

Financial Results Presentation Materials for the Fiscal Year Ended May 2022 (FY5/2022)

July 11, 2022

BOOKOFF GROUP HOLDINGS LIMITED

Securities code: 9278

BOOKOFF
GROUP HOLDINGS

Contents

FY5/2022 Overview of Consolidated Financial Results	• • •	2
Highlights of FY5/2022	• • •	7
Strategic Policies and Goals	• • •	19
FY5/2023 Sales and Earnings Forecast	• • •	42
Appendix	• • •	50

FY5/2022 Overview of Consolidated Financial Results

Consolidated Statement of Income

(Million yen)

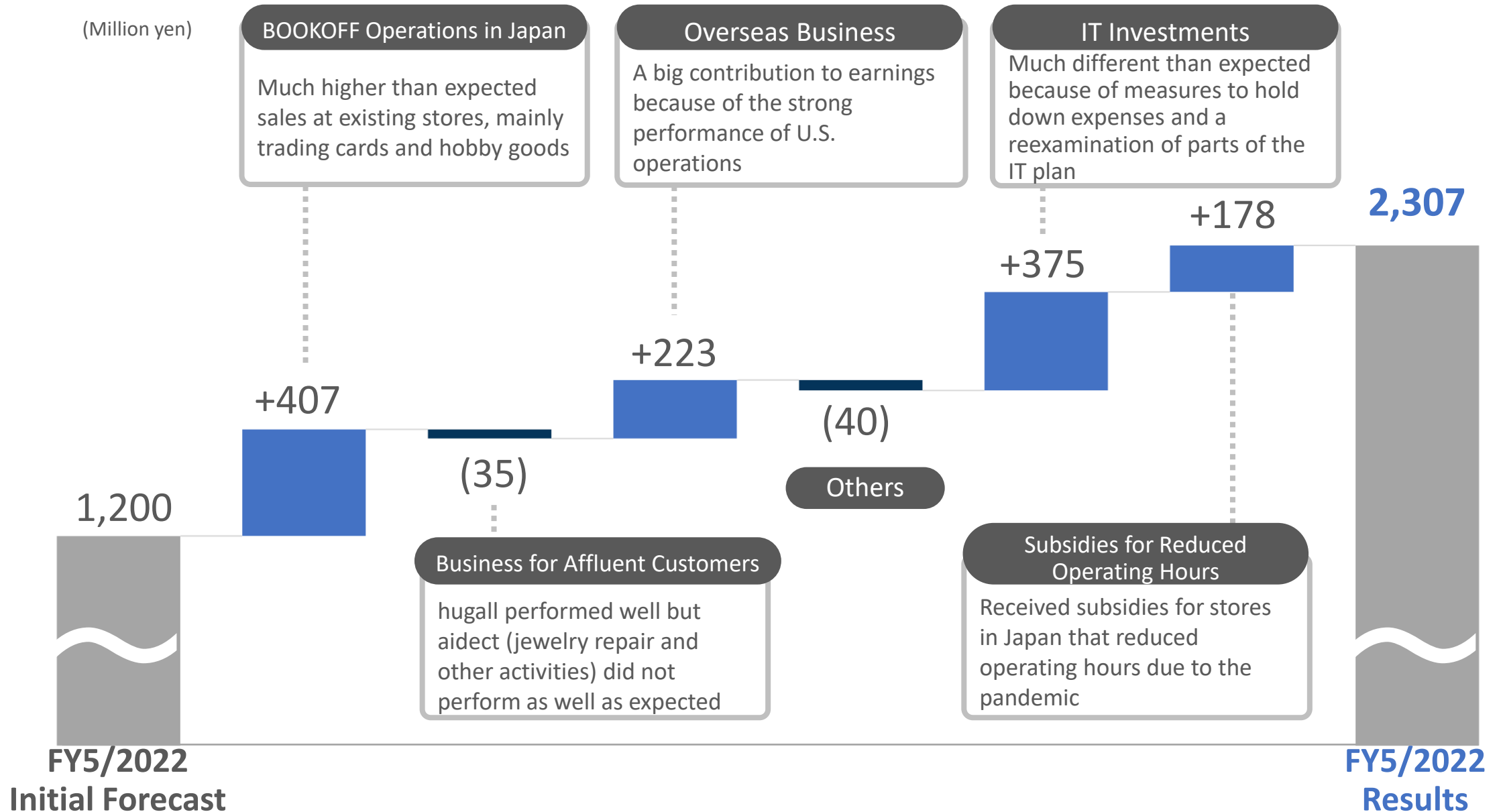
	FY5/2021 (14-month) *1	% to net sales	FY5/2022	% to net sales	YoY change (Amount)*2	YoY change (Ratio)*2
Net sales	93,597	-	91,538	-	-	-
Gross profit	56,890	60.8%	54,212	59.2%	-	-
SG&A expenses	54,953	58.7%	52,445	57.3%	-	-
Operating profit	1,936	2.1%	1,766	1.9%	-	-
Ordinary profit	2,509	2.7%	2,307	2.5%	-	-
Profit attributable to owners of parent	157	0.2%	1,449	1.6%	-	-

- ✓ FY5/2022 sales and earnings at all levels were far above the forecast mainly because of strong sales at directly operated existing BOOKOFF stores in Japan.
- ✓ A big increase in profit attributable to owners of parent compared with FY5/2021 when store operations were reduced by the pandemic and there was an impairment loss at a subsidiary.

*1 FY5/2021 is a 14-month transitional fiscal period because of the change in the fiscal year end.

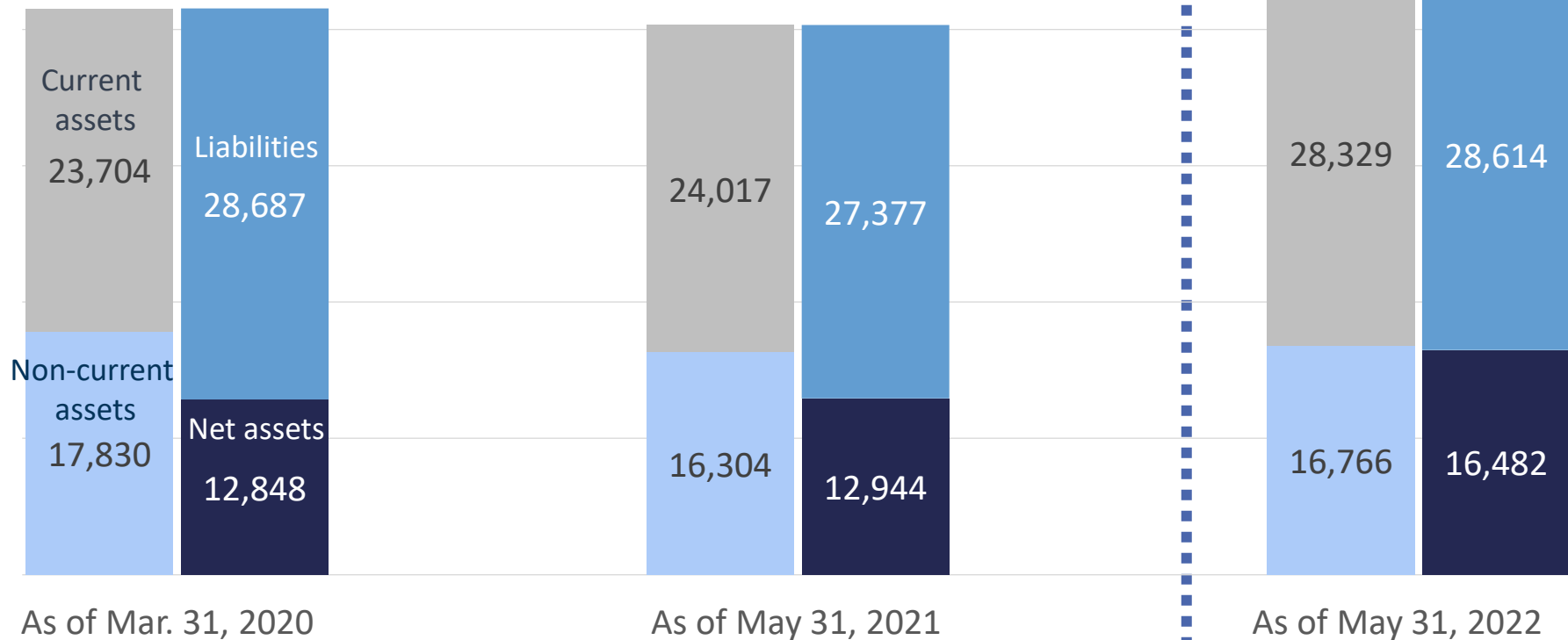
*2 Consequently, no year-on-year comparisons are shown because of the different FY5/2022 (June 2021 - May 2022) and FY5/2021 (April 2020 - May 2021).

Consolidated Ordinary Profit Actual vs. forecast



Consolidated Balance Sheet

(Million yen)



As of Mar. 31, 2020

As of May 31, 2021

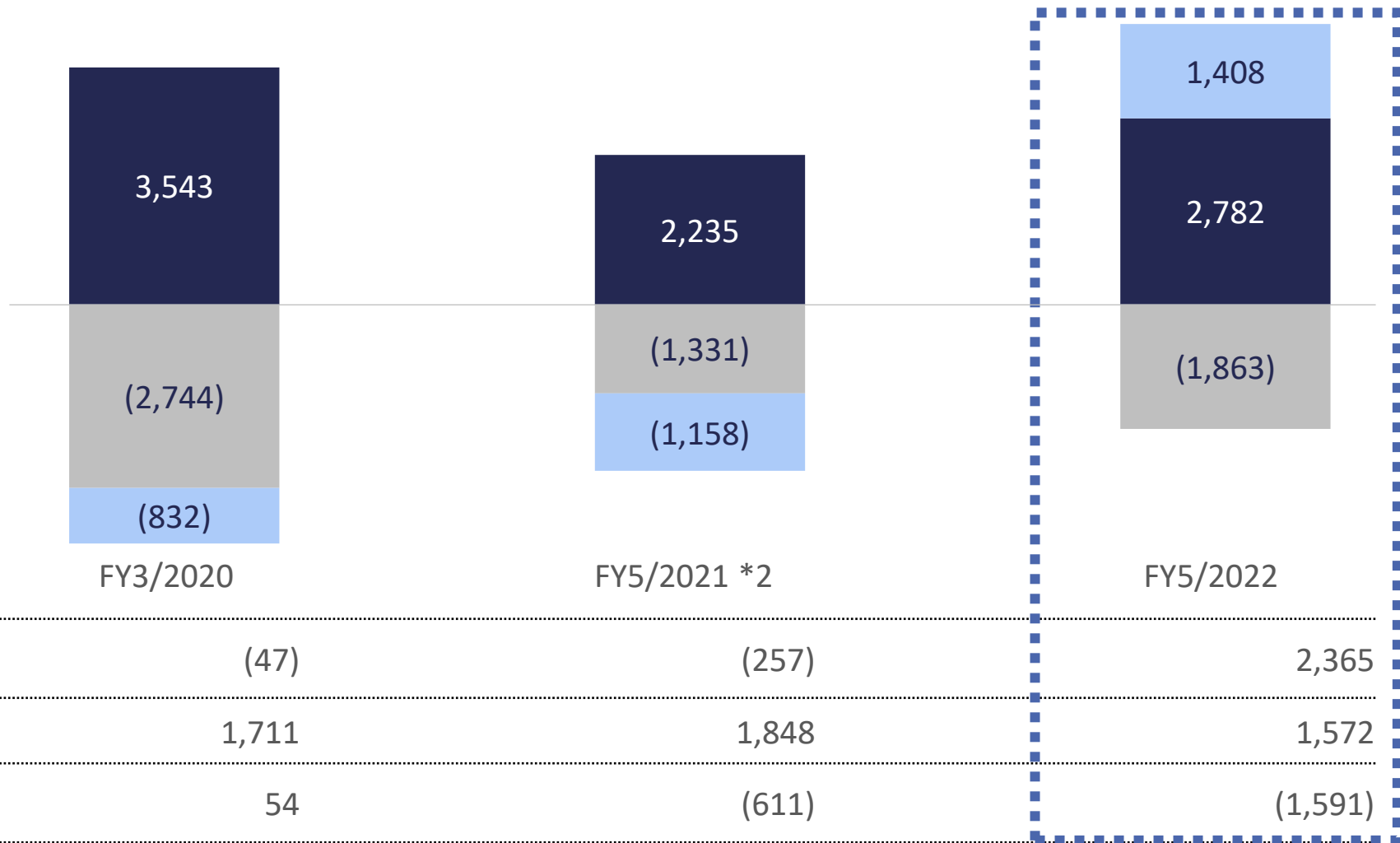
As of May 31, 2022

Total assets	41,535	40,321	45,096
Cash and deposits	6,094	5,837	8,203
Interest-bearing debt	17,920	17,395	17,028
Equity ratio	30.7%	31.9%	36.3%

- ✓ Net assets and total assets increased because treasury stock was sold in April 2022 to procure funds.
- ✓ The equity ratio increased 4.4 points to 36.3% at the end of May 2022.

Consolidated Statement of Cash Flows

(Million yen)



- ✓ Cash was provided by financing activities because of the sale of treasury stock to procure funds.
- ✓ In BOOKOFF operations in Japan, inventories increased mainly because of an increase in purchases of trading cards and hobby goods, a strategic product category, and purchases of new products. Operating cash flows increased because of strong sales in all product categories.

