan, reflecting a significant increase in sales in the General Mail Order and Specialty Mail Order segments.

Ordinary income: Up partly due to a decrease in exchange losses.

Unit: Billion Yen

Consolidated	FY March 2020/1H	FY March 2021/1H			FY March 2021
	Actual	Actual	vs. Plan	YoY Change	Revised Plan
Net Sales	86.22	91.14	17.0%	5.7%	197.00
Cost of Sales	36.03	37.39	13.3%	3.8%	83.00
Selling, General & Administrative Expenses	46.33	49.19	8.1%	6.2%	101.50
Operating income	3.86	4.57	-	18.2%	12.50
Non-operating income and Expenses	-0.57	0.56	11.9%	-	0.80
(Exchange rate-related gains and losses)	(-0.45)	(-0.09)	-	-	-
Ordinary income	3.30	5.12	-	55.5%	13.30
Net income	1.68	2.92	-	74.2%	9.50

1-3. Profitability by segment

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Net sales: Increased in General Mail Order, Specialty Mail Order and two other segments.

Operating income: Operating income increased in General Mail Order, Specialty Mail Order and two other segments. It decreased in Retail Store Sales and two other segments.

- The General Mail Order and Specialty Mail Order segment continued to perform strongly in 2Q, reflecting an increase in demand from stay-at-home consumers, among other factors.
- Sales and income both decreased in the Retail Store Sales segment because the number of customers visiting stores continued declining in 2Q.
- In Property segment, Domestic hotels has been on a recovery trend since August due to the positive impact of the Go To Travel campaign.

Consolidated Net Sales and Operating Income by Segment

Unit: Billion Yen

	FY March 2021/1H								
	General Mail Order	Specialty Mail Order	Retail Store Sales	Solution	Finance	Property	Other	Elimination or Corporate	Total
Net Sales	40.45	28.63	10.24	4.97	2.32	3.11	2.08	-0.66	91.14
YoY Change (%)	+13.8%	+26.1%	-34.7%	+31.9%	+9.4%	-30.1%	-15.3%	+39.5%	+5.7%
Operating Income	1.86	2.51	-1.59	1.33	1.28	-0.05	-0.57	-0.22	4.57
YoY Change (billion yen)	1.57	0.92	-1.93	0.11	0.45	-0.35	-0.03	-0.04	0.70
Operating Income Ratio	4.6%	8.8%	-15.5%	26.8%	55.2%	-1.5%	-27.4%	33.0%	5.0%

1-4. Analysis of increases and decreases in sales

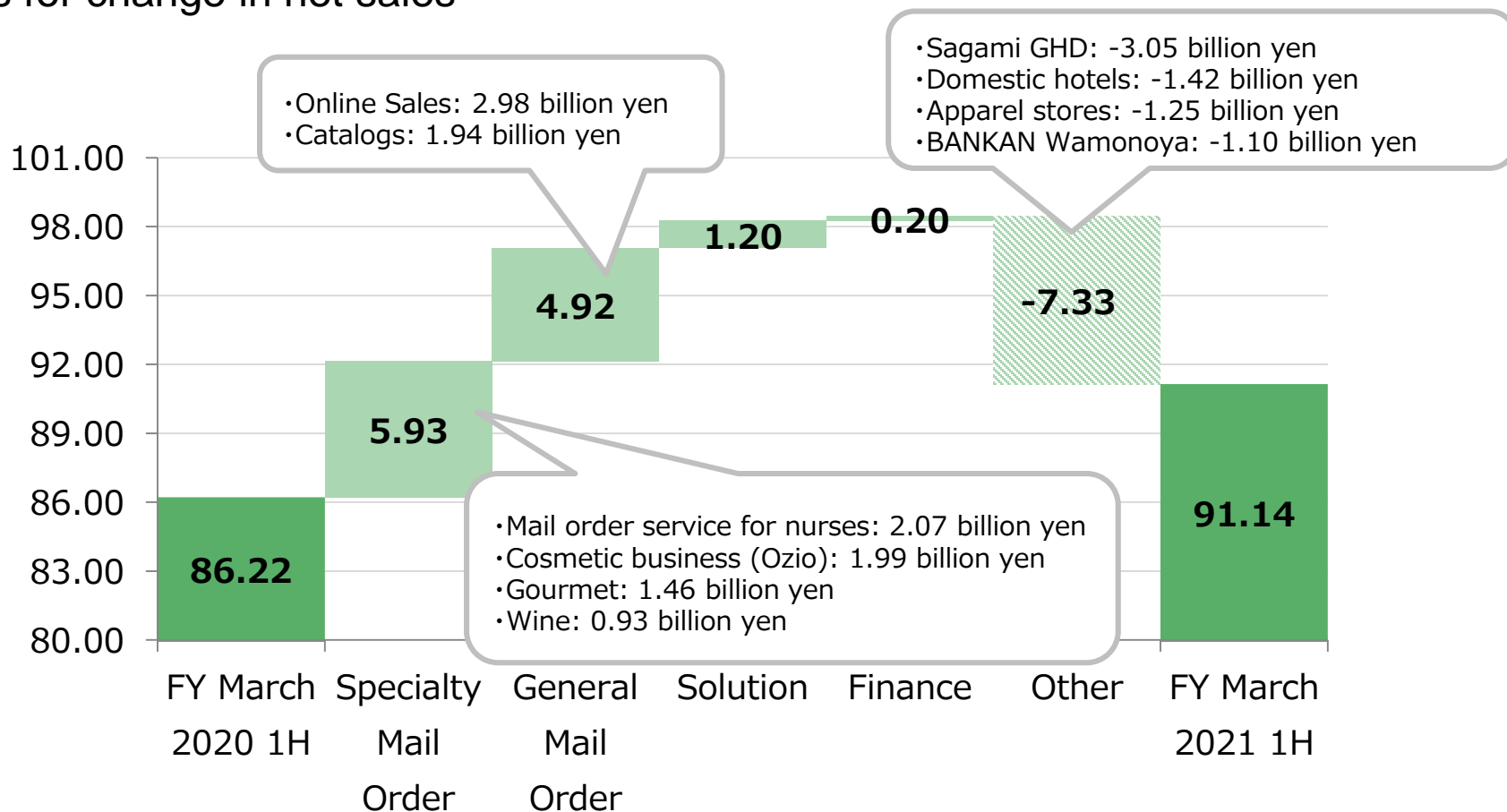
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Mainly due to the impact of the COVID-19 pandemic, net sales in General Mail Order continued to be on an upward trend from 1Q for both catalogs and online sales. Specialty Mail Order also performed strongly overall.

On the other hand, Retail Store Sales decreased due to a fall in the number of customers visiting stores mainly due to reduced operating hours, although all stores resumed sales operation in June.

