July 11, 2022

Consolidated Summary Report for the Fiscal Year Ended May 31, 2022 [Japanese GAAP]

Company Name: BOOKOFF GROUP HOLDINGS LIMITED Stock Exchange: Tokyo
Code Number: 9278 URL: https://www.bookoffgroup.co.jp/en/
Representative: Yasutaka Horiuchi, President and CEO
Inquiries: Ryotaro Hara, General Manager of Corporate Planning Department Tel: +81-42-750-8588
General meeting of shareholders: August 27, 2022
Dividend payment date: August 29, 2022
Securities report issue date: August 29, 2022
Supplementary materials of financial results: Yes
Financial results briefing: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended May 31, 2022 (June 1, 2021 - May 31, 2022)

(1) Consolidated Results of Operations (Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
Fiscal year ended May 31, 2022	91,538	-	1,766	-	2,307	-	1,449	-
Fiscal year ended May 31, 2021	93,597	-	1,936	-	2,509	-	157	-

(Note) Comprehensive income Fiscal year ended May 31, 2022: ¥1,519 million (-%)
Fiscal year ended May 31, 2021: ¥201 million (-%)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Operating profit margin
	Yen	Yen	%	%	%
Fiscal year ended May 31, 2022	82.07	-	9.9	5.4	1.9
Fiscal year ended May 31, 2021	9.03	-	1.2	6.1	2.1

(Reference) Equity in earnings (losses) of associates Fiscal year ended May 31, 2022: ¥(3) million
Fiscal year ended May 31, 2021: ¥(9) million

(Note) 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.

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2022	45,096	16,482	36.3	827.94
As of May 31, 2021	40,321	12,944	31.9	736.74

(Reference) Shareholders' equity As of May 31, 2022: ¥16,358 million As of May 31, 2021: ¥12,854 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended May 31, 2022	2,782	(1,863)	1,408	8,203
Fiscal year ended May 31, 2021	2,235	(1,331)	(1,158)	5,837

2. Dividends

	Dividend per share						Total dividends	Dividend payout ratio (Consolidated)	Dividends on net assets ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended May 31, 2021	-	0.00	-	-	6.00	6.00	104	66.4	0.8
Fiscal year ended May 31, 2022	-	0.00	-		20.00	20.00	395	24.4	2.6
Fiscal year ending May 31, 2023 (est.)	-	0.00	-		20.00	20.00		27.3	

3. Consolidated Forecast for the Fiscal Year Ending May 31, 2023 (June 1, 2022 - May 31, 2023)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Yen
Full year	95,000	3.8	1,950	10.4	2,300	(0.3)	1,450	0.1	73.39

(Note) Only the full-year forecast is shown because BOOKOFF GROUP HOLDINGS manages performance on a fiscal year basis. Please see "1. Overview of Results of Operations" on page 4 of the attachments for further information.

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: Yes

   (2) Changes due to other reasons: None

   (3) Changes in accounting-based estimates: None

   (4) Restatements: None

   (Note) Please see “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 16 of the attachments for further information.

3. Number of shares outstanding (common shares) (Shares)

(1) Shares outstanding (including treasury shares)	As of May 31, 2022	20,547,413	As of May 31, 2021	20,547,413
(2) Treasury shares	As of May 31, 2022	788,900	As of May 31, 2021	3,100,000
(3) Average number of shares outstanding	Fiscal year ended May 31, 2022	17,658,030	Fiscal year ended May 31, 2021	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 4 of the attachments for items pertaining to the forecast stated above.

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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, 2022.

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." In addition, the Group has established the following mission for business activities in accordance with these philosophies: Be a source of an enjoyable and prosperous life for as many people as possible.

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 provided at stores in all of our businesses, whether in Japan or other countries, to reflect the needs of regions served and targeted customer segments is the starting point for becoming a leading reuse company that serves the largest number of customers. To accomplish this goal, we are making upgrades in a manner that matches the format packages and services of individual stores.

1) BOOKOFF operations in Japan

BOOKOFF operations in Japan are the Group's core business and have consistent sales and earnings that account for a large share of consolidated sales and earnings. As a result, this business generates funds for investments for activities for growth. There are separate management policies for the two categories of stores, which are based mainly on floor area, and for online stores, primarily BOOKOFF Online, and e-commerce distribution centers.

