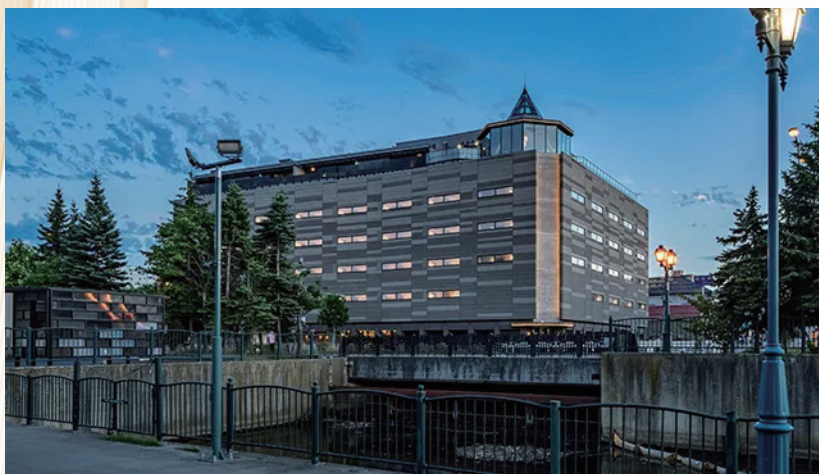


BELLUNA

Annual Report 2025

For the year ended March 31, 2025

Belluna Co., Ltd.

Code:9997



Based on the advanced database we cultivated as a major player in the mail order industry, we will achieve high profitability and rates of growth

As a major player in Japan's mail order industry, Belluna possesses superior management resources that include a database of over 23 million customers in Japan cultivated in the Apparel & Goods business as well as related expertise and infrastructure.

To achieve higher profitability and growth rates by utilizing these strengths, the Company has classified its businesses into three groups.

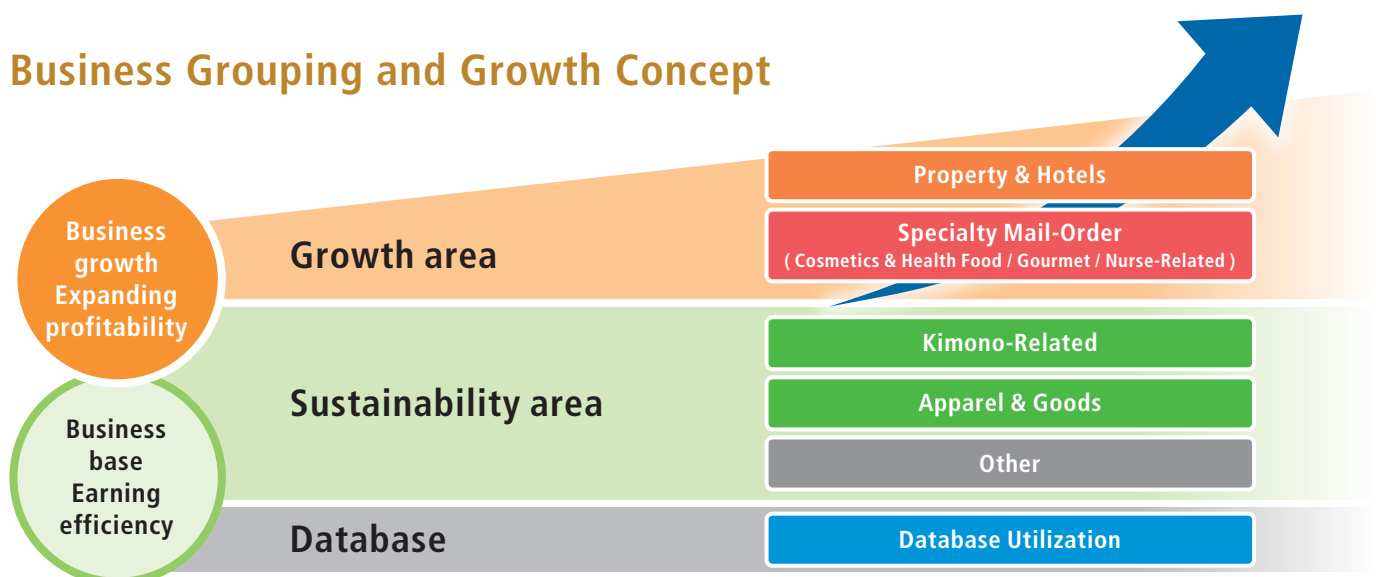
The first group is the businesses in the growth area, which aim to expand profitability and include the "Property Hotel Business" and the "Specialty Mail Order Business." This group focuses on expanding the growth and profitability of the Company and leads the Company's future growth.

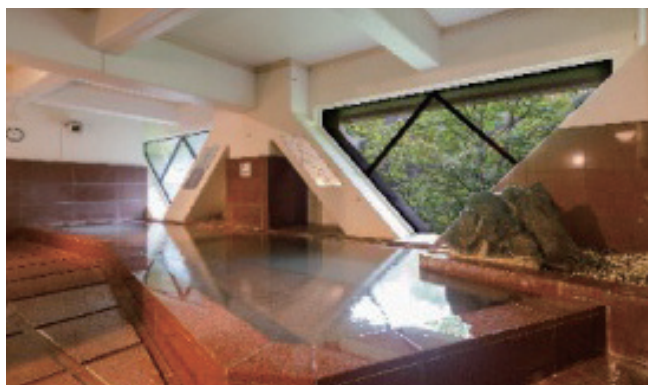
The second group is the businesses in the sustainability area, which aim to maximize earning efficiency and include the "Kimono-Related Business" and the "Apparel & Goods Business." This group focuses on stable profitability, continuity, and sociality by serving as a consumption infrastructure provider to offer social value.

The third group is the "Database Utilization Business," which support the base of the Company's businesses.

Based on our desire to "contribute to our customers' lifestyle and happiness," the Company will strive to further improve corporate value by optimally allocating management resources to the three business groups and meeting customers' needs for "food, clothing, lifestyle, and recreation."

Business Grouping and Growth Concept





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Forward-Looking Statements

This annual report contains forward-looking statements that reflect Belluna Co., Ltd.'s current views and judgments with respect to current plans, strategies and beliefs. They are based upon currently available information, and do not constitute promises, commitments or guarantees. The forward-looking statements involve both real and potential risks and uncertainties that can cause actual events and results to differ materially from those anticipated in these statements. Risks that can cause actual results to differ materially from those stated or implied in the forward-looking statements and from historical events include, but are not limited to, future economic trends, competition in the industrial sector in which Belluna operates, market demand, rates of exchange, and other social, political and economic factors.



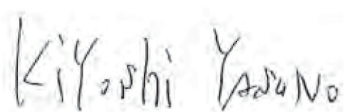
Q.1 Could you give us a snapshot of the overview and business environment during the fiscal year under review?

In the Japanese economy, market conditions progressed along a path of moderate recovery as exhibited by solid corporate earnings, improved business sentiment, a recovery in domestic personal spending, and an increase in the consumption of

inbound tourism. Meanwhile, the outlook remained uncertain due to the persistently strong pressure of rising prices caused by high raw material and resource prices, surging personnel expenses, unseasonable weather, and other factors. Additionally, in the immediate term, concerns that the global economy will deteriorate arose over tariff policies by the new U.S. administration, intensifying feelings of uncertainty over the future.

Consolidated net sales for fiscal 2025 increased

Seeing the expansion in inbound demand as a good opportunity, we will focus on the hotel business as a growth driver. We will also promote stable expansion in specialized business areas that are less affected by consumer confidence.



Kiyoshi Yasuno
President and CEO

1.2% year on year to ¥210,856 million, operating income increased 21.5% year on year to ¥11,887 million, and ordinary income increased 12.0% year on year to ¥13,255 million. Profit attributable to owners of parent increased 50.7% year on year to ¥8,797 million.

As for financial conditions, current assets increased ¥1,482 million from the end of the previous fiscal year to ¥131,443 million. This was mainly due to increases of ¥2,716 million in trade loans and ¥2,053 million in

real estate for sale despite a decrease of ¥1,514 million in real estate for sale in process. Fixed assets increased ¥10,288 million from the end of the previous fiscal year to ¥181,018 million. This was mainly due to increases of ¥18,560 million in buildings and structures and ¥1,637 million in goodwill despite a decrease of ¥9,782 million in construction in progress.

Current liabilities increased ¥2,409 million from the end of the previous fiscal year to ¥61,616 million. This was mainly due to an increase of ¥11,758

million in short-term borrowings despite decreases of ¥1,332 million in trade notes and accounts payable, ¥2,423 million in electronically recorded obligations - operating, and ¥5,010 million in current portion of bonds payable. Long-term liabilities increased ¥3,886 million from the end of the previous fiscal year to ¥109,189 million. This was mainly due to an increase of ¥4,290 million in long-term borrowings.

Total net assets at the end of the fiscal year under review increased ¥5,474 million from the end of the previous fiscal year to ¥141,656 million. As a result, the shareholders' equity ratio was 45.2%.

Q.2 What can you tell us about Belluna's initiatives and outlook for operating performance in fiscal 2026?

The outlook for the Japanese economy is expected to continue its recovery trend and gradually recover with improvement in the employment and income environment. Inbound demand, in particular, is expected to remain strong for the time being. On the other hand, the outlook continues to remain uncertain as exhibited by the stagnation in consumer confidence caused by price hikes, the prolonged instability in the global situation, and trends in trade policy by the new U.S. administration.

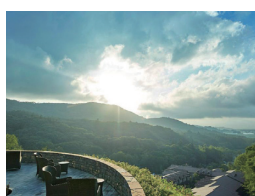
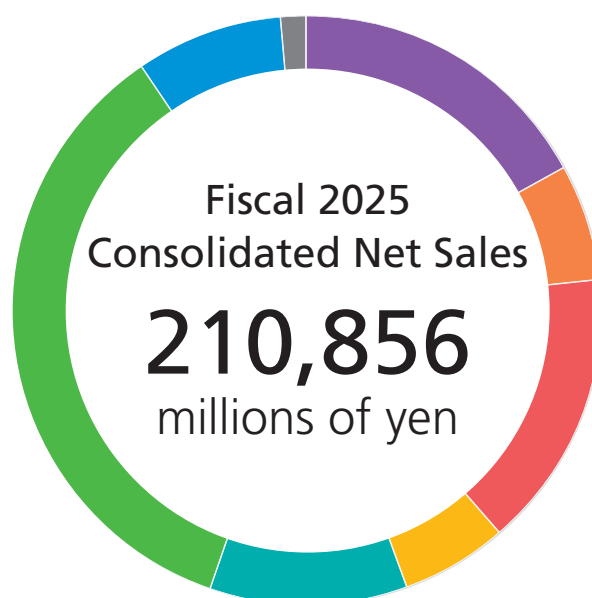
The Belluna Group sees the further expansion of inbound demand as a good opportunity and will focus on the Property business, centering on the hotel development, as an important growth driver for the Group. In addition, we will prioritize the growth in specialized business areas such as the Cosmetics & Health food business, Gourmet business, and Nurse-Related business, which are less affected by consumer confidence, to promote stable expansion. In the Apparel & Goods business, we will aim to achieve profitability early in segment operating income by improving the business scale and efficiency through maintaining the level of new customer acquisition and recovering the ratio of repeat customers.

For the fiscal year ending March 31, 2026, we expect to achieve net sales of ¥214.6 billion, operating income of ¥13.5 billion, ordinary income of ¥13.5 billion, and profit attributable to owners of parent of ¥9.5 billion. Current forecasts involve potential risks and uncertainties, and while they incorporate the amount of financial impact predictable as of this document's release as well as current conditions of the Group's operations, actual results may differ from these forecasts. Any changes to our forecasts will be promptly announced going forward.

We appreciate shareholders' ongoing understanding and support for the Belluna Group.

Review of Business Operations

Property Business	17.0%
Cosmetics & Health food Business	6.5%
Gourmet Business	15.2%
Nurse-Related Business	5.9%
Kimono-Related Business	10.8%
Apparel & Goods Business	35.4%
Database Utilization Business	8.1%
Other Business	1.3%



Property Business

Business Outline

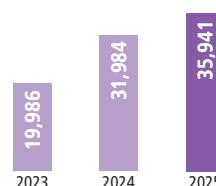
The Company and its subsidiaries engage in the renting, remodeling and development of real estate, as well as power generation. Texas Co., Ltd., California Co., Ltd., Ozio Co., Ltd. and other subsidiaries engage in the renting, remodeling and development of real estate. In addition, Granbellhotel Co., Ltd., MIRIANDHOO MALDIVES RESORTS PVT. LTD., etc. engage in the hotel business. Furthermore, El Dorado Co., Ltd. engages in the golf course management business and the restaurant business.

Overview

In the hotel business in Japan, sales and income increased, driven mainly by rising demand for domestic travel as well as inbound tourism. At domestic resort hotels, sales and income rose as occupancy rates and prices per guest room increased, particularly in the Hokkaido area, while hotels in other regions also maintained generally solid sales and income. In the domestic urban hotel business, all of the hotels we operate posted higher sales and income, with a particularly significant increase in prices per guest room at our hotels in Sapporo and Ginza. The overseas hotel business also performed steadily, resulting in higher sales and income. As a result, segment net sales increased 12.4% compared with the previous fiscal year to ¥35,941 million, and segment (operating) income increased 23.3% to ¥5,256 million.

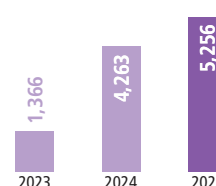
Net Sales

(millions of yen)



Segment Income

(millions of yen)



Outlook

In fiscal 2026, we aim to achieve segment net sales of ¥40,900 million (up 13.8% year on year) and segment (operating) income of ¥6,430 million (up ¥1,170 million). We see the further expansion of inbound demand as a good opportunity and will focus on this business, centering on the hotel development, as an important growth driver for the Group.



Cosmetics & Health food Business

Business Outline

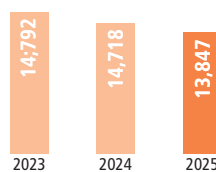
The Company's subsidiaries Ozio Co., Ltd. and Refre Co., Ltd. engage in the sale of cosmetics and health food items, respectively.

Overview

In the cosmetics mail order business, the number of new customer acquisitions remained steady. However, sales and income declined, mainly attributable to lower retention rates of subscription courses among new purchasers. In the health foods mail order business, although the efficiency of new customer acquisitions improved, sales and income decreased as efforts to convert customers to subscription courses and to improve the retention rates of subscription customers did not lead to sufficient improvement. As a result, segment net sales decreased 5.9% compared with the previous fiscal year to ¥13,847 million, and segment (operating) income decreased 22.4% to ¥719 million.

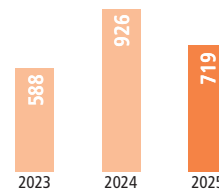
Net Sales

(millions of yen)



Segment Income

(millions of yen)



Outlook

In fiscal 2026, we aim to achieve segment net sales of ¥13,330 million (down 3.7% year on year) and segment (operating) income of ¥790 million (up ¥70 million). We will work on renewing our core products and strengthening our marketing creatives to improve repeat purchases, while also enhancing our services.



Gourmet Business

Business Outline

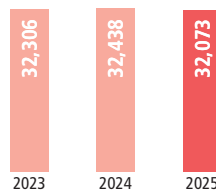
The Company engages in the sale of items such as food, Japanese sake, and wine.

Overview

In the gourmet mail order business, while sales of individual food items performed well compared with the same period of the previous year, sales in the alcoholic beverages category were flat, and the gift category struggled. In the wine mail order business, although sales showed only a slight increase year on year, profitability improved due to a review of the product delivery system and steady progress in new customer acquisitions in the latter half of the fiscal year. As a result, segment net sales decreased 1.1% compared with the previous fiscal year to ¥32,073 million, while segment (operating) income increased 14.8% to ¥1,252 million.

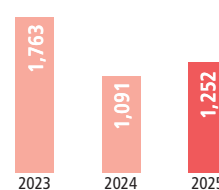
Net Sales

(millions of yen)



Segment Income

(millions of yen)



Outlook

In fiscal 2026, we aim to achieve segment net sales of ¥34,460 million (up 7.4% year on year) and segment (operating) income of ¥1,270 million (up ¥20 million). We will focus on strengthening new customer acquisition through refining our product development capabilities, one of our core strengths, and on improving gross profit margins through product price controls.



Nurse-Related Business

Business Outline

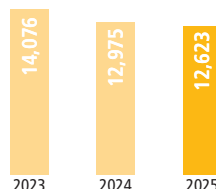
The Company's subsidiary NurseStage Co., Ltd. engages in mail order sales targeting nurses, and the Company's subsidiary JOBSTUDIO PTE. LTD. engages in the personnel placement business for nurses.

Overview

In the mail order business targeting nurses, purchasing costs rose due to the weaker yen and persistently high prices of raw materials and materials. To prioritize profitability, we reviewed product prices in certain sales channels and reduced the number of catalog publications, but sales and income still decreased. As a result, segment net sales decreased 2.7% compared with the previous fiscal year to ¥12,623 million, and segment (operating) income decreased 15.7% to ¥405 million.

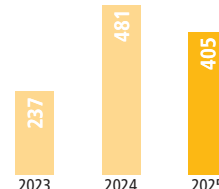
Net Sales

(millions of yen)



Segment Income

(millions of yen)



Outlook

In fiscal 2026, we aim to achieve segment net sales of ¥12,780 million (up 1.2% year on year) and segment (operating) income of ¥540 million (up ¥140 million). Over and above increasing sales, we will work on improvement in profitability by optimizing the publication of print media and further promoting the shift to online channels. In addition, we will work on expansion of the business-to-business (B to B) business, which still has room for growth.



Kimono-Related Business

Business Outline

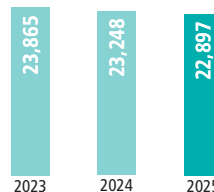
The Company's subsidiaries such as BANKAN Wamonoya Co., Ltd., Sagami Co., Ltd., and Tokyo Masuiwaya Co., Ltd. operate the retail store sales business for merchandise related to Kimono. Maimu Co., Ltd. engages in the rental business in traditional graduation apparel.

Overview

In the traditional clothing sales business, sales and income decreased due to factors such as the closure of unprofitable stores, which reduced both sales and the number of active customers, as well as a decline in new customer acquisitions at existing stores compared with the same period of the previous year. In the clothing rental business, sales and income increased, thanks to higher orders for rental of traditional graduation ceremony apparel due to the withdrawal of competitors and the expansion of early reservation events, as well as stronger promotion of advance photo-taking services. As a result, segment net sales decreased 1.5% compared with the previous fiscal year to ¥22,897 million, and segment (operating) income decreased 7.9% to ¥1,250 million.

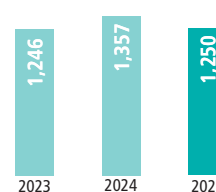
Net Sales

(millions of yen)



Segment Income

(millions of yen)



Outlook

In fiscal 2026, we aim to achieve segment net sales of ¥23,260 million (up 1.6% year on year) and segment (operating) income of ¥1,310 million (up ¥60 million). We will work on closing unprofitable stores, strengthening the human resource development, and promoting low-cost operations.



Apparel & Goods Business

Business Outline

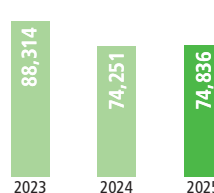
The Company and its subsidiaries engage in mail order sales of daily life-related merchandise and related services through various media including catalogs and the Internet. The main products are apparel, sundry goods, home furnishings and other household goods, and everyday necessities and hobby articles. Min Co., Ltd., Marucho Co., Ltd., Select Co., Ltd. and other subsidiaries operate the Apparel & Goods business.

