

BELLUNA

Belluna Co., Ltd. CORPORATE PRESENTATION

Stock Code : 9997
2024.6.7

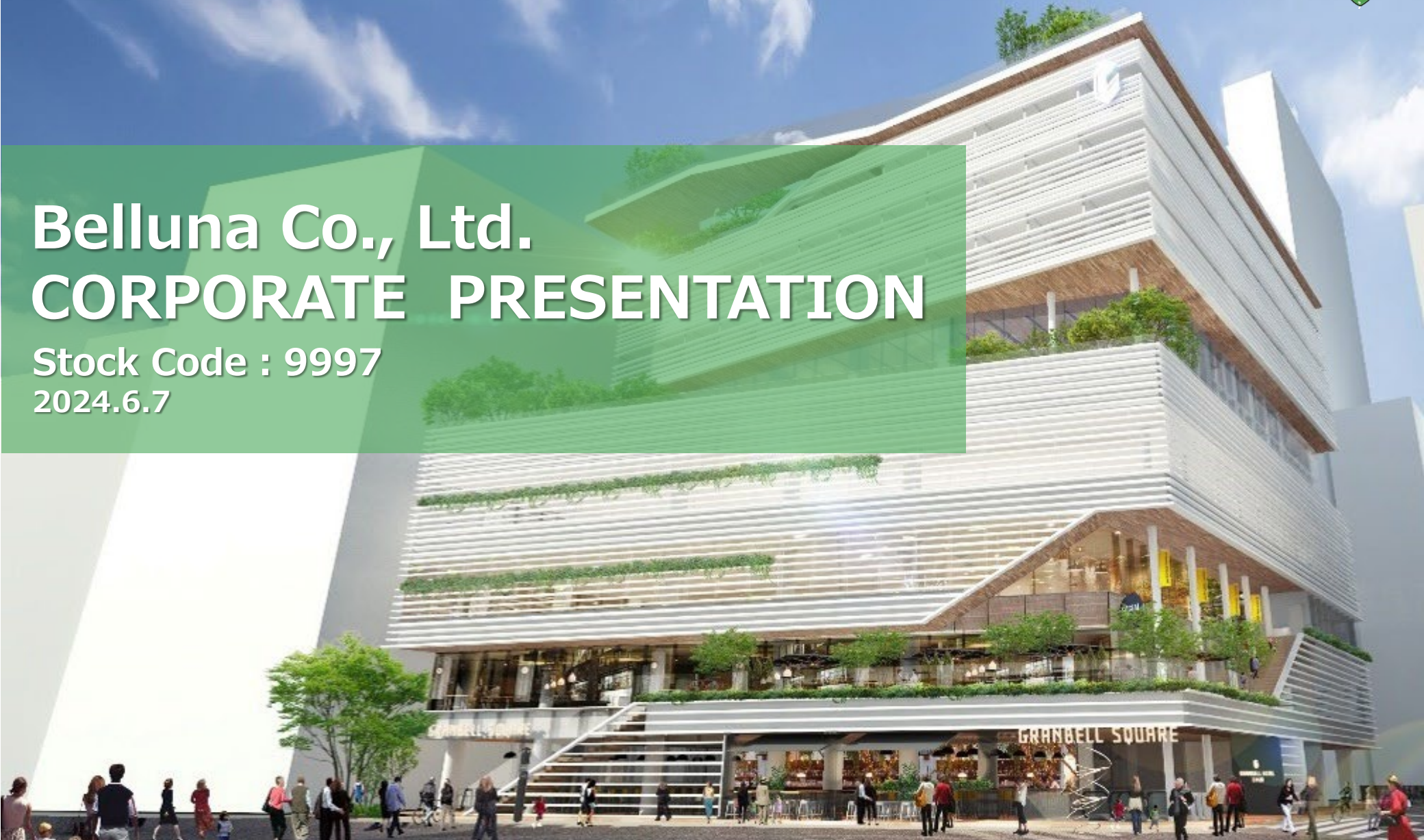


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1. Financial Highlights

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Net sales, operating profit, ordinary profit and profit decreased year on year.

- Net sales decreased 1.9% year on year and fell 0.1% below the plan.
- Operating profit decreased 12.7% year on year and fell 2.1% below the plan.
- Ordinary profit decreased 5.0% year on year, but 7.6% above the plan.
- Profit decreased 21.3% year on year and fell 16.6% below the plan.

1-2. Consolidated statement of income

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Unit: Billion Yen

Consolidated	FY March 2023	FY March 2024	FY March 2024		
	Actual	Plan (revised on Oct. 31)	Actual	vs. Plan	YoY Change
Net sales	212.38	208.50	208.30	-0.1%	-1.9%
Cost of sales	86.67	-	81.95	-	-5.4%
Selling, general & administrative expenses	114.48	-	116.56	-	+1.8%
Operating profit	11.22	10.00	9.79	-2.1%	-12.7%
Non-operating income and expenses	1.24	1.00	2.04	+104.4%	+64.6%
(Exchange rate-related gains and losses)	(0.91)	-	(1.47)	-	-
Ordinary profit	12.46	11.00	11.83	+7.6%	-5.0%
Profit	7.42	7.00	5.84	-16.6%	-21.3%

1-3. Posting of extraordinary income and extraordinary losses

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The posting of extraordinary income and extraordinary losses was previously announced on May 7, 2024.

- Extraordinary income

As a result of the partial sale of investment securities, a 1.369 million yen gain on sale of investment securities was posted as extraordinary income.

- Extraordinary losses

In its geothermal power generation business, consolidated subsidiary Mogami Geo-Energy LLC failed to secure the planned volume of heat and its business prospects are uncertain. Consequently, impairment losses worth 3.380 million yen were posted as extraordinary losses in the fiscal year ended March 2024.

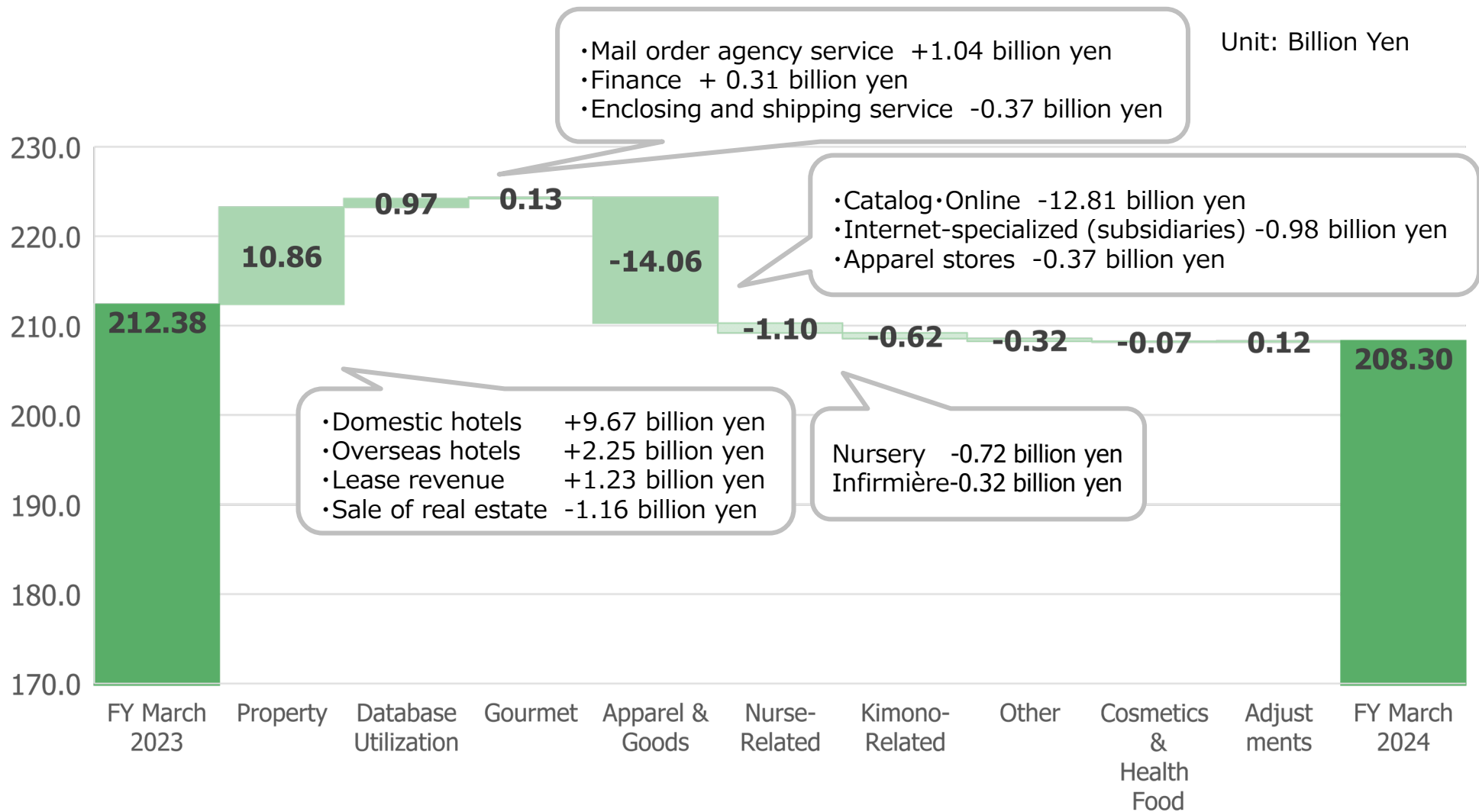
<Supplemental explanation>

The Company has been operating a solar power generation business since 2013. In the fiscal year ended March 2024, net sales were 1.19 billion yen and operating profit was 0.44 billion yen. It is moving forward with businesses related to renewable energy. In March 2023, it decided to launch a geothermal power generation business to continue to expand its business. Over 15 years, this business was forecast to achieve total net sales of 24.4 billion yen and total positive cash flow from operating activities of 10.2 billion yen.

