



October 14, 2021

Consolidated Summary Report
For the First Quarter of the Fiscal Year Ending May 31, 2022
[Japanese GAAP]

Company Name: BOOKOFF GROUP HOLDINGS LIMITED Stock Exchange: Tokyo
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Quarterly Report issue date: October 15, 2021
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, 2022
(June 1, 2021 - August 31, 2021)

(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, 2021	21,183	-	145	-	288	-	231	-
Three months ended Jun. 30, 2020	16,917	(18.8)	(172)	-	(111)	-	(689)	-

(Note) Comprehensive income Three months ended Aug. 31, 2021: ¥236 million (-%)
Three months ended Jun. 30, 2020: ¥(680) million (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Aug. 31, 2021	13.28	-
Three months ended Jun. 30, 2020	(39.51)	-

(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 three months ended August 31, 2021 because the first quarters are different. The first quarter of the current fiscal year ended on August 31, 2021 and the first quarter of the previous fiscal year, which was a transitional fiscal year, ended on June 30, 2020.

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Aug. 31, 2021	40,879	13,076	31.8
As of May 31, 2021	40,321	12,944	31.9

(Reference) Shareholders' equity As of Aug. 31, 2021: ¥12,999 million As of May 31, 2021: ¥12,854 million

2. Dividends

	Dividend per share					
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2021	-	0.00	-	-	6.00	6.00
Fiscal year ending May 31, 2022	-	-	-	-	-	-
Fiscal year ending May 31, 2022 (est.)	-	0.00	-	-	8.00	8.00

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

3. Consolidated Forecast for the Fiscal Year Ending May 31, 2022 (June 1, 2021 - May 31, 2022)

(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	85,000	-	950	-	1,200	-	400	-	22.93

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

- Only the full-year forecast is shown because BOOKOFF GROUP HOLDINGS manages performance on a fiscal year basis.
- No prior-year comparisons are shown because the fiscal year ended on May 31, 2021 was a 14-month transitional fiscal period due to the change in the fiscal year.

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 9 of the attachments for further information.

4. Number of shares outstanding (common shares)

(Shares)

(1) Shares outstanding (including treasury shares)	As of Aug. 31, 2021	20,547,413	As of May 31, 2021	20,547,413
(2) Treasury shares	As of Aug. 31, 2021	3,100,000	As of May 31, 2021	3,100,000
(3) Average number of shares outstanding	Three months ended Aug. 31, 2021	17,447,413	Three months ended Jun. 30, 2020	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 14, 2021), 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.

The previous fiscal year was a 14-month transitional fiscal year from April 1, 2020 to May 31, 2021 due to the change in the fiscal year end. Consequently, no year-on-year comparisons are shown because of the different first quarters of the current fiscal year (ended August 31, 2021) and previous fiscal year (ended June 30, 2020).

Since the start of operations, the BOOKOFF Group has always been guided by the two corporate philosophies of “contributing to society through our business activities” and “the pursuit of employees’ material and spiritual wellbeing.” In addition, the Group has established the following mission for business activities in accordance with these philosophies: Be a source of an enjoyable and prosperous life for as many people as possible.

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

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

Core strategy I: Upgrade individual stores individually

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

1) BOOKOFF operations in Japan

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

2) Reuse business for affluent customers

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

3) Overseas business

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

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

In the past, the BOOKOFF Group provided separate services at stores and through channels other than stores. As the digital shift alters the spending patterns of customers of the BOOKOFF operations in Japan, we need to leverage all of our strengths in order to continue growing. In addition, we must continue expanding our businesses for affluent customers and our overseas operations as our group’s business activities become more diverse. Our growth will also be backed by the use of operational expertise acquired over many years, our

highly talented workforce and the linkage of merchandise among different business units.

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

“One BOOKOFF”

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

During the first quarter, we opened BOOKOFF KAKA’AKO store in the U.S., and Jalan Jalan Japan Masai store in Malaysia.

Furthermore, we are continuously making investments for activities involving the “One BOOKOFF” concept. These activities include measures to increase the number of members using our official app, distributing coupons and conducting special sales exclusively for members, allowing customers to pick up at stores merchandise purchased using the app, and other convenient and valuable services. Investments have been also used to create an omni-channel structure that utilizes the BOOKOFF Online website and to move forward with our O2O (online-to-offline) strategy.

To reinforce the stability of earnings at BOOKOFF operations in Japan as the pandemic continues to affect the business climate, we are making strategic investments for IT and marketing. There will be also investments to renovate BOOKOFF SUPER BAZAAR stores to restore the profitability of this business. Increasing earnings in businesses for affluent and high-net-worth customers and in overseas operations, two categories with good growth prospects, is another goal. For achieving this goal, the current fiscal year is positioned as a period for taking on new challenges in these two business sectors.

In the core BOOKOFF operations in Japan, sales of books and software media, which are the largest components of sales, were lower than the very high level of one year earlier with demand associated with the need to stay home during the pandemic. But there were big increases from one year earlier in sales in the trading card and hobby goods category because of numerous activities for raising the sales of these products.

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

In Malaysia, Jalan Jalan Japan stores were forced to suspend operations due to a pandemic lockdown. In the United States, there were high levels of purchases and sales at BOOKOFF stores. Most significant was big increases in sales from one year earlier in books and anime merchandise.

As a result, consolidated net sales amounted to ¥21,183 million. The BOOKOFF Group recorded an operating profit of ¥145 million, an ordinary profit of ¥288 million, and a profit attributable to owners of parent of ¥231 million.