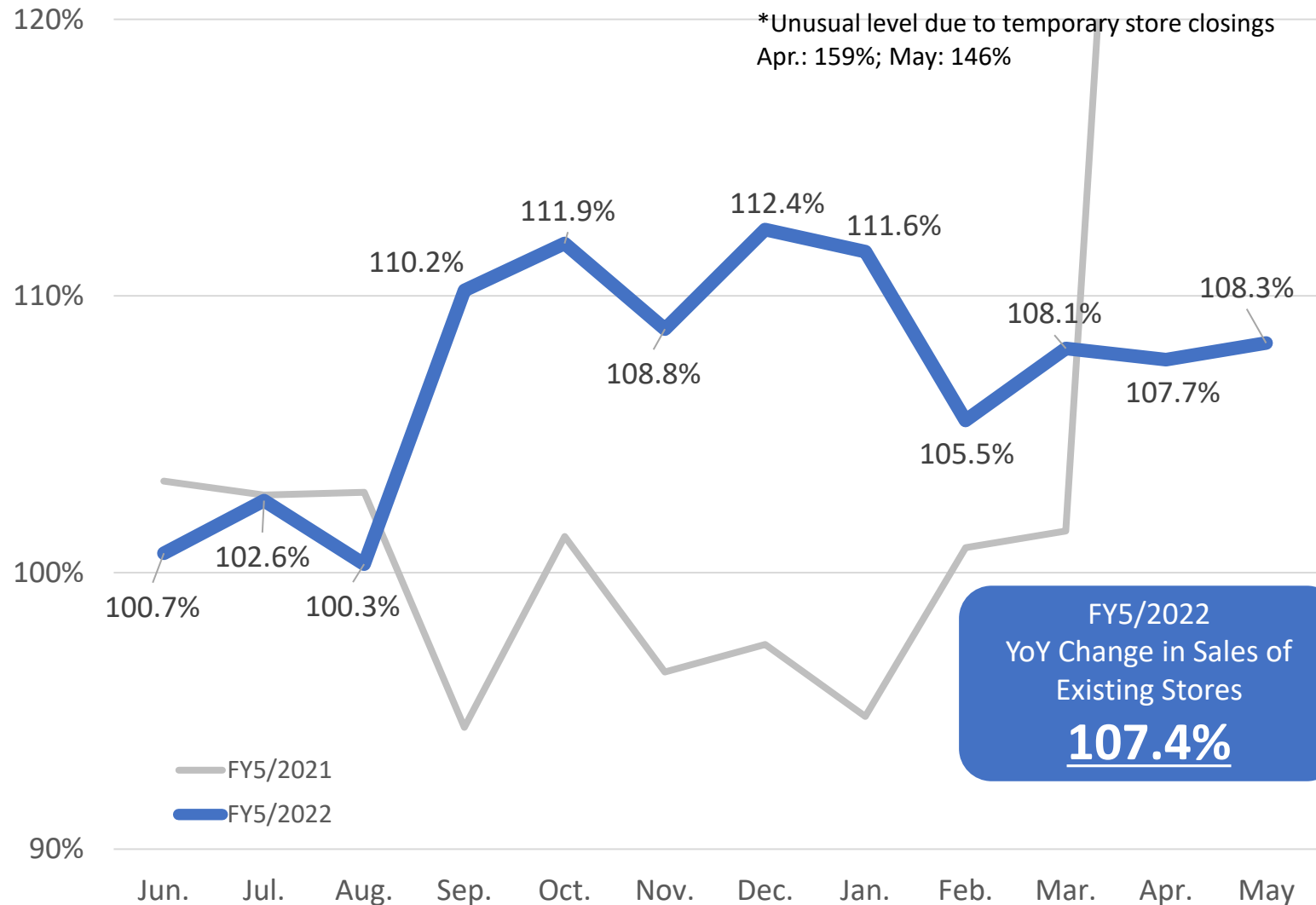
*1 Includes amortization of goodwill

*2 FY5/2021 is a 14-month transitional fiscal period because of the change in the fiscal year end.

Highlights of FY5/2022

BOOKOFF Operations in Japan YoY Change in Sales of Existing Stores

BOOKOFF Operations in Japan YoY Change in Sales of Existing Stores



✓ Existing store sales were higher than one year earlier throughout the fiscal year because of large expenditures for store renovations and a recovery in consumer spending as the severity of the pandemic began to decrease.

BOOKOFF Operations in Japan Product Category Sales

BOOKOFF Operations in Japan YoY Change in Product Category Sales of Existing Stores

Categories	FY5/2022 existing store sales		FY5/2021 % to total sales*2
	YoY change*1	% to total sales	
Books	96.7%	29.5%	32.8%
Software media (CDs, DVDs and games)	100.1%	26.2%	28.2%
Apparel	108.0%	10.3%	10.2%
Precious metals/watches/ high-end brand bags	111.7%	8.6%	8.3%
Trading cards/hobby goods	161.1%	13.3%	8.8%
Home appliances/mobile phones	105.2%	4.5%	4.6%
Sporting and outdoor goods	112.5%	3.5%	3.3%
Others	116.1%	4.1%	3.8%
Total	107.4%	100.0%	100.0%

- ✓ A big increase in sales of trading cards and hobby cards, a strategic product category, was the main reason for sales growth at existing stores.
- ✓ Book sales, although still high, were lower than one year earlier when demand was strong as people stayed home during the pandemic.
- ✓ Apparel sales, which have been weak in recent years, recovered because of higher efficiency resulting from operational changes and other measures.
- ✓ Big increases in sales in the precious metals/watches/high-end bags and the sporting and outdoor goods categories

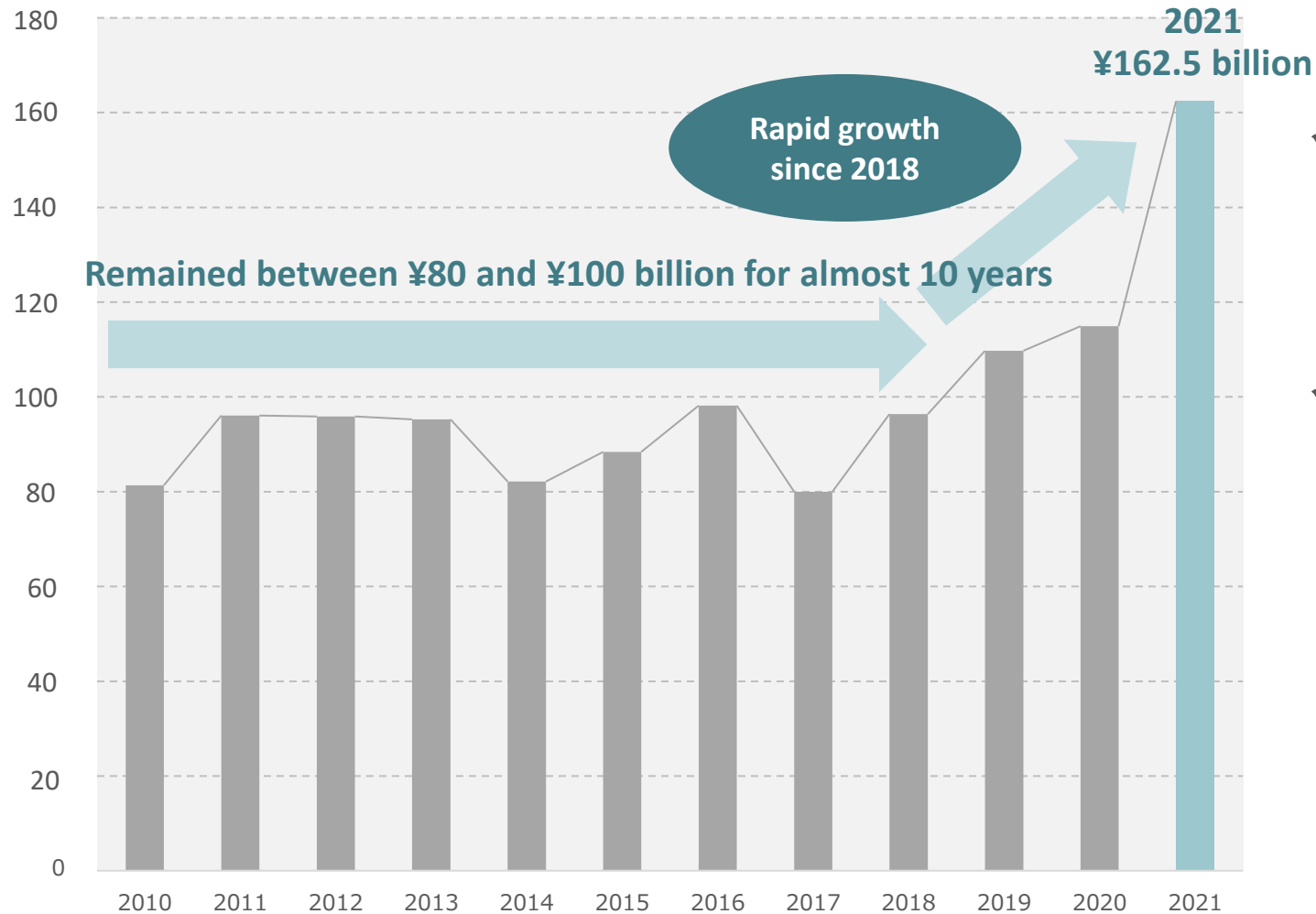
The existing store gross profit increased even though the gross profit margin decreased because of the larger share of sales from trading cards/hobby goods, which have a relatively low gross profit.

*1 FY5/2021 is a 14-month transitional fiscal period because of the change in the fiscal year end. YoY change represents comparisons with the same period (June to May) of FY5/2021.

*2 The percentages of total sales in FY5/2021 are for the 12-month period that ended in May 2021.

Sales of new trading cards in Japan

(Billion yen)

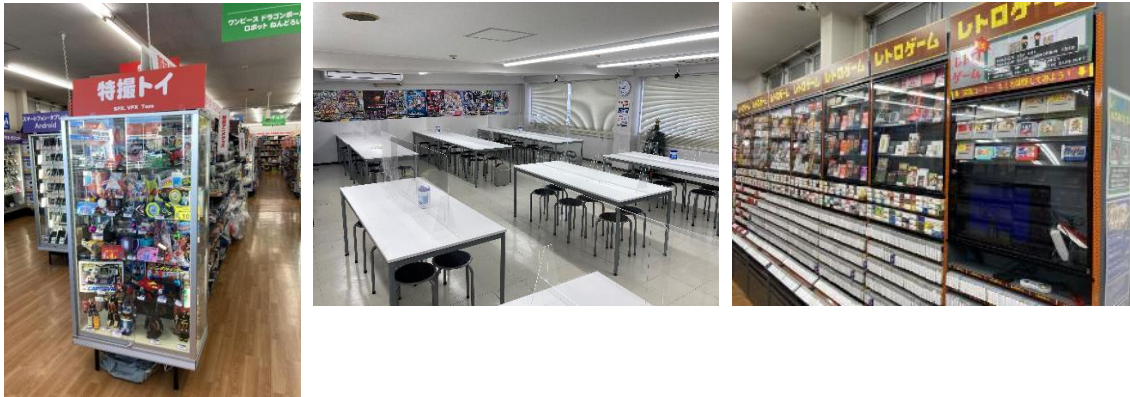


Source: Media Create Co., Ltd.

- ✓ Sales of new trading cards in Japan have increased rapidly during the past few years because of the popularity of Pokemon cards.
- ✓ The used card market has increased along with the growth of the new card market. Used card sales are now believed to be about the same as sales of new cards.



Entertainment by raising emphasis on trading cards/hobby goods



- ✓ Larger sales areas for trading cards/hobby goods by enlarging stores, downsizing software sales areas and other measures. Trading card sales areas include space for trading card duels.
- ✓ The store also places emphasis on classic games, toys and hobby goods as well as on new merchandise. Adding operations other than just buying and selling reuse merchandise gives customers reasons to stay longer while enjoying their time at the store.
- ✓ **During FY5/2022, four stores** were renovated to create a retail format package that makes BOOKOFF a source of entertainment.



More sales of trading cards/hobby goods and a more productive apparel sales area



- ✓ Larger trading card/hobby goods sales area. Trading card sales area includes a dueling area and the large sales area is used to provide many amenities for the enjoyment of customers who bring children and other family members.
- ✓ For apparel, a smaller sales area along with improvements to operations and higher efficiency
- ✓ Renovations at BOOKOFF SUPER BAZAAR stores primarily for more emphasis on trading cards/hobby goods and more efficient apparel sales areas. **During FY5/2022, 15 of these stores** were remodeled.

BOOKOFF Operations in Japan “One BOOKOFF” Progress

BOOKOFF Smartphone App Members



June 2018
Released an official
smartphone app

1 million
members in
September 2019

2 million
members in
September 2020

3 million
members in
May 2021

4 million
members in
February 2022

As of May 31, 2022

5.19 million
members

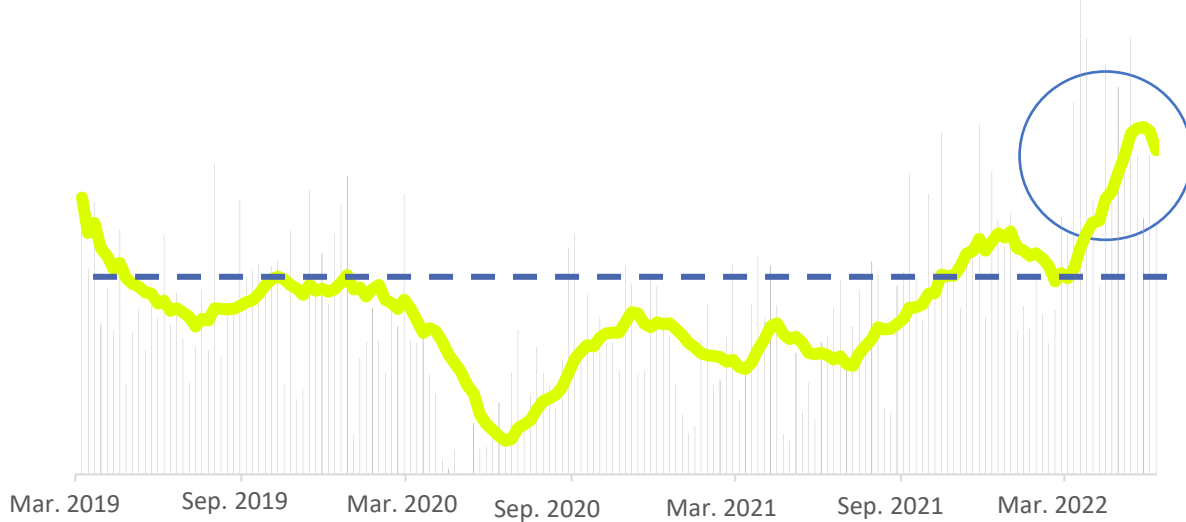
- ✓ The membership growth rate is speeding up; now more than 5 million members.
- ✓ More than 30% of the number of purchases are by customers who are app members, surpassing card members.
- ✓ The app is attracting more customers, resulting in an increase in the number of customers making purchases. (up 2.4% in FY5/2022)

hugall



11 locations at department stores


Weekly Used Item Purchases and Moving Average



- ✓ The hugall business was much more vulnerable to the impact of the pandemic than BOOKOFF operations in Japan was. Despite this negative impact, the volume of purchases is currently well above the pre-pandemic level. The main reasons are a recovery in the number of customers and rising prices of precious metals.

HUGALL Sendai Mitsukoshi store opened in January 2022
HUGALL Mitsukoshi Toyota store opened in April 2022

aidect

 aidect 13 locations at dept. stores and shopping centers



- ✓ Stores specializing in orders for handmade jewelry and jewelry repairs and restorations. A business model providing new types of services.
- ✓ Actions were taken to improve earnings, such as cooperation with other BOOKOFF Group stores, with the goal of increasing points of contact with targeted customer segments.

BOOKOFF One-stop purchasing consultation desk

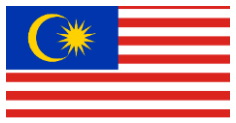
BOOK·OFF
総合買取窓口
One-stop purchasing consultation desk



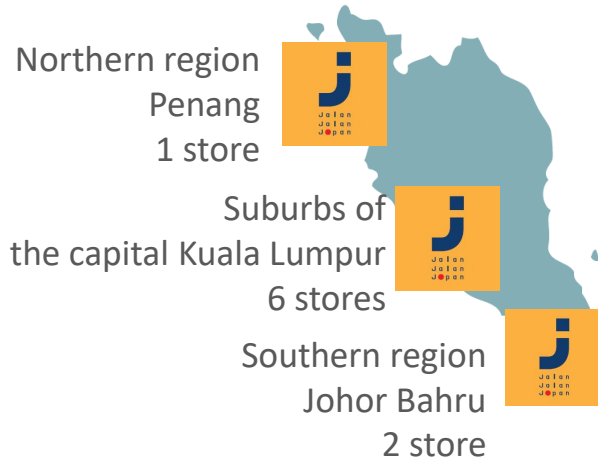
15 locations mainly in central Tokyo

- ✓ BOOKOFF one-stop purchasing consultation desks use the well-known BOOKOFF brand and their easy accessibility to attract high-end customers primarily at city-center locations.
- ✓ These stores are structured to sell many types of merchandise with the same ease as for used books.