2) Business for affluent customers

This sector consists of two services that target mainly affluent and high-net-worth customers. One is the operation of purchasing desks at department stores using the hugall brand. The other is the operation of jewelry repair, restoration and sales locations at department stores and shopping centers using the name aidect brand. Both services are valuable channels for serving customer segments that are not covered by BOOKOFF stores. The hugall service uses its improved efficient operations extending from purchases to sales in order to generate earnings by purchasing quality reuse items primarily at purchasing desks located at department stores. To continue increasing earnings, the hugall service is focusing on adding more locations, mainly at department stores, and constantly increasing the number of customers. At the aidect service, the main goal is becoming profitable. To accomplish this, the highest priorities are operating existing stores more efficiently and increasing the volume of services for order-made items, which have a high profit margin.

3) Overseas business

The BOOKOFF Group operates stores in the United States and France. In addition, the Group started operating stores in Malaysia under the name Jalan Jalan Japan in 2016 to create a channel for selling surplus merchandise in Japan.

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. As the digital shift alters the spending patterns of customers of the BOOKOFF operations in Japan, we need to leverage all of our strengths in order to continue growing. In addition, we must continue expanding our businesses for affluent customers and our overseas operations as our group's business activities become more diverse. Our growth will also be backed by the use of operational expertise acquired over many years, our highly talented workforce and the linkage of merchandise among different business units.

The most important initiative within this core strategy is the "One BOOKOFF" concept for our core BOOKOFF operations in Japan. This concept has the following objective.

"One BOOKOFF"

Our goal is to seamlessly integrate our member base, sales and purchasing platforms, the systems that underpin these operations, and other resources. We want to allow all of our services to utilize our assets including information and expertise concerning members, merchandise, operations and other items acquired by individual operations. By facilitating this widespread sharing of resources, we plan to increase the volume of business for the entire BOOKOFF chain of stores in Japan while improving the earnings of every store.

To accomplish this goal, we are making strategic IT and marketing investments in the current fiscal year to increase the consistency of earnings in the BOOKOFF operations in Japan as the pandemic continues to impact the business climate. We are also making investments in remodeling BOOKOFF SUPER BAZAAR stores with the goal of achieving a recovery in the earnings of these stores. In addition, we are positioning this fiscal year as a time for taking on new challenges in order to improve the profitability of services for affluent customers and of our overseas operations, which are business sectors with good prospects for growth.

We are continuously making investments for activities involving the "One BOOKOFF" concept. These activities include measures to increase the number of members using our official app, distributing coupons and conducting special sales exclusively for members, allowing customers to pick up at stores merchandise purchased using the app, and other convenient and valuable services. 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.

In BOOKOFF operations in Japan, we actively renovated existing BOOKOFF SUPER BAZAAR and BOOKOFF PLUS stores during the current fiscal year. Sales of books, which are the largest components of sales, were lower than the very high level of one year earlier with demand associated with the need to stay home during the pandemic. But there were big increases from one year earlier in sales in the trading card and hobby goods category because of numerous activities for raising the sales of these products, such as the expansion of trading card sales areas and the establishment of space for trading card duels.

At businesses for affluent and high-net-worth customers, sales were higher than one year earlier despite the negative effect of the pandemic on purchasing desks at department stores and other business operations.

In Malaysia, Jalan Jalan Japan stores were forced to suspend operations due to a pandemic lockdown. However, as the lockdown was lifted the number of customers remained steady, and sales recovered to the pre-pandemic level. In the United States, we actively used SNS and other media to raise awareness, and as a result, purchases and sales at BOOKOFF stores were at high levels. In particular, sales of local books and anime goods were significantly higher than one year earlier. During the current fiscal year, we opened BOOKOFF KAKA'AKO store in the U.S. and Jalan Jalan Japan Masai store in Malaysia.

In the city of Musashino in Tokyo, we opened Japan TCG Center Kichijoji-eki-kitaguchi store. This is the BOOKOFF Group's first store specializing in trading cards. Customers can buy and sell trading cards at the store and purchase new card packs as well as many types of merchandise associated with trading cards. The store also has a space for trading card duels.