Factors for change in net sales

Unit: Billion Yen



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

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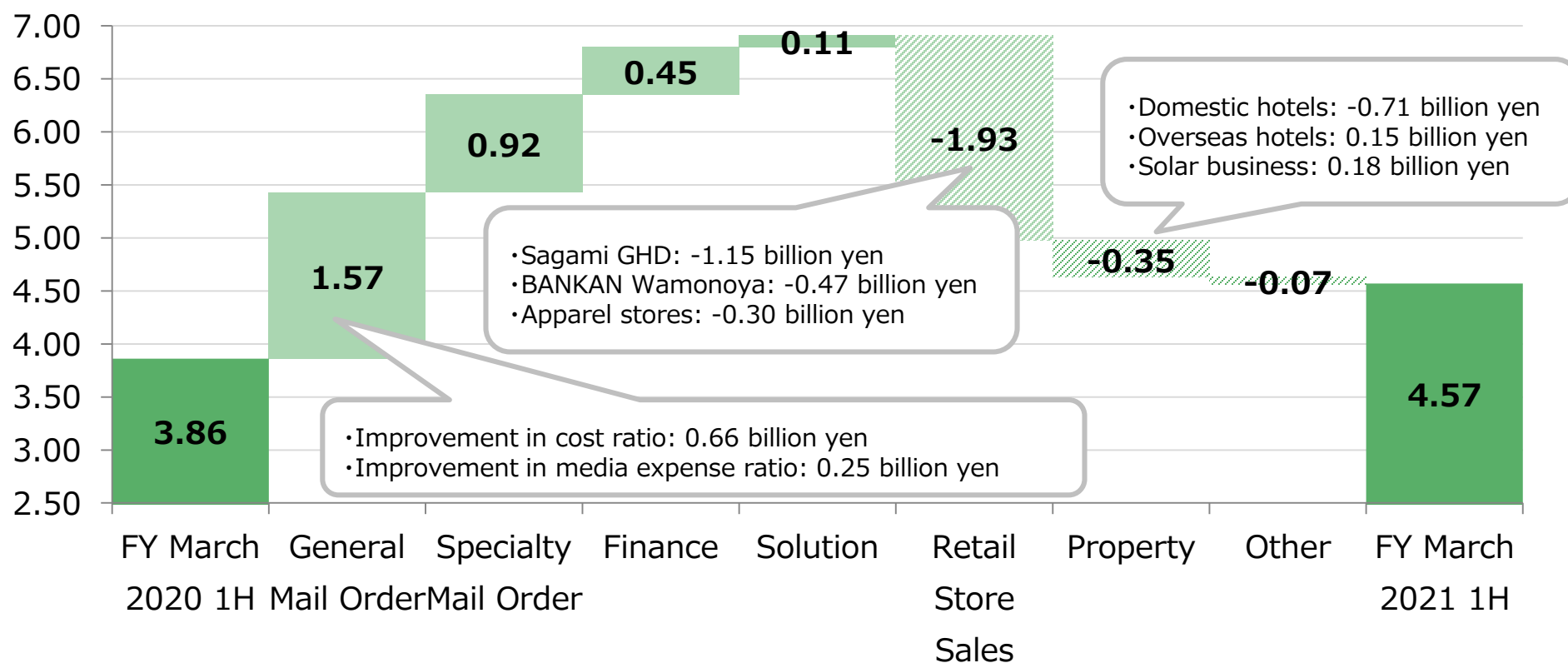
Operating income in the General Mail Order segment increased significantly due to improvements in the cost and media expense ratios.

Operating income in the Specialty Mail Order segment rose, reflecting higher sales.

Operating income in apparel stores and Japanese-style clothes decreased due to a decline in sales.

Factors for change in operating income

Unit: Billion Yen



1-6. Balance sheet

Notes and accounts receivable – trade, Merchandise, etc. increased in current assets. **BELLUNA**

Non-current assets increased, led particularly by growth in Tangible fixed assets.

Meanwhile, notes and accounts payable-trade increased despite a decrease in interest-bearing liabilities in liabilities.

Unit: Billion Yen

	As of March 31,2020	As of september 30,2020	Change
Current Assets	103.68	105.83	2.14
Cash and deposits	22.79	20.93	-1.86
Notes and accounts receivable - trade	9.39	10.29	0.90
Merchandise	20.91	24.20	3.29
Non-current assets	119.45	122.70	3.25
Tangible fixed assets	88.65	91.12	2.47
Investments and other assets	18.97	20.09	1.12
Total Assets	223.13	228.53	5.40
Liabilities	120.60	123.04	2.44
Notes and accounts payable-trade	18.23	21.67	3.45
Interest-bearing liabilities	77.82	75.28	-2.54
Net assets	102.53	105.49	1.27
[Shareholders' Equity Ratio]	[45.7%]	[45.9%]	[+0.2P]

1-7. Statement of cash flows

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Cash flow from operating activities increased due to an increase in profit before income taxes and cash flow from investing activities was negative due to the purchase of tangible fixed assets. As long- and short-term loans payable decreased, cash decreased by 1.88 billion yen.

	FY March 2020/1H	FY March 2021/1H		Unit: Billion Yen
		Actual	YoY Change	
Cash flows from operating activities	-0.26	5.99	6.25	
Profit before income taxes	3.25	4.88	1.63	
Depreciation	1.60	1.65	0.05	
Corporate income and resident taxes (amount paid)	-2.03	-0.96	1.07	
Cash flows from investing activities	-7.03	-4.41	2.62	
Purchase of tangible fixed assets	-6.63	-4.06	2.58	
Purchase of shares of subsidiaries	-0.55	-	0.55	Capital expenditure *1
Cash flows from financing activities	4.43	-3.51	-7.93	4.47 billion yen
Increase (decrease) in long and short-term loans payable	5.75	-2.54	-8.29	Depreciation *2
Cash dividends paid	-0.73	-0.77	-0.05	1.64 billion yen
Translation differences on cash	-0.20	0.04	0.24	
Increase (decrease) in cash	-3.06	-1.88	1.17	

*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.

1-8. Plan for FY March 2021

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As a result of an upward revision in the first half, the full-year plan was revised upward.