Overseas Business Jalan Jalan Japan (Malaysia)



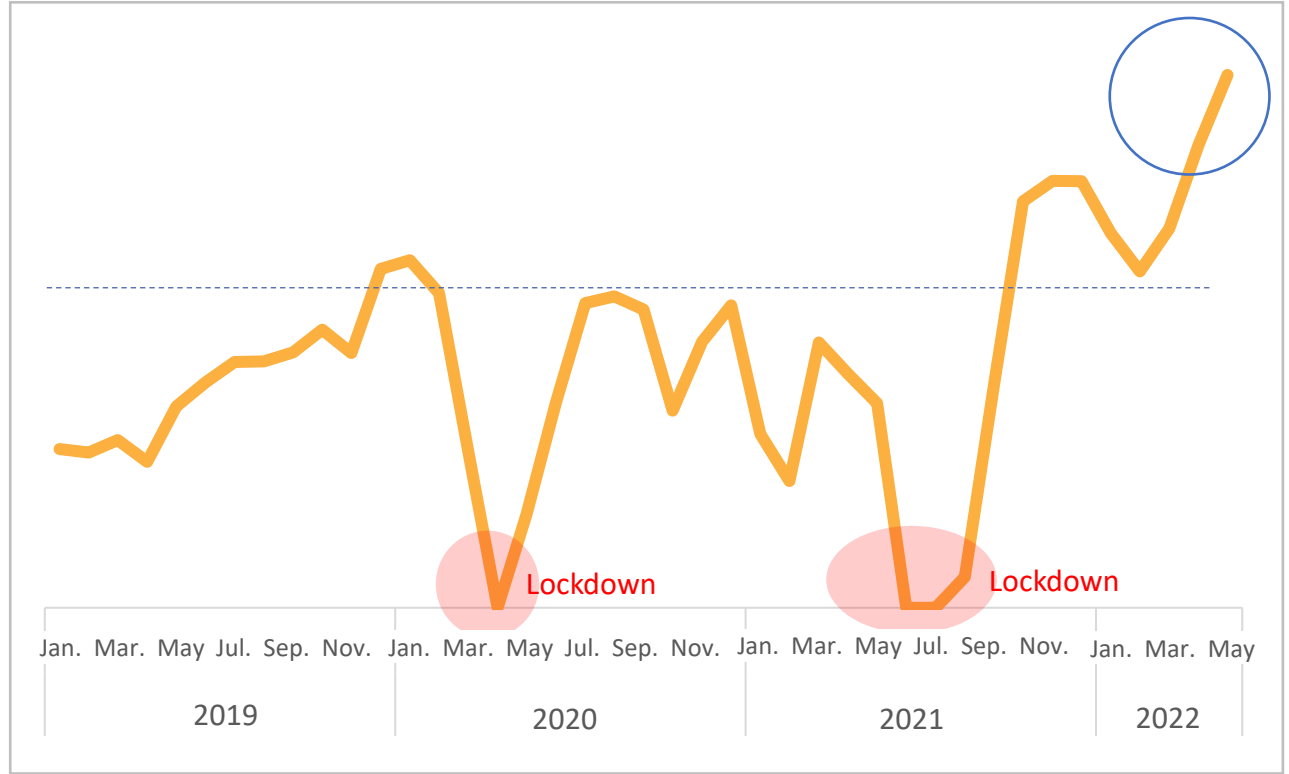
Jalan Jalan Japan
9 stores in Malaysia
 (including 1 franchised store)



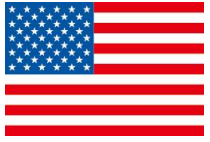
April 2022 Opened Tampoi Store



Jalan Jalan Japan Monthly Sales



- ✓ All stores in Malaysia suspended operations early in FY5/2022 because of the country's second pandemic lockdown. The number of customers recovered steadily after the lockdown ended. Malaysia stores are currently performing well with sales currently above the pre-pandemic level.
- ✓ Although the lockdown slowed the pace of store openings somewhat, activities will continue for establishing a Malaysia network of 20 stores as the infrastructure for supplying merchandise from Japan expands.



BOOKOFF USA
9 stores in the U.S.



California
6 stores

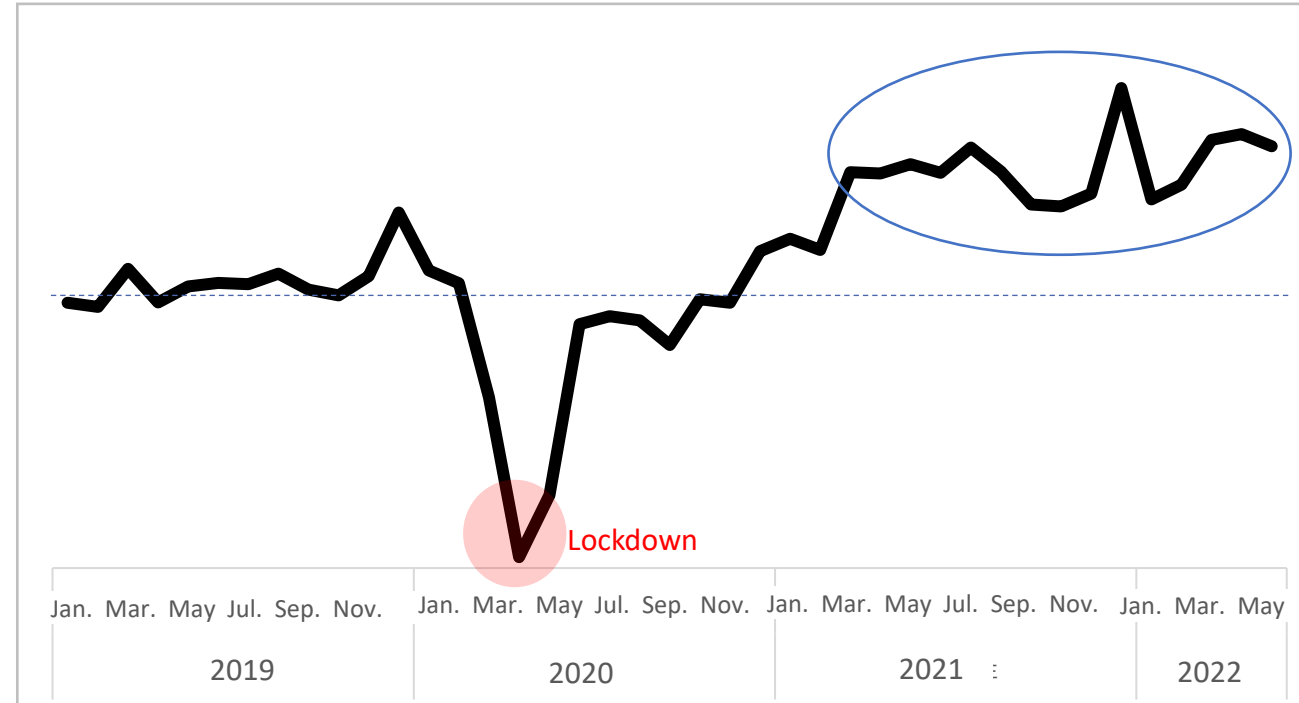


New York
1 store

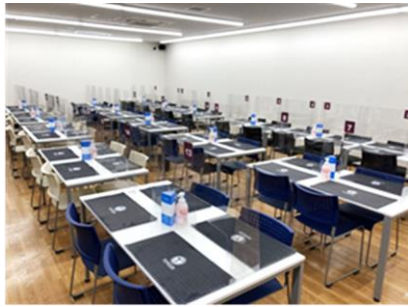
Hawaii
2 stores



BOOKOFF USA Monthly Sales



- ✓ Sales quickly rebounded after lockdowns ended and earnings are now far above the pre-pandemic level, partly because of inflation.
- ✓ High volume of purchases and sales of books and software. Japanese anime figures and goods and manga are popular. Stores are becoming known as places to go for entertainment.
- ✓ Using SNS and special events for constant communications with customers to raise awareness of BOOKOFF and increase purchases of used items.



Objective of the Trading Card Strategy

Heavy users

Light users

Specialized knowledge

Info about prices

Confidence



Products for serious trading card fans

Increase the trading card population = A larger market

- ✓ In November 2021, we opened Japan TCG Center Kichijoji-eki-kitaguchi store, the BOOKOFF Group's first store specializing in trading cards.
- ✓ The Japan TCG Center buys and sells reuse items as well as new trading card packs and trading card supplies associated with games. There is also a space for trading card duels. With these amenities, the center targets everyone from trading card beginners to experts.
- ✓ We are enlarging trading card sales areas at existing BOOKOFF stores and adding dueling spaces. As a new store opening strategy, we plan to open more stores specializing in trading cards.

<Store overview>

Store name:	Japan TCG Center Kichijoji-eki-kitaguchi Store
Merchandise:	Sales and purchase of new and old trading cards
Floor space:	About 179 m ²
Location:	B1 floor, Shirakaba Building, 1-13-2, Kichijoji Honcho Musashino City, Tokyo
Opening date:	Sat., November 27, 2021
Operating hours:	10:00 - 21:00

Our Commitment to the Sustainable Development Goals (1)



BOOKOFF's business operations contribute to society by using the purchase and sale of items to extend the life of these products, thereby reducing the volume of items that are discarded.

Therefore, BOOKOFF is playing an important role in achieving the 12th SDG: responsible consumption and production. We will continue to use our core reuse business and other activities to contribute to the accomplishment of the SDGs.



Recycling items no longer needed

We use partner companies to reuse or recycle as resources many materials. For example, every year, we recycle about 38,566 tons of used paper, 1,481 tons of resin used for software products, 4,361 tons of used apparel to use as rags or sell overseas, and precious metals and parts of about 300,000 from mobile phones.

	<p>Reuse and paper recycling</p>	
	<p>Creation of jobs and supply of quality products and apparel</p>	
	<p>Jewelry repair service for a longer life of jewelry</p>	
<p>特例子会社 B-Assist, Inc.</p>	<p>Assistance and jobs for people with disabilities</p>	
	<p>Partnerships with companies, governments and NPOs</p>	

キモチと。



The "Kimochito" crowdfunding platform

"Kimochito" is a BOOKOFF platform for using the appraised value of used items donated by customers for donations and other forms of support for nonprofit organizations. Cumulative donations are now more than ¥350 million.



B-Assist, Inc., a special subsidiary

Special subsidiary B-Assist has the mission of providing jobs for people with disabilities. The company has been certified under Japan's program for outstanding small and midsize companies that help create employment opportunities for these individuals.

Our Commitment to the Sustainable Development Goals (2)

Establishment of the Public Relations and SDGs Office

Companies providing reuse services will play a key role as activities continue worldwide for creating a sustainable and recycle-based society. The Public Relations and SDGs Office was established in September 2021 to oversee activities at the BOOKOFF Group for helping solve social issues involving sustainability and the SDGs.

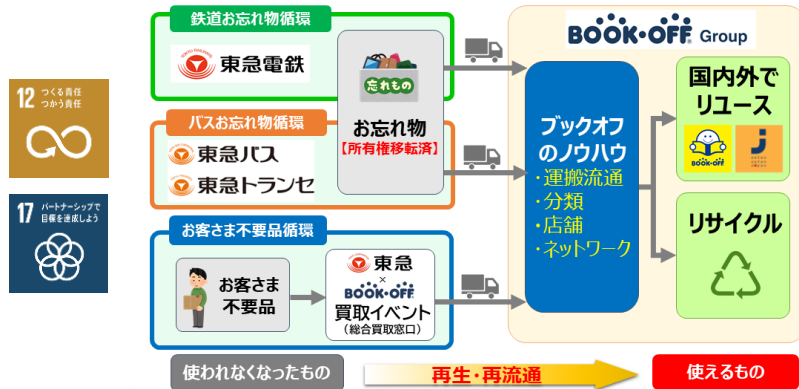


Start of the Nationwide School BOOKOFF Project



BOOKOFF has created lessons about its reuse business and instructors from group companies go to schools for classes on this subject. Nearby BOOKOFF stores are used for these lessons so that students understand that the social and environmental problems involving recycling are local issues too. Since the start of this project, there have been 60 classes at elementary schools attended by more than 1,500 students. This project gives students an understanding of the SDGs as well as opportunities for a career in businesses in the reuse and recycling sectors, resulting in a strong reputation.

Start of a Demonstration Trial with the Tokyu Group for Community Recycling



▲ Flowchart of the trial

As a demonstration trial with the aim of creating communities where nothing is thrown away and everything is recycled, items that people had forgotten but not collected are sent to BOOKOFF for resale instead of being discarded. The first step, which started in December 2021, involved items left behind at stations, railroad cars and other locations of the Tokyu railroad network in the Tokyo area. Items become the railroad's property after a mandated holding period has elapsed. The second step, which started in June 2022, this trial was enlarged to include the stores of Tokyu Bus and its subsidiary Tokyu Transesses.

Start of Sales of Processed Food Near Expiration to Reduce Food Loss and Waste

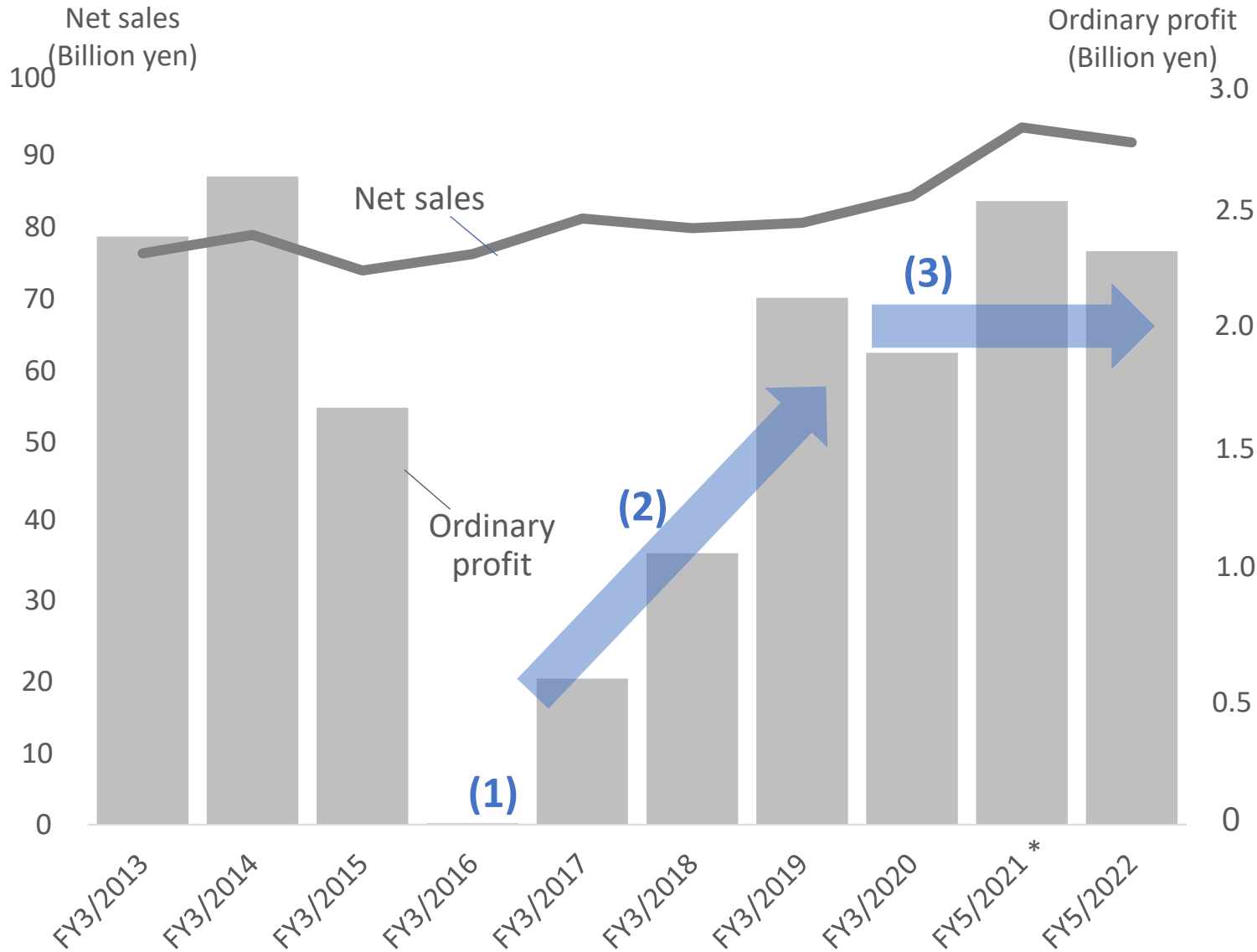


Often, useable food is discarded because the expiration date is near, mid-year/year-end gifts or other unseasonable gifts were unsold or for some other reason. BOOKOFF sells selected food items to customers at attractive prices and provides assistance to companies having difficulty with disposing of surplus food inventories. Reducing food loss and waste is another way that BOOKOFF is playing a part in creating a sustainable society.

