January 13, 2022

Consolidated Summary Report
For the Second 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: January 14, 2022
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, 2022 (June 1, 2021 - November 30, 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 %
Six months ended Nov. 30, 2021	42,776	-	345	-	662	-	457	-
Six months ended Sep. 30, 2020	37,522	(9.1)	517	(41.2)	650	(43.2)	(284)	-

(Note) Comprehensive income Six months ended Nov. 30, 2021: ¥450 million (-%)
Six months ended Sep. 30, 2020: ¥(256) million (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Nov. 30, 2021	26.20	-
Six months ended Sep. 30, 2020	(16.31)	-

(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 six months ended November 30, 2021 because the first half are different. The first half of the current fiscal year ended on November 30, 2021 and the first half of the previous fiscal year, which was a transitional fiscal year, ended on September 30, 2020.

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2021	41,664	13,301	31.8
As of May 31, 2021	40,321	12,944	31.9

(Reference) Shareholders' equity As of Nov. 30, 2021: ¥13,229 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	-	0.00				
Fiscal year ending May 31, 2022 (est.)			-	-	15.00	15.00

(Note) Revisions to the most recently announced dividend forecast: Yes

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	87,000	-	1,350	-	1,800	-	850	-	48.70

(Notes) 1. Revisions to the most recently announced consolidated earnings forecasts: Yes

2. Only the full-year forecast is shown because BOOKOFF GROUP HOLDINGS manages performance on a fiscal year basis.
3. 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.
4. BOOKOFF GROUP HOLDINGS disposed of its treasury shares on October 21, 2021 as restricted stock remuneration. Net income per share in the consolidated forecast for the fiscal year ending May 31, 2022 reflects the effect of disposal of these 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: 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, (4) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 11 of the attachments for further information.

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

(1) Shares outstanding (including treasury shares)	As of Nov. 30, 2021	20,547,413	As of May 31, 2021	20,547,413
(2) Treasury shares	As of Nov. 30, 2021	3,088,900	As of May 31, 2021	3,100,000
(3) Average number of shares outstanding	Six months ended Nov. 30, 2021	17,449,900	Six months ended Sep. 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 (January 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 second 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 half of the current fiscal year (June 1 to November 30, 2021) and previous fiscal year (April 1 to September 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

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

1) BOOKOFF operations in Japan

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

2) Business for affluent customers

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

3) Overseas business

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

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

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

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

“One BOOKOFF”

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

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

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

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

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

In Malaysia, Jalan Jalan Japan stores were forced to suspend operations due to a pandemic lockdown. 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. During the first half, we opened BOOKOFF KAKA’AKO store in the U.S. and Jalan Jalan Japan Masai store in Malaysia.

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

As a result, consolidated net sales amounted to ¥42,776 million. The BOOKOFF Group recorded an operating profit of ¥345 million, an ordinary profit of ¥662 million, and a profit attributable to owners of parent of ¥457 million.

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

(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 ¥6,050 million, an increase of ¥213 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 ¥33 million (compared with ¥1,192 million provided in the same period of the previous fiscal year). There were positive factors including ¥736 million in depreciation and profit before income taxes of ¥701 million. Negative factors included a ¥1,205 million increase in inventories and ¥199 million in other, net.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥817 million (compared with ¥650 million used in the same period of the previous fiscal year). Negative factors included ¥415 million for the purchase of property, plant, and equipment associated with new store openings and store renovations, and ¥461 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 ¥990 million (compared with ¥89 million provided in the same period of the previous fiscal year). Positive factors included ¥1,276 million of net increase in borrowings while there were negative factors of ¥181 million for repayments of lease obligations and ¥104 million for cash dividends paid.

(3) Explanation of Financial Position

(Current Assets)

Current assets at the end of the second quarter were ¥25,410 million, an increase of ¥1,392 million compared with ¥24,017 million at the end of the previous fiscal year. There were increases of ¥1,211 million in merchandise and ¥213 million in cash and deposits.

