

CORPORATE PRESENTATION

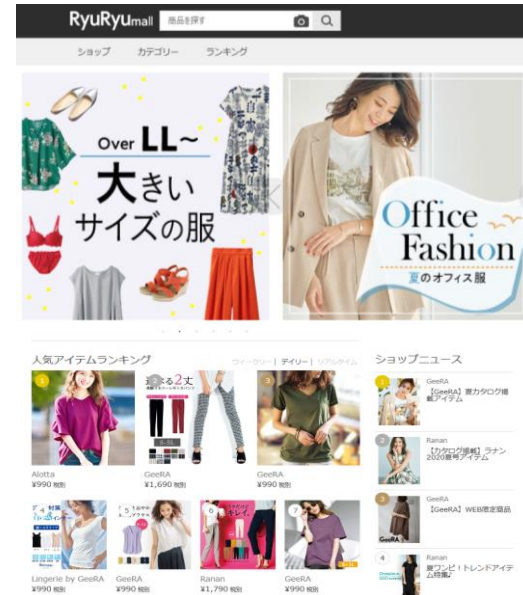
(Fiscal Year Ended March 31, 2020)



▲
Main catalog
BELLUNA



▲
BELLUNA Net -
A mail order website



▲
Apparel mall
「RyuRyumall」



▲
Wine mail order
「My Wine CLUB」

BELLUNA

Wednesday, May 20, 2020

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1. Financial Highlights

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1. Financial overview
2. Financial summary
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

Net sales surpassed the previous year, but operating income, ordinary income and net income decreased year on year and fell below the plan.

- Net sales increased 1.3% year on year.
- Operating income decreased 14.1% year on year partly due to the influence of the COVID-19.
- Ordinary income decreased 32.3% year on year due to the influence of exchange rate-related losses.
- Net income decreased 43.3% year on year.

1-2. Financial summary

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Net sales: Up 1.3% 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	FY March 2020			FY March 2021
	Actual	Actual	vs.Plan	YoY Change	Plan
Net Sales	177.65	179.95	-0.0%	1.3%	175.00
Cost of Sales	76.28	74.89	-0.2%	-1.8%	75.00
Selling, General & Administrative Expenses	89.36	94.75	0.8%	6.0%	93.00
Operating income	12.01	10.31	-6.3%	-14.1%	7.00
Non-operating income and Expenses	3.30	0.05	-	-98.3%	0.80
(Exchange rate-related gains and losses)	(2.23)	(-0.22)	-	-	-
Ordinary income	15.31	10.37	-5.8%	-32.3%	7.80
Net income	10.34	5.86	-16.3%	-43.3%	5.20

1-3. Profitability by segment

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Net sales : Increased in 5 segments excluding the General Mail Order and Other.

Operating income: Operating income increased in Specialty Mail Order and three other segments. It decreased in General Mail Order and two 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.
- Net sales and operating income in Retail Store Sales decreased due primarily to the impact of the review of Sagami GHD's event sales.

