

Notes:

1. Significant changes in subsidiaries during the period (changes in specific subsidiaries accompanied by changes in the scope of consolidation): Yes

New: 1 (company name) J&K TRADING LLC Excluded: - (company name)

2. 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

3. Number of shares outstanding (common shares)

(Shares)

(1) Shares outstanding (including treasury shares)	As of May 31, 2024	20,547,413	As of May 31, 2023	20,547,413
(2) Treasury shares	As of May 31, 2024	777,287	As of May 31, 2023	783,239
(3) Average number of shares outstanding	Fiscal year ended May 31, 2024	19,767,858	Fiscal year ended May 31, 2023	19,762,044

* 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, 2025” on page 4 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, 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 current fiscal year, consolidated net sales amounted to ¥111,657 million, a 9.6% increase from one year earlier as sales in every business were higher. Ordinary profit increased 13.4% from one year earlier to ¥3,448 million because of higher earnings in every business despite an increase in corporate expenses. However, profit attributable to owners of parent decreased 38.4% to ¥1,705 million. The main reasons are a ¥93 million impairment loss in the BOOKOFF operations in Japan, an extraordinary loss that includes a provision for special survey costs, etc. of ¥550 million, and a one-time reduction in taxes one year earlier due to a change in tax effect categories and the BOOKOFF Group’s reorganization.

An investigation that started to determine the causes of inventory discrepancies that were found at a subsidiary at the end of the fiscal year revealed other improper activities that include fabricated purchases of merchandise by employees, improper recording of inventories and the fraudulent receipt of cash. These incidents reduced operating profit by ¥68 million and profit before income taxes by ¥618 million.

Business segment performance was as follows.

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

BOOKOFF operations in Japan

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

At the directly operated existing stores, sales of trading cards and hobby goods, apparel, jewelry, watches, high-end brand bags, home appliances/smart phones and several other categories were higher than one year earlier. As a result, sales in this segment increased 8.2% from one year earlier to ¥99,036 million and segment profit increased 19.3% to ¥4,503 million.

Premium services business

During the current fiscal year, hugall Iyotetsu Takashimaya store and three BOOKOFF Purchasing Consultation Desks (Seijogakuen-mae store, Takanawadai Ekimae store, Kagurazaka store) were opened.

Sales in the current fiscal year increased 23.9% from one year earlier to ¥6,750 million because of a larger volume of purchases resulting from opening stores and adding more people for the growth of this business. Segment profit increased 29.1% to ¥420 million.

Overseas business

During the current fiscal year, two BOOKOFF stores (IRVINE store and MESA store) were opened in the United States and one Jalan Jalan Japan AEON MALL Bukit Raja store was opened in Malaysia.

Sales in the current fiscal year were higher than one year earlier both at BOOKOFF stores in the United States and Jalan Jalan Japan stores in Malaysia because of stores opened in prior years. Sales in the overseas business increased 15.4% from one year earlier to ¥4,668 million. There were activities to hire more people and improve compensation but segment profit increased 14.7% to ¥724 million.

(Store Opening/Closing)

(Unit: number of stores)

		Fiscal year ended May 2023		Fiscal year ended May 2024		
		Open	Close	Open	Close	
Total store openings/ closings	Group	BOOKOFF operations in Japan	14 (Note 1)	9	13 (Note 3)	10
		Premium services business	4	1	31 (Note 4)	-
		Overseas business	6	1	3	-
		Strategic business domain	1	-	-	-
		Total	25	11	47	10
	Franchise	4	8 (Note 2)	2	5 (Note 5)	
Fiscal year-end total	Group	BOOKOFF operations in Japan	384		387	
		Premium services business	14		45	
		Overseas business	21		24	
		Strategic business domain	4		4	
		Total	423		460	
	Franchise	377		374		

- Notes: 1. This figure includes three BOOKOFF stores that were acquired from franchisees.
2. This figure includes three BOOKOFF stores that the BOOKOFF Group acquired.
3. This figure includes three BOOKOFF stores that were acquired from franchisees.
4. hugall and aidect stores are included in stores opened during the fiscal year ended May 2024 due to the increasing importance of these stores in the BOOKOFF Group. These stores were not included in store openings/closings in prior years. There were 15 hugall stores and 12 aidect stores as of June 1, 2023.
5. This figure includes three BOOKOFF stores that the BOOKOFF Group acquired.