(Non-current Assets)

Non-current assets at the end of the second quarter were ¥16,253 million, a decrease of ¥50 million compared with ¥16,304 million at the end of the previous fiscal year. This was mainly attributable to a decrease of ¥223 million in investments and other assets, while there were increases of ¥14 million in property, plant and equipment and ¥158 million yen in intangible assets.

(Liabilities)

Liabilities at the end of the second quarter were ¥28,362 million, an increase of ¥985 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 IT capital expenditures, and new store openings and renovations of existing stores focusing on our strategic products of trading card/hobby goods.

(Net Assets)

Net assets at the end of the second quarter were ¥13,301 million, an increase of ¥356 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.

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

For information about the consolidated forecast for the fiscal year ending May 31, 2022, please refer to the press release titled “Notice of Revisions to Consolidated Forecasts and Dividend Forecasts” (Japanese version only) dated January 13, 2022.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	FY5/2021 (As of May 31, 2021)	Second quarter of FY5/2022 (As of Nov. 30, 2021)
Assets		
Current assets		
Cash and deposits	5,837	6,050
Accounts receivable-trade	2,120	2,049
Merchandise	13,778	14,989
Other	2,282	2,321
Allowance for doubtful accounts	(0)	(0)
Total current assets	24,017	25,410
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,974	3,897
Leased assets, net	1,126	1,081
Other, net	747	883
Total property, plant and equipment	5,848	5,862
Intangible assets		
Goodwill	136	111
Other	1,084	1,267
Total intangible assets	1,220	1,379
Investments and other assets		
Guarantee deposits	7,492	7,291
Other	1,803	1,780
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	9,234	9,011
Total non-current assets	16,304	16,253
Total assets	40,321	41,664

(Unit: million yen)

	FY5/2021 (As of May 31, 2021)	Second quarter of FY5/2022 (As of Nov. 30, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	560	724
Short-term borrowings	7,232	8,293
Current portion of long-term borrowings	3,952	3,385
Lease obligations	297	261
Income taxes payable	115	204
Provision for sales rebates	421	-
Provision for bonuses	582	539
Other provisions	93	215
Other	4,328	4,346
Total current liabilities	17,584	17,971
Non-current liabilities		
Long-term borrowings	6,133	6,851
Asset retirement obligations	2,383	2,395
Lease obligations	939	908
Other	337	236
Total non-current liabilities	9,793	10,391
Total liabilities	27,377	28,362
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,485	6,487
Retained earnings	8,603	8,956
Treasury shares	(2,343)	(2,335)
Total shareholders' equity	12,845	13,209
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	75	80
Foreign currency translation adjustment	(66)	(59)
Total accumulated other comprehensive income	8	20
Non-controlling interests	90	71
Total net assets	12,944	13,301
Total liabilities and net assets	40,321	41,664

(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 FY5/2021 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY5/2022 (Jun. 1, 2021 – Nov. 30, 2021)
Net sales	37,522	42,776
Cost of sales	14,249	17,197
Gross profit	23,272	25,579
Selling, general and administrative expenses	22,754	25,234
Operating profit	517	345
Non-operating income		
Share of profit of entities accounted for using equity method	-	0
Rent revenues on facilities	162	111
Gain from installment of vending machine	58	64
Gain on sales of recycling goods	103	109
Subsidy income	13	153
Other	47	68
Total non-operating income	385	506
Non-operating expenses		
Interest expenses	82	71
Share of loss of entities accounted for using equity method	5	-
Rent costs on facilities	152	102
Other	13	16
Total non-operating expenses	253	189
Ordinary profit	650	662
Extraordinary income		
Compensation for forced relocation	-	58
Gain on forgiveness of debts	-	68
Total extraordinary income	-	126
Extraordinary losses		
Loss on retirement of non-current assets	24	17
Impairment losses	17	-
Loss on COVID-19	767	69
Other	6	0
Total extraordinary losses	816	87
Profit (loss) before income taxes	(166)	701
Income taxes-current	241	238
Income taxes-deferred	(121)	24
Total income taxes	119	263
Profit (loss)	(286)	438
Loss attributable to non-controlling interests	(2)	(18)
Profit (loss) attributable to owners of parent	(284)	457

