July 10, 2023

Consolidated Summary Report for the Fiscal Year Ended May 31, 2023 [Japanese GAAP]

Company Name: BOOKOFF GROUP HOLDINGS LIMITED Stock Exchange: Tokyo
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General meeting of shareholders: August 26, 2023
Dividend payment date: August 28, 2023
Securities report issue date: August 28, 2023
Supplementary materials of financial results: Yes
Financial results briefing: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended May 31, 2023 (June 1, 2022 - May 31, 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 %
Fiscal year ended May 31, 2023	101,843	11.3	2,578	45.9	3,040	31.7	2,769	91.1
Fiscal year ended May 31, 2022	91,538	-	1,766	-	2,307	-	1,449	-

(Note) Comprehensive income Fiscal year ended May 31, 2023: ¥3,019 million (up 98.7%)
Fiscal year ended May 31, 2022: ¥1,519 million (-%)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Operating profit margin
	Yen	Yen	%	%	%
Fiscal year ended May 31, 2023	140.15	-	15.7	6.4	2.5
Fiscal year ended May 31, 2022	82.07	-	9.9	5.4	1.9

(Reference) Equity in earnings (losses) of associates Fiscal year ended May 31, 2023: ¥53 million
Fiscal year ended May 31, 2022: ¥(3) million

(Note) No year-on-year comparisons for the fiscal year ended May 31, 2022 are shown because the fiscal year ended on May 31, 2021 is a 14-month transitional fiscal period due to the change in the fiscal year.

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2023	50,213	19,057	37.6	954.20
As of May 31, 2022	45,096	16,482	36.3	827.94

(Reference) Shareholders' equity As of May 31, 2023: ¥18,858 million As of May 31, 2022: ¥16,358 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended May 31, 2023	243	(3,453)	490	5,544
Fiscal year ended May 31, 2022	2,782	(1,863)	1,408	8,203

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends on net assets ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended May 31, 2022	-	0.00	-	20.00	20.00	395	24.4	2.6
Fiscal year ended May 31, 2023	-	0.00	-	25.00	25.00	494	17.8	2.8
Fiscal year ending May 31, 2024 (est.)	-	0.00	-	25.00	25.00		30.9	

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)	80.95

(Note) Only the full-year forecast is shown because BOOKOFF GROUP HOLDINGS manages performance on a fiscal year basis. Please see "1. Overview of Results of Operations, (1) Results of Operations, Outlook for the Fiscal Year Ending May 31, 2024" on page 5 of the attachments for further information.

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. 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 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 17 of the attachments for further information.

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

(1) Shares outstanding (including treasury shares)	As of May 31, 2023	20,547,413	As of May 31, 2022	20,547,413
(2) Treasury shares	As of May 31, 2023	783,239	As of May 31, 2022	788,900
(3) Average number of shares outstanding	Fiscal year ended May 31, 2023	19,762,044	Fiscal year ended May 31, 2022	17,658,030

* The current financial report is not subject to audit 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. Please see “1. Overview of Results of Operations, (1) Results of Operations, Outlook for the Fiscal Year Ending May 31, 2024” on page 5 of the attachments for items pertaining to the forecast stated above.

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1. Overview of Results of Operations

(1) Results of Operations

Forward-looking statements in this Consolidated Summary Report are based on information available to management as of the end of the fiscal year ended 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, BOOKOOFF 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 6.4 million in May 2023 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.

As part of our marketing strategy, we conducted the "It's here" advertising campaign from May 2021 to May 2023. 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 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.