As a result, consolidated net sales amounted to ¥91,538 million. The BOOKOFF Group recorded an operating profit of ¥1,766 million, an ordinary profit of ¥2,307 million, and a profit attributable to owners of parent of ¥1,449 million.

There is no business segment information because the BOOKOFF Group has only a single segment.

(Performance Trends)

(Unit: million yen)

	Fiscal year ended May 2021	Fiscal year ended May 2022
Net sales	**93,597**	**91,538**
Operating profit	**1,936**	**1,766**
Ordinary profit	**2,509**	**2,307**
Extraordinary gains	-	197
Extraordinary losses	1,536	172
Profit before income taxes	973	2,332
Profit attributable to owners of parent	**157**	**1,449**

(Amounts rounded down to the nearest one million yen)

(Store Opening/Closing)

(Unit: number of stores)

<table>
<tr><td></td><td></td><td colspan="2">Fiscal year ended May 2021</td><td colspan="2">Fiscal year ended May 2022</td></tr>
<tr><td></td><td></td><td>Open</td><td>Close</td><td>Open</td><td>Close</td></tr>
<tr><td rowspan="2">Total store openings/closings</td><td>Group</td><td>8 (Note 1)</td><td>5</td><td>4 (Note 3)</td><td>2</td></tr>
<tr><td>Franchise</td><td>4</td><td>15 (Note 2)</td><td>0</td><td>5 (Note 4)</td></tr>
<tr><td rowspan="2">Fiscal year-end total</td><td>Group</td><td colspan="2">407</td><td colspan="2">409</td></tr>
<tr><td>Franchise</td><td colspan="2">386</td><td colspan="2">381</td></tr>
</table>

Notes: 1. This figure includes five BOOKOFF stores that were acquired from franchisees.
2. This figure includes five BOOKOFF stores that the BOOKOFF Group acquired.
3. This figure includes one BOOKOFF store that were acquired from franchisees.
4. This figure includes one BOOKOFF store that the BOOKOFF Group acquired.

Outlook for the Fiscal Year Ending May 31, 2023

In the fiscal year ending May 31, 2023, the safety of customers and employees will remain the highest priority of store operations as the pandemic continues. We will 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 the addition of more items, consistent expenditures for renovating existing stores, more collaboration between e-commerce and stores, increasing the number of smartphone app members, making our operations more efficient, 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."

We plan to resume the addition of many stores in all businesses during the fiscal year ending May 31, 2023 following a period when store openings were restricted by the pandemic. In the BOOKOFF business in Japan, we will resume the expansion of the network of BOOKOFF SUPER BAZAAR stores and replace BOOKOFF formats with a more entertaining package of services. In addition, the remodeling of many existing stores will continue and there will be large and strategic IT investments with the goal of maintaining the stability of earnings. In the premium services business (the new name for the business for affluent customers) and the overseas business, which both have good prospects for growth, there will be large investments to open stores and for other measures for growth.

Consolidated forecast for the fiscal year ending on May 31, 2023 is as follows.

Net sales:	¥95,000 million	(Up 3.8% YoY)
Operating profit:	¥1,950 million	(Up 10.4% YoY)
Ordinary profit:	¥2,300 million	(Down 0.3% YoY)
Profit attributable to owners of parent:	¥1,450 million	(Up 0.1% YoY)

Although the peak of IT expenditures for the BOOKOFF business in Japan will be in the fiscal year ending May 31, 2023, operating profit is expected to increase because of higher earnings in the premium services business and overseas business. Only small changes are expected in ordinary profit and profit attributable to owners of parent because the previous fiscal year included subsidy income for reducing store operating times that was classified as non-operating income.

(2) Financial Position

(Current Assets)

Current assets at the end of the current fiscal year were ¥28,329 million, an increase of ¥4,312 million compared with ¥24,017 million at the end of the previous fiscal year. The major changes were the disposal of treasury shares by way of offering, a ¥2,365 million increase in cash and deposits due to proceeds from issuance of bonds and a ¥1,634 million increase in merchandise.