Overview

In the apparel and goods mail order business, purchasing costs increased due to the weaker yen and persistently high prices of raw materials and materials, while paper and printing costs also remained elevated. To prioritize profitability, we reduced the number of issued papers and sought to control advertising and promotional expenses. Although the number of new customers increased as acquisition efficiency improved, the number of active customers remained flat because the repeat rate among existing customers fell short of plan. As a result, for the fiscal year under review, segment net sales increased 0.8% compared with the previous fiscal year to ¥74,836 million, while segment (operating) loss amounted to ¥1,696 million (segment (operating) loss of ¥2,992 million in the previous fiscal year).

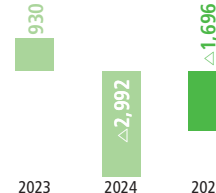
Net Sales

(millions of yen)



Segment Income

(millions of yen)



Outlook

In fiscal 2026, we aim to achieve segment net sales of ¥70,350 million (down 6.0% year on year) and segment (operating) loss of ¥1,330 million (up ¥370 million). We will endeavor to maintain the level of new customer acquisition and recover the ratio of repeat customers, thereby aiming to improve the business scale and efficiency.



Database Utilization Business

Business Outline

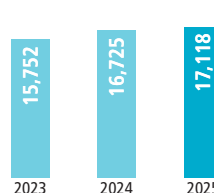
The Company and its subsidiaries engage in commission-type businesses that outsource to the Company. These include enclosing and mailing services and direct-marketing outsourcing services. The subsidiary Sunstage Co., Ltd. engages in the finance business for customers mainly in the mail order business. BGL and Label engage in the third party logistics business.

Overview

In the enclosing and mailing services business, although the number of catalog publications in the apparel and goods mail order business decreased, sales and income increased, mainly boosted by the development of new services and strengthened marketing efforts with existing clients. In the fulfillment outsourcing services business, while the acquisition of new clients progressed smoothly, sales and income decreased mainly due to a decline in sales from existing clients and higher personnel expenses at call centers. In the finance business, sales and income increased as lending remained steady, benefiting from more efficient acquisition of new customers compared with the same period of the previous year. As a result, segment net sales increased 2.4% compared with the previous fiscal year to ¥17,118 million, and segment (operating) income increased 0.2% to ¥5,161 million.

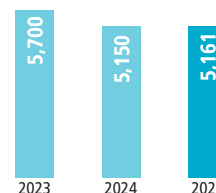
Net Sales

(millions of yen)



Segment Income

(millions of yen)



Outlook

In fiscal 2026, we aim to achieve segment net sales of ¥17,920 million (up 4.7% year on year) and segment (operating) income of ¥4,830 million (down ¥330 million). We will continue to actively work on acquisition of new customers.

Status of Employees

Percentage of female workers in managerial positions, percentage of male workers taking childcare leave and wage differences between male and female workers

i) The Company

As of March 31, 2025				
Percentage of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Wage differences between male and female workers (%) (Note 1)		
		All workers	Regular workers	Part-time and fixed-term workers
14.3	71.4	41.4	68.0	72.8

(Notes) 1. Calculated based on the provisions of "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

2. Based on the provisions of "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991), the percentage of taking childcare leave, etc. was calculated based on Paragraph 71-6, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991).

ii) Consolidated subsidiaries

As of March 31, 2025					
Name	Percentage of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Wage differences between male and female workers (%) (Note 1)		
			All workers	Regular workers	Part-time and fixed-term workers
BELLUNA communications Co., Ltd.	77.8	—	59.6	82.4	145.8
Granbellhotel Co., Ltd.	24.0	100.0	76.7	85.9	94.3
BANKAN Wamonoya Co., Ltd.	31.2	50.0	59.0	70.7	102.4
Sagami Co., Ltd.	7.2	—	52.9	62.3	54.5
Tokyo Masuiwaya Co., Ltd.	20.0	—	67.2	66.1	84.9
Maimu Co., Ltd.	26.3	—	44.0	67.7	33.4
Granbell Hokkaido Co., Ltd.	13.8	—	63.4	68.1	68.3
Sagami Group Holdings Co., Ltd.	0.0	—	56.7	69.1	52.7

(Notes) 1. Calculated based on the provisions of "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

2. Based on the provisions of "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991), the percentage of taking childcare leave, etc. was calculated based on Paragraph 71-6, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991).

Approach to and Initiatives for Sustainability

The Group's approach to and initiatives for sustainability are as follows.

Also, matters related to the future in the following text are based on the decisions made by the Group as of the end of the current consolidated fiscal year.

Since our founding in 1968, the Group has been following the philosophy "To contribute to our customers' lifestyle and happiness, by taking an international perspective to be the first company to provide a wide range of customers across the nation with an abundance of food, clothing, lifestyle and recreational products and services." While the Group has been working on social issues in Japan, we have achieved growth thanks to the support of many stakeholders such as customers, business partners, and employees.

Japan has been experiencing various changes in the social environment, such as the rising prices from the 1970s and women starting to enter the workforce in the late 1980s, and consumer needs have also changed along with the times. Even during these changes in Japan, the Group has achieved growth and continues its business today by responding to customer needs while updating our products and services, such as starting mail order sales of household goods that can be paid in installments and catalog sales of women's clothing. Adapting to social issues is the Group's core value. Up to today and from now on, the Group will have the mission to contribute to resolving these issues.

(1) Governance

The Group has the Sustainability Promotion Committee, our cross-functional examination and promotion team for activities related to the sustainability, in place. The Sustainability Promotion Committee formulates basic policies required for the Group to achieve continuous growth and the Group to contribute to realizing a sustainable society. This team is established as an advisory board to the Board of Directors for making agreements and promoting activities to cross-functional teams. By utilizing the committee as the central body, the Group will identify issues to be addressed and accelerate its activities to realize a sustainable society.

(2) Strategies

Following the "Sustainability Declaration," the Group has identified material issues so that all members in the Group can work together to respond to the expectations and requests of stakeholders. To identify the material issues, we collected and organized the social issues that should be solved and the requests received by each stakeholder. After extracting a total of 123 items, we organized and categorized them. We then identified our material issues by analyzing the importance of each issue for both stakeholders and operating companies in each business. The material issues identified for the Group's Apparel & Goods business, which has a particularly significant social impact, and our specific initiatives to address them are as follows.

Example of initiatives

	Category	Materiality	Example of specific initiatives
1	Society	Provide an abundance of food, clothing, lifestyle, and recreational to contribute to solving the problem of shopping refugees	Through our catalog mail order business that provides safe and secure products, we are supporting all customers in Japan with an abundance of food, clothing, lifestyle, and recreational, and working to solve the problem of "shopping refugees."
2	Environment	Reduce product loss	We are promoting initiatives to minimize the product loss by using IT, such as accurately clarifying the consumer needs, adjusting the amount of shipping and receiving, etc.
3	Environment	Reduce paper resources such as catalog paper	We are promoting the appropriate distribution of catalogs and taking measures such as making the paper thinner to reduce the overall amount of paper resources.
4	Environment	Reduce CO ₂ emissions at distribution centers, etc.	After we conducted a survey of CO ₂ emissions, we are taking measures to reduce CO ₂ emissions by strengthening the energy management at distribution centers and other large facilities.
5	Society	Improve the work style for employees	We are providing employee satisfaction surveys to all employees, collecting feedback about the work environment and job satisfaction, and taking measures to improve the work style.
6	Environment	Consider making our original products sustainable	In addition to using materials such as organic cotton and recover blue, we are expanding our lineup of products that contribute to making society sustainable, from manufacturing to sales.
7	Governance	Raise awareness about the SDGs throughout the entire Group	In addition to providing study sessions for employees, we are explaining the Group's thoughts and initiatives at the company-wide management policy presentation meeting to raise awareness of sustainability.

(3) Policy and strategies for developing human resources and improving the internal environment

The Group believes that the “employee’s growth leads to the company’s growth.” We seek employees who “approach challenges with a cheerful and positive attitude, to do whatever possible to proactively improve customer satisfaction and broaden their abilities, in order to always maintain the confidence of our customers” as the Group is working on developing human resources and encouraging active participation.

Developing strong human resources

The Group has the mindset of “experience develops employees” as we believe that growth is achieved through actual work in business activities. We are developing a training system (OFF-JT) which will have more features for the OJT, and we are also promoting self-development. For the OJT, we mainly focus on the employee’s motivation on developing themselves, and encourage them to take on challenges with the spirit of “1 win, 9 losses.” We actively delegate responsibility to young employees and create an environment where they can grow through their experiences of success and failure. In addition, we will promote internal rotation so that many employees could get more experience, and support them to become successful employees.

For the training system (OFF-JT), we do annual review training or training programs for managers and invite guests from other organizations to conduct programs that will help our employees gain knowledge. Also, we are developing the next generation, who will represent the Company’s culture through a session with the Representative Director, who is the founder, as the speaker to share his experience, history, and philosophy since the Company’s founding. In addition, to develop and strengthen human resources, we provide various measures and systems, such as qualification acquisition and online education, to support the self-development of employees.

Training contents for each level

	Level training	Selective training	All employees
Executives			
Managers			
Mid-level employees	10th year training 5th year training	New manager training Evaluator training Selective training for female employees CEO class	Training for departments Training for various issues Online education support Qualification acquisition support Self-development support (books, video training) Human resources rotation
Young employees	3rd year training 2nd year training		
New employees	Follow-up training Knowledge training		
Prospective employees	Social gathering with prospective employees		

Promoting the active participation of diverse human resources

The Group promotes the active participation of diverse human resources and is working to create an environment where employees with different backgrounds, such as women, overseas human resources, and short-time workers such as part-time employees, can contribute to our business by leveraging their strengths. Many female employees work for the Group, from full-time to part-time, and they are currently active in many roles, including product planning, catalog production, call center tasks, website creation and management. For part-time employees, if they are highly skilled and motivated, we actively promote them to become full-time or work for a managerial position. In addition, we are implementing a structure that allows employees to work by their individual work styles, such as shorter working hours and changes in working styles. The Group will continue developing an efficient work environment and creating opportunities for the active participation of diverse human resources.

Creating a work environment where employees get motivated and feel their growth

The Group strives to create a comfortable work environment and a culture where employees can express their feelings and opinions easily so that every employee can leverage their skills and achieve self-growth. At the same time as improving the operation quality and work efficiency, we have introduced the “Ganbaration System,” an award system that aims to improve the entire organization’s employee morale by raising the employees’ motivation level. The Group will praise and give awards to employees who achieved results in their jobs with the desire to achieve goals and grow themselves so that other departments can get inspired and improve employee morale.

(4) Risk management

The Group’s Sustainability Promotion Committee is leading the management of sustainability-related risks, including risks from climate change. The Sustainability Promotion Committee will mainly collect information and data regarding risks and comprehensively extract risks for each business activity item. Next, the Sustainability Promotion Committee identifies the material risks from the extracted risks and evaluates their importance level. Based on the identification and evaluation of risks by the Sustainability Promotion Committee, policies and proposals such as the Group’s strategies and measures will be reported to the Board of Directors.

(5) Indicators and goals

Among the seven categories described in above “(2) Strategies,” the Group has set “Reduce CO₂ emissions” and “Improve the work style for employees” as the important themes, and the goals and results for these themes are as follows:

Initiatives towards creating an environment-friendly society and decarbonized society

Main strategy	Indicator	Goal (compared to FY2022)	Result (compared to FY2022)
Reduction of Scope 2 emissions	CO ₂ emission reduction rate (compared to FY2022)	Reduce by at least 50%	5.0% reduction

Scope 2 : Indirect emissions from the use of electricity, heat, or steam supplied by other companies (emissions by Belluna Co., Ltd.).
The Group currently calculates the emissions mainly in the Apparel & Goods business based on its material issues.

Improve the work style for employees

Main strategy	Indicator	Goal	Result
Act on the Promotion of Women’s Active Engagement in Professional Life	Ratio of female employees in managerial positions (Entire Group*)	30% or higher	20.8%
	Ratio of female employees in managerial positions (Belluna only)	30% or higher	14.3%

* Those companies which are applicable based on “Act on the Promotion of Women’s Active Engagement in Professional Life” are included in the calculation.

Corporate Governance

The Company's basic approach to corporate governance is to establish a compliance structure and an efficient management structure to accelerate decision-making functions while increasing the fairness and transparency of management. To this end, Executive Officers are entrusted with the authority and responsibility of executing operations based on policies determined by the Board of Directors. The Company also has established the Compliance Committee, which includes the participation of outside experts, and by granting authority to this committee, the Company has built a structure under which the viewpoints of third parties are reflected in management judgments.

Corporate Governance Structure

Overview of Corporate Governance Structure

Within the framework of the Board of Directors and Audit & Supervisory Committee, the Company has adopted the executive officer system for the purpose of speeding up decision-making and business execution. In addition, we have voluntarily established the Nomination & Remuneration Committee to strengthen independence, objectivity, and accountability in the nomination and compensation decisions of directors and other officers by the Board of Directors, and are improving the effectiveness of the corporate governance.

The Board of Directors is chaired by Kiyoshi Yasuno, President and CEO. The Board consists of eight members, with the other seven members being Directors Yuichiro Yasuno, Junko Shishido, Tomohiro Matsuda, Masayoshi Miyashita, and Outside Directors Hideki Yamagata, Yukimitsu Watabe, and Junko Hamamoto. The Board of Directors regularly holds meetings. It makes decisions on management objectives, management strategies and others and supervises the management and operations of directors. The Board of Directors actively requests members of the Audit & Supervisory Committee to express opinions about resolutions on matters set

forth in laws and regulations and the Articles of Incorporation, the status of management and operation, and other important managerial matters. In this manner, the Board of Directors releases reports and deliberates and adopts resolutions while securing fair and objective decisions.

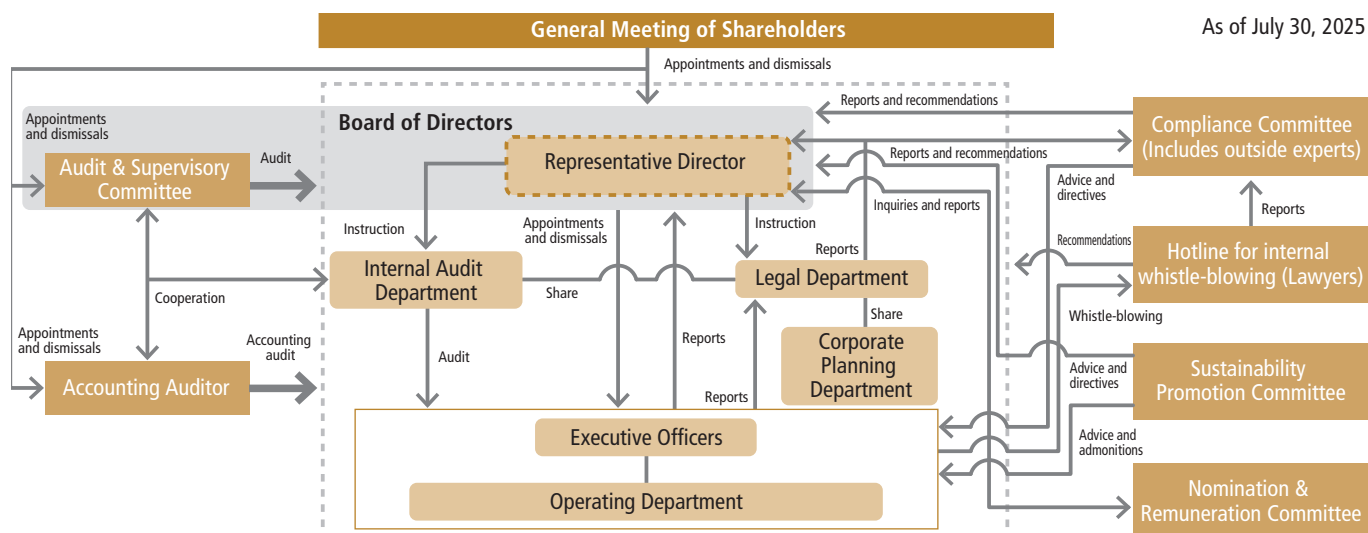
The Audit & Supervisory Committee is chaired by Outside Director Hideki Yamagata. The Committee consists of three members, with the other two members being Outside Directors Yukimitsu Watabe and Junko Hamamoto, and audits the status of corporate governance, management and operation, and the daily activities of management, including directors.

The Nomination & Remuneration Committee is chaired by Outside Director Junko Hamamoto. The Committee consists of three members, with the other two members being Outside Directors Hideki Yamagata and Yukimitsu Watabe. The General Affairs Department serves as the secretariat. The secretariat presents the Company's management situation, appropriate agenda items, and decision-making materials and strives to facilitate active deliberations.

Members of each organization are as follows (◎ indicates chairman):

Position	Name	Board of Directors	Audit & Supervisory Committee	Nomination & Remuneration Committee
President and CEO	Kiyoshi Yasuno	◎		
Director	Yuichiro Yasuno	○		
Director	Junko Shishido	○		
Director	Tomohiro Matsuda	○		
Director	Masayoshi Miyashita	○		
Outside Director	Hideki Yamagata	○	◎	○
Outside Director	Yukimitsu Watabe	○	○	○
Outside Director	Junko Hamamoto	○	○	◎

Corporate Governance System



Financial Section

Six-Year Financial Summary

Belluna Co., Ltd. and Consolidated Subsidiaries

	Millions of yen						Thousands of U.S. dollars ¹
Years ended March 31	2020	2021	2022	2023	2024	2025	2025
For the year:							
Net sales	179,948	206,499	220,128	212,376	208,298	210,856	1,410,597
Cost of sales	74,908	84,935	90,822	86,674	81,953	81,604	545,919
Gross profit—net	105,062	121,564	129,305	125,701	126,345	129,251	864,671
Selling, general and administrative expenses	94,751	105,821	115,478	114,484	116,557	117,364	785,149
Operating income	10,311	15,734	13,827	11,217	9,787	11,887	79,522
Income before income taxes and minority interests	9,557	17,743	15,313	11,953	9,772	13,211	88,380
Net income	5,862	11,036	10,204	7,417	5,839	8,797	58,851
Capital investment	10,360	8,750	17,221	30,596	16,932	15,228	101,873
Depreciation	3,151	3,321	3,655	3,792	5,435	5,977	39,985
At year-end:							
Current assets	103,683	115,534	118,133	122,664	129,961	131,443	879,335
Property, plant and equipment	88,651	92,558	103,342	129,495	136,909	145,954	976,412
Total assets	223,128	240,211	254,178	285,592	300,691	312,462	2,090,326
Current liabilities	50,135	55,645	64,904	64,587	59,206	61,616	412,202
Long-term liabilities	70,467	71,334	70,229	94,568	105,302	109,189	730,459
Total liabilities	120,602	126,980	135,134	159,155	164,509	170,805	1,142,661
Net assets	102,525	113,231	119,044	126,436	136,182	141,656	947,659
Number of shares issued (thousands)	97,244	97,244	97,244	97,244	97,244	97,244	
Number of employees	3,297	3,320	3,444	3,579	3,825	3,884	
Yen						U.S. dollars ¹	
Per share data:							
Net income per share	60.62	114.17	105.55	76.71	60.39	91.25	0.60
Shareholders' equity per share ²	1,054.14	1,164.97	1,223.24	1,297.92	1,398.07	1,468.54	9.70
Cash dividends per share	16.0	16.5	19.00	20.00	20.50	29.00	0.19
Percentage (%)							
Financial ratios:							
Operating income margin	5.7	7.6	6.3	5.3	4.7	5.6	
Net income margin	3.3	5.3	4.6	3.5	2.8	4.2	
Return on equity (ROE) ³	5.8	10.3	8.8	6.1	4.5	6.4	
Return on assets (ROA) ⁴	4.9	7.1	5.8	4.3	3.7	4.2	
Shareholders' equity ratio ³	45.7	46.9	46.5	43.9	45.0	45.2	

Notes: 1. The U.S. dollar amounts have been translated from yen, for the convenience of the reader, at the rate of ¥149.48=US\$1.00, the approximate rate on the Tokyo foreign exchange market on March 31, 2025.