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

	Fiscal year ended May 2023	Fiscal year ended May 2024
Equity ratio (%)	37.6	37.1
Equity ratio based on market value (%)	48.6	56.0
Ratio of interest-bearing debt to cash flow (years)	74.6	4.7
Interest coverage ratio (times)	1.4	23.3
Ratio of ordinary profit to total assets (ROA) (%)	6.4	6.6
Ordinary profit (million yen)	3,040	3,448

- 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, bonds payable, long-term borrowings and long-term accounts payable-other.
Interest coverage ratio (times): Cash flows from operating activities/interest expense
Ratio of ordinary profit to total assets (ROA) (%): Ordinary profit/Total assets (average of the beginning and end of year) × 100

Outlook for the Fiscal Year Ending May 31, 2025

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 operations 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 and remodeling of more stores, during the fiscal year ending May 31, 2025.

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

In the premium services business, many 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 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.

As a result, for the fiscal year ending in May 2025, we forecast net sales of ¥120,000 million (up 7.5%), operating profit of ¥3,500 million (up 14.7%), ordinary profit of ¥3,800 million (up 10.2%) and profit attributable to owners of parent of ¥2,100 million (up 23.2%).

Operating profit and ordinary profit are expected to increase in the fiscal year ending in May 2025 even though there will be depreciation expenses following large IT investments in the previous fiscal year in the BOOKOFF operations in Japan and higher expenses for personnel and other items in every business. The forecast for higher earnings is based mainly on the outlook for growth resulting from new stores in every business and an increase in sales at existing stores of the BOOKOFF operations in Japan. The forecast for higher profit attributable to owners of parent is based on the outlook for an increase in the ordinary profit and the one-time reduction in profit in the fiscal year that ended in May 2024 caused by an extraordinary loss that included a provision for special survey costs, etc. of ¥550 million.

(2) Financial Position

(Current Assets)

Current assets at the end of the current fiscal year were ¥32,208 million, an increase of ¥3,095 million compared with ¥29,112 million at the end of the previous fiscal year. This was mainly attributable to a ¥1,636 million increase in cash and deposits, and a ¥1,213 million increase in merchandise mainly because of large expenditures for the growth of operations for trading cards and hobby goods and new store openings.

(Non-current Assets)

Non-current assets at the end of the current fiscal year were ¥22,334 million, an increase of ¥1,233 million compared with ¥21,101 million at the end of the previous fiscal year. This was mainly attributable to a ¥1,001 million increase in property, plant and equipment due to new store openings and investments in store equipment in every business.

(Liabilities)

Liabilities at the end of the current fiscal year were ¥34,034 million, an increase of ¥2,879 million compared with ¥31,155 million at the end of the previous fiscal year. This was mainly attributable to a ¥1,032 million increase in borrowings as loans from banks were used to procure funds for store equipment, IT investments and other activities, a ¥491 million increase in income taxes payable and a ¥432 million increase in lease liabilities due to new store openings and investments in store equipment.

(Net Assets)

Net assets at the end of the current fiscal year were ¥20,507 million, an increase of ¥1,450 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) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to ¥7,180 million, an increase of ¥1,636 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 ¥4,084 million (compared with ¥243 million provided in the previous fiscal year). There were positive factors including profit before income taxes of ¥2,779 million and ¥1,860 million in depreciation. Negative factors included a ¥1,136 million increase in inventories and income taxes paid of ¥735 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥2,411 million (compared with ¥3,453 million used in the previous fiscal year). Negative factors included ¥1,732 million for the purchase of property, plant and equipment associated with new store openings and store renovations and acquisitions, and ¥433 million for the purchase of intangible assets related to additional investments in systems.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥100 million (compared with ¥490 million provided in the previous fiscal year). Positive factors included a net increase of ¥1,032 million in borrowings. Negative factors included ¥566 million for repayments of lease liabilities and ¥494 million for cash dividends paid.

(4) Basic Policy on Profit Distribution and Dividends for FY5/2024 and FY5/2025

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.

As announced on September 4, 2024, in a press release titled “Results of Voting at the Sixth Ordinary General Meeting of Shareholders (Extraordinary Report),” we resolved to pay a year-end dividend of ¥25 per share.

For the fiscal year ending on May 31, 2025, we plan to pay a dividend of ¥25 per share, the same as for the fiscal year that ended on May 31, 2024.