Strategic Policies and Goals

Consolidated Sales and Operating Profit

Consolidated Performance Since FY3/2013



- (1) **Pressure on earnings** caused by the addition of home appliances at all directly managed BOOKOFF stores in Japan, the launch of hugall and other activities, which was a trial-and-error phase for reforms for targeted markets and merchandise categories
- (2) **Earnings recovered** as unprofitable stores and sales channels were shut down, more authority was transferred to regional operations, and other changes were made
- (3) **Earnings have been level even** though there were expenses for large IT investments in BOOKOFF operations in Japan and the negative impact of the pandemic, chiefly in the affluent customer business and overseas business

Overcoming the impact of the pandemic and returning to a period of growth

* FY5/2021 was a 14-month transitional fiscal period because of the change in the fiscal year end.

Fund Procurement for Investments for Growth (Sale of Treasury Stock)

Summary of the Offering

Use of net proceeds	<ul style="list-style-type: none"> • Open more BOOKOFF stores in Japan • Open more locations for the business that serves affluent customers • Open more Japan TCG Center locations, which specialize in trading cards • IT investments for progress with “One BOOKOFF” 	
Type of offering	Sale of treasury stock	
Total proceeds	About ¥2.2 billion (based on ¥962 per share)	
Shares sold	2,000,000 shares of treasury stock + Overallotment secondary sale of 300,000 shares (sold using a third-party allotment) Total of 2,300,000 shares	
Schedule	Resolution to sell stock	April 11, 2022
	Determination of terms	April 19, 2022
	Delivery of stock	April 27, 2022

- ✓ Sold treasury stock in April 2022 to procure funds.
- ✓ This was **the first fund procurement** using a public offering **since BOOKOFF’s initial listing** (including when the company was BOOKOFF Corporation).
- ✓ **Demand was far higher than the number of shares offered** on the first day of bookbuilding, demonstrating the confidence of investors in BOOKOFF’s prospects for growth.
- ✓ This sale procured funds for expenditures for growth and **increased the liquidity of BOOKOFF stock.**
- ✓ Funds procured will be used to build on BOOKOFF’s position as a leading reuse company centered on books **for the growth of the maximization of corporate value and shareholder value and contributions to creating a society where all resources are recycled.**

Compliance with Listing Standards of the TSE Prime Market

BOOKOFF and Prime Market Listing Standards

	Listing standard	As of previous transition ref. date (June 30, 2021)		As of May 31, 2022	
Shareholders	At least 800	29,199	○	38,894	○
Tradable shares	At least 20,000 units	97,562 units	○	118,689 units	○
Market cap of tradeable shares	At least ¥10,000 million	¥9,491 million	✗	¥12,432 million	○
Pct. of tradable shares	At least 35%	47.4%	○	57.7%	○

- ✓ As of June 30, 2021, the market cap of shares available for trading was below the standard. In December 2021, BOOKOFF announced a plan for compliance with listing standards based on new market segments.
- ✓ In addition to the actions in the plan, treasury stock was sold in order to **increase the number of shares available for trading and the market capitalization of these shares.**
- ✓ As of May 31, 2022, the most recent record date for confirming compliance with listing requirements, **BOOKOFF met all requirements for a Prime Market listing.**

Numbers of stores, other locations and app members are as of May 31, 2022.

BOOKOFF Operations in Japan

BOOK·OFF®



616 stores

BOOK·OFF SUPER BAZAAR



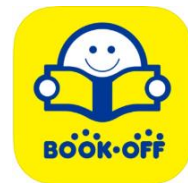
48 stores

BOOK·OFF PLUS+



71 stores

BOOK·OFF Online



5.19 million app members

Directly operated and franchised BOOKOFF stores are located in all 47 prefectures and are backed by excellent brand recognition. Stores sell books, software/media and many other used merchandise. This business also includes an e-commerce operation called BOOKOFF Online.

Premium Services Business*

hugall
[ハグオール]



11 locations

aidect



13 locations

BOOK·OFF
総合買取窓口



15 stores

Premium services are one stop, one table, one-to-one services centered on the reuse of merchandise with the purpose of serving customers who have items of high value that BOOKOFF cannot handle.

*Renamed from the Business for Affluent Customers

Overseas Business



9 stores

BOOK·OFF

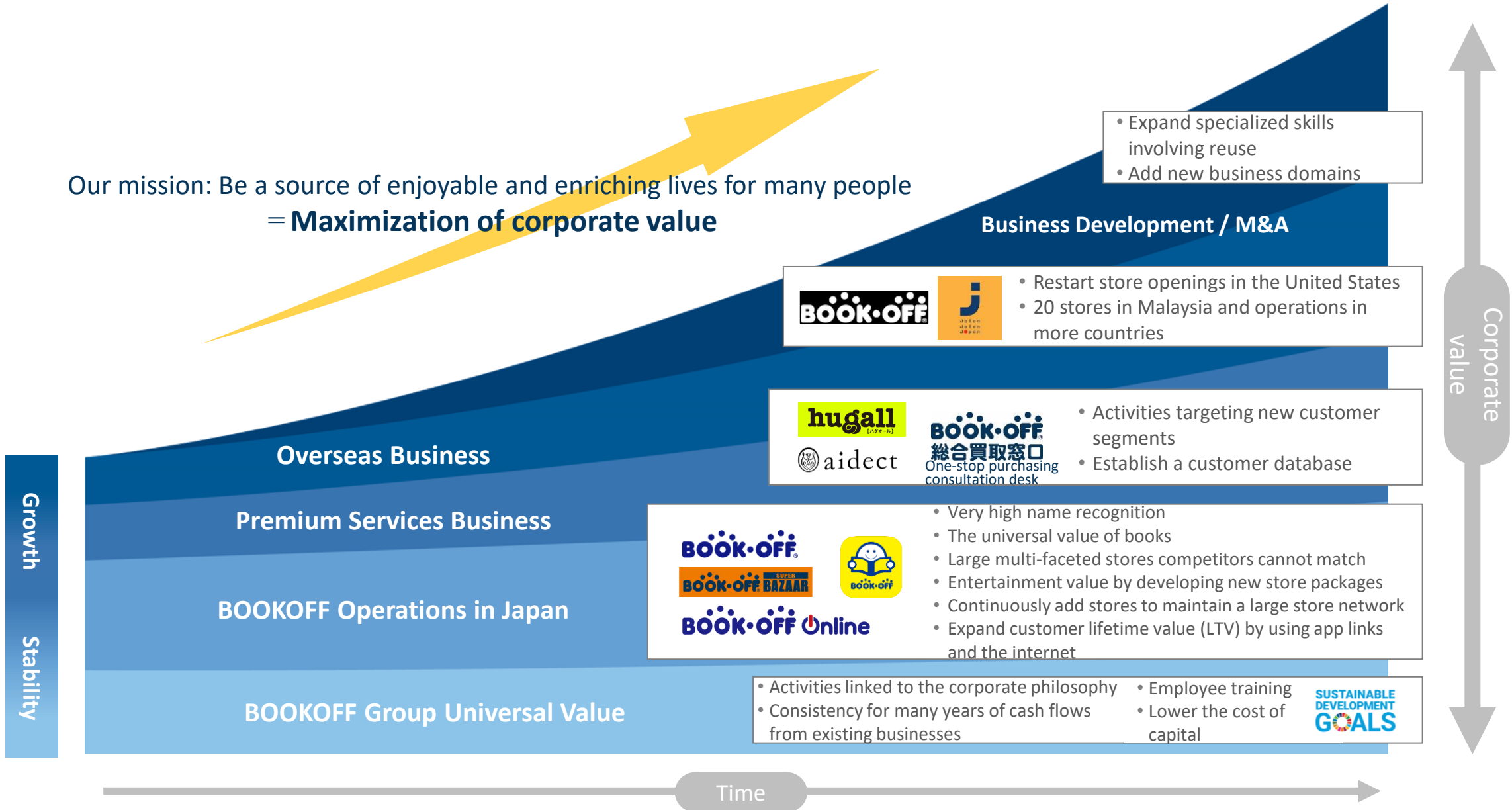


9 stores

BOOKOFF USA buys and sells books, software/media, anime goods and other types of merchandise. Jalan Jalan Japan stores in Malaysia sell surplus merchandise from Japan.

The BOOKOFF Group Value Creation Map

Our mission: Be a source of enjoyable and enriching lives for many people
= **Maximization of corporate value**



BOOKOFF Operations in Japan Store Packages

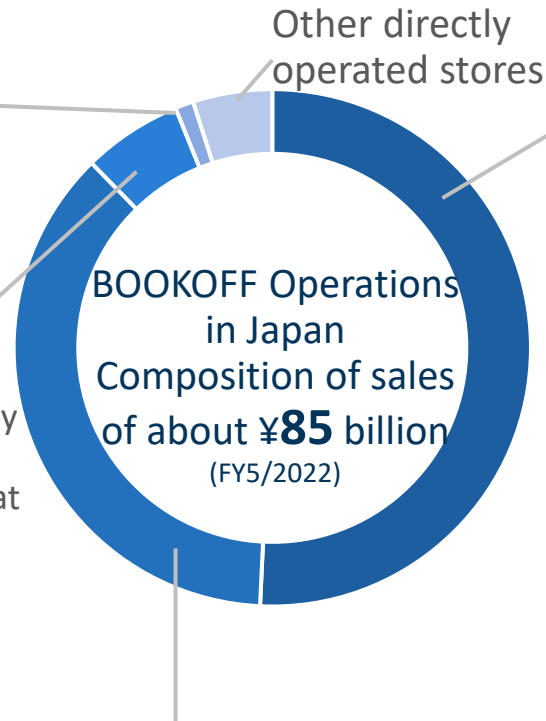
Numbers of stores and other locations are as of May 31, 2022.

Franchised Royalty

- ✓ There are 377 franchised stores in Japan, mainly BOOKOFF and BOOKOFF PLUS stores.

E-commerce Center

- ✓ BOOKOFF Online sells merchandise held as inventory solely for e-commerce. Merchandise is purchased using the at-home purchasing service and are kept at a large distribution center in Yokohama.
- ✓ E-commerce operations help maintain the proper balance between supply and demand at directly operated stores by receiving store inventory items and performing other functions.



BOOKOFF/BOOKOFF PLUS (Directly operated)



Avg. sales area	About 500m ²	About 1,000m ²
Products	Books, CD/DVD, games, hobby goods, mobile phones, home appliances, others	BOOKOFF + Apparel, accessories, others
Stores	268	43

BOOKOFF SUPER BAZAAR (Directly operated)

Avg. sales area	About 3,100m ²
Products	BOOKOFF + Apparel, luxury brand goods, misc. items, sporting goods, tableware, others
Stores	47



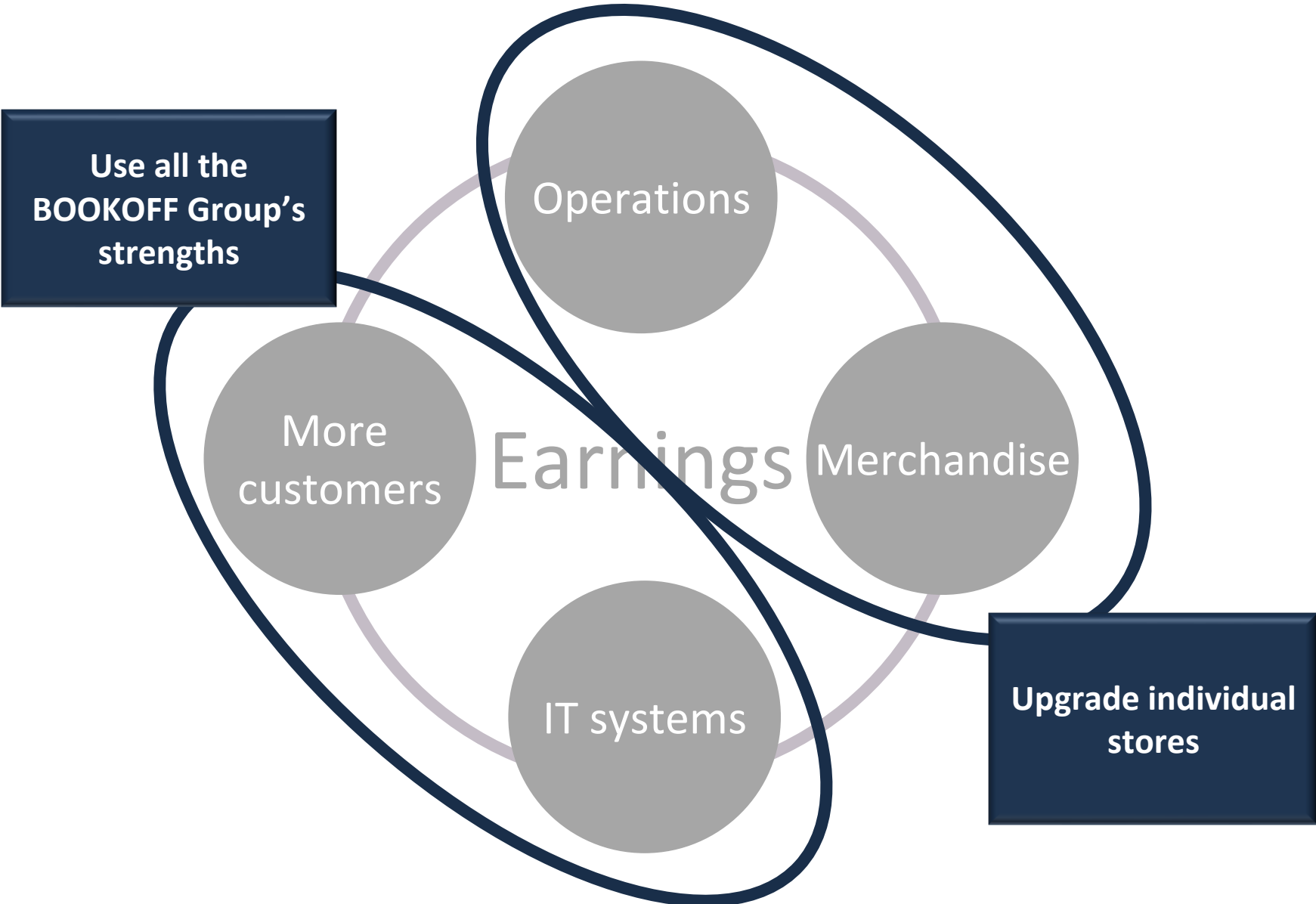
- ✓ Large (about 1,600m² to more than 3,300m²) reuse stores with a broad range of merchandise
- ✓ Serve as regional flagship stores, giving BOOKOFF **a competitive advantage no other company can match**

- ✓ Conventional small/midsize stores selling mainly books and software/media
- ✓ **Key stores for customer contact and buying used items**, covering locations ranging from sites near railway stations and in prime shopping areas to roadside locations.