1-4. Analysis of increases and decreases in net sales

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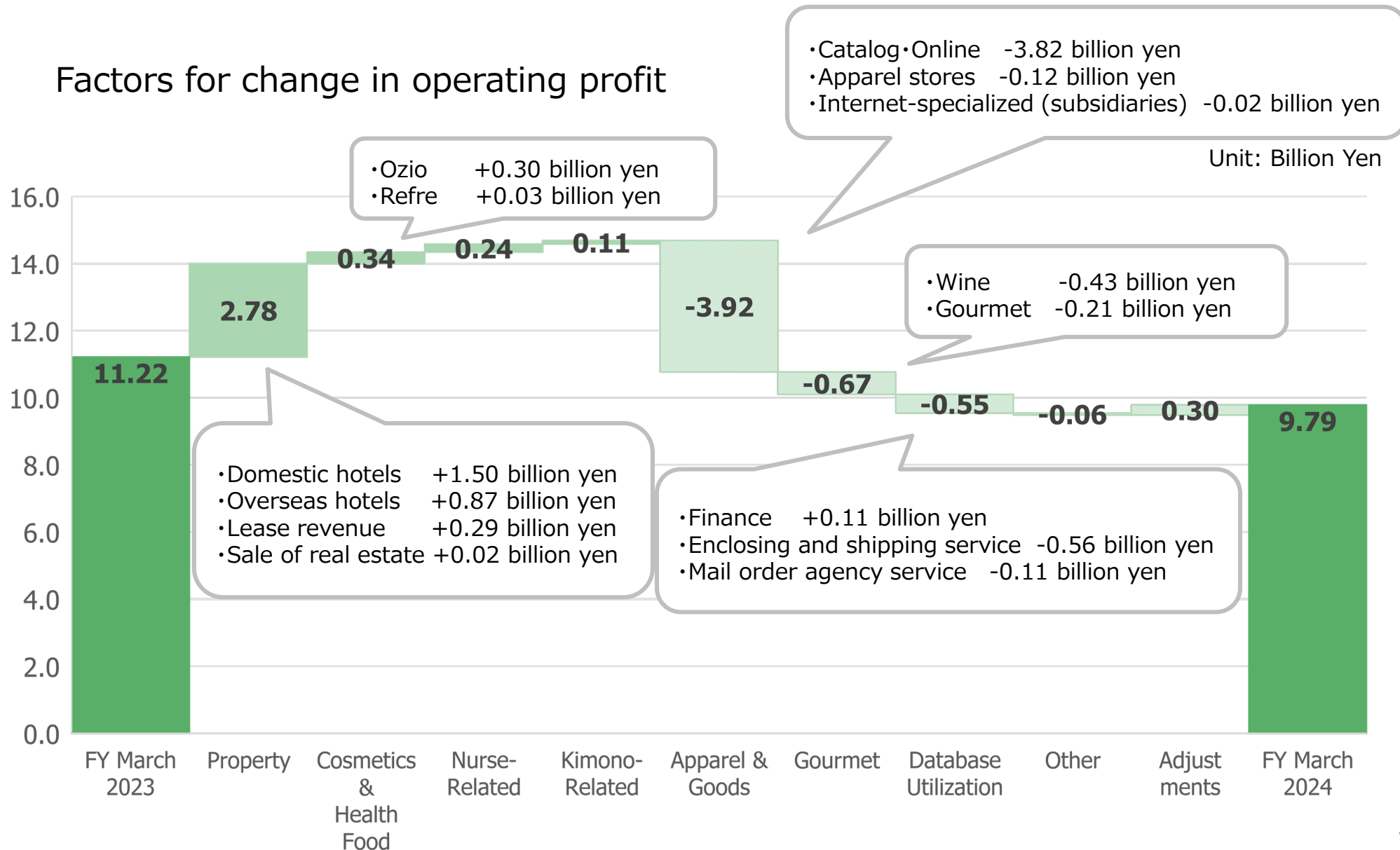
Factors for change in net sales



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

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Factors for change in operating profit



1-6. Balance sheet

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Unit: Billion Yen

	FY March 2023	FY March 2024	YoY Change
Current assets	122.66	129.96	7.30
Cash and deposits	32.11	35.84	3.73
Other current assets	12.82	16.08	3.26
Operating loans	29.38	31.75	2.37
Merchandise and finished goods	28.40	26.10	-2.30
Non-current assets	162.93	170.73	7.80
Property, plant and equipment	129.50	136.91	7.41
Intangible assets	10.57	10.89	0.32
Total assets	285.59	300.69	15.10
Liabilities	159.16	164.51	5.35
Long-term borrowings	85.46	98.56	13.10
Lease liabilities (long-term)	0.27	2.39	2.11
Short-term borrowings	20.33	13.09	-7.24
Notes and accounts payable - trade and electronically recorded obligations - operating	19.17	16.62	-2.55
Net assets	126.44	136.18	9.75
[Shareholders' equity ratio]	[43.9%]	[45.0%]	[+1.0P]

1-7. Statement of cash flows

Unit: Billion Yen

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	FY March 2023	FY March 2024	
	Actual	Actual	YoY Change
Cash flows from operating activities	8.24	12.77	4.53
Profit before income taxes	11.95	9.77	-2.18
Depreciation	3.79	5.44	1.64
Impairment losses on non-current assets	0.17	3.43	3.27
Decrease (increase) in inventories	-1.93	2.47	4.40
Decrease (increase) in real estate for sale	2.09	1.02	-1.07
Income taxes paid	-4.88	-3.83	1.05
Cash flows from investing activities	-29.92	-14.40	15.52
Purchase of property, plant and equipment	-28.18	-15.65	12.53
Proceeds from sale of investment securities	0.62	3.76	3.14
Cash flows from financing activities	23.53	5.97	-17.56
Increase (decrease) in long- and short-term borrowings	30.59	5.55	-25.03
Proceeds from sale and leaseback transactions	-	2.74	2.74
Redemption of bonds	-5.01	-0.02	4.99
Effect of exchange rate change on cash	0.41	1.08	0.66
Increase (decrease) in cash	2.26	5.42	3.16

Capital expenditure *1

16.93 billion yen

Depreciation*2

5.44 billion yen

*1: Capital expenditure includes the amount of investment in intangible assets such as software and leased assets.*2: Depreciation and amortization include the amount relating to the amortization of intangible assets.

