

Notes:

1. Significant changes in subsidiaries during the period (changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

New: - (company name)

Excluded: - (company name)

2. Changes in accounting policies and accounting-based estimates, and restatements

(1) Changes due to revision of accounting standards: None

(2) Changes due to other reasons: None

(3) Changes in accounting-based estimates: None

(4) Restatements: None

3. Number of shares outstanding (common shares)

(Shares)

| | | | | |
|---|--------------------------------|------------|---------------------------------|------------|
| (1) Shares outstanding (including treasury shares) | As of May 31, 2021 | 20,547,413 | As of Mar. 31, 2020 | 20,547,413 |
| (2) Treasury shares | As of May 31, 2021 | 3,100,000 | As of Mar. 31, 2020 | 3,100,000 |
| (3) Average number of shares outstanding | Fiscal year ended May 31, 2021 | 17,447,413 | Fiscal year ended Mar. 31, 2020 | 17,447,413 |

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Cautionary statement regarding forecasts of operating results and special notes

(Forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. This report is not promises by BOOKOFF GROUP HOLDINGS regarding future performance. Actual results may differ materially from those projected in the forward-looking statements due to a variety of factors. Please see "1. Overview of Results of Operations" on page 2 of the attachments for items pertaining to the forecast stated above.

Table of Contents

| | |
|---|----|
| 1. Overview of Results of Operations | 2 |
| (1) Results of Operations | 2 |
| (2) Financial Position | 4 |
| (3) Cash Flows | 4 |
| (4) Basic Policy on Profit Distribution and Dividends for FY5/2021 and FY5/2022 | 5 |
| 2. Basic Approach to the Selection of Accounting Standards | 5 |
| 3. Consolidated Financial Statements and Notes | 6 |
| (1) Consolidated Balance Sheet | 6 |
| (2) Consolidated Statements of Income and Comprehensive Income | 8 |
| Consolidated Statement of Income | 8 |
| Consolidated Statement of Comprehensive Income | 9 |
| (3) Consolidated Statement of Changes in Net Assets | 10 |
| (4) Consolidated Statement of Cash Flows | 12 |
| (5) Notes to Consolidated Financial Statements | 14 |
| (Notes Concerning the Going-Concern Premise) | 14 |
| (Important Items that Form the Basis for Preparing Consolidated Financial Statements) | 14 |
| (Consolidated Balance Sheet) | 15 |
| (Consolidated Statement of Income) | 15 |
| (Consolidated Statement of Comprehensive Income) | 16 |
| (Segment Information) | 17 |
| (Per-Share Information) | 18 |
| (Important Subsequent Events) | 18 |

1. Overview of Results of Operations

(1) Results of Operations

Forward-looking statements in this Consolidated Summary Report are based on information available to management as of the end of the fiscal year ended on May 31, 2021.

No year-on-year comparisons are shown because the fiscal year ended on May 31, 2021 is a 14-month transitional fiscal period due to the change in the fiscal year.

Since the start of operations, the BOOKOFF Group has always been guided by the two corporate philosophies of “contributing to society through our business activities” and “the pursuit of employees’ material and spiritual wellbeing.” We celebrated our 30th anniversary in the fiscal year ended on May 31, 2021. We are currently implementing a medium-term business plan and rededicating ourselves to our corporate philosophies and focusing our activities on the mission of “being a source of an enjoyable and prosperous life for many people.”

Based on this mission, we will use our strengths in Japan’s growing reuse market to become the leading reuse company with books as the core category. Our goal is to become the reuse store chain used by the largest number of customers as we adapt to changes in market conditions.

We have established two core strategies in order to accomplish this goal.

Core strategy I: Upgrade individual stores

We believe that upgrading reuse services in both our retail format and Internet platform is the starting point for becoming Japan’s leading reuse company that serves the largest number of customers. We are working on improvements for all store format packages and services.

Core strategy II: Use all the BOOKOFF Group’s strengths

In the past, the BOOKOFF Group provided separate services at stores and through channels other than stores. Now, we are creating an integrated framework that combines the platforms for members and buying and selling merchandise with systems that support these activities and with other items. In addition, every service will make full use of member and merchandise information, operational expertise, and other resources we have accumulated in every service category. The objective of these activities is to operate as “One BOOKOFF.”

During the current fiscal year, we opened three stores in total (BOOKOFF SUPER BAZAAR 1-Gou Kyoto Fushimi Store and BOOKOFF Onojo Mikasagawa Store in Japan, and Jalan Jalan Japan Tesco Rawang Store in Malaysia.)