Quarterly Consolidated Statement of Comprehensive Income

(For the Six-month Period)

(Unit: million yen)

	First six months of FY5/2021 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY5/2022 (Jun. 1, 2021 – Nov. 30, 2021)
Profit (loss)	(286)	438
Other comprehensive income		
Valuation difference on available-for-sale securities	19	(15)
Foreign currency translation adjustment	(21)	7
Share of other comprehensive income of entities accounted for using equity method	31	20
Total other comprehensive income	29	12
Comprehensive income	(256)	450
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(250)	469
Comprehensive income attributable to non-controlling interests	(6)	(18)

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: million yen)

	First six months of FY5/2021 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY5/2022 (Jun. 1, 2021 – Nov. 30, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(166)	701
Depreciation	704	736
Impairment losses	17	-
Amortization of goodwill	70	24
Increase (decrease) in provision for bonuses	6	(42)
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for allowance of sales discounts	(42)	-
Increase (decrease) in other provisions	52	(38)
Interest expenses	82	71
Share of loss (profit) of entities accounted for using equity method	5	(0)
Loss on retirement of non-current assets	24	17
Compensation for forced relocation	-	(58)
Gain on forgiveness of debt	-	(68)
Loss on COVID-19	767	69
Decrease (increase) in trade receivables	85	70
Decrease (increase) in inventories	536	(1,205)
Increase (decrease) in trade payables	91	164
Other, net	(212)	(199)
Subtotal	2,023	243
Interest and dividends received	7	3
Interest paid	(82)	(71)
Proceeds from compensation for forced relocation	-	58
Payments for loss on COVID-19	(728)	(63)
Income taxes paid	(283)	(151)
Income taxes refund	255	13
Net cash provided by (used in) operating activities	1,192	33
Cash flows from investing activities		
Purchase of property, plant and equipment	(273)	(415)
Purchase of intangible assets	(217)	(461)
Payments of guarantee deposits	(39)	(20)
Proceeds from refund of guarantee deposits	124	225
Payments for transfer of stores	(126)	-
Other, net	(118)	(146)
Net cash provided by (used in) investing activities	(650)	(817)

(Unit: million yen)

	First six months of FY5/2021 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY5/2022 (Jun. 1, 2021 – Nov. 30, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,406	1,125
Proceeds from long-term borrowings	650	2,300
Repayments of long-term borrowings	(1,633)	(2,148)
Repayments of lease obligations	(222)	(181)
Dividends paid	(104)	(104)
Other, net	(7)	(0)
Net cash provided by (used in) financing activities	89	990
Effect of exchange rate change on cash and cash equivalents	(10)	6
Net increase (decrease) in cash and cash equivalents	620	213
Cash and cash equivalents at beginning of period	6,094	5,837
Cash and cash equivalents at end of period	6,715	6,050

(4) 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 ¥417 million, and selling, general and administrative expenses increased ¥416 million during the first half of the current fiscal year. Operating profit, ordinary profit and profit before income taxes increased ¥1 million yen each in the first half. 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 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 addition, "increase (decrease) in provision for allowance of sales discounts" in cash flows from operating activities in the quarterly consolidated statement of cash flows for the first half of the previous fiscal year is, from the first half of the current fiscal year, included in "other, net" and "increase (decrease) in other provisions." In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the consolidated financial statements for the first half and full previous fiscal year to conform to the new presentation.

Application of the Accounting Standard for Fair Value Measurement

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

(Segment Information)

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

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

II. First six months of FY5/2022 (Jun. 1, 2021 – Nov. 30, 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.