**Upgrade individual
stores**

×

**Use all the BOOKOFF
Group's strengths**



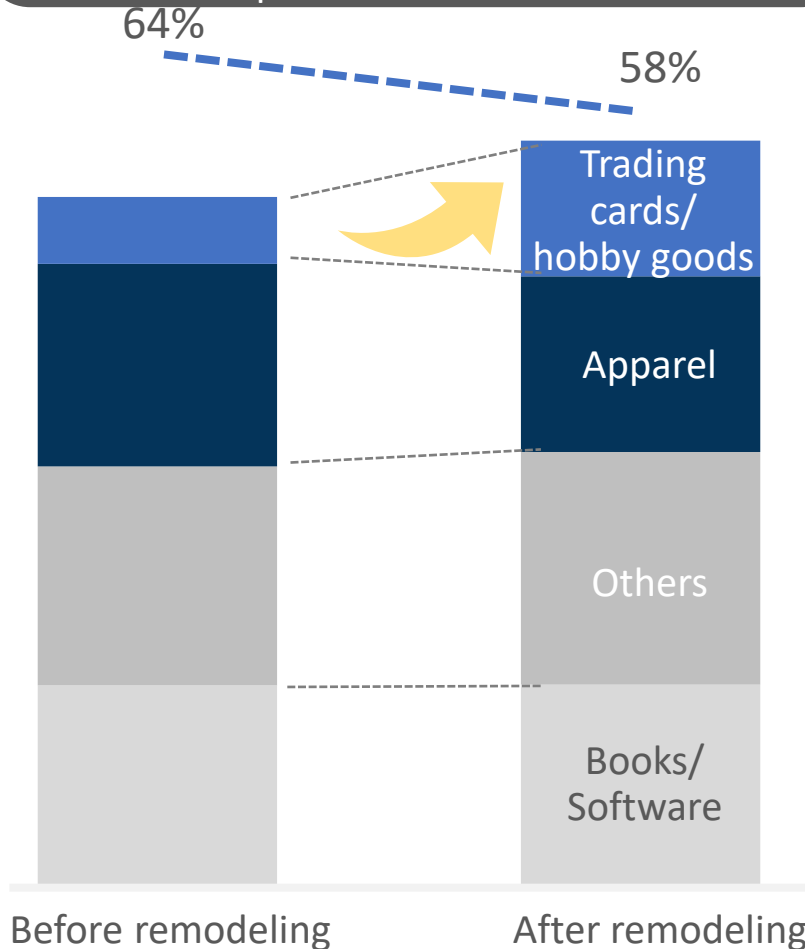
BOOKOFF SUPER BAZAAR Goals

■ Example of strengthening trading cards and hobby goods while making apparel sales areas more efficient



Route 248 Seiyu Okazaki Store (Remodeling completed in February 2021)

Gross Profit Margin and Product Category Composition of Gross Profit



Gross profit up **8%**

More trading card/hobby goods gross profit

Apparel sales area and gross profit down, but efficiency increased

Gross profit margin down due to change in sales composition

- ✓ Downsized apparel sales areas, a category with declining sales, and **expanded space for trading cards/hobby goods, where sales are climbing.**
- ✓ Renovated 15 existing stores during FY5/2022 for sales area adjustments.
- ✓ **Apparel sales stopped falling** due to the shift to faster inventory turnover for lower-priced items and to more added value for higher-priced items.
- ✓ All stores **increased specialization to match their local market characteristics** for sporting and outdoor goods products, high-end bags and other items.

Goals

- ◆ Continue renovating existing stores
- ◆ **Resume the opening of new stores,** following the suspension of adding stores during the pandemic, **by opening one or two stores every fiscal year.**

BOOKOFF Operations in Japan “Upgrade individual stores”

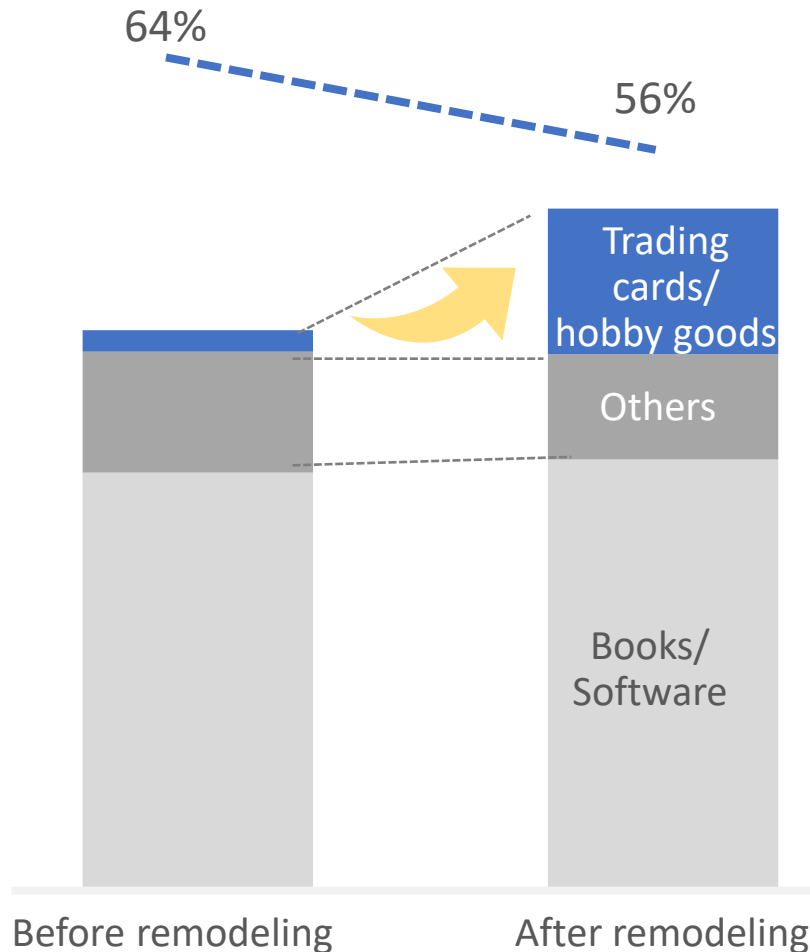
BOOKOFF/BOOKOFF PLUS Goals

Example of making BOOKOFF a source of entertainment



Nara hokkeji store (Remodeling completed in July 2021)

Gross Profit Margin and Product Category
Composition of Gross Profit



Gross profit up **21%**

- More trading card/hobby goods gross profit
- For books and software too, synergy benefit due to more customers
- Gross profit margin down due to change in sales composition

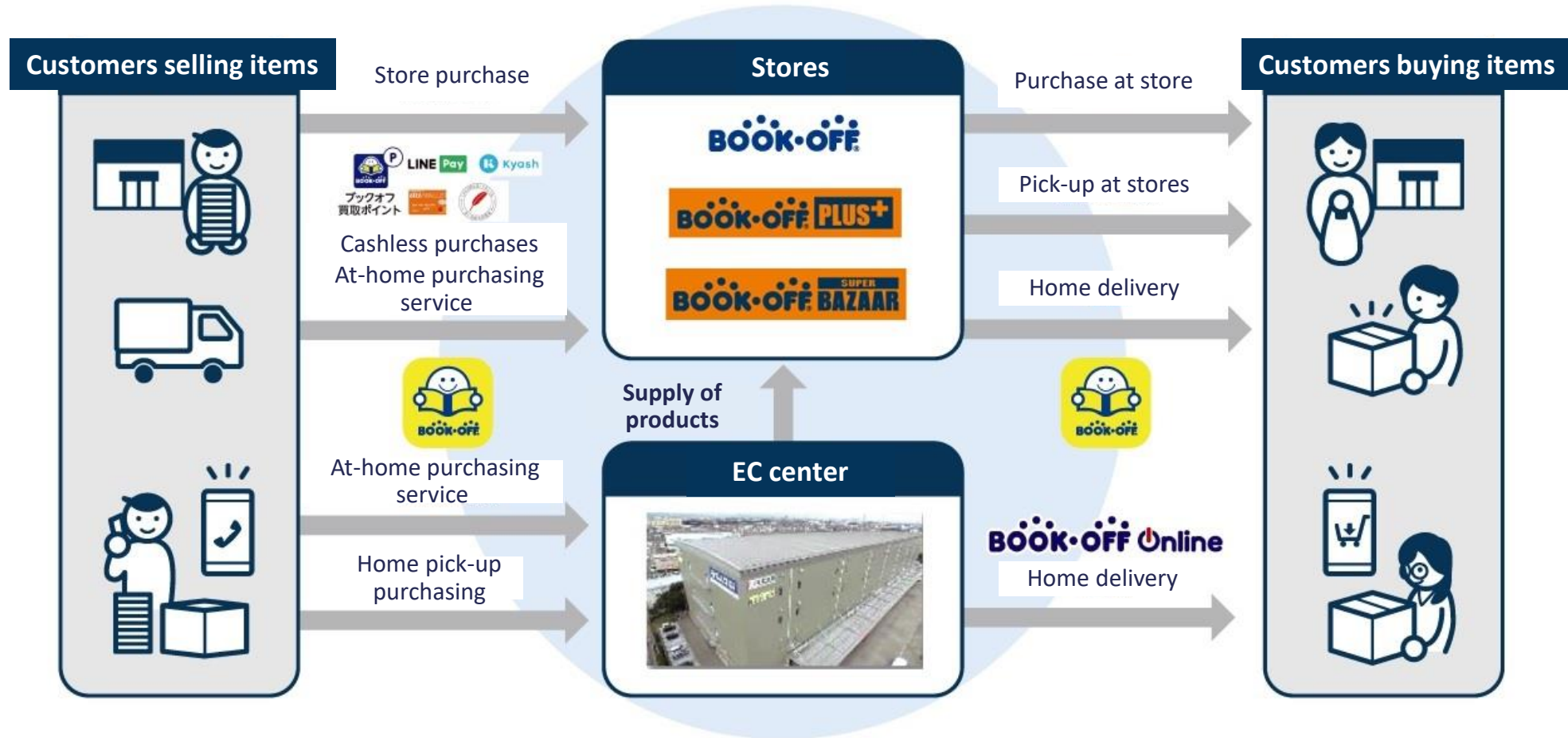
- ✓ Some space at the back of the store was used to expand the store’s selling area. Additional space was **used for trading card sales and a space for trading card duels.**
- ✓ The store also places emphasis on classic games, toys and hobby goods as well as on new merchandise. Adding operations other than just buying and selling reuse merchandise gives **customers reasons to stay longer while enjoying their time at the store.**
- ✓ In FY5/2022, four existing stores were renovated to create a retail format package that makes BOOKOFF a source of entertainment.

Goals

- ◆ Continue renovating existing stores
- ◆ **Replace** small stores (under 330m²) with stores of about 1,000m² **at the rate of 4 to 5 stores every fiscal year.**
- ◆ **Maintain the current store network** as important locations for customer contact and buying used items.

BOOKOFF Operations in Japan “Use all the BOOKOFF Group’s strengths” “One BOOKOFF” Concept

“One BOOKOFF” Concept Flowchart



The “One BOOKOFF” concept has the goal of using the official smartphone app as the starting point for maximizing opportunities for customers to use BOOKOFF at physical stores or by using the internet.

BOOKOFF Operations in Japan “Use all the BOOKOFF Group’s strengths” Official Smartphone App Members

Characteristics of Members and Purchases



Membership card

Started in 2015; a card with no registration primarily for occasional customers



Smartphone app

Started in 2018; registered members receive coupons, invitations to sales and other benefits



**More than
5 million**
smartphone official
app members

Annual purchases per member *1	¥6,000	<	<u>¥20,000</u>
Pct. of repeat use after one year *2	9%	<	<u>33%</u>
Pct. of customers making purchases (FY5/2022)	26%	<	<u>31%</u>

- ✓ App members receive many benefits to encourage purchases; ordinary membership card customers receive only points that can be used later. App members make purchases frequently, **resulting in annual purchases that are much higher than for membership card holders.**
- ✓ Due to numerous activities to increase the number of **app members, these customers are now 31% of the total number of customers** making purchases although the app was launched less than four years ago.

*1 Average annual purchases by app members and membership card customers who made their first purchases in June 2020.

*2 Repeat rate (Number of UU after one year based on the June 2020 UU as 100%) for app members and membership card customers who made their first purchases in June 2020.

BOOKOFF Operations in Japan “Use all the BOOKOFF Group’s strengths” Marketing Strategy

TV commercial



Web commercial



- ✓ This campaign started in May 2021 makes customers recognize again the outstanding value and services of BOOKOFF, including large selections of books and a variety of merchandise.
- ✓ A shift from ads for discount sales and direct advertising to brand advertising stressing BOOKOFF’s value for the purpose of constantly attracting customers.

Use of social networking services



Point of purchase posters



- ✓ The campaign uses TV commercials as well as the internet, SNS, PR, stores and other channels that reflect the activities of customers. The aim is to make dormant customers who have been away from BOOKOFF for a while want to return.