Furthermore, we have continued to make substantial investments for improving services for app members and establishing a network of franchised stores using our e-purchasing system. Investments have been also used to create an omni-channel structure that utilizes the BOOKOFF Online website and to move forward with our O2O (online-to-offline) strategy. Conducting all business operations in a cohesive manner as “One BOOKOFF” is the objective of all these initiatives.

In the current fiscal year, the majority of stores directly operated by the BOOKOFF Group temporarily closed or closed only on weekends and holidays in April and May 2020 in response to the state of emergency in Japan and requests to companies to reduce or suspend business activities because of COVID-19. Most stores that altered operations are located in areas where governments made these requests. As a result, existing store sales were much lower than one year earlier. Starting in the middle of May 2020, we reduced operating hours and sales areas at stores and began reopening most stores while taking many actions to prevent COVID-19 infection. Operations generally returned to normal in early June 2020. During the second (from January to March 2021) and third (from April to June 2021) declarations of state of emergency, we continued to operate stores with the utmost care to prevent infection. Directly operated existing store sales in Japan of the BOOKOFF Group were far below sales one year earlier in April and May 2020 but sales from June to August and October 2020 and February to May 2021 were higher than one year earlier. Selling, general and administrative expenses were also lower than the previous fiscal year due to the impact of store closures and shortened business hours, as well as cost control.

As a result, consolidated net sales amounted to ¥93,597 million. The BOOKOFF Group recorded an operating profit of ¥1,936 million, an ordinary profit of ¥2,509 million, and a profit attributable to owners of parent of ¥157 million.

(Performance Trends)

(Unit: million yen)

| | Fiscal year ended March 2020 | Fiscal year ended May 2021 |
|---|------------------------------|----------------------------|
| Net sales | 84,389 | 93,597 |
| Operating profit | 1,428 | 1,936 |
| Ordinary profit | 1,898 | 2,509 |
| Extraordinary gains | 18 | - |
| Extraordinary losses | 1,015 | 1,536 |
| Profit before income taxes | 901 | 973 |
| Profit attributable to owners of parent | 240 | 157 |

(Amounts rounded down to the nearest one million yen)

(Store Opening/Closing)

(Unit: number of stores)

| | | Fiscal year ended March 2020 | | Fiscal year ended May 2021 | |
|-------------------------------|-----------|------------------------------|-------------|----------------------------|-------------|
| | | Open | Close | Open | Close |
| Total store openings/closings | Group | 33 (Note 1) | 11 | 8 (Note 3) | 5 |
| | Franchise | - | 16 (Note 2) | 4 | 15 (Note 4) |
| Fiscal year-end total | Group | 404 | | 407 | |
| | Franchise | 397 | | 386 | |

Notes: 1. This figure includes nine BOOKOFF stores that were acquired from franchisees and 13 locations of BOOKOFF One-stop Purchasing Consultation Desk, which were added to the number of stores in the fiscal year ended March 2020.

2. This figure includes nine BOOKOFF stores that the BOOKOFF Group acquired.

3. This figure includes five BOOKOFF stores that were acquired from franchisees.

4. This figure includes five BOOKOFF stores that the BOOKOFF Group acquired.

Outlook for the Fiscal Year Ending May 31, 2022

The COVID-19 pandemic has been severely impacted social and economic activities as well as people's lives and consumer spending and the outlook is likely to remain unclear in many countries.

The BOOKOFF Group's operations have been generally returned to normal with measures taken to prevent infections and secure safety of customers and employees. However, depending on the infection situation prevailing in the region, the BOOKOFF Group may be required to shorten its opening hours or close its business due to the declaration of a state of emergency or in response to priority measures introduced to prevent the spread of COVID-19.

Our assumption for the fiscal year ending on May 31, 2022 is that although progress with vaccinations will be achieved in Japan from the first to the third quarter, the number of new infections will remain largely unchanged. We also assume that the number of new infections will not decline and customer sentiment about going out and spending money will not fully recover until the fourth quarter.

The safety of customers and employees will remain the highest priority of store operations in order to prevent the spread of COVID-19. We will also use BOOKOFF Online and other e-commerce channels to serve our customers. At the same time, there will be more activities based on the medium-term business policies of "upgrade individual stores" and "use all the BOOKOFF Group's strengths." Major activities include addition of more items and consistent investments for renovation at existing stores, more collaboration between e-commerce and stores, a larger number of smartphone app members, more efficient operations, growth outside Japan, and adding new business domains to our operations. The entire BOOKOFF Group will use numerous initiatives during the fiscal year to accomplish the mission of "being a source of an enjoyable and prosperous life for many people."

