



October 12, 2023

Consolidated Summary Report
for the First Quarter of the Fiscal Year Ending May 31, 2024
[Japanese GAAP]

Company Name: BOOKOFF GROUP HOLDINGS LIMITED Stock Exchange: Tokyo
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Quarterly report issue date: October 13, 2023
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, 2024
(June 1, 2023 – August 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 %
Three months ended Aug. 31, 2023	26,183	10.4	409	(25.8)	524	(21.0)	308	(52.7)
Three months ended Aug. 31, 2022	23,726	12.0	551	279.1	663	129.7	651	180.9

(Note) Comprehensive income Three months ended Aug. 31, 2023: ¥382 million (down 52.4%)
Three months ended Aug. 31, 2022: ¥804 million (up 239.7%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Aug. 31, 2023	15.60	-
Three months ended Aug. 31, 2022	32.95	-

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Aug. 31, 2023	51,750	18,946	36.2
As of May 31, 2023	50,213	19,057	37.6

(Reference) Shareholders' equity As of Aug. 31, 2023: ¥18,721 million As of May 31, 2023: ¥18,858 million

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2023	-	0.00	-	25.00	25.00
Fiscal year ending May 31, 2024	-				
Fiscal year ending May 31, 2024 (est.)		0.00	-	25.00	25.00

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

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

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Yen
Full year	106,000	4.1	2,600	0.8	3,000	(1.3)	1,600	(42.2)	80.95

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

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

Notes:

1. Significant changes in subsidiaries during the period (changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

New: - (company name)

Excluded: - (company name)

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

3. Changes in accounting policies and accounting-based estimates, and restatements

(1) Changes due to revision of accounting standards: None

(2) Changes due to other reasons: None

(3) Changes in accounting-based estimates: None

(4) Restatements: None

4. Number of shares outstanding (common shares)

(Shares)

(1) Shares outstanding (including treasury shares)	As of Aug. 31, 2023	20,547,413	As of May 31, 2023	20,547,413
	As of Aug. 31, 2023	783,239	As of May 31, 2023	783,239
(2) Treasury shares	As of Aug. 31, 2023	783,239	As of May 31, 2023	783,239
(3) Average number of shares outstanding	Three months ended Aug. 31, 2023	19,764,174	Three months ended Aug. 31, 2022	19,758,513

* 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 12, 2023), using the Timely Disclosure network (TDnet).

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

Forward-looking statements in this Consolidated Summary Report are based on information available to management as of the end of the first quarter of the fiscal year ending on May 31, 2024.

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

Based on this mission, we will use our strengths in the growing reuse market to become the leading reuse company. Our goal is to contribute to the establishment of a society where products and materials are recycled and be a company that can continue to grow while enabling all employees to do their jobs with confidence and enthusiasm.

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

In the first quarter of the fiscal year, consolidated net sales amounted to ¥26,183 million, a 10.4% increase from one year earlier. The BOOKOFF Group recorded an operating profit of ¥409 million, a 25.8% decrease from one year earlier, an ordinary profit of ¥524 million, a 21.0% decrease from one year earlier. Profit attributable to owners of parent was ¥308 million, a 52.7% decrease from one year earlier.

Consolidated sales were higher than one year earlier as first quarter sales in every business were higher than in the first quarter of the previous fiscal year. Ordinary profit decreased mainly because of higher corporate expenses. There was a big decrease in profit attributable to owners of parent because earnings one year earlier benefited from lower taxes associated with the reorganization of the BOOKOFF Group.

Business segment performance was as follows.

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

BOOKOFF operations in Japan

The BOOKOFF PLUS Yoshizuya Shin-Inazawa store was opened in Aichi prefecture during the first quarter of the current fiscal year.

At existing stores, sales of trading cards and hobby goods were much higher than one year earlier. Sales were also higher in the apparel, precious metals, watches, high-end hand bags, software/media and several other categories. As a result, sales in this segment increased 8.9% from one year earlier to ¥23,201 million.

The gross profit margin decreased because of a change in the sales composition. In addition, there were up-front expenses for stores to be opened during the remainder of this fiscal year. The resulting increase in selling, general and administrative expenses held down the growth of gross profit and the segment profit was down 4.4% to ¥799 million.