(Non-current Assets)

Non-current assets at the end of the current fiscal year were ¥16,766 million, an increase of ¥461 million compared with ¥16,304 million at the end of the previous fiscal year. This was mainly attributable to increases of ¥366 million in property, plant and equipment and ¥386 million in intangible assets, while there was a decrease of ¥290 million in investments and other assets.

(Liabilities)

Liabilities at the end of the current fiscal year were ¥28,614 million, an increase of ¥1,236 million compared with ¥27,377 million at the end of the previous fiscal year. This was mainly attributable to increases of ¥1,000 million in issuance of bonds, ¥875 million in accounts payable-other and ¥498 million in income taxes payable, while there was a decrease of ¥1,365 million in borrowings.

(Net Assets)

Net assets at the end of the current fiscal year were ¥16,482 million, an increase of ¥3,537 million compared with ¥12,944 million at the end of the previous fiscal year. Major components were dividend payments, the disposal of treasury shares by way of offering 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 ¥8,203 million, an increase of ¥2,365 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 ¥2,782 million (compared with ¥2,235 million provided in the previous fiscal year). There were positive factors including profit before income taxes of ¥2,332 million, ¥1,523 million in depreciation and ¥511 million in other, net. Negative factors included a ¥1,591 million increase in inventories.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥1,863 million (compared with ¥1,331 million used in the previous fiscal year). Negative factors included ¥880 million for the purchase of property, plant, and equipment associated with new store openings and store renovations, and ¥1,007 million for the purchase of intangible assets related to additional investments in systems.

(Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to ¥1,408 million (compared with ¥1,158 million used in the previous fiscal year). Positive factors included ¥2,111 million for proceeds from disposal of treasury shares and ¥969 million for proceeds from issuance of bonds. Negative factors included ¥1,232 million of net decrease in borrowings due to repayments, ¥338 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 2022
Equity ratio (%)	36.3
Equity ratio based on market value (%)	43.3
Ratio of interest-bearing debt to cash flow (years)	6.1
Interest coverage ratio (times)	19.1

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 FY5/2022 and FY5/2023

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.

We plan to pay a dividend of 20 yen per share for the fiscal year that ended on May 31, 2022 as stated in the press release titled "Revisions to the Consolidated Forecast and Dividend Forecast" (Japanese version only) dated April 8, 2022.

For the fiscal year ending on May 31, 2023, we plan to pay 20 yen per share, unchanged the year-end dividend for the fiscal year that ended on May 31, 2022.

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)

	FY5/2021 (As of May 31, 2021)	FY5/2022 (As of May 31, 2022)
Assets		
Current assets		
Cash and deposits	5,837	8,203
Accounts receivable-trade	2,120	2,333
Merchandise	13,778	15,412
Other	2,282	2,380
Allowance for doubtful accounts	(0)	(0)
Total current assets	24,017	28,329
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,438	15,660
Accumulated depreciation	(11,464)	(11,544)
Buildings and structures, net	3,974	4,116
Land	175	175
Leased assets	2,179	2,224
Accumulated depreciation	(1,053)	(1,072)
Leased assets, net	1,126	1,151
Construction in progress	18	20
Other	2,845	3,235
Accumulated depreciation	(2,292)	(2,483)
Other, net	553	751
Total property, plant and equipment	5,848	6,214
Intangible assets		
Goodwill	136	87
Leased assets	4	2
Other	1,079	1,516
Total intangible assets	1,220	1,607
Investments and other assets		
Investment securities	*1 381	*1 348
Deferred tax assets	1,271	1,202
Guarantee deposits	7,492	7,306
Other	150	146
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	9,234	8,943
Total non-current assets	16,304	16,766
Total assets	40,321	45,096

(Unit: million yen)