Unit: Billion Yen

Consolidated	FY March 2019		FY March 2020		FY March 2021	
	Plan	Actual	Plan	Actual	Revised plan	YoY Change
Net Sales	180.00	177.65	180.00	179.95	197.00	+9.5%
Operating Income	15.00	12.01	11.00	10.31	12.50	+21.2%
Ordinary Income	15.50	15.31	11.00	10.37	13.30	+28.3%
Net Income	10.50	10.34	7.00	5.86	9.50	+62.1%
Interest Bearing Liabilities	66.00~71.00	69.71	72.00~77.00	77.82	73.00~78.00	-6.2~0.2%
Net Assets	102.00	100.53	105.00	102.53	110.00	+7.3%
ROE	10.8%	10.8%	6.8%	5.8%	8.9%	+3.1P

1-9. Revision of earnings forecast (by segment)

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The General Mail Order segment is expected to remain strong due to the recovery of the response from existing customers, as well as solid progress in the acquisition of new customers. The Specialty Mail Order segment will perform better than the initial plan, reflecting the growth of mail order sales for nurses and cross border ecommerce services as well as demand from stay-at-home consumers.

Plan by segment

Unit: Billion Yen

	FY March 2021 Revised plan								
	General Mail Order	Specialty Mail Order	Retail Store Sales	Solution	Finance	Property	Other	Elimination or Corporate	Total
Net Sales	85.00	60.00	25.72	9.16	4.56	9.47	6.90	-3.81	197.00
vs. Plan(%)	+21.5%	+13.0%	+0.0%	+0.0%	+0.0%	+0.0%	+0.0%	-2.6%	+12.6%
YoY Change(%)	+15.8%	+20.5%	-15.4%	+10.0%	+3.7%	+9.0%	+16.1%	+293.5%	+9.5%
Operating Income	4.00	5.50	-1.97	2.59	2.60	0.27	0.22	-0.71	12.50
vs. Plan(billion yen)	4.12	1.00	0.00	0.00	0.36	0.00	0.00	0.02	5.50
YoY Change(billion yen)	2.29	1.59	-2.28	-0.06	0.73	-0.39	0.61	-0.30	2.19

2. Management Policies and Initiatives

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- | | |
|--|-----------------------------|
| 1. General Mail Order Business | 8. Fourth Business Plan |
| 2. Cosmetics and Health Foods Business | 9. M&A Results |
| 3. Gourmet Food Business | 10. Performance Achievement |
| 4. Nurse-Related Business | 11. Returns to Shareholders |
| 5. Database Use Business | |
| 6. Kimono-Related Business | |
| 7. Property Business | |

Medium- to Long-Term Policy

Aim to become a mature mail order general trading firm with net sales of 300 billion yen and operating income of 30 billion yen as milestones.

2. Segments

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Current 7 segments will be changed into 8 segments from next fiscal year.

Former segments

1. General Mail Order Business
2. Specialty Mail Order Business
3. Retail Store Sales Business
4. Solution Business
5. Finance Business
6. Property Business
7. Others

New segments

1. General Mail Order Business
2. Cosmetics and Health Foods Business
3. Gourmet Food Business (including wine and sake)
4. Nurse-Related Business
5. Database Use Business
6. Kimono-Related Business
7. Property Business
8. Others

We aim to achieve operating income of 20 billion yen in the Fourth Business Plan, and to go ahead with restructuring business portfolio to reach operating income of 30 billion yen.

2-1. General Mail Order Business

1. Performance forecast for FY March 2021 and business plan for **BELLUNA**
FY March 2022

Unit: Billion Yen

Business breakdown	FY March 2021 (FY21 Plan)		FY March 2022 (Fourth Business Plan)	
	Net Sales	Operating income	Net Sales	Operating income
General Mail Order Business • Rolled out products mainly targeted to madams through catalogs and the Internet. • For the young group, we started selling products at shopping malls in 2018. • We started selling men's and hard products on mail order.	77.06	3.88	78.52	4.54
Min Co., Ltd.・ICnet Co., Ltd.・Maruchou Co., Ltd. (Internet-specialized mail order) • Min Co., Ltd. : Big-sized apparel mail order • ICnet Co., Ltd. : Brand mail order • Maruchou Co., Ltd. : General goods mailorder	7.68	0.32	9.10	0.52
Apparel stores • Rolled out Belluna brand nationwide (March 2020 83 stores)	5.10	-0.50	11.22	0.58
Total	89.84	3.70	98.84	5.64

In addition to the strong paper-based business, the shift to the Internet progressed significantly. RyuRyumall is expected to expand and a shift to the Net mail order goes forward.

Current situation and estimate of FY March 2021

As costs increased, we took initiatives to improve major KPIs on the following themes and started to see an upward trend in net sales by the previous fiscal year. Results are significantly recovering as a result of impacts of a rise in demand from nest-dweller consumption in addition to the enhancement of earnings structure.

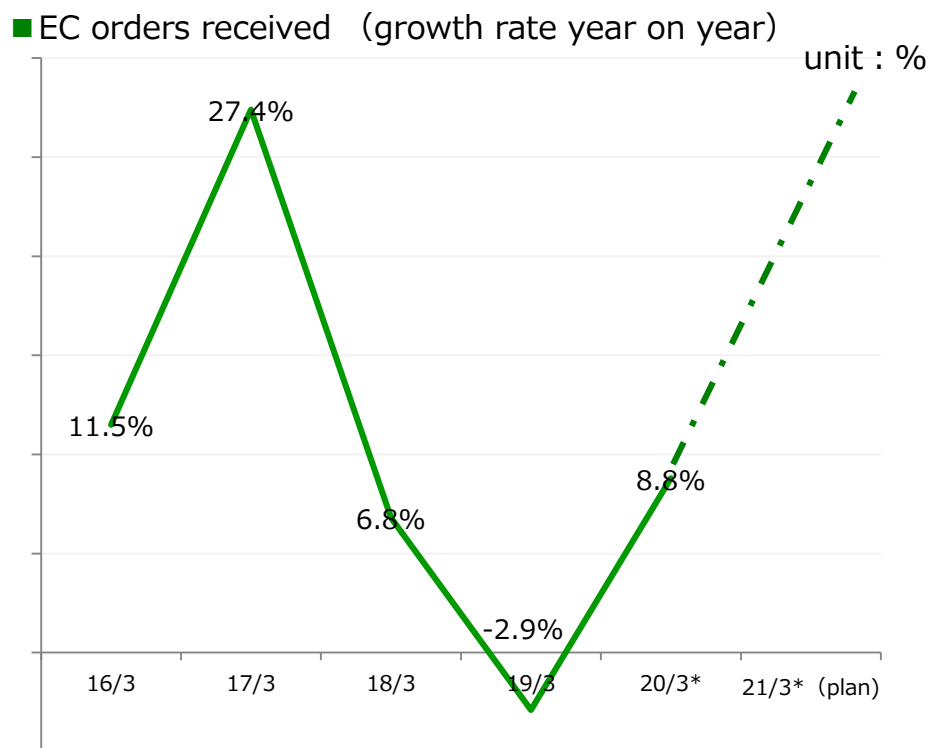
- 1. Re-growth of the online business**
- 2. Improvements in efficiency of obtaining new customers**
- 3. Improvements in inventory turnover rate and cost of sales ratio**