“One BOOKOFF” marketing and member app strategies



Promotions

(3) Increase repeat store visits

Coupons, EC purchase pickup at stores



App for members

2022
Plan to start a loyalty program

Incentives for visiting stores, making purchases and using the app; activities closely linked with customers’ lives

(1) Customers visit stores

Larger number of customers

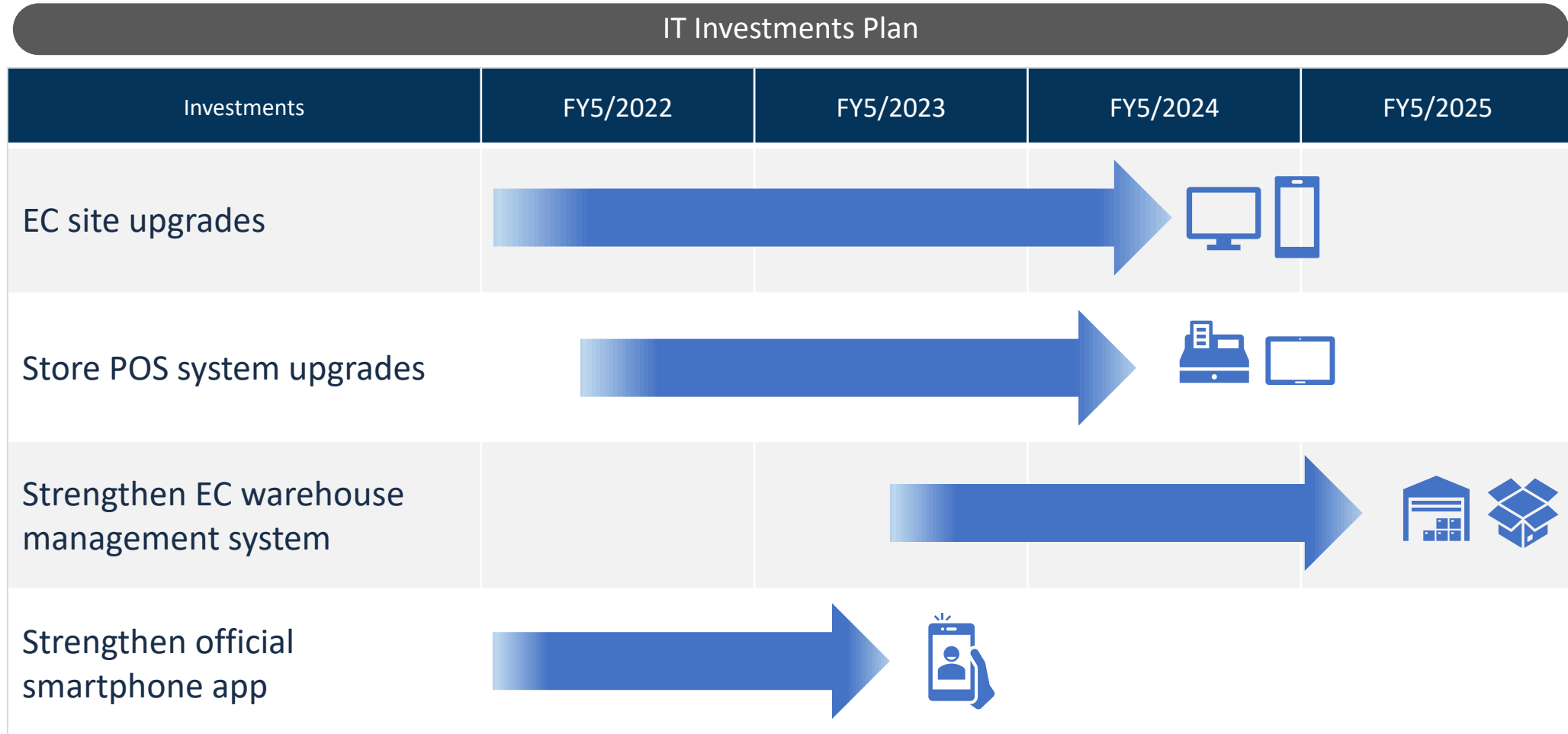
(2) Attract more members

2023
Goal is more than 6 million members

Advance from the phase of attracting new members to the phase of maximizing purchases per customer (lifetime value). Full-scale start of customer relationship management activities.



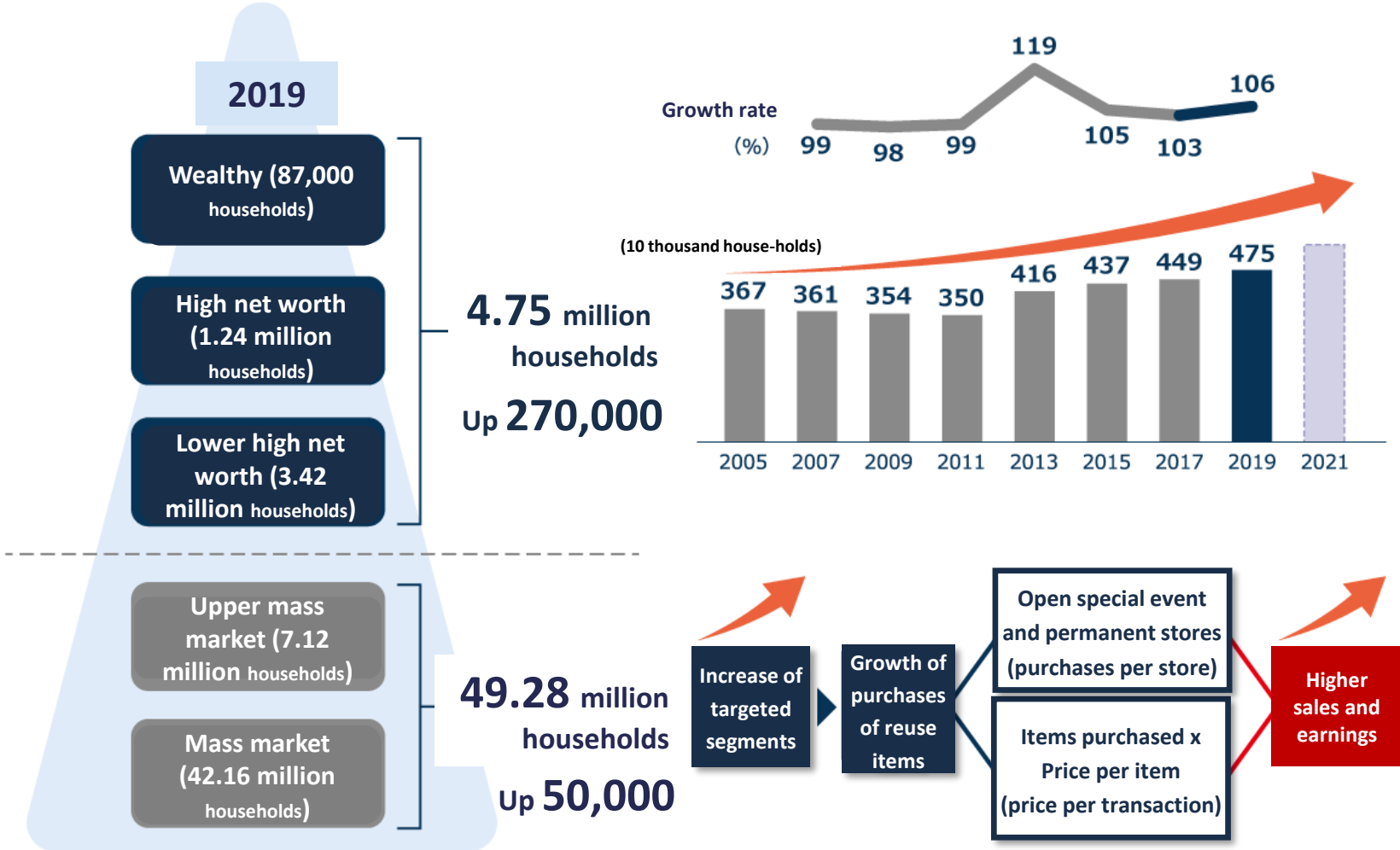
Store



- ✓ Although substantial IT investments are planned for a stronger link between stores and EC, digital transformation activities, update of aging IT infrastructure and other measures, **the timing of some expenses will differ from the plan because of revisions to the plan.**
- ✓ **Investments and related expenses will peak during the next one to two fiscal years,** resulting in temporary downward pressure on earnings

Premium Services Business Target and Strategies

Number of affluent households in Japan and BOOKOFF's strategy



- ✓ The targeted wealthy and affluent household segments have been growing in recent years in Japan, resulting in the addition of new locations contributing directly to higher sales and earnings.
- ✓ BOOKOFF has increased the pace of store openings where affluent customers, a segment the BOOKOFF business cannot reach, live and where they want services.
- ✓ Many competitors operate stores for buying luxury brand products, precious metals and other expensive items. Differentiation is difficult by offering solely a service for purchasing these items.

*NRI High Net Worth Questionnaire, Nomura Research Institute

Premium Services Business Strategy and Goals

Premium Services Business Profile and Strategy for Packages



FY5/2022
ordinary
profit

hugall purchasing consultation desks:
about ¥100 million
aidect is making progress toward becoming profitable

- ✓ For more functional alliances, BOOKOFF Corporation absorbed Jewelry Asset Managers, a subsidiary that operates aidect.
- ✓ The business for affluent customers has been renamed the premium services business. The goal is to increase earnings by differentiating services from those of competitors and adding more locations.

Goals

- ◆ hugall purchasing desks at department stores
Add 4 to 5 desks every fiscal year
- ◆ BOOKOFF purchasing consultation desks
Add 3 to 4 locations every fiscal year
- ◆ Service upgrades using functional alliances
Use these alliances to differentiate services from those of competitors



Currently **3** stores
(franchised)

- ✓ Continue to provide reuse expertise



Currently **770** stores



Currently **9** stores



- ◆ Started operations in 2016
- ◆ Merchandise that cannot be sold easily in Japan is exported for sale at stores in Malaysia. No reuse products are purchased in Malaysia. This reduces the need to dispose of surplus merchandise in Japan.
- ◆ In 2022, 2,600 tons of items no longer needed but still of value are expected to be sold in Malaysia.
- ◆ Personnel sent from Japan manage the subsidiary in Malaysia and stores are managed primarily by people recruited in Malaysia.

- ◆ Started operations in 2000
- ◆ Just as at BOOKOFF stores in Japan, U.S. stores buy and sell books, software media, anime products, hobby goods and other categories of merchandise.
- ◆ Personnel sent from Japan manage the subsidiary in the U.S. and stores are managed primarily by people recruited in the U.S.



Currently **9** stores



Operations and Goals by Country in the Overseas Business

Country/ Package	US/ BOOKOFF	Malaysia/ Jalan Jalan Japan (JJJ)
FY5/2022 ordinary profit	About ¥300 million, mainly in the US (Operations can generate a sufficient cash flow)	
Performance	<ul style="list-style-type: none"> Earnings increased due to the success of emphasis on substantial added value for anime goods and other entertainment products in order to reflect the current inflationary environment. Successful short-term anime goods store in NYC (Brooklyn) attracted nationwide interest in the US. 	<ul style="list-style-type: none"> V-shaped recovery following the end of lockdowns Store inventory turnover is 220% and the inventory sales ratio is 95%. JJJ is becoming well established as a channel for selling surplus BOOKOFF Group merchandise.
Issues	More activities are needed to recruit and train locally hired employees and to provide Japanese managers who can support these employees.	

- ✓ All business formats in the overseas business are **highly profitable and the contribution of this business to consolidated earnings has been increasing during the past several years.**
- ✓ BOOKOFF USA had difficulty becoming profitable for many years since the start of operations in 2000. **Shifting to value added products like anime goods** during the pandemic was **successful. Profitability is improving** even as inflation remains high.
- ✓ Sales of JJJ in Malaysia have also recovered since the lockdown ended. Although JJJ has continued to perform well, **securing more merchandise for sales is an issue** for opening more stores in the future.

Goals

- ◆ **Resume opening stores with the goal of expanding** from stores on the east and west coasts to **a store network covering all major US cities.**
- ◆ Continue **opening two stores every fiscal year.**
- ◆ At JJJ, **the goal is a network of about 20 stores in Malaysia and other countries** by strengthening purchasing activities at group stores and ending the role of JJJ as an outlet for surplus merchandise in Japan (see next page).

Overseas Business End of the Exit Function for Creating a Recycling Society



Unneeded items in Japan come from many sources



Malaysia



Other countries

Recycle

Enjoyable and fulfilling lives for customers and employees in other countries

Recycling of resources within each country

✓ End the exit function, a key strength of BOOKOFF, with the goals of creating a society where nothing is discarded and expanding the overseas business.

BOOKOFF Clean-up Service

A removal service for everything in a house

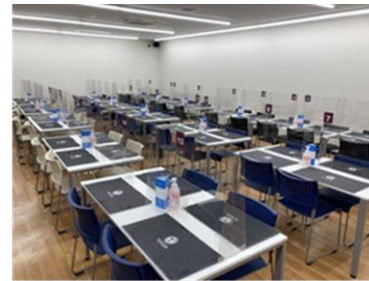


BOOKOFF has started providing this one-stop service to individuals for the removal from houses of items that are no longer needed due to a death, the sale of a house or some other reason.

Food purchasing service for companies



Japan TCG Center – The trading card specialists



Franchising of the Benry household services business



ベンリーにおまかせ下さい! Benry
TOTAL CONVENIENCE SERVICE

サービス一覧

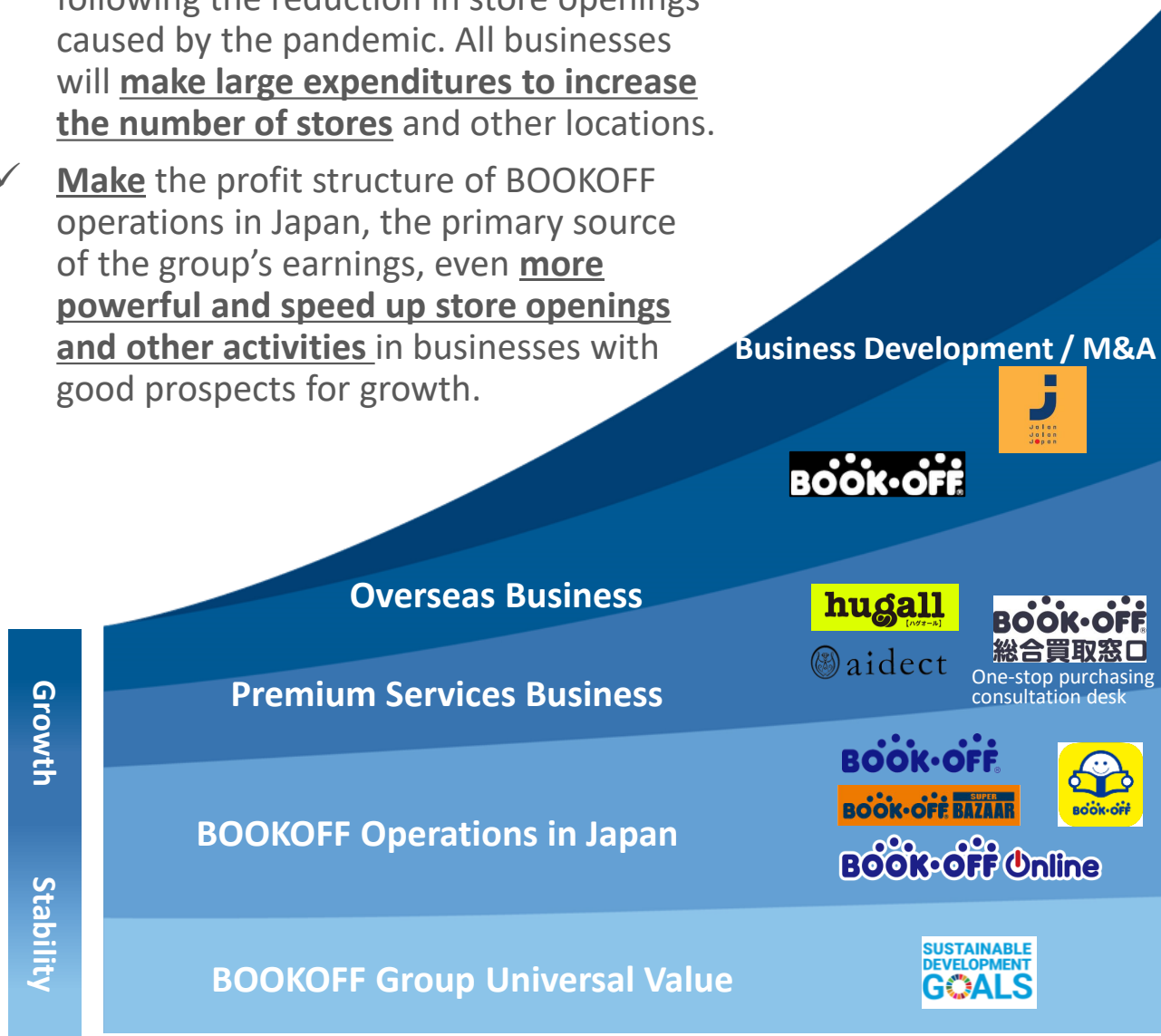
お部屋の掃除 ・キッチンクリーニング ・バスクリーニング ・ガラスクリーニング ・フロアクリーニングなど	ファニチャーサービス ・部屋の模様替え ・家具移動 ・引っ越しのお手伝いなど	お庭のお手入れ ・草刈り、草むしり ・枯切り ・簡易シート施工など	害虫駆除 ・ハチの巣 ・ネズミ ・ハトネット施工など
水廻りメンテナンス ・水漏れ修理 ・配管工事 ・水栓交換など	エアコンサービス ・取付け ・洗浄 ・クリーニング ・ガス補充など	営繕作業 ・網戸張替え ・錠取交換 ・手すり取付け ・屋根、トタンの取付けなど	各種代行サービス ・買物代行 ・お墓掃除代行 ・電線交換など