Consolidated Net Sales and Operating Income by Segment

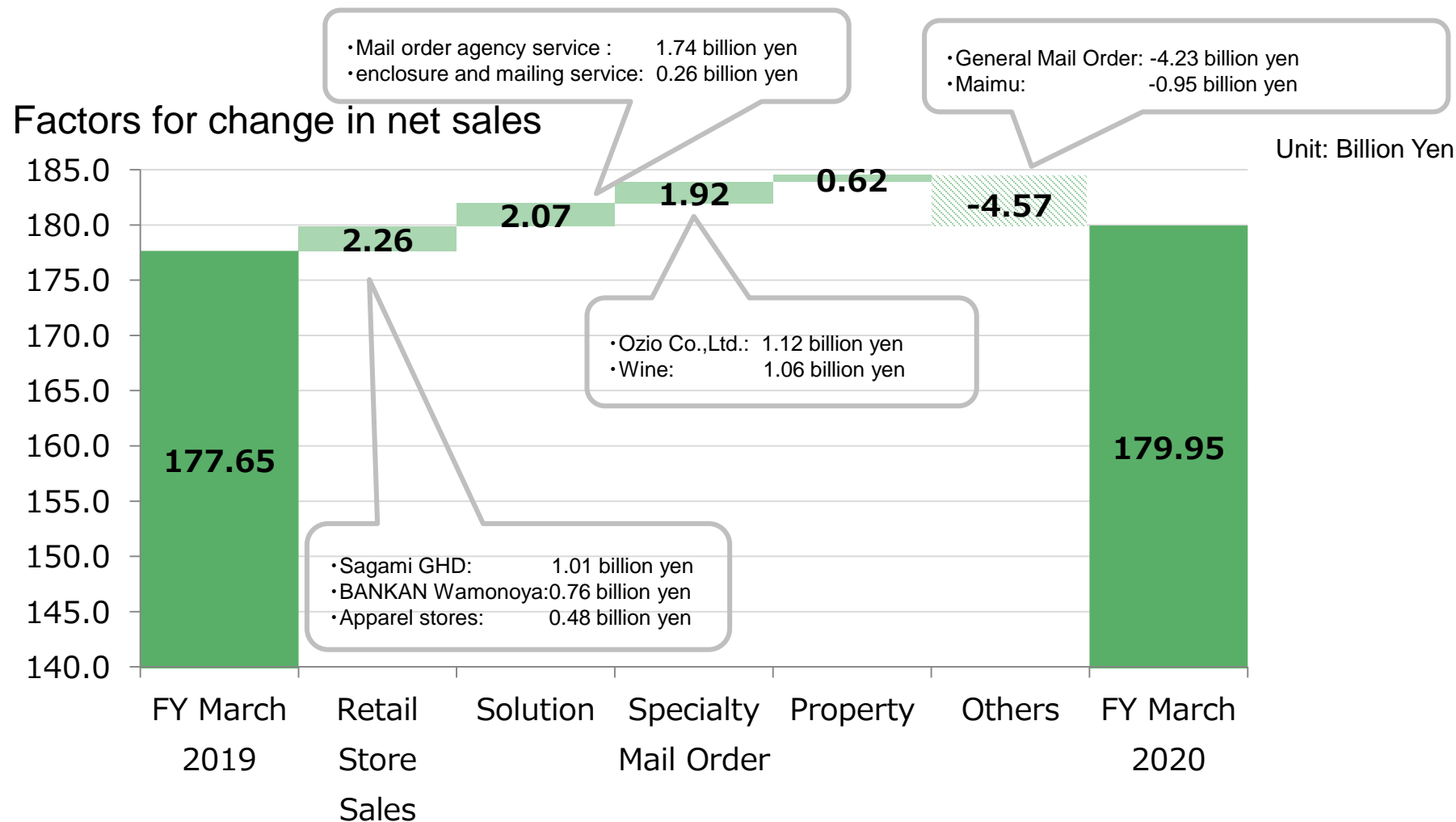
Unit: Billion Yen

	General Mail Order	Specialty Mail Order	Retail Store Sales	Solution	Finance	Property	Other	Elimination or Corporate	Total
Net Sales	73.38	49.77	30.40	8.33	4.40	8.69	5.94	-0.97	179.95
vs.Plan(%)	-0.6%	+3.7%	-2.0%	-2.1%	+1.5%	-1.1%	-24.2%	-57.5%	-0.0%
YoY Change(%)	-5.4%	+4.0%	+8.0%	+33.1%	+14.8%	+7.7%	-14.0%	-5.7%	+1.3%
Operating Income	1.71	3.91	0.31	2.65	1.87	0.66	-0.39	-0.41	10.31
vs.Plan(billion yen)	-0.24	0.19	-0.45	0.15	0.13	-0.06	-0.60	0.19	-0.69
YoY Change(billion yen)	-2.10	0.65	-0.69	0.38	0.11	0.41	-0.63	0.18	-1.69
Operating Income Ratio	2.3%	7.8%	1.0%	31.8%	42.6%	7.6%	-6.6%	42.4%	5.7%

1-4. Analysis of increases and decreases in sales

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Sales in the Retail Store Sales segment increased chiefly based on the consolidation of Sagami GHD's from 2Q of the previous fiscal year and an increase in the number of retail stores of BANKAN Wamonoya and Apparel stores. Sales in the Solution segment increased mainly due to the strong performance of the mail order agency service and enclosure and mailing service.