	FY5/2021 (As of May 31, 2021)	FY5/2022 (As of May 31, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	560	735
Short-term borrowings	7,232	4,883
Current portion of long-term borrowings	3,952	3,376
Lease obligations	297	255
Accounts payable-other	2,005	2,881
Income taxes payable	115	613
Provision for sales rebates	421	-
Provision for bonuses	582	598
Provision for loss on store closings	7	18
Other provisions	86	315
Other	2,322	2,612
Total current liabilities	17,584	16,289
Non-current liabilities		
Bonds payable	-	1,000
Long-term borrowings	6,133	7,693
Lease obligations	939	986
Asset retirement obligations	2,383	2,405
Other	337	238
Total non-current liabilities	9,793	12,324
Total liabilities	27,377	28,614
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,485	6,858
Retained earnings	8,603	9,948
Treasury shares	(2,343)	(596)
Total shareholders' equity	12,845	16,310
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	75	72
Foreign currency translation adjustment	(66)	(24)
Total accumulated other comprehensive income	8	48
Non-controlling interests	90	123
Total net assets	12,944	16,482
Total liabilities and net assets	40,321	45,096

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: million yen)

	FY5/2021 (Apr. 1, 2020 – May 31, 2021)	FY5/2022 (Jun. 1, 2021 – May 31, 2022)
Net sales	93,597	91,538
Cost of sales	36,707	37,326
Gross profit	56,890	54,212
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(0)	(0)
Salaries and allowances	6,431	5,676
Salaries of part time employees	15,912	14,671
Provision for bonuses	581	598
Retirement benefit expenses	40	38
Rent expenses on land and buildings	12,622	11,225
Commission expenses	5,028	5,426
Other	14,337	14,810
Total selling, general and administrative expenses	54,953	52,445
Operating profit	1,936	1,766
Non-operating income		
Rent revenues on facilities	377	118
Gain from installment of vending machine	135	121
Gain on sales of recycling goods	256	227
Subsidy income	288	217
Other	132	183
Total non-operating income	1,190	868
Non-operating expenses		
Interest expenses	179	145
Share of loss of entities accounted for using equity method	9	3
Rent costs on facilities	357	103
Other	71	74
Total non-operating expenses	617	327
Ordinary profit	2,509	2,307
Extraordinary income		
Compensation for forced relocation	-	58
Gain on forgiveness of debts	-	139
Total extraordinary income	-	197
Extraordinary losses		
Loss on sales of investment securities	-	2
Loss on valuation of investment securities	1	-
Loss on store closings	12	4
Provision for loss on store closings	-	18
Loss on retirement of non-current assets	69	75
Impairment losses	* 674	-
Loss on COVID-19	778	71
Total extraordinary losses	1,536	172
Profit before income taxes	973	2,332
Income taxes-current	526	791
Income taxes-deferred	278	71
Total income taxes	805	862
Profit	167	1,470
Profit attributable to non-controlling interests	10	20
Profit attributable to owners of parent	157	1,449

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	FY5/2021 (Apr. 1, 2020 – May 31, 2021)	FY5/2022 (Jun. 1, 2021 – May 31, 2022)
Profit	167	1,470
Other comprehensive income		
Valuation difference on available-for-sale securities	14	(15)
Foreign currency translation adjustment	(10)	52
Share of other comprehensive income of entities accounted for using equity method	29	13
Total other comprehensive income	* 33	* 49
Comprehensive income	201	1,519
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	190	1,489
Comprehensive income attributable to non-controlling interests	10	30

(3) Consolidated Statement of Changes in Net Assets

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

FY5/2022 (Jun. 1, 2021 – May 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	6,485	8,603	(2,343)	12,845
Changes during period					
Dividends of surplus			(104)		(104)
Profit attributable to owners of parent			1,449		1,449
Disposal of treasury shares		373		1,747	2,120
Net changes in items other than shareholders' equity					
Total changes during period	-	373	1,344	1,747	3,464
Balance at end of period	100	6,858	9,948	(596)	16,310

	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	75	(66)	8	90	12,944
Changes during period					
Dividends of surplus					(104)
Profit attributable to owners of parent					1,449
Disposal of treasury shares					2,120
Net changes in items other than shareholders' equity	(2)	42	39	32	72
Total changes during period	(2)	42	39	32	3,537
Balance at end of period	72	(24)	48	123	16,482