2-1. General Mail Order Business

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1. Online business growth rate

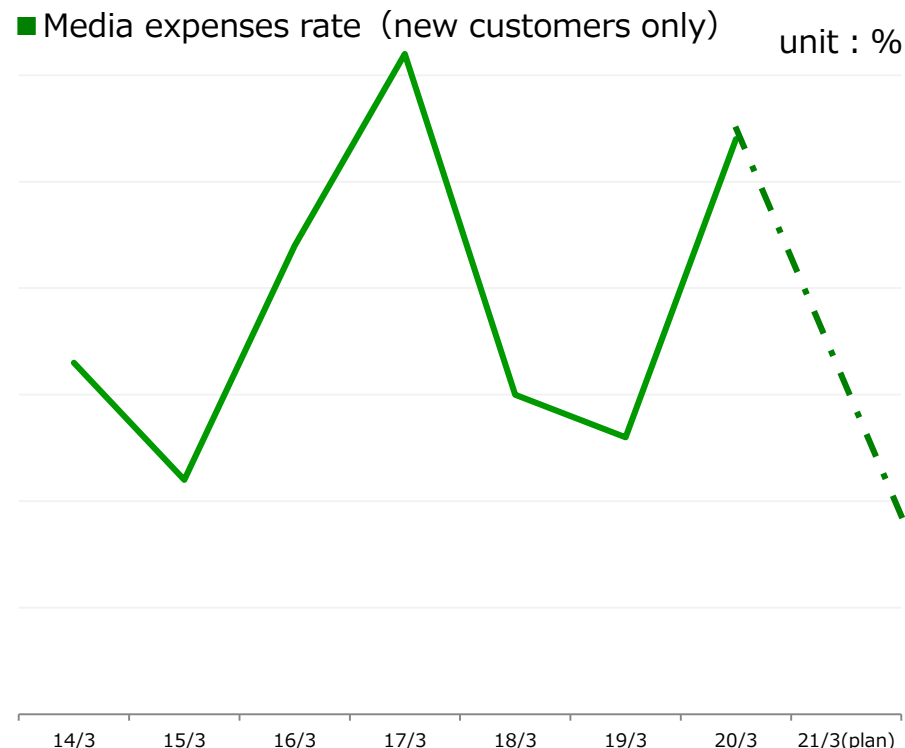
Online sales posted negative growth due to an excessive dependence on discounts, but we made efforts to improve the quality mainly in the Belluna site and regained a growth potential.



*Excluding RyuRyumall

2. Efficiency to obtain new customers

We were able to make a pattern to bolster the efficiency to obtain new customers and the efficiency started to improve in the current fiscal year.

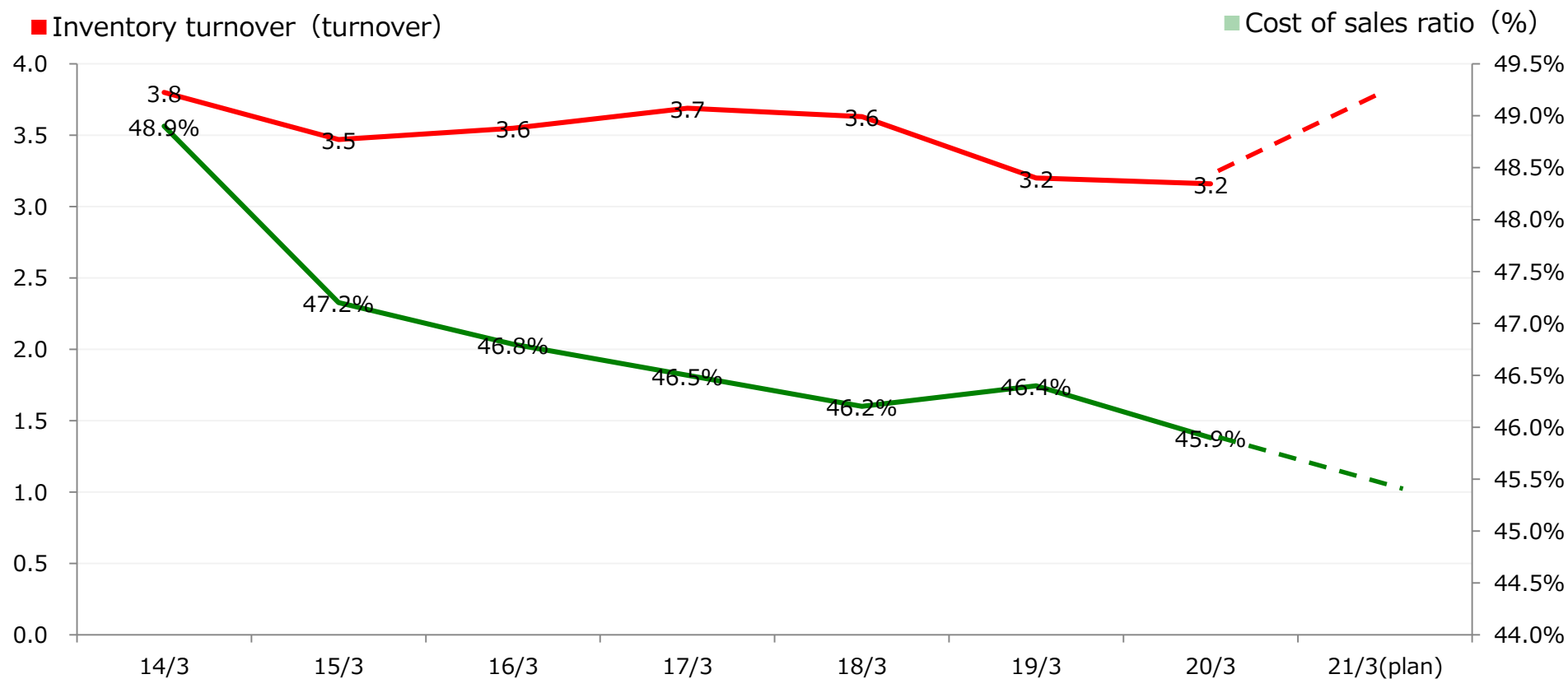


2-1. General Mail Order Business

3. Trend of inventory turnover rate and cost of sales ratio

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In the previous fiscal year, we were able to reduce the cost of sales ratio and restrain the deterioration of inventory turnover rate. Inventory turnover rate continues to improve in the current year.