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)

	FY5/2023 (As of May 31, 2023)	FY5/2024 (As of May 31, 2024)
Assets		
Current assets		
Cash and deposits	5,544	7,180
Accounts receivable-trade	3,008	3,397
Merchandise	17,612	18,825
Other	2,948	2,803
Allowance for doubtful accounts	(0)	(0)
Total current assets	29,112	32,208
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,243	16,573
Accumulated depreciation	(11,584)	(11,803)
Buildings and structures, net	4,658	4,770
Land	648	648
Leased assets	3,901	4,483
Accumulated depreciation	(1,197)	(1,376)
Leased assets, net	2,703	3,107
Other	3,373	3,876
Accumulated depreciation	(2,531)	(2,547)
Other, net	842	1,328
Total property, plant and equipment	8,852	9,854
Intangible assets		
Software	382	2,186
Software in progress	1,998	212
Other	63	29
Total intangible assets	2,443	2,428
Investments and other assets		
Investment securities	*1 334	*1 305
Deferred tax assets	2,090	2,351
Guarantee deposits	7,296	7,311
Other	144	145
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	9,804	10,052
Total non-current assets	21,101	22,334
Total assets	50,213	54,542

(Unit: million yen)

	FY5/2023 (As of May 31, 2023)	FY5/2024 (As of May 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	814	783
Short-term borrowings	6,383	6,333
Current portion of long-term borrowings	3,347	4,483
Lease liabilities	654	764
Accounts payable-other	2,971	3,084
Income taxes payable	340	832
Provision for bonuses	644	686
Provision for loss on store closings	11	24
Provision for special survey costs, etc.	-	550
Other provisions	189	209
Other	2,587	2,798
Total current liabilities	17,945	20,551
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	7,341	7,287
Lease liabilities	2,191	2,514
Asset retirement obligations	2,450	2,484
Other	226	195
Total non-current liabilities	13,210	13,483
Total liabilities	31,155	34,034
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,860	6,863
Retained earnings	12,322	13,534
Treasury shares	(591)	(587)
Total shareholders' equity	18,691	19,909
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	57	78
Foreign currency translation adjustment	109	248
Total accumulated other comprehensive income	167	326
Non-controlling interests	198	271
Total net assets	19,057	20,507
Total liabilities and net assets	50,213	54,542

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: million yen)

	FY5/2023 (Jun. 1, 2022 – May 31, 2023)	FY5/2024 (Jun. 1, 2023 – May 31, 2024)
Net sales	101,843	111,657
Cost of sales	43,426	48,885
Gross profit	58,416	62,771
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	0	0
Salaries and allowances	5,876	6,301
Salaries of part time employees	15,644	17,204
Provision for bonuses	645	687
Retirement benefit expenses	44	48
Rent expenses on land and buildings	11,130	11,509
Commission expenses	6,284	6,753
Other	16,212	17,214
Total selling, general and administrative expenses	55,838	59,719
Operating profit	2,578	3,051
Non-operating income		
Share of profit of entities accounted for using equity method	53	-
Gain from installment of vending machine	124	121
Gain on sales of recycling goods	248	251
Other	250	265
Total non-operating income	676	639
Non-operating expenses		
Interest expenses	171	194
Share of loss of entities accounted for using equity method	-	16
Other	42	31
Total non-operating expenses	214	242
Ordinary profit	3,040	3,448
Extraordinary income		
Gain on sale of non-current assets	3	1
Compensation for forced relocation	-	93
Gain on sale of investment securities	-	17
Total extraordinary income	3	113
Extraordinary losses		
Loss on store closings	53	42
Provision for loss on store closings	11	20
Provision for special survey costs, etc.	-	550
Loss on retirement of non-current assets	99	73
Impairment losses	* 104	* 93
Other	2	1
Total extraordinary losses	271	782
Profit before income taxes	2,771	2,779
Income taxes-current	778	1,213
Income taxes-deferred	(902)	(269)
Total income taxes	(124)	943
Profit	2,896	1,835
Profit attributable to non-controlling interests	126	130
Profit attributable to owners of parent	2,769	1,705

