



January 12, 2024

Consolidated Summary Report
for the Second Quarter of the Fiscal Year Ending May 31, 2024
[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
Quarterly report issue date: January 15, 2024
Dividend payment date: -
Supplementary materials of quarterly financial results: Yes
Quarterly financial results briefing: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending May 31, 2024
(June 1, 2023 – November 30, 2023)

(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 %
Six months ended Nov. 30, 2023	52,934	9.0	1,059	7.6	1,268	3.6	705	(23.5)
Six months ended Nov. 30, 2022	48,568	13.5	984	184.8	1,224	84.8	921	101.6

(Note) Comprehensive income Six months ended Nov. 30, 2023: ¥893 million (down 24.9%)
Six months ended Nov. 30, 2022: ¥1,188 million (up 163.8%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Nov. 30, 2023	35.69	-
Six months ended Nov. 30, 2022	46.64	-

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2023	53,295	19,464	36.0
As of May 31, 2023	50,213	19,057	37.6

(Reference) Shareholders' equity As of Nov. 30, 2023: ¥19,191 million As of May 31, 2023: ¥18,858 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, 2023	-	0.00	-	25.00	25.00
Fiscal year ending May 31, 2024	-	0.00			
Fiscal year ending May 31, 2024 (est.)			-	25.00	25.00

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

3. Consolidated Forecast for the Fiscal Year Ending May 31, 2024 (June 1, 2023 – May 31, 2024)

(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	106,000	4.1	2,600	0.8	3,000	(1.3)	1,600	(42.2)	80.94

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

2. BOOKOFF GROUP HOLDINGS conducted the disposal of treasury shares in relation to a restricted stock compensation plan on October 20, 2023. Net income per share forecast for the fiscal year ending May 31, 2024 is adjusted to reflect the disposal of treasury shares.

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: None

(2) Changes due to other reasons: None

(3) Changes in accounting-based estimates: None

(4) Restatements: None

4. Number of shares outstanding (common shares)

(Shares)

(1) Shares outstanding (including treasury shares)	As of Nov. 30, 2023	20,547,413	As of May 31, 2023	20,547,413
	As of Nov. 30, 2023	777,239	As of May 31, 2023	783,239
(2) Treasury shares	As of Nov. 30, 2023	777,239	As of May 31, 2023	783,239
(3) Average number of shares outstanding	Six months ended Nov. 30, 2023	19,765,551	Six months ended Nov. 30, 2022	19,759,807

* 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 (January 12, 2024), using the Timely Disclosure network (TDnet).

Table of Content

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Cash Flows	3
(3) Explanation of Financial Position	3
(4) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	6
For the Six-month Period	
Quarterly Consolidated Statement of Comprehensive Income	7
For the Six-month Period	
(3) Quarterly Consolidated Statement of Cash Flows	8
(4) Notes to Quarterly Consolidated Financial Statements	9
(Notes Concerning the Going-Concern Premise)	9
(Significant Changes in Shareholders' Equity)	9
(Segment Information)	9

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 second quarter of the fiscal year ending on May 31, 2024.

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 the growing reuse market to become the leading reuse company. Our goal is to contribute to the establishment of a society where products and materials are recycled and be a company that can continue to grow while enabling all employees to do their jobs with confidence and enthusiasm.

The BOOKOFF Group is currently implementing medium-term management policies covering the period that will end with the fiscal year ending in May 2028. All activities are backed by the value that our operations provide, such as our strengths involving employee training programs and sustainability programs. For BOOKOFF operations in Japan, which is positioned as a business sector for exploitation, we will build on the widespread awareness of our brand to generate consistent earnings. In the premium services business, overseas business and new businesses, which are positioned as sectors for exploration, we are making investments and using our knowledge in order to create teams of highly skilled and experienced people. We plan to promote the expansion of our group’s business scale and profit growth by producing experienced domestic personnel for other businesses.

In the first half of the fiscal year, consolidated net sales amounted to ¥52,934 million, a 9.0% increase from one year earlier as first half sales in every business were higher. Ordinary profit increased 3.6% to ¥1,268 million because of higher earnings in the BOOKOFF operations in Japan and overseas business despite an increase in corporate expenses.

Profit attributable to owners of parent decreased year on year because earnings in the first quarter of the previous fiscal year benefited from lower taxes associated with the reorganization of the BOOKOFF Group.