In the fiscal year ending on May 31, 2022, in addition to the situation with COVID-19, the BOOKOFF Group anticipates that earnings levels will decline, albeit temporarily, due to the implementation of large-scale, strategic IT infrastructure and marketing investments. However, to achieve an early recovery to the level of ¥2 billion in consolidated ordinary profit, the Group will proactively engage in the renovation of BOOKOFF SUPER BAZAAR, a large-scale shopping complex, and open new roadside BOOKOFF stores. These actions

will strengthen the stable earnings of existing businesses while we maintain our focus on the high-net-worth customers and the overseas businesses, both of which are expected to achieve growth.

Consolidated forecast for the fiscal year ending on May 31, 2022 is as follows.

| | |
|--|-----------------|
| Net sales: | ¥85,000 million |
| Operating profit: | ¥950 million |
| Ordinary profit: | ¥1,200 million |
| Profit attributable to owners of parent: | ¥400 million |

No prior-year comparisons are shown because the fiscal year ended on May 31, 2021 is a 14-month transitional fiscal period due to the change in the fiscal year.

(2) Financial Position

(Current Assets)

Current assets at the end of the current fiscal year were ¥24,017 million, an increase of ¥312 million compared with ¥23,704 million at the end of the previous fiscal year. The major changes were a ¥257 million decrease in cash and deposits and a ¥648 million increase in merchandise.

(Non-current Assets)

Non-current assets at the end of the current fiscal year were ¥16,304 million, a decrease of ¥1,526 million compared with ¥17,830 million at the end of the previous fiscal year. There were decreases of ¥424 million in property, plant and equipment, ¥782 million in intangible assets, and ¥318 million in investments and other assets.

(Liabilities)

Liabilities at the end of the current fiscal year were ¥27,377 million, a decrease of ¥1,309 million compared with ¥28,687 million at the end of the previous fiscal year. This was mainly attributable to decreases of ¥504 million in borrowings, ¥410 million in accounts payable-other, and ¥242 million in lease obligations in non-current liabilities.

(Net Assets)

Net assets at the end of the current fiscal year were ¥12,944 million, an increase of ¥96 million compared with ¥12,848 million at the end of the previous fiscal year. Major components were dividend payments and the profit attributable to owners of parent.

(3) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to ¥5,837 million, a decrease of ¥257 million from the end of the previous fiscal year.

Consolidated cash flows and the primary reasons for their fluctuation during the current fiscal year are as follows:

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥2,235 million (compared with ¥3,543 million provided in the previous fiscal year). There were positive factors including profit before income taxes of ¥973 million, ¥1,710 million in depreciation and ¥674 million in impairment loss. Negative factors included a ¥611 million increase in inventories and a ¥220 million increase in trade receivables.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥1,331 million (compared with ¥2,744 million used in the previous fiscal year). Negative factors included ¥681 million for the purchase of property, plant, and equipment associated with new store openings, ¥417 million for the purchase of intangible assets related to additional investments in systems and ¥126 million for transfer of stores.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥1,158 million (compared with ¥832 million used in the previous fiscal year). Negative factors included ¥504 million of net decrease in borrowings due to repayments, ¥532 million for repayments of lease obligations and ¥104 million for cash dividends paid.

(Trends in Equity Ratio, Equity Ratio Based on Market Value, Ratio of Interest-Bearing Debt to Cash Flow and Interest Coverage Ratio)

| | Fiscal year ended May 2021 |
|---|----------------------------|
| Equity ratio (%) | 31.9 |
| Equity ratio based on market value (%) | 40.5 |
| Ratio of interest-bearing debt to cash flow (years) | 7.8 |
| Interest coverage ratio (times) | 12.3 |

Note: Equity ratio (%): Shareholders' equity/total assets

Equity ratio based on market value: Market capitalization/total assets

Market capitalization is calculated using the number of shares outstanding less treasury shares.

Ratio of interest-bearing debt to cash flow (years): Interest-bearing debt/cash flows from operating activities

Interest-bearing debt is the sum of short-term borrowings, current portion of long-term borrowings, long-term borrowings and long-term accounts payable-other.