上記以外にもあらゆるお困りごとに対応致しております!
 お花の水やりやお相手からお客丸ごとのリフォームまでベンリー窓口になって承っております。
 「どこに頼んだらいいかわからない」「誰か代わってほしい」などございましたら、どんな些細な事でもぜひベンリーにご相談下さい。親切丁寧なスタッフが対応致します。

- ✓ The BOOKOFF Group is using its purchasing/sales expertise to enter new market sectors.
- ✓ Japan TCG Center's first store in suburban Tokyo (Kichijoji) is performing very well. This business plans to open many more stores.
- ✓ The BOOKOFF clean-up service was initially mainly for real estate companies. Now this business has started to offer these services to individuals too.
- ✓ The food purchasing service for companies buys items that are near their expiration dates and sells them at reduced prices at BOOKOFF stores. This service has attracted significant media coverage as a way to lower the amount of food that is discarded.

Business Unit Growth Plan

- ✓ Restart expenditures to open stores following the reduction in store openings caused by the pandemic. All businesses will **make large expenditures to increase the number of stores** and other locations.
- ✓ **Make** the profit structure of BOOKOFF operations in Japan, the primary source of the group's earnings, even **more powerful and speed up store openings and other activities** in businesses with good prospects for growth.



Business Development/M&A

- **Start rapidly adding more** Japan TCG Centers
- **Other businesses**, such as the clean-up business, **and alliances with other companies**
- Constantly seek opportunities, including M&A, for starting new businesses

Overseas Business

- **Open 1 to 2 stores every fiscal year** at BOOKOFF USA **to eventually establish a nationwide presence**
- JJJ will **continue to open two stores every fiscal year**
- JJJ will no longer function as an exit channel for surplus merchandise in Japan. The plan is to **create a network of 20 stores**, including in countries other than Malaysia

Premium Services Business

- **Open 4 to 5** hugall purchasing desks at dept. stores **every fiscal year**
- **Open 3 to 4** BOOKOFF purchasing consultation desks **every fiscal year**
- Differentiate services by providing added value in ways other than the purchasing service

BOOKOFF Operations in Japan

- **Open 1 to 2** BOOKOFF SUPER BAZAAR stores **every fiscal year**
- **Replace 4 to 5** BOOKOFF stores with entertainment-oriented stores **every fiscal year**
- Maintain the current store network for purchases and expand the app service to maximize points of contact with customers

BOOKOFF Group Universal Value

- Continue using many initiatives for achieving a society where all resources are recycled

FY5/2023 Sales and Earnings Forecasts

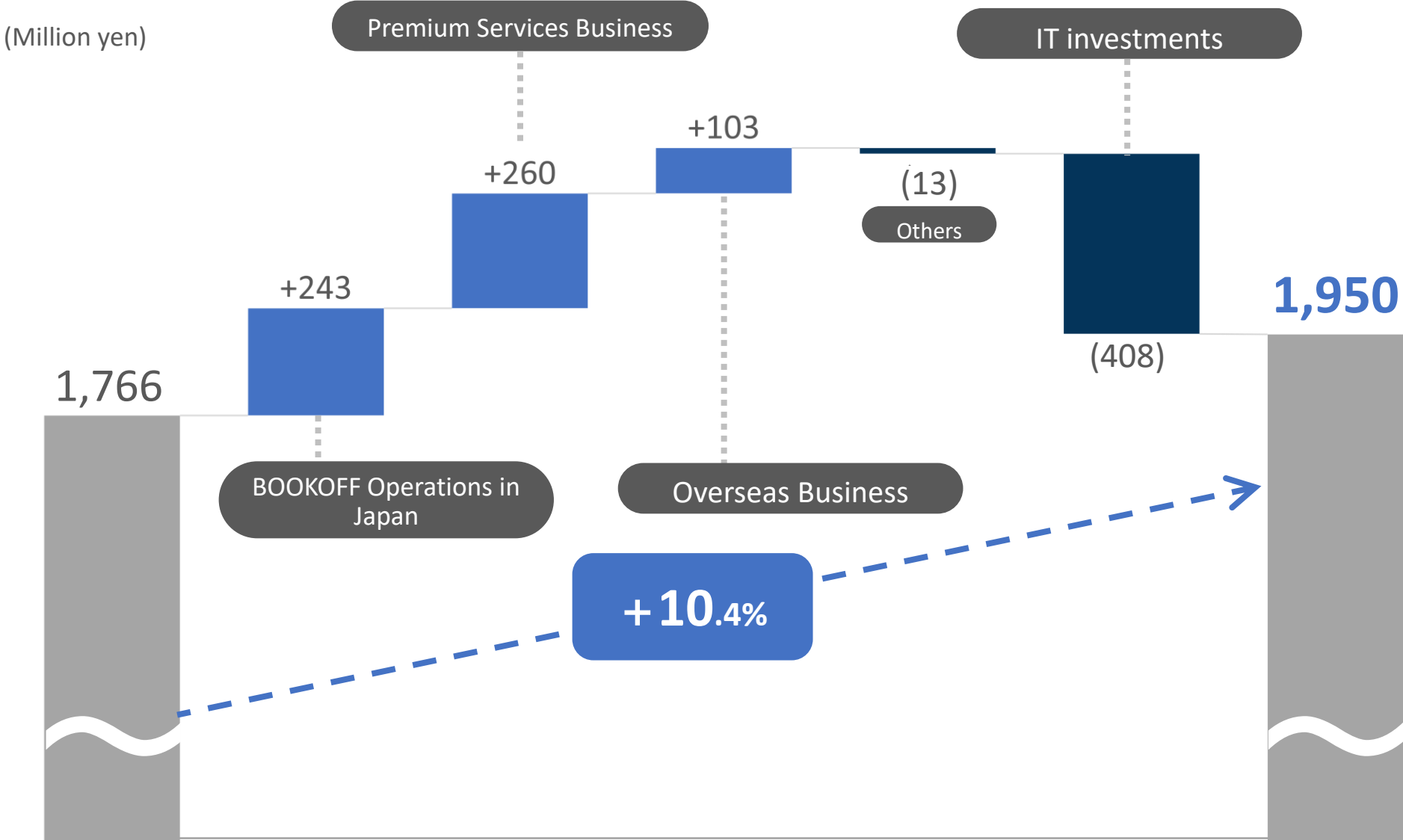
FY5/2023 Sales and Earnings Forecasts

(Million yen)

	FY5/2022 Result	FY5/2023 Forecast	Change (amount)	Change (%)
Net sales	91,538	95,000	+3,461	103.8%
Operating profit	1,766	1,950	+183	110.4%
Ordinary profit	2,307	2,300	(7)	99.7%
Profit attributable to owners of parent	1,449	1,450	+0	100.1%

- ✓ Forecast a higher operating profit as growth of the premium services business and overseas business offsets expenses associated with the peak of substantial IT investments in FY5/2023 for earnings stability in BOOKOFF operations in Japan.
- ✓ Forecast basically no change in ordinary profit and profit attributable to owners of parent because FY5/2022 earnings included a subsidy for reduced operating hours (non-operating income).
- ✓ Renovations in BOOKOFF operations in Japan and the resumption of opening new BOOKOFF SUPER BAZAAR stores. Also plan to speed up investments for new stores and other activities for growth in the premium services business and overseas business, which have good prospects for growth.

YoY Change in Operating Profit



FY5/2022 Result

FY5/2023 Forecast

BOOKOFF Operations in Japan

Change in
FY5/2023
operating profit

+¥243 million

- **Increase in operating profit** because gross profit is expected to increase more than SG&A expenses for the following reasons.

Sales/Gross profit

- Change from FY5/2022 in existing store sales: **+1%**
- Existing store sales continue to increase, **mainly in the trading card and hobby goods categories.**
- Assume that first half sales will be higher than in the previous fiscal year and that sales will be weaker in the second half.
- Assume that **gross profit will increase** along with sales growth.

SG&A expenses

- Expect higher personnel expenses as more people are hired as new stores open and salaries, benefits and minimum wages for current employees increase.
- Selling expenses will increase because of internet activities and “One BOOKOFF’ activities.
- Assume that **the number of app members will be 6 million** at the end of May 2023 because of constant activities to sign up new members.
- **Expect more growth of internet sales activities** primarily for app members, such as picking up EC purchases at physical stores.

Premium Services Business

Change in
FY5/2023
operating profit

+¥260 million

- **The pandemic severely impacted** all components of this business **in the first half of FY5/2022**. Following the return to normal operations, the performance of this business is strong for both purchasing and selling. As a result, **a big increase in earnings is expected** due to the full fiscal year contribution to earnings of the current strong performance.
- Expansion of services provided at stores with activities such as the provision at all locations of the services of aidect, which was absorbed by BOOKOFF Corporation.

Overseas Business

Change in
FY5/2023
operating profit

+¥103 million

- Jalan Jalan Japan in Malaysia has performed well after operations returned to normal after the **severe impact of pandemic lockdowns in the first half of FY5/2022**. **Forecast higher earnings** due to the full fiscal year contribution to earnings of the current strong performance.
- Starting overseas businesses other than Jalan Jalan Japan in Malaysia

BOOKOFF Operations in Japan

BOOKOFF SUPER BAZAAR (BSB) 1-2 stores



Entertainment BOOKOFF stores (replacements) 4-5 stores



- At existing stores, BSB trading card/hobby goods operations will be strengthened, apparel operations made more efficient, and **renovations will continue** to increase the number of BOOKOFF stores centered on entertainment.
- Strategic IT investments will continue for reinforcing the stability of BOOKOFF operations in Japan earnings. **Expenses** for the EC website, store POS system update and other activities **will peak** in FY5/2023 and hold down earnings.

Premium Services Business

hugall purchasing desks at dept. stores 4-5 locations



BOOKOFF One-stop purchasing consultation desk 3-4 stores



Overseas Business

Jalan Jalan Japan 2-3 stores



BOOKOFF USA 1-2 stores



Others

Japan TCG Center 1-2 stores



Shareholder Returns (Dividend Forecast)

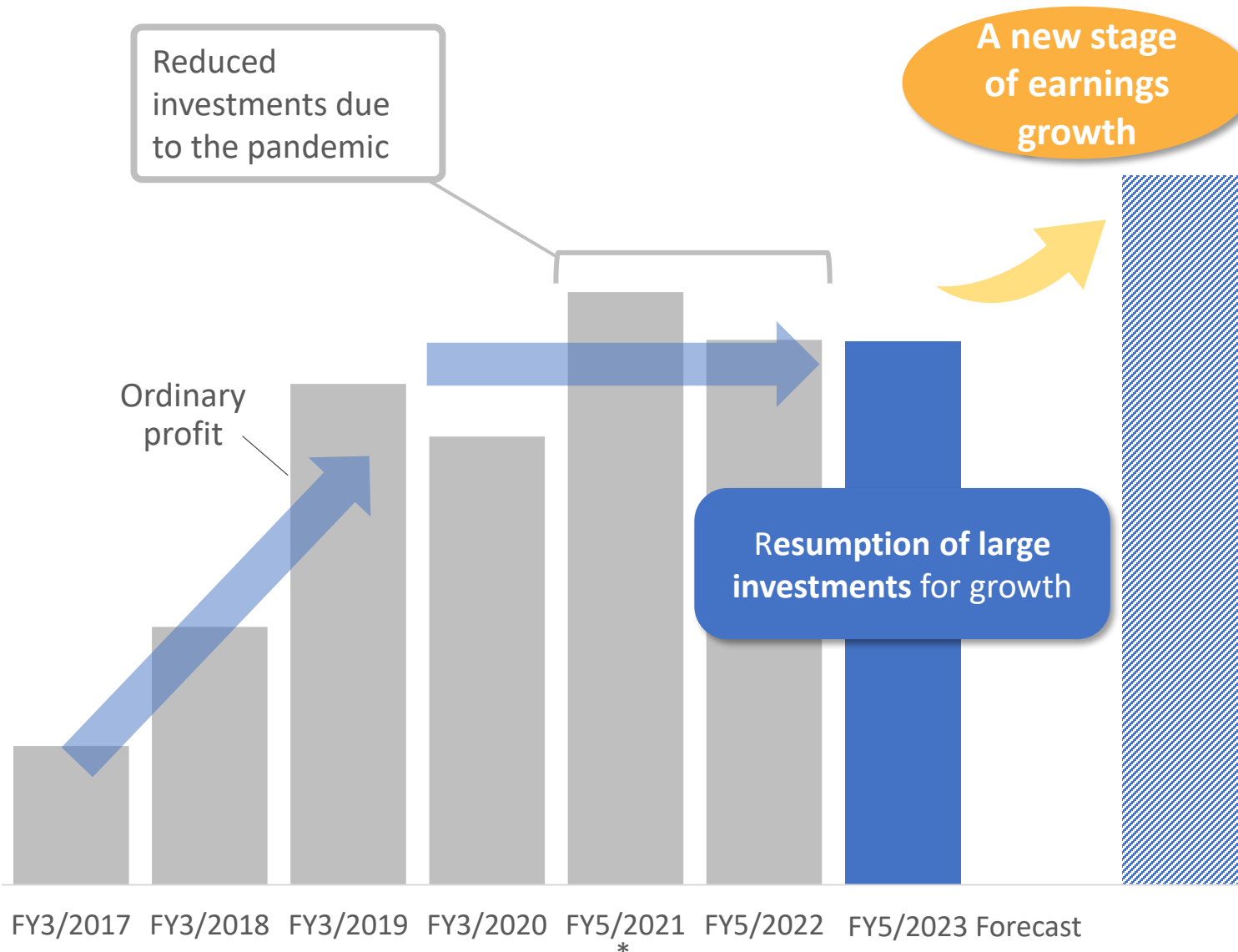
The BOOKOFF GROUP HOLDINGS considers the distribution of profits to be one of its highest management priorities. The basic policy is to aim for higher dividends supported by growth in sales and earnings while using retained earnings effectively for strengthening financial soundness and making strategic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

We also have a policy of paying a consistent dividend backed by earnings while using a payout ratio of about 30-35% of consolidated profit as the guideline.