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	FY5/2023 (Jun. 1, 2022 – May 31, 2023)	FY5/2024 (Jun. 1, 2023 – May 31, 2024)
Profit	2,896	1,835
Other comprehensive income		
Valuation difference on available-for-sale securities	38	20
Foreign currency translation adjustment	138	152
Share of other comprehensive income of entities accounted for using equity method	(53)	0
Total other comprehensive income	* 123	* 173
Comprehensive income	3,019	2,009
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,889	1,864
Comprehensive income attributable to non-controlling interests	130	145

(3) Consolidated Statement of Changes in Net Assets

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

FY5/2024 (Jun. 1, 2023 – May 31, 2024)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	6,860	12,322	(591)	18,691
Changes during period					
Dividends of surplus			(494)		(494)
Profit attributable to owners of parent			1,705		1,705
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		2		4	7
Net changes in items other than shareholders' equity					
Total changes during period	-	2	1,211	4	1,218
Balance at end of period	100	6,863	13,534	(587)	19,909

	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	57	109	167	198	19,057
Changes during period					
Dividends of surplus					(494)
Profit attributable to owners of parent					1,705
Purchase of treasury shares					(0)
Disposal of treasury shares					7
Net changes in items other than shareholders' equity	21	138	159	72	231
Total changes during period	21	138	159	72	1,450
Balance at end of period	78	248	326	271	20,507

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	FY5/2023 (Jun. 1, 2022 – May 31, 2023)	FY5/2024 (Jun. 1, 2023 – May 31, 2024)
Cash flows from operating activities		
Profit before income taxes	2,771	2,779
Depreciation	1,650	1,860
Impairment losses	104	93
Amortization of goodwill	47	40
Increase (decrease) in provision for bonuses	46	42
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for loss on store closings	4	34
Increase (decrease) in provision for special survey costs, etc.	-	550
Increase (decrease) in other provisions	(125)	19
Interest expenses	171	194
Share of loss (profit) of entities accounted for using equity method	(53)	16
Loss on store closings	53	42
Loss (gain) on sale of investment securities	2	(17)
Loss (gain) on sale of non-current assets	(3)	0
Loss on retirement of non-current assets	99	73
Compensation for forced relocation	-	(93)
Decrease (increase) in trade receivables	(672)	(388)
Decrease (increase) in inventories	(2,142)	(1,136)
Increase (decrease) in trade payables	78	(32)
Other, net	(574)	582
Subtotal	1,459	4,662
Interest and dividends received	8	5
Interest paid	(172)	(175)
Proceeds from compensation for forced relocation	-	93
Income taxes paid	(1,100)	(735)
Income taxes refund	48	233
Net cash provided by (used in) operating activities	243	4,084
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,033)	(1,732)
Purchase of intangible assets	(1,259)	(433)
Payments of guarantee deposits	(304)	(274)
Proceeds from refund of guarantee deposits	294	225
Payments for transfer of stores	-	(52)
Other, net	(150)	(144)
Net cash provided by (used in) investing activities	(3,453)	(2,411)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,500	(50)
Proceeds from long-term borrowings	3,200	4,700
Repayments of long-term borrowings	(3,580)	(3,617)
Repayments of lease liabilities	(220)	(566)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	4	-
Dividends paid	(357)	(494)
Dividends paid to non-controlling interests	(55)	(97)
Proceeds from share issuance to non-controlling shareholders	-	24
Net cash provided by (used in) financing activities	490	(100)
Effect of exchange rate change on cash and cash equivalents	61	63
Net increase (decrease) in cash and cash equivalents	(2,658)	1,636
Cash and cash equivalents at beginning of period	8,203	5,544
Cash and cash equivalents at end of period	5,544	7,180

(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: 13

Primary consolidated subsidiaries:

BOOKOFF CORPORATION LIMITED

BOOKOFF With Co, Ltd.

Booklet Co., Ltd.

BOK MARKETING SDN.BHD.

During the current fiscal year, the BOOKOFF Group established J&K TRADING LLC and one other company and included these companies in the scope of consolidation.

(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. and its subsidiary BOOKOFF NEW YORK LLC 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 fiscal year-end of J&K TRADING LLC is the end of December. The consolidated financial statements use provisional financial statements prepared by J&K TRADING LLC 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 28, 2023.