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 aidect 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 and Kazakhstan 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 current fiscal year, we opened 16 locations in Japan: two BOOKOFF SUPER BAZAAR stores (PAPA Ageo store and mina Tenjin store), one BOOKOFF PLUS store (Chiba nitona store), four BOOKOFF stores (Kasukabe Toyoharu store, Suzuka Hunter store, AEON Honmoku store and AEON Yamagatakita store), four BOOKOFF Purchasing Consultation Desks (Kasuga-Hakusan-dori store, Azabujuban store, Shibuya-kamiyamacho store and SHIROGANE The SKY store), one BOOKOFF Purchasing Center (Frespo Hachioji Minamino store), and three Aso-Biba (AEON Mall Wakayama store, AEON Mall Sakai-Kitahanada store and AEON Mall Kakamigahara store), one Japan TCG Center (AEON Mall Okinawa Rycom store). In addition, we opened four BOOKOFF stores in the U.S. (Animelab Brooklyn store, RIVERSIDE store, ANIMELAB LITTLE TOKYO sore and GARDENGROVE store) and two Jalan Jalan Japan stores in Malaysia (Tampoi store and Kip mall Melaka store).

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 ended in May 2023, we resumed 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, sales in the current fiscal year of trading cards and hobby goods were far higher than in sales in 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 ¥101,843 million, a 11.3% increase from one year earlier. The BOOKOFF Group recorded an operating profit of ¥2,578 million, a 45.9% increase from one year earlier, an ordinary profit of ¥3,040 million, an 31.7% increase from one year earlier. Profit attributable to owners of parent was ¥2,769 million, a 91.1% increase from one year earlier due largely to change in tax effect classification and 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.

(Performance Trends)

(Unit: million yen)

	Fiscal year ended May 2022	Fiscal year ended May 2023
Net sales	**91,538**	**101,843**
Operating profit	**1,766**	**2,578**
Ordinary profit	**2,307**	**3,040**
Extraordinary gains	197	3
Extraordinary losses	172	271
Profit before income taxes	2,332	2,771
Profit attributable to owners of parent	**1,449**	**2,769**

(Amounts rounded down to the nearest one million yen)

(Store Opening/Closing)

(Unit: number of stores)

		Fiscal year ended May 2022		Fiscal year ended May 2023	
		Open	Close	Open	Close
Total store openings/closings	Group	4 (Note 1)	2	25 (Note 3)	11
	Franchise	0	5 (Note 2)	4	8 (Note 4)
Fiscal year-end total	Group	409		423	
	Franchise	381		377	

Notes: 1. This figure includes one BOOKOFF store that were acquired from franchisees.
2. This figure includes one BOOKOFF store that the BOOKOFF Group acquired.
3. This figure includes three BOOKOFF stores that were acquired from franchisees.
4. This figure includes three BOOKOFF stores that the BOOKOFF Group acquired.

Outlook for the Fiscal Year Ending May 31, 2024

Goals for the fiscal year are to further enlarge and strengthen the lineup of merchandise and services at BOOKOFF and other stores, primarily in the BOOKOFF business in Japan, and to continue adding new customer segments and markets mainly in the premium services business and the overseas business. By taking these actions, we are determined to build a powerful business portfolio that is resilient to changes in market conditions, achieve sustainable growth, and accomplish the mission of “being a source of an enjoyable and prosperous life for many people.”

To accomplish these goals as we make all of our businesses stronger, we will continue to make substantial investments for growth, including the addition of more stores, during the fiscal year ending May 31, 2024.

In the BOOKOFF business in Japan, we will expand the network of BOOKOFF SUPER BAZAAR stores, BOOKOFF and other stores. In addition, the remodeling of many existing stores will continue and there will be large and strategic IT investments with the goal of maintaining the stability of earnings.

In the premium services business, new stores will be opened, mostly in major cities in Japan, and there will be many activities for recruiting and training people in order to establish a clear competitive edge over competitors.

In the overseas business, plans include the increasing the number of Jalan Jalan Japan stores in Malaysia and Kazakhstan (franchised) and of BOOKOFF stores in the United States. We will also make large investments for growth, such as expenditures for increasing the volume of merchandise supplied to Jalan Jalan Japan.

The consolidated forecast for the fiscal year ending on May 31, 2024 is as follows.