2. Net assets per share is presented as the line item Shareholders' equity per share. In the calculation of net assets per share, the amount of net assets less minority interests is used.

3. In the calculation of ROE and the Shareholders' equity ratio, the amount of net assets less minority interests is used as shareholders' equity.

4. ROA is the total of operating income and net interest and dividend income divided by average total assets.

Financial Review

Overview and Net Sales

In fiscal 2025, the Japanese economy showed a modest recovery, supported by robust corporate earnings, improved business sentiment, a rebound in domestic consumer spending, and an increase in inbound tourist spending. At the same time, however, persistently high raw material and resource prices, rising labor costs, and adverse weather conditions continued to exert upward pressure on prices, leaving the outlook uncertain. More recently, concerns have emerged over a potential slowdown in the global economy amid tariff policies introduced by the new U.S. administration, further heightening uncertainty about the future.

Against this backdrop, the Group has categorized its eight operating segments into two areas starting this fiscal year, with the aim of allocating management resources and developing businesses appropriately for each. These areas are the “growth area,” which is expected to drive future growth and profitability, and the “sustainability area,” which focuses on stable profitability, continuity, and sociality.

As a result, consolidated net sales for fiscal 2025 increased 1.2% year on year to ¥210,856 million, operating income increased 21.5% year on year to ¥11,887 million, and ordinary income increased 12.0% year on year to ¥13,255 million. In addition, profit attributable to owners of parent increased 50.7% year on year to ¥8,797 million.

Business results by segment were as follows.

Beginning with the fiscal year under review, as part of changes in internal management classifications, the restaurant business and the golf course management business conducted by El Dorado Co., Ltd. have been reclassified from the Other business to the Property business reportable segment. For comparative purposes, the figures for the previous fiscal year set out below have been restated to reflect this change in segment classification.

Net Sales and Earnings per Segment

In the hotel business in Japan, sales and income increased, driven mainly by rising demand for domestic travel as well as inbound tourism. At domestic resort hotels, sales and income rose as occupancy rates and prices per guest room increased, particularly in the Hokkaido area, while hotels in other regions also maintained generally solid sales and income. In the domestic urban hotel business, all of the hotels we operate posted higher sales and income, with a particularly significant increase in prices per guest room at our hotels in Sapporo and Ginza. The overseas hotel business also performed steadily, resulting in higher sales and income. As a result, segment net sales increased 12.4% compared with the previous fiscal year to ¥35,941 million, and segment (operating) income increased 23.3% to ¥5,256 million.

In the cosmetics mail order business, the number of new customer acquisitions remained steady. However, sales and income declined, mainly attributable to lower retention rates of subscription courses among new purchasers. In the health foods mail order business,

although the efficiency of new customer acquisitions improved, sales and income decreased as efforts to convert customers to subscription courses and to improve the retention rates of subscription customers did not lead to sufficient improvement. As a result, segment net sales fell by 5.9% year on year to ¥13,847 million, and segment (operating) income decreased 22.4% to ¥719 million.

In the gourmet mail order business, while sales of individual food items performed well compared with the same period of the previous year, sales in the alcoholic beverages category were flat, and the gift category struggled. In the wine mail order business, although sales showed only a slight increase year on year, profitability improved due to a review of the product delivery system and steady progress in new customer acquisitions in the latter half of the fiscal year. As a result, segment net sales decreased 1.1% compared with the previous fiscal year to ¥32,073 million, while segment (operating) income increased 14.8% to ¥1,252 million.

In the mail order business targeting nurses, purchasing costs rose due to the weaker yen and persistently high prices of raw materials and materials. To prioritize profitability, we reviewed product prices in certain sales channels and reduced the number of catalog publications, but sales and income still decreased. As a result, segment net sales decreased 2.7% compared with the previous fiscal year to ¥12,623 million, and segment (operating) income decreased 15.7% to ¥405 million.

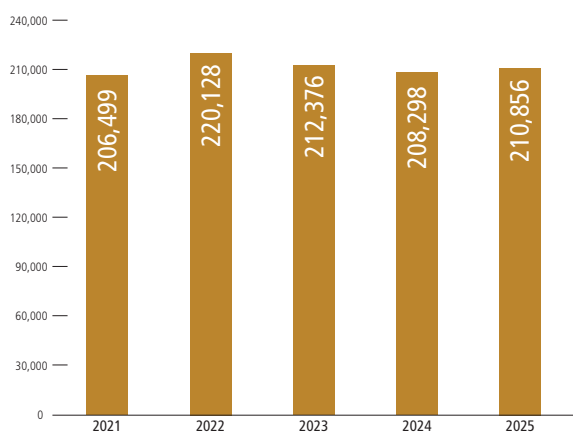
In the traditional clothing sales business, sales and income decreased due to factors such as the closure of unprofitable stores, which reduced both sales and the number of active customers, as well as a decline in new customer acquisitions at existing stores compared with the same period of the previous year. In the clothing rental business, sales and income increased, thanks to higher orders for rental of traditional graduation ceremony apparel due to the withdrawal of competitors and the expansion of early reservation events, as well as stronger promotion of advance photo-taking services. As a result, segment net sales decreased 1.5% compared with the previous fiscal year to ¥22,897 million, and segment (operating) income decreased 7.9% to ¥1,250 million.

In the apparel and goods mail order business, purchasing costs increased due to the weaker yen and persistently high prices of raw materials and materials, while paper and printing costs also remained elevated. To prioritize profitability, we reduced the number of issued papers and sought to control advertising and promotional expenses. Although the number of new customers increased as acquisition efficiency improved, the number of active customers remained flat because the repeat rate among existing customers fell short of plan. As a result, for the fiscal year under review, segment net sales increased 0.8% compared with the previous fiscal year to ¥74,836 million, while segment (operating) loss amounted to ¥1,696 million (segment (operating) loss of ¥2,992 million in the previous fiscal year).

In the apparel wholesale business, sales and income decreased, mainly as a result of a reduction in sales promotions using printed media by client companies and the disposal of inventory. In the travel agency business, sales increased but income decreased, as we prioritized growth

Net Sales

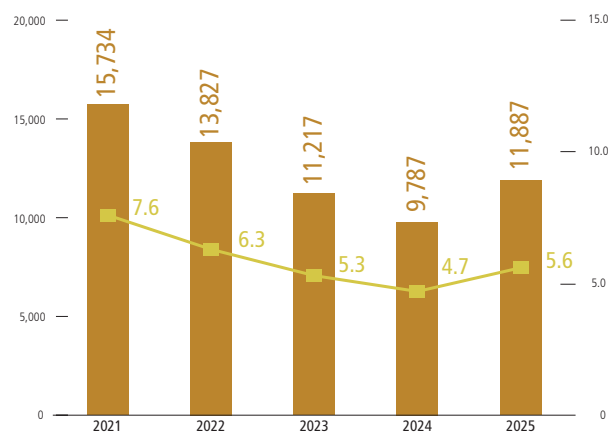
(millions of yen)



Operating Income and Operating Income Margin

(millions of yen)

(%)



■ Operating Income — Operating Income Margin

and carried out active advertising and promotional activities. As a result, segment net sales increased 5.6% compared with the previous fiscal year to ¥2,827 million, and segment (operating) loss amounted to ¥399 million (segment (operating) loss of ¥272 million in the previous fiscal year).

In the enclosing and mailing services business, although the number of catalog publications in the apparel and goods mail order business decreased, sales and income increased, mainly boosted by the development of new services and strengthened marketing efforts with existing clients. In the fulfillment outsourcing services business, while the acquisition of new clients progressed smoothly, sales and income decreased mainly due to a decline in sales from existing clients and higher personnel expenses at call centers. In the finance business, sales and income increased as lending remained steady, benefiting from more efficient acquisition of new customers compared with the same period of the previous year. As a result, segment net sales increased 2.4% compared with the previous fiscal year to ¥17,118 million, and segment (operating) income increased 0.2% to ¥5,161 million.

Financial Condition

Total assets as of March 31, 2025 stood at ¥312,462 million, an increase of ¥11,770 million from the previous fiscal year-end. In particular, current assets rose ¥1,482 million to ¥131,443 million, primarily reflecting increases of ¥2,716 million in trade loans and ¥2,053 million in real estate for sale, which outweighed a decrease of ¥1,514 million in real estate for sale in process. As of the end of the fiscal year, fixed assets stood at ¥181,018 million, an increase of ¥10,288 million. This was mainly due to increases of ¥18,560 million in buildings and structures and ¥1,637 million in goodwill, which outweighed a decrease of ¥9,782 million in construction in progress.

Total liabilities increased by ¥6,296 million compared with the previous fiscal year-end to ¥170,805 million. Specifically, current liabilities increased by ¥2,409 million year on year to ¥61,616 million, primarily because of an increase of ¥11,758 million in short-term borrowings, which outweighed decreases of ¥1,332 million in trade notes and accounts payable, ¥2,423 million in electronically recorded obligations - operating, and ¥5,010 million in current portion of bonds payable. Long-term liabilities increased by ¥3,886 million year on year to ¥109,189 million, mainly due to an increase of ¥4,290 million in long-term borrowings.

Net assets as of March 31, 2025 totaled ¥141,656 million, a ¥5,474 million rise compared with the previous fiscal year-end. As a result, the shareholders' equity ratio was 45.2%.

Cash Flows

The outstanding balance of cash and cash equivalents at the end of the fiscal year under review decreased by ¥1,032 million to ¥36,213 million from the end of the previous fiscal year, on a consolidated basis.

Net cash provided by operating activities during the fiscal year under review was ¥9,689 million (¥12,770 million provided in the previous

fiscal year). The main factors leading to the increase were ¥13,211 million of profit before income taxes and ¥5,977 million of depreciation, while the main factors leading to the decrease were an increase of ¥2,761 million in trade loans, a decrease of ¥3,316 million in notes and accounts payable, a decrease of ¥1,413 million in other current liabilities, and ¥4,187 million of income taxes paid.

Net cash used in investing activities during the fiscal year under review was ¥17,792 million (¥14,403 million used in the previous fiscal year). The main factors leading to the decrease were ¥15,031 million of acquisition of property, plant and equipment, ¥2,152 million of acquisition of investment securities, and ¥1,806 million of purchase of shares of subsidiaries resulting in change in scope of consolidation, while the main factors leading to the increase included ¥1,367 million of proceeds from sales of investment securities.

Net cash provided by financing activities during the fiscal year under review was ¥6,721 million (¥5,971 million provided in the previous fiscal year). The main factors leading to the increase were ¥3,950 million of net increase in short-term borrowings and ¥24,527 million of proceeds from long-term borrowings, while the main factors leading to the decrease were ¥13,257 million of repayments of long-term borrowings, ¥5,015 million of redemption of bonds, and ¥2,386 million of dividends paid.

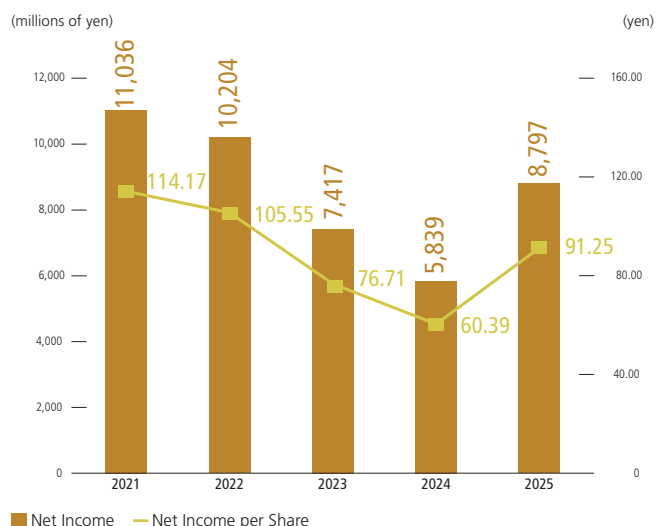
Forecasts for Fiscal 2026

The outlook for the Japanese economy is expected to continue its recovery trend and gradually recover with improvement in the employment and income environment. Inbound demand, in particular, is expected to remain strong for the time being. On the other hand, the outlook continues to remain uncertain as exhibited by the stagnation in consumer confidence caused by price hikes, the prolonged instability in the global situation, and trends in trade policy by the new U.S. administration.

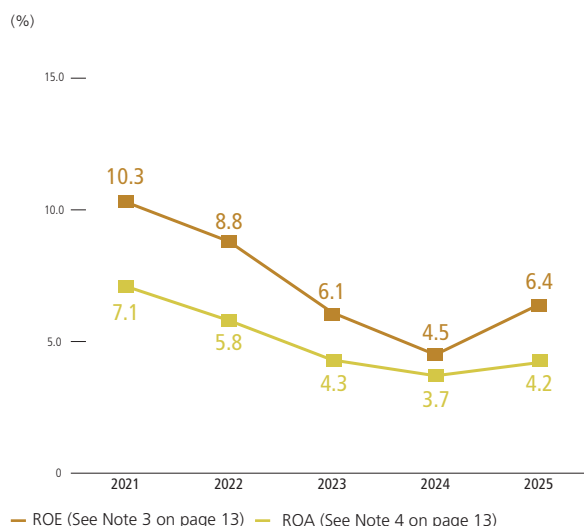
The Belluna Group sees the further expansion of inbound demand as a good opportunity and will focus on the Property business, centering on the hotel development, as an important growth driver for the Group. In addition, we will prioritize the growth in specialized business areas such as the Cosmetics & Health food business, Gourmet business, and Nurse-Related business, which are less affected by consumer confidence, to promote stable expansion. In the Apparel & Goods business, we will aim to achieve profitability early in segment operating income by improving the business scale and efficiency through maintaining the level of new customer acquisition and recovering the ratio of repeat customers.

For the fiscal year ending March 31, 2026, we expect to achieve net sales of ¥214.6 billion, operating income of ¥13.5 billion, ordinary income of ¥13.5 billion, and profit attributable to owners of parent of ¥9.5 billion. Current forecasts involve potential risks and uncertainties, and while they incorporate the amount of financial impact predictable as of this document's release as well as current conditions of the Group's operations, actual results may differ from these forecasts. Any changes to our forecasts will be promptly announced going forward.

Net Income and Net Income per Share



ROE and ROA



Business Risks

Of the matters related to the status of business operations and financial conditions described in the Annual Securities Report, the major risks recognized by management as having significant effect on the financial situation, operating performance, and cash flows of the consolidated companies are as follows. Based on the understanding of the possibility of occurrence of these risks, the Company will strive to avoid the occurrence of these risks and address them should they occur.

Also, matters related to the future in the following text are based on the decisions made by the Group as of the end of the current consolidated fiscal year.

1. Statutory Regulations and Litigation

The Belluna Group develops businesses in Japan and overseas and by doing so exposes itself to risks relating to a variety of statutory procedures, litigations, etc. by regulatory authorities. The Belluna Group has established internal control and administrative systems to promote strict compliance with such laws and regulations. However, in the event that certain laws and regulations are breached or the Group is forced to adhere to new obligations and incur cost burdens arising from regulatory revisions or the formulation of new regulations, the Group's reputation may suffer and the Group's operating performance and financial situation may be adversely affected. In addition, in the event that litigation likely to significantly affect operations or litigation with significant social impacts is brought and an unfavorable judgment is issued, the Group's operating performance and financial situation may be adversely affected.

2. Product Safety

Having established its own quality control standards, the Belluna Group works to increase the quality of the products it offers. However, in the event that future safety-related problems occur with regard to products it sells, the Group's operating performance and financial situation may be adversely affected due to damage caused to its reputation and the costs incurred in addressing such issues. Furthermore, in the event that a serious accident connected to products handled by the Group occurs, and any costs are incurred for correcting mishaps associated with those products, the Group's operating performance and financial situation could be negatively impacted.

In addition to strengthening compliance with relevant laws and regulations, the Belluna Group has established proprietary quality standards, and is engaged in enhancing product quality through initiatives such as regular internal training.

3. Climate and Seasonal Risks

Although the Belluna Group formulates sales plans based on seasonal product trends, inclement weather, including cool

summers, warm winters and extended periods of heavy rain, may place downward pressure on sales activities and cause additional problems such as excess inventories. As a result, the Group's operating performance and financial situation may be negatively affected.

To respond to fluctuations in sales, the Group strives to minimize opportunity losses and excess inventories through measures such as placing orders in smaller lots.

4. Natural Disaster Risks

In the event of a natural disaster, order processing, product delivery and purchasing, credit control and other operations may be significantly impacted. Belluna's operations may be disrupted, wholly or in part, or may be impacted by a major disaster in the event that social infrastructure is significantly damaged, there is an outbreak of disease or the Group's facilities are damaged. As a result, the Group's operating performance and financial situation may be adversely affected.

In order to minimize such impact, the Group has increased the earthquake resistance of its information systems as well as dispersed its fulfillment service centers, including call and distribution centers.

5. Risks from Changes in the Political and Economic Situation of Producing Countries

The Belluna Group directly procures some of its products from overseas, in an effort to produce competitive products and to reduce manufacturing costs. Any occurrence of events, such as changes in political and economic circumstances, unforeseen amendments to laws and regulations, a shortage in labor supply, terrorism, wars, strikes, demonstrations, and natural disasters in the producing countries could result in the Group's operating performance and financial situation being negatively affected. The Belluna Group endeavors to collect information on political, economic and other conditions in the overseas countries and regions in which it operates, so as to detect and identify risks at an early stage, thereby enabling it to mitigate or avoid them.

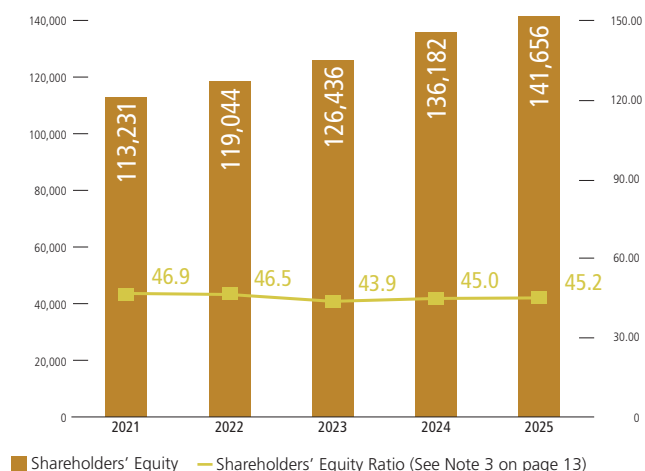
6. Risk from Fluctuations in Raw Material and Other Markets

In the event that the market prices of such raw materials as pulp (which is used to produce catalogs and other items) exceed Group expectations or there is an increase in the cost of consigned dispatch services by carriers, mainly reflecting an increase in crude oil prices, the Group's operating performance and financial situation may be adversely affected.

The Belluna Group endeavors to control purchasing price fluctuations, through measures such as reviewing producing countries and securing multiple suppliers.