Business segment performance was as follows.

Reportable segments were reclassified in the first quarter of the current fiscal year. Prior-year figures have been revised for consistency with the new segments to facilitate comparisons.

BOOKOFF operations in Japan

During the first half of the current fiscal year, two BOOKOFF PLUS stores (Yoshizuya Shin-Inazawa store and Hitachi Stn. store), five BOOKOFF stores (DCM Kamiiso store, Musashikoganei store, AEON Hashimoto store, AEON Mall Omuta store and Ito-Yokado Mizonokuchi store) and two ASO-VIVA stores (AEON Mall Kusatsu store and AEON Mall Suzuka store) were opened.

At the directly operated existing stores, sales of trading cards and hobby goods, apparel, precious metals, watches, high-end hand bags, home appliances/mobile phones and several other categories were higher than one year earlier. As a result, sales in this segment increased 7.8% from one year earlier to ¥46,793 million and segment profit increased 21.1% to ¥1,735 million.

Premium services business

First half sales increased 14.6% from one year earlier to ¥3,346 million because of an increase from one year earlier in purchases mainly by BOOKOFF Purchasing Consultation Desks. Segment profit decreased 9.7% to ¥229 million mainly due to a decrease in gross profit margin resulting from the larger share of precious metal sales caused by rising prices of precious metals and more people hired for business growth.

Overseas business

First half sales were higher than one year earlier both at BOOKOFF stores in the United States and Jalan Jalan Japan stores in Malaysia because of stores opened in prior years. Sales in the overseas business increased 17.0%

to ¥2,249 million. There were activities to hire more people and improve compensation but segment profit increased 6.8% to ¥408 million.

(2) Explanation of Cash Flows

Cash and cash equivalents (“net cash”) at the end of the second quarter of the current fiscal year amounted to ¥6,616 million, an increase of ¥1,072 million from the end of the previous fiscal year.

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

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥220 million (compared with ¥861 million used in the same period of the previous fiscal year). There were positive factors including profit before income taxes of ¥1,223 million and ¥814 million in depreciation. Negative factors included a ¥1,328 million increase in inventories and a ¥216 million increase in trade receivables.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥1,269 million (compared with ¥2,147 million used in the same period of the previous fiscal year). Negative factors included ¥927 million for the purchase of property, plant and equipment associated with new store openings and store renovations and acquisitions, and ¥215 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 ¥2,068 million (compared with ¥1,919 million provided in the same period of the previous fiscal year). Positive factors included ¥2,835 million of net increase in borrowings. Negative factors included ¥494 million for cash dividends paid and ¥273 million for repayments of lease liabilities.

(3) Explanation of Financial Position

(Current Assets)

Current assets at the end of the second quarter were ¥31,530 million, an increase of ¥2,417 million compared with ¥29,112 million at the end of the previous fiscal year. This was mainly attributable to a ¥1,365 million increase in merchandise mainly because of large expenditures for the growth of operations for trading cards and hobby goods and new store openings, and a ¥1,072 million increase in cash and deposits because funds were procured for store equipment, IT investments and other activities.

(Non-current Assets)

Non-current assets at the end of the second quarter were ¥21,764 million, an increase of ¥663 million compared with ¥21,101 million at the end of the previous fiscal year. This was mainly attributable to a ¥586 million increase in property, plant and equipment due to substantial investments in store equipment and a ¥66 million increase in intangible assets due to software development.

(Liabilities)

Liabilities at the end of the second quarter were ¥33,830 million, an increase of ¥2,675 million compared with ¥31,155 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 second quarter were ¥19,464 million, an increase of ¥406 million compared with ¥19,057 million at the end of the previous fiscal year. Major components were dividend payments, the profit attributable to owners of parent and an increase in foreign currency translation adjustment.