Interest coverage ratio (times): Cash flows from operating activities/interest expense

(4) Basic Policy on Profit Distribution and Dividends for FY5/2021 and FY5/2022

The BOOKOFF Group considers the distribution of profits to be one of its highest management priorities. The basic policy is to aim for higher dividends supported by growth in sales and earnings while using retained earnings effectively for strengthening financial soundness and making strategic investments that will create a stronger base for future business operations.

The Group's basic policy is to maintain a consistent dividend payment with the payout ratio of around 30-35% of consolidated profit, while securing the retained earnings necessary for future business development and the strengthening of the management structure.

Profit attributable to owners of parent was lower than our forecast announced in the press release titled "Notice of Consolidated Forecasts and Dividend Forecasts" announced on August 7, 2020 due to booking of extraordinary losses in the current fiscal year. However, we plan to pay a dividend of 6 yen per share for the fiscal year that ended on May 31, 2021 in line with the initial dividend forecast.

For the fiscal year ending on May 31, 2022, we plan to pay 8 yen per share, 2 yen higher than the current fiscal year.

2. Basic Approach to the Selection of Accounting Standards

The BOOKOFF Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

The Group will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

| | FY3/2020 (As of Mar. 31, 2020) | FY5/2021 (As of May 31, 2021) |
|-------------------------------------|-----------------------------------|----------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,094 | 5,837 |
| Accounts receivable-trade | 1,898 | 2,120 |
| Merchandise | 13,129 | 13,778 |
| Other | 2,583 | 2,282 |
| Allowance for doubtful accounts | (0) | (0) |
| Total current assets | 23,704 | 24,017 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 15,383 | 15,438 |
| Accumulated depreciation | (11,196) | (11,464) |
| Buildings and structures, net | 4,187 | 3,974 |
| Land | 175 | 175 |
| Leased assets | 2,617 | 2,179 |
| Accumulated depreciation | (1,258) | (1,053) |
| Leased assets, net | 1,359 | 1,126 |
| Construction in progress | 3 | 18 |
| Other | 2,497 | 2,845 |
| Accumulated depreciation | (1,949) | (2,292) |
| Other, net | 548 | 553 |
| Total property, plant and equipment | 6,273 | 5,848 |
| Intangible assets | | |
| Goodwill | 793 | 136 |
| Leased assets | 6 | 4 |
| Other | 1,203 | 1,079 |
| Total intangible assets | 2,003 | 1,220 |
| Investments and other assets | | |
| Investment securities | *1 341 | *1 381 |
| Deferred tax assets | 1,543 | 1,271 |
| Guarantee deposits | 7,561 | 7,492 |
| Other | 166 | 150 |
| Allowance for doubtful accounts | (60) | (60) |
| Total investments and other assets | 9,553 | 9,234 |
| Total non-current assets | 17,830 | 16,304 |
| Total assets | 41,535 | 40,321 |

(Unit: million yen)

| | FY3/2020 (As of Mar. 31, 2020) | FY5/2021 (As of May 31, 2021) |
|---|-----------------------------------|----------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 459 | 560 |
| Short-term borrowings | 5,960 | 7,232 |
| Current portion of long-term borrowings | 3,803 | 3,952 |
| Lease obligations | 417 | 297 |
| Accounts payable-other | 2,416 | 2,005 |
| Income taxes payable | 282 | 115 |
| Provision for sales rebates | 512 | 421 |
| Provision for bonuses | 392 | 582 |
| Other provisions | 131 | 93 |
| Other | 2,321 | 2,322 |
| Total current liabilities | 16,697 | 17,584 |
| Non-current liabilities | | |
| Long-term borrowings | 8,058 | 6,133 |
| Lease obligations | 1,181 | 939 |
| Provision for loss on store closings | 9 | - |
| Asset retirement obligations | 2,358 | 2,383 |
| Other | 381 | 337 |
| Total non-current liabilities | 11,990 | 9,793 |
| Total liabilities | 28,687 | 27,377 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 100 | 100 |
| Capital surplus | 6,485 | 6,485 |
| Retained earnings | 8,550 | 8,603 |
| Treasury shares | (2,343) | (2,343) |
| Total shareholders' equity | 12,792 | 12,845 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 31 | 75 |
| Foreign currency translation adjustment | (55) | (66) |
| Total accumulated other comprehensive income | (24) | 8 |
| Non-controlling interests | 79 | 90 |
| Total net assets | 12,848 | 12,944 |
| Total liabilities and net assets | 41,535 | 40,321 |

