



October 13, 2022

**Consolidated Summary Report**  
**For the First Quarter of the Fiscal Year Ending May 31, 2023**  
**[Japanese GAAP]**

Company Name: BOOKOFF GROUP HOLDINGS LIMITED      Stock Exchange: Tokyo  
Code Number: 9278      URL: <https://www.bookoffgroup.co.jp/en/>  
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Quarterly Report issue date: October 14, 2022  
Dividend payment date: -  
Supplementary materials of quarterly financial results: Yes  
Quarterly Financial results briefing: None

(Amounts less than one million yen are rounded down)

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending May 31, 2023**  
**(June 1, 2022 - August 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 %
Three months ended Aug. 31, 2022	23,726	12.0	551	279.1	663	129.7	651	180.9
Three months ended Aug. 31, 2021	21,183	-	145	-	288	-	231	-

(Note) Comprehensive income      Three months ended Aug. 31, 2022: ¥804 million (239.7%)  
Three months ended Aug. 31, 2021: ¥236 million (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Aug. 31, 2022	32.95	-
Three months ended Aug. 31, 2021	13.28	-

(Note) BOOKOFF GROUP HOLDINGS changed its fiscal year end from March 31 to May 31 beginning with the fiscal year that ended on May 31, 2021. No year-on-year changes are shown for the first three months (ended August 31, 2021) of the current fiscal year because it is a different period from the first three months (ended June 30, 2020) of the previous fiscal year, which is the period under comparison.

## (2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Aug. 31, 2022	47,695	16,890	35.1
As of May 31, 2022	45,096	16,482	36.3

(Reference) Shareholders' equity      As of Aug. 31, 2022: ¥16,729 million      As of May 31, 2022: ¥16,358 million

## 2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2022	-	0.00	-	20.00	20.00
Fiscal year ending May 31, 2023	-				
Fiscal year ending May 31, 2023 (est.)		0.00	-	20.00	20.00

(Note) Revisions to the most recently announced dividend forecast: None

## 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

(Notes) 1. Revisions to the most recently announced consolidated earnings forecasts: None

2. Only the full-year forecast is shown because BOOKOFF GROUP HOLDINGS manages performance on a fiscal year basis.

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. Application of special accounting methods for presenting quarterly consolidated financial statements: None

3. 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 "2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies" on page 10 of the attachments for further information.

4. Number of shares outstanding (common shares)

(Shares)

(1) Shares outstanding (including treasury shares)	As of Aug. 31, 2022	20,547,413	As of May 31, 2022	20,547,413
(2) Treasury shares	As of Aug. 31, 2022	788,900	As of May 31, 2022	788,900
(3) Average number of shares outstanding	Three months ended Aug. 31, 2022	19,758,513	Three months ended Aug. 31, 2021	17,447,413

\* The current summary report is not subject to the quarterly review 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.

(How to view supplementary materials for quarterly financial results)

Supplementary materials for the quarterly financial results will be disclosed today (October 13, 2022), using the Timely Disclosure network (TDnet).

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

Forward-looking statements in this Consolidated Summary Report are based on information available to management as of the end of the first quarter of the fiscal year ending on May 31, 2023.

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.

The foundation for all of our activities is the value of our operations that are backed by skills for employee training programs, programs involving the SDGs and other core strengths of our group. One priority is generating stable earnings in the BOOKOFF operations in Japan, which is very well known among consumers. Another objective is the growth of earnings in our premium services business and overseas operations, which are business sectors with good prospects for growth. We are determined to use these activities to achieve the growth of our corporate value and shareholder value.

#### 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.

In order to accomplish this goal, we have established two core strategies: “Upgrade individual stores” and “Use all the BOOKOFF Group’s strengths.”

#### 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.

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.

#### (a) Single-format BOOKOFF stores (Main package: BOOKOFF)

This package accounts for approximately 80% of all stores in the BOOKOFF chain and play an important role as points of contact with customers. The outlook is challenging for books and software, the major items handled by these stores, because declining sales of new merchandise is making the procurement of used books and software and maintaining sales volumes increasingly difficult. Due to this situation, stores need to add new categories of merchandise, sell products using the internet and take other actions that reflect changes in the business climate.