(Consolidated Balance Sheet)

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

(Unit: million yen)

	FY5/2023 (As of May 31, 2023)	FY5/2024 (As of May 31, 2024)
Investment securities (stocks)	85	69

2. The Group has entered into overdraft agreements with 11 banks in order to efficiently procure working capital. The balance of unexecuted loans under these agreements is as follows:

(Unit: million yen)

	FY5/2023 (As of May 31, 2023)	FY5/2024 (As of May 31, 2024)
Total overdraft amount	11,900	11,850
Executed loans payable	6,383	6,250
Balance	5,516	5,600

(Consolidated Statement of Income)

* Impairment loss

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

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

Segment	Application	Type	Location	Impairment loss (Million yen)
BOOKOFF operations in Japan	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 asset group of the stores, etc., 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.

FY5/2024 (Jun. 1, 2023 – May 31, 2024)

Segment	Application	Type	Location	Impairment loss (Million yen)
BOOKOFF operations in Japan	Stores	Buildings and structures, etc.	BOOKOFF Nagoya Hirabari Store (Tenpaku-ku, Nagoya) and other 11 stores	93

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 asset group of the stores, etc., 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)

	FY5/2023 (Jun. 1, 2022 – May 31, 2023)	FY5/2024 (Jun. 1, 2023 – May 31, 2024)
Valuation difference on available-for-sale securities		
Amount incurred	58	49
Amount of reclassification adjustments	-	(17)
Before tax effects	58	31
Amount of tax effects	(20)	(10)
Valuation difference on available-for-sale securities	38	20
Foreign currency translation adjustment		
Amount incurred	138	152
Amount of reclassification adjustments	-	-
Before tax effects	138	152
Amount of tax effects	-	-
Foreign currency translation adjustment	138	152
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred	(53)	0
Amount of reclassification adjustments	-	-
Share of other comprehensive income of entities accounted for using equity method	(53)	0
Total other comprehensive income	123	173

(Segment Information)

1. Segment Information

Segments used for financial reporting are BOOKOFF's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The BOOKOFF Group has always been guided by the corporate philosophies of "contributing to society through our business activities" and "the pursuit of employees' material and spiritual wellbeing." Group companies operate retail stores centered on the theme of reuse, primarily BOOKOFF stores selling used books and other used merchandise, and franchise stores.

Beginning in 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.

In the BOOKOFF operations in Japan, we operate BOOKOFF, BOOKOFF SUPER BAZAAR (a large-scale complex carrying a variety of reuse merchandise) and BOOKOFF PLUS (BOOKOFF stores combining apparel-related merchandise). We purchase and sell pre-owned goods at these stores across a wide range of categories, including books, software/media, home appliances, apparel, trading cards, hobby goods, sporting goods, baby goods, watches, high-end brand bags, precious metals, kitchenware, and miscellaneous household items.

The BOOKOFF Group also operates an e-commerce reuse shop (BOOKOFF Official Online Store) website that sells books, software/media and other reuse items.

The premium services business consists of hugall purchasing desks at major department stores, aidect stores that repair/remodel jewelry, sell sustainable jewelry and have other jewelry operations, and purchasing consultation desks that buys and sells famous-brand products.

The overseas business includes BOOKOFF stores in the United States and Jalan Jalan Japan stores in Malaysia. In addition, there is a business in Kazakhstan that imports, exports and sells reuse apparel and other items.

2. Method of calculating net sales, profit or loss, assets and other items for each reportable segment

The accounting method used for reportable business segments is generally the same as the method adopted for preparation of the consolidated financial statements.

Segment profit for reportable segments is based on ordinary profit.

Inter-segment sales and transfers are based on prevailing market prices.

3. Information on the amounts of net sales, profit or loss, assets and other items for each reportable segment and breakdown of revenue

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

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Notes 2 and 3)	Amounts recorded in consolidated financial statements (Note 4)
	BOOKOFF operations in Japan	Premium services business	Overseas business	Total				
Net sales								
Revenue from contracts with customers	91,549	5,449	4,045	101,044	798	101,843	-	101,843
Other revenue	-	-	-	-	-	-	-	-
Sales to external customers	91,549	5,449	4,045	101,044	798	101,843	-	101,843
Inter-segment sales and transfers	15	-	-	15	531	546	(546)	-
Total	91,565	5,449	4,045	101,059	1,329	102,389	(546)	101,843
Segment profit (loss)	3,774	325	631	4,731	(123)	4,607	(1,567)	3,040
Segment assets	41,468	2,008	3,176	46,652	517	47,170	3,042	50,213
Other items								
Depreciation	1,353	38	235	1,627	12	1,640	10	1,650
Amortization of goodwill	47	-	-	47	-	47	-	47
Interest income	11	0	4	16	3	19	(6)	13
Interest expenses	44	0	20	65	0	65	106	171
Increase in property, plant and equipment and intangible assets	3,435	115	130	3,682	19	3,701	23	3,724

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

2. The adjustment of minus ¥1,567 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. The adjustment of ¥3,042 million to segment assets is corporate assets that are not allocated to reportable segments. Corporate assets mainly include general and administrative assets that cannot be attributed to reportable segments.