2. Current Status, New Concept for Growth and Targets for the Current Fiscal Year

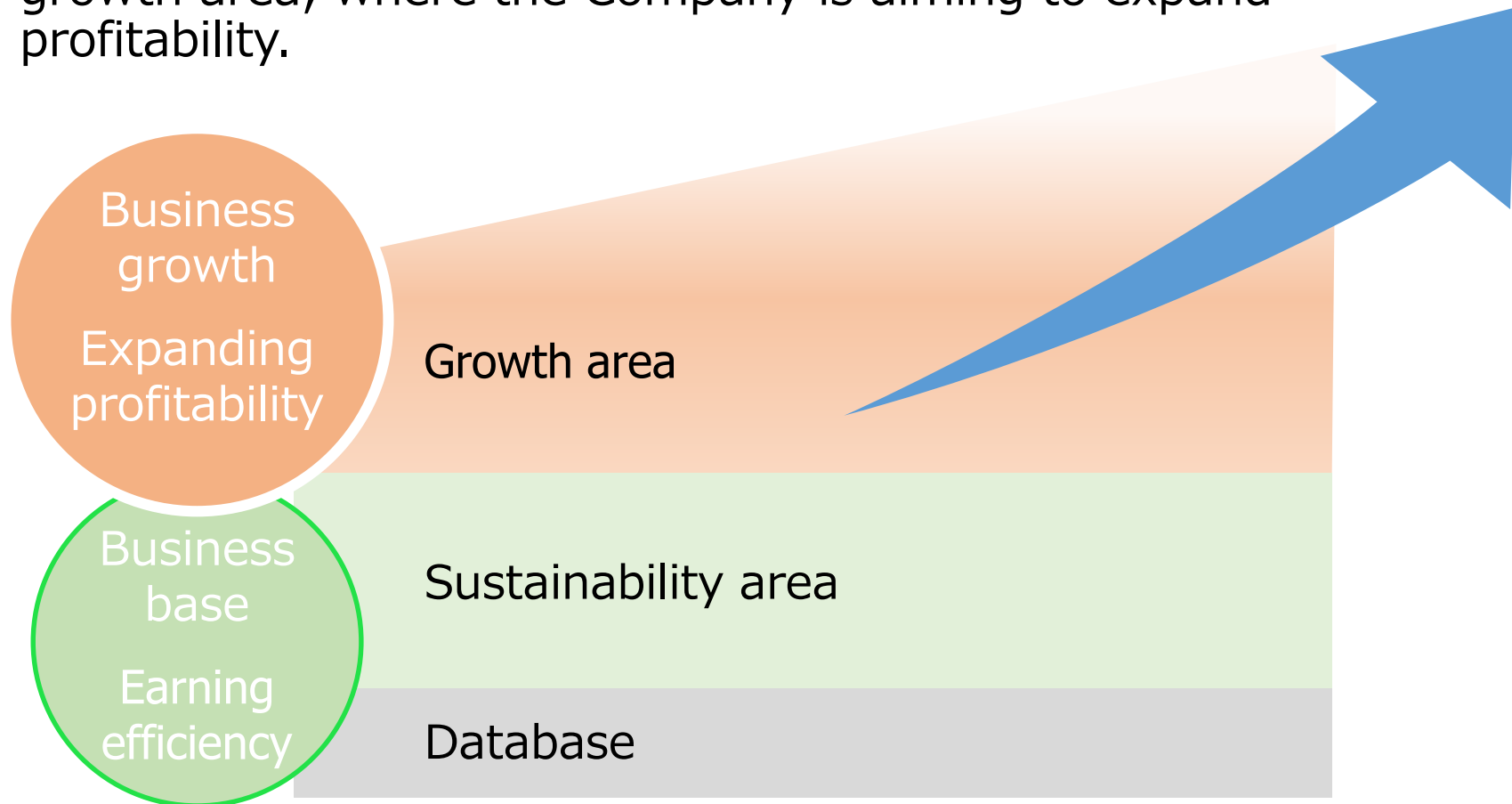
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2-1. Diagram of the concept for growth

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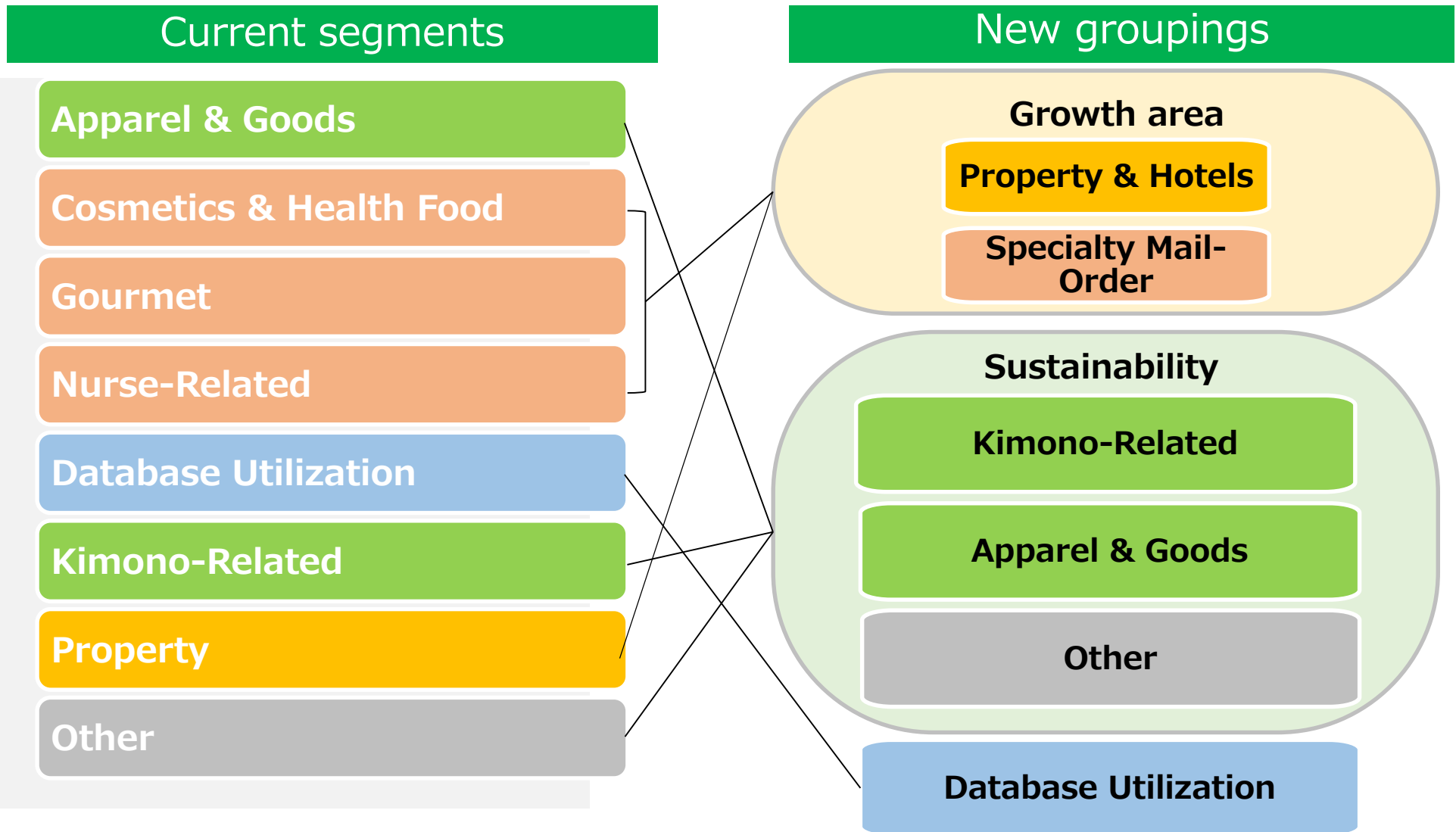
The Company has regrouped its businesses into three groups.

The first group is its database business which is the base of the Company's business. The second is its sustainability area, where it aims to maximize earning efficiency. The third is the growth area, where the Company is aiming to expand profitability.