Net sales:	¥106,000 million	(Up 4.1% YoY)
Operating profit:	¥2,600 million	(Up 0.8% YoY)
Ordinary profit:	¥3,000 million	(Down 1.3% YoY)
Profit attributable to owners of parent:	¥1,600 million	(Down 42.2% YoY)

We forecast sales growth based on the outlook for more stores in all businesses and the growth of the BOOKOFF business in Japan. We expect almost no change in operating profit and ordinary profit because of higher expenses resulting from recruiting expenditures in the premium services and overseas businesses, higher depreciation expenses as some expenses were carried over from the previous fiscal year due to delays in development activities involving large IT investments, and an increase in the cost of electricity, and other increases in expenses. Profit attributable to owners of parent is expected to decrease compared to the fiscal year ended on May 31, 2023 due to the absence of special factors such as the recognition of deferred tax assets in the previous fiscal year and the reduction of the tax burden resulting from the merger of subsidiaries.

(2) Financial Position

(Current Assets)

Current assets at the end of the current fiscal year were ¥29,112 million, an increase of ¥782 million compared with ¥28,329 million at the end of the previous fiscal year. The major changes were a ¥2,658 million decrease in cash and deposits, a ¥2,199 million increase in merchandise due to accelerated development of strategic products such as trading cards and hobby goods, a ¥675 million increase in accounts receivable-trade due to changes in the accounts receivable-EC sales website and a ¥567 million increase in other current assets due to increases in accounts receivable-other and deposits.

(Non-current Assets)

Non-current assets at the end of the current fiscal year were ¥21,101 million, an increase of ¥4,335 million compared with ¥16,766 million at the end of the previous fiscal year. This was mainly attributable to increases of ¥2,637 million in property, plant and equipment due to changes in the accounting policy at a U. S. consolidated subsidiary that applies the U. S. GAAP, new store openings, renovations of existing stores and other factors, a ¥836 million in intangible assets due to additional investment in IT systems and a ¥860 million in investments and other assets due to an increase in deferred tax assets.

(Liabilities)

Liabilities at the end of the current fiscal year were ¥31,155 million, an increase of ¥2,541 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, and an increase in lease obligations due to changes in the accounting policy at a U. S. consolidated subsidiary that applies the U. S. GAAP, new store openings, and other factors.

(Net Assets)

Net assets at the end of the current fiscal year were ¥19,057 million, an increase of ¥2,575 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) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to ¥5,544 million, a decrease of ¥2,658 million from the end of the previous fiscal year.

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

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥243 million (compared with ¥2,782 million provided in the previous fiscal year). There were positive factors including profit before income taxes of ¥2,771 million and ¥1,650 million in depreciation. Negative factors included a ¥2,142 million increase in inventories, income taxes paid of ¥1,100 million and a ¥672 million increase in trade receivables.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥3,453 million (compared with ¥1,863 million used in the previous fiscal year). Negative factors included ¥2,033 million for the purchase of property, plant, and equipment associated with new store openings and store renovations, and ¥1,259 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 ¥490 million (compared with ¥1,408 million provided in the previous fiscal year). Positive factors included ¥1,119 million for net increase in borrowings. Negative factors included ¥357 million for cash dividends paid and ¥220 million for repayments of lease obligations.

(Trends in Equity Ratio, Equity Ratio Based on Market Value, Ratio of Interest-Bearing Debt to Cash Flow and Interest Coverage Ratio)

	Fiscal year ended May 2023
Equity ratio (%)	37.6
Equity ratio based on market value (%)	48.6
Ratio of interest-bearing debt to cash flow (years)	74.6
Interest coverage ratio (times)	1.4

Note: Equity ratio (%): Shareholders' equity/total assets
Equity ratio based on market value (%): Market capitalization/total assets
Market capitalization is calculated using the number of shares outstanding less treasury shares.
Ratio of interest-bearing debt to cash flow (years): Interest-bearing debt/cash flows from operating activities
Interest-bearing debt is the sum of short-term borrowings, current portion of long-term borrowings, long-term borrowings and long-term accounts payable-other.
Interest coverage ratio (times): Cash flows from operating activities/interest expense

(4) Basic Policy on Profit Distribution and Dividends for FY5/2023 and FY5/2024

The BOOKOFF Group considers the distribution of profits to be one of its highest management priorities. Retained earnings are used effectively for strategic investments expected to increase corporate value in the future and for further increasing financial soundness.