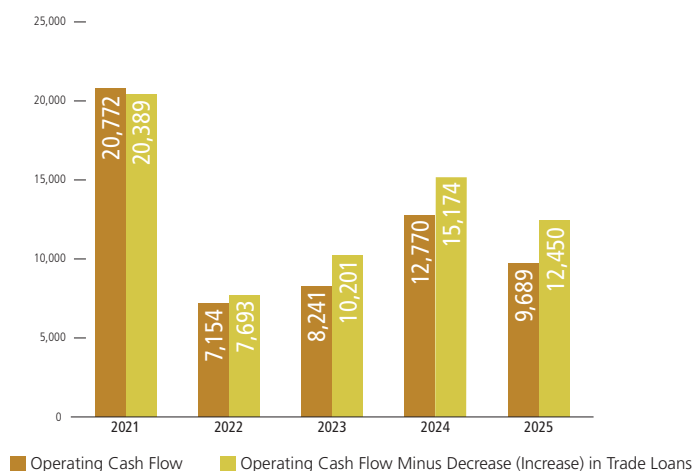
Shareholders' Equity* and Shareholders' Equity Ratio

(millions of yen) (%)



Operating Cash Flow and Operating Cash Flow - Decrease (Increase) in Trade Loans

(millions of yen)



7. Overseas Business Development Risks

The Group has developed the Property business in various countries overseas. Any occurrence of events, such as changes in political and economic circumstances, unforeseen amendments to laws and regulations, a shortage in labor supply, terrorism, wars, strikes, demonstrations, and natural disasters in the countries and regions in which the Group develops its overseas business could impact the Belluna Group's overall operating performance and financial situation.

The Belluna Group endeavors to collect information on political, economic and other conditions in the overseas countries and regions in which it operates, so as to detect and identify risks at an early stage, thereby enabling it to mitigate or avoid them.

8. Foreign Exchange Risks

In the natural course of its business activities, the Belluna Group imports certain products for which payment is denominated in foreign currencies. A substantial movement in foreign exchange rates could affect the Group's operating performance and financial situation.

In an effort to minimize the risk from foreign exchange rate fluctuations, the Group enters into forward foreign exchange rate contracts.

9. Personal Information Leakage Risks

As the Belluna Group handles customers' personal information, the Group makes every effort to adhere strictly to the Act on the Protection of Personal Information while strengthening the control systems within Group companies and contractors we outsource to in order to prevent the unauthorized outflow of information. If, however, any such information should be leaked, the Group may incur significant damage to its reputation and costs in addressing such issues, which may lead to deterioration in its operating performance and financial situation.

In addition to maintaining systems that establish appropriate protection measures for personal information, in accordance with the provisions of the Act on the Protection of Personal Information, and conducting regular internal training, etc., the Belluna Group has obtained PrivacyMark certification and handles personal information appropriately.

10. System Risk

Nearly all of the Belluna Group's business operations are computerized and the Group is taking steps to augment security and strengthen IT infrastructure by implementing a variety of measures. However, despite the use of every conceivable state-of-the-art measure available at the time, the possibility exists that Belluna will incur a loss caused by system disruptions, malfunctions or other issues related to unauthorized access and the infiltration of computer viruses from outside the Group. Should an extended computer malfunction arise, Belluna could incur significant costs in addressing such issues up to the time of full recovery, placing downward pressure on the Group's operating performance and financial situation.

In addition to working regularly to maintain the stable operation of systems and security, the Belluna Group has also implemented measures such as ensuring backups of important systems.

11. Real Estate Market Trend Risks

In the Property business, the influence of such economic conditions as economic trends, land price fluctuations and changes in the overall financial environment may cause impairment losses or valuation losses on the Belluna Group's real estate holdings, which could have an impact on its operating performance and financial condition.

The Belluna Group manages sales performance for each property on a monthly basis. The Group has implemented systems to ensure a swift response should a significant downturn in results occur.

12. Risk from Fluctuations in Marketable Security Prices

The Belluna Group possesses liquid securities. In the case of a financial crisis or a significant deterioration in the performance of individual companies, impairment losses or valuation losses may be recognized on these securities. As a result, the Group's operating performance and financial situation may be adversely affected.

The Group continuously monitors stock market trends and the performance of its holdings, which allows it to respond appropriately in accordance with circumstances.

13. Financial Risks

The Belluna Group has concluded syndicated loan and commitment contracts for bank borrowings. These contracts contain financial covenants that require it to ensure that the level of net assets stated on its year-end consolidated balance sheets remains at least at 75% when compared with the sum total of net assets recorded at the end of the previous fiscal year. Any infringement of such financial covenants may result in the issuance of a claim to repay the borrowed funds in advance. In the event of any failure to repay such a claimed amount, the ensuing loss of term profits could potentially impact the operating performance and financial situation of the Belluna Group. In event that Belluna's credit rating is lowered, fund procurement costs will increase, while the ability to obtain funds in both public and private bonds markets will decrease. As a result, the Group's operating performance and financial situation may be adversely affected.

The Belluna Group endeavors to ensure a stable financial structure through diversification of its methods of fund procurement, such as the direct fund procurement in addition to bank borrowings, as well as efficient utilization of funds within the Group.

14. Risk from M&As

The Belluna Group has striven to strengthen Group businesses mainly through M&As. Though the Group works to avoid risks by engaging external lawyers, accountants, and other professionals to conduct due diligence on target companies, unrecognized liabilities may emerge after acquisition and results initially expected may not materialize. As a result, the Group's operating performance and financial situation may be adversely affected. Furthermore, the Group seeks to minimize risks by clearly stipulating warranty and indemnity provisions in contracts and other agreements. In addition, after acquisitions, the Group assigns its personnel to the acquired companies to ensure smooth integration and operation within the Group.

15. Risks from Impairment Loss of Property, Plant and Equipment

The Belluna Group has property, plant and equipment mainly in the Property business. In the event that future cash flow fails to generate profits sufficient to meet expectations due mainly to changes in the surrounding environment, the Group will be required to post impairment loss. As a result, the Group's operating performance and financial situation may be adversely affected.

The Belluna Group manages performance for each business on a monthly basis. The Group has implemented systems to ensure a swift response should a significant downturn in results occur.

16. Risks from Changes in Customers' Preference

The Belluna Group designs, develops and sells products and services by analyzing previous business results, market trends, and other elements in order to fulfill the preferences of its many customers. In the event that the Group fails to respond to changes in customer preferences, the Group will suffer decreased sales and excessive inventories, and thereby the Group's operating performance and financial situation may be adversely affected. The Group strives to capture changes in customer preferences by actively conducting case studies of industry counterparts and creating opportunities to directly hear customer feedback.

17. Risks from the emergence of infectious diseases

The Belluna Group operates hotel, restaurant, apparel store, and Kimono store businesses. In the event that a widespread infectious disease emerges and behavioral and travel restrictions are issued, the Group may suffer negative impacts, including a significant decrease in hotel guests and shop visitors, and thereby the Group's operating performance and financial situation may be adversely affected.

In such an event, the Group has a system in place to set up an emergency task force, prioritize the safety of customers and employees, and implement measures to minimize the impact on its business performance and financial position.

Consolidated Financial Statements

The following is an English-language translation of the audited consolidated financial statements section of the Yukashoken Hokokusho (annual securities report), originally issued in Japanese, of Belluna Co., Ltd. and its consolidated subsidiaries for the year ended March 31, 2025 (with comparative figures for the previous year).

Consolidated Balance Sheets

		In millions of yen	
		March 31, 2024	March 31, 2025
Assets			
Current assets			
Cash and deposits		35,842	35,414
Notes receivable - trade		67	12
Accounts receivable - trade		10,502	10,854
Trade loans		31,750	34,466
Marketable securities		695	314
Merchandise and finished goods		26,097	25,664
Raw materials and supplies		1,487	1,372
Real estate for sale		5,129	7,182
Real estate for sale in process	*2	3,205	*2 1,690
Other current assets		16,076	15,448
Allowance for doubtful accounts		(892)	(978)
Total current assets		129,961	131,443
Fixed assets			
Property, plant and equipment			
Buildings and structures	*2 *3	91,405	*2 *3 113,461
Accumulated depreciation	*1	(25,935)	*1 (29,430)
Buildings and structures (net)		65,470	84,031
Machinery and equipment	*2	12,527	*2 12,509
Accumulated depreciation	*1	(4,381)	*1 (5,209)
Machinery and equipment (net)		8,145	7,299
Furniture and fixtures	*3	6,070	*3 7,175
Accumulated depreciation	*1	(4,115)	*1 (4,599)
Furniture and fixtures (net)		1,954	2,575
Land	*2	46,739	*2 47,410
Leased assets		2,660	2,933
Accumulated depreciation	*1	(667)	*1 (1,119)
Leased assets (net)		1,993	1,813
Construction in progress		12,605	2,823
Total property, plant and equipment		136,909	145,954
Intangible fixed assets			
Goodwill		1,044	2,682
Leased assets		799	556
Other	*2	9,049	*2 8,581
Total intangible fixed assets		10,893	11,820
Investments and other assets			
Investment securities	*4	14,614	*4 14,576
Long-term lending		1,998	1,986
Claims provable in bankruptcy, claims provable in rehabilitation and other		211	271
Deferred tax assets		598	1,318
Other assets		6,209	5,835
Allowance for doubtful accounts		(705)	(744)
Total investments and other assets		22,927	23,244
Total fixed assets		170,730	181,018
Total assets		300,691	312,462

In millions of yen

	March 31, 2024	March 31, 2025
Liabilities		
Current liabilities		
Trade notes and accounts payable	10,934	9,601
Electronically recorded obligations - operating	5,682	3,259
Accrued expenses	14,631	13,995
Short-term borrowings	*2 *5 *6 13,090	*2 *5 *6 24,849
Current portion of bonds payable	5,015	5
Lease obligations	489	472
Income taxes payable	2,210	2,678
Contract liabilities	3,557	3,452
Provision for bonuses	1,058	984
Provision for loss on store closings	—	65
Other current liabilities	2,536	2,251
Total current liabilities	59,206	61,616
Long-term liabilities		
Bonds payable	5	—
Long-term borrowings	*2 *5 *6 98,563	*2 *5 *6 102,853
Provision for loss on interest repayment	335	242
Lease obligations	2,387	2,079
Net defined benefit liability	331	223
Provision for retirement benefits for directors and audit and supervisory committee members	249	249
Asset retirement obligations	1,076	1,069
Provision for repairs	117	147
Other long-term liabilities	2,236	2,324
Total long-term liabilities	105,302	109,189
Total liabilities	164,509	170,805
Net assets		
Shareholders' equity		
Common stock	10,612	10,612
Capital surplus	10,950	11,375
Retained earnings	112,545	118,956
Treasury stock	(455)	(794)
Total shareholders' equity	133,652	140,149
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,028	2,136
Deferred gains or losses on hedges	496	159
Revaluation reserve for land	(7)	(7)
Foreign currency translation adjustments	(1,979)	(1,163)
Remeasurements of defined benefit plans	1	38
Total accumulated other comprehensive income	1,539	1,164
Non-controlling interests	990	342
Total net assets	136,182	141,656
Total liabilities and net assets	300,691	312,462

Consolidated Statements of Income

	In millions of yen	
	Year ended March 31, 2024	Year ended March 31, 2025
Net sales	*1 208,298	*1 210,856
Cost of sales	*2 81,953	*2 81,604
Gross profit—net	126,345	129,251
Selling, general and administrative expenses	*3 116,557	*3 117,364
Operating income	9,787	11,887
Non-operating income		
Interest income	257	344
Dividend income	793	479
Rent income	32	34
Extinction of debt	28	30
Compensation received	71	45
Foreign exchange gains	1,472	907
Subsidy income	85	5
Gain on investments in investment partnerships	—	413
Other	363	382
Total non-operating income	3,105	2,643
Non-operating expenses		
Interest expense	481	783
Commission fee	194	97
Depreciation	22	22
Loss on closing of stores	138	151
Provision for store closing loss	—	65
Other	224	155
Total non-operating expenses	1,061	1,275
Ordinary income	11,831	13,255
Extraordinary gains		
Gain on sales of non-current assets	*4 15	*4 10
Gain on sales of investment securities	1,369	361
Gain on redemption of investment securities	7	0
Total extraordinary gains	1,391	372
Extraordinary losses		
Loss on sale of non-current assets	—	*5 37
Loss on retirement of fixed assets	*6 16	*6 45
Loss on reversal of foreign currency translation adjustments	—	28
Impairment loss	*7 3,433	*7 160
Settlement payments	—	14
Other	—	*8 130
Total extraordinary losses	3,450	416
Profit before income taxes	9,772	13,211
Income taxes—current	3,874	4,600
Income taxes—deferred	180	(219)
Total income taxes	4,055	4,381
Profit	5,717	8,829
Profit (loss) attributable to non-controlling interests	(121)	32
Profit attributable to owners of parent	5,839	8,797

Consolidated Statements of Comprehensive Income

In millions of yen		
	Year ended March 31, 2024	Year ended March 31, 2025
Profit	5,717	8,829
Other comprehensive income		
Valuation difference on available-for-sale securities	1,325	(891)
Revaluation reserve for land	389	(336)
Foreign currency translation adjustments	4,185	1,118
Remeasurements of defined benefit plans, net of tax	0	37
Total other comprehensive income	*1 5,901	*1 (72)
Comprehensive income	11,619	8,757
Comprehensive income attributable to owners of parent	11,647	8,713
Comprehensive income attributable to non-controlling interests	(28)	43

Consolidated Statements of Changes in Net Assets

(In millions of yen)													
Year ended March 31, 2024	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year	10,612	10,951	108,663	(462)	129,765	1,702	106	(7)	(6,071)	0	(4,268)	940	126,436
Changes during year:													
Dividends paid			(1,958)		(1,958)						—		(1,958)
Profit attributable to owners of parent			5,839		5,839						—		5,839
Increase in consolidated subsidiaries - non-controlling interests					—						—	—	—
Purchase of treasury stock				(0)	(0)						—		(0)
Disposal of treasury stock		(1)		7	6						—		6
Capital increase of consolidated subsidiaries					—						—	78	78
Increase or decrease in equity due to capital reduction of consolidated subsidiary					—						—	—	—
Net changes of items other than shareholders' equity					—	1,325	389	—	4,091	0	5,807	(28)	5,779
Total changes of items during year	—	(1)	3,881	7	3,887	1,325	389	—	4,091	0	5,807	50	9,745
Balance at end of year	10,612	10,950	112,545	(455)	133,652	3,028	496	(7)	(1,979)	1	1,539	990	136,182

(In millions of yen)													
Year ended March 31, 2025	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year	10,612	10,950	112,545	(455)	133,652	3,028	496	(7)	(1,979)	1	1,539	990	136,182
Changes during year:													
Dividends paid			(2,386)		(2,386)						—		(2,386)
Profit attributable to owners of parent			8,797		8,797						—		8,797
Purchase of treasury stock				(345)	(345)						—		(345)
Disposal of treasury stock		0		6	6						—		6
Capital increase of consolidated subsidiaries					—						—	—	—
Purchase of shares of consolidated subsidiaries		425			425						—		425
Net changes of items other than shareholders' equity					—	(891)	(336)	0	816	37	(374)	(648)	(1,023)
Total changes of items during year	—	424	6,411	(338)	6,497	(891)	(336)	0	816	37	(374)	(648)	5,474
Balance at end of year	10,612	11,375	118,956	(794)	140,149	2,136	159	(7)	(1,163)	38	1,164	342	141,656

Consolidated Statements of Cash Flows

	In millions of yen	
	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	9,772	13,211
Depreciation	5,435	5,977
Impairment loss	3,433	160
Amortization of goodwill	499	354
Increase (decrease) in allowance for doubtful accounts	100	132
Increase (decrease) in provision for bonuses	22	(74)
Increase (decrease) in net defined benefit liability	15	(52)
Increase (decrease) in provision for loss on interest repayment	(54)	(93)
Increase (decrease) in provision for repairs	23	29
Increase (decrease) in provision for loss on store closings	(13)	65
Interest and dividend income	(1,050)	(823)
Interest expense	481	783
Loss (gain) on sales of investment securities	(1,369)	(361)
Foreign exchange losses (gains)	(392)	(54)
Loss on retirement of fixed assets	16	45
Loss (gain) on sales of property, plant and equipment	(15)	27
Decrease (increase) in trade notes and accounts receivable	(111)	(166)
Decrease (increase) in trade loans	(2,404)	(2,761)
Decrease (increase) in inventories	2,471	583
Decrease (increase) in real estate for sale	1,016	(161)
Decrease (increase) in other current assets	128	318
Increase (decrease) in notes and accounts payable	(2,243)	(3,316)
Increase (decrease) in other current liabilities	(1,912)	(1,413)
Increase (decrease) in other long-term liabilities	219	154
Other	1,849	1,019
Sub-total	15,919	13,584
Interest and dividends received	1,041	818
Interest paid	(478)	(782)
Refund of income taxes	119	256
Income taxes paid	(3,832)	(4,187)
Net cash provided by operating activities	12,770	9,689
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	454	—
Proceeds from sale of securities	—	155
Acquisition of property, plant and equipment	(15,653)	(15,031)
Proceeds from sales of property, plant and equipment	16	28
Acquisition of intangible fixed assets	(1,128)	(315)
Acquisition of investment securities	(1,359)	(2,152)
Proceeds from sales of investment securities	3,761	1,367
Payments of loans receivable	(245)	(10)
Collection of loans receivable	12	5
Payments for guarantee deposits	(203)	(124)
Proceeds from collection of guarantee deposits	156	262
Payments of other investments	(212)	(174)
Collection of other investments	4	2
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (5)	*2 (1,806)
Net cash used in investing activities	(14,403)	(17,792)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,000)	3,950
Proceeds from long-term borrowings	25,307	24,527
Repayments of long-term borrowings	(10,753)	(13,257)
Redemption of bonds	(20)	(5,015)
Purchase of treasury stock	(0)	(345)
Dividends paid	(1,958)	(2,386)
Proceeds from share issuance to non-controlling shareholders	78	—
Dividends paid to non-controlling interests	—	(120)
Repayments of lease obligations	(421)	(492)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(146)
Proceeds from sale and leaseback transactions	2,737	7
Net cash provided by financing activities	5,971	6,721
Effect of exchange rate change on cash and cash equivalents	1,077	349
Net increase (decrease) in cash and cash equivalents	5,416	(1,032)
Cash and cash equivalents at beginning of year	31,828	37,245
Cash and cash equivalents at end of year	*1 37,245	*1 36,213

Notes to Consolidated Financial Statements

Basis for preparation of consolidated financial statements

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 57 companies

From the fiscal year under review, AgingBeef Inc. has been newly included in the scope of consolidation due to the acquisition of its shares. Additionally, GRANBELL EUCLID LLC has been excluded from the scope of consolidation due to the completion of liquidation. The statements of income are consolidated until the completion of liquidation.

Names of major consolidated subsidiaries:

Refre Co., Ltd., Ozio Co., Ltd., Friendly Co., Ltd., Sunstage Co., Ltd., BANKAN Wamonoya Co., Ltd., El Dorado Co., Ltd., Texas Co., Ltd., and NurseStage Co., Ltd.

- (2) Names of major non-consolidated subsidiaries:

Human Resource Management Co., Ltd., etc.

Reason why the above subsidiaries are excluded from the scope of consolidation:

These non-consolidated subsidiaries are small in size, and their total assets, total net sales, total net income or loss (attributable to the equity interest) and total retained earnings (attributable to the equity interest) do not have a material effect on the consolidated financial statements of the Company. Therefore, they have been excluded from the scope of consolidation.

2. Application of equity method

- (1) Number of non-consolidated subsidiaries accounted for by the equity method: None

- (2) Number of affiliated companies for which the equity method is applied: 2

- (3) Non-consolidated subsidiaries (Human Resource Management Co., Ltd., etc.) are excluded from the scope of the equity method application because they do not have a significant effect on the consolidated net income or loss, consolidated retained earnings, etc., of the Company, nor do they have materiality as a whole.

3. Accounting period of consolidated subsidiaries

The accounting periods of BELLUNA CAPITAL, INC. and nine other consolidated subsidiaries end on December 31. The financial statements of the above consolidated subsidiaries as of their financial closing dates are used as the basis for consolidation since the difference between their financial closing dates and the consolidated financial closing date does not exceed three months.