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	FY5/2021 (Apr. 1, 2020 – May 31, 2021)	FY5/2022 (Jun. 1, 2021 – May 31, 2022)
Cash flows from operating activities		
Profit before income taxes	973	2,332
Depreciation	1,710	1,523
Impairment losses	674	-
Amortization of goodwill	137	48
Increase (decrease) in provision for bonuses	189	16
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for loss on store closings	-	(5)
Increase (decrease) in provision for allowance of sales discounts	(90)	-
Increase (decrease) in other provisions	-	67
Interest expenses	179	145
Share of loss (profit) of entities accounted for using equity method	9	3
Loss on store closings	12	4
Provision for loss on store closings	-	18
Loss (gain) on sales of investment securities	-	2
Loss (gain) on valuation of investment securities	1	-
Loss on retirement of non-current assets	69	75
Compensation for forced relocation	-	(58)
Gain on forgiveness of debt	-	(139)
Loss on COVID-19	778	71
Decrease (increase) in trade receivables	(220)	(211)
Decrease (increase) in inventories	(611)	(1,591)
Increase (decrease) in trade payables	101	174
Other, net	(296)	511
Subtotal	3,618	2,990
Interest and dividends received	10	7
Interest paid	(181)	(145)
Proceeds from compensation for forced relocation	-	58
Proceeds from gain on forgiveness of debt	-	139
Payments for loss on COVID-19	(738)	(64)
Income taxes paid	(728)	(216)
Income taxes refund	255	13
Net cash provided by (used in) operating activities	2,235	2,782

(Unit: million yen)

	FY5/2021 (Apr. 1, 2020 – May 31, 2021)	FY5/2022 (Jun. 1, 2021 – May 31, 2022)
Cash flows from investing activities		
Purchase of property, plant and equipment	(681)	(880)
Purchase of intangible assets	(417)	(1,007)
Payments of guarantee deposits	(93)	(40)
Proceeds from refund of guarantee deposits	234	241
Payments for transfer of stores	(126)	(17)
Other, net	(246)	(159)
Net cash provided by (used in) investing activities	(1,331)	(1,863)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,272	(2,216)
Proceeds from long-term borrowings	2,550	5,195
Repayments of long-term borrowings	(4,326)	(4,210)
Repayments of lease obligations	(532)	(338)
Proceeds from issuance of bonds	-	969
Proceeds from disposal of treasury shares	-	2,111
Proceeds from share issuance to non-controlling shareholders	-	2
Dividends paid	(104)	(104)
Other, net	(16)	-
Net cash provided by (used in) financing activities	(1,158)	1,408
Effect of exchange rate change on cash and cash equivalents	(3)	37
Net increase (decrease) in cash and cash equivalents	(257)	2,365
Cash and cash equivalents at beginning of period	6,094	5,837
Cash and cash equivalents at end of period	5,837	8,203

(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: 13

Primary consolidated subsidiaries:
BOOKOFF CORPORATION LIMITED
BOOKOFF With Co, Ltd.
Booklet Co., Ltd.

The BOOKOFF Group established BO Chance, Inc. and included this company in the scope of consolidation beginning with the fiscal year that ended on May 31, 2022.

(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. Fiscal years of consolidated subsidiaries

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 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 fiscal year-end of Jewelry Asset Managers Inc. and its subsidiary Aidect Hong Kong Limited is the end of August. In the fiscal year that ended in May 2021, the consolidated financial statements include provisional financial statements of these consolidated subsidiaries as of the end of February 2021. Due to the merger of Jewelry Asset Managers and BOOKOFF CORPORATION on June 1, 2022, the fiscal year-end changed to the end of May and the consolidated financial statements for the fiscal year that ended in May 2022 include the 15-month period that ended on May 31, 2022 for Jewelry Asset Managers and Aidect Hong Kong.

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 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 August 30, 2021.

(Changes in Accounting Policies)