2-1. General Mail Order Business (Facilitating the Internet)

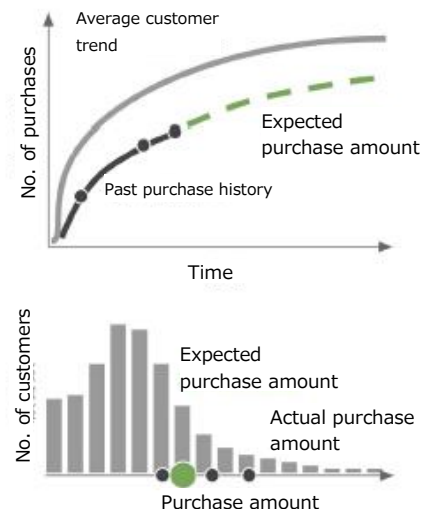
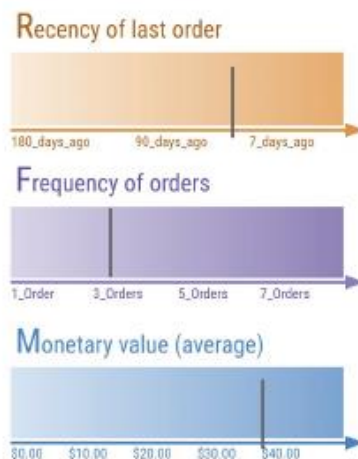
Facilitated the reinforcement of the online business. In attracting customers, we developed our original advertising operation system using the cutting-edge technology in Google advertising and gained a competitive advantage. BELLUNA

2017~ Automatic advertising bidding model by AI (attribution analysis)

2018~ LTV maximization model by analyzing/using big data

LTV maximization model by analyzing/using big data:

1. Enter purchase history data on a customer level
2. Create statistics prediction mode related to customer behavior
3. Calculate pLTV (prediction LTV)



Survival probability:

Customer probability of being active in the future

×

Purchase frequency:

Expected no. of purchases in case customers are active in the future

×

Average purchase unit price:

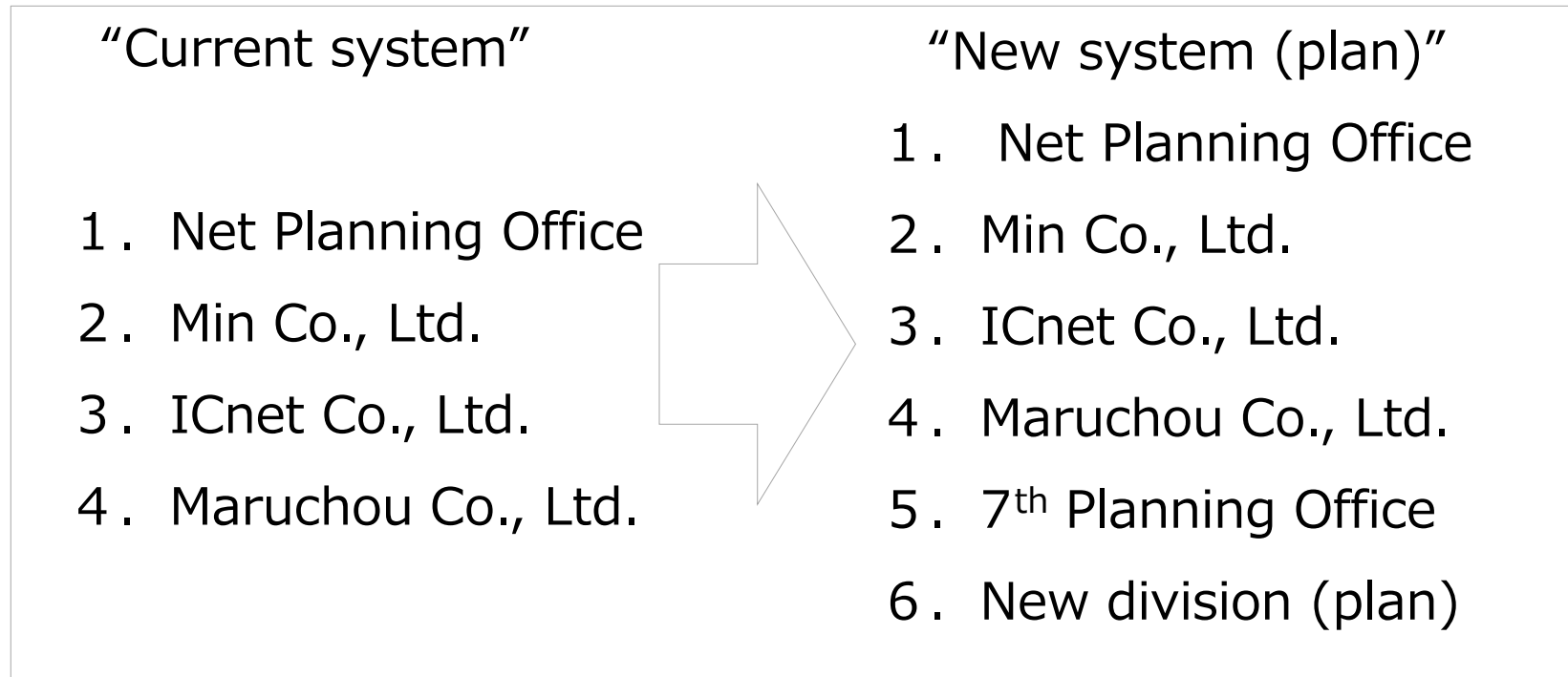
Expected revenue in case customers are active in the future

= pLTV

2-1. Points for achieving growth

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1. Facilitation of a shift to the Internet by reinforcing the online-specialized segments (4 segments → 6 segments)



(1) Use social networking services to achieve goals.

(2) Develop characteristic shopping malls

Facilitate a shift from catalog-based business to the online-based business.

2-2. Facilitate growth of the Cosmetics and Health Foods Business

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1. Performance forecast for FY March 2021 and business plan for FY March 2022

Unit: Billion Yen

	FY March 2021 (FY21 Plan)		FY March 2022 (Fourth Business Plan)	
	Net Sales	Operating income	Net Sales	Operating income
Cosmetics Business (Ozio・Nachu life brand) ・cosmetics mail-order business ・Develop cross-border EC in Asia ・The Internet and overseas are growth drivers	13.30	1.25	12.60	1.40
Health Foods Business ・Rolled out health foods in Refre brand ・Gussurizm received the gold prize from the Monde Selection for four consecutive years.	4.58	0.63	7.29	0.72
Total	17.88	1.88	19.89	2.12

・Net sales of the Cosmetics Business are expected to achieve the targets in the Fourth Business Plan during FY March 2021.

・Steadily gaining new customers in E-commerce and developing the Cosmetics Business in Asia.

2-2. Facilitate growth of the Cosmetics and Health Foods Business

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The total amount of Royal jelly Mocchiri jel sold topped 10 million units, making the product a smash hit in Japan and overseas.