However, the necessary adjustments for consolidation have been made to reflect any significant transactions that occurred during the period between those companies' closing dates and the consolidated balance sheet date.

4. Significant accounting policies

- (1) Valuation method of significant assets

i) Securities:

- (a) Held-to-maturity debt securities:

Held-to-maturity debt securities are amortized at cost (straight-line method).

- (b) Available-for-sale securities:

Available-for-sale securities apart from shares, etc. without market prices:

Available-for-sale securities apart from shares, etc. without market prices are carried at their fair market value based on the market prices at the consolidated fiscal year-end, with any changes in unrealized gain or loss, net of the applicable income taxes, directly included in net assets. Cost of securities sold is calculated by the moving average method.

Shares, etc. without market prices:

These securities are carried at cost determined by the moving average method.

Investments in limited liability investment business partnerships and similar partnerships, defined as a security under Article 2, Paragraph 2 of the Japanese Financial Instruments and Exchange Law:

These securities are carried to reflect the net amount attributable to the equity interest, based on the latest available financial information as stipulated in the partnership agreements.

ii) Derivatives:

Derivatives are carried at fair value.

iii) Inventories:

- (a) Merchandise and finished goods:

Merchandise and finished goods are stated at cost determined by the moving average method (with the book value reduction method based on a decline in profitability for balance sheet carrying amounts).

- (b) Raw materials and supplies:

Raw materials and supplies are stated at the latest purchase price.

- (c) Real estate for sale:

Real estate for sale is stated at cost by the individual price method (with the book value reduction method based on a decline in profitability for balance sheet carrying amounts).

- (d) Real estate for sale in process:

Real estate for sale in process is stated at cost by the individual price method (with the book value reduction method based on a decline in profitability for balance sheet carrying amounts).

- (2) Method of depreciation and amortization

- i) Depreciation of property, plant and equipment (excluding leased assets):

For the depreciation of these properties, the Company and domestic consolidated subsidiaries apply the declining balance method, and overseas consolidated subsidiaries, the straight-line method.

For buildings (excluding accompanying facilities) acquired on or after April 1, 1998 and accompanying facilities and structures acquired on or after April 1, 2016, the Company and domestic consolidated subsidiaries apply the straight-line method. For certain machinery and equipment, the straight-line method is applied.

- ii) Amortization of intangible fixed assets (excluding leased assets):

The amortization of intangible fixed assets is calculated by the straight-line method. Capitalized costs for computer software for internal use are amortized over the estimated useful life of said software (five years).

- iii) Leased assets:
 - (a) Finance lease transactions that transfer the ownership of the leased assets to the lessee:
The depreciation method is the same as that applied for self-owned fixed assets.
 - (b) Finance lease transactions that do not transfer the ownership of the leased assets to the lessee:
The depreciation of leased assets is calculated by the straight-line method based on the assumption that the useful life equals to the lease term and the residual value equals to zero.
- (3) Basis for the provision of significant allowances and reserves
 - i) Allowance for doubtful accounts:
Allowances for doubtful accounts are provided at amounts determined based on the historical default rates with respect to ordinary receivables, and allowances for specific doubtful receivables at estimated amounts considered to be uncollectible after reviewing individual collectability.
 - ii) Provision for bonuses:
Provision for bonuses is provided based on the estimated amount to be paid to employees for the current fiscal year.
 - iii) Provision for loss on interest repayment:
Provision for loss on interest repayment is provided for expected refund claims of interest on trade loans that exceed the upper limit of the interest rate prescribed under the Interest Rate Restriction Act.
 - iv) Provision for retirement benefits for directors and audit and supervisory committee members:
Provision for retirement benefits for directors and audit and supervisory committee members is provided at the amount to be paid at the year-end based on internal rules.
 - v) Provision for repairs:
Provision for repairs is provided for the future expenditures required for repairs at the amount to be paid in the current fiscal year among the repair expense reasonably estimated based on repair plans.
 - vi) Provision for loss on store closings:
Provision for loss on store closings is provided at an estimated potential loss from the closure of stores that is scheduled for the next fiscal year and beyond.
- (4) Accounting method for retirement benefits:
 - i) Method of attributing projected benefits to periods:
Projected retirement benefits are attributed to periods through the current fiscal year-end on a straight-line basis in determining retirement benefit obligation.
 - ii) Treatment of actuarial gains and losses:
Actuarial gains and losses are amortized by the straight-line method in equal installments over a certain period (five years), which falls within the average remaining years of service of employees when incurred. The amortization of such gains and losses begins in the year in which they arise.
 - iii) Application of short-cut method by small-scale companies:
Certain consolidated subsidiaries, in calculating retirement benefit liability and retirement benefit costs, apply a short-cut method in which the benefit amount payable for voluntary retirement is defined as the retirement benefit obligation.
- (5) Method and period of amortization of goodwill
Goodwill is amortized by the straight-line method over a period of 1 to 10 years.
- (6) Cash and cash equivalents in the consolidated statements of cash flows
These consist of cash on hand, cash in banks that can be withdrawn on demand, and short-term investments that will become due within three months from the acquisition date and can easily be converted into cash with negligible risk of value change.
- (7) Standards for the recognition of significant revenue and expenses
 - i) Property business
In this business, the Group mainly provides accommodation services and ancillary services at hotels, and engages in real estate leasing and redevelopment, as well as power generation and restaurant businesses. Revenue from the provision of accommodation services and ancillary services at hotels is recognized when the accommodation services are provided. Revenue from real estate leasing is recognized over the contractual term of the lease. Revenue from the redevelopment business is recognized when ownership of the property is transferred to the buyer. As for the power generation business, the performance obligations are satisfied over a certain period of time and deemed to have been satisfied when generated power is supplied to a power company, and a certain amount of revenue is recognized over the certain period of time. Revenue from the restaurant business is recognized when products are delivered to customers.
 - ii) Mail order (Cosmetics & Health food business, Gourmet business, Nurse-Related business, Apparel & Goods business)
In this business, the Group mainly engages in catalog and online sales and mail order sales through media such as newspaper advertisements and television. The main products include cosmetics and health food items in the Cosmetics & Health food business; food, Japanese sake and wine in the Gourmet business; products for nurses in the Nurse-Related business; and apparel, sundry goods, home furnishings and other household goods in the Apparel & Goods business. When selling these products, we determine that the control of the product will transfer to the customer upon delivery, but since the period from the shipment to delivery is considered the regular period, we apply the alternative treatment regarding materiality, etc. and recognize the revenue at the time of shipment.
 - iii) Kimono-Related business
In this business, the Group mainly engages in the sale and rental of Japanese traditional clothing. Revenue from the sale and rental of products is recognized when the product is delivered to the customer.
 - iv) Database Utilization business
In this business, the Group mainly engages in providing services enclosing pamphlets and other catalogs, product mailing services, and direct-marketing outsourcing services (receiving orders, logistics services, catalog mailing services) for external business operators, and finance business for individuals. For services for external business operators, revenue is recognized when the provision of services under the contract is completed. In the finance business, revenue is recognized over time.
- (8) Significant hedge accounting methods
 - i) Hedge accounting methods
The Company applies deferred hedge accounting, in principle.

- ii) Hedging instruments and hedged items
The Company applies hedge accounting for the following hedging instruments and hedged items.
Hedging instruments: foreign currency forward contracts
Hedged items: planned foreign currency-denominated transactions
- iii) Hedging policy
The Company engages in hedging transactions within the scope necessary to mitigate currency exchange rate fluctuation risk.
- iv) Method of assessing hedge effectiveness
Since currency forward contracts in the same currency are applied to forecasted transactions, the correlation with subsequent changes in foreign exchange rates is fully ensured. Therefore, the evaluation concerning the effectiveness is omitted.
- (9) Other significant accounting policies
Accounting treatment of nondeductible consumption taxes, etc.
Nondeductible consumption and local consumption taxes on assets are expensed in the fiscal year in which they arise.

(Important accounting estimates)

1. Estimates for impairment of fixed assets

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

(In millions of yen)

Item	March 31, 2024	March 31, 2025
Impairment loss	3,433	160
Property, plant and equipment	136,909	145,954
Intangible fixed assets	10,893	11,820

(2) Information regarding details of important accounting estimates pertaining to identified items

The Group has important assets in the Property business, the Nurse-Related business, the Kimono-Related business, and the Apparel & Goods business, etc., and for asset groups that are continuing to result in negative net income from operating activities, the amount is reduced to the recoverable amount and recorded as an impairment loss. When understanding the signs of impairment, determining the recognition of impairment, and calculating the recoverable amount, the actual results are compared with past plans for each asset group, and considered based on the current business environment, market trends, and business plans, etc. In addition, for real estate properties, the net realizable value is estimated by referring to price estimates by experts and market prices such as publicly disclosed official prices and route prices, and used for consideration together with the recoverable amount. Rational determinations are made based on information and materials available at the time of the financial statements; however, due to uncertain future changes in economic conditions, it is possible that an additional impairment loss may arise in the consolidated financial statements from the next consolidated fiscal year.

2. Estimates for recoverability of deferred tax assets

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

(In millions of yen)

Item	March 31, 2024	March 31, 2025
Deferred tax assets	598	1,318

(2) Information regarding details of important accounting estimates pertaining to identified items

The Group records deferred tax assets in consideration of taxable income estimates and feasible tax planning based on future profit plans. When calculating the recoverable amount of deferred tax assets, we determine the amount rationally based on the details and materials available at the time of year-end closing. However, in the event that it becomes necessary to revise the profit plan and taxable income due to uncertain future changes in economic conditions, this may have a significant impact on the amount of deferred tax assets and income taxes deferred that are recognized in the consolidated financial statements from the next consolidated fiscal year.

(Changes in accounting policy)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc., effective from the beginning of the fiscal year under review. The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of Paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policy has no impact on the consolidated financial statements.

(Issued but not yet adopted accounting standards)

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)

- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

Related corporate accounting standards, implementation guidance on corporate accounting standards, practical solutions, and transferred guidance that have been revised were also referenced.

(1) Overview

The accounting standards, etc. require that lessees record assets and liabilities for all leases in line with international accounting standards.

(2) Scheduled date of application

Scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of applying the Accounting Standard and other standards

The impacts of adopting the Accounting Standard for Leases, etc. on the consolidated financial statements are currently under evaluation.

Notes to the Consolidated Balance Sheets

*1. Accumulated impairment loss is included in "Accumulated depreciation."

*2. Pledged assets and secured liabilities
Assets pledged as collateral and secured liabilities are as follows.

(In millions of yen)

	March 31, 2024	March 31, 2025
Real estate for sale in process	3,205	1,690
Buildings and structures	27,685	38,411
Machinery and equipment	7,111	6,421
Land	23,401	23,401
Intangible fixed assets (leasehold interests in land)	675	675
Total	62,079	70,600

Liabilities secured by the above are as follows.

(In millions of yen)

	March 31, 2024	March 31, 2025
Short-term borrowings	5,921	13,438
Long-term borrowings	74,842	69,457
Total	80,764	82,896

*3. Reduction entry amount
The reduction entry amount deducted from the acquisition price of property, plant and equipment due to national treasury subsidies, etc., and the details thereof, are as follows:

(In millions of yen)

	March 31, 2024	March 31, 2025
Reduction entry amount	437	672
(of which, buildings and structures)	436	671
(of which, furniture and fixtures)	0	0

*4. Investment in equities of non-consolidated subsidiaries and affiliated companies is as follows:

(In millions of yen)

	March 31, 2024	March 31, 2025
Investment securities (stocks)	1,651	1,719

*5. The Company maintains overdraft agreements and lending commitments with banks for the timely financing of working capital. The unexecuted balance granted under these facilities at March 31, 2024 and 2025 is summarized as follows:

(In millions of yen)

	March 31, 2024	March 31, 2025
Total of the overdraft limit and lending commitments	36,761	19,184
Executed loans	12,067	6,286
Unexecuted balance	24,694	12,898

*6. Restrictive financial covenants
Of the consolidated borrowings balance, up to ¥74,794 million was subject to restrictive financial covenants under relevant loan agreements, by which it is pledged, among others, that the net asset amount (on a consolidated basis) shall be maintained at the level of 75% or more of the net asset amount as of the end of the preceding fiscal year.

7. Joint and several liability on guarantee
The Company provides a joint and several guarantee as follows:

(In millions of yen)

	March 31, 2024	March 31, 2025
Shurei Co., Ltd. (Note)	36	9

Note: The Company provides a joint and several guarantee for the borrowings from financial institutions.

Notes to the Consolidated Statements of Income

*1. Revenue from contracts with customers

The Company does not present revenue from contracts with customers separately from other revenue. The amount of revenue from contracts with customers is shown under "Segment Information, etc. 3. Segment sales, segment income or loss, segment assets, segment liabilities and other material items, and revenue breakdown" in the notes to the consolidated financial statements.

*2. The amount of inventories on the balance sheet at the fiscal year-end is the amount after book value reduction to reflect a decline in profitability. The amount of loss on such revaluation of inventories included in the cost of sales is as follows:

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
	998	952

*3. Major items of selling, general and administrative expenses are as follows:

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Freightage and packing expenses	14,617	14,223
Advertising expenses	27,022	25,493
Sales promotion expenses	2,750	3,120
Provision of allowance for doubtful accounts	862	952
Provision for loss on interest repayment	281	206
Salaries and allowances	21,780	22,365
Provision for bonuses	1,084	954
Provision for repairs	29	29
Retirement benefit expenses	234	215
Communication expenses	6,508	6,336
Commission fee	17,428	19,117

*4. Breakdown of gain on sale of non-current assets is as follows:

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Machinery and equipment	8	5
Furniture and fixtures	6	5
Total	15	10

*5. Breakdown of loss on sale of non-current assets is as follows:

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Buildings and structures	—	37
Total	—	37

*6. Breakdown of loss on retirement of fixed assets is as follows:

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Buildings and structures	14	39
Machinery and equipment	0	0
Furniture and fixtures	1	3
Intangible fixed assets (other)	—	2
Total	16	45

*7. Impairment loss

For the year ended March 31, 2024

Usage	Type	Location
Assets for business	Buildings and structures, furniture and fixtures	Sakai-shi, Osaka Prefecture, etc.
Assets for business	Buildings and structures, furniture and fixtures	Sakaide-shi, Kagawa Prefecture, etc.
Assets for business	Buildings and structures, furniture and fixtures, intangible fixed assets (other)	Sendai-shi, Miyagi Prefecture, etc.
Assets for business	Construction in progress	Mogami-machi, Yamagata Prefecture

(Method for grouping assets)

The Group bundles assets for business based on segments under managerial accounting, while real estate for rental and idle assets are grouped individually.

(Process through which impairment loss was recognized)

In the year ended March 31, 2024, with respect to assets for business, the recoverable amounts of the relevant assets are measured by value in use based on a review by the above grouping. Because negative future cash flows are anticipated, an impairment loss is recognized. For the geothermal power generation business operated by Mogami Geo-Energy LLC, a consolidated subsidiary of the Company, an impairment loss has been recognized since the company has not secured the planned amount of heat and its business outlook is uncertain.

(Components of amounts of impairment loss by type of fixed assets)

Amounts of components of impairment loss are as follows: ¥50 million of buildings and structures, ¥1 million of furniture and fixtures, ¥3,380 million of construction in progress, and ¥1 million of intangible fixed assets (other).

(Method for calculating the recoverable amounts)

The recoverable amounts of the relevant assets are measured by value in use. Because negative future cash flows are anticipated, value in use is assessed at zero.

For the year ended March 31, 2024

Usage	Type	Location
Assets for business	Buildings and structures, furniture and fixtures, intangible fixed assets (other), investments and other assets (other)	Ageo-shi, Saitama Prefecture, etc.
Assets for business	Buildings and structures, furniture and fixtures	Chuo-ku, Tokyo
Assets for business	Intangible fixed assets (other)	Osaka-shi, Osaka Prefecture
Assets for business	Buildings and structures, furniture and fixtures, investments and other assets (other)	Itabashi-ku, Tokyo, etc.

(Method for grouping assets)

The Group bundles assets for business based on segments under managerial accounting, while real estate for rental and idle assets are grouped individually.

(Process through which impairment loss was recognized)

In the year ended March 31, 2025, with respect to assets for business, the recoverable amounts of the relevant assets are measured by value in use based on a review by the above grouping. Because negative future cash flows are anticipated, an impairment loss is recognized.

(Components of amounts of impairment loss by type of fixed assets)

Amounts of components of impairment loss are as follows: ¥118 million of buildings and structures, ¥4 million of furniture and fixtures, ¥35 million of intangible fixed assets (other), and ¥2 million of investments and other assets (other).

(Method for calculating the recoverable amounts)

The recoverable amounts of the relevant assets are measured by value in use. Because negative future cash flows are anticipated, value in use is assessed at zero.

*8. Extraordinary losses, etc.

These include a loss of ¥112 million resulted from delays in the delivery of New Year dishes in December 2024 and a loss of ¥17 million resulted from the withdrawal of Marucho Co., Ltd., a subsidiary of the Company, from its import business.

Notes to the Consolidated Statements of Comprehensive Income

*1. The components (reclassification adjustments, income taxes, and tax effects) of other comprehensive income are as follows:

	(In millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Valuation difference on available-for-sale securities:		
Gains (losses) incurred during the year	3,285	(938)
Reclassification adjustment to net income	(1,363)	(361)
Amount before income taxes and tax effect	1,921	(1,299)
Income taxes and tax effect	(595)	407
Valuation difference on available-for-sale securities	1,325	(891)
Deferred gains or losses on hedges:		
Gains (losses) incurred during the year	512	(778)
Reclassification adjustment to net income	47	290
Amount before income taxes and tax effect	559	(488)
Income taxes and tax effect	(170)	151
Deferred gains or losses on hedges	389	(336)
Foreign currency translation adjustments:		
Gains (losses) incurred during the year	4,185	1,147
Reclassification adjustment to net income	—	(28)
Foreign currency translation adjustments	4,185	1,118
Remeasurements of defined benefit plans, net of tax:		
Gains (losses) incurred during the year	6	57
Reclassification adjustment to net income	(7)	(1)
Amount before income taxes and tax effect	(0)	55
Income taxes and tax effect	1	(18)
Remeasurements of defined benefit plans, net of tax	0	37
Total other comprehensive income	5,901	(72)

Notes to the Consolidated Statements of Changes in Net Assets

Year ended March 31, 2024

1. Class and number of shares issued and in treasury

(In thousands of shares)

	Beginning of the year	Increase during the year	Decrease during the year	End of the year
Shares issued:				
Common stock	97,244	—	—	97,244
Total	97,244	—	—	97,244
Treasury stock:				
Common stock (Note)	554	0	9	545
Total	554	0	9	545

Note: The increase of 0 thousand shares of treasury stock (common stock) resulted from the purchase of less-than-a-unit shares.
The decrease of 9 thousand shares of treasury stock (common stock) resulted from disposal of treasury stock as restricted stock compensation.

2. Dividends

(1) Dividends paid:

Resolution adopted	Class of shares	Aggregate amount (millions of yen)	Amount per share (yen)	Record date	Effective date
Shareholders' meeting on June 28, 2023	Common stock	966	10.00	March 31, 2023	June 29, 2023
Board of Directors' meeting on October 31, 2023	Common stock	991	10.25	September 30, 2023	December 1, 2023

(2) Dividends with a record date during the year ended March 31, 2024, payable in the following fiscal year:

Resolution adopted	Class of shares	Aggregate amount (millions of yen)	Source of dividends	Amount per share (yen)	Record date	Effective date
Shareholders' meeting on June 26, 2024	Common stock	991	Retained earnings	10.25	March 31, 2024	June 27, 2024

Year ended March 31, 2025

1. Class and number of shares issued and in treasury

(In thousands of shares)

	Beginning of the year	Increase during the year	Decrease during the year	End of the year
Shares issued:				
Common stock	97,244	—	—	97,244
Total	97,244	—	—	97,244
Treasury stock:				
Common stock (Note)	545	480	8	1,017
Total	545	480	8	1,017

Note: The increase of 480 thousand shares of treasury stock (common stock) consists of the increase of 480 thousand shares resulted from the purchase of treasury stock through the resolution at a Board of Directors' meeting and the increase of 0 thousand shares resulted from the purchase of less-than-a-unit shares.
The decrease of 8 thousand shares of treasury stock (common stock) resulted from disposal of treasury stock as restricted stock compensation.