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: million yen)

| | FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020) | FY5/2021 (Apr. 1, 2020 – May 31, 2021) |
|---|--|---|
| Net sales | 84,389 | 93,597 |
| Cost of sales | 33,312 | 36,707 |
| Gross profit | 51,077 | 56,890 |
| Selling, general and administrative expenses | | |
| Provision of allowance for doubtful accounts | (5) | (0) |
| Salaries and allowances | 5,318 | 6,431 |
| Salaries of part time employees | 14,278 | 15,912 |
| Retirement benefit expenses | 30 | 40 |
| Rent expenses on land and buildings | 11,124 | 12,622 |
| Other | 18,902 | 19,947 |
| Total selling, general and administrative expenses | 49,648 | 54,953 |
| Operating profit | 1,428 | 1,936 |
| Non-operating income | | |
| Share of profit of entities accounted for using equity method | 13 | - |
| Rent revenues on facilities | 332 | 377 |
| Gain from installment of vending machine | 131 | 135 |
| Gain on sales of recycling goods | 348 | 256 |
| Subsidy income | 21 | 288 |
| Other | 123 | 132 |
| Total non-operating income | 969 | 1,190 |
| Non-operating expenses | | |
| Interest expenses | 159 | 179 |
| Share of loss of entities accounted for using equity method | - | 9 |
| Rent costs on facilities | 307 | 357 |
| Other | 32 | 71 |
| Total non-operating expenses | 500 | 617 |
| Ordinary profit | 1,898 | 2,509 |
| Extraordinary income | | |
| Compensation for forced relocation | 6 | - |
| Gain on liquidation of subsidiaries and associates | 11 | - |
| Total extraordinary income | 18 | - |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 2 | 1 |
| Loss on store closings | 74 | 12 |
| Provision for loss on store closings | 2 | - |
| Loss on retirement of non-current assets | 229 | 69 |
| Impairment losses | * 592 | * 674 |
| Loss on liquidation of subsidiaries and associates | 71 | - |
| Loss on disaster | 29 | - |
| Loss on COVID-19 | 14 | 778 |
| Total extraordinary losses | 1,015 | 1,536 |
| Profit before income taxes | 901 | 973 |
| Income taxes-current | 369 | 526 |
| Income taxes-deferred | 248 | 278 |
| Total income taxes | 617 | 805 |
| Profit | 283 | 167 |
| Profit attributable to non-controlling interests | 43 | 10 |
| Profit attributable to owners of parent | 240 | 157 |

Consolidated Statement of Comprehensive Income

(Unit: million yen)

| | FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020) | FY5/2021 (Apr. 1, 2020 – May 31, 2021) |
|---|--|---|
| Profit | 283 | 167 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (58) | 14 |
| Foreign currency translation adjustment | 75 | (10) |
| Share of other comprehensive income of entities accounted for using equity method | (67) | 29 |
| Total other comprehensive income | * (51) | * 33 |
| Comprehensive income | 232 | 201 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 188 | 190 |
| Comprehensive income attributable to non-controlling interests | 43 | 10 |

(3) Consolidated Statement of Changes in Net Assets

FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)

(Unit: million yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 100 | 6,489 | 8,571 | (2,343) | 12,817 |
| Changes during period | | | | | |
| Dividends of surplus | | | (260) | | (260) |
| Profit attributable to owners of parent | | | 240 | | 240 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (4) | | | (4) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | (4) | (20) | - | (24) |
| Balance at end of period | 100 | 6,485 | 8,550 | (2,343) | 12,792 |

| | Accumulated other comprehensive income | | | Non-controlling interests | Total net assets |
|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 158 | (131) | 27 | 161 | 13,006 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (260) |
| Profit attributable to owners of parent | | | | | 240 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | (4) |
| Net changes in items other than shareholders' equity | (126) | 75 | (51) | (82) | (133) |
| Total changes during period | (126) | 75 | (51) | (82) | (158) |
| Balance at end of period | 31 | (55) | (24) | 79 | 12,848 |

FY5/2021 (Apr. 1, 2020 – May 31, 2021)

(Unit: million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 100 | 6,485 | 8,550 | (2,343) | 12,792 |
| Changes during period | | | | | |
| Dividends of surplus | | | (104) | | (104) |
| Profit attributable to owners of parent | | | 157 | | 157 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | 52 | - | 52 |
| Balance at end of period | 100 | 6,485 | 8,603 | (2,343) | 12,845 |

| | Accumulated other comprehensive income | | | Non-controlling interests | Total net assets |
|--|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 31 | (55) | (24) | 79 | 12,848 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (104) |
| Profit attributable to owners of parent | | | | | 157 |
| Net changes in items other than shareholders' equity | 43 | (11) | 32 | 10 | 43 |
| Total changes during period | 43 | (11) | 32 | 10 | 96 |
| Balance at end of period | 75 | (66) | 8 | 90 | 12,944 |