All-in-one cosmetics for the skin of older women developed by Nachulife

「Royal jelly
Mocchiri jel」



「Royal jelly
Mocchiri jel white」



- Contains an aging care component “Nahlsagen®” .
- Beauty component developed jointly with Kyoto University and Osaka City University graduate school as a result of a collaboration between industry and academia.
- The total amount of Royal jelly Mocchiri jel sold topped 10 million units, making the product a smash hit as all-in-one cosmetics in Japan and overseas.

2-2. Facilitate growth of the Cosmetics and Health Foods Business

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Release of 13 products labeled as functional foods

Mainstay products (products labeled as functional foods)

「Gussurizumu」

Released in 2016



「Blueberry & Lutein」

Released in 2004



「Kukkiri Lutein」

Released in 2010



MONDE SELECTION
GOLD AWARD

We will steadily develop functional foods that consumers appreciate going forward.

2-2. Points for achieving growth

BELLUNA

1 . Reinforce expansion of product appeal

- (1) Take on challenges for new targets (toward people in their 20's and 30's)
- (2) Product development for cross-selling

2 . Enhance our brand image

- (1) Use mass media
- (2) Resume selling products at stores

3 . Facilitate overseas strategy

- (1) Develop the Southeast Asian market
 - (i) Develop Taiwanese, Hong Kong, and Chinese markets
 - (ii) Take on challenges in Malaysian, Thai, and Vietnamese markets

2-3. Facilitate growth of the Gourmet Food Business (including wine and sake)

1. Performance forecast for FY March 2021 and business plan for FY *BELLUNA* March 2022

Unit: Billion Yen

	FY March 2021 (FY21 Plan)		FY March 2022 (Fourth Business Plan)	
	Net sales	Operating income	Net sales	Operating income
wine mail order businesses (My Wine Club - ranked No.1 in sales of mail order of wine for 12 consecutive years)	7.90	0.95	8.10	0.63
Mail order of Sake Belluna Gourmet - ranked No.1 in sales of mail order of sake for 4 consecutive years	4.00	0.30	5.00	0.40
gourmet food business • Released mail orders for foods such as boxed lunches, year-end gifts, and osechi (foods prepared for New Year's holidays) • The total no. of Belluna gourmet/ Osechi yui sold topped 400,000 units.	11.00	0.55	9.40	0.40
Total	22.90	1.80	22.50	1.43

• **Fourth Business Plan is expected to be achieved in FY March 2021.**

• Our directly imported wines got popular on the Internet. The ratio of online sales is closer to 50%.

• In FY March 2022, we expect that the ratio will rise further.

2-3. Facilitate growth of the Gourmet Food Business (including wine and sake)



No. 1 Product

11 bottles set of red wines selected from all over the world including three famous wineries



For FY2021, the annual total number of bottles sold is expected to be 8 million. Original products of directly imported wine by the Company have become a big hit.

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日本酒通販国内売上4年連続 No.1

※東京商工リサーチ調べ(2016~2019年度)

No. 1 Product

Special discount

A series of 1.8-litre bottles featuring top-class sake from 5 sake breweries for comparative drinking



Sales of the sake for mail order achieved Japan's No. 1 ranking for 4 consecutive years. We will aim for further growth by increasing the product lineup from the next fiscal year onward.

2-3. Facilitate growth of the Gourmet Food Business (including wine and sake)



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We expect to sell 110,000 units of Belluna original osechi Yui, a three-tiered Japanese dish box for New Year's holidays this fiscal year.

No. 1 Product

Yui three-tiered Japanese dish box



The reasons for this big hit include a focus on cost and making it compact for the fewer number of members in Japanese families, matching the current household situation.

2-3. Points for achieving growth

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- 1 . Expand/reinforce Internet sales
- 2 . Enhance our brand image
 - (1) Have passion for quality
 - (2) Use mass media
- 3 . Reinforce expansion of product appeal
 - (1) Start handling brand products (sake/wine)
 - (2) Acquire agencies of brand products (sake/wine)
 - (3) Reinforce handling of shochu, champagne, gin, vodka, etc. (sake/wine)
 - (4) Take on a challenge for new targets (sake/wine)
- 4 . Reinforce handling of organic products (Gourmet)
- 5 . Expand wholesale (Gourmet/wine)

2-4. Facilitate growth of the Nurse-Related Business

1. Performance forecast for FY March 2021 and business plan for FY March 2022 BELLUNA

Unit: Billion Yen

	FY March 2021 (FY21 Plan)		FY March 2022 (Fourth Business Plan)	
	Net sales	Operating income	Net sales	Operating income
Nursery (Mail order for nurses, No. 2 in the industry)	5.40	0.65	4.50	0.62
infirmière (Mail order for nurses, No. 1 in the industry)	7.70	0.95	6.74	0.66
Nurse Career Next (Personnel placement business for nurses)	0.30	-0.05	1.07	0.29
JOB STUDIO (Personnel placement business in Singapore)	0.62	0.06		
Total	14.02	1.61	12.31	1.57

•For FY March 2021, development of new customers advanced and we expect that both net sales and income in the Fourth Business Plan will be achieved ahead of the schedule.

•Customers' repeat rate is high and it is expected to continue from FY March 2022 onward.

2-4. Facilitate growth of the Nurse-Related Business

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Original products occupy the top ranks in terms of the number of products sold. Quality and price became compatible through SPA production, achieving a high repeat rate.

Annual nursery products sold ranked from No. 1 to No. 3


No.1

Popular because there are many color variations



New short apron


No.2

A low price and is easy to wear



Standard two-way daily shoes


No.3

Despite the low price, an excellent feeling while wearing



Nursery scrubs

2-4. Points for achieving growth

BELLUNA

1 . Enhance catalog image

- (1) Pursuit of the unique quality of infirmière
 - (i) Enhancing the high quality and elegance
- (2) Pursue the unique quality of Nursery
 - (i) Enhancing the high quality and the common touch

2 . Take on challenges in new markets

- (1) Take on challenges for nursing-care products

3 . Expand selling products at stores

- (1) Nursery-related goods store opened in Taipei

4 . Career Business segment takes root

- (1) Acquired knowhow entering the third year since the launch
- (2) Developed by using advantages with the Company's own list

5 . Advantageous development using the industry's top position

2-5. Database Use Business

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1. Performance forecast for FY March 2021 and business plan for FY March 2022

Unit: Billion Yen

	FY March 2021 (FY21 Plan)		FY March 2022 (Fourth Business Plan)	
	Net sales	Operating income	Net sales	Operating income
Finance (Consumer finance business for members)	4.56	2.24	5.68	2.63
Belluna Direct (Enclosure/combined shipping business)	2.56	1.90	2.75	2.35
Belluna Business Solution (Contracted call center/logistics business)	5.70	0.68	4.40	0.50
Total	12.82	4.82	12.83	5.48

Finance : Tried growth on the Internet and getting results gradually

Belluna Direct : Secured growth in accordance with an increase in mail order customers

Belluna Business Solution : Mail order service agent using the Company's own

infrastructure, growth on capturing mail order needs

2-5. Database Use Business

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Belluna Business Solution

(Contracted call center/logistics center business)

Rolled out mail order services mainly for health foods and beauty-related goods that are repeated mail order items.

$$\begin{array}{ccc} \text{Annual growth rate} & & \text{Customer} \\ \text{of customers} & \times & \text{Retention rate} \\ 20\% & & 70\% \end{array}$$

- Call center achieves a high response rate and customer retention by specializing in the mail order business.
- Logistics center also provides services using economies of scale of the Group
- Knowhow and consulting capabilities that can propose a flexible change in the package according to a customer's growth stage.