The BOOKOFF Group's basic policy is to maintain a consistent dividend with a payout ratio of around 20-30% of consolidated profit.

We plan to pay a dividend of 25 yen per share for the fiscal year that ended on May 31, 2023 as stated in the press release titled "Revision to the Consolidated Forecast" (Japanese version only) dated May 23, 2023.

For the fiscal year ending on May 31, 2024, we plan to pay a dividend of 25 yen per share, the same as for the fiscal year that ended on May 31, 2023.

2. Basic Approach to the Selection of Accounting Standards

The BOOKOFF Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

The Group will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	FY5/2022 (As of May 31, 2022)	FY5/2023 (As of May 31, 2023)
Assets		
Current assets		
Cash and deposits	8,203	5,544
Accounts receivable-trade	2,333	3,008
Merchandise	15,412	17,612
Other	2,380	2,948
Allowance for doubtful accounts	(0)	(0)
Total current assets	28,329	29,112
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,660	16,243
Accumulated depreciation	(11,544)	(11,584)
Buildings and structures, net	4,116	4,658
Land	175	648
Leased assets	2,224	3,901
Accumulated depreciation	(1,072)	(1,197)
Leased assets, net	1,151	2,703
Other	3,255	3,373
Accumulated depreciation	(2,483)	(2,531)
Other, net	771	842
Total property, plant and equipment	6,214	8,852
Intangible assets		
Software	547	382
Software in progress	947	1,998
Other	112	63
Total intangible assets	1,607	2,443
Investments and other assets		
Investment securities	*1 348	*1 334
Deferred tax assets	1,202	2,090
Guarantee deposits	7,306	7,296
Other	146	144
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	8,943	9,804
Total non-current assets	16,766	21,101
Total assets	45,096	50,213

(Unit: million yen)

	FY5/2022 (As of May 31, 2022)	FY5/2023 (As of May 31, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	735	814
Short-term borrowings	4,883	6,383
Current portion of long-term borrowings	3,376	3,347
Lease liabilities	255	654
Accounts payable-other	2,881	2,971
Income taxes payable	613	340
Provision for bonuses	598	644
Provision for loss on store closings	18	11
Other provisions	315	189
Other	2,612	2,587
Total current liabilities	16,289	17,945
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	7,693	7,341
Lease liabilities	986	2,191
Asset retirement obligations	2,405	2,450
Other	238	226
Total non-current liabilities	12,324	13,210
Total liabilities	28,614	31,155
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,858	6,860
Retained earnings	9,948	12,322
Treasury shares	(596)	(591)
Total shareholders' equity	16,310	18,691
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	72	57
Foreign currency translation adjustment	(24)	109
Total accumulated other comprehensive income	48	167
Non-controlling interests	123	198
Total net assets	16,482	19,057
Total liabilities and net assets	45,096	50,213

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: million yen)

	FY5/2022 (Jun. 1, 2021 – May 31, 2022)	FY5/2023 (Jun. 1, 2022 – May 31, 2023)
Net sales	91,538	101,843
Cost of sales	37,326	43,426
Gross profit	54,212	58,416
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(0)	0
Salaries and allowances	5,676	5,876
Salaries of part time employees	14,671	15,644
Provision for bonuses	598	645
Retirement benefit expenses	38	44
Rent expenses on land and buildings	11,225	11,130
Commission expenses	5,426	6,284
Other	14,810	16,212
Total selling, general and administrative expenses	52,445	55,838
Operating profit	1,766	2,578
Non-operating income		
Share of profit of entities accounted for using equity method	-	53
Gain from installment of vending machine	121	124
Gain on sales of recycling goods	227	248
Other	519	250
Total non-operating income	868	676
Non-operating expenses		
Interest expenses	145	171
Share of loss of entities accounted for using equity method	3	-
Other	178	42
Total non-operating expenses	327	214
Ordinary profit	2,307	3,040
Extraordinary income		
Gain on sale of non-current assets	-	3
Compensation for forced relocation	58	-
Gain on forgiveness of debts	139	-
Total extraordinary income	197	3
Extraordinary losses		
Loss on store closings	4	53
Provision for loss on store closings	18	11
Loss on retirement of non-current assets	75	99
Impairment losses	-	* 104
Loss on COVID-19	71	-
Other	2	2
Total extraordinary losses	172	271
Profit before income taxes	2,332	2,771
Income taxes-current	791	778
Income taxes-deferred	71	(902)
Total income taxes	862	(124)
Profit	1,470	2,896
Profit attributable to non-controlling interests	20	126
Profit attributable to owners of parent	1,449	2,769