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

FY5/2024 (Jun. 1, 2023 – May 31, 2024)

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Notes 2 and 3)	Amounts recorded in consolidated financial statements (Note 4)
	BOOKOFF operations in Japan	Premium services business	Overseas business	Total				
Net sales								
Revenue from contracts with customers	99,036	6,750	4,668	110,455	1,201	111,657	-	111,657
Other revenue	-	-	-	-	-	-	-	-
Sales to external customers	99,036	6,750	4,668	110,455	1,201	111,657	-	111,657
Inter-segment sales and transfers	31	0	-	31	656	687	(687)	-
Total	99,067	6,750	4,668	110,486	1,857	112,344	(687)	111,657
Segment profit (loss)	4,503	420	724	5,647	(175)	5,472	(2,023)	3,448
Segment assets	42,830	2,450	4,387	49,668	946	50,615	3,927	54,542
Other items								
Depreciation	1,551	51	235	1,837	12	1,849	11	1,860
Amortization of goodwill	40	-	-	40	-	40	-	40
Interest income	10	0	0	10	3	13	(5)	8
Interest expenses	43	0	33	77	0	77	117	194
Increase in property, plant and equipment and intangible assets	1,785	69	197	2,052	26	2,079	9	2,088

- Notes: 1. Other segment is mainly the operation of BOOKOFF Group's directly operated Japan TCG Center stores specializing in trading cards and provision of BOOKOFF Clean-up Service to individuals for the removal from houses of items that are no longer needed.
2. The adjustment of minus ¥2,023 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. The adjustment of ¥3,927 million to segment assets is corporate assets that are not allocated to reportable segments. Corporate assets mainly include general and administrative assets that cannot be attributed to reportable segments.
4. Segment profit (loss) is adjusted for consistency with ordinary profit in the consolidated financial statements.

Related Information

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

1. Information by product or service

This information is omitted since the same information is presented in segment information.

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.

FY5/2024 (Jun. 1, 2023 – May 31, 2024)

1. Information by product or service

This information is omitted since the same information is presented in segment information.

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
7,422	1,626	805	9,854

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

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

(Unit: million yen)

	BOOKOFF operations in Japan	Premium services business	Overseas business	Other	Elimination or corporate	Total
Impairment loss	104	-	-	-	-	104

FY5/2024 (Jun. 1, 2023 – May 31, 2024)

(Unit: million yen)

	BOOKOFF operations in Japan	Premium services business	Overseas business	Other	Elimination or corporate	Total
Impairment loss	93	-	-	-	-	93

Information concerning amortization and unamortized balance of goodwill by reportable segment

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

This information is omitted due to immateriality.

FY5/2024 (Jun. 1, 2023 – May 31, 2024)

This information is omitted due to immateriality.

Information concerning gain on bargain purchase by reportable segment

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

Not applicable.

FY5/2024 (Jun. 1, 2023 – May 31, 2024)

Not applicable.

(Per-Share Information)

(Unit: yen)

	FY5/2023 (Jun. 1, 2022 – May 31, 2023)	FY5/2024 (Jun. 1, 2023 – May 31, 2024)
Net assets per share	954.20	1,023.60
Net income per share	140.15	86.26
Diluted net income per share	-	-

Notes: 1. Diluted net income per share is not presented since BOOKOFF GROUP HOLDINGS had no outstanding dilutive securities.

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

	FY5/2023 (Jun. 1, 2022 – May 31, 2023)	FY5/2024 (Jun. 1, 2023 – May 31, 2024)
Net income per share		
Profit attributable to owners of parent (million yen)	2,769	1,705
Amount not attributable to common stockholders (million yen)	-	-
Profit attributable to owners of parent applicable to common stockholders (million yen)	2,769	1,705
Weighted average number of shares of common stock during the fiscal year (thousand shares)	19,762	19,767

(Important Subsequent Events)

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.