Annual Securities Report

49th fiscal year（From April 1, 2024 To March 31, 2025）

BELLUNA CO.,LTD.

1. Consolidated Financial Statements, Etc.

(1) Consolidated Financial Statements

(I) Consolidated balance sheet

(Million yen)

	As of March 31, 2024	As of 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
Operating loans	31,750	34,466
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	16,076	15,448
Allowance for doubtful accounts	-892	-978
Total current assets	129,961	131,443
Non-current 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, equipment and vehicles	※2 12,527	※2 12,509
Accumulated depreciation	※1 -4,381	※1 -5,209
Machinery, equipment and vehicles, net	8,145	7,299
Tools, furniture and fixtures	※3 6,070	※3 7,175
Accumulated depreciation	※1 -4,115	※1 -4,599
Tools, 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 assets		
Goodwill	1,044	2,682
Leased assets	799	556
Other	※2 9,049	※2 8,581
Total intangible assets	10,893	11,820
Investments and other assets		
Investment securities	※4 14,614	※4 14,576
Long-term loans receivable	1,998	1,986
Distressed receivables	211	271
Deferred tax assets	598	1,318
Other	6,209	5,835
Allowance for doubtful accounts	-705	-744
Total investments and other assets	22,927	23,244
Total non-current assets	170,730	181,018
Total assets	300,691	312,462

(Million yen)

	As of March 31, 2024	As of March 31, 2025
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	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 liabilities	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	2,536	2,251
Total current liabilities	59,206	61,616
Non-current 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 liabilities	2,387	2,079
Retirement benefit liability	331	223
Provision for retirement benefits for directors (and other officers)	249	249
Asset retirement obligations	1,076	1,069
Provision for repairs	117	147
Other	2,236	2,324
Total non-current liabilities	105,302	109,189
Total liabilities	164,509	170,805
NET ASSETS		
Shareholders' equity		
Capital 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 adjustment	-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

(II) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	※1 208,298	※1 210,856
Cost of sales	※2 81,953	※2 81,604
Gross profit	126,345	129,251
Selling, general and administrative expenses	※3 116,557	※3 117,364
Operating profit	9,787	11,887
Non-operating income		
Interest income	257	344
Dividend income	793	479
Rental income	32	34
Gains on obligations not required to be paid	28	30
Compensation income	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 store closings	138	151
Provision for loss on store closings	-	65
Other	224	155
Total non-operating expenses	1,061	1,275
Ordinary profit	11,831	13,255

(Million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Extraordinary income		
Gain on sale of non-current assets	※4 15	※4 10
Gain on sale of investment securities	1,369	361
Gain on redemption of investment securities	7	0
Total extraordinary income	1,391	372
Extraordinary losses		
Loss on sale of non-current assets	-	※5 37
Loss on retirement of non-current assets	※6 16	※6 45
Foreign currency translation adjustment	-	28
Impairment losses	※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 statement of comprehensive income

(Million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	5,717	8,829
Other comprehensive income		
Valuation difference on available-for-sale securities	1,325	-891
Deferred gains or losses on hedges	389	-336
Foreign currency translation adjustment	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		
Comprehensive income attributable to owners of parent	11,647	8,713
Comprehensive income attributable to non-controlling interests	-28	43

(III) Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	10,612	10,951	108,663	-462	129,765
Changes during period					
Dividends of surplus			-1,958		-1,958
Profit attributable to owners of parent			5,839		5,839
Purchase of treasury shares				-0	-0
Disposal of treasury shares		-1		7	6
Capital increase of consolidated subsidiaries					-
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-1	3,881	7	3,887
Balance at end of period	10,612	10,950	112,545	-455	133,652

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,702	106	-7	-6,071	0	-4,268	940	126,436
Changes during period								
Dividends of surplus						-		-1,958
Profit attributable to owners of parent						-		5,839
Purchase of treasury shares						-		-0
Disposal of treasury shares						-		6
Capital increase of consolidated subsidiaries						-	78	78
Purchase of shares of consolidated subsidiaries						-		-
Net changes in items other than shareholders' equity	1,325	389	-	4,091	0	5,807	-28	5,779
Total changes during period	1,325	389	-	4,091	0	5,807	50	9,745
Balance at end of period	3,028	496	-7	-1,979	1	1,539	990	136,182

Fiscal year ended March 31, 2025

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	10,612	10,950	112,545	-455	133,652
Changes during period					
Dividends of surplus			-2,386		-2,386
Profit attributable to owners of parent			8,797		8,797
Purchase of treasury shares				-345	-345
Disposal of treasury shares		0		6	6
Capital increase of consolidated subsidiaries					-
Purchase of shares of consolidated subsidiaries		425			425
Net changes in items other than shareholders' equity					-
Total changes during period	-	424	6,411	-338	6,497
Balance at end of period	10,612	11,375	118,956	-794	140,149

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,028	496	-7	-1,979	1	1,539	990	136,182
Changes during period								
Dividends of surplus						-		-2,386
Profit attributable to owners of parent						-		8,797
Purchase of treasury shares						-		-345
Disposal of treasury shares						-		6
Capital increase of consolidated subsidiaries						-	-	-
Purchase of shares of consolidated subsidiaries						-		425
Net changes in items other than shareholders' equity	-891	-336	0	816	37	-374	-648	-1,023
Total changes during period	-891	-336	0	816	37	-374	-648	5,474
Balance at end of period	2,136	159	-7	-1,163	38	1,164	342	141,656

(IV) Consolidated statement of cash flows

(Million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	9,772	13,211
Depreciation	5,435	5,977
Impairment losses	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 retirement 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 sale of investment securities	-1,369	-361
Foreign exchange losses (gains)	-392	-54
Loss on retirement of non-current assets	16	45
Loss (gain) on sale of property, plant and equipment	-15	27
Decrease (increase) in trade receivables	-111	-166
Decrease (increase) in operating loans receivable	-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 trade payables	-2,243	-3,316
Increase (decrease) in other current liabilities	-1,912	-1,413
Increase (decrease) in other non-current liabilities	219	154
Other	1,849	1,019
Subtotal	15,919	13,584
Interest and dividends received	1,041	818
Interest paid	-478	-782
Income taxes refund	119	256
Income taxes paid	-3,832	-4,187
Net cash provided by (used in) operating activities	12,770	9,689

(Million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	454	-
Proceeds from sale of securities	-	155
Purchase of property, plant and equipment	-15,653	-15,031
Proceeds from sale of property, plant and equipment	16	28
Purchase of intangible assets	-1,128	-315
Purchase of investment securities	-1,359	-2,152
Proceeds from sale of investment securities	3,761	1,367
Loan advances	-245	-10
Proceeds from collection of loans receivable	12	5
Payments of guarantee deposits	-203	-124
Proceeds from refund of guarantee deposits	156	262
Other payments	-212	-174
Other proceeds	4	2
Purchase of shares of subsidiaries resulting in change in scope of consolidation	※2 -5	※2 -1,806
Net cash provided by (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 liabilities	-421	-492
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	-146
Proceeds from sale and leaseback transactions	2,737	7
Net cash provided by (used in) 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 the period	31,828	37,245
Cash and cash equivalents at end of period	※1 37,245	※1 36,213

Notes

(Significant matters for preparing consolidated financial statements)

1. Matters regarding scope of consolidation

(1) Number of consolidated subsidiaries: 57

The Company has acquired shares of Aging Beef Co., Ltd., making it a consolidated subsidiary from the fiscal year under review. The liquidation of GRANBELL EUCLID LLC has been completed, and the company is now excluded from the scope of consolidation. The income of GRANBELL EUCLID before it was liquidated is included in the Company's consolidated statement of income.

Names of major consolidated subsidiaries

The Company's major consolidated subsidiaries are listed in section 4. Status of subsidiaries and affiliates in I. Overview of the Company. Accordingly, they are omitted here.

(2) Names of major non-consolidated subsidiaries

Major non-consolidated subsidiaries

Human Resources Management co., ltd

(Reason for exclusion from scope of consolidation)

The non-consolidated subsidiaries are excluded from the scope of consolidation because they are small-scale companies and the aggregation of their total assets, net sales, profit/loss (corresponding to the Company's equity interest), or retained earnings (corresponding to the Company's equity interest) does not have any significant impact on the consolidated financial statements.

2. Matters regarding application of equity method

(1) Number of non-consolidated subsidiaries to which the equity method is applied: —

(2) Number of affiliates accounted for using equity method: 2

(3) Non-consolidated subsidiaries (including Human Resource Management Co., Ltd.) not accounted for using the equity method are excluded from the scope of application of the equity method because their respective profit or loss (based on the Company’s ownership percentage) and retained earnings (based on the Company’s ownership percentage), etc. do not have a material effect on the Company's consolidated financial statements, and, as a whole, the significance is limited.

3. Matters regarding fiscal years, etc., of consolidated subsidiaries

The fiscal year for BELLUNA CAPITAL, INC. and nine other consolidated subsidiaries ends on December 31. As the end of their fiscal year is only three months different from the end of the Company's consolidated fiscal year, the Company uses these consolidated subsidiaries' financial statements for their fiscal year in the Company's consolidated results.

The Company made adjustments necessary for consolidated accounting for important transactions that occur between the end of the fiscal year of these consolidated subsidiaries and the end of its consolidated fiscal year.

4. Matters regarding accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

a. Held-to-maturity bonds

Amortized cost method (straight-line method)

b. Available-for-sale securities

Securities other than shares, etc. without market prices

Market value method

(Valuation differences are reported as a component of shareholders' equity and the cost of securities sold is calculated using the moving average method.)

Shares, etc. without market value

Cost method using the moving average method

Investments in investment limited partnerships and similar partnerships (investments deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)

The method of recording the net value of equity interests is based on the latest financial statements available on the financial report date specified in the partnership agreement

(ii) Derivatives

Market value method

(iii) Inventories

a. Merchandise and finished goods

The cost method on a moving average method (the book value on the balance sheets is written down according to a fall in profitability)

b. Raw materials and supplies

Cost method using the last purchase cost method

c. Real estate for sale

The cost method on a specific identification basis (the book value on the balance sheets is written down according to a fall in profitability)

d. Real estate for sale in process

The cost method on a specific identification basis (the book value on the balance sheets is written down according to a fall in profitability)

(2) Depreciation and amortization methods for significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries employ the declining balance method, while overseas consolidated subsidiaries utilize the straight-line method.