2-5. Points for achieving growth

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- 1 . Contribute to growth potential using a database (Finance)
- 2 . Respond to current changes (permeation of the Internet society)
 - (1) Develop a management system that responds to the Internet society (Finance)
- 3 . Rich, fertile corporate environment arisen from growth of the general mail order business (B D)
- 4 . Active sales development taking advantage of the expansion of the mail order business market (B B S)

2-6. Facilitate growth of the Kimono-Related Business

BELLUNA

1. Performance forecast for FY March 2021 and business plan for FY March 2022

Unit: Billion Yen

	FY March 2021 (FY21 Plan)		FY March 2022 (Fourth Business Plan)	
	Net sales	Operating income	Net sales	Operating income
BANKAN Wamonoya (Kimono sales business started in 2007, when the Company was founded)	8.20	-0.35	12.80	1.14
• Sagami Group Holdings Co.,Ltd. (Acquired in 2018, medium priced kimono sales business)	8.43	-0.81	11.80	0.50
Tokyo masuiwaya (Acquired at the same time as Sagami, a highly-priced kimono sales business)	4.00	-0.30	5.26	0.30
Maimu Co.,LTD. (Rental hakama traditional graduation attire for students)	2.75	0.28	3.76	0.34
Total	23.38	-1.19	33.62	2.27

- For FY March 2021, a substantial deficit due to the impact of the COVID-19 pandemic.
- For FY March 2021, facilitate a creation of corporate environment to go ahead with making Sagami Group Holding Co., Ltd. like BANKAN.
- We are reforming our organizational structure, advancing retraining personnel, and proceeding with a change in our business models.

2-6. Facilitate growth of the Kimono-Related Business

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Annual number of BANKAN original kimonos sold in the plain finest pattern series topped 5,000 rolls.



- Entry products, which approaches a group that wants to wear kimono unconsciously, not a group who wears kimono.
- Each store regularly holds a kimono-wearing session that provides a chance to wear kimono on a regular basis.

2-6. Points for achieving growth

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1 . Endeavor to make a shift from a sunset industry to a sunrise industry

(1) Take on challenges for growth

(2) Take on challenges for profitability

2 . Integrate business models into highly profitable BANKAN model

(1) Complete change of old business models

(2) Foster customers, attracting young women who have no kimonos through marketing activities

3 . Make brand names for Belluna's kimono business to consistent (scheduled for May 2022)

4 . Contribute to the advancement of kimono culture

2-7. Property Business

1. Performance forecast for FY March 2021 and business plan for FY March 2022

BELLUNA

Unit: Billion Yen

	FY March 2021 (FY21 Plan)		FY March 2022 (Fourth Business Plan)	
	Net sales	Operating income	Net sales	Operating income
Income gain Rental revenue from properties (including office buildings, stores, and solar power generation facilities)	3.06	1.36	2.54	1.30
Capital gain Property development and sales business	2.50	0.35	4.50	0.40
Hotel business Operate 4 hotels in Japan, 3 hotels overseas	3.91	-1.39	10.29	1.41
Others	0.00	-0.05	0.77	0.02
Total	9.47	0.27	18.10	3.13

•Hotel business posted a significant deficit due to the impact of the spread of COVID-19 mostly in the first half of FY March 2021.

•As for the domestic hotel business in the second half, monthly performance progresses, surpassing the previous year due to the impact of the Go To Travel Campaign, which fully launched in August, chiefly at resort hotels.

2-7. Property Business (Domestic Hotel Business)

BELLUNA



“Le Grand Minami Karuizawa Hotel & Resort”



Second place in the Koshinetsu area in "Relux Ranking 1H of 2020" for two consecutive years.



First place in the Kanto and Koshinetsu area in "Jalan Award 2019 Stayed and Found it the Best Hotel Grand Prize, Dinner Competition".



Third place in the Kanto and Koshinetsu area in "Jalan Award 2019 Stayed and Found it the Best Hotel Grand Prize, Customer Service Competition".



First place in Nagano prefecture in "Jalan net ranking 2019 Stayed and found it the Best Hotel Grand Prize" for two consecutive years.



“Urabandai Lake Resort”



Received first place overall in “Jalan Award 2019 Stayed and Found it the Best Hotel Grand Prize”



Received second place in customer service competition in “Jalan Award 2019 Stayed and Found it the Best Hotel Grand Prize”



Became major hotels in the region. Hotels the Company operates received many awards.

2-8. Fourth Business Plan (Financial results trend)

Unit: Billion Yen *BELLUNA*

	FY March 2021 (FY21 Plan)		FY March 2022 (Fourth Business Plan)	
	Net sales	Operating income	Net sales	Operating income
General Mail Order Business	89.84	3.70	98.84	5.64
Cosmetics and Health Foods Business	17.88	1.88	19.89	2.12
Gourmet Food Business (including wine and sake)	22.90	1.80	22.50	1.43
Nurse-related Business	13.40	1.55	12.31	1.57
Database-related Business	13.44	4.87	12.83	5.48
Kimono-related Business	23.38	-1.19	33.62	2.27
Property Business	9.47	0.27	18.10	3.13
Other Business + adjustments	6.69	-0.38	1.91	-1.64
Total	197.00	12.50	220.00	20.00

Pursue expansion with net sales of 300 billion yen and operating income of 30 billion yen as milestones.

2-9. M&A Results (Financial results improvement)

BELLUNA

As for companies acquired through M&A, we have steadily improved financial results on a non-consolidated basis.