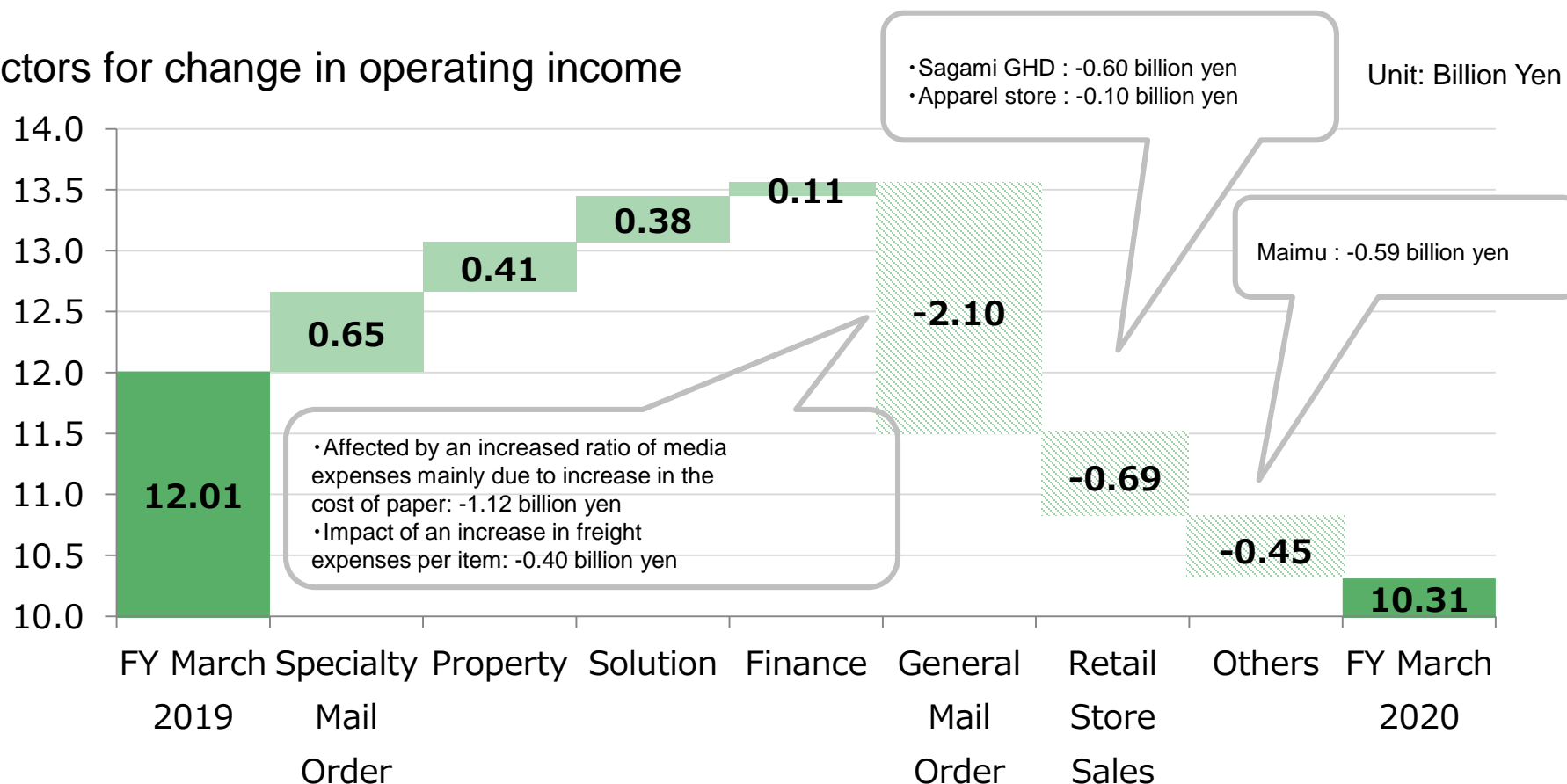


1-5. Analysis of increases and decreases in operating income

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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 GHD's, which was acquired in the previous fiscal year, from the current fiscal year. Operating income in the Others segment decreased, partly affected by the cancelled orders that were placed with the Maimu at Rental business because of the cancelled graduation ceremonies.

Factors for change in operating income



1-6. Balance sheet

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Current assets rose, mainly reflecting increases in operating loans.