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	FY5/2022 (Jun. 1, 2021 – May 31, 2022)	FY5/2023 (Jun. 1, 2022 – May 31, 2023)
Profit	1,470	2,896
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	38
Foreign currency translation adjustment	52	138
Share of other comprehensive income of entities accounted for using equity method	13	(53)
Total other comprehensive income	* 49	* 123
Comprehensive income	1,519	3,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,489	2,889
Comprehensive income attributable to non-controlling interests	30	130

(3) Consolidated Statement of Changes in Net Assets

FY5/2022 (Jun. 1, 2021 – May 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	6,485	8,603	(2,343)	12,845
Changes during period					
Dividends of surplus			(104)		(104)
Profit attributable to owners of parent			1,449		1,449
Disposal of treasury shares		373		1,747	2,120
Net changes in items other than shareholders' equity					
Total changes during period	-	373	1,344	1,747	3,464
Balance at end of period	100	6,858	9,948	(596)	16,310

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	75	(66)	8	90	12,944
Changes during period					
Dividends of surplus					(104)
Profit attributable to owners of parent					1,449
Disposal of treasury shares					2,120
Net changes in items other than shareholders' equity	(2)	42	39	32	72
Total changes during period	(2)	42	39	32	3,537
Balance at end of period	72	(24)	48	123	16,482

FY5/2023 (Jun. 1, 2022 – May 31, 2023)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	6,858	9,948	(596)	16,310
Changes during period					
Dividends of surplus			(395)		(395)
Profit attributable to owners of parent			2,769		2,769
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		4	6
Net changes in items other than shareholders' equity					
Total changes during period	-	1	2,374	4	2,380
Balance at end of period	100	6,860	12,322	(591)	18,691

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	72	(24)	48	123	16,482
Changes during period					
Dividends of surplus					(395)
Profit attributable to owners of parent					2,769
Purchase of treasury shares					(0)
Disposal of treasury shares					6
Net changes in items other than shareholders' equity	(15)	134	119	75	195
Total changes during period	(15)	134	119	75	2,575
Balance at end of period	57	109	167	198	19,057

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	FY5/2022 (Jun. 1, 2021 – May 31, 2022)	FY5/2023 (Jun. 1, 2022 – May 31, 2023)
Cash flows from operating activities		
Profit before income taxes	2,332	2,771
Depreciation	1,523	1,650
Impairment losses	-	104
Amortization of goodwill	48	47
Increase (decrease) in provision for bonuses	16	46
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for loss on store closings	13	4
Increase (decrease) in other provisions	67	(125)
Interest expenses	145	171
Share of loss (profit) of entities accounted for using equity method	3	(53)
Loss on store closings	4	53
Loss (gain) on sale of non-current assets	-	(3)
Loss on retirement of non-current assets	75	99
Compensation for forced relocation	(58)	-
Gain on forgiveness of debt	(139)	-
Loss on COVID-19	71	-
Decrease (increase) in trade receivables	(211)	(672)
Decrease (increase) in inventories	(1,591)	(2,142)
Increase (decrease) in trade payables	174	78
Other, net	514	(572)
Subtotal	2,990	1,459
Interest and dividends received	7	8
Interest paid	(145)	(172)
Proceeds from compensation for forced relocation	58	-
Proceeds from gain on forgiveness of debt	139	-
Payments for loss on COVID-19	(64)	-
Income taxes paid	(216)	(1,100)
Income taxes refund	13	48
Net cash provided by (used in) operating activities	2,782	243