Unit: Million Yen

	PL at acquisition		Results for FY20/3	
	Net sales	Operating income	Net sales	Operating income
Friendly Co., Ltd., (Acquired in December 2001)	28,048	-5,608	3,006	88
Nursery (Acquired in March 2007)	418	-56	3,988	377
infirmière (Acquired in August 2013)	5,814	569	6,464	465
Urabandai Lake Resort (Acquired in January 2015)	1,462	-60	2,207	51
Marucho Co.,LTD. (Acquired in June 2015)	4,503	115	5,137	200
Maimu Co.,LTD. ※ (Acquired in May 2016)	1,899	15	2,278	201
Min Co.,LTD. (Acquired in July 2016)	1,239	27	1,488	42
Total	43,383	-4,998	24,568	1,424



* Because Maimu was significantly hit by the COVID-19 pandemic for FY20/3, the latest results for FY19/3 are indicated.

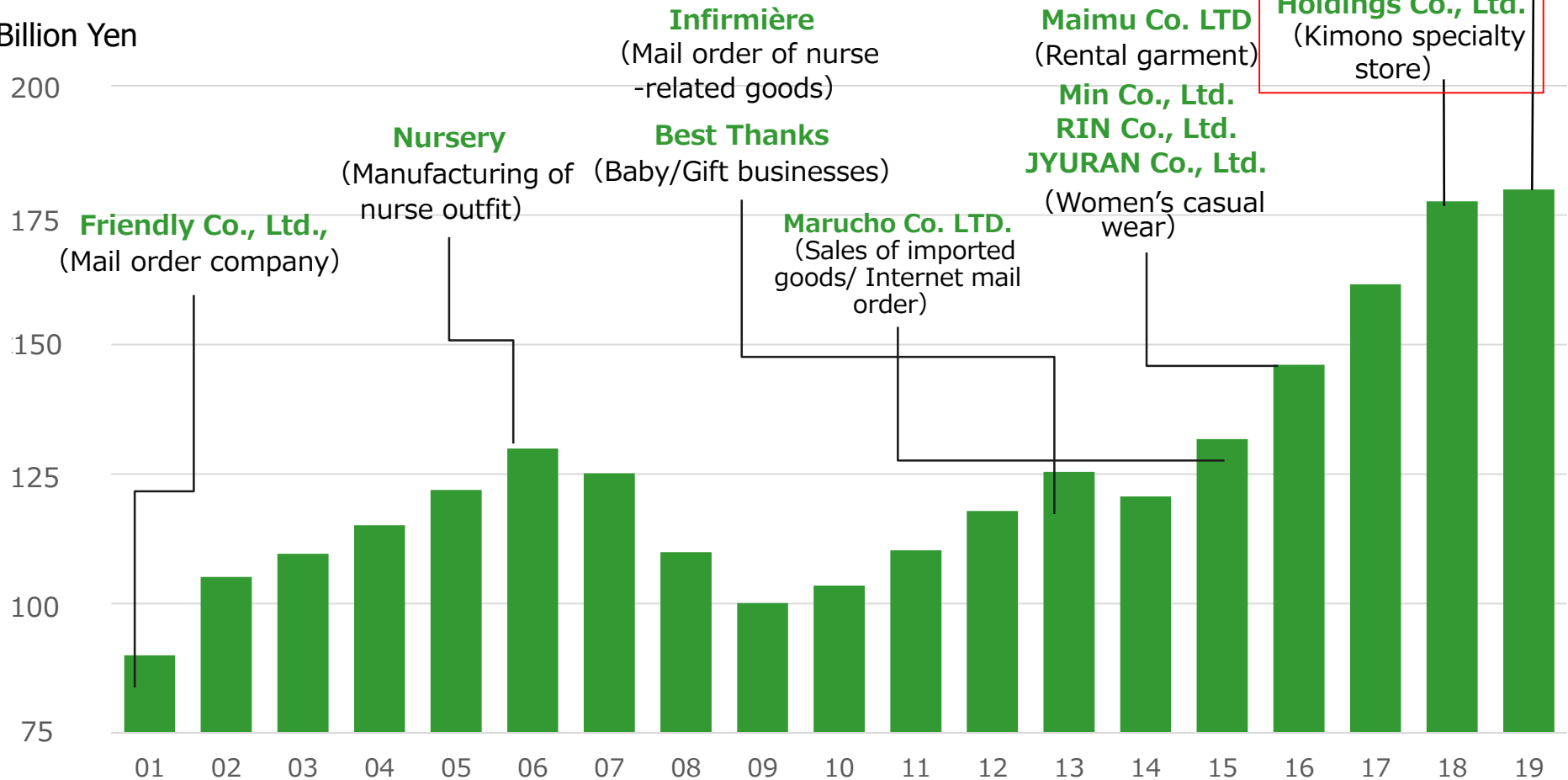
2-9. M&A Results (Acquisition Track Record)

BELLUNA

M&A steadily contributed to growth

Belluna's net sales and track record of M&A

Unit: Billion Yen



2-9. M&A Results (2) Current challenges

BELLUNA

1. Sagami Group Holdings Co., Ltd.

(1) Results of Sagami Group Holding Co., Ltd. tend to decline in the long term

- (i) The entire kimono industry tends to decline in the long term
- (ii) Despite being prestigious, its product appeal is weak
- (iii) Passive overall and without aspiration

2. Measures to improve results

(1) Introduce BANKAN method

- (i) Develop new customers/activate existing customers
- (ii) Change employees' constitution from passive to active
- (iii) Reinforce product appeal

3. Now the 3rd year since M&A

(1) Rapidly making efforts to improve results

- (i) Turn to profitability next fiscal year
- (2) Urgently making efforts to be a quality company

Goal to achieve results

- We will make efforts to achieve the target of 20 billion yen, operating income set in the Fourth Business Plan and create a rich, fertile corporate environment for the achievement of the Fifth Business Plan.
- We are determined to improve stakeholder satisfaction levels, such as enhancing customer satisfaction, employee satisfaction, the Company satisfaction and shareholder satisfaction, and achieve social contributions.

2-11. Returns to shareholders

Dividend of 16 yen per share to be paid. For FY March 2021, the *BELLUNA* dividend amount continues to be maintained.

<Annual dividends>

	FY March 2018	FY March 2019	FY March 2020	FY March 2021(Plan)
EPS (yen)	99.41	106.39	60.62	53.77
Dividend (yen)	12.5	15.0	16.0	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 is only provided once a year (issued in early December).



The fiscal year ending March 2021 is second year in the Fourth Business Plan. We aim to exceed the Plan for the current fiscal year and to achieve the business plan for the next fiscal year.

<Important notice>

This material is prepared for the purpose of publicly disclosing information concerning the financial results of the 1st Half ended September 30, 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 November 20, 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.

<Inquiries for IR matters>

IR Section, Executive Corporate Planning Department, Belluna Co., Ltd.

Address: 4-2 Miyamotocho Ageo-shi, Saitama, 362-8688

TEL: 048-771-7753

FAX: 048-775-6063

E-mail: ir-belluna@belluna.co.jp