#### (b) Comprehensive large-format stores (Main packages: BOOKOFF SUPER BAZAAR, BOOKOFF PLUS)

This category accounts for most of the directly operated stores opened during the past several years and is the primary source of the BOOKOFF Group’s earnings. Stores attract large numbers of customers by providing a place where people have access to a broad range of reuse merchandise. These stores are positioned as the main driver of growth. Competitors are also opening new reuse stores as Japan’s market for reuse merchandise expands. For the sustained growth of sales and earnings at multi-format large stores, BOOKOFF needs to create sales areas that match each store’s location and size and improve store operations.

#### (c) Online stores and e-commerce distribution centers (Main EC site: BOOKOFF Online)

BOOKOFF started e-commerce operations in 2007. BOOKOFF Online, which has Japan’s largest inventory of used books, has been growing steadily with a lineup of merchandise centered on books and software. Activities

are needed to preserve profit margins as the cost of transporting merchandise and personnel expenses climb. Another priority is sales activities for maintaining a proper inventory turnover at e-commerce distribution centers that have merchandise obtained by using BOOKOFF's home pick-up service for purchasing reuse items. To steadily increase sales of this merchandise, BOOKOFF needs use BOOKOFF Online along with YAHUOKU!, Rakuten and other e-commerce channels.

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, we need to leverage all of our strengths in order to continue growing. 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.

"One BOOKOFF" is centered on activities and a marketing strategy utilizing our official smartphone app that we launched in June 2018. The objective is to use the app as the starting point for giving customers as many opportunities as possible to use BOOKOFF physical and online stores.

The membership app strategy has the objective of maintaining the stability of sales and earnings in the BOOKOFF operations in Japan. The number of official app members has surpassed 5 million in May 2022. App members receive many benefits to encourage them to use BOOKOFF stores; 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 customers. Due to the use of many activities to attract new members, app members now account for 31% of all customers who make purchases at BOOKOFF. This is a higher percentage than for membership card customers even though the app was launched less than four years ago.

As part of our marketing strategy, we started the "It's here" advertising campaign in May 2021. Advertisements reinforce customers' awareness of BOOKOFF's value and services as a source of a diverse array of books and other reuse merchandise. Unlike conventional advertisements for discount sales and direct advertisements, this campaign shifts the focus to BOOKOFF's value and brand in order to constantly attract more customers. The campaign uses TV commercials as well as the internet, SNS, PR, stores and other channels that reflect the activities of customers. Another goal is to make dormant customers who have been away from BOOKOFF for a while want to return.

2) Premium services business (renamed from the business for affluent customers)

This category consists of two services for individuals with high incomes, which is a customer segment that normally does not use services of the BOOKOFF Group. 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 aitect 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. Unlike BOOKOFF stores, hugall locations are mainly in department stores and other prime shopping districts. Although hugall's performance was weak because these locations are more vulnerable to the pandemic, the volume of purchases at hugall is now far higher than before the pandemic. The main reasons are a recovery in the number of customers at department stores, shopping centers and other places where hugall is located and rising prices of precious metals. The aitect business operates stores specializing in order-made jewelry fabricated by hand and jewelry repairs and restorations, which is a business model for new types of services. This business is increasing cooperation with BOOKOFF Group stores to increase points of contact with targeted customer segments and is taking other actions for becoming profitable.

BOOKOFF is increasing the pace of premium services store openings where affluent customers, a segment the BOOKOFF business cannot reach, live and in places where they want services. Due to the large number of stores competitors are opening for purchasing precious metals and other high-end items, the success of the premium services business will require differentiation from the services of competitors.

### 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.

Stores in the United States have been performing well since March 2021 as they buy and sell a large volume of books and software. The popularity of merchandise involving Japanese anime and manga is positioning these stores as a place to go for entertainment. Using SNS and special events for increasing communications and customer awareness of BOOKOFF has contributed to the increase in purchases of used items.

Operations in Malaysia are also performing well and sales are currently higher than before the pandemic.

The overseas business has been making an increasing contribution during the past few years to the BOOKOFF Group's earnings because of sales growth at all business formats. Growth is backed by the sale of highly distinctive merchandise, the maintenance of high profit margins by adapting to inflation and other economic trends in individual countries, and opening more stores.