(Unit: million yen)

	FY5/2022 (Jun. 1, 2021 – May 31, 2022)	FY5/2023 (Jun. 1, 2022 – May 31, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(880)	(2,033)
Purchase of intangible assets	(1,007)	(1,259)
Payments of guarantee deposits	(40)	(304)
Proceeds from refund of guarantee deposits	241	294
Payments for transfer of stores	(17)	-
Other, net	(159)	(150)
Net cash provided by (used in) investing activities	(1,863)	(3,453)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,216)	1,500
Proceeds from long-term borrowings	5,195	3,200
Repayments of long-term borrowings	(4,210)	(3,580)
Repayments of lease obligations	(338)	(220)
Proceeds from issuance of bonds	969	-
Purchase of treasury shares	-	(0)
Proceeds from disposal of treasury shares	2,111	4
Proceeds from share issuance to non-controlling shareholders	2	-
Dividends paid	(104)	(357)
Dividends paid to non-controlling interests	-	(55)
Net cash provided by (used in) financing activities	1,408	490
Effect of exchange rate change on cash and cash equivalents	37	61
Net increase (decrease) in cash and cash equivalents	2,365	(2,658)
Cash and cash equivalents at beginning of period	5,837	8,203
Cash and cash equivalents at end of period	8,203	5,544

(5) Notes to Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Important Items that Form the Basis for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 11

Primary consolidated subsidiaries:

BOOKOFF CORPORATION LIMITED
BOOKOFF With Co, Ltd.
Booklet Co., Ltd.
OK MARKETING SDN.BHD.

During the current fiscal year, Jewelry Asset Managers Inc. was excluded from the scope of consolidation since this company was merged with BOOKOFF CORPORATION LIMITED. Aidect Hong Kong Limited has been removed from the scope of consolidation as the entity was liquidated.

(2) Primary non-consolidated subsidiaries

Not applicable.

2. Application of the Equity Method

(1) Number of affiliates accounted for using the equity method: 1

Company name:

BOS Partners, Inc.

(2) Non-consolidated subsidiaries and affiliates not accounted for using the equity method

Not applicable.

3. Fiscal years of consolidated subsidiaries

The fiscal year-end of BOOKOFF With Co, Ltd., Booklet Co., Ltd. and BOOKOFF U.S.A. INC is the end of February. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of the end of February. However, adjustments to the consolidated financial statements are made as needed for significant transactions that occur between the end of February and the fiscal year-end for the consolidated financial statements.

The fiscal year-end of B-Assist, Inc. and Booklog, Inc. is the end of March. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of the end of March. However, adjustments to the consolidated financial statements are made as needed for significant transactions that occur between the end of March and the fiscal year-end for the consolidated financial statements.

The fiscal year-end of BOK MARKETING SDN.BHD. is the end of September. The consolidated financial statements use provisional financial statements prepared by BOK MARKETING SDN.BHD. as of the end of March. However, adjustments to the consolidated financial statements are made as needed for significant transactions that occur between the end of March and the fiscal year-end for the consolidated financial statements.

The presentation of information other than the preceding items is omitted as there are no significant changes from information presented in the most recent annual securities report, filed on August 29, 2022.

(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 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 ¥737 million, ¥151 million and ¥606 million, respectively, in the consolidated balance sheet at the end of the current fiscal year.

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

(Consolidated Balance Sheet)

* 1. The balance for non-consolidated subsidiaries and affiliates is as follows:

(Unit: million yen)

	FY5/2022 (As of May 31, 2022)	FY5/2023 (As of May 31, 2023)
Investment securities (stocks)	85	85

2. The Company has entered into overdraft agreements with 10 banks in order to efficiently procure working capital. The balance of unexecuted loans under these agreements is as follows:

(Unit: million yen)

	FY5/2022 (As of May 31, 2022)	FY5/2023 (As of May 31, 2023)
Total overdraft amount	11,150	11,900
Executed loans payable	4,883	6,383
Balance	6,266	5,516

(Consolidated Statement of Income)

* Impairment loss

The Group recorded an impairment loss for the following asset groups.