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 31,2019	As of March 31,2020	Change
Current assets	99.24	103.68	4.44
Cash and deposits	22.07	22.79	0.72
Operating loans	23.78	27.31	3.53
Merchandise	20.86	20.91	0.05
Non-current assets	114.54	119.45	4.90
tangible fixed assets	83.20	88.65	5.45
Investments and other assets	20.08	18.97	-1.12
Total Assets	213.79	223.13	9.34
Liabilities	113.25	120.60	7.35
Interest-bearing liabilities	69.71	77.82	8.11
Net assets	100.53	102.53	1.99
Treasury shares	-0.17	-0.49	-0.32
[Shareholders' Equity Ratio]	[46.7%]	[45.7%]	[-1.0P]

1-7. Statement of cash flows

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Cash flow from operating activities was negative year on year due to a decrease in income before income tax.

Cash flow from investing activities was negative because of the purchase of property, plant and equipment.

As long- and short-term borrowings increased, cash increased by 0.94 billion yen as a whole.

	FY March 2019	FY March 2020		Unit: Billion Yen
		Actual	YoY Change	
Cash flows from operating activities	8.56	6.62	-1.93	
Income before income taxes	15.47	9.56	-5.91	
Depreciation	2.77	3.15	0.39	
Income taxes paid	-5.41	-6.25	-0.85	
Cash flows from investing activities	-12.72	-11.11	1.62	
Purchase of property, plant and equipment	-6.14	-9.44	-3.30	
Purchase of intangible assets	-0.82	-0.72	0.10	Capital expenditure*1
Purchase of shares of subsidiaries	-4.92	-1.22	3.70	10.34 billion yen
Cash flows from financing activities	3.58	5.71	2.13	
Change in short- and long-term borrowings	6.19	8.01	1.82	Depreciation*2
Cash dividends paid	-1.34	-1.50	-0.16	3.15 billion yen
Translation differences on cash	-0.09	-0.29	-0.20	
Increase/decrease in cash	-0.68	0.94	1.62	

*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.

2. Plan for FY March 2021

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1. Plan for FY March 2021 (Consolidated)
2. Plan for FY March 2021 (by segment)
3. Influence of the COVID-19
4. Segment mainly affected (General Mail Order)
5. Segment mainly affected (Retail Store Sales)
6. Segment mainly affected (Property)

2-1. Plan for FY March 2021 (Consolidated)

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In consideration of the influence of the COVID-19 mainly in the first half of the fiscal year, the plan was prepared based on the forecast of a decrease in both net sales and income.

Unit: Billion Yen

Consolidated	FY March 2019		FY March 2020		FY March 2021	
	Plan	Actual	Plan	Actual	Plan	Actual
Net Sales	180.00	177.65	180.00	179.95	175.00	-2.8%
Operating income	15.00	12.01	11.00	10.31	7.00	-32.1%
Ordinary income	15.50	15.31	11.00	10.37	7.80	-24.8%
Net income	10.50	10.34	7.00	5.86	5.20	-11.3%
Interest-bearing liabilities	66.0~71.0	69.71	72.0~77.0	77.82	80.0~84.0	+2.8~7.9%
Net assets	102.00	100.53	105.00	102.53	106.00	+3.4%
ROE	10.8%	10.8%	6.7%	5.8%	5.0%	-0.8P

2-2. Plan for FY March 2021 (by segment)

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Specialty Mail Order expects an increase in both sales and income due to rising demand for hygiene products, wine and similar products from stay-at-home consumers, but General Mail Order, Retail Store Sales and Property (Hotels) forecast a decrease in both sales and income with the influence of the decrease in going out, temporarily closures of stores and other factors.

Unit: Billion Yen

	FY March 2021								Total
	General Mail Order	Specialty Mail Order	Retail Store Sales	Solution	Finance	Property	Other	Elimination or Corporate	
Net Sales	69.98	53.12	25.72	9.16	4.56	9.47	6.90	-3.91	175.00
YoY Change(%)	-4.6%	+6.7%	-15.4%	+10.0%	+3.7%	+9.0%	+16.1%	+303.8%	-2.8%
Operating Income	-0.12	4.50	-1.97	2.59	2.24	0.27	0.22	-0.73	7.00
YoY Change(billion yen)	-1.83	0.59	-2.28	-0.06	0.37	-0.39	0.61	-0.32	-3.31

2-3. Influence of the COVID-19

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Although some new opportunities have resulted from demand caused by stay-at-home consumers and the like, businesses have been affected by a decrease in demand relating to people's going out and by temporary closures of stores and hotels. In consideration of the influence of the COVID-19 on each segment mainly in the first half of the fiscal year, a decrease in both sales and income are expected for FY March 2021.