Premium services business

There were big increases in sales and earnings in this business because of sales of inventory items in the hugall business that reflected market conditions and an increase from one year earlier in purchases by BOOKOFF Purchasing Consultation Desks and the aidect jewelry business. First quarter increased 23.3% from one year earlier to ¥1,664 million and segment profit was up 59.9% to ¥114 million.

Overseas business

First quarter sales were higher than one year earlier at BOOKOFF stores in the United States and Jalan Jalan Japan stores in Malaysia because of stores opened in prior years. Sales in the overseas business increased 16.0% to ¥1,057 million.

There was a small decrease in earnings as people were hired and compensation improved as part of preparations to continue opening more stores. Increases in salaries and benefits for employees, salaries for part-time personnel, and other items raised selling, general and administrative expenses more than the increase in gross profit. As a result, the segment profit decreased 4.6% to ¥166 million.

(2) Explanation of Financial Position

(Current Assets)

Current assets at the end of the first quarter were ¥30,234 million, an increase of ¥1,122 million compared with ¥29,112 million at the end of the previous fiscal year. This was mainly attributable to a ¥1,121 million increase in cash and deposits because funds were procured for store equipment, IT investments and other activities.

(Non-current Assets)

Non-current assets at the end of the first quarter were ¥21,516 million, an increase of ¥415 million compared with ¥21,101 million at the end of the previous fiscal year. This was mainly attributable to a ¥394 million increase in property, plant and equipment due to substantial investments in store equipment and a ¥92 million increase in intangible assets due to software development. There was a ¥71 million decrease in investments and other assets.

(Liabilities)

Liabilities at the end of the first quarter were ¥32,804 million, an increase of ¥1,649 million compared with ¥31,155 million at the end of the previous fiscal year. This was mainly attributable to an increase in borrowings as loans from banks were used to procure funds for store equipment, IT investments and other activities.

(Net Assets)

Net assets at the end of the first quarter were ¥18,946 million, a decrease of ¥111 million compared with ¥19,057 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 consolidated forecast for the fiscal year ending May 31, 2024 that was announced on July 10, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	FY5/2023 (As of May 31, 2023)	First quarter of FY5/2024 (As of Aug. 31, 2023)
Assets		
Current assets		
Cash and deposits	5,544	6,665
Accounts receivable-trade	3,008	2,901
Merchandise	17,612	17,701
Other	2,948	2,966
Allowance for doubtful accounts	(0)	(0)
Total current assets	29,112	30,234
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,658	4,639
Leased assets, net	2,703	2,986
Other, net	1,490	1,621
Total property, plant and equipment	8,852	9,246
Intangible assets		
Software	382	357
Software in progress	1,998	2,126
Other	63	51
Total intangible assets	2,443	2,536
Investments and other assets		
Guarantee deposits	7,296	7,307
Other	2,569	2,486
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	9,804	9,733
Total non-current assets	21,101	21,516
Total assets	50,213	51,750

(Unit: million yen)

	FY5/2023 (As of May 31, 2023)	First quarter of FY5/2024 (As of Aug. 31, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	814	766
Short-term borrowings	6,383	8,490
Current portion of long-term borrowings	3,347	4,685
Lease liabilities	654	683
Income taxes payable	340	182
Provision for bonuses	644	327
Provision for loss on store closings	11	14
Other provisions	189	172
Other	5,559	5,363
Total current liabilities	17,945	20,685
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	7,341	6,011
Asset retirement obligations	2,450	2,446
Lease liabilities	2,191	2,442
Other	226	219
Total non-current liabilities	13,210	12,119
Total liabilities	31,155	32,804
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,860	6,860
Retained earnings	12,322	12,137
Treasury shares	(591)	(591)
Total shareholders' equity	18,691	18,505
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	57	72
Foreign currency translation adjustment	109	143
Total accumulated other comprehensive income	167	215
Non-controlling interests	198	225
Total net assets	19,057	18,946
Total liabilities and net assets	50,213	51,750