However, the Company and its domestic consolidated subsidiaries employ the straight-line method for buildings (excluding facilities attached to buildings) that were acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016. They also apply the straight-line method for certain types of machinery and equipment.

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied. Software used in the Company is amortized over the estimated useful life of the software (five years) in the Company.

(iii) Leased assets

a. Ownership-transfer finance lease transactions

Leased assets related to finance lease transactions involving the transfer of ownership are depreciated using the same method applied for non-current assets owned by the Company.

b. Non-ownership-transfer finance lease transactions

Calculated by assuming the lease term is the useful life and depreciating the remaining amount to zero using the straight-line method.

(3) Accounting standards for significant allowances

(i) Allowance for doubtful accounts

To prepare for potential losses from uncollectible receivables, the Company records an amount based on the historical rate of uncollectible receivables for general receivables. For specific receivables such as those with a high likelihood of default, the Company assesses the recoverability individually and records an estimated amount that may be uncollectible.

(ii) Provision for bonuses

To ensure bonuses are paid to employees, the Company records the estimated portion of the bonuses that the Company will bear during the consolidated fiscal year under review.

(iii) Provision for loss on interest repayment

To prepare for potential repayment of claims submitted by customers regarding loan interest that exceeds the maximum rates established by the Interest Rate Restriction Act, the Company records the expected amount of these future claims by the end of the fiscal year under review.

(iv) Provision for retirement benefits for directors (and other officers)

The provision for retirement benefits for directors (and other officers) is provided at an amount required to be paid at the end of the fiscal year, based on internal rules and regulations.

(v) Provision for repairs

To provide for potential expenses that will be required for future repairs, the Company records the repair costs it expects to bear in the consolidated fiscal year under review as a portion of its reasonably estimated repair costs in the repair plan.

(vi) Provision for store losses

To prepare for potential losses due to store closures, the Company records estimated losses for stores that the Company has decided to close in or after the following consolidated fiscal year.

(4) Accounting methods for retirement benefit

(i) Method of attributing the estimated amount of retirement benefits to the period

To calculate benefit liabilities, the estimated amount of retirement benefits is attributed up to the end of the consolidated fiscal year under review on a straight-line basis.

(ii) Method of posting actuarial differences in expenses

Actuarial differences are amortized using the straight-line method over a specified number of years (five years) within the average remaining service period of employees when the differences are identified. The amortization expenses are recorded as expenses from the fiscal year in which the differences arise.

(iii) Adoption of the simplified method by companies that are small in size

Some consolidated subsidiaries adopt, for the purpose of calculating retirement benefit liability and retirement benefit expenses, a simplified method involving the recognition of retirement benefit obligations as the amount of retirement benefit payable at fiscal year-end due to voluntary termination.

(5) Amortization of goodwill and amortization period

Goodwill is amortized using the straight-line method over a period of one to ten years.

(6) Scope of funds on the consolidated statement of cash flows

Cash and cash equivalents are composed of cash on hand, deposits that can be withdrawn at any time and short-term investments that are readily convertible into cash and face only slight risks of fluctuation in value, with redemption due dates arriving within three months from the acquisition date.

(7) Accounting standards for significant revenue and expenses

(i) Property

The Group primarily provides hotel accommodation, ancillary services, real estate rental, revitalization development, and power generation services. It also operates restaurants. The Group recognizes revenue from hotel accommodation and ancillary services when the services are provided. For real estate rental, revenue is recognized based on the rental periods specified in the agreements. In the revitalization and development of real estate, revenue is recognized at the time ownership is transferred. In the power generation business, the Group recognizes the fulfillment of its performance obligation upon the completion of its supply of power for a specific period, and revenue is then recognized for that period. In the restaurant business, the Group recognizes revenue when it provides items to customers.

(ii) Mail Order (Cosmetics & Health Food, Gourmet, Nurse-Related, Apparel & Goods)

The Group principally sells products through catalogs, the internet, newspaper advertisements and television programs. The Group operates in the following segments: Cosmetic & Health Food, which includes the sale of cosmetics and health food, Gourmet, which includes the provision of food, Japanese sake, and wine, Nurse-Related, which includes the sale of goods for nurses, and Apparel & Goods, which includes the provision of clothing, household items, furniture, and other daily necessities. In the sale of these products, the Group determines that the control of the products is transferred to the customer upon delivery. However, because there is a normal period of time between shipment and delivery, the Group applies an alternative revenue recognition model based on the significance of the process and recognizes revenue at the time of shipment.

(iii) Kimono-Related

The Group mainly sells and rents products related to kimonos. In the sale and rental of these products, the Group recognizes revenue when they are delivered to customers.

(iv) Database Utilization

The Group primarily ships flyers and other promotional materials for external businesses with their catalogs and products, provides mail order agency services (receives orders, provides third-party logistics, and sends catalogs), and provides financing for individuals. In the service for external businesses, the Group recognizes revenue upon the completion of services provided to external businesses. In the financing business, the Group recognizes revenue as time passes.

(8) Significant hedge accounting

(i) Hedge accounting methods

Deferral hedge accounting is applied, in principle.

(ii) Hedging methods and hedged transactions

The hedge accounting method and transactions are as follows.

Hedging method: Forward exchange contracts

Hedged transactions: Scheduled foreign currency transactions

(iii) Hedging policy

The Company conducts hedge transactions within the scope of actual demand to mitigate the risk of exchange rate fluctuations in accordance with internal regulations.

(iv) Methods of assessing hedge effectiveness

The scheduled transactions are hedged using forward exchange contracts in the same currency, and the correlation is completely ensured regardless of fluctuations in exchange rates. The assessment of the effectiveness of hedges is therefore omitted.

(9) Other significant matters for preparing consolidated financial statements

Accounting regarding non-recoverable consumption tax, etc. related to assets

Non-recoverable consumption tax and local consumption tax related to assets are recorded as expenses in the consolidated fiscal year under review.

(Significant accounting estimates)

1. Estimates of impairment losses on non-current assets

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

(Million yen)

Title	Previous fiscal year	Fiscal year under review
Impairment losses	3,433	160
Property, plant and equipment	136,909	145,954
Intangible assets	10,893	11,820

(2) Information on the content of significant accounting estimates pertaining to identified items

The Group possesses significant assets mainly in the Property, Nurse-Related, Kimono-Related, and Apparel & Goods businesses. Asset groups that consistently incur operating losses are reduced to their recoverable amount, and the reductions are recorded as impairment losses. The Group identifies signs of impairment, recognizes impairment, and determines recoverable amounts in each asset group, based on comparisons between past plans and results, the current business environment, market trends, and business plans. The Group estimates the net realizable value of real estate by consulting market prices, including expert appraisals and publicly announced prices, such as roadside land prices. The estimations, as well as the recoverable amounts, are considered when determining impairment losses. The Group assessed impairment losses rationally based on the information and materials available when the financial statements were prepared. Additional impairment losses may be recorded in the consolidated financial statements for the next fiscal year and thereafter due to changes in uncertain economic conditions.

2. Estimates of the recoverability of deferred tax assets

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

(Million yen)

Title	Previous fiscal year	Fiscal year under review
Deferred tax assets	598	1,318

(2) Information on the content of significant accounting estimates pertaining to identified items

The Group records deferred tax assets taking into account estimates of taxable income based on future profit plans and effective feasible tax-planning strategies. The recoverable amount of deferred tax assets was calculated based on reasonable judgments based on information and materials available when the financial statements were prepared. However, if profit plans and taxable income need to be reassessed due to changes in uncertain future economic conditions, it could significantly affect the deferred tax assets and deferred income taxes-deferred 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") effective from 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 Accounting Standard for Leases, etc. on the consolidated financial statements are being evaluated.

(Consolidated balance sheets)

*1. Accumulated impairment is included in accumulated depreciation.

*2. Assets pledged as collateral and secured debt

Assets pledged as collateral and secured debt are as follows

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

The liabilities associated with the above are as follows.

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

*3. Reduction entry

Reduction entry deducted from the acquisition costs of property, plant and equipment obtained using national subsidies and their breakdown are as follows.

	As of March 31, 2024	As of March 31, 2025
Reduction entry	437 million yen	672 million yen
(Buildings and structures)	436	671
(Tools, furniture and fixtures)	0	0

*4. Securities of non-consolidated subsidiaries and affiliated companies are as follows:

	As of March 31, 2024	As of March 31, 2025
Investment securities (equity)	1,651 million yen	1,719 million yen

*5 The Company has entered into overdraft agreements and loan commitment agreements with banks for the efficient procurement of working capital. The balance of loans not drawn down at the consolidated fiscal year end in accordance with these agreements are as follows.

	As of March 31, 2024	As of March 31, 2025
Total of overdraft limit and loan commitment	36,761 million yen	19,184 million yen
Outstanding borrowings	12,067	6,286
Difference	24,694	12,898

*6. Financial covenants

Of the consolidated outstanding borrowings, loan agreements amounting to 74,794 million yen include financial covenants, such as a requirement that the Company maintain its consolidated net assets at 75% or more of its consolidated net assets at the end of the previous fiscal year.

7. Joint guarantee obligations

The Company has taken on the following joint guarantee obligations.

	As of March 31, 2024	As of March 31, 2025
Kabushiki Kaisha Syurei (Note)	36 million yen	9 million yen

(Note) The Company provides joint guarantees for loans that this company has obtained from financial institutions.

(Consolidated statements of income)

*1. Revenue from contracts with customers

Revenue from contracts with customers and other revenue are not shown separately for net sales. Revenue from contracts with customers is stated in 3. Information on net sales, profit (loss), assets, liabilities, and other items by reportable segment, and a breakdown of sales is in the Notes to consolidated financial statements (segment information).

*2. Year-end inventories are the amount after the carrying amount is lowered due to the decline of profitability, and the following loss on valuation of inventories is included in the cost of sales.

Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
998million yen	952million yen

*3. Major expenses included in selling, general and administrative expenses and their amounts are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Freight and packing costs	14,617million yen	14,223million yen
Advertising expenses	27,022	25,493
Promotion expenses	2,750	3,120
Provisions 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 Gain on sale of non-current assets includes the following:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Machinery, equipment and vehicles	8 million yen	5 million yen
Tools, furniture and fixtures	6	5
Total	15	10

*5. Details of loss on sale of non-current assets

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Buildings and structures	– million yen	37 million yen
Total	—	37

*6. The details of loss on retirement of non-current assets are as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Buildings and structures	14 million yen	39 million yen
Machinery, equipment and vehicles	0	0
Tools, furniture and fixtures	1	3
Intangible assets (Other)	—	2
Total	16	45

*7. Impairment loss

Fiscal year ended March 31, 2024

Type of Property	Type	Place
Business assets	Buildings and structures, tools, furniture and fixtures	Sakai-shi, Osaka, etc.
Business assets	Buildings and structures, tools, furniture and fixtures	Sakaide-shi, Kagawa, etc.
Business assets	Buildings and structures, tools, furniture and fixtures, intangible assets (Other, net)	Sendai-shi, Miyagi, etc.
Business assets	Construction in progress	Mogami-machi, Yamagata

(Asset grouping method)

The Group's business assets are classified into groups based on management accounting classifications. Individual rental properties and idle assets are considered an asset group.

(Background of recognizing impairment loss)

The Group assessed the recoverable amount of the asset groups above based on their value in use and anticipated that their future cash flows will be negative. Thus, the Group recognized impairment losses for the fiscal year under review. The geothermal power generation business of Mogami Geo-Energy LLC., a consolidated subsidiary of the Company, failed to generate the planned heat, resulting in unclear business prospects. Consequently, the Group recognized an impairment loss.

(Breakdown of impairment losses by type of non-current assets)

50 million yen in buildings and structures, 1 million yen in tools, furniture and fixtures, 3,380 million yen in construction in progress, 1 million yen in intangible assets (other).

(Method of calculating a recoverable amount)

The Group assessed the recoverable amount of the asset groups above based on their value in use. Their future cash flows are expected to be negative, and the value in use is assessed as zero.

Fiscal year ended March 31, 2025

Type of Property	Type	Place
Business assets	Buildings and structures, tools, furniture and fixtures, intangible assets (Other), investments and other assets (Other)	Ageo-shi, Saitama, etc.
Business assets	Buildings and structures, tools, furniture and fixtures	Chuo-ku, Tokyo
Business assets	Intangible assets (Other)	Osaka-shi, Osaka
Business assets	Buildings and structures, tools, furniture and fixtures, investments and other assets (Other)	Itabashi-ku, Tokyo, etc.

(Asset grouping method)

The Group's business assets are classified into groups based on management accounting classifications. Individual rental properties and idle assets are considered an asset group.

(Background of recognizing impairment loss)

The Group assessed the recoverable amount of the asset groups above based on their value in use and anticipated that their future cash flows will be negative. Thus, the Group recognized impairment losses for the fiscal year under review.

(Breakdown of impairment losses by type of non-current assets)

118 million yen in buildings and structures, 4 million yen in tools, furniture and fixtures, 35 million yen in intangible assets (other), 2 million yen in investments and other assets (other)

(Method of calculating a recoverable amount)

The Group assessed the recoverable amount of the asset groups above based on their value in use. Their future cash flows are expected to be negative, and the value in use is assessed as zero.

*8. Extraordinary losses, etc.

A loss of 112 million yen due to delays in the delivery of New Year dishes in December 2024 and a loss of 17 million yen resulting from the Company's subsidiary MARUCHO Co., Ltd. withdrawing from the import business

(Notes to consolidated statements of comprehensive income)

*1. Reclassification adjustment, income taxes and tax effect related to other comprehensive income

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

(Consolidated statements of changes in shareholders' equity)

Fiscal year ended March 31, 2024

1. Matters concerning the type and the number of shares issued and treasury shares

	At the beginning of this period (thousand shares)	Increase during period (thousand shares)	Decrease during period (thousand shares)	As of the end of the period (thousand shares)
Issued shares				
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 0 thousand shares increase of treasury shares of common stock is due to the purchase of odd-lot shares.
The 9 thousand shares decrease of treasury shares of common stock is due to the disposal of treasury shares as restricted stock compensation.

2. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Million yen)	Dividend per share (yen)	Record date	Effective date
June 28, 2023 Ordinary General Meeting of Shareholders	Common stock	966	10.00	March 31, 2023	June 29, 2023
October 31, 2023 Board of Directors	Common stock	991	10.25	September 30, 2023	December 1, 2023

(2) Of dividends whose record date is in the consolidated fiscal year under review, those whose effective date in the next consolidated fiscal year

Resolution	Class of shares	Total amount of dividends (Million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
June 26, 2024 Ordinary General Meeting of Shareholders	Common stock	991	Retained earnings	10.25	March 31, 2024	June 27, 2024

Fiscal year ended March 31, 2025

1. Matters concerning the type and the number of shares issued and treasury shares

	At the beginning of this period (thousand shares)	Increase during period (thousand shares)	Decrease during period (thousand shares)	As of the end of the period (thousand shares)
Issued shares				
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 in the number of common shares held as treasury shares consists of an increase due to the purchase of 480 thousand treasury shares and an increase of 0 thousand shares due to the purchase of odd-lot shares by resolution of the Board of Directors.
The decrease of 8 thousand shares of common stock held as treasury shares was a result of the disposal of treasury shares as restricted stock compensation.

2. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Million yen)	Dividend per share (yen)	Record date	Effective date
June 26, 2024 Ordinary General Meeting of Shareholders	Common stock	991	10.25	March 31, 2024	June 27, 2024
October 31, 2024 Board of Directors	Common stock	1,395	14.50	September 30, 2024	December 2, 2024

(2) Of dividends whose record date is in the consolidated fiscal year under review, those whose effective date in the next consolidated fiscal year

Resolution	Class of shares	Total amount of dividends (Million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
June 26, 2025 Ordinary General Meeting of Shareholders	Common stock	1,395	Retained earnings	14.50	March 31, 2025	June 27, 2025

(Consolidated cash flow statements)

*1. Year-end balance of cash and cash equivalents and the relationship with the amounts of items listed in the consolidated balance sheet

(Million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash and deposits	35,842 million yen	35,414 million yen
MMFs, etc. included in securities	540	312
Securities account deposits	862	485
Cash and cash equivalents	37,245	36,213

*2. Breakdown of the assets and liabilities of a company that has become a new consolidated subsidiary through the purchase of shares, etc.

Fiscal year ended March 31, 2024

The information is omitted because it has little significance.

Fiscal year ended March 31, 2025

The following is a breakdown of the assets and liabilities of Aging Beef Co., Ltd., which has become a new consolidated subsidiary through the purchase of shares, at the time of its consolidation.

Current assets	1,010	million yen
Non-current assets	459	
Goodwill	1,953	
Current liabilities	-270	
Non-current liabilities	-513	
Cost of share acquisition	2,640	
Cash and cash equivalents	-833	
Difference: Cost of the acquisition	1,806	

(Lease transactions)

1. Finance lease transactions

(Lessee)

Ownership-transfer finance lease transactions

(i) Leased assets

Property, plant and equipment

Mainly equipment (machinery, equipment and vehicles) in the Apparel & Goods business

(ii) Method of depreciation/amortization of leased assets

The method is described in 4. Matters Related to Accounting Policies, (2) Method of depreciation/amortization of important depreciable assets in (Significant Matters That Serves as the Basis for Preparing Consolidated Financial Statements).

Non-ownership-transfer finance lease transactions

(i) Leased assets

a. Property, plant and equipment

Mainly equipment (machinery, equipment and vehicles, and tools, furniture and fixtures) in the Apparel & Goods business and the Gourmet business

b. Intangible assets

Software

(ii) Method of depreciation/amortization of leased assets

The method is described in 4. Matters Related to Accounting Policies, (2) Method of depreciation/amortization of important depreciable assets in (Significant Matters That Serves as the Basis for Preparing Consolidated Financial Statements).

2. Operating lease transactions

(Lessee)

Noncancelable future operating lease payments

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Within 1 year	204	204
More than 1 year	289	85
Total	494	289

(Financial instruments)

1. Matters related to the status of financial instruments

(1) Policy for financial instruments

The Group primarily raises necessary funds through bank borrowings, in line with its business plan. Temporary cash surpluses are invested in low-risk financial instruments. The Group primarily uses derivative transactions to mitigate the risk of the fluctuation of currency exchange rates associated with foreign currency-denominated trade payables and it avoids speculative transactions.

(2) Description of financial instruments and associated risks, and risk management structure

Notes and accounts receivable - trade and operating loans, which are operating receivables, are exposed to the credit risk of customers. To mitigate this risk, the Company manages credit using its evaluation standards, alongside its management of deadlines and the balances. Securities and investment securities are exposed to the risk of market price fluctuations. The Company consistently monitors market prices and reports them to its Representative Director (President).

Notes and accounts payable - trade, or trade payables, electronically recorded obligations - operating, and accrued expenses are mostly financial obligations due within one year. Some of these financial obligations are related to imports and denominated in foreign currencies. These are exposed to the risk of the fluctuation of currency exchange rates. This risk is partly hedged through derivative transactions. Borrowings are primarily used to obtain the funds necessary for executing the business plan. Borrowings are exposed to interest rate risks.

Derivative transactions that the Company enters into include forward exchange contracts and currency swap transactions with the goal of hedging exchange rate fluctuation risks. In engaging in derivative transactions, the Company follows its derivative transaction control regulations, which set forth trading authority and transaction limits, and the Company continually monitors transactions and balances.

(3) Supplemental explanation about the fair values of financial instruments

The Group factors in variables in the calculation of the fair values of financial instruments. The fair values vary depending on assumptions.

2. Matters related to the fair value of financial instruments, etc.

The values on the consolidated balance sheet and the fair values of financial instruments and differences between them are as follows.

As of March 31, 2024

	Consolidated balance sheet amount (Million yen)	Market price (Million yen)	Difference (Million yen)
(1) Operating loans	31,750		
Allowance for doubtful accounts (*4)	-553		
	31,197	31,773	576
(2) Securities and investment securities			
Available-for-sale securities	11,479	11,479	—
Total assets	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
Total liabilities	103,583	103,494	-88
Derivative transactions (*5)	713	713	—

(*1) Cash and deposits are omitted because they consist of cash and deposits that are settled in a short period of time, and thus, their fair value is close to their book value.

(*2) Notes receivable, accounts receivable, notes and accounts payable - trade, electronically recorded obligations - operating, and short-term borrowings are omitted because they are settled in a short period of time, and thus, their fair value is close to their book value.

(*3) Stock, etc. that do not have market prices are not included in (2) Securities and investment securities. The consolidated balance sheet amount of the financial instruments are as shown below.