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

There are no revisions to the consolidated forecast for the fiscal year ending May 31, 2024 that was announced on July 10, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	FY5/2023 (As of May 31, 2023)	Second quarter of FY5/2024 (As of Nov. 30, 2023)
Assets		
Current assets		
Cash and deposits	5,544	6,616
Accounts receivable-trade	3,008	3,225
Merchandise	17,612	18,977
Other	2,948	2,711
Allowance for doubtful accounts	(0)	(0)
Total current assets	29,112	31,530
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,658	4,704
Leased assets, net	2,703	2,970
Other, net	1,490	1,763
Total property, plant and equipment	8,852	9,438
Intangible assets		
Software	382	2,365
Software in progress	1,998	100
Other	63	44
Total intangible assets	2,443	2,510
Investments and other assets		
Guarantee deposits	7,296	7,336
Other	2,569	2,540
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	9,804	9,815
Total non-current assets	21,101	21,764
Total assets	50,213	53,295

(Unit: million yen)

	FY5/2023 (As of May 31, 2023)	Second quarter of FY5/2024 (As of Nov. 30, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	814	898
Short-term borrowings	6,383	8,910
Current portion of long-term borrowings	3,347	4,346
Lease liabilities	654	695
Income taxes payable	340	496
Provision for bonuses	644	605
Provision for loss on store closings	11	8
Other provisions	189	136
Other	5,559	4,962
Total current liabilities	17,945	21,057
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	7,341	6,651
Asset retirement obligations	2,450	2,485
Lease liabilities	2,191	2,418
Other	226	217
Total non-current liabilities	13,210	12,773
Total liabilities	31,155	33,830
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,860	6,863
Retained earnings	12,322	12,534
Treasury shares	(591)	(587)
Total shareholders' equity	18,691	18,910
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	57	74
Foreign currency translation adjustment	109	207
Total accumulated other comprehensive income	167	281
Non-controlling interests	198	272
Total net assets	19,057	19,464
Total liabilities and net assets	50,213	53,295

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Six-month Period)

(Unit: million yen)

	First six months of FY5/2023 (Jun. 1, 2022 – Nov. 30, 2022)	First six months of FY5/2024 (Jun. 1, 2023 – Nov. 30, 2023)
Net sales	48,568	52,934
Cost of sales	20,756	22,956
Gross profit	27,811	29,978
Selling, general and administrative expenses	26,827	28,919
Operating profit	984	1,059
Non-operating income		
Gain from installment of vending machine	67	64
Gain on sales of recycling goods	117	124
Other	151	126
Total non-operating income	335	315
Non-operating expenses		
Interest expenses	74	88
Share of loss of entities accounted for using equity method	4	6
Other	15	12
Total non-operating expenses	94	106
Ordinary profit	1,224	1,268
Extraordinary income		
Gain on sale of non-current assets	2	0
Total extraordinary income	2	0
Extraordinary losses		
Loss on sale of investment securities	2	-
Loss on store closings	34	14
Provision for loss on store closings	13	0
Loss on retirement of non-current assets	24	18
Impairment losses	73	12
Total extraordinary losses	149	45
Profit before income taxes	1,078	1,223
Income taxes-current	259	406
Income taxes-deferred	(167)	50
Total income taxes	92	456
Profit	985	767
Profit attributable to non-controlling interests	63	62
Profit attributable to owners of parent	921	705

Quarterly Consolidated Statement of Comprehensive Income

(For the Six-month Period)

(Unit: million yen)

	First six months of FY5/2023 (Jun. 1, 2022 – Nov. 30, 2022)	First six months of FY5/2024 (Jun. 1, 2023 – Nov. 30, 2023)
Profit	985	767
Other comprehensive income		
Valuation difference on available-for-sale securities	26	16
Foreign currency translation adjustment	175	109
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	203	125
Comprehensive income	1,188	893
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,114	819
Comprehensive income attributable to non-controlling interests	74	73

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: million yen)