2. Dividends

(1) Dividends paid:

Resolution adopted	Class of shares	Aggregate amount (millions of yen)	Amount per share (yen)	Record date	Effective date
Shareholders' meeting on June 26, 2024	Common stock	991	10.25	March 31, 2024	June 27, 2024
Board of Directors' meeting on October 31, 2024	Common stock	1,395	14.50	September 30, 2024	December 2, 2024

(2) Dividends with a record date during the year ended March 31, 2025, payable in the following fiscal year:

Resolution adopted	Class of shares	Aggregate amount (millions of yen)	Source of dividends	Amount per share (yen)	Record date	Effective date
Shareholders' meeting on June 26, 2025	Common stock	1,395	Retained earnings	14.50	March 31, 2025	June 27, 2025

Notes to the Consolidated Statements of Cash Flows

- *1. Reconciliation between the fiscal year-end cash and cash equivalents in the consolidated statements of cash flows and cash and deposits in the consolidated balance sheets

	(In millions of yen)	
	March 31, 2024	March 31, 2025
Cash and deposits	35,842	35,414
MMFs, etc. included in marketable securities	540	312
Securities account deposits	862	485
Cash and cash equivalents	37,245	36,213

- *2. Major components of assets and liabilities of the subsidiaries newly consolidated through acquisition of shares, etc.

Year ended March 31, 2024

Presentation of this information is omitted as it is immaterial.

Year ended March 31, 2025

The breakdown of assets and liabilities upon consolidation of AgingBeef Inc. through the acquisition of its shares is as follows:

	(In millions of yen)
Current assets	1,010
Fixed assets	459
Goodwill	1,953
Current liabilities	(270)
Long-term liabilities	(513)
Acquisition cost of the shares	2,640
Cash and cash equivalents	(833)
Net: Payments for the acquisition of the shares	1,806

Notes Regarding Lease Transactions

1. Finance lease transactions

(As lessee)

Finance lease transactions that transfer the ownership of the leased assets to the lessee:

- i) Description of leased assets
Tangible fixed assets (property, plant and equipment):
Mainly machinery and equipment in use by the Apparel & Goods business.
- ii) Depreciation method for leased assets:
The depreciation method employed is as stated in "4. Significant accounting policies, item (2) Method of depreciation and amortization" under "Basis for preparation of consolidated financial statements" herein.

Finance lease transactions that do not transfer the ownership of the leased assets to the lessee:

- i) Description of leased assets
 - (a) Tangible fixed assets (property, plant and equipment):
Mainly machinery and equipment and furniture and fixtures in use by the Apparel & Goods business and the Gourmet business.
 - (b) Intangible fixed assets:
Software.
- ii) Depreciation method for leased assets:
The depreciation method employed is as stated in "4. Significant accounting policies, item (2) Method of depreciation and amortization" under "Basis for preparation of consolidated financial statements" herein.

2. Operating lease transactions

(As lessee)

Future lease payments under non-cancellable operating leases in operating lease transactions

	(In millions of yen)	
	March 31, 2024	March 31, 2025
Due within one year	204	204
Due over one year	289	85
Total	494	289

Notes Regarding Financial Instruments

1. Status of financial instruments

(1) Policy for financial instruments:

In consideration of its business plan, the Company and its subsidiaries (collectively, the "Group") raise necessary funds mainly through bank borrowings. Temporary cash surpluses, if any, are invested in low risk financial instruments. The Group uses derivatives mainly for the purpose of evading the currency exchange rate fluctuation risk associated with foreign currency-denominated trade payables, and does not engage in speculative transactions as its policy.

(2) Types of financial instruments, related risks and management thereof:

Trade receivables (trade notes and accounts receivable) as well as trade loans are exposed to customer credit risk. Belluna manages such risk by maintaining a credit line control based on its screening standards, along with controls of due dates and outstanding receivables balances. Marketable securities and investment securities are also exposed to the risk of market price fluctuations, against which the Group periodically monitors market price thereof and reports thereon to the representative director (president).

Trade payables (trade notes and accounts payable), electronically recorded obligations - operating, and accrued expenses mostly have due dates within one year. They partly include those related to imports denominated in foreign currencies and, as such, they are exposed to the currency exchange rate fluctuation risk. Such risk is partly

hedged by derivative transactions. Borrowings are used mainly for raising the funds necessary to carry out the business plan. The borrowings are exposed to the interest rate fluctuation risk.

Derivative transactions utilized by the Company include forward foreign currency exchange contracts and currency option and currency swap contracts for the purpose of hedging the exchange rate fluctuation risk. The Company's derivative transactions are conducted in accordance with the Company's derivative transaction control regulations, which stipulate such matters as transaction authorization and ceilings, whereby the transaction status, outstanding balances, etc. are periodically checked and confirmed.

(3) Supplementary explanation concerning fair values of financial instruments:

Variable factors are taken into consideration in the calculation of fair values of financial instruments and, therefore, the values calculated may change depending on the factors or assumptions employed.

2. Fair values of financial instruments

The balance sheet carrying amounts, fair values and unrealized gains/losses of the financial instruments are as presented below:

As of March 31, 2024

			(In millions of yen)
	Balance sheet carrying amount	Fair value	Unrealized gain (loss)
(1) Trade loans	31,750		
Allowance for doubtful accounts (*4)	(553)		
	31,197	31,773	576
(2) Marketable securities and investment securities			
Available-for-sale securities	11,479	11,479	—
Assets total	42,676	43,252	576
(1) Long-term borrowings	98,563	98,486	(76)
(2) Current portion of bonds payable	5,015	5,003	(12)
(3) Bonds payable	5	4	(0)
Liabilities total	103,583	103,494	(88)
Derivative transactions (*5)	713	713	—

(*1) Cash and deposits have been omitted because they are cash-based and their fair values approximate book values, reflecting the short-term maturity nature of deposits.

(*2) Notes receivable - trade, accounts receivable - trade, trade notes and accounts payable, electronically recorded obligations - operating, and short-term borrowings have been omitted because their fair values approximate book values reflective of their short-term settlement nature.

(*3) Shares, etc. without market prices are not included in "(2) Marketable securities and investment securities." The amounts of these financial instruments recorded on the consolidated balance sheets are as follows:

	(In millions of yen)
Category	March 31, 2024
Unlisted equity securities	2,233
Unlisted debt securities	—
Investments in partnerships for investment business	1,598

Fair value of investments in partnerships for investment business is not disclosed in accordance with Paragraph 24-16 of the Implementation Guidance on Fair Value Measurement Standard.

(*4) Allowances for doubtful accounts recognized on trade loans are deducted.

(*5) Receivables and payables incurred by derivative transactions are presented in net amounts. Net payables are presented in parentheses.

As of March 31, 2025

(In millions of yen)

	Balance sheet carrying amount	Fair value	Unrealized gain (loss)
(1) Trade loans	34,466		
Allowance for doubtful accounts (*4)	(656)		
	33,810	34,524	713
(2) Marketable securities and investment securities			
Available-for-sale securities	10,583	10,583	—
Assets total	44,393	45,107	713
(1) Long-term borrowings	102,853	102,748	(105)
(2) Current portion of bonds payable	5	5	—
(3) Bonds payable	—	—	—
Liabilities total	102,858	102,753	(105)
Derivative transactions (*5)	224	224	—

(*1) Cash and deposits have been omitted because they are cash-based and their fair values approximate book values, reflecting the short-term maturity nature of deposits.

(*2) Notes receivable - trade, accounts receivable - trade, trade notes and accounts payable, electronically recorded obligations - operating, and short-term borrowings have been omitted because their fair values approximate book values reflective of their short-term settlement nature.

(*3) Shares, etc. without market prices are not included in "(2) Marketable securities and investment securities." The amounts of these financial instruments recorded on the consolidated balance sheets are as follows:

(In millions of yen)

Category	March 31, 2025
Unlisted equity securities	2,323
Unlisted debt securities	—
Investments in partnerships for investment business	1,984

Fair value of investments in partnerships for investment business is not disclosed in accordance with Paragraph 24-16 of the Implementation Guidance on Fair Value Measurement Standard.

(*4) Allowances for doubtful accounts recognized on trade loans are deducted.

(*5) Receivables and payables incurred by derivative transactions are presented in net amounts. Net payables are presented in parentheses.

[Note 1] Redemption schedule subsequent to fiscal year-end of financial assets and securities with contractual maturities:

As of March 31, 2024

(In millions of yen)

Due	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	35,842	—	—	—	—	—
Notes receivable - trade	67	—	—	—	—	—
Accounts receivable - trade	10,502	—	—	—	—	—
Trade loans	9,695	8,976	7,257	5,099	714	6
Marketable securities and investment securities:						
Available-for-sale securities with contractual maturities:						
(1) National and local government bonds	—	—	—	—	—	—
(2) Corporate bonds	155	—	235	—	—	448
(3) Other	253	1,212	651	691	445	415
Total	56,516	10,188	8,144	5,791	1,159	870

As of March 31, 2025

(In millions of yen)

Due	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	35,414	—	—	—	—	—
Notes receivable - trade	12	—	—	—	—	—
Accounts receivable - trade	10,854	—	—	—	—	—
Trade loans	10,419	9,732	7,926	5,614	770	3
Marketable securities and investment securities:						
Available-for-sale securities with contractual maturities:						
(1) National and local government bonds	—	—	—	—	—	—
(2) Corporate bonds	2	270	—	141	—	752
(3) Other	668	595	509	313	—	425
Total	57,372	10,599	8,436	6,069	770	1,181

[Note 2] Repayment schedule subsequent to fiscal year-end of bonds payable, long-term borrowings, lease obligations, and other interest-bearing liabilities:

As stated in "Bonds" and "Borrowings" under "Supplementary Schedules" herein.

3. Breakdown of financial instruments by level of fair value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to calculate fair value.

Level 1 fair value: Fair value measured using observable inputs that are market prices formed in active markets for the assets or liabilities for which fair value is to be calculated

Level 2 fair value: Fair value measured using observable inputs other than those used to calculate Level 1 fair value

Level 3 fair value: Fair value measured using unobservable inputs

When multiple inputs that may have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

(1) Financial instruments carried on the consolidated balance sheets at fair value

As of March 31, 2024

(In millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Equity securities	5,622	—	—	5,622
Debt securities	—	845	—	845
Other	4,470	540	—	5,011
Assets total	10,093	1,386	—	11,479
Derivative transactions				
Currency-related	—	713	—	713
Derivative transactions total	—	713	—	713

As of March 31, 2025

(In millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Equity securities	5,196	—	—	5,196
Debt securities	—	1,172	—	1,172
Other	3,901	312	—	4,214
Assets total	9,098	1,484	—	10,583
Derivative transactions				
Currency-related	—	224	—	224
Derivative transactions total	—	224	—	224

(2) Financial instruments apart from those carried on the consolidated balance sheets at fair value

As of March 31, 2024

(In millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Trade loans	—	31,773	—	31,773
Assets total	—	31,773	—	31,773
Long-term borrowings	—	98,486	—	98,486
Current portion of bonds payable	—	5,003	—	5,003
Bonds payable	—	4	—	4
Liabilities total	—	103,494	—	103,494

As of March 31, 2025

(In millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Trade loans	—	34,524	—	34,524
Assets total	—	34,524	—	34,524
Long-term borrowings	—	102,748	—	102,748
Current portion of bonds payable	—	5	—	5
Bonds payable	—	—	—	—
Liabilities total	—	102,753	—	102,753

(Note) Explanation of the valuation techniques and inputs used to calculate fair value

Marketable securities and investment securities

Equity securities included in investment securities are valued using market prices. Because they are traded in active markets, their fair value is classified as Level 1.

For investment trusts, the fair value of listed investment trusts, etc. that are traded in active markets is classified as Level 1. Investment trusts that are not traded in active markets but are bought and sold over-the-counter by securities companies, etc. are valued using the prices published by securities companies. The fair value of these investment trusts is classified as Level 2.

Derivative transactions

Derivative transactions are currency-related transactions and are calculated by the price quoted by the financial institution. The main inputs used in valuation techniques are foreign exchange rates, volatility, etc. If unobservable inputs are not used, or the impact is immaterial, they are classified as Level 2 fair value.

Trade loans

The fair value of trade loans is measured based on future cash flow, the interest rate on Japanese government bonds, and the contractual interest rate, categorized by the term of the loan and credit risk from the perspective of credit management. The fair value of trade loans is classified as Level 2 fair value.

Bonds payable and current portion of bonds payable

The fair value of bonds payable is measured using observable inputs provided by financial institutions, and is classified as Level 2.

Long-term borrowings

The fair value of long-term borrowings is calculated based on the sum of principal and interest amounts, and an interest rate that reflects the remaining term of the liability and credit risk, and is classified as Level 2 fair value.

Notes Regarding Securities

1. Available-for-sale securities

As of March 31, 2024

(In millions of yen)				
	Type of securities	Balance sheet carrying amount	Acquisition cost	Unrealized gain (loss)
Securities with balance sheet carrying amount exceeding the acquisition cost	(1) Equity securities	5,396	2,257	3,138
	(2) Debt securities:			
	1. National and local government bonds	—	—	—
	2. Corporate bonds	732	591	140
	3. Other bonds	—	—	—
	(3) Other	4,026	2,702	1,324
	Subtotal	10,155	5,551	4,604
Securities with balance sheet carrying amount not exceeding the acquisition cost	(1) Equity securities	226	279	(53)
	(2) Debt securities:			
	1. National and local government bonds	—	—	—
	2. Corporate bonds	8	8	—
	3. Other bonds	105	105	—
	(3) Other	984	1,039	(54)
	Subtotal	1,324	1,432	(107)
Total		11,479	6,983	4,496

As of March 31, 2025

(In millions of yen)

	Type of securities	Balance sheet carrying amount	Acquisition cost	Unrealized gain (loss)
Securities with balance sheet carrying amount exceeding the acquisition cost	(1) Equity securities	3,982	1,606	2,376
	(2) Debt securities:			
	1. National and local government bonds	—	—	—
	2. Corporate bonds	903	788	115
	3. Other bonds	—	—	—
	(3) Other	2,667	1,750	917
	Subtotal	7,554	4,144	3,409
Securities with balance sheet carrying amount not exceeding the acquisition cost	(1) Equity securities	1,213	1,828	(614)
	(2) Debt securities:			
	1. National and local government bonds	—	—	—
	2. Corporate bonds	141	151	(10)
	3. Other bonds	127	127	—
	(3) Other	1,546	1,789	(243)
	Subtotal	3,028	3,896	(868)
Total		10,583	8,041	2,541

2. Available-for-sale securities sold during the fiscal year

Year ended March 31, 2024

(In millions of yen)

Type of securities	Proceeds of sale	Gain on sale	Loss on sale
(1) Equity securities	3,049	1,438	68
(2) Debt securities	—	—	—
(3) Other	—	—	—
Total	3,049	1,438	68

Year ended March 31, 2025

(In millions of yen)

Type of securities	Proceeds of sale	Gain on sale	Loss on sale
(1) Equity securities	338	129	15
(2) Debt securities	—	—	—
(3) Other	100	247	—
Total	438	377	15

Notes Regarding Derivatives

1. Derivative transactions to which hedge accounting is not applied

Currency-related derivatives:

As of March 31, 2024

None applicable.

As of March 31, 2025

None applicable.

2. Derivative transactions to which hedge accounting is applied

Currency-related derivatives:

As of March 31, 2024

(In millions of yen)

Method of hedge accounting	Type of derivative transaction	Main item hedged	Contract amount, etc.	Portion of contract amount, etc. exceeding one year	Fair value
Principle method	Currency swaps:				
	Buy				
	US dollars	Accounts payable - trade	3,648	2,533	320
	Euros	Accounts payable - trade	2,172	—	368
	Currency options:				
	Calls				
	Euros	Accounts payable - trade	1,285	1,285	110
	Puts				
	Euros	Accounts payable - trade	852	—	(86)
Total			7,957	3,818	713

As of March 31, 2025

(In millions of yen)

Method of hedge accounting	Type of derivative transaction	Main item hedged	Contract amount, etc.	Portion of contract amount, etc. exceeding one year	Fair value
Principle method	Currency swaps:				
	Buy				
	US dollars	Accounts payable - trade	4,678	2,596	102
	Euros	Accounts payable - trade	5,672	3,282	(56)
	Forward foreign currency exchange contracts				
	Buy				
	US dollars	Accounts payable - trade	8	—	0
	Currency options:				
	Calls				
	Euros	Accounts payable - trade	1,285	514	178
	Puts				
	Euros	Accounts payable - trade	—	—	—
Total			11,644	6,393	224

Notes Regarding Retirement Benefits

1. Summary of retirement benefit plans

The Company and its consolidated subsidiaries maintain defined benefit corporate pension plans and lump-sum severance payment plans for employees as defined benefit plans.

Certain consolidated subsidiaries apply a short-cut method in calculating defined benefit liability and retirement benefit costs, regarding their defined benefit corporate pension plans and lump-sum severance payment plans.

2. Defined benefit plans

- (1) Changes in retirement benefit obligation for the years ended March 31, 2024 and 2025 (excluding the portion of the plans to which the short-cut method is applied):

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Balance of retirement benefit obligation at beginning of year	1,966	2,117
Service cost	124	122
Interest cost	20	24
Actuarial gains and losses	113	(105)
Benefits paid	(144)	(123)
Other	36	—
Balance of retirement benefit obligation at end of year	2,117	2,035

- (2) Changes in plan assets for the years ended March 31, 2024 and 2025 (excluding the plans to which the short-cut method is applied):

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Balance of plan assets at beginning of year	1,811	1,950
Expected return on plan assets	31	50
Actuarial gains and losses	134	(40)
Contribution from the employer	79	121
Benefits paid	(106)	(93)
Other	0	—
Balance of plan assets at end of year	1,950	1,988

- (3) Changes in defined benefit liability under the plans to which the short-cut method is applied:

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Balance of defined benefit liability at beginning of year	5	163
Retirement benefit costs	15	32
Contribution to the plans	(6)	(17)
Increase due to change in the scope of consolidation	149	(1)
Balance of defined benefit liability at end of year	163	176

- (4) Reconciliation between the year-end balances of retirement benefit obligation and plan assets and the defined benefit liability and defined benefit assets recorded in the consolidated balance sheets:

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Funded retirement benefit obligation	2,186	2,106
Plan assets	(2,031)	(2,067)
	155	38
Unfunded retirement benefit obligation	175	184
Net liability (asset) recorded in the consolidated balance sheets	331	223
Defined benefit liability	352	239
Defined benefit assets	(21)	(16)
Net liability (asset) recorded in the consolidated balance sheets	331	223

Note: The above includes the benefit plans for which the short-cut method has been applied.