(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 FY5/2023 (Jun. 1, 2022 – Aug. 31, 2022)	First three months of FY5/2024 (Jun. 1, 2023 – Aug. 31, 2023)
Net sales	23,726	26,183
Cost of sales	9,988	11,470
Gross profit	13,738	14,713
Selling, general and administrative expenses	13,186	14,304
Operating profit	551	409
Non-operating income		
Gain from installment of vending machine	33	33
Gain on sales of recycling goods	57	65
Other	72	68
Total non-operating income	163	166
Non-operating expenses		
Interest expenses	37	43
Share of loss of entities accounted for using equity method	1	2
Other	11	5
Total non-operating expenses	51	51
Ordinary profit	663	524
Extraordinary income		
Gain on sale of non-current assets	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on sale of investment securities	2	-
Loss on store closings	0	-
Provision for loss on store closings	56	6
Loss on retirement of non-current assets	5	5
Impairment losses	26	12
Total extraordinary losses	92	24
Profit before income taxes	570	500
Income taxes-current	128	76
Income taxes-deferred	(238)	93
Total income taxes	(109)	170
Profit	680	330
Profit attributable to non-controlling interests	29	21
Profit attributable to owners of parent	651	308

Quarterly Consolidated Statement of Comprehensive Income
 (For the Three-month Period)

(Unit: million yen)

	First three months of FY5/2023 (Jun. 1, 2022 – Aug. 31, 2022)	First three months of FY5/2024 (Jun. 1, 2023 – Aug. 31, 2023)
Profit	680	330
Other comprehensive income		
Valuation difference on available-for-sale securities	20	14
Foreign currency translation adjustment	110	37
Share of other comprehensive income of entities accounted for using equity method	(7)	(0)
Total other comprehensive income	123	52
Comprehensive income	804	382
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	765	356
Comprehensive income attributable to non-controlling interests	38	26

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

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

1. Information on the amounts of net sales, profit or loss in reportable segments and breakdown of revenue

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount reported in quarterly consolidated statement of income (Note 3)
	BOOKOFF operations in Japan	Premium services business	Overseas business	Total				
Net sales								
Revenue from contracts with customers	21,308	1,350	911	23,570	156	23,726	-	23,726
Other revenue	-	-	-	-	-	-	-	-
Sales to external customers	21,308	1,350	911	23,570	156	23,726	-	23,726
Inter-segment sales and transfers	5	-	-	5	117	123	(123)	-
Total	21,313	1,350	911	23,575	273	23,849	(123)	23,726
Segment profit (loss)	836	71	174	1,082	(21)	1,061	(398)	663

Notes: 1. Other segment is mainly the BOOKOFF Group's directly operated Japan TCG Center stores specializing in trading cards.

2. The adjustment of minus ¥398 million to segment profit (loss) includes corporate expenses that are not allocated to reportable segments. Corporate expenses mainly include general and administrative expenses that cannot be attributed to reportable segments.

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

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

Significant impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

II. First three months of FY5/2024 (Jun. 1, 2023 – Aug. 31, 2023)

1. Information on the amounts of net sales, profit or loss in reportable segments and breakdown of revenue

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount reported in quarterly consolidated statement of income (Note 3)
	BOOKOFF operations in Japan	Premium services business	Overseas business	Total				
Net sales								
Revenue from contracts with customers	23,201	1,664	1,057	25,923	259	26,183	-	26,183
Other revenue	-	-	-	-	-	-	-	-
Sales to external customers	23,201	1,664	1,057	25,923	259	26,183	-	26,183
Inter-segment sales and transfers	4	-	-	4	156	161	(161)	-
Total	23,206	1,664	1,057	25,928	416	26,345	(161)	26,183
Segment profit (loss)	799	114	166	1,080	(45)	1,034	(510)	524

Notes: 1. Other segment is mainly the BOOKOFF Group's directly operated Japan TCG Center stores specializing in trading cards.

2. The adjustment of minus ¥510 million to segment profit (loss) includes corporate expenses that are not allocated to reportable segments. Corporate expenses mainly include general and administrative expenses.

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

2. Changes in reportable segments

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

Segment information for FY5/2023 uses the revised reportable segments.

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

Significant impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.