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

| | FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020) | FY5/2021 (Apr. 1, 2020 – May 31, 2021) |
|--|--|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 901 | 973 |
| Depreciation | 1,581 | 1,710 |
| Impairment losses | 592 | 674 |
| Amortization of goodwill | 130 | 137 |
| Increase (decrease) in provision for bonuses | 25 | 189 |
| Increase (decrease) in allowance for doubtful accounts | (5) | (0) |
| Increase (decrease) in provision for allowance of sales discounts | (56) | (90) |
| Interest expenses | 159 | 179 |
| Share of loss (profit) of entities accounted for using equity method | (13) | 9 |
| Loss on store closings | 74 | 12 |
| Loss (gain) on valuation of investment securities | 2 | 1 |
| Loss on retirement of non-current assets | 229 | 69 |
| Compensation for forced relocation | (6) | - |
| Gain on liquidation of subsidiaries and associates | (11) | - |
| Loss on liquidation of subsidiaries and associates | 71 | - |
| Loss on disaster | 29 | - |
| Loss on COVID-19 | 14 | 778 |
| Decrease (increase) in trade receivables | (263) | (220) |
| Decrease (increase) in inventories | 54 | (611) |
| Increase (decrease) in trade payables | 14 | 101 |
| Other, net | 295 | (296) |
| Subtotal | 3,819 | 3,618 |
| Interest and dividends received | 7 | 10 |
| Interest paid | (160) | (181) |
| Proceeds from compensation for forced relocation | 6 | - |
| Payments associated with disaster loss | (29) | - |
| Payments for loss on COVID-19 | - | (738) |
| Income taxes paid | (529) | (728) |
| Income taxes refund | 429 | 255 |
| Net cash provided by (used in) operating activities | 3,543 | 2,235 |

(Unit: million yen)

| | FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020) | FY5/2021 (Apr. 1, 2020 – May 31, 2021) |
|---|--|---|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,161) | (681) |
| Purchase of intangible assets | (449) | (417) |
| Payments of guarantee deposits | (381) | (93) |
| Proceeds from refund of guarantee deposits | 359 | 234 |
| Payments for transfer of stores | (590) | (126) |
| Other, net | (519) | (246) |
| Net cash provided by (used in) investing activities | (2,744) | (1,331) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 33 | 1,272 |
| Proceeds from long-term borrowings | 4,050 | 2,550 |
| Repayments of long-term borrowings | (4,090) | (4,326) |
| Repayments of lease obligations | (416) | (532) |
| Dividends paid | (261) | (104) |
| Dividends paid to non-controlling interests | (2) | - |
| Other, net | (144) | (16) |
| Net cash provided by (used in) financing activities | (832) | (1,158) |
| Effect of exchange rate change on cash and cash equivalents | (13) | (3) |
| Net increase (decrease) in cash and cash equivalents | (47) | (257) |
| Cash and cash equivalents at beginning of period | 6,142 | 6,094 |
| Cash and cash equivalents at end of period | 6,094 | 5,837 |

(5) Notes to Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Important Items that Form the Basis for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 12

Primary consolidated subsidiaries:

BOOKOFF CORPORATION LIMITED
BOOKOFF With Co, Ltd.
Booklet Co., Ltd.

(2) Primary non-consolidated subsidiaries

Not applicable.

2. Application of the Equity Method

(1) Number of affiliates accounted for using the equity method: 1

Company name:

BOS Partners, Inc.

(2) Non-consolidated subsidiaries and affiliates not accounted for using the equity method

Not applicable.

3. Change in the fiscal year-end

The Group's consolidated fiscal year-end was formerly March 31. However, to avoid overlap between the busy business season and the period for formulating the next fiscal year's business plan, as well as to ensure more efficient business operations, the Group's consolidated fiscal year-end was changed to May 31 by resolution of the second Ordinary General Meeting of Shareholders held on June 27, 2020.

As a result of this change, the period of the current fiscal year is 14 months, from April 1, 2020 to May 31, 2021.

4. Fiscal years of consolidated subsidiaries

During the current fiscal year, BOOKOFF Corporation, BOOKOFF Okinawa, Manas Co., Ltd., and BOOKOFF Minami Kyushu all changed their fiscal year-end to the May 31, which coincides with the consolidated fiscal year-end for the Group. The accounting period for the current fiscal year is 14 months.