- (5) Retirement benefit costs and the components thereof for the years ended March 31, 2024 and 2025:

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Service cost	124	122
Interest cost	20	24
Expected return on plan assets	(31)	(50)
Amortization of actuarial gains and losses	19	(9)
Retirement benefit costs calculated by short-cut method	15	32
Retirement benefit costs on defined benefit plans	148	119

- (6) Remeasurements of defined benefit plans:

Components of remeasurements of defined benefit plans (before income taxes and tax effects) are as follows:

(In millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Actuarial gains and losses	0	(15)

- (7) Accumulated remeasurements of defined benefit plans:

Components of accumulated remeasurements of defined benefit plans (before income taxes and tax effects) are as follows:

(In millions of yen)

	March 31, 2024	March 31, 2025
Unrecognized actuarial gains and losses	(0)	55

(8) Plan assets:

i) Main components of plan assets:

Plan assets consisted of the following portfolio categories:

(% of total plan assets)		
	March 31, 2024	March 31, 2025
Debt securities	34.1	37.0
Equity securities	32.4	27.0
General accounts	16.3	15.1
Cash and deposits	0.5	5.3
Other	16.7	15.6
Total	100.0	100.0

ii) Method of determining the expected rate of return on plan assets:

The expected rate of return on plan assets is determined by considering the current and anticipated future portfolio of plan assets and long-term rates of return expected currently and in the future from a diversified range of plan assets managed.

(9) Assumptions in actuarial calculation:

Assumptions used in actuarial calculation at the end of the years ended March 31, 2024 and 2025 are as follows:

(% of total plan assets)		
	Year ended March 31, 2024	Year ended March 31, 2025
Discount rate	0.50 – 1.18	0.50 – 1.40
Long-term expected rate of return on plan assets	1.71 – 2.00	2.00 – 2.74
Expected rate of salary increase	0.80 – 1.12	0.80 – 1.09

3. Defined contribution plans

The amounts of the required contribution to the defined contribution plans of consolidated subsidiaries for the years ended March 31, 2024 and 2025 were ¥92 million and ¥96 million, respectively.

Notes Regarding Deferred Income Taxes

1. Significant components of deferred tax assets and liabilities

(In millions of yen)

	March 31, 2024	March 31, 2025
Deferred tax assets:		
Excess provision for bonuses	378	360
Excess allowance for doubtful accounts	203	280
Contract liabilities	161	172
Excess provision for loss on interest repayment	102	82
Provision for loss on store closings	—	21
Bad debt expenses	97	132
Loss on valuation of investment securities	408	421
Defined benefit liability	127	102
Loss on valuation of real estate for sale	99	113
Excess impairment loss of fixed assets	477	522
Tax loss carried forward (Note)	1,277	1,186
Other	1,424	1,560
Deferred tax asset subtotal	4,757	4,958
Valuation allowance on tax loss carried forward (Note)	(1,168)	(1,072)
Valuation allowance on total of deductible temporary differences	(1,280)	(1,314)
Valuation allowance subtotal	(2,449)	(2,387)
Deferred tax assets total	2,307	2,570
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(1,386)	(978)
Asset retirement expense	(122)	(127)
Valuation difference on land of consolidated subsidiaries	(401)	(403)
Other	(349)	(222)
Deferred tax liabilities total	(2,260)	(1,731)
Net deferred tax assets (liabilities)	47	839

Note: Amount of tax loss carried forward and related deferred tax assets by the expiry date

As of March 31, 2024

(In millions of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carried forward (a)	146	212	149	86	75	607	1,277
Valuation allowance	(146)	(212)	(149)	(86)	(74)	(500)	(1,168)
Deferred tax assets	—	—	—	—	1	107	(b) 108

(a) Tax loss carried forward is shown as an amount multiplied by the statutory tax rate.

(b) The Company recorded deferred tax assets of ¥108 million for a tax loss carried forward of ¥1,277 million (an amount multiplied by the statutory tax rate). The deferred tax assets of ¥108 million were recognized for some portion of the balance of a tax loss carried forward (an amount multiplied by the statutory tax rate) of ¥1,277 million in consolidated subsidiaries. We believe that the amount will be recoverable in consideration of the estimated future taxable income attributable to future earning power.

As of March 31, 2025

(In millions of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carried forward (a)	271	206	105	54	13	533	1,186
Valuation allowance	(271)	(206)	(105)	(54)	(9)	(424)	(1,072)
Deferred tax assets	—	—	—	—	4	108	(b) 113

(a) Tax loss carried forward is shown as an amount multiplied by the statutory tax rate.

(b) The Company recorded deferred tax assets of ¥113 million for a tax loss carried forward of ¥1,186 million (an amount multiplied by the statutory tax rate). The deferred tax assets of ¥113 million were recognized for some portion of the balance of a tax loss carried forward (an amount multiplied by the statutory tax rate) of ¥1,186 million in consolidated subsidiaries. We believe that the amount will be recoverable in consideration of the estimated future taxable income attributable to future earning power.

2. Significant components of difference between the statutory tax rate and the effective tax rate

	March 31, 2024	March 31, 2025
Statutory tax rate:	30.5%	30.5%
(Adjustments)		
Items, including entertainment expenses, not eternally deductible for tax purposes	1.2	0.8
Items, including dividends received, not eternally inclusive of gross revenue for tax purposes	(0.3)	(0.6)
Equal installments of inhabitant taxes	0.9	0.6
Tax rate difference of subsidiaries	2.4	2.3
Valuation allowance change	10.1	(0.1)
Changes in deferred tax assets and liabilities due to tax rate revision	0.1	(0.4)
Income taxes for prior years	(1.0)	0.3
Tax credit	(4.3)	(0.1)
Other	1.9	(0.1)
Effective tax rate	41.4%	33.2%

3. Accounting of the corporation tax and local corporation tax, or the accounting of the tax effect accounting related to these taxes

The Company and some of its domestic consolidated subsidiaries apply the group tax sharing system. In addition, the Company follows “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42 issued on August 12, 2021), and conducts the accounting of the corporation tax and local corporation tax, or the accounting and disclosure of the tax effect accounting related to these taxes.

4. Modification of the amount of deferred tax assets and liabilities due to changes in corporate taxation rates

Due to the revision of tax law, the effective statutory tax rate will change. The Company adjusted the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities, which are related to temporary differences between corporate accounting and tax accounting that are expected to be resolved in or after the next fiscal year, from 30.5% to 31.3%.

The impact of this change in the tax rate is immaterial.

Notes Regarding Business Combination

Business combination through acquisition

(1) Outline of the business combination

i) Name of the acquired company and its business

Acquired business: AgingBeef Inc. (former Shinwa, Inc.)

Business: Operation of restaurants serving aged Japanese Black wagyu beef, steak, set menus and barbeque as well as izakaya-style barbeque restaurants.

ii) Main reasons for the business combination

AgingBeef Inc. has established itself as a pioneer in the aged beef industry. Their high-quality aged beef sourced from Japanese black cattle and other menu items, exceptional hospitality, and superior cost efficiency have received acclaim. After the end of the COVID-19 pandemic, AgingBeef achieved record profits since its founding.

AgingBeef has become a Group company due to its expertise in the beef maturation process, its alignment with the Group's process of allowing beef to mature and its alignment with the Group regarding the consistent operation of high-quality restaurants.

It is expected that AgingBeef will facilitate the expansion of its business, including the opening of new stores, at a rate faster than ever before taking the Company's support in terms of capital. In addition, given the creation of synergy, including the improvement of profitability through joint purchases together with Ginza Steak operated by subsidiary El Dorado Co., Ltd. and the enhancement of the level of its services through the sharing of operating expertise and the exchange of human resources, the Company expects that AgingBeef will contribute to enhancing the growth potential and profitability of the Property business, which is positioned as a growth area.

iii) Date of the business combination

September 6, 2024 (Share acquisition date)

September 30, 2024 (Deemed acquisition date)

iv) Legal form of the business combination

Cash acquisition of shares

v) Name of company after the business combination

No change

vi) Percentage share of voting rights acquired

Percentage share of voting rights held immediately before business combination -%

Percentage share of voting rights acquired on the date of business combination 100%

Percentage share of voting rights after the acquisition 100%

vii) Main reason for the decision to acquire the company

Because El Dorado Co., Ltd., which is a consolidated subsidiary of the Company, has acquired the shares in exchange for cash.

(2) Period of the operating results of the acquired company included in the consolidated statements of income

From October 1, 2024 to March 31, 2025

(3) Acquisition cost for the acquired company, and the breakdown thereof

(In millions of yen)		
Consideration for acquisition	Cash and deposits	2,640
Acquisition cost		2,640

(4) Major acquisition-related costs and amounts of costs

Advisory fees, etc. ¥93 million

(5) Amount of goodwill, reason for goodwill, and method and period of amortization

i) Amount of goodwill

¥1,953 million

ii) Reason for goodwill

Due to the acquisition cost exceeding the fair value of net assets at the time of business combination, the difference was recorded as goodwill. This goodwill is the expected future excess earning power from anticipated business development.

- iii) Method and period of amortization
Straight-line method over ten years

(6) Breakdowns of assets accepted and liabilities assumed on the date of the business combination

	(In millions of yen)
Current assets	1,010
Fixed assets	459
Total assets	1,470
Current liabilities	270
Long-term liabilities	513
Total liabilities	784

(7) Approximate amount of impact on the consolidated statements of income for the consolidated fiscal year under review calculated as if the business combination was completed at the start of the consolidated fiscal year and its calculation method

The estimated amount is minor and has therefore been omitted.

Notes Regarding Asset Retirement Obligations

Asset Retirement Obligations Recorded on Consolidated Balance Sheets

(1) Outline of relevant asset retirement obligations:

Part of the Belluna Group's facilities are leased or rented under lease or rental contracts with the landowners and, to reflect the obligations thereunder to restore the facilities to their original state at the time of evacuation, asset retirement obligations were recorded. In addition, asset retirement obligations were also recorded for the obligation to remove harmful substances used in certain buildings.

(2) Basis for calculation of the amount of relevant asset retirement obligations:

The amounts of asset retirement obligations were calculated by estimating the projected period of use of facilities to be 8 to 50 years, depending on the useful life of each relevant building or facility, and using a discount rate between 0.29% to 2.30%.

(3) Increase or decrease in total amount of relevant asset retirement obligations:

	(In millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Balance at the beginning of the year	1,136	1,085
Increase from the acquisition of property, plant and equipment	24	28
Decrease from the retirement/sale of property, plant and equipment	(64)	—
Adjustment due to passage of time	10	11
Other increase (decrease)	(22)	(38)
Balance at the end of the year	1,085	1,086

Notes Regarding Investment and Rental Property

The Company and a certain number of its consolidated subsidiaries own rental office buildings and rental commercial facilities in Tokyo and certain other regions for the purpose of obtaining rental revenue. A portion of the rental office buildings is occupied by the Company and, accordingly, categorized as “property that includes a portion used as rental property.”

The balance sheet carrying amounts, increases or decreases in such carrying amounts during the years ended March 31, 2024 and 2025 and the fair values of the rental property and the property that includes a portion used as rental property are as follows:

	(In millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Rental property:		
Balance sheet carrying amount:		
Balance at the beginning of the year	17,472	17,547
Increase (decrease) during the year	75	16
Balance at the end of the year	17,547	17,563
Fair value at the end of the year	22,085	22,771
Property that includes a portion used as rental property:		
Balance sheet carrying amount:		
Balance at the beginning of the year	744	10,901
Increase (decrease) during the year	10,156	(416)
Balance at the end of the year	10,901	10,484
Fair value at the end of the year	11,042	10,631

- Notes:
- The above carrying amounts are the amounts after subtracting the accumulated depreciation and accumulated impairment loss from the acquisition costs.
 - In the above increase (decrease) of rental property, the increase in rental property during the year ended March 31, 2024 was caused mainly by the acquisition of rental properties (¥448 million) and the change of use from property that includes a portion used as rental property (¥228 million). The decrease in rental property during the year ended March 31, 2024 was caused mainly by the change in use from rental property to property for sale (¥434 million) and depreciation (¥247 million). The increase in rental property during the year ended March 31, 2025 was caused mainly by the acquisition of rental properties (¥322 million). The decrease in rental property during the year ended March 31, 2025 was caused mainly by depreciation (¥259 million).
 - The increase in property that includes a portion used as rental property during the year ended March 31, 2024 was caused mainly by the capital investments for development (¥10,834 million).
 - The above carrying amounts in the year ended March 31, 2024 include asset retirement obligations of ¥17 million, while the above carrying amounts in the year ended March 31, 2025 include asset retirement obligations of ¥16 million.
 - The fair values of the major properties at the end of the fiscal year under review are recorded at the amounts determined using real estate appraisal certificates provided by outside real estate assessors. However, in cases where it is deemed that no significant changes since the time of the acquisition from the third party or the time of the latest appraisal have occurred in the indices that are considered to properly reflect the formal appraisal value or market price, the fair values are recorded at the amounts adjusted using such appraised value or such indices. As for the properties that have little materiality, the fair values are recorded mainly at the amounts determined based on the indices that are considered to fairly reflect the formal appraisal value or market price.

Income and expenses related to the rental property and the property that includes a portion used as rental property were as follows:

	(In millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Rental property:		
Rental income	1,626	1,616
Rental expenses	631	644
Difference	995	971
Other (gain or loss on sale, etc.)	—	(37)
Property that includes a portion used as rental property:		
Rental income	80	232
Rental expenses	893	191
Difference	(812)	40

- Notes:
- Other of the rental property as of March 31, 2025 represents loss on sale of non-current assets (¥37 million as extraordinary losses).
 - Income from the property that includes a portion used as rental property does not include the revenue from renting the portion of the property used by the Company for providing services and business management. Expenses incidental to the relevant property (such as depreciation, repairing expenses, taxes and public charges, and commission fees) are included in rental expenses.

Notes Regarding Revenue Recognition

1. Breakdown of revenue from contracts with customers

A breakdown of revenue from contracts with customers is shown under “Segment Information, etc.”

2. Information fundamental for an understanding of revenue from contracts with customers

Information fundamental for an understanding of revenue is as presented in “Basis for preparation of consolidated financial statements 4. Significant accounting policies (7) Standards for the recognition of significant revenue and expenses.”

3. Information on the relationship between the fulfillment of performance obligations based on contracts with customers and cash flow arising from these contracts, and information on the amount and timing of revenue expected to be recognized from the next consolidated fiscal year from contracts existing as of March 31, 2025

(1) Balance of contract liabilities

For the year ended March 31, 2024

The balance of contract liabilities arising from contracts with customers at the beginning and the end of year is as follows:

(In millions of yen)	
	Year ended March 31, 2024
Contract liabilities (balance at beginning of year)	3,756
Contract liabilities (balance at end of year)	3,557

For the year ended March 31, 2025

The balance of contract liabilities arising from contracts with customers at the beginning and the end of year is as follows:

(In millions of yen)	
	Year ended March 31, 2025
Contract liabilities (balance at beginning of year)	3,557
Contract liabilities (balance at end of year)	3,452

The above are advances received prior to the fulfillment of performance obligation related to mail order and Kimono-Related business and are reversed when revenue is recorded as a result of the fulfillment of performance obligation. There is no regular payment deadline, as payment terms are different for each individual contract.

(2) Transaction price allocated to remaining performance obligations

Details about the remaining performance obligations are omitted as the Group has no significant transactions for which the initially expected term of the contract exceeds one year.

Moreover, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

Segment Information, etc.

[Segment information]

1. Outline of reportable segments

(1) Method used to determine reportable segments

The Belluna Group's reportable segments consist of operating segments representing components of the entity, for each of which discrete financial information is available and periodic reviews are given by the Board of Directors in order to make decisions on the allocation of resources as well as to assess business performance.

The Belluna Group has classified its eight operating segments into the following two categories: the growth area, which is positioned to drive future growth and profitability, and the sustainability area, which focuses on stable profitability, continuity, and sociality, operating its businesses by allocating management resources in a manner suitable for respective segments. Specifically, the Group has identified eight operating segments comprising the Property business, Cosmetics & Health food business, Gourmet business, Nurse-Related business, Kimono-Related business, Apparel & Goods business, Other business, and Database Utilization business as reportable segments.

(2) Products and services belonging to each reportable segment

Growth area		
	i) Property business:	Real estate business (lease, development and sale of office buildings, etc.), hotel business, solar power generation business, geothermal power generation business, golf course management business, and restaurant business
	ii) Cosmetics & Health food business:	Mail order cosmetic sales (Ozio, NatuLife) and mail order health food sales (Refre)
	iii) Gourmet business:	Mail order food sales, mail order Japanese sake sales, and mail order wine sales
	iv) Nurse-Related business:	Mail order sales for nurses (Nursery, Infirmiere) and nurse placement agency (Nurse Career Next, JOB STUDIO)
Sustainability area		
	v) Kimono-Related business:	Japanese traditional clothing stores (BANKAN Wamonoya, Sagami, Tokyo Masuiwaya) and rental of traditional graduation ceremony apparel for college graduates (Maimu)
	vi) Apparel & Goods business:	Catalog and online sales (Apparel & Goods) mainly for married women, dedicated online sales (Min, ICnet, Marucho, Select), and apparel retail stores (Belluna)
	vii) Other business:	Wholesale businesses, accommodation booking business, etc.
	viii) Database Utilization business:	Enclosing and mailing services business (Belluna Direct), mail order agency service (BBS), membership finance business (Belluna Notice), and third party logistics (BGL and Label)

(3) Change to reportable segments, etc.

Since the fiscal year under review, we have reclassified the restaurant and golf course management businesses, both of which are operated by El Dorado Co., Ltd., from the Other business into the Property business. The segment information for the fiscal year ended March 31, 2024 reflects this change.

2. Basis of measuring the amounts of segment sales, segment income or loss, segment assets, segment liabilities and other material items

The basis of the accounting treatment for the reported operating segments is substantially the same as described herein under "Basis for preparation of consolidated financial statements."

Segment income represents operating income (before amortization of goodwill)-based amount.

Inter-segment revenues and transfer amounts are calculated based on the prevailing market value.

3. Segment sales, segment income or loss, segment assets, segment liabilities and other material items, and revenue breakdown

Year ended March 31, 2024

(In millions of yen)

	Growth area				Sustainability area			Database Utilization	Adjustments (Note 1)	Consolidated carrying amount (Note 2)
	Property	Cosmetics & Health food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Net sales:										
Goods transferred at a single point in time	29,992	14,716	32,106	12,975	23,172	74,116	2,626	11,321	—	201,028
Revenue from contracts with customers	29,992	14,716	32,106	12,975	23,172	74,116	2,626	11,321	—	201,028
Other revenue	1,911	—	—	—	—	—	—	5,358	—	7,269
Sales to third parties	31,903	14,716	32,106	12,975	23,172	74,116	2,626	16,679	—	208,298
Inter-segment sales or transfers	80	1	332	0	75	134	49	46	(721)	—
Total	31,984	14,718	32,438	12,975	23,248	74,251	2,676	16,725	(721)	208,298
Segment income (loss)	4,263	926	1,091	481	1,357	(2,992)	(272)	5,150	(218)	9,787
Segment assets	130,479	8,299	14,991	8,143	12,670	81,088	2,233	41,368	1,416	300,691
Other items:										
Depreciation (Note 3)	2,750	112	275	116	146	1,850	9	260	—	5,521
Amortization of goodwill	—	—	—	—	—	—	—	—	499	499
Increase in property, plant and equipment and intangible fixed assets (Note 3)	11,193	45	1,352	69	300	3,715	10	256	13	16,964

Notes: 1. Amounts of adjustments are as follows:

- (1) Adjustments in segment income (loss) represent ¥280 million from inter-segment elimination minus ¥499 million for amortization of goodwill.
- (2) Adjustments in segment assets include ¥371 million for the Company's employee welfare facilities and ¥1,044 million as the year-end balance of goodwill.
2. Segment income (loss) has been reconciled with operating income in the consolidated financial statements.
3. Depreciation and increase in property, plant and equipment and intangible fixed assets include long-term prepaid expenses and amortization of such expenses.