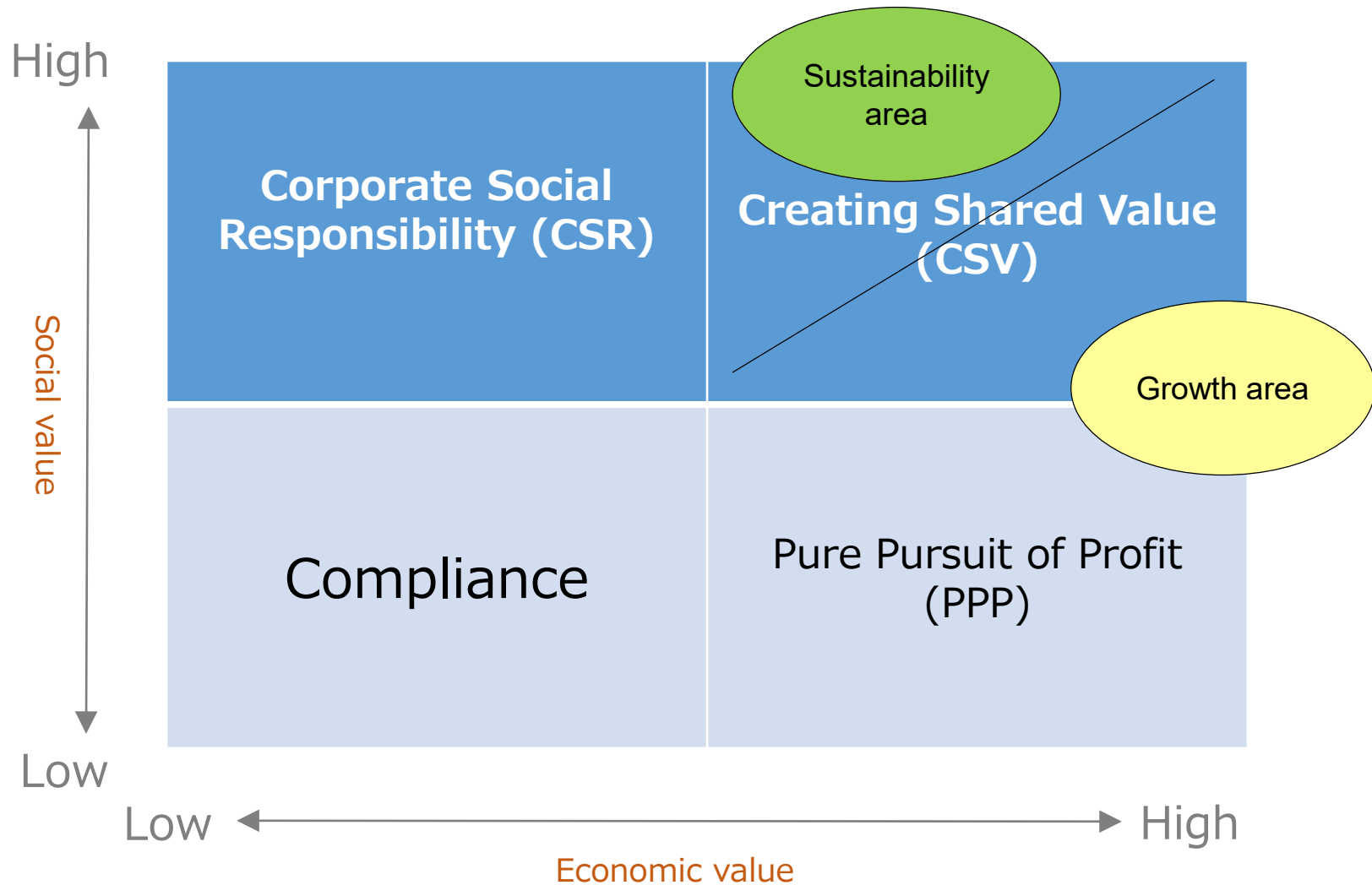
2-2. New groupings

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2-3. Purpose of business (significance of the company in society and its ambitions)

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2-4. Targets for the current fiscal year (ending March 2025)

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Unit: Billion Yen

		FY March 2023 Actual		FY March 2024 Actual		FY March 2025 Plan	
		Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Growth area		82.03	3.96	92.14	6.76	97.59	8.00
Property & Hotels	Hotels	13.80	-0.41	26.28	2.04	30.73	3.19
	Income & Solar	7.05	1.78	5.73	2.22	5.87	2.16
	Property & Hotels subtotal	20.85	1.37	32.01	4.26	36.60	5.35
Specialty Mail-Order	Cosmetics & Health Food	14.79	0.59	14.72	0.93	14.83	1.00
	Gourmet	32.31	1.76	32.44	1.09	32.89	1.13
	Nurse-Related	14.08	0.24	12.98	0.48	13.26	0.51
	Specialty Mail-Order subtotal	61.18	2.59	60.13	2.50	60.99	2.65
Sustainability area		115.46	2.08	100.18	-1.91	104.26	-1.18
Kimono-Related		23.87	1.25	23.25	1.36	23.59	1.39
Apparel & Goods		88.31	0.93	74.25	-2.99	77.83	-2.31
Other		3.28	-0.10	2.68	-0.27	2.84	-0.26
Database Utilization		15.75	5.70	16.73	5.15	16.54	5.00
Adjustments		-0.87	-0.52	-0.75	-0.22	-1.40	-0.32
Total		212.38	11.22	208.30	9.79	217.00	11.50

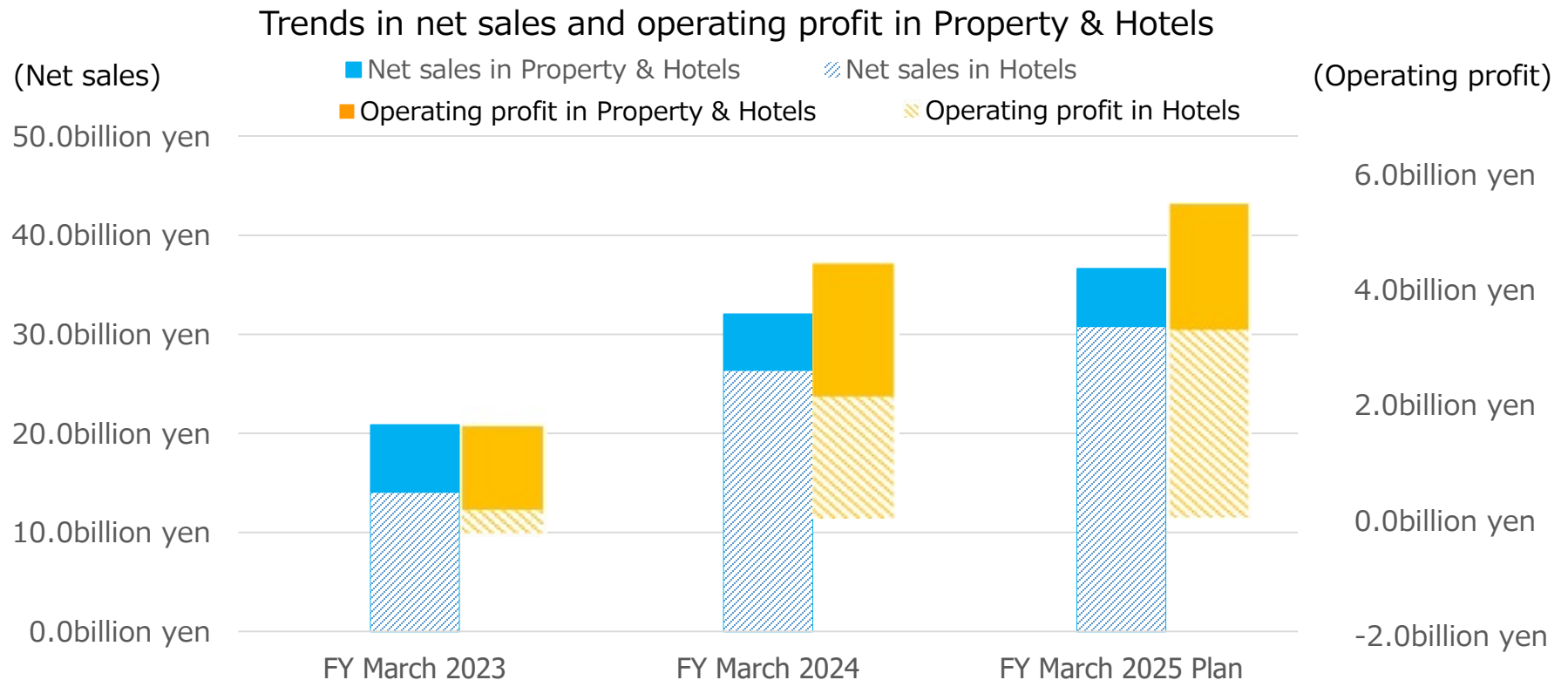
3. Future Growth Businesses

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3-1. Growth area 1: Property & Hotels

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In Property & Hotels, the Company aims to achieve net sales of 36.60 billion yen, up 14.3% year on year, and operating profit of 5.35 billion yen, up 25.5% year on year, in the fiscal year ending March 2025.



3-1. Growth area 1: Property & Hotels

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Strengths of Hotels

System enabling low-cost operation

- (1) Multi-tasking efforts
- (2) Management in which all members participate aimed at low-cost operation

<Hotels in cities>

- Expand to convenient locations such as Ginza, Sapporo and Osaka
- Guest rooms tailored to the needs of foreign customers

<Resort hotels>

- Superior locations
- Renovated to increase customer satisfaction
- Sophisticated customer services
- M&A strategy for increasing the number of facilities