Forecast for FY March 2021

Unit: Billion Yen

	FY March 2020 Actual	FY March 2021 Forecast	YoY
Net Sales	179.95	175.00	-2.8%
Operating income	10.31	7.00	-32.1%
Ordinary income	10.37	7.80	-24.8%
Net income	5.86	5.20	-11.3%

Condition by segment

Negatively affected segments	Segments not affected or positively affected
<ul style="list-style-type: none">• General Mail Order• Retail Store Sales• Property	<ul style="list-style-type: none">• Specialty Mail Order• Solution• Finance

2-4. Segment mainly affected (General Mail Order)

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1) Actual results for 1H, FY2020 and plan for 1H, FY2021

Unit: Billion Yen

	1H, FY2020	1H, FY2021	
	Actual	Forecast	YoY
Net Sales	36.02	32.90	-8.7%
Operating income	0.83	-1.04	-1.88

2) Influence of the COVID-19

Premise: The influence of the coronavirus which was assumed to be remaining until September was taken into consideration for the plan.

Existing customers: Sales of furniture and miscellaneous goods are strong, while weakened sales is expected mainly for street clothes.

New customers: Partly because of the closures of stores, steady response from customers has been received. Cost for new customer acquisition is accumulated.

In the current fiscal year, response from existing customers has slowed down but new customers have been steadily acquired, therefore, this year is positioned as a year for building a foundation to increase sales and income from the next fiscal year by aggressively focusing on the development of new customers.

2-5. Segment mainly affected (Retail Store Sales)

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1) Actual results for 1H, FY2020 and plan for 1H, FY2021

Unit: Billion Yen

	1H, FY2020	1H, FY2021	
	Actual	Forecast	YoY
Net Sales	15.67	9.81	-37.4%
Operating income	0.34	-2.49	-2.83

2) Influence of the COVID-19

Apparel stores: As of May 15, 43 of the 84 stores are temporarily closed.
It is planned to reopen them gradually in the first half and attain normalization in the second half.

BANKAN Wamonoya: As of May 15, 28 of the 88 stores are temporarily closed.
It is planned to reopen them gradually in the first half and attain normalization in the second half.

Sagami GHD: As of May 12, 56 of the 159 stores are temporarily closed.
It is planned to reopen them gradually in the first half and attain normalization in the second half.
Considering this an opportunity for structural reform, we earnestly begin improvements to establish a system like BANKAN.

2-6. Segment mainly affected (Property)

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1) Actual results for 1H, FY2020 and plan for 1H, FY2021

Unit: Billion Yen

	1H, FY2020	1H, FY2021	
	Actual	Forecast	YoY
Net Sales	4.45	2.78	-37.6%
Operating income	0.30	-0.35	-0.65

2) Influence of the COVID-19

Domestic hotels: In the first half of the fiscal year, temporarily closure or operation at a low operating rate is assumed.

In the second half of the fiscal year, the influence will remain but will gradually decrease.

Overseas hotels: In the first half of the fiscal year, temporarily closure or operation at a low operating rate is assumed.

Thanks to the cost improvement measures taken from the second half of the previous fiscal year, the influence on income in the first half is limited.

Real estate rental: Properties held are mainly office buildings. Almost no influence.

Others: The operation of the solar business started last year performed better than expected. It is estimated that an increase in both sales and income will be attained.

3. Topics

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1. Acquisition of JOB STUDIO PTE.LTD.

3-1. Acquisition of JOB STUDIO PTE.LTD.

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On January 21, acquired all the stock of JOBSTUDIO PTE.LTD., which has engaged in the recruitment and personnel placement business for medical institutions in Singapore, to make it a subsidiary of the Company.



■ FY September 2018 Actual (the preceding period)

Net Sales:

SGD5,862,000

(478 million yen *SGD1 = JPY81)

Income before income taxes:

SGD1,094,000

(89 million yen *SGD1 = JPY81)

■ Purpose

- Promote recruitment business in Asian countries
- Sales of business supplies to medical institutions and medical personnel

4. Returns to shareholders

4. Returns to shareholders

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For the fiscal year under review, we are planning to provide a dividend of 16.0 yen per share which is the same as the previous fiscal year.

	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 are only provided once a year (issued in early December).



<Important notice>

This material is prepared for the purpose of publicly disclosing information concerning the financial results 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 May 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