In the first quarter of the current fiscal year, we opened four locations in Japan: the BOOKOFF Kasukabe Toyoharu store, the BOOKOFF Suzuka Hunter store, the BOOKOFF Purchasing Consultation Desk at Kasuga-Hakusan-dori, and the Aso-Biba Aeon Mall Wakayama store, which is BOOKOFF's first store using this new business model specializing mainly in trading cards and games. In addition, the Jalan Jalan Japan Tampoi store opened in Malaysia.

We are continuously making investments for activities involving the "One BOOKOFF" concept with the goal of increasing the volume of merchandise at all stores in the BOOKOFF Group and improving the profitability of stores. 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, collaboration with BOOKOFF Online and other convenient and valuable services.

In the fiscal year ending in May 2023, we are resuming substantial investments in all businesses following limitations on these expenditures during the pandemic. We are positioning this year as a turning point for the beginning of a new phase of earnings growth. One goal is building an even stronger base for stable earnings in the BOOKOFF business in Japan. We plan to increase the number of app members as much as possible and continue making strategic IT and marketing expenditures. In addition, we will resume openings of BOOKOFF SUPER BAZAAR stores and BOOKOFF stores with an entertainment format. In the premium services business and overseas business, which have good prospects for growth, we plan to increase the number of stores and other locations to establish a base for growth.

In the BOOKOFF operations in Japan, first quarter sales of trading cards and hobby goods were far higher than in the first quarter of the previous fiscal year due mainly to the success of many initiatives to increase sales. Sales of apparel and software media were also higher than one year earlier. In addition, we restarted the opening of BOOKOFF stores after a period of holding down store openings because of the pandemic.

In the premium services business, sales of hugall and other operations were higher than one year earlier.

In the overseas business, sales were higher than one year earlier because of the strong performances of Jalan Jalan Japan stores in Malaysia and BOOKOFF stores in the United States.

As a result, consolidated net sales amounted to ¥23,726 million, a 12.0% increase from the same period of the previous fiscal year. The BOOKOFF Group recorded an operating profit of ¥551 million, a 279.1% increase from one year earlier, an ordinary profit of ¥663 million, a 129.7% increase from one year earlier. Profit attributable to owners of parent was ¥651 million, a 180.9% increase from one year earlier due largely to a reduction in income taxes associated with group reorganization activities.

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

## (2) Explanation of Financial Position

### (Current Assets)

Current assets at the end of the first quarter were ¥28,991 million, an increase of ¥661 million compared with ¥28,329 million at the end of the previous fiscal year. The major changes were a ¥392 million increase in merchandise and a ¥311 million increase in cash and deposits and other current assets.

### (Non-current Assets)

Non-current assets at the end of the first quarter were ¥18,704 million, an increase of ¥1,938 million compared with ¥16,766 million at the end of the previous fiscal year. This was mainly attributable to increases of ¥1,463 million in property, plant and equipment, ¥262 million in intangible assets and ¥213 million in investments and other assets.

### (Liabilities)

Liabilities at the end of the first quarter were ¥30,804 million, an increase of ¥2,190 million compared with ¥28,614 million at the end of the previous fiscal year. This was mainly attributable to an increase in borrowings as loans from banks were used to procure funds for store equipment, IT investments and other activities.

### (Net Assets)

Net assets at the end of the first quarter were ¥16,890 million, an increase of ¥408 million compared with ¥16,482 million at the end of the previous fiscal year. Major components were dividend payments and the profit attributable to owners of parent.

## (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

For information about the consolidated forecast for the fiscal year ending May 31, 2023, there are no revisions to the forecast that was announced on July 11, 2022.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	FY5/2022 (As of May 31, 2022)	First quarter of FY5/2023 (As of Aug. 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	8,203	8,135
Accounts receivable-trade	2,333	2,357
Merchandise	15,412	15,805
Other	2,380	2,692
Allowance for doubtful accounts	(0)	(0)
Total current assets	28,329	28,991
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,116	4,273
Leased assets, net	1,151	1,999
Other, net	947	1,404
Total property, plant and equipment	6,214	7,678
Intangible assets		
Goodwill	87	75
Other	1,519	1,793
Total intangible assets	1,607	1,869
Investments and other assets		
Guarantee deposits	7,306	7,330
Other	1,697	1,887
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	8,943	9,157
Total non-current assets	16,766	18,704
<b>Total assets</b>	<b>45,096</b>	<b>47,695</b>