Based on this basic policy, we plans to pay a year-end dividend of **20 yen per share** for FY5/2023.

	FY3/2018	FY3/2019	FY3/2020	FY5/2021	FY5/2022	FY5/2023 Forecast
Net income per share	¥(43.31)	¥112.19	¥13.77	¥9.03	¥82.07	¥73.39
Dividend per share	¥10	¥15	¥6	¥6	¥20	¥20
Dividend payout ratio	-	13.4%	43.6%	66.4%	24.4%	27.3%

Outlook for Consolidated Ordinary Profit



- ✓ In FY5/2023, substantial investments for growth will resume after these investments were limited by the pandemic. **FY5/2023 is expected to be a turning point** that will start a new period of earnings growth.
- ✓ **Maximization of the app membership base is expected to make BOOKOFF operations in Japan an even stronger base for consolidated earnings.** Restarting the opening of BOOKOFF SUPER BAZAAR stores is expected to contribute **to steady earnings growth.**
- ✓ Plan to make large investments for increasing the number of stores and other locations in the premium services business and overseas business, which have good prospects for growth. **These two businesses are expected to be major sources of earnings growth for the BOOKOFF Group.**

* FY5/2021 is a 14-month transitional fiscal period because of the change in the fiscal year end.

Contact for more information about this presentation

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<https://www.bookoffgroup.co.jp/contact/form4.html>

The plans, strategies, and financial forecasts presented in these materials contain forward-looking statements not based on historical fact. Forward-looking statements are based on management judgments using information available at the time. Actual results may vary significantly from forecasts due to changes in the business environment and other factors.

APPENDIX

Consolidated Statement of Income

(Million yen)

	FY5/2021*	FY5/2022
Net sales	93,597	91,538
Cost of sales	36,707	37,326
Gross profit	56,890	54,212
SG&A expenses	54,953	52,445
Operating profit	1,936	1,766
Non-operating income	1,190	868
Non-operating expenses	617	327
Ordinary profit	2,509	2,307
Extraordinary income	-	197
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

* FY5/2021 is a 14-month transitional fiscal period because of the change in the fiscal year end.

Consolidated Balance Sheet

(Million yen)

	As of May 31, 2021	As of May 31, 2022
Current assets	24,017	28,329
Cash and deposits	5,837	8,203
Merchandise	13,778	15,412
Others	4,401	4,714
Non-current assets	16,304	16,766
Property, plant and equipment	5,848	6,214
Intangible assets	1,220	1,607
Investments and other assets	9,234	8,943
Total assets	40,321	45,096

	As of May 31, 2021	As of May 31, 2022
Current liabilities	17,584	16,289
Short-term borrowings	11,184	8,259
Others	6,399	8,030
Non-current liabilities	9,793	12,324
Non-current liabilities	6,133	7,693
Others	3,659	4,630
Total liabilities	27,377	28,614
Net assets	12,944	16,482
Total liabilities and net assets	40,321	45,096

Consolidated Statement of Cash Flows

(Million yen)

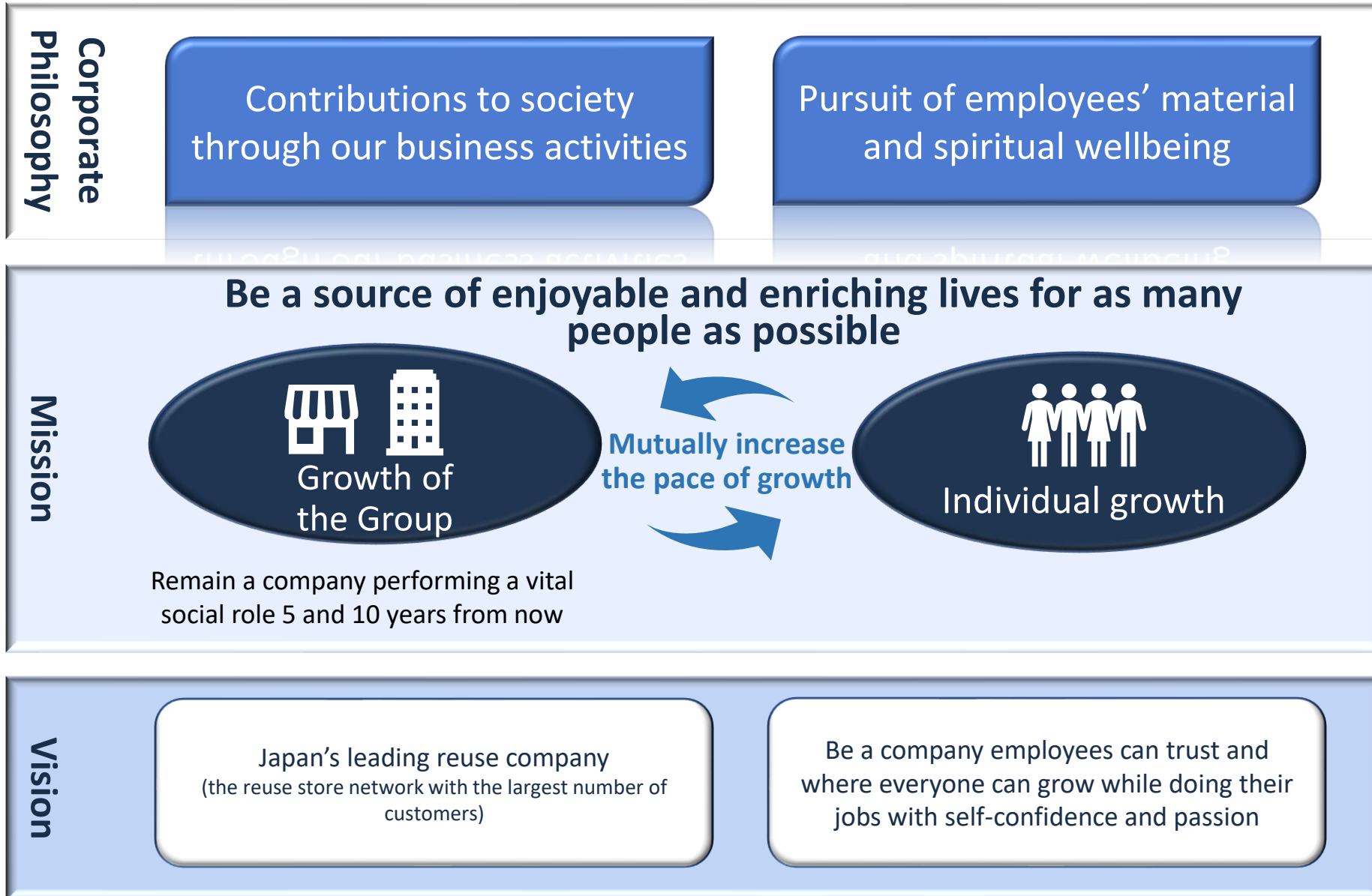
	FY5/2021 *	FY5/2022
Cash flows from operating activities	2,235	2,782
Profit before income taxes	973	2,332
Depreciation	1,710	1,523
Amortization of goodwill	137	48
Changes in assets and liabilities	(730)	(1,627)
Others	144	505
Cash flows from investing activities	(1,331)	(1,863)
Cash flows from financing 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

* FY5/2021 is a 14-month transitional fiscal period because of the change in the fiscal year end.

About BOOKOFF

Founded:	May 1990
Established:	October 2018 (A pure holding company through a transfer of stock)
Representative:	Yasutaka Horiuchi, President and CEO
Stock listing:	Prime Market, Tokyo Stock Exchange (Securities code: 9278)
Trading unit:	100 shares
Head office:	2-14-20 Kobuchi, Minami-ku, Sagamihara, Kanagawa
Net sales:	¥91.5 billion (FY5/2022 consolidated results)
Number of stores:	790 (Directly operated: 409; Franchised: 381 as of May 31, 2022)
Employees (Consolidated) :	1,488 (as of May 31, 2022)

- 1990: The first BOOKOFF store opened in Sagamihara, Kanagawa
- 1991: BOOKOFF CORPORATION LIMITED established
BOOKOFF franchise chain launched
- 2000: BOOKOFF's first overseas store opened
The first Chuko-Gekijo (comprehensive, large-format) opened (current BOOKOFF SUPER BAZAAR)
- 2004: BOOKOFF CORPORATION's stock listed on the Second Section of the Tokyo Stock Exchange
- 2005: BOOKOFF CORPORATION's stock listed on the First Section of the Tokyo Stock Exchange
- 2007: BOOKOFF Online (e-commerce site) launched
- 2015: HUGALL department store purchasing desks service started at the Nihombashi Mitsukoshi department store
- 2016: Made Booklog, Inc., which operates book review community site, a subsidiary
- 2018: BOOKOFF GROUP HOLDINGS LIMITED, a pure holding company, established
- 2021: Opened Japan TCG Center Kichijoji-eki-kitaguchi Store, BOOKOFF's first store devoted solely to trading cards
- 2022: Moved the stock listing to the Prime Market following the reorganization of the Tokyo Stock Exchange



Store Packaging Evolution



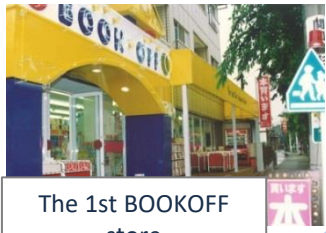
Focus on suburban locations



BOOKOFF Chuko-Gekijo



One-stop purchasing consultation desk



The 1st BOOKOFF store

- Founding
- "Sell us your books"
- Franchised store growth

- Faster BOOKOFF store openings
- New reuse business B KIDS, B SPORTS
- BOOKOFF Chuko-Gekijo (a comprehensive large-format store)
- Overseas expansion
- Online business starts



Dept. store purchasing desk



Overseas store



Large-scale urban BOOKOFF store



Start of operations in Malaysia

1990

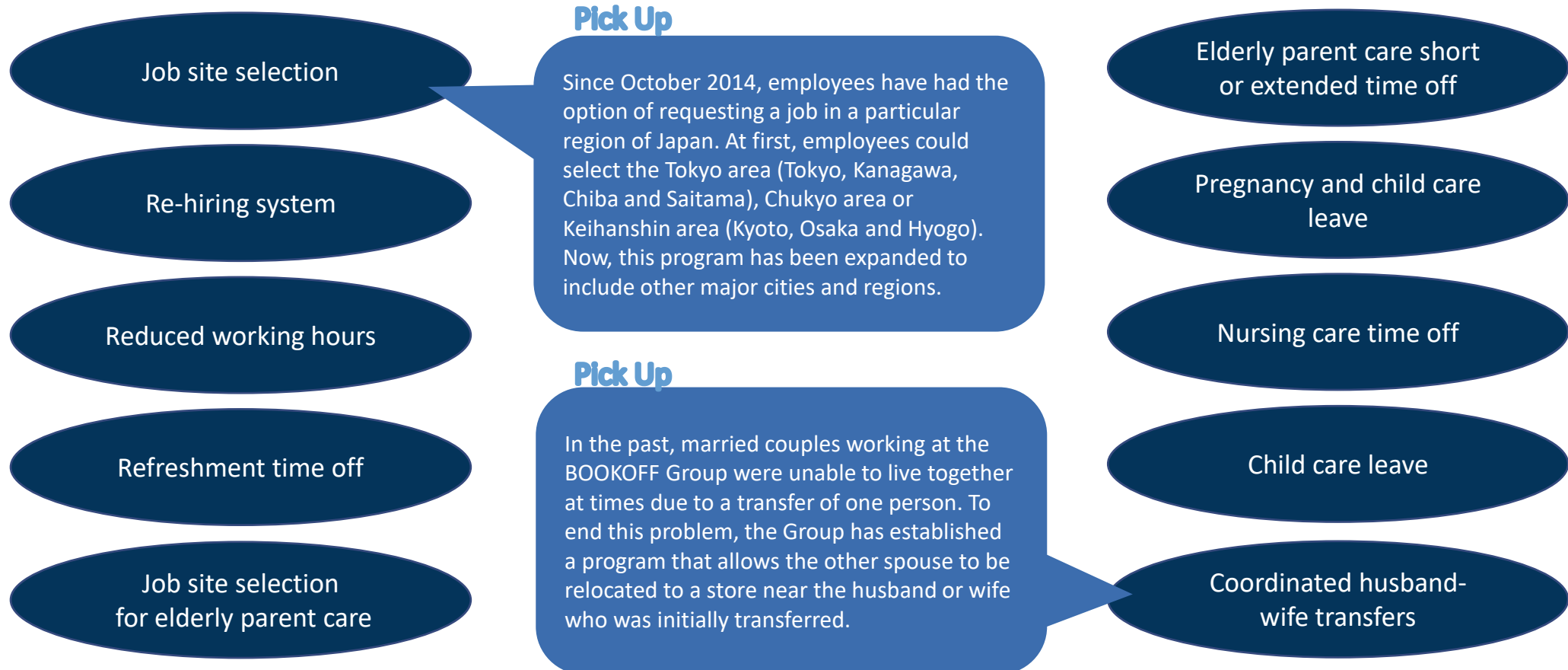
2000

2009

2015

Activities for Diversity –Creating a Pleasant Workplace Environment

Employees are the BOOKOFF Group’s most valuable asset. Developing “human assets” with intelligence and solid character will contribute directly to the Group’s growth. We are dedicated to maintaining workplace environments where all employees, regardless of gender, can fully utilize their skills. This includes a commitment to providing opportunities for people to upgrade their skills and accomplish their goals.



Activities for Diversity –Employing People with Disabilities

Special company  **B-Assist, Inc.**

Offices

Machida Office
(established in Feb. 2013)

Seya Office
(established in Oct. 2011)



Omiya Office
(established in Sep. 2015)

Higashi Chiba Office
(established in Apr. 2014)

Kawasaki Office
(established in Apr. 2013)

Main activities

- Processing BOOKOFF Group merchandise, store maintenance, merchandise stocking and sales, production of point-of-purchase marketing materials
- Picking, shipments, and data erasure for mobile phones, tablets and other devices at distribution centers

The BOOKOFF Group is dedicated to providing jobs for people with disabilities. For these people with a desire and ability to work, we provide real employment opportunities, and the necessary workplace environment, rather than simply so-called welfare positions. We want these people to be active and self-reliant members of society. To provide these jobs, we established B-Assist in October 2010. The company was designed as a special subsidiary based on the Act on Employment Promotion etc. of Persons with Disabilities in the following December. At the end of June 1, 2022, BOOKOFF Group employed 137 people (2.41% of the entire workforce) who have disabilities.

TOPICS

BOOKOFF is the seventh company in Kanagawa prefecture, which includes Yokohama, to receive certification under the Monisu program as an outstanding small/midsize company concerning employment for people with disabilities. (The Monisu program)

This program of Japan's Ministry of Health, Labour and Welfare recognizes outstanding small/midsize companies with outstanding activities for creating jobs for people with disabilities and enabling these people to remain employed.