The fiscal year-end of BOOKOFF With Co, Ltd., Booklet Co., Ltd. and BOOKOFF U.S.A. INC is the end of February. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of the end of February. However, adjustments to the consolidated financial statements are made as needed for significant transactions that occur between the end of February and the fiscal year-end for the consolidated financial statements. The accounting period for the current fiscal year is 12 months.

The fiscal year-end of B-Assist, Inc. and Booklog, Inc. is the end of March. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of the end of March. However, adjustments to the consolidated financial statements are made as needed for significant transactions that occur between the end of March and the fiscal year-end for the consolidated financial statements. The accounting period for the current fiscal year is 12 months.

The fiscal year-end of Jewelry Asset Managers Inc. and its subsidiary Aiect Hong Kong Limited is the end of August. The consolidated financial statements use provisional financial statements prepared by these consolidated subsidiaries as of the end of February. However, adjustments to the consolidated financial statements are made as needed for significant transactions that occur between the end of February and the fiscal year-end for the consolidated financial statements. The accounting period for the current fiscal year is 12 months.

The fiscal year-end of BOK MARKETING SDN.BHD. is the end of September. The consolidated financial statements use provisional financial statements prepared by BOK MARKETING SDN.BHD. as of the end of March. However, adjustments to the consolidated financial statements are made as needed for significant

transactions that occur between the end of March and the fiscal year-end for the consolidated financial statements. The accounting period for the current fiscal year is 15 months.

The presentation of information other than the preceding items is omitted as there are no significant changes from information presented in the most recent annual securities report, filed on June 29, 2020.

(Consolidated Balance Sheet)

* 1. The balance for non-consolidated subsidiaries and affiliates is as follows:

| | (Unit: million yen) | |
|--------------------------------|-----------------------------------|----------------------------------|
| | FY3/2020 (As of Mar. 31, 2020) | FY5/2021 (As of May 31, 2021) |
| Investment securities (stocks) | 55 | 75 |

2. The Company has entered into overdraft agreements with 10 banks in order to efficiently procure working capital.

The balance of unexecuted loans under these agreements is as follows:

| | (Unit: million yen) | |
|------------------------|-----------------------------------|----------------------------------|
| | FY3/2020 (As of Mar. 31, 2020) | FY5/2021 (As of May 31, 2021) |
| Total overdraft amount | 10,750 | 15,620 |
| Executed loans payable | 5,960 | 7,100 |
| Balance | 4,789 | 8,520 |

(Consolidated Statement of Income)

* Impairment loss

The Group recorded an impairment loss for the following asset groups.

FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)

| Application | Type | Location | Impairment loss (Million yen) |
|--------------|--------------------------------|--|----------------------------------|
| Stores, etc. | Buildings and structures, etc. | BOOKOFF SUPER BAZAAR Route 307 Hirakata Ikenomiya Store (Hirakata City, Osaka), etc. | 592 |

The Group regards each store as the base unit in identifying the smallest group of assets that generate cash flows.

For stores and facilities that have generated continuous losses stemming from their operating activities, and when it has been deemed that there is little potential for an earnings recovery, or when changes in the range of use have significantly reduced the recoverable amounts, the book values were reduced to recoverable amounts, and the amount of the reduction was recognized as an impairment loss and recorded as an extraordinary loss.

The breakdown of the impairment loss is as follows:

| | (Unit: million yen) |
|---|---------------------|
| Buildings and structures | 441 |
| Leased assets (property, plant and equipment) | 110 |
| Other | 39 |
| Total | 592 |

For the stores, etc. asset group, the recoverable amount is measured by using value in use. This value is zero when the value in use based on future cash flows is negative. For a positive value in use, future cash flows are calculated by using a discount rate of 5.5%.

Due to COVID-19, some stores were closed or operating hours were reduced beginning in late March 2020. These actions have affected how future cash flows are calculated.

Future cash flows are calculated by using the assumption that sales and other aspects of the BOOKOFF Group's performance will recover to the level prior to the start of the COVID-19 crisis in August 2020. This assumption takes into account Japan's declaration of a state of emergency and government actions at all levels, and the performance of BOOKOFF Group stores operating in April and stores that reopened in May or afterward.