(Unit: million yen)

	FY5/2022 (As of May 31, 2022)	First quarter of FY5/2023 (As of Aug. 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	735	828
Short-term borrowings	4,883	7,612
Current portion of long-term borrowings	3,376	3,078
Lease liabilities	255	440
Income taxes payable	613	153
Provision for bonuses	598	308
Provision for loss on store closings	18	62
Other provisions	315	159
Other	5,493	5,105
Total current liabilities	16,289	17,748
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	7,693	7,805
Asset retirement obligations	2,405	2,366
Lease liabilities	986	1,653
Other	238	230
Total non-current liabilities	12,324	13,056
Total liabilities	28,614	30,804
<b>Net assets</b>		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,858	6,858
Retained earnings	9,948	10,204
Treasury shares	(596)	(596)
Total shareholders' equity	16,310	16,566
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	72	86
Foreign currency translation adjustment	(24)	76
Total accumulated other comprehensive income	48	162
Non-controlling interests	123	161
Total net assets	16,482	16,890
Total liabilities and net assets	45,096	47,695

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Three-month Period)

(Unit: million yen)

	First three months of FY5/2022 (Jun. 1, 2021 – Aug. 31, 2021)	First three months of FY5/2023 (Jun. 1, 2022 – Aug. 31, 2022)
Net sales	21,183	23,726
Cost of sales	8,420	9,988
Gross profit	12,762	13,738
Selling, general and administrative expenses	12,617	13,186
Operating profit	145	551
Non-operating income		
Share of profit of entities accounted for using equity method	1	-
Gain from installment of vending machine	32	33
Gain on sale of recycling goods	51	57
Other	180	72
Total non-operating income	265	163
Non-operating expenses		
Interest expenses	36	37
Share of loss of entities accounted for using equity method	-	1
Other	86	11
Total non-operating expenses	122	51
Ordinary profit	288	663
Extraordinary income		
Gain on forgiveness of debts	68	-
Total extraordinary income	68	-
Extraordinary losses		
Loss on sale of investment securities	-	2
Loss on store closings	-	0
Provision for loss on store closings	0	56
Loss on retirement of non-current assets	2	5
Impairment losses	-	26
Loss on COVID-19	30	-
Total extraordinary losses	33	92
Profit before income taxes	323	570
Income taxes-current	92	128
Income taxes-deferred	12	(238)
Total income taxes	104	(109)
Profit	218	680
Profit (loss) attributable to non-controlling interests	(12)	29
Profit attributable to owners of parent	231	651

Quarterly Consolidated Statement of Comprehensive Income

(For the Three-month Period)

(Unit: million yen)

	First three months of FY5/2022 (Jun. 1, 2021 – Aug. 31, 2021)	First three months of FY5/2023 (Jun. 1, 2022 – Aug. 31, 2022)
Profit	218	680
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	20
Foreign currency translation adjustment	12	110
Share of other comprehensive income of entities accounted for using equity method	7	(7)
Total other comprehensive income	17	123
Comprehensive income	236	804
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	249	765
Comprehensive income attributable to non-controlling interests	(12)	38

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

(Accounting Standards Codification (ASC) Application of Financial Accounting Standards Board (FASB) 842 "Leases")

An overseas consolidated subsidiary that uses U.S. accounting standards started using ASC 842 "Leases" at the beginning of the first quarter of the current fiscal year. As a result, as a rule, all transactions where this subsidiary is the lessee are recognized as assets and liabilities in the balance sheet.

The cumulative effect of the application of this new standard was recognized on the first day this standard was applied, which is allowed as a transitional measure.

As a result, "leased assets, net" under property, plant and equipment, "lease liabilities" under current liabilities and "lease liabilities" under non-current liabilities increased ¥857 million, ¥203 million and ¥675 million, respectively, in the quarterly consolidated balance sheet at the end of the first quarter of the current fiscal year.

The effect of this change on the quarterly consolidated statement of income for the first quarter of the current fiscal year is insignificant.

(Segment Information)

I. First three months of FY5/2022 (Jun. 1, 2021 – Aug. 31, 2021)

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

II. First three months of FY5/2023 (Jun. 1, 2022 – Aug. 31, 2022)

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

*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.*