	First six months of FY5/2023 (Jun. 1, 2022 – Nov. 30, 2022)	First six months of FY5/2024 (Jun. 1, 2023 – Nov. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	1,078	1,223
Depreciation	743	814
Impairment losses	73	12
Amortization of goodwill	24	21
Increase (decrease) in provision for bonuses	4	(39)
Increase (decrease) in allowance for doubtful accounts	0	-
Increase (decrease) in provision for loss on store closings	(5)	(2)
Increase (decrease) in other provisions	(177)	(53)
Interest expenses	74	88
Share of loss (profit) of entities accounted for using equity method	4	6
Loss on store closings	34	14
Loss (gain) on sale of non-current assets	(2)	(0)
Loss on retirement of non-current assets	24	18
Loss (gain) on sale of investment securities	2	-
Decrease (increase) in trade receivables	(348)	(216)
Decrease (increase) in inventories	(1,160)	(1,328)
Increase (decrease) in trade payables	92	82
Other, net	(700)	(306)
Subtotal	(237)	334
Interest and dividends received	4	5
Interest paid	(75)	(88)
Income taxes paid	(601)	(262)
Income taxes refund	48	231
Net cash provided by (used in) operating activities	(861)	220
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,493)	(927)
Purchase of intangible assets	(734)	(215)
Proceeds from sale of investment securities	70	-
Payments of guarantee deposits	(99)	(110)
Proceeds from refund of guarantee deposits	126	69
Other, net	(17)	(85)
Net cash provided by (used in) investing activities	(2,147)	(1,269)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,074	2,526
Proceeds from long-term borrowings	2,000	1,800
Repayments of long-term borrowings	(1,583)	(1,491)
Repayments of lease liabilities	(176)	(273)
Dividends paid	(395)	(494)
Net cash provided by (used in) financing activities	1,919	2,068
Effect of exchange rate change on cash and cash equivalents	82	53
Net increase (decrease) in cash and cash equivalents	(1,007)	1,072
Cash and cash equivalents at beginning of period	8,203	5,544
Cash and cash equivalents at end of period	7,195	6,616

(4) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

I. First six months of FY5/2023 (Jun. 1, 2022 – Nov. 30, 2022)

1. Information on the amounts of net sales, profit or loss for each reportable segment and breakdown of revenue
(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount reported in quarterly consolidated statement of income (Note 3)
	BOOKOFF operations in Japan	Premium services business	Overseas business	Total				
Net sales								
Revenue from contracts with customers	43,399	2,919	1,922	48,242	325	48,568	-	48,568
Other revenue	-	-	-	-	-	-	-	-
Sales to external customers	43,399	2,919	1,922	48,242	325	48,568	-	48,568
Inter-segment sales and transfers	7	-	-	7	246	253	(253)	-
Total	43,407	2,919	1,922	48,249	572	48,821	(253)	48,568
Segment profit (loss)	1,433	253	382	2,070	(48)	2,022	(797)	1,224

Notes: 1. Other segment is mainly the operation of BOOKOFF Group's directly operated Japan TCG Center stores specializing in trading cards and provision of BOOKOFF Clean-up Service to individuals for the removal from houses of items that are no longer needed.

2. The adjustment of minus ¥797 million to segment profit (loss) includes corporate expenses that are not allocated to reportable segments. Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

3. Segment profit (loss) is adjusted for consistency with ordinary profit in the quarterly consolidated financial statements.

2. Information concerning impairment loss on non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

II. First six months of FY5/2024 (Jun. 1, 2023 – Nov. 30, 2023)

1. Information on the amounts of net sales, profit or loss for each reportable segment and breakdown of revenue

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount reported in quarterly consolidated statement of income (Note 3)
	BOOKOFF operations in Japan	Premium services business	Overseas business	Total				
Net sales								
Revenue from contracts with customers	46,793	3,346	2,249	52,389	545	52,934	-	52,934
Other revenue	-	-	-	-	-	-	-	-
Sales to external customers	46,793	3,346	2,249	52,389	545	52,934	-	52,934
Inter-segment sales and transfers	5	-	-	5	318	324	(324)	-
Total	46,799	3,346	2,249	52,394	864	53,259	(324)	52,934
Segment profit (loss)	1,735	229	408	2,373	(100)	2,272	(1,004)	1,268

Notes: 1. Other segment is mainly the operation of BOOKOFF Group's directly operated Japan TCG Center stores specializing in trading cards and provision of BOOKOFF Clean-up Service to individuals for the removal from houses of items that are no longer needed.

2. The adjustment of minus ¥1,004 million to segment profit (loss) includes corporate expenses that are not allocated to reportable segments. Corporate expenses mainly include general and administrative expenses.

3. Segment profit (loss) is adjusted for consistency with ordinary profit in the quarterly consolidated financial statements.

2. Changes in reportable segments

Beginning in the first quarter of the current fiscal year, BOOKOFF GROUP HOLDINGS is using new reportable segments. This change reflects revisions to the group's management structure. Instead of the single reportable segment of prior years, there are now three reportable segments: BOOKOFF operations in Japan, premium services business and overseas business.

Segment information for the first six months of FY5/2023 uses the revised reportable segments.

3. Information concerning impairment loss on non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

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.