



President Yasutaka Horiuchi

BOOKOFF GROUP HOLDINGS LIMITED(9278)



Company Information

Market	TSE Prime Markets
Industry	Retail (commerce)
President	Yasutaka Horiuchi
HQ Address	2-14-20 Kobuchi, Minami-ku, Sagamihara-shi
Year-end	May
HOME PAGE	https://www.bookoffgroup.co.jp/en/index.html

Stock Information

Share Price	Number of shares issued (End of the term)	Total market cap	ROE (Actual)	Trading Unit	
¥1,210	20,547,413 shares	¥24,862million	15.7%	100 shares	
DPS (Est.)	Dividend yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Actual)	PBR (Actual)
¥25.00	2.1%	¥80.95	14.9x	¥954.20	1.3x

*The share price is the closing price on August 18. Each number are from the FY 5/23 financial results.

Consolidated Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
March 2020 (Actual)	84,389	1,428	1,898	240	13.77	6.00
May 2021 (Actual)	93,597	1,936	2,509	157	9.03	6.00
May 2022 (Actual)	91,538	1,766	2,307	1,449	82.07	20.00
May 2023 (Actual)	101,843	2,578	3,040	2,769	140.15	25.00
May 2024 (Forecast)	106,000	2,600	3,000	1,600	80.95	25.00

* The fiscal year ended May 2021 is 14 months accounting period. The forecasted values were provided by the company. Unit: million yen. Net income is profit attributable to owners of the parent. The same applies hereafter.

We present this Bridge Report reviewing the fiscal year ended May 2023 financial results of BOOKOFF GROUP HOLDINGS LIMITED, Mid-term management policy and so on.

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Key Points

- In the term ended May 2023, sales grew 11.3% year on year to 101.8 billion yen. The existing directly-managed stores in the domestic BOOKOFF business saw a year-on-year sales growth in all categories, including trading cards, hobby related products, apparel, and software media