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 ¥24,687 million, an increase of ¥670 million compared with ¥24,017 million at the end of the previous fiscal year. There were increases of ¥396 million in cash and deposits and ¥328 million in merchandise.

(Non-current Assets)

Non-current assets at the end of the first quarter were ¥16,191 million, a decrease of ¥112 million compared with ¥16,304 million at the end of the previous fiscal year. This was mainly attributable to decreases of ¥99 million in property, plant and equipment and ¥70 million yen in investments and other assets, while there was an increase of ¥58 million yen in intangible assets.

(Liabilities)

Liabilities at the end of the first quarter were ¥27,803 million, an increase of ¥425 million compared with ¥27,377 million at the end of the previous fiscal year. This was mainly attributable to an increase in borrowings to procure funds from banks for the payment of bonuses and dividends.

(Net Assets)

Net assets at the end of the first quarter were ¥13,076 million, an increase of ¥132 million compared with ¥12,944 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

There are no revisions to the forecast for the fiscal year ending May 31, 2022, that was announced on July 14, 2021.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	FY5/2021 (As of May 31, 2021)	First quarter of FY5/2022 (As of Aug. 31, 2021)
Assets		
Current assets		
Cash and deposits	5,837	6,234
Accounts receivable-trade	2,120	1,993
Merchandise	13,778	14,106
Other	2,282	2,353
Allowance for doubtful accounts	(0)	(0)
Total current assets	24,017	24,687
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,974	3,897
Leased assets, net	1,126	1,063
Other, net	747	787
Total property, plant and equipment	5,848	5,748
Intangible assets		
Goodwill	136	124
Other	1,084	1,155
Total intangible assets	1,220	1,279
Investments and other assets		
Guarantee deposits	7,492	7,429
Other	1,803	1,795
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	9,234	9,163
Total non-current assets	16,304	16,191
Total assets	40,321	40,879

(Unit: million yen)

	FY5/2021 (As of May 31, 2021)	First quarter of FY5/2022 (As of Aug. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	560	572
Short-term borrowings	7,232	8,468
Current portion of long-term borrowings	3,952	3,095
Lease obligations	297	263
Income taxes payable	115	82
Provision for sales rebates	421	-
Provision for bonuses	582	302
Other provisions	93	245
Other	4,328	4,782
Total current liabilities	17,584	17,812
Non-current liabilities		
Long-term borrowings	6,133	6,373
Asset retirement obligations	2,383	2,388
Lease obligations	939	889
Other	337	339
Total non-current liabilities	9,793	9,991
Total liabilities	27,377	27,803
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,485	6,485
Retained earnings	8,603	8,730
Treasury shares	(2,343)	(2,343)
Total shareholders' equity	12,845	12,972
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	75	80
Foreign currency translation adjustment	(66)	(54)
Total accumulated other comprehensive income	8	26
Non-controlling interests	90	77
Total net assets	12,944	13,076
Total liabilities and net assets	40,321	40,879

(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 FY5/2021 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY5/2022 (Jun. 1, 2021 – Aug 31, 2021)
Net sales	16,917	21,183
Cost of sales	6,334	8,420
Gross profit	10,583	12,762
Selling, general and administrative expenses	10,756	12,617
Operating profit (loss)	(172)	145
Non-operating income		
Share of profit of entities accounted for using equity method	-	1
Rent revenues on facilities	82	81
Gain from installment of vending machine	21	32
Gain on sales of recycling goods	56	51
Subsidy income	1	63
Other	28	36
Total non-operating income	191	265
Non-operating expenses		
Interest expenses	41	36
Share of loss of entities accounted for using equity method	1	-
Rent costs on facilities	76	76
Other	9	10
Total non-operating expenses	130	122
Ordinary profit (loss)	(111)	288
Extraordinary income		
Gain on forgiveness of debts	-	68
Total extraordinary income	-	68
Extraordinary losses		
Provision for loss on store closings	7	0
Loss on retirement of non-current assets	13	2
Loss on COVID-19	740	30
Total extraordinary losses	761	33
Profit (loss) before income taxes	(872)	323
Income taxes-current	124	92
Income taxes-deferred	(311)	12
Total income taxes	(186)	104
Profit (loss)	(686)	218
Profit (loss) attributable to non-controlling interests	3	(12)
Profit (loss) attributable to owners of parent	(689)	231

Quarterly Consolidated Statement of Comprehensive Income

(For the Three-month Period)

(Unit: million yen)

	First three months of FY5/2021 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY5/2022 (Jun. 1, 2021 – Aug 31, 2021)
Profit (loss)	(686)	218
Other comprehensive income		
Valuation difference on available-for-sale securities	14	(1)
Foreign currency translation adjustment	(18)	12
Share of other comprehensive income of entities accounted for using equity method	8	7
Total other comprehensive income	5	17
Comprehensive income	(680)	236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(679)	249
Comprehensive income attributable to non-controlling interests	(0)	(12)

(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)

Application of Accounting Standard for Revenue Recognition

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

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

As a result, net sales increased ¥221 million, and selling, general and administrative expenses increased ¥223 million. Operating profit, ordinary profit and profit before income taxes declined ¥1 million yen each in the first quarter of the current fiscal year. There is no effect of the application of these standards on retained earnings at the beginning of the current fiscal year.

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

Application of the Accounting Standard for Fair Value Measurement

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

(Segment Information)

I. First three months of FY5/2021 (Apr. 1, 2020 – Jun. 30, 2020)

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

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

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.