Category	Previous fiscal year (Million yen)
Unlisted shares	2,233
Unlisted bonds	–
Investments in investment partnerships	1,598

• The fair value of investments in investment partnerships is not disclosed according to Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

(*4) Allowances for doubtful accounts included in operating loans are deducted.

(*5) Net receivables or net payables resulting from derivative transactions are presented. Net payables appear with minus symbols ("-").

As of March 31, 2025

	Consolidated balance sheet amount (Million yen)	Market price (Million yen)	Difference (Million yen)
(1) Operating loans	34,466		
Allowance for doubtful accounts (*4)	-656		
	33,810	34,524	713
(2) Securities and investment securities			
Available-for-sale securities	10,583	10,583	—
Total assets	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	—	—	—
Total liabilities	102,858	102,753	-105
Derivative transactions (*5)	224	224	—

(*1) Cash and deposits are omitted because they consist of cash and deposits that are settled in a short period of time, and thus, their fair value is close to their book value.

(*2) Notes receivable, accounts receivable, notes and accounts payable - trade, electronically recorded obligations - operating, and short-term borrowings are omitted because they are settled in a short period of time, and thus, their fair value is close to their book value.

(*3) Stock, etc. that do not have market prices are not included in (2) Securities and investment securities. The consolidated balance sheet amount of the financial instruments are as shown below.

Category	Fiscal year under review (Million yen)
Unlisted shares	2,323
Unlisted bonds	—
Investments in investment partnerships	1,984

• The fair value of investments in investment partnerships is not disclosed according to Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

(*4) Allowances for doubtful accounts included in operating loans are deducted.

(*5) Net receivables or net payables resulting from derivative transactions are presented. Net payables appear with minus symbols ("-").

(Note 1) Monetary claims and securities with maturity dates to be redeemed after the consolidated accounts settlement date

As of March 31, 2024

	Within 1 year (Million yen)	More than 1 year, within 2 years (Million yen)	More than 2 years, within 3 years (Million yen)	More than 3 years, within 4 years (Million yen)	More than 4 years, within 5 years (Million yen)	More than 5 years (Million yen)
Deposit	35,842	—	—	—	—	—
Notes receivable - trade	67	—	—	—	—	—
Accounts receivable - trade	10,502	—	—	—	—	—
Operating loans	9,695	8,976	7,257	5,099	714	6
Securities and investment securities						
Available-for-sale securities with maturities (1) Government bonds, local government bonds, etc.	—	—	—	—	—	—
(2) Bonds payable	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

	Within 1 year (Million yen)	More than 1 year, within 2 years (Million yen)	More than 2 years, within 3 years (Million yen)	More than 3 years, within 4 years (Million yen)	More than 4 years, within 5 years (Million yen)	More than 5 years (Million yen)
Deposit	35,414	—	—	—	—	—
Notes receivable - trade	12	—	—	—	—	—
Accounts receivable - trade	10,854	—	—	—	—	—
Operating loans	10,419	9,732	7,926	5,614	770	3
Securities and investment securities						
Available-for-sale securities with maturities (1) Government bonds, local government bonds, etc.	—	—	—	—	—	—
(2) Bonds payable	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) Scheduled redemption amounts of bonds, long-term borrowings, lease obligations and other interest-bearing liabilities with maturity after accounts settlement date

They are stated in the schedule of bonds and the schedule of borrowings, etc. in (v) Consolidated supplementary schedules.

3. Breakdown of financial instruments by level of fair value

The fair values of financial instruments are classified into the following three levels according to the observability and importance of inputs used in the calculation of fair values.

Level 1: Fair value calculated using market prices, on an active market, of assets or liabilities whose fair value is calculated of the observable inputs related to the calculation of fair value

Level 2: Fair value calculated using inputs other than the inputs used for Level 1 of the observable inputs related to the calculation of fair value

Level 3: Fair value calculated using inputs that are not observable related to the calculation of fair value

When inputs used to measure fair value are categorized within different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(1) Financial instruments reported on the consolidated balance sheet at fair value

As of March 31, 2024

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	5,622	—	—	5,622
Bonds	—	845	—	845
Other	4,470	540	—	5,011
Total assets	10,093	1,386	—	11,479
Derivative transactions				
Currencies	—	713	—	713
Derivative transaction Total	—	713	—	713

As of March 31, 2025

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	5,196	—	—	5,196
Bonds	—	1,172	—	1,172
Other	3,901	312	—	4,214
Total assets	9,098	1,484	—	10,583
Derivative transactions				
Currencies	—	224	—	224
Derivative transaction Total	—	224	—	224

(2) Financial instruments other than financial instruments reported on the consolidated balance sheet at fair value

As of March 31, 2024

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Operating loans	—	31,773	—	31,773
Total assets	—	31,773	—	31,773
Long-term borrowings	—	98,486	—	98,486
Current portion of bonds payable	—	5,003	—	5,003
Bonds payable	—	4	—	4
Total liabilities	—	103,494	—	103,494

As of March 31, 2025

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Operating loans	—	34,524	—	34,524
Total assets	—	34,524	—	34,524
Long-term borrowings	—	102,748	—	102,748
Current portion of bonds payable	—	5	—	5
Bonds payable	—	—	—	—
Total liabilities	—	102,753	—	102,753

(Note) Explanations about assessment techniques used in the calculation of fair value and inputs related to the calculation of fair value

Securities and investment securities

The fair value of investment securities are classified as Level 1 because stocks are evaluated using market prices and they traded on an active market.

The fair value of exchange-traded funds that are traded on an active market is classified as Level 1. Investment funds that are not traded on an active market but are traded over the counter, primarily through securities companies, are evaluated based on the prices published by these companies. Their fair value is classified as Level 2.

Derivative transactions

Derivative transactions are currency-related transactions and are calculated based on prices provided by financial institutions. The main inputs used in the valuation techniques are exchange rates and volatility. Fair value that can be measured without using unobservable inputs or that has little impact is categorized within Level 2.

Operating loans

Operating loans are categorized for a certain period. Their fair value is assessed according to credit risk categories in credit management, based on future cash flows, government bond interest rates, and contractual interest rates. The fair value is classified as Level 2.

Bonds payable and current portion of bonds payable

The fair value of bonds payable is calculated using observable inputs from financial institutions and is classified as Level 2.

Long-term borrowings

The fair value of long-term borrowings is calculated based on the total principal and interest amounts, remaining periods, and interest rates that reflect credit risk. Their fair value is classified as Level 2.

(Securities)

1. Available-for-sale securities

As of March 31, 2024

	Type	Consolidated balance sheet amount (Million yen)	Acquisition cost (Million yen)	Difference (Million yen)
Consolidated balance sheet amount exceeds acquisition cost	(1) Shares	5,396	2,257	3,138
	(2) Bonds			
	(i) Government bonds, local government bonds, etc.	—	—	—
	(ii) Bonds payable	732	591	140
	(iii) Other	—	—	—
	(3) Other	4,026	2,702	1,324
	Subtotal	10,155	5,551	4,604
Consolidated balance sheet amount exceeds acquisition cost	(1) Shares	226	279	-53
	(2) Bonds			
	(i) Government bonds, local government bonds, etc.	—	—	—
	(ii) Bonds payable	8	8	—
	(iii) Other	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

	Type	Consolidated balance sheet amount (Million yen)	Acquisition cost (Million yen)	Difference (Million yen)
Consolidated balance sheet amount exceeds acquisition cost	(1) Shares	3,982	1,606	2,376
	(2) Bonds			
	(i) Government bonds, local government bonds, etc.	—	—	—
	(ii) Bonds payable	903	788	115
	(iii) Other	—	—	—
	(3) Other	2,667	1,750	917
	Subtotal	7,554	4,144	3,409
Consolidated balance sheet amount exceeds acquisition cost	(1) Shares	1,213	1,828	-614
	(2) Bonds			
	(i) Government bonds, local government bonds, etc.	—	—	—
	(ii) Bonds payable	141	151	-10
	(iii) Other	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 consolidated fiscal year under review

Fiscal year ended March 31, 2024

Type	Sale price (Million yen)	Total profit on sale (Million yen)	Total loss on sale (Million yen)
(1) Shares	3,049	1,438	68
(2) Bonds	—	—	—
(3) Other	—	—	—
Total	3,049	1,438	68

Fiscal year ended March 31, 2025

Type	Sale price (Million yen)	Total profit on sale (Million yen)	Total loss on sale (Million yen)
(1) Shares	338	129	15
(2) Bonds	—	—	—
(3) Other	100	247	—
Total	438	377	15

(Derivative transactions)

1. Derivative transactions to which hedge accounting is not applied.

Currencies

As of March 31, 2024

Not applicable.

As of March 31, 2025

Not applicable.

2. Fair values to which hedge accounting is applied

Currencies

As of March 31, 2024

Hedge accounting approach	Type of derivative trading	Major hedged item	Value of contract (Million yen)	Value of contract for more than one year (Million yen)	Fair value (Million yen)
Principle accounting	Currency swap transactions				
	Short position				
	USD	Accounts payable - trade	3,648	2,533	320
	EUR	Accounts payable - trade	2,172	—	368
	Currency option transactions				
	Buying call option				
	EUR	Accounts payable - trade	1,285	1,285	110
	Selling call option				
	EUR	Accounts payable - trade	852	—	-86
Total			7,957	3,818	713

As of March 31, 2025

Hedge accounting approach	Type of derivative trading	Major hedged item	Value of contract (Million yen)	Value of contract for more than one year (Million yen)	Fair value (Million yen)
Principle accounting	Currency swap transactions				
	Short position				
	USD	Accounts payable - trade	4,678	2,596	102
	EUR	Accounts payable - trade	5,672	3,282	-56
	Forward exchange contracts				
	Short position				
	USD	Accounts payable - trade	8	—	0
	Currency option transactions				
	Buying call option				
	EUR	Accounts payable - trade	1,285	514	178
	Selling call option				
	EUR	Accounts payable - trade	—	—	—
Total			11,644	6,393	224

(Retirement benefits)

1. Outline of the retirement benefit plan

The Company and its consolidated subsidiaries have established a defined benefit corporate pension plan and a lump-sum retirement benefit plan as defined benefit plans to provide employee retirement benefits.

In defined benefit corporate pension plans and lump-sum retirement benefit plans for certain consolidated subsidiaries, retirement benefit liabilities and retirement benefit expenses are calculated using a simplified method.