FY5/2021 (Apr. 1, 2020 – May 31, 2021)

| Company | Application | Type | Location | Impairment loss (Million yen) |
|-----------------------------|--------------|--------------------------------|--|----------------------------------|
| Jewelry Asset Managers Inc. | Other | Goodwill | Head office (Shinagawa-ku, Tokyo), etc. | 543 |
| Jewelry Asset Managers Inc. | Stores, etc. | Buildings and structures, etc. | aidect URAWA PARCO Store (Urawa-ku, Saitama City), etc. | 57 |
| Other | Stores, etc. | Buildings and structures, etc. | Distribution centers (Funabashi City, Chiba), etc. | 74 |

The Group regards each store as the base unit in identifying the smallest group of assets that generate cash flows.

For stores and facilities that have generated continuous losses stemming from their operating activities, and when it has been deemed that there is little potential for an earnings recovery, or when changes in the range of use have significantly reduced the recoverable amounts, the book values were reduced to recoverable amounts, and the amount of the reduction was recognized as an impairment loss and recorded as an extraordinary loss.

For the stores, etc. asset group, the recoverable amount is measured by using value in use. This value is zero since the value in use based on future cash flows is negative.

The book value of the goodwill was reduced to its recoverable amount, because there is a possibility that the recovery of earnings and the recovery period of the Company's investment in Jewelry Asset Managers Inc., a consolidated subsidiary of the Company, will be delayed due to the spread of COVID-19. The amount of the reduction was recognized as an impairment loss and recorded as an extraordinary loss. The recoverable amount of the asset has been assessed as zero because the future cash flow is negative.

(Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects related to other comprehensive income

(Unit: million yen)

| | FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020) | FY5/2021 (Apr. 1, 2020 – May 31, 2021) |
|---|--|---|
| Valuation difference on available-for-sale securities | | |
| Amount incurred | (89) | 21 |
| Amount of reclassification adjustments | - | - |
| Before tax effects | (89) | 21 |
| Amount of tax effects | 30 | (7) |
| Valuation difference on available-for-sale securities | (58) | 14 |
| Foreign currency translation adjustment | | |
| Amount incurred | 15 | (10) |
| Amount of reclassification adjustments | 94 | - |
| Before tax effects | 109 | (10) |
| Amount of tax effects | (34) | - |
| Foreign currency translation adjustment | 75 | (10) |
| Share of other comprehensive income of entities accounted for using equity method | | |
| Amount incurred | (67) | 29 |
| Amount of reclassification adjustments | - | - |
| Share of other comprehensive income of entities accounted for using equity method | (67) | 29 |
| Total other comprehensive income | (51) | 33 |

(Segment Information)

Segment Information

I. FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)

This information is omitted because the Group has only a single segment.

II. FY5/2021 (Apr. 1, 2020 – May 31, 2021)

This information is omitted because the Group has only a single segment.

Related Information

FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)

1. Information by product or service

This information is omitted because the Group has only a single segment.

2. Information by region

(1) Net sales

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

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no external client accounts for more than 10% of consolidated sales on the consolidated statement of income.

FY5/2021 (Apr. 1, 2020 – May 31, 2021)

1. Information by product or service

This information is omitted because the Group has only a single segment.

2. Information by region

(1) Net sales

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

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no external client accounts for more than 10% of consolidated sales on the consolidated statement of income.

Information concerning impairment loss of non-current assets by reportable segment

This information is omitted because the Group has only a single segment.

Information concerning amortization and unamortized balance of goodwill by reportable segment

This information is omitted because the Group has only a single segment.

Information concerning gain on bargain purchase by reportable segment

This information is omitted because the Group has only a single segment.

(Per-Share Information)

(Unit: yen)

| | FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020) | FY5/2021 (Apr. 1, 2020 – May 31, 2021) |
|------------------------------|--|---|
| Net assets per share | 731.85 | 736.74 |
| Net income per share | 13.77 | 9.03 |
| Diluted net income per share | - | - |

Notes: 1. Diluted net income per share is not presented since the Company had no outstanding dilutive securities.

2. Net income per share calculations are based on the following figures.

| | FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020) | FY5/2021 (Apr. 1, 2020 – May 31, 2021) |
|---|--|---|
| Net income per share | | |
| Profit attributable to owners of parent (million yen) | 240 | 157 |
| Amount not attributable to common stockholders (million yen) | - | - |
| Profit attributable to owners of parent applicable to common stockholders (million yen) | 240 | 157 |
| Weighted average number of shares of common stock during the fiscal year (thousand shares) | 17,447 | 17,447 |

(Important Subsequent Events)

Not applicable.

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.