3-1. Growth area 1: Property & Hotels

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Jozankei View Hotel

Started operation in August 2021

647 rooms



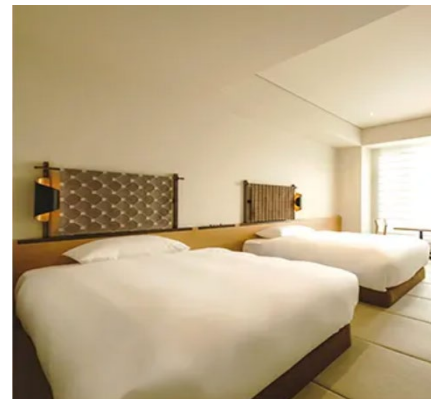
3-1. Growth area 1: Property & Hotels

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Kyoto Granbell Hotel

Started operation in July 2017

105 rooms



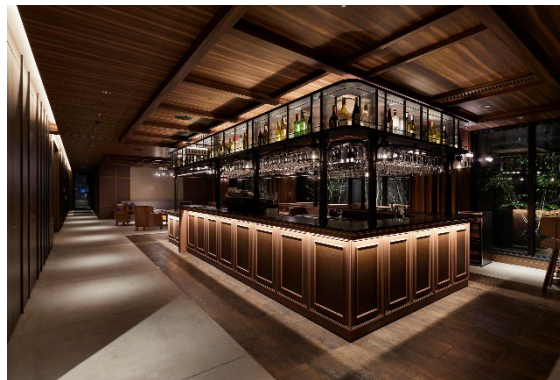
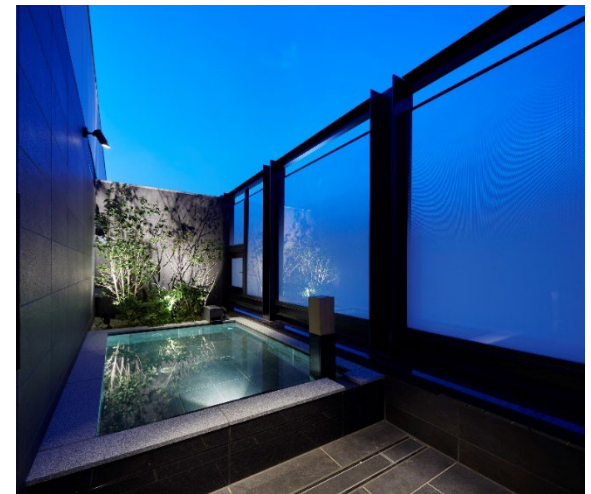
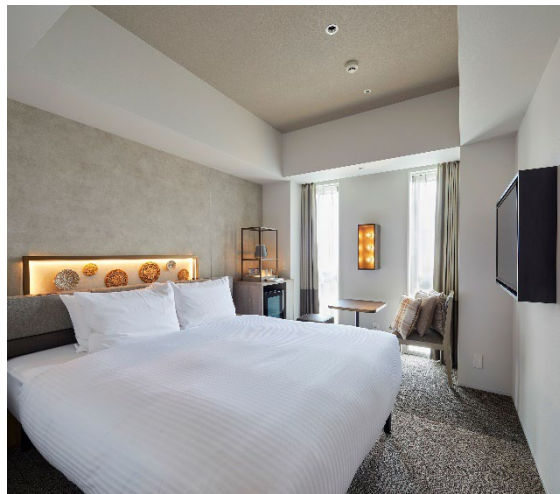
3-1. Growth area 1: Property & Hotels

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Susukino Granbell Hotel

Started operation in September 2021

300 rooms



3-1. Growth area 1: Property & Hotels

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Other hotels



The Westin Maldives Miriandhoo Resort (Maldives)



GINZA HOTEL by GRANBELL (GRANBELL SQUARE)



Toya SunPalace, The LakeSuite KO no SUMIKA



NEW AKAN HOTEL

3-1. Growth area 1: Property & Hotels

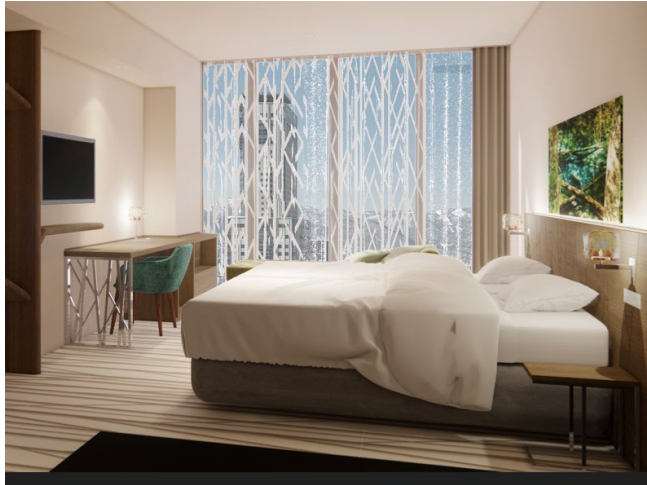
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Hotels scheduled to open in the fiscal year ending March 2026

■ SAPPORO HOTEL by GRANBELL (scheduled to open in April 2025, 605 rooms)



Appearance



Guest room



Public bath

■ Otaru Granbell Hotel (scheduled to open in July 2025, 159 rooms)



Appearance



Public bath





















Terrace

3-1. Growth area 1: Property & Hotels

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List of Belluna Group hotels

Ref	Area	Facility name	Number of guest rooms	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3	23/3	24/3	Start of operations
1	Okinawa	Hotel Hamahigashima Resort	29												May 2013
2	Fukushima	Urabandai Lake Resort	324												October 2015
3	Nagano	Le Grand Kyu Karuizawa Hotel	43												July 2016
4	Kyoto	Kyoto Granbell Hotel	105												July 2017
5	Nagano	Le Grand Karuizawa Hotel & Resort	58												July 2018
6	Sri Lanka	Le Grand Galle Hotel	48												July 2018
7	Maldives	The Westin Maldives Miriandhoo Resort	70												October 2018
8	Hawaii	EWA Hotel	92												April 2019
9	Osaka	Umeda Holic Hotel	117												April 2021
10	Osaka	Osaka Granbell Hotel	191												April 2021
11	Hokkaido	Sapporo Granbell Hotel	218												April 2021
12	Hokkaido	Jozankei View Hotel	647												August 2021
13	Hokkaido	Susukino Granbell Hotel	300												September 2021
14	Sri Lanka	Granbell Hotel Colombo	292												April 2022
15	Kyoto	Kyoto Granbell Hotel hanareya	13												November 2022
16	Ginza	GINZA HOTEL by GRANBELL	102												April 2023
17	Hokkaido	Toya SunPalace, The LakeSuite KO no SUMIKA	404												April 2023
18	Hokkaido	NEW AKAN HOTEL	366												April 2023
19	Hokkaido	SAPPORO HOTEL by GRANBELL (tentative name)	605												April 2025 (plan)
20	Hokkaido	Otaru Granbell Hotel (tentative name)	159												July 2025 (plan)
		Total	4,183												

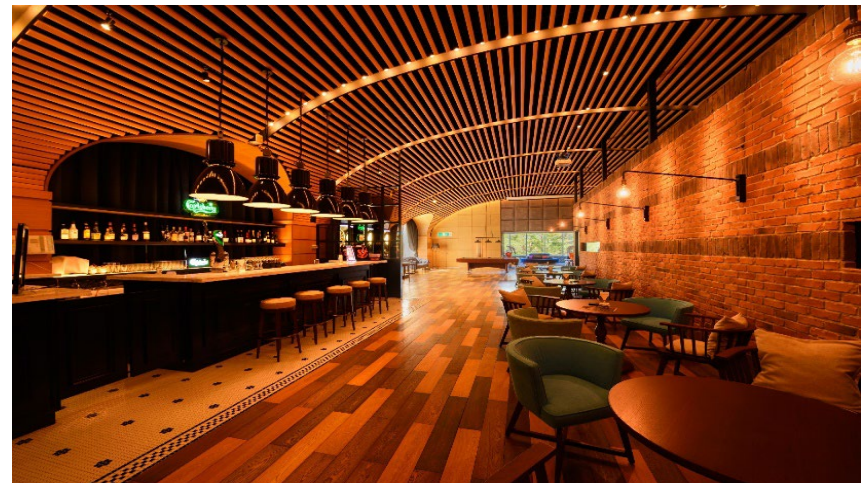
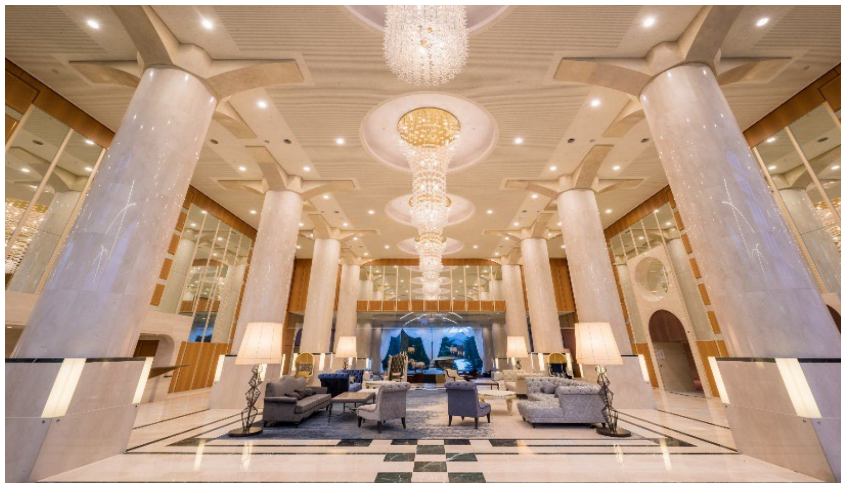
3-1. Growth area 1: Trigger to start operations in Property & Hotels