FY5/2022 (Jun. 1, 2021 – May 31, 2022)

Not applicable.

FY5/2023 (Jun. 1, 2022 – May 31, 2023)

Company	Application	Type	Location	Impairment loss (Million yen)
BOOKOFF CORPORATION LIMITED	Stores	Buildings and structures, etc.	BOOKOFF SUPER BAZAAR Hachioji Minamino Store (Hachioji, Tokyo) and other 12 stores	104

The Group regards each store as the base unit in identifying the smallest group of assets that generate cash flows.

For stores and facilities that have generated continuous losses stemming from their operating activities, and when it has been deemed that there is little potential for an earnings recovery, or when changes in the range of use have significantly reduced the recoverable amounts, the book values were reduced to recoverable amounts, and the amount of the reduction was recognized as an impairment loss and recorded as an extraordinary loss.

For the stores, etc. asset group, the recoverable amount is measured by using value in use. This value is zero since the value in use based on future cash flows is negative.

(Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects related to other comprehensive income

(Unit: million yen)

	FY5/2022 (Jun. 1, 2021 – May 31, 2022)	FY5/2023 (Jun. 1, 2022 – May 31, 2023)
Valuation difference on available-for-sale securities		
Amount incurred	(27)	58
Amount of reclassification adjustments	2	-
Before tax effects	(24)	58
Amount of tax effects	8	(20)
Valuation difference on available-for-sale securities	(15)	38
Foreign currency translation adjustment		
Amount incurred	52	138
Amount of reclassification adjustments	-	-
Before tax effects	52	138
Amount of tax effects	-	-
Foreign currency translation adjustment	52	138
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred	13	(53)
Amount of reclassification adjustments	-	-
Share of other comprehensive income of entities accounted for using equity method	13	(53)
Total other comprehensive income	49	123

(Segment Information)

Segment Information

I. FY5/2022 (Jun. 1, 2021 – May 31, 2022)
This information is omitted because the Group has only a single segment.

II. FY5/2023 (Jun. 1, 2022 – May 31, 2023)
This information is omitted because the Group has only a single segment.

Related Information

FY5/2022 (Jun. 1, 2021 – May 31, 2022)

1. Information by product or service
This information is omitted because the Group has only a single segment.

2. Information by region
(1) Net sales
This information is omitted because external sales in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment
This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client
This information is omitted because no external client accounts for more than 10% of consolidated sales on the consolidated statement of income.

FY5/2023 (Jun. 1, 2022 – May 31, 2023)

1. Information by product or service

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

2. Information by region

(1) Net sales

This information is omitted because external sales in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

(Unit: million yen)

Japan	U. S.	Malaysia	Total
7,194	1,071	586	8,852

3. Information by major client

This information is omitted because no external client accounts for more than 10% of consolidated sales on the consolidated statement of income.

Information concerning impairment loss of non-current assets by reportable segment

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

Information concerning amortization and unamortized balance of goodwill by reportable segment

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

Information concerning gain on bargain purchase by reportable segment

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

(Per-Share Information)

(Unit: yen)

	FY5/2022 (Jun. 1, 2021 – May 31, 2022)	FY5/2023 (Jun. 1, 2022 – May 31, 2023)
Net assets per share	827.94	954.20
Net income per share	82.07	140.15
Diluted net income per share	-	-

Notes: 1. Diluted net income per share is not presented since the Company had no outstanding dilutive securities.

2. Net income per share calculations are based on the following figures.

	FY5/2022 (Jun. 1, 2021 – May 31, 2022)	FY5/2023 (Jun. 1, 2022 – May 31, 2023)
Net income per share		
Profit attributable to owners of parent (million yen)	1,449	2,769
Amount not attributable to common stockholders (million yen)	-	-
Profit attributable to owners of parent applicable to common stockholders (million yen)	1,449	2,769
Weighted average number of shares of common stock during the fiscal year (thousand shares)	17,658	19,762

(Important Subsequent Events)

Not applicable.