Year ended March 31, 2025

(In millions of yen)

	Growth area				Sustainability area			Database Utilization	Adjustments (Note 1)	Consolidated carrying amount (Note 2)
	Property	Cosmetics & Health food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Net sales:										
Goods transferred at a single point in time	33,334	13,845	31,652	12,623	22,824	74,662	2,770	11,646	—	203,360
Revenue from contracts with customers	33,334	13,845	31,652	12,623	22,824	74,662	2,770	11,646	—	203,360
Other revenue	2,060	—	—	—	—	—	—	5,435	—	7,495
Sales to third parties	35,395	13,845	31,652	12,623	22,824	74,662	2,770	17,081	—	210,856
Inter-segment sales or transfers	546	1	420	0	73	173	57	37	(1,310)	—
Total	35,941	13,847	32,073	12,623	22,897	74,836	2,827	17,118	(1,310)	210,856
Segment income (loss)	5,256	719	1,252	405	1,250	(1,696)	(399)	5,161	(61)	11,887
Segment assets	153,220	8,447	14,908	8,251	12,600	67,288	2,261	42,432	3,051	312,462
Other items:										
Depreciation (Note 3)	3,188	71	432	98	181	1,914	30	150	—	6,067
Amortization of goodwill	—	—	—	—	—	—	—	—	354	354
Increase in property, plant and equipment and intangible fixed assets (Note 3)	14,131	17	168	18	380	439	17	54	—	15,228

Notes: 1. Amounts of adjustments are as follows:

- (1) Adjustments in segment income (loss) represent ¥292 million from inter-segment elimination minus ¥354 million for amortization of goodwill.
- (2) Adjustments in segment assets include ¥368 million for the Company's employee welfare facilities and ¥2,682 million as the year-end balance of goodwill.
2. Segment income (loss) has been reconciled with operating income in the consolidated financial statements.
3. Depreciation and increase in property, plant and equipment and intangible fixed assets include long-term prepaid expenses and amortization of such expenses.

[Related information]

Year ended March 31, 2024

1. Information by products and services

Presentation of this information is omitted herein since similar information is provided in "Segment information."

2. Information by region

(1) Sales:

This information is not provided herein since sales to third parties in Japan represented more than 90% of the sales amount in the consolidated statements of income.

(2) Property, plant and equipment:

(In millions of yen)

Japan	Other	Total
121,983	14,925	136,909

3. Information by major customers

This information is not provided herein since, of the sales to third parties, sales to no single customer accounted for 10% or more of the sales amount in the consolidated statements of income.

Year ended March 31, 2025

1. Information by products and services

Presentation of this information is omitted herein since similar information is provided in "Segment information."

2. Information by region

(1) Sales:

This information is not provided herein since sales to third parties in Japan represented more than 90% of the sales amount in the consolidated statements of income.

(2) Property, plant and equipment:

(In millions of yen)

Japan	Other	Total
131,360	14,593	145,954

3. Information by major customers

This information is not provided herein since, of the sales to third parties, sales to no single customer accounted for 10% or more of the sales amount in the consolidated statements of income.

[Impairment loss of fixed assets by reportable segment]

Year ended March 31, 2024

(In millions of yen)

	Growth area				Sustainability area			Database Utilization	Companywide/ Elimination	Total
	Property	Cosmetics & Health food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Impairment loss	3,380	—	—	—	13	39	—	—	—	3,433

Year ended March 31, 2025

(In millions of yen)

	Growth area				Sustainability area			Database Utilization	Companywide/ Elimination	Total
	Property	Cosmetics & Health food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Impairment loss	67	—	—	6	9	77	—	—	—	160

[Amortization and unamortized balance of goodwill by reportable segment]

Year ended March 31, 2024

(In millions of yen)

	Growth area				Sustainability area			Database Utilization	Companywide/ Elimination	Total
	Property	Cosmetics & Health food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Amortization for the year	—	—	—	—	—	—	—	—	499	499
Unamortized balance at end of the year	—	—	—	—	—	—	—	—	1,044	1,044

Year ended March 31, 2025

(In millions of yen)

	Growth area				Sustainability area			Database Utilization	Companywide/ Elimination	Total
	Property	Cosmetics & Health food	Gourmet	Nurse- Related	Kimono- Related	Apparel & Goods	Other			
Amortization for the year	—	—	—	—	—	—	—	—	354	354
Unamortized balance at end of the year	—	—	—	—	—	—	—	—	2,682	2,682

[Gain on bargain purchase by reportable segment]

Year ended March 31, 2024

None applicable.

Year ended March 31, 2025

None applicable.

Related Party Transactions

Transactions with related parties

(1) Transactions of the Company filing consolidated financial statements with related parties:

Parent company and major shareholders (limited to corporations, etc.) of the Company filing consolidated financial statements:

Year ended March 31, 2024

Attribution	Name	Address	Capital stock (millions of yen)	Business line	Percentage of voting rights owning (or owned)	Relationship with related party	Nature of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
Other affiliated companies (including a parent company of such other affiliated companies)	Friend Stage Co., Ltd. (Note 1)	Ageo, Saitama	50	Seal stamp sales, etc.	42.8% (owned, indirectly)	Interlocking directors or audit and supervisory committee members	Rendering of services (Note 2)	59	Other current assets	6
							Intermediation of premiums (Note 3)	104	Other current assets	29

Notes: 1. A majority of the voting rights of the above company is held by the Company's directors and their close family members.

2. Terms and conditions of the transaction and the policy for determination thereof:

Rendering of services is determined through mutual consultations between both parties with due consideration of the content of business operations.

3. Terms and conditions of the transaction and the policy for determination thereof:

Premiums were paid on the same conditions as ordinary premiums.

Year ended March 31, 2025

Attribution	Name	Address	Capital stock (millions of yen)	Business line	Percentage of voting rights owning (or owned)	Relationship with related party	Nature of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
Other affiliated companies (including a parent company of such other affiliated companies)	Friend Stage Co., Ltd. (Note 1)	Ageo, Saitama	50	Seal stamp sales, etc.	42.8% (owned, indirectly)	Interlocking directors or audit and supervisory committee members	Rendering of services (Note 2)	59	Other current assets	7
							Intermediation of premiums (Note 3)	69	Other current assets	26

Notes: 1. A majority of the voting rights of the above company is held by the Company's directors and their close family members.

2. Terms and conditions of the transaction and the policy for determination thereof:

Rendering of services is determined through mutual consultations between both parties with due consideration of the content of business operations.

3. Terms and conditions of the transaction and the policy for determination thereof:

Premiums were paid on the same conditions as ordinary premiums.

(2) Transactions of the consolidated subsidiaries of the Company filing consolidated financial statements with related parties:

(a) Parent company and major shareholders (limited to corporations, etc.) of the Company filing consolidated financial statements:

Year ended March 31, 2024

Attribution	Name	Address	Capital stock (millions of yen)	Business line	Percentage of voting rights owning (or owned)	Relationship with related party	Nature of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
Other affiliated companies (including a parent company of such other affiliated companies)	Friend Stage Co., Ltd. (Note 1)	Ageo, Saitama	50	Seal stamp sales, etc.	42.8% (owned, indirectly)	Interlocking directors or audit and supervisory committee members	Guarantee deposits of hotel facilities (Note 2)	—	Investments and other assets	1,772
							Rent of hotel facilities (Note 3)	1,191	—	—
							Rent of restaurants	12	—	—

Notes: 1. A majority of the voting rights of the above company is held by the Company's directors and their close family members.

2. Terms and conditions of the transaction and the policy for determination thereof:

Guarantee deposits of hotel facilities were determined with due consideration of the trading market prices and other factors.

3. Terms and conditions of the transaction and the policy for determination thereof:

Rent of hotel facilities was determined in reference to the assessed value provided by real estate assessors.

4. Terms and conditions of the transaction and the policy for determination thereof:

Rent of restaurants was determined with due consideration of the trading market prices and other factors.

Year ended March 31, 2025

Attribution	Name	Address	Capital stock (millions of yen)	Business line	Percentage of voting rights owning (or owned)	Relationship with related party	Nature of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
Other affiliated companies (including a parent company of such other affiliated companies)	Friend Stage Co., Ltd. (Note)	Ageo, Saitama	50	Seal stamp sales, etc.	42.8% (owned, indirectly)	Interlocking directors or audit and supervisory committee members	Guarantee deposits of hotel facilities (Note 2)	—	Investments and other assets	1,772
							Rent of hotel facilities (Note 3)	1,104	—	—
							Rent of restaurants	38	—	—

- Notes: 1. A majority of the voting rights of the above company is held by the Company's directors and their close family members.
2. Terms and conditions of the transaction and the policy for determination thereof:
Guarantee deposits of hotel facilities were determined with due consideration of the trading market prices and other factors.
3. Terms and conditions of the transaction and the policy for determination thereof:
Rent of hotel facilities was determined in reference to the assessed value provided by real estate assessors.
4. Terms and conditions of the transaction and the policy for determination thereof:
Rent of restaurants was determined with due consideration of the trading market prices and other factors.

(b) Directors and major shareholders (limited to individuals) of the Company filing consolidated financial statements:

Year ended March 31, 2024

Attribution	Name	Address	Capital stock (millions of yen)	Business line	Percentage of voting rights owning (or owned)	Relationship with related party	Nature of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
Corporations, etc., where a majority of voting rights is held by directors and their close family members	Rivoyre Co., Ltd.	Minato-ku, Tokyo	38	Real estate renting, etc.	—	Interlocking directors or audit and supervisory committee members	Guarantee deposits of hotel facilities (Note 1)	112	Investments and other assets	634
							Rent of hotel facilities (Note 2)	310	—	—
							Payment for construction assistance fund receivables (Note 3)	—	Long-term lending	484
Directors and other officers	Kiyoshi Yasuno	—	—	President and CEO of the Company	3.0% (owned, directly)	Renting of hotel facilities	Rent of hotel facilities (Note 2)	79	—	—

- Notes: 1. Terms and conditions of the transaction and the policy for determination thereof:
Guarantee deposits of hotel facilities were determined with due consideration of the trading market prices and other factors.
2. Terms and conditions of the transaction and the policy for determination thereof:
Rent of hotel facilities was determined in reference to the assessed value provided by real estate assessors.
3. Terms and conditions of the transaction and the policy for determination thereof:
Construction assistance fund receivables were determined upon negotiation based on an amount calculated pursuant to acquisition costs.

Year ended March 31, 2025

Attribution	Name	Address	Capital stock (millions of yen)	Business line	Percentage of voting rights owning (or owned)	Relationship with related party	Nature of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
Corporations, etc., where a majority of voting rights is held by directors and their close family members	Rivoyre Co., Ltd.	Minato-ku, Tokyo	38	Real estate renting, etc.	—	Interlocking directors or audit and supervisory committee members	Guarantee deposits of hotel facilities (Note 1)	—	Investments and other assets	628
							Rent of hotel facilities (Note 2)	394	—	—
							Payment for construction assistance fund receivables (Note 3)	—	Long-term lending	491
Directors and other officers	Kiyoshi Yasuno	—	—	President and CEO of the Company	3.0% (owned, directly)	Renting of hotel facilities	Rent of hotel facilities (Note 2)	79	—	—

Notes: 1. Terms and conditions of the transaction and the policy for determination thereof:
Guarantee deposits of hotel facilities were determined with due consideration of the trading market prices and other factors.

2. Terms and conditions of the transaction and the policy for determination thereof:
Rent of hotel facilities was determined in reference to the assessed value provided by real estate assessors.

3. Terms and conditions of the transaction and the policy for determination thereof:
Construction assistance fund receivables were determined upon negotiation based on an amount calculated pursuant to acquisition costs.

(c) Companies, etc. having the same parent company as the Company filing consolidated financial statements and the subsidiaries, etc. of other affiliated companies of the Company filing consolidated financial statements:

Year ended March 31, 2024

Attribution	Name	Address	Capital stock (millions of yen)	Business line	Percentage of voting rights owning (or owned)	Relationship with related party	Nature of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
Subsidiary of other affiliated company	FSY101 Co., Ltd. (Note 1)	Shibuya-ku, Tokyo	8	Real estate renting, etc.	—	—	Guarantee deposits of hotel facilities (Note 2)	—	Investments and other assets	15
							Rent of hotel facilities (Note 3)	18	—	—

Notes: 1. The above company is a subsidiary of the company, a majority voting rights of which is held by the Company's directors and their close family members.

2. Terms and conditions of the transaction and the policy for determination thereof:
Guarantee deposits of hotel facilities were determined with due consideration of the trading market prices and other factors.

3. Terms and conditions of the transaction and the policy for determination thereof:
Rent of hotel facilities was determined in reference to the assessed value provided by real estate assessors.

Year ended March 31, 2025

Attribution	Name	Address	Capital stock (millions of yen)	Business line	Percentage of voting rights owning (or owned)	Relationship with related party	Nature of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
Subsidiary of other affiliated company	FSY101 Co., Ltd. (Note 1)	Shibuya-ku, Tokyo	8	Real estate renting, etc.	—	—	Guarantee deposits of hotel facilities (Note 2)	—	Investments and other assets	15
							Rent of hotel facilities (Note 3)	18	—	—

Notes: 1. The above company is a subsidiary of the company, a majority voting rights of which is held by the Company's directors and their close family members.

2. Terms and conditions of the transaction and the policy for determination thereof:
Guarantee deposits of hotel facilities were determined with due consideration of the trading market prices and other factors.

3. Terms and conditions of the transaction and the policy for determination thereof:
Rent of hotel facilities was determined in reference to the assessed value provided by real estate assessors.

Per Share Information

(In yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Net assets per share	1,398.07	1,468.54
Basic net income per share	60.39	91.25
Diluted net income per share	—	—

Notes: 1. Amounts of diluted net income per share are not provided in the above, because there were no dilutive shares.
2. Basis for the calculation of net income per share is as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Net income per share:		
Profit attributable to owners of parent (millions of yen)	5,839	8,797
Amount not attributable to holders of common stock (millions of yen)	—	—
Profit attributable to owners of parent relating to common stock (millions of yen)	5,839	8,797
Average number of shares of common stock during the year (thousands of shares)	96,696	96,410

Supplementary Schedules

Bonds

Company	Description	Date of issuance	In millions of yen		Interest rate	Collateral	Redemption date
			Beginning balance on April 1, 2024	Ending balance on March 31, 2025			
Belluna Co., Ltd.	4th Series of Unsecured Bonds (with inter-bond pari passu clause)	October 19, 2017	5,000	— (—)	0.64%	None	October 18, 2024
Label Co., Ltd.	1st Series of Private Placement Bonds with Bank Guarantee	May 10, 2019	5	— (—)	0.39%	None	May 10, 2024
Label Co., Ltd.	2nd Series of Unsecured Bonds (The Chiba Bank, Ltd. guaranteed and qualified institutional investors only)	April 30, 2020	15	5 (5)	0.23%	None	April 30, 2025
Total	—	—	5,020	5 (5)	—	—	—

Notes: 1. Figures in parentheses in the “Ending balance on March 31, 2025” column represent the amounts due for redemption within one year.
2. The redemption schedule of bonds in the next 5 years is as follows:

(In millions of yen)

Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
5	—	—	—	—

Borrowings

	In millions of yen		Average interest rate	Repayment date
	Beginning balance on April 1, 2024	Ending balance on March 31, 2025		
Short-term borrowings	1,050	5,000	0.57%	—
Current portion of long-term borrowings (due within 1 year)	12,040	19,849	0.61%	—
Current portion of lease obligations (due within 1 year)	489	472	1.60%	—
Long-term borrowings (except current portion)	98,563	102,853	0.61%	From 2026 to 2044
Lease obligations (except current portion)	2,387	2,079	1.60%	From 2026 to 2041
Total	114,531	130,254	—	—

Notes: 1. Average interest rate is the average during the year.

2. The repayment schedule of long-term borrowings and lease obligations (both except current portion) in the next 5 years is as follows:

(In millions of yen)

Due dates	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term borrowings	11,152	9,400	10,040	11,946
Lease obligations	406	363	309	228

Schedule of asset retirement obligations

As the amount of asset retirement obligations fell within 1% of the total of liabilities and net assets at the beginning and the end of the fiscal year ended March 31, 2025, presentation of the schedule of these obligations is omitted herein in accordance with the provisions of Article 92-2 of the Regulations for Consolidated Financial Statements.

Other

(1) Semi-annual information for the year ended March 31, 2025:

(In millions of yen)

(Cumulative period)	First half ended September 30, 2024	Year ended March 31, 2025
Net sales	97,127	210,856
Profit before income taxes	4,212	13,211
Profit attributable to owners of parent	2,565	8,797
Net income per share (in yen)	26.56	91.25

(2) Conditions subsequent to the fiscal year-end:

None in particular to be remarked.

Corporate Data and Investor Information (As of March 31, 2025)

Company Name

Belluna Co., Ltd.

Head Office

4-2, Miyamoto-cho, Ageo, Saitama
362-8688, Japan
Tel: +81-48-771-7753

Capital Stock

¥10,612 million

Established

June 1977

Number of Employees

3,884

Directors and Corporate Auditors

President and CEO:

Kiyoshi Yasuno

Directors and Executive Officers:

Yuichiro Yasuno

Junko Shishido

Tomohiro Matsuda

Masayoshi Miyashita

Outside Directors (Independent Directors) and
Audit and Supervisory Committee Member:

Hideki Yamagata

Yukimitsu Watabe

Junko Hamamoto

Consolidated Subsidiaries

Refre Co., Ltd.

Ozio Co., Ltd.

Friendly Co., Ltd.

Sunstage Co., Ltd.

BANKAN Wamonoya Co., Ltd.

El Dorado Co., Ltd.

NurseStage Co., Ltd.

Texas Co., Ltd.

Granbellhotel Co., Ltd.

Marucho Co., Ltd.

California Co., Ltd.

Maimu Co., Ltd.

Sagami Group Holdings Co., Ltd.

Others

Common Stock

Stock Exchange Listing:

Tokyo Stock Exchange, PRIME Section

Number of Shares of Common Stock Issued

97,244,472

Number of Shareholders

63,579

Transfer Agent

Mizuho Trust & Banking Co., Ltd.

ADRs

Traded:

OTC (U.S.A.)

Ratio

1ADRs=1 Ordinary Share

Symbol

BLUNY

CUSIP

07986W102

Depository

The Bank of New York Mellon

URL: <https://www.adrbnymellon.com>

Major Shareholders

Names	Percentage of total shares
Friend Stage Asset Management Co., Ltd.	43.0%
The Master Trust Bank of Japan ,Ltd.	7.5%
Custody Bank of Japan, Ltd.(Trust Account)	3.3%
Kiyoshi Yasuno	3.0%
Kimi Yasuno	3.0%
Sumitomo Mitsui Banking Corporation	2.3%
The Nomura Trust and Banking Co., Ltd.	2.0%
Belluna Mutual Benefit Society	1.7%
Belluna Employee Stock Ownership Association	1.1%
Custody Bank of Japan, Ltd.(Trust Account 4)	1.0%

* In addition to the above, Belluna retains 1,017,041 treasury shares.

For Further Information

URL: <https://www.belluna.co.jp/en/>

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

Notice Concerning English-Language Financial Statements and Independent Auditors' Report

The consolidated financial statements and notes to consolidated financial statements contained in this annual report are an English-language translation of those in the Company's annual securities report (Yukashoken Hokokusho), a statutory disclosure document in Japan.

In order to view the Company's annual securities report, including the original text of the consolidated financial statements, notes to the consolidated financial statements and independent auditors' report, please refer to the Company's Website:

<https://www.belluna.co.jp/en/irinfo/financial/>

BELLUNA

4-2, Miyamoto-cho, Ageo, Saitama 362-8688, Japan

<https://www.belluna.co.jp/irinfo/>