2. Defined benefit plans

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding the plan applying a simplified method)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Defined benefit obligation at beginning of fiscal year	1,966 million yen	2,117 million yen
Service costs	124	122
Interest costs	20	24
Amount of net actuarial gain/loss	113	-105
Retirement benefits paid	-144	-123
Other	36	—
Defined benefit obligation at end of fiscal year	2,117	2,035

(2) Reconciliation of beginning and ending balances of pension assets (excluding the plan applying a simplified method)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Plan assets at beginning of period	1,811 million yen	1,950 million yen
Expected return on plan assets	31	50
Amount of net actuarial gain/loss	134	-40
Employer contribution	79	121
Retirement benefits paid	-106	-93
Other	0	—
Ending balance of pension assets	1,950	1,988

(3) Adjustments of balance of retirement benefit liability at the beginning and end of fiscal year in a plan using the simplified method

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Beginning balance of retirement benefit liability	5 million yen	163 million yen
Retirement benefit expenses	15	32
Contributions to the plans	-6	-17
Increase due to change in the scope to consolidation	149	-1
Ending balance of retirement benefit liability	163	176

(4) Reconciliation of ending balances of retirement benefit obligations and pension assets, and retirement benefit liability and retirement benefit asset reported on the consolidated balance sheet

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Defined benefit obligation for funded plan	2,186 million yen	2,106 million yen
Pension assets	-2,031	-2,067
	-2,031	-2,067
Retirement benefit obligation for unfunded plan	155	38
Net amount of retirement benefit liability and asset on the consolidated balance sheets	175	184
	331	223
Retirement benefit liability		
Retirement benefit asset	352	239
Net amount of retirement benefit liability and asset on the consolidated balance sheets	-21	-16
	331	223

(Note) The above includes plans that use the simplified method.

(5) Breakdown of retirement benefit expenses

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Service costs	124 million yen	122 million yen
Interest costs	20	24
Expected return on plan assets	-31	-50
Expense for actuarial losses	19	-9
Retirement benefit expenses calculated using the simplified method	15	32
Retirement benefit expenses related to defined benefit plan	148	119

(5) Remeasurements of defined benefit plans, net of tax

Items included in remeasurements of defined benefit plans, net of tax (before income taxes and tax effect deductions) are as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Actuarial gains and losses	0 million yen	-15 million yen

(7) Remeasurements of defined benefit plans

Items included in remeasurements of defined benefit plans (before income taxes and tax effect deductions) are as follows.

	As of March 31, 2024	As of March 31, 2025
Unrecognized actuarial gains and losses	-0 million yen	55 million yen

(8) Pension assets

1) Major components of pension assets

The ratios of each of the major categories to total pension assets are as follows.

	As of March 31, 2024	As of March 31, 2025
Bonds	34.1%	37.0%
Stocks	32.4	27.0
General account	16.3	15.1
Cash and deposits	0.5	5.3
Other	16.7	15.6
Total	100.0	100.0

(ii) Method of setting long-term expected investment profitability

To determine the expected long-term rate of return on pension assets, the Company takes into consideration the current and expected pension asset mix and expected long-term rates of return on a variety of pension assets.

(9) Basis for the calculation of actuarial gains and losses

Basis of major actuarial calculations

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Discount rate	0.50～1.18%	0.50～1.40%
Expected long-term rate of return	1.71～2.00	2.00～2.74
Forecasted rate of pay raise	0.80～1.12	0.80～1.09

3. Defined contribution plan

The required contribution amounts for consolidated subsidiaries were 92 million yen and 96 million yen for the fiscal years ended March 31, 2024 and 2025, respectively.

(Tax effect accounting)

1. Breakdown of key factors contributing to deferred tax assets and deferred tax liabilities

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Provision for bonuses	378 million yen	360 million yen
Allowance for doubtful accounts	203	280
Contract liabilities	161	172
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
Retirement benefit liability	127	102
Loss on valuation of real estate for sale	99	113
Impairment losses on non-current assets	477	522
Tax losses carried forward (Note)	1,277	1,186
Other	1,424	1,560
Subtotal of deferred tax assets	4,757	4,958
Valuation allowance related to tax losses carried forward (Note)	-1,168	-1,072
Valuation allowance for total future deductible temporary differences, etc.	-1,280	-1,314
Total valuation allowance	-2,449	-2,387
Total deferred tax assets	2,307	2,570
Deferred tax liabilities		
Valuation difference on available-for-sale securities	-1,386	-978
Removal expenses for asset retirement obligations	-122	-127
Valuation difference on land of consolidated subsidiaries	-401	-403
Other	-349	-222
Total deferred tax liabilities	-2,260	-1,731
Deferred tax assets (liabilities), net	47	839

(Note)Tax loss carryforwards and their deferred tax assets by expiry date

As of March 31, 2024

	Within 1 year (Million yen)	More than 1 year, within 2 years (Million yen)	More than 2 years, within 3 years (Million yen)	More than 3 years, within 4 years (Million yen)	More than 4 years, within 5 years (Million yen)	More than 5 years (Million yen)	Total (Million yen)
Tax loss carryforwards (a)	146	212	149	86	75	607	1,277
Valuation reserve	-146	-212	-149	-86	-74	-500	-1,168
Deferred tax assets	—	—	—	—	1	107	(b)108

(a) The amount of tax loss carryforwards is derived by multiplying by the statutory tax rate.

(b) Deferred tax assets of 108 million yen is posted for tax losses carried forward of 1,277 million yen (amount multiplied by normal effective statutory tax rate). The deferred tax assets amounting to 108 million yen were recorded as a part of the tax losses carried forward that were attributed to consolidated subsidiaries, which stood at 1,277 million yen (based on the normal effective statutory tax rate). The Company assessed its potential for future taxable profits, considering its earnings capacity, and determined that it would be able to generate taxable profits sufficient for realizing the deferred tax assets.

As of March 31, 2025

	Within 1 year (Million yen)	More than 1 year, within 2 years (Million yen)	More than 2 years, within 3 years (Million yen)	More than 3 years, within 4 years (Million yen)	More than 4 years, within 5 years (Million yen)	More than 5 years (Million yen)	Total (Million yen)
Tax loss carryforwards (a)	271	206	105	54	13	533	1,186
Valuation reserve	-271	-206	-105	-54	-9	-424	-1,072
Deferred tax assets	—	—	—	—	4	108	(b)113

(a) The amount of tax loss carryforwards is derived by multiplying by the statutory tax rate.

(b) Deferred tax assets of 113 million yen is posted for tax losses carried forward of 1,186 million yen (amount multiplied by normal effective statutory tax rate). The deferred tax assets amounting to 113 million yen were recorded as a part of the tax losses carried forward that are attributed to consolidated subsidiaries, which stood at 1,186 million yen (based on the normal effective statutory tax rate). The Company assessed its potential for future taxable profits, considering its earnings capacity, and determined that it would be able to generate taxable profits sufficient for realizing the deferred tax assets.

2. Breakdown of major items that caused a significant difference between a effective statutory tax rate and a percentage of income taxes after the application of tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Statutory tax rate	30.5%	30.5%
(Adjustments)		
Items that are not permanently deductible, such as entertainment expenses	1.2	0.8
Items that are not permanently included in profits, such as dividend income	-0.3	-0.6
Inhabitant tax on a per capita basis	0.9	0.6
Differences in tax rates of consolidated subsidiaries	2.4	2.3
Change in valuation allowance	10.1	-0.1
Adjustments to deferred tax assets and liabilities resulting from changes in tax rates	0.1	-0.4
Income taxes for prior periods	-1.0	0.3
Tax credit	-4.3	-0.1
Other	1.9	-0.1
Effective income tax rate after application of tax-effect accounting	41.4	33.2

3. Accounting method for income taxes and local corporate taxes or accounting method for the related tax effect accounting

The Company and certain domestic consolidated subsidiaries are using the Group Tax Sharing System. Their accounting for income taxes and local corporate taxes and the related tax effect accounting and disclosure are in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Issues Task Force No. 42 issued on August 12, 2021).

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.

(Business combinations)

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 and 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 Aging Beef 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 field.

(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 statement of income

From October 1, 2024 to March 31, 2025

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

Consideration for acquisition	Cash and deposits	2,640 million yen
Acquisition cost		2,640 million yen

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

Advisory fees, etc. 93 million yen

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

(i) Amount of goodwill

1,953 million yen

(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

Current assets	1,010	million yen
Non-current assets	459	million yen
Total assets	1,470	million yen
Current liabilities	270	million yen
Non-current liabilities	513	million yen
Total liabilities	784	million yen

(7) Approximate amount of impact on the consolidated statement 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.

(Asset retirement obligations)

Asset retirement obligations posted in the consolidated balance sheets

(1) Overview of the asset retirement obligations

For certain facilities of the Group, it entered into land lease agreements with landowners and recorded asset retirement obligations related to its obligation to restore the land to its original state. Furthermore, the Group recorded asset retirement obligations related to its obligation to eliminate hazardous substances used in certain buildings.

(2) Measurement of the asset retirement obligations

The Group estimated the useful lives of the facilities to be 8 to 50 years, considering the durability of the buildings and facilities. The discount rates range from 0.29% to 2.30%. These figures are used to calculate the asset retirement obligations.

(3) Movements of the asset retirement obligations

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at beginning of period	1,136 million yen	1,085 million yen
Increase due to purchases of property, plant and equipment	24	28
Decrease due to the retirement and sale of property, plant and equipment.	-64	—
Adjustment due to passage of time	10	11
Increase (decrease) in other items	-22	-38
Balance at end of the period	1,085	1,086

(Rental properties, etc.)

The Company and certain consolidated subsidiaries own office buildings and retail facilities for rent in Tokyo and other areas to generate rental income. As the Company uses parts of rental office buildings, this real estate is classified as real estate that includes properties used as rental properties, etc.

The amounts posted on the consolidated balance sheet, changes during the fiscal year, and the fair values of the rental properties and properties with rental spaces are as follows.

(Million yen)

		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Mainly real estate for rent			
Value on the consolidated balance sheet			
	Balance at beginning of period	17,472	17,547
	Increase (decrease) during the period	75	16
	Balance at end of the period	17,547	17,563
Fair value at end of period		22,085	22,771
Real estate that includes properties used as rental properties			
Value on the consolidated balance sheet			
	Balance at beginning of period	744	10,901
	Increase (decrease) during the period	10,156	-416
	Balance at end of the period	10,901	10,484
Fair value at end of period		11,042	10,631

(Notes) 1. The carrying amount on the consolidated balance sheet represents the acquisition cost net of accumulated depreciation and amortization and accumulated impairment loss.

2. Factors increasing rental properties during the previous fiscal year were primarily the acquisition of rental properties of 448 million yen and alterations of properties with rental spaces of 228 million yen. Factors decreasing rental properties were chiefly the change of rental properties to real estate for sale of 434 million yen and depreciation of 247 million yen. Factors increasing rental properties during the fiscal year under review were chiefly the acquisition of rental properties of 322 million yen. Factors decreasing rental properties were primarily depreciation of 259 million yen.

3. The increase in property with rental spaces during the previous fiscal year was chiefly due to capital expenditures for development of 10,834 million yen.

4. The amounts posted on the consolidated balance sheet for the previous fiscal year include asset retirement obligations of 17 million yen. The amounts posted on the consolidated balance sheet for the fiscal year under review include asset retirement obligations of 16 million yen.

5. The fair values of major properties at the end of the fiscal year under review are determined based on appraisal reports from outside real estate appraisers. When certain valuation amounts and indicators that are deemed to accurately reflect market prices have not changed significantly since they were obtained from a third party or since the last valuation, the fair values are based on these amounts and indicators, with appropriate adjustments. The fair values of minor properties are based on certain valuation amounts and indicators that are deemed to accurately reflect market prices.

Profits and losses from rental properties and properties with rental spaces are as follows.

(Million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Mainly real estate for rent		
Rental revenue	1,626	1,616
Rental expenses	631	644
Difference	995	971
Other (gain/loss on sale, etc.)	—	-37
Real estate that includes properties used as rental properties		
Rental revenue	80	232
Rental expenses	893	191
Difference	-812	40

(Notes) 1. The figure in the "Other" row under Rental properties for the end of the fiscal year is a loss on sale of non-current assets of 37 million yen in extraordinary losses.

2. In certain areas of the properties with rental spaces, services are provided to the Company, and these areas are managed for the Company. Accordingly, no profits or losses are recorded for these areas. Expenses (depreciation, repair expenses, taxes and other dues, commission expenses, etc.) for this real estate are included in rental expenses.

(Revenue recognition)

1. Information from the breakdown of revenue from contracts with customers

The information from the breakdown of revenue from contracts with customers is provided in Notes (Segment Information).

2. Information that becomes the foundation for understanding revenue from contracts with customers

Information that becomes the foundation for understanding revenue is provided in (7) Accounting standards for significant revenues and expenses under 4. Notes regarding accounting policies in (Significant matters that serve as the basis for the preparation of consolidated financial statements, etc.).

3. Information on the relationship between the fulfilment of performance obligations based on contracts with customers and cash flows from those contracts as well as the amount and timing of revenue expected to be recognized in and after the consolidated fiscal year following the contracts with customers that exist at the end of the current consolidated fiscal year

(1) Balance of contract liabilities

Fiscal year ended March 31, 2024

The contract liabilities from contracts with customers at the beginning and end of the fiscal year are as follows.

(Million yen)

	Fiscal year under review
Contract liabilities (Balance at beginning of current period)	3,756
Contract liabilities (Balance at end of current period)	3,557

Fiscal year ended March 31, 2025

The contract liabilities from contracts with customers at the beginning and end of the fiscal year are as follows.

(Million yen)

	Fiscal year under review
Contract liabilities (Balance at beginning of current period)	3,557
Contract liabilities (Balance at end of current period)	3,452

These contract liabilities are primarily advances received before the fulfillment of performance obligations in the mail-order and kimono-related businesses. They are written off when the performance obligations are fulfilled and revenue is recognized. Payment terms vary according to individual contracts, and there are no standard deadlines for payment.

(2) Transaction prices allocated to outstanding performance obligations

The Group has no significant contracts with an initially anticipated contract term exceeding one year. The Group thus provides no information about outstanding performance obligations.

Further, consideration from contracts with customers does not contain a significant amount not included in the transaction price.

(Segment information, etc.)

Segment Information

1. Overview of reportable segments

(1) Determination of reportable segments

The reportable segments of the Group are components of the Company for which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Group organizes its eight segments into two categories: the Growth area, which is expected to drive growth and profitability in the future, and the Sustainable area, which is focused on stable profitability, business continuity, and social responsibility. The Group allocates its management resources to these groups and develops their businesses according to the characteristics of the individual business. The Group's eight reportable segments are Property, Cosmetics & Health Food, Gourmet, Nurse-Related, Kimono-Related, Apparel & Goods, Other, and Database Utilization.

(2) Product and service types belonging to each reportable segment

<table>
<tr><td colspan="3">Growth area</td></tr>
<tr><td rowspan="4"></td><td>(i) Property</td><td>Real estate business (lease, development, and sale of office buildings, etc.) and Hotel business, solar power generation business, geothermal power generation business, golf course operation business, and restaurant business</td></tr>
<tr><td>(ii) Cosmetics & Health Food</td><td>Cosmetics mail order (Ozio, Nachu life), health food mail order (Refre)</td></tr>
<tr><td>(iii) Gourmet</td><td>Mail-order service of food, sake, wine</td></tr>
<tr><td>(iv) Nurse-Related</td><td>Mail order for nurses (Nursery, infirmière), personnel placement business for nurses (Nurse Career Next, JOB STUDIO)</td></tr>
<tr><td colspan="3">Sustainability</td></tr>
<tr><td rowspan="3"></td><td>(v) Kimono-Related</td><td>Kimono stores (BANKAN Wamonoya, Sagami, Tokyo masuiwaya), hakama and other traditional attire rental for graduation ceremonies (Maimu)</td></tr>
<tr><td>(vi) Apparel & Goods</td><td>Catalog and online shopping mainly targeting married women (general mail order), online shopping (Min, ICnet, Maruchou, Select), apparel store (BELLUNA)</td></tr>
<tr><td>(vii) Other</td><td>Wholesale businesses, hotel booking business, etc.</td></tr>
<tr><td colspan="2">(viii) Database Utilization</td><td>Enclosure and shipping service (Belluna Direct), mail order service agent (Belluna Business Solution), finance business for members (BELLUNA Notice), third-party logistics business (BGL, Label)</td></tr>
</table>

(3) Matters concerning changes in reportable segments and others

The restaurant business and golf course management business of El Dorando Co., Ltd., which were included in the Other segment, are classified in the Property segment from the fiscal year under review.

2. Methods for calculating sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method used for reportable business segments is generally the same as the methods in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

The profit for the reportable segments is operating profit (before the amortization of goodwill).

Inter-segment net sales and transfers are based on market prices.

3. Information on operating revenue, profit or loss, assets, liabilities, and other items by reportable segment and information on breakdown of profits

Fiscal year ended March 31, 2024

(Million yen)

	Growth				Sustainability			Database Utilization	Adjustments (Note 1)	Amount on consolidated financial statements (Note 2)
	Property	Cosmetics & Health Food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Net sales										
Goods transferred at a 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 external customers	31,903	14,716	32,106	12,975	23,172	74,116	2,626	16,679	—	208,298
Intersegment 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 profit (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 assets (Note 3)	11,193	45	1,352	69	300	3,715	10	256	13	16,964

(Notes 1) Adjustments are as follows.

(1) Adjustments for segment profit/loss are an intersegment elimination of 280 million yen and an amortization of goodwill of – 499 million yen.

(2) Adjustments for segment assets are related to the Company's welfare facilities, amounting to 371 million yen, and goodwill, totaling 1,044 million yen, at the end of the fiscal year.

2. The segment profit/loss is adjusted with the operating profit stated in the consolidated financial statements.

3. The depreciation and the increase in property, plant and equipment intangible assets include long-term prepaid expenses and their amortization.

Fiscal year ended March 31, 2025

(Million yen)

	Growth area				Sustainability			Database Utilization	Adjustments (Note 1)	Amount on consolidated financial statements (Note 2)
	Property	Cosmetics & Health Food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Net sales										
Goods transferred at a 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 external customers	35,395	13,845	31,652	12,623	22,824	74,662	2,770	17,081	—	210,856
Intersegment 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 profit (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 assets (Note 3)	14,131	17	168	18	380	439	17	54	—	15,228

(Notes 1) Adjustments are as follows.

(1) Adjustments for segment profit/loss are an intersegment elimination of 292 million yen and an amortization of goodwill of – 354 million yen.

(2) Adjustments for segment assets are related to the Company's welfare facilities, amounting to 368 million yen, and goodwill, totaling 2,682 million yen, at the end of the fiscal year.

2. The segment profit/loss is adjusted with the operating profit stated in the consolidated financial statements.

3. The depreciation and the increase in property, plant and equipment intangible assets include long-term prepaid expenses and their amortization.

Related Information

Fiscal year ended March 31, 2024

1. Information by product/service

Information is omitted because the same information has been disclosed as segment information.

2. Information by region

(1) Net sales

This information is omitted since net sales to external customers in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

(Million yen)

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

3. Information by major customer

The information is omitted as no external customers account for 10% or more of net sales stated in the consolidated statement of income.

Fiscal year ended March 31, 2025

1. Information by product/service

Information is omitted because the same information has been disclosed as segment information.

2. Information by region

(1) Net sales

This information is omitted since net sales to external customers in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

(Million yen)

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

3. Information by major customer

The information is omitted as no external customers account for 10% or more of net sales stated in the consolidated statement of income.

Impairment Loss on Non-current Assets by Reportable Segment

Fiscal year ended March 31, 2024

(Million yen)

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

Fiscal year ended March 31, 2025

(Million yen)

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

Amortization of Goodwill and Unamortized Balance by Reporting Segment

Fiscal year ended March 31, 2024

(Million yen)

	Growth area				Sustainability			Database Utilization	Corporate/ Elimination	Total
	Property	Cosmetics & Health Food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Depreciation in current period	—	—	—	—	—	—	—	—	499	499
Balance at end of period	—	—	—	—	—	—	—	—	1,044	1,044

Fiscal year ended March 31, 2025

(Million yen)

	Growth area				Sustainability			Database Utilization	Corporate/ Elimination	Total
	Property	Cosmetics & Health Food	Gourmet	Nurse-Related	Kimono-Related	Apparel & Goods	Other			
Depreciation in current period	—	—	—	—	—	—	—	—	354	354
Balance at end of period	—	—	—	—	—	—	—	—	2,682	2,682

Information on Gain on Negative Goodwill by Reportable Segment

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

Related Party Information

Related party transactions

(1) Transactions between the reporting company and related parties

Company submitting consolidated financial statements' parent company and major shareholders (limited to companies, etc.)

Fiscal year ended March 31, 2024

Type	Name of company, etc. or person	Location	Common stock or capital contribution (Million yen)	Description of business or occupation	Percentage of voting rights held (%)	Relationship with related party	Content of the transaction	Transaction value (Million yen)	Title	Balance at end of period (Million yen)
Other associates (including the parent companies of the associates)	FRIEND STAGE Co., Ltd. (Note 1)	Ageo-shi, Saitama	50	Sale of seals, etc.	(Held by the parent company) Indirect 42.8	Officers serving concurrent positions	Provision of services (Note 2)	59	Other current assets	6
							Insurance premium collection agency service (Note 3)	104	Other current assets	29

(Notes) 1. Officers and their close relatives hold a majority of the voting rights.

2. Terms of business and policies for determining terms of business.

Both companies decide on the services to be provided through discussions, taking relevant operations into account.

3. Terms of business and policies for determining terms of business.

Insurance premiums are paid under the same conditions as generally accepted insurance premiums.

Fiscal year ended March 31, 2025

Type	Name of company, etc. or person	Location	Common stock or capital contribution (Million yen)	Description of business or occupation	Percentage of voting rights held (%)	Relationship with related party	Content of the transaction	Transaction value (Million yen)	Title	Balance at end of period (Million yen)
Other associates (including the parent companies of the associates)	FRIEND STAGE Co., Ltd. (Note 1)	Ageo-shi, Saitama	50	Sale of seals, etc.	(Held by the parent company) Indirect 42.8	Officers serving concurrent positions	Provision of services (Note 2)	59	Other current assets	7
							Insurance premium collection agency service (Note 3)	69	Other current assets	26

(Notes) 1. Officers and their close relatives hold a majority of the voting rights.

2. Terms of business and policies for determining terms of business.

Both companies decide on the services to be provided through discussions, taking relevant operations into account.

3. Terms of business and policies for determining terms of business.

Insurance premiums are paid under the same conditions as generally accepted insurance premiums.

(2) Transactions between consolidated subsidiaries of the company submitting consolidated financial statements and related parties

(a) Company submitting consolidated financial statements' parent company and major shareholders (limited to companies, etc.)

Fiscal year ended March 31, 2024

Type	Name of company, etc. or person	Location	Common stock or capital contribution (Million yen)	Description of business or occupation	Percentage of voting rights held (%)	Relationship with related party	Content of the transaction	Transaction value (Million yen)	Title	Balance at end of period (Million yen)
Other associates (including the parent companies of the associates)	FRIEND STAGE Co., Ltd. (Note 1)	Ageo-shi, Saitama	50	Sale of seals, etc.	(Held by the parent company) Indirect 42.8	Officers serving concurrent positions	Hotel facility deposits (Note 2)	-	Investments and other assets	1,772
							Rental fees for hotel facilities (Note 3)	1,191	–	-
							Rental fees for restaurants	12	–	-

(Notes) 1. Officers and their close relatives hold a majority of the voting rights.

2. Terms of business and policies for determining terms of business.

Hotel facility deposits are set based on market prices.

3. Terms of business and policies for determining terms of business.

Rental fees for hotel facilities are based on appraisal values by real estate appraisers.

4. Terms of business and policies for determining terms of business.

Rental fees for restaurants are based on market prices.

Fiscal year ended March 31, 2025

Type	Name of company, etc. or person	Location	Common stock or capital contribution (Million yen)	Description of business or occupation	Percentage of voting rights held (%)	Relationship with related party	Content of the transaction	Transaction value (Million yen)	Title	Balance at end of period (Million yen)
Other associates (including the parent companies of the associates)	FRIEND STAGE Co., Ltd. (Note 1)	Ageo-shi, Saitama	50	Sale of seals, etc.	(Held by the parent company) Indirect 42.8	Officers serving concurrent positions	Hotel facility deposits (Note 2)	-	Investments and other assets	1,772
							Rental fees for hotel facilities (Note 3)	1,104	–	-
							Rental fees for restaurants	38	–	-

(Notes) 1. Officers and their close relatives hold a majority of the voting rights.
2. Terms of business and policies for determining terms of business.
Hotel facility deposits are set based on market prices.
3. Terms of business and policies for determining terms of business.
Rental fees for hotel facilities are based on appraisal values by real estate appraisers.
4. Terms of business and policies for determining terms of business.
Rental fees for restaurants are based on market prices.

(b) Officers and major shareholders (individuals only), etc. of the reporting company

Fiscal year ended March 31, 2024

Type	Name of company, etc. or person	Location	Common stock or capital contribution (Million yen)	Description of business or occupation	Percentage of voting rights held (%)	Relationship with related party	Content of the transaction	Transaction value (Million yen)	Title	Balance at end of period (Million yen)
Company, etc. whose majority voting rights are held by officers and their relatives	Rivoir Co., Ltd.	Minato-ku, Tokyo	38	Real estate rental and other businesses	—	Officers serving concurrent positions	Hotel facility deposits (Note 1)	112	Investments and other assets	634
							Rental fees for hotel facilities (Note 2)	310	—	–
							Payment of construction assistance fund receivables (Note 3)	—	Long-term loans receivable	484
Director	Kiyoshi Yasuno	–	–	President and Representative Director	(Held by the parent company) Direct 3.0	Hotel facility rental	Rental fees for hotel facilities (Note 2)	79	—	–

(Notes) 1. Terms of business and policies for determining terms of business, etc.
Hotel facility deposits are set based on market prices.
2. Terms of business and policies for determining terms of business.
Rental fees for hotel facilities are based on appraisal values by real estate appraisers.
3. Terms of business and policies for determining terms of business.
Construction assistance fund receivables are determined through negotiations based on the acquisition price.

Fiscal year ended March 31, 2025

Type	Name of company, etc. or person	Location	Common stock or capital contribution (Million yen)	Description of business or occupation	Percentage of voting rights held (%)	Relationship with related party	Content of the transaction	Transaction value (Million yen)	Title	Balance at end of period (Million yen)
Company, etc. whose majority voting rights are held by officers and their relatives	Rivoir Co., Ltd.	Minato-ku, Tokyo	38	Real estate rental and other businesses	—	Officers serving concurrent positions	Hotel facility deposits (Note 1)	—	Investments and other assets	628
							Rental fees for hotel facilities (Note 2)	394	—	—
							Payment of construction assistance fund receivables (Note 3)	—	Long-term loans receivable	491
Director	Kiyoshi Yasuno	–	—	President and Representative Director	(Held by the parent company) Direct 3.0	Hotel facility rental	Rental fees for hotel facilities (Note 2)	79	—	—

(Notes) 1. Terms of business and policies for determining terms of business, etc.
Hotel facility deposits are set based on market prices.
2. Terms of business and policies for determining terms of business.
Rental fees for hotel facilities are based on appraisal values by real estate appraisers.
3. Terms of business and policies for determining terms of business.
Construction assistance fund receivables are determined through negotiations based on the acquisition price.

(c) Companies, etc. having the same parent company as the company submitting the consolidated financial statements, and subsidiaries, etc. of other associates of the company submitting the consolidated financial statements

Fiscal year ended March 31, 2024

Type	Name of company, etc. or person	Location	Common stock or capital contribution (Million yen)	Description of business or occupation	Percentage of voting rights held (%)	Relationship with related party	Content of the transaction	Transaction value (Million yen)	Title	Balance at end of period (Million yen)
Subsidiaries of other associates	FSY101 Co, Ltd. (Note 1)	Shibuya-ku, Tokyo	8	Real estate rental and other businesses	—	—	Hotel facility deposits (Note 2)	–	Investments and other assets	15
							Rental fees for hotel facilities (Note 3)	18	-	-

(Notes) 1. A subsidiary of a company where officers and their close relatives hold a majority of the voting rights
2. Terms of business and policies for determining terms of business.
Hotel facility deposits are set based on market prices.
3. Terms of business and policies for determining terms of business.
Rental fees for hotel facilities are based on appraisal values by real estate appraisers.

Fiscal year ended March 31, 2025

Type	Name of company, etc. or person	Location	Common stock or capital contribution (Million yen)	Description of business or occupation	Percentage of voting rights held (%)	Relationship with related party	Content of the transaction	Transaction value (Million yen)	Title	Balance at end of period (Million yen)
Subsidiaries of other associates	FSY101 Co, Ltd. (Note 1)	Shibuya-ku, Tokyo	8	Real estate rental and other businesses	—	—	Hotel facility deposits (Note 2)	-	Investments and other assets	15
							Rental fees for hotel facilities (Note 3)	18	-	-

(Notes) 1. A subsidiary of a company where officers and their close relatives hold a majority of the voting rights
2. Terms of business and policies for determining terms of business.
Hotel facility deposits are set based on market prices.
3. Terms of business and policies for determining terms of business.
Rental fees for hotel facilities are based on appraisal values by real estate appraisers.

(Per share information)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	1,398.07 yen	1,468.54 yen
Net profit per share	60.39 yen	91.25 yen
Diluted net profit per share	– yen	– yen

(Notes) 1. Diluted net profit per share is not stated since the Company has no dilutive shares.
2. The basis for calculating net profit per share is as follows.

Items	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net profit per share		
Profit attributable to owners of parent (Million yen)	5,839	8,797
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	5,839	8,797
Average number of shares during period (Thousand shares)	96,696	96,410

(V) Consolidated Supplementary Schedules

Schedule of Bonds

Company name	Issue	Date of issuance	Balance at beginning of period (Million yen)	Balance at end of period (Million yen)	Interest rate (%)	Collateral	Redemption date
Belluna Co., Ltd.	Fourth series of unsecured straight bonds (with special agreement on limited equal priority among bonds)	October 19, 2017	5,000	— (—)		None	October 18, 2024
Label Co., Ltd.	First bank-guaranteed private placement bond	May 10, 2019	5	— (—)		None	May 10, 2024
Label Co., Ltd.	Second unsecured bond (guaranteed by The Chiba Bank, Ltd., limited to qualified institutional investors)	April 30, 2020	15	5 (5)		None	April 30, 2025
Total	–	–	5,020	5 (5)		–	–

(Notes) 1. The figures in parentheses in the Balance at end of period column are amounts that will be redeemed within a year.
2. Scheduled redemption amounts for each year over the five years after the fiscal year-end

Within 1 year (Million yen)	More than 1 year, within 2 years (Million yen)	More than 2 years, within 3 years (Million yen)	More than 3 years, within 4 years (Million yen)	More than 4 years, within 5 years (Million yen)
5	—	—	—	—

Borrowings Schedule

Category	Balance at beginning of period (Million yen)	Balance at end of period (Million yen)	Average interest rate (%)	Maturity
Short-term borrowings	1,050	5,000	0.57	—
Current portion of long-term borrowings	12,040	19,849	0.61	—
Current portion of lease obligations	489	472	1.60	—
Long-term borrowings (excluding current portion of long-term borrowings)	98,563	102,853	0.61	2026 - 2044
Lease obligations (excluding the current portion of lease obligations)	2,387	2,079	1.60	2026 - 2041
Total	114,531	130,254	—	—

(Notes) 1. The average interest rate is the average during the fiscal year.
2. Long-term borrowings and lease liabilities (excluding the current portion of them) scheduled to be repaid within five years of the end of the fiscal year are as shown below.

	More than 1 year, within 2 years (Million yen)	More than 2 years, within 3 years (Million yen)	More than 3 years, within 4 years (Million yen)	More than 4 years, within 5 years (Million yen)
Long-term borrowings	11,152	9,400	10,040	11,946
Lease liabilities	406	363	309	228

Schedule of Asset Retirement Obligations

The amount of asset retirement obligations at both the beginning and end of fiscal year ended March 31, 2025 are less than 1% of the combined total of liabilities and net assets at the beginning and end of fiscal year ended March 31, 2025, and so have been omitted in accordance with Article 92-2 of the Regulations for Consolidated Financial Statements.

(2) Other

(i) Semi-annual information in the consolidated fiscal year under review

(Cumulative period)		First half period	Fiscal year under review
Net sales	(Million yen)	97,127	210,856
Profit before income taxes	(Million yen)	4,212	13,211
Profit attributable to owners of parent	(Million yen)	2,565	8,797
Net profit per share	(yen)	26.56	91.25

(ii) Situation after the end of the fiscal yearx

Not applicable.

Independent Auditors' Audit Report and Internal Control Audit Report

June 27, 2025

BELLUNA CO., LTD.
To the Board of Directors

Nihombashi Corporation

Chuo-ku, Tokyo

Designated Partner Managing Partner	Certified public accountant	Yoshiaki Yanagi
Designated Partner Managing Partner	Certified public accountant	Kotaro Yamamura

Audit of Consolidated Financial Statements

Audit opinion

To conduct audit certification as prescribed in the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of BELLUNA CO., LTD. for the consolidated fiscal year from April 1, 2024 to March 31, 2025 included in the Financial Information, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, significant matters that serve as the basis for the preparation of consolidated financial statements, other notes and consolidated supplementary schedules.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BELLUNA CO., LTD. and its consolidated subsidiaries as of March 31, 2025, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles for consolidated financial statements generally accepted in Japan.

Basis for auditor’s opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor’s responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the professional ethical regulations that are applicable in Japan, and we have fulfilled our other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Major considerations in auditing

The major considerations in auditing are matters that the auditor as a professional considers particularly important in the audit of the consolidated financial statements for the consolidated fiscal year under review. The major considerations in auditing are matters that the auditor took into consideration in the process of auditing consolidated financial statements as a whole and the formation of the auditor's opinions. The auditor does not express any opinions about individual matters.

Determining whether impairment losses on fixed assets should be recognized	
Major considerations in auditing and reasons why they are major considerations	How our audit addressed the issues
As stated in the Notes to consolidated financial statements (segment information), the Property business recorded assets totaling 153,220 million yen (49%of consolidated total assets). Impairment losses of 67 million yen were recorded in the Property business for the fiscal year under review. Further information about these impairment losses is available in the Estimates of impairment losses on non-current assets section within (Significant accounting estimates) in the Notes to consolidated financial statements. Within the company, each property, such as a rental or hotel property, is regarded as the smallest unit that generates cash flows and is classified as an asset group. If there are any signs that the non-current assets associated with an asset group may be impaired, the company must assess whether an impairment loss should be recognized by comparing the total undiscounted future cash flows expected from the asset group to its book value. During the fiscal year under review, the company evaluated whether any impairment losses should be recognized. The company believes that impairment losses should not be recognized if the estimated total undiscounted future cash flows of a property exceed its book value. Additionally, if the net selling price of a property is greater than its book value, then no impairment losses should be recognized for the property. Undiscounted future cash flows are calculated using internal information, such as profit and loss reports and business plans, primarily for internal management purposes, as well as information about external factors, such as the business environment and the market prices of assets. These pieces of information involve uncertainties and are heavily dependent on the subjective judgments of management. The net selling price is primarily estimated based on the real estate appraisal value provided by a professional real estate appraiser, which reflects their expert judgment. Considering this, we have determined that these matters associated with impairment losses are key audit considerations.	When evaluating the adequacy of the recognition of impairment losses on assets in the Property business, we primarily conducted the following procedures. (1) Evaluation of internal controls We evaluated the effectiveness of the development and operation of the internal control system in managing impairment losses on properties in the Property business. (2) Verification of the completeness of the target assets We obtained impairment analysis materials prepared by the company. We then made inquiries and examined related supporting documents to verify the completeness of the target assets. (3) Evaluation of the reasonableness of estimated future cash flows We conducted the following procedures to assess the reasonableness of the assumptions used by management in the business plans that underpin the estimated future cash flows. - We asked the management about the business plans for each property to understand the rationale behind those plans. We also compared their plans with available external data to assess the reasonableness of key assumptions in the business plans and the feasibility of their future business plans. - To evaluate the reasonableness of the real estate appraisal, we assessed the qualifications, ability, and objectivity of the experts employed by the management. We also examined the real estate appraisal report and assessed the valuation method used and the calculations derived from it.

Other information

Other information is information included in the annual securities report which is not covered by the consolidated financial statements and non-consolidated financial statements as well as their audit reports. Management is responsible for the preparation and disclosure of the other information. In addition, Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties in the development and operation of the reporting process of the other information.

The subject of the audit opinion on the consolidated financial statements does not include other information, and we do not express an opinion on the other information.

Our responsibilities in auditing the consolidated financial statements are to read through the other information to consider whether there is any major differences between the other information and the consolidated financial statements or the knowledge that we acquire in the process of the audit, and to pay attention to any signs of material errors in information other than those major differences.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have no matters to report with respect to the other information.

Responsibilities of management and Audit & Supervisory Committee for the consolidated financial statements

Management is responsible for the preparation and appropriate presentation of consolidated financial statements in accordance with the generally accepted accounting principles of Japan. Such responsibilities include the establishment and implementation of internal control that management determines is necessary for the preparation and appropriate presentation of consolidated financial statements that are free of any material misstatements due to frauds or errors.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the generally accepted accounting principles of Japan.

The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit as below:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. These audit procedures are selected and performed, depending on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to assess the risk and design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. The auditor's conclusions are based on audit evidence obtained on or before the audit report date, but the risk remains that the company is unable to survive as a going concern due to matters or circumstances in the future.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with auditing standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by the auditing standards to the Audit & Supervisory Committee.

We report to the Audit & Supervisory Committee in a statement that we have complied with the professional ethical regulations that are applicable in Japan regarding independence, matters that may reasonably be thought to affect our independence, and the content of safeguards, where measures were established to eliminate or effectively mitigate any impediment.

We define those matters discussed with the Audit & Supervisory Committee which are deemed particularly important in the audit of the consolidated financial statements for the consolidated fiscal year under review as key issues of the audit and state them in the auditor's report. However, we do not state the matters in the case where publication of these matters is prohibited by laws, ordinances or suchlike or in the very rare case that we judge that they should not be reported on the grounds of reasonably expected disadvantages from the reporting in the audit report that would exceed the public interest.

Internal Control Audit

Audit opinion

To provide audit certification as provided for in Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we have audited the internal control report of BELLUNA CO., LTD. dated March 31, 2025.

We consider that the aforementioned internal control report, in which BELLUNA CO., LTD. indicates that effective internal control is maintained pertaining to financial reporting as of March 31, 2025, properly reflects the evaluation results of internal control over financial reporting in all important respects, in compliance with internal control evaluation standards for financial reporting that are generally considered fair and reasonable in Japan.

Basis for auditor's opinion

We have conducted the internal control audit in accordance with internal control audit standards over financial reporting that are generally considered fair and reasonable in Japan. Our responsibilities under the auditing standards for internal control over financial reporting are further described in the "Auditor's responsibilities for the audit of internal control" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the professional ethical regulations that are applicable in Japan, and we have fulfilled our other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the management and Audit & Supervisory Committee for the internal control report

Management is responsible for the establishment and implementation of internal control as it pertains to financial reporting, as well as the preparation and appropriate presentation of internal control reports, in accordance with internal control evaluation standards over financial reporting that are considered generally fair and reasonable in Japan.

The Audit & Supervisory Committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

It may not be possible, however, to fully prevent or identify the presentation of misstatements due to internal control over financial reporting.

Auditor's responsibilities for the audit of internal control

Our responsibilities are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of internal control and to issue an audit report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit as below:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor’s judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and result of the assessments that management presents.
- Obtain sufficient and appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding the planned scope and timing of our audit of internal control, the results thereof, material weaknesses in internal control identified during our audit of internal control and those that were remediated, and other matters specified by the internal control standards.

We report to the Audit & Supervisory Committee in a statement that we have complied with the professional ethical regulations that are applicable in Japan regarding independence, matters that may reasonably be thought to affect our independence, and the content of safeguards, where measures were established to eliminate or effectively mitigate any impediment.

<Information related to compensation>

Fees paid to persons belonging to the same network as our accounting auditor or an accounting firm we use for audits and attestation services of the Company and its subsidiaries and non-audit services are stated under (3) “Audits,” “Corporate governance,” “Company submitting the securities report.”

Conflicts of interest

There is no conflict of interest between the Company and its consolidated subsidiaries and us or its engagement partners which should be disclosed under the provisions of the Certified Public Accountants Act.

End

(Note 1) The original of the above audit report is kept by the Company (a company that submits securities reports), separately.
(Note 2) XBRL data are not within the scope of audits.