Application of Accounting Standard for Revenue Recognition

The BOOKOFF Group has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards from the beginning of the current fiscal year. Based on these standards, revenue expected to be received in exchange for the provision of promised goods and services is recognized when the control of the goods and services is transferred to customers. The primary change due to the application of this standard is a revision in the method for recognizing sales for some transactions where net rather than gross sales were recognized in prior years. Beginning in the current fiscal year, gross sales are recognized for these transactions based on the determination of the role of the BOOKOFF Group (directly or to an agent) concerning sales to customers. For loyalty points granted to customers for sales of merchandise to customers and items purchased from customers, a provision for sales rebates, which is the value of the points expected to be used, was deducted from sales in prior years. This method has been changed to the classification of points granted for sales of merchandise to customers as a performance obligation. Transaction prices are allocated based on independent sales prices calculated to reflect the amount of points that are not expected to be used. Points granted for items purchased from customers are recognized as an allowance for the cost of points.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional treatment in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the current fiscal year, is added to or subtracted from retained earnings at the beginning of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings. However, the BOOKOFF Group has applied the method prescribed in Paragraph 86 of this standard and has not retrospectively applied the new accounting policy to contracts in which almost all revenue were recognized in accordance with the previous measures prior to the beginning of the current fiscal year. Furthermore, the method prescribed in proviso (1) to Paragraph 86 of the new accounting standard is used. For contract revisions to contracts that were made prior to the beginning of the current fiscal year, accounting procedures are performed based on the contract terms that reflect all revisions. The cumulative effect is added to or subtracted from retained earnings at the beginning of the current fiscal year.

In addition, “provision for sales rebates” in the current liabilities section of the consolidated balance sheet in the previous fiscal year is, from the current fiscal year, included in “other” and “other provisions.” In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the consolidated financial statements for the previous fiscal year to conform to the new presentation.

As a result, compared with before the application of the Accounting Standard for Revenue Recognition, net sales increased ¥866 million, selling, general and administrative expenses increased ¥864 million, operating profit, ordinary profit and profit before income taxes increased ¥1 million yen each in the consolidated statement of income for the current fiscal year.

There is no effect of the application of these standards on retained earnings in the consolidated statement of changes in net assets at the beginning of the current fiscal year.

Application of the Accounting Standard for Fair Value Measurement

The Group has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional treatment in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the consolidated financial statements.

(Consolidated Balance Sheet)

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

(Unit: million yen)

	FY5/2021 (As of May 31, 2021)	FY5/2022 (As of May 31, 2022)
Investment securities (stocks)	75	85

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)

	FY5/2021 (As of May 31, 2021)	FY5/2022 (As of May 31, 2022)
Total overdraft amount	15,620	11,150
Executed loans payable	7,100	4,883
Balance	8,520	6,266

(Consolidated Statement of Income)

* Impairment loss

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

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.

FY5/2022 (Jun. 1, 2021 – May 31, 2022)

Not applicable.

(Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects related to other comprehensive income

(Unit: million yen)

	FY5/2021 (Apr. 1, 2020 – May 31, 2021)	FY5/2022 (Jun. 1, 2021 – May 31, 2022)
Valuation difference on available-for-sale securities		
Amount incurred	21	(27)
Amount of reclassification adjustments	-	2
Before tax effects	21	(24)
Amount of tax effects	(7)	8
Valuation difference on available-for-sale securities	14	(15)
Foreign currency translation adjustment		
Amount incurred	(10)	52
Amount of reclassification adjustments	-	-
Before tax effects	(10)	52
Amount of tax effects	-	-
Foreign currency translation adjustment	(10)	52
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred	29	13
Amount of reclassification adjustments	-	-
Share of other comprehensive income of entities accounted for using equity method	29	13
Total other comprehensive income	33	49

(Segment Information)

Segment Information

I. FY5/2021 (Apr. 1, 2020 – May 31, 2021)
This information is omitted because the Group has only a single segment.

II. FY5/2022 (Jun. 1, 2021 – May 31, 2022)
This information is omitted because the Group has only a single segment.

Related Information

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.

FY5/2022 (Jun. 1, 2021 – May 31, 2022)

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)

	FY5/2021 (Apr. 1, 2020 – May 31, 2021)	FY5/2022 (Jun. 1, 2021 – May 31, 2022)
Net assets per share	736.74	827.94
Net income per share	9.03	82.07
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.

	FY5/2021 (Apr. 1, 2020 – May 31, 2021)	FY5/2022 (Jun. 1, 2021 – May 31, 2022)
Net income per share		
Profit attributable to owners of parent (million yen)	157	1,449
Amount not attributable to common stockholders (million yen)	-	-
Profit attributable to owners of parent applicable to common stockholders (million yen)	157	1,449
Weighted average number of shares of common stock during the fiscal year (thousand shares)	17,447	17,658

(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.