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Urabandai Lake Resort

Started operation in October 2015

324 rooms

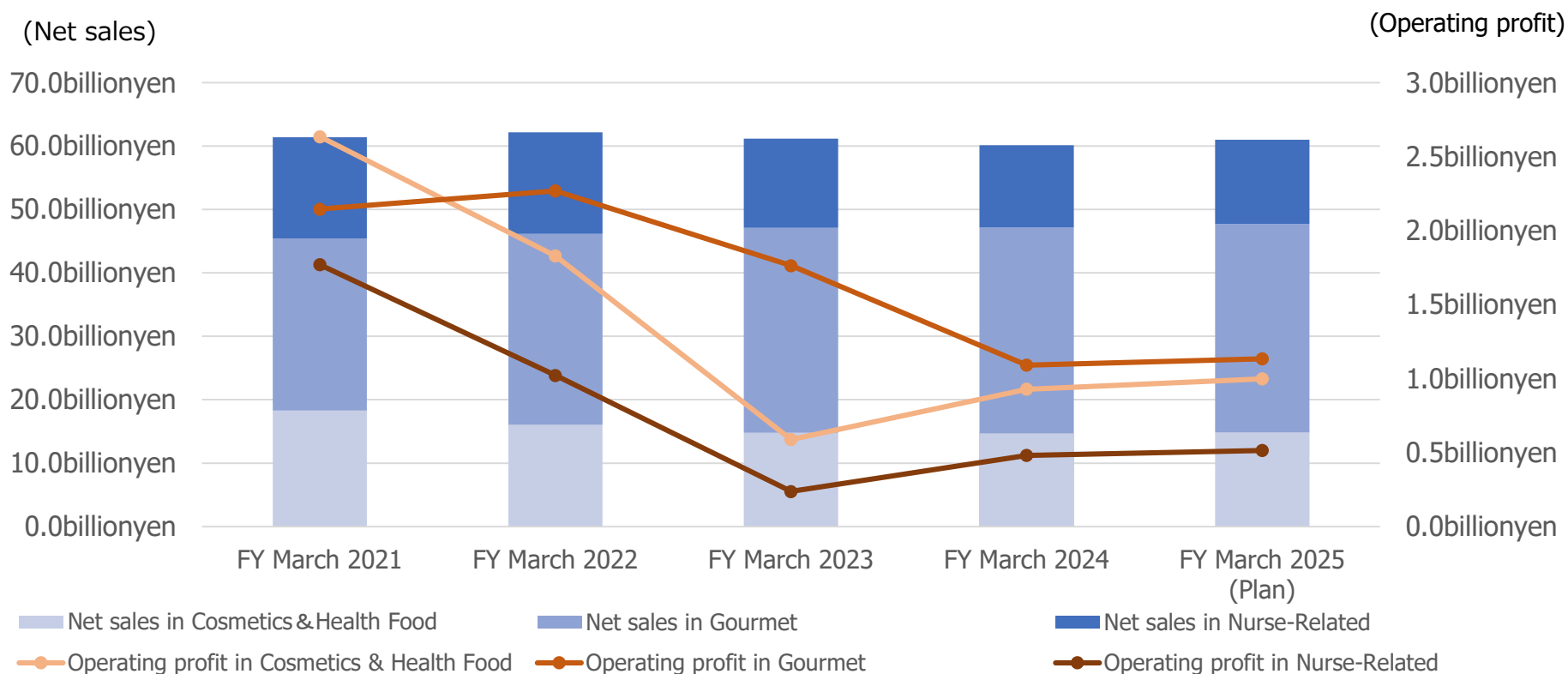


3-2. Growth area 2: Specialty Mail-Order

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In Specialty Mail-Order (Cosmetics & Health Food, Gourmet, and Nurse-Related), the Company aims to achieve net sales of 60.99 billion yen, up 1.4% year on year, and an operating profit of 2.65 billion yen, up 5.9% year on year.

Trends in net sales and operating profit in Specialty Mail-Order



3-2. Growth area 2: Specialty Mail-Order (Cosmetics & Health Food)

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[Cosmetics & Health Food]

•Outline and Characteristics

A leading company in anti-aging solutions to skin problems for customers in their forties and older

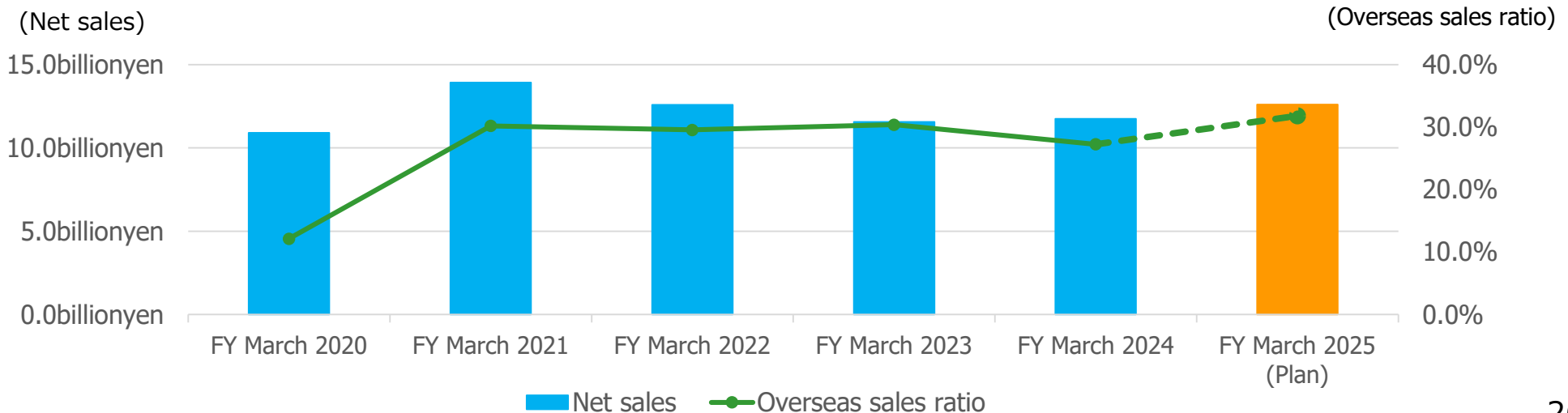
Its strengths include the speed of its product development based on its ability to collect customer reviews and its network supporting production.

The Company aims to expand the domestic market in Japan, but it is also pursuing the cultivation of overseas markets.

It currently operates in Taiwan, Hong Kong and Singapore, and it is looking to grow by expanding into the markets in China, Malaysia, Vietnam and Thailand.

The Company seeks to expand its mail order activities and enlarge its wholesaling to drugstores and other retailers.

Trends in net sales and overseas sales ratio (Cosmetics)



3-2. Growth area 2: Specialty Mail-Order (Gourmet)

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[Gourmet (Gourmet)]

- Outline and Characteristics

Selling standalone food, seasonal gifts and meals, flowers, Japanese sake and other products at regular events and other occasions. It provides a fairly basic lineup of products in comparison with competitors. Its strengths are in the appeal of its standalone items, including cost effectiveness.

It has held **the largest share of the mail-order sake market for 7 consecutive years.**

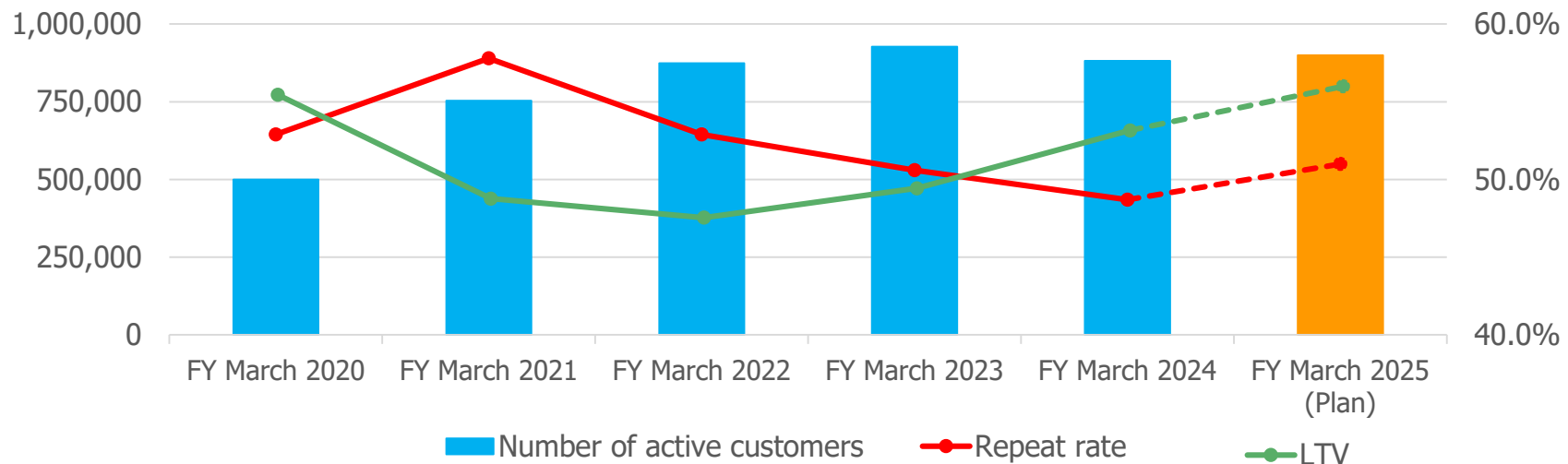
Cross-category branding and promotion uniformity are insufficient. The Company will work hard to improve branding beyond the boundaries between businesses.

In addition to focusing on its strengths with attractive products, the Company will offer added value such as information and content, provide food-related entertainment, grow the brand's fanbase and work to improve its key performance indicators (KPIs), specifically the number of active customers, repeat rate and life time value (LTV).

Trends in the number of active customers, the repeat rate and LTV

(Number of active customers)

(Repeat rate)



3-2. Growth area 2: Specialty Mail-Order (Gourmet Wine)

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[Gourmet (Wine)]

- Outline and Characteristics

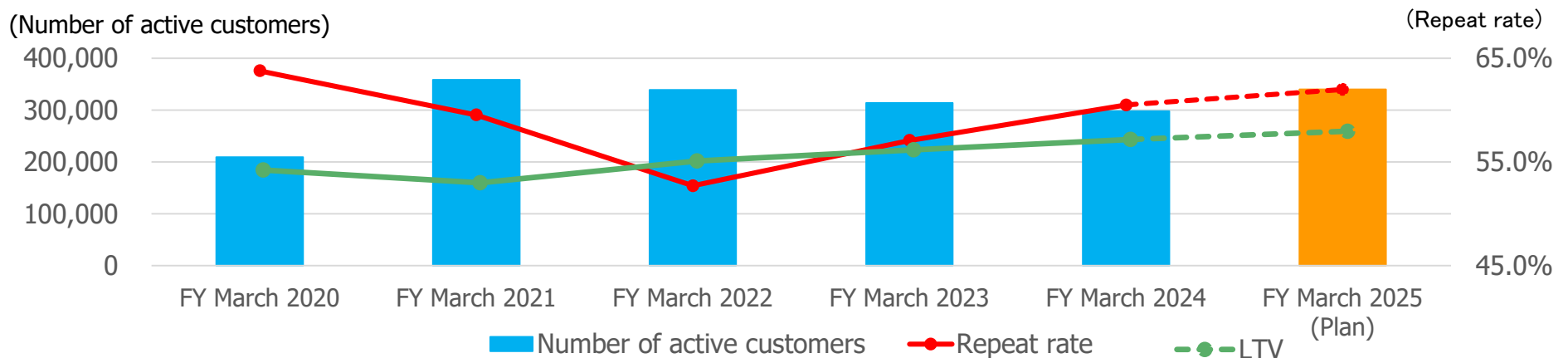
Its strengths are in its ability to propose a wide variety of sets of products that appeal to light wine drinkers and cost effectiveness. Characterized by it being very accessible and its high repurchase rate achieved through a sales promotion method that combines paper catalogs and e-commerce.

It has held **the largest share of the mail-order wine market for 15 consecutive years.**

- (1) Thirteen million bottles of wine were sold in the fiscal year ended March 2024.
- (2) Apart from wine, the Company will increase its handling of whisky, gin and other beverage types.
- (3) The Company began selling ELEVIN brand high-end wines in the previous fiscal year, achieving sales of 0.2 billion yen. It aims to increase this to around 1.0 billion yen in the future.

The Company will seek to maintain and further increase its overwhelming share of the mail order wine market.

Trends in the number of active customers, the repeat rate and LTV



3-2. Growth area 2: Specialty Mail-Order (Nurse-Related)

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[Nurse-Related]

- Outline and Characteristics

Operating B2C mail order business mainly for nurses

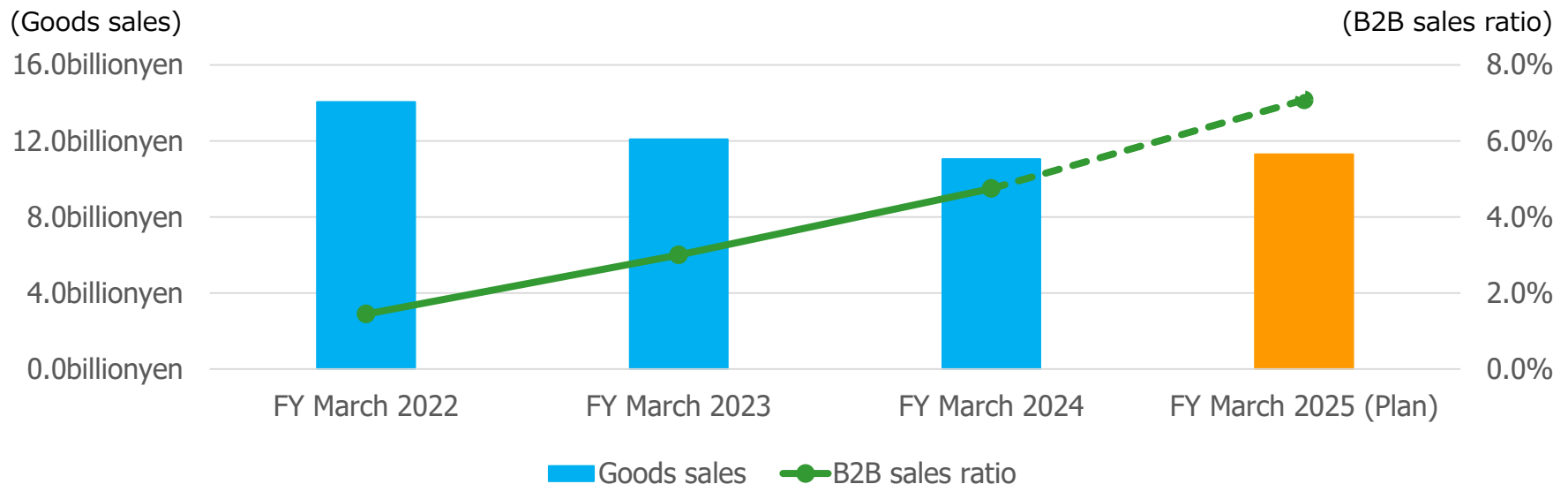
The Company operates two brands, Infirmière and Nursery, which together have an approximately 60% market share of the mail-order products for nurses.

The **highest** brand recognition in the market by far

Given that the existing business model has peaked amid the slowing growth of the number of nurses, the Company aims to increase profitability rather than sales.

To expand its B2B model, which has growth potential, the Company will pursue partnerships with companies operating visiting care services and nursing facilities.

Trends in goods sales and B2B sales ratio

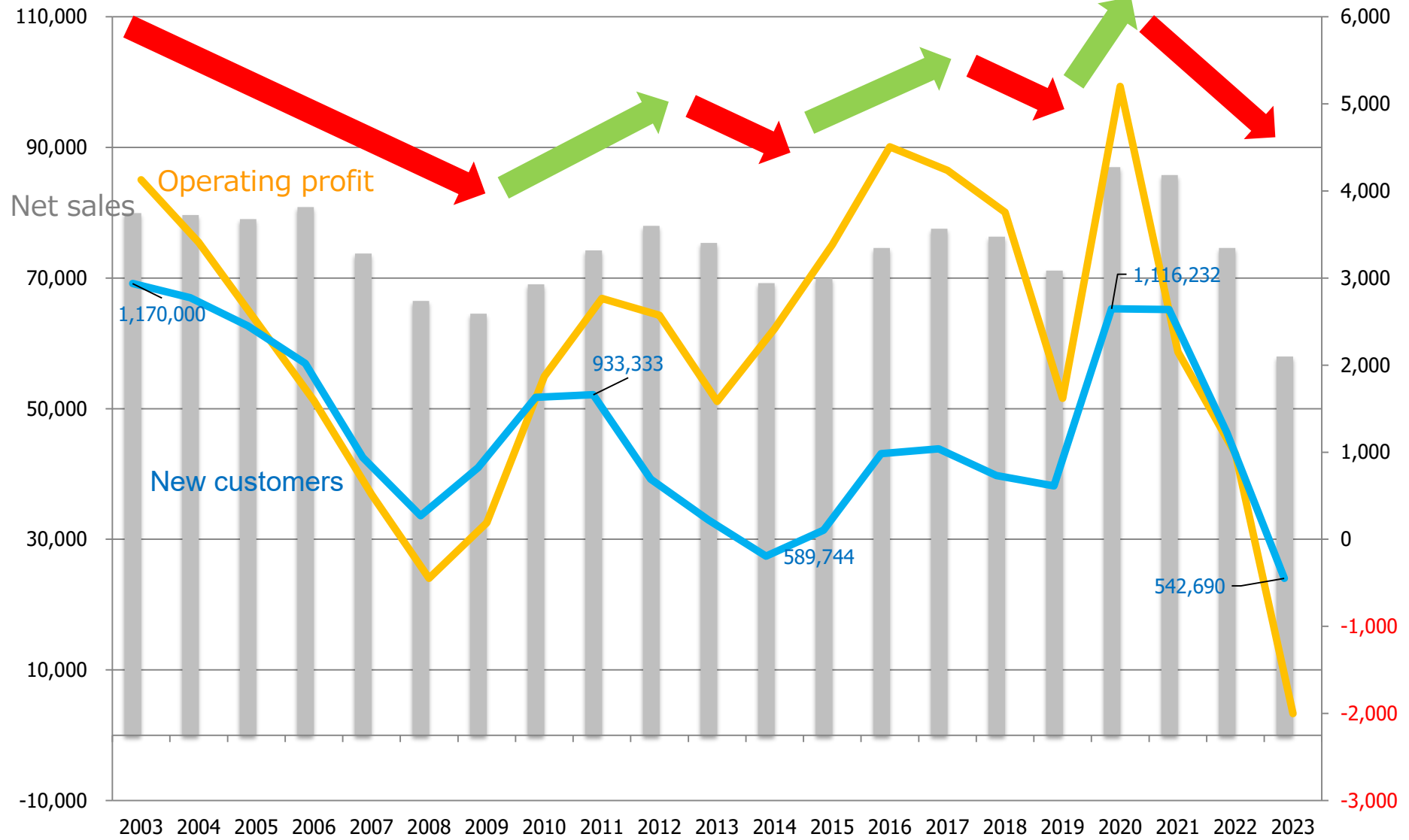


3-3. Sustainability area: Apparel & Goods

Trend in results of mainstay business (catalog mail order business) ^{BELLUNA}

Net sales (million yen)

Operating profit (million yen)

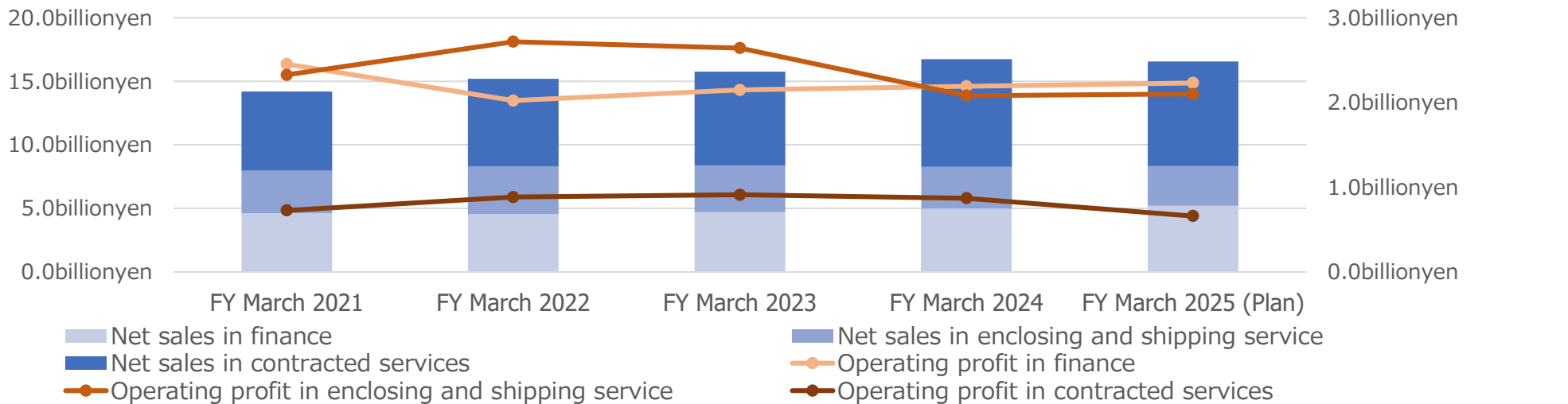


Measures for maximizing earning efficiency

1. Initiatives aligned with the changes of the times
 - (i) Products
 - (1) Revision of products, appearance and advertising copy
 - (2) Polarized pricing and evolution
2. Initiatives aligned with the changes of the times (paper, print expenses and foreign exchange rates)
 - (ii) Marketing
 - (1) Review of customer list collection, use and reactivation of dormant customers
 - (2) Ability to collect customer lists is increasing. These efforts are beginning to produce results.
3. Low-cost operation

3-4. Database Utilization

Trends in net sales and operating profit in Database Utilization
(Net sales)



1. Enclosing and shipping service

Service that sends clients' flyers together with catalogs or product(s). The number of catalogs sent out is important. Other mail order companies handle large numbers of flyers such as these.

2. Contracted services

Contracted logistics and call center operations are conducted. This can make use of surplus logistics and call centers.

3. Finance

The Company worked intensively to capture customers in the senior age group in an attempt to differentiate itself from the competition and made progress as planned.

Online acquisition of new customers was buoyant. Its efficiency is higher than acquisition through paper media.

3-5. Actions to realize management with an awareness of capital costs and share price

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Performance improvement

- (1) Achieve the targets in the plan for the fiscal year ending March 2025

Management focused on capital efficiency

- (1) Carry out management aimed at achieving an ROE of 10% or more
- (2) Eliminate businesses with no potential for profitability
- (3) Acquire promising companies with which the Company can produce synergy through M&A transactions

Enhance shareholder returns

- (1) Clearly state the shareholder return policy
- (2) Consider the repurchase of treasury shares to increase capital efficiency

Increase dialogue with investors

- (1) Organize briefings on financial results for 1Q and 3Q for analysts in addition to the briefings for the interim and full-year financial results

3-6. Belluna's promise

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Notice concerning the shareholder return policy published on May 13, 2024

1. Reason for the change

The Company defines the return of profit to shareholders through the improvement of corporate value as one of its priority issues. Accordingly, it has continuously paid stable dividends.

The Company now clearly states its shareholder return policy as follows to increase shareholder returns in view of shareholders' expectations, the Company's business results and its capital position.

2. Details of the change

- The Company will set a lower limit of 1.5% on the dividend on equity (DOE) and pay dividends with a target consolidated payout ratio of 35%.
- The Company will consider repurchasing treasury shares to increase capital efficiency.

3-7. Shareholder return

The annual dividend for the fiscal year ending March 2025 is forecast to be 29 yen per share. *BELLUNA*

<Dividends>

	Dividends per share			Consolidated payout ratio	DOE (dividend on equity)
	Interim	Year-end	Annual		
FY March 2023	10.00 yen	10.00 yen	20.00 yen	26.1%	1.49%
FY March 2024	10.25 yen	10.25 yen	20.50 yen	33.9%	1.48%
FY March 2025 (Plan)	14.50 yen	14.50 yen	29.00 yen	35.1%	-

<Shareholder incentive program>

[Details]

	100 shares or more	500 shares or more	1,000 shares or more
Complimentary discount tickets for mail-order services, complimentary coupons that can be used at Belluna online stores, or an assortment of gourmet food, wine and sake products.	For the value of 1,000 yen	For the value of 3,000 yen	For the value of 5,000 yen
Complimentary ticket with the face value of 1,000 yen that can be used at facilities operated by the Belluna Group (or in collaboration with partners)	2 pieces (For the value of 2,000 yen)	6 pieces (For the value of 6,000 yen)	10 pieces (For the value of 10,000 yen)

[Eligible shareholders]

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

<Important notice>

This material is prepared for the purpose of publicly disclosing information concerning the financial results of the fiscal year ending March 31, 2024. Nothing in this document shall be considered to be an offer to sell or a solicitation of an offer to buy securities issued by the Company. It is prepared based on the data available as of June 7, 2024. The opinions and forecasts described in this document reflect the judgments of the Company at the time this document was prepared. The Company neither warrants nor promises the accuracy or completeness of this information. It may be subject to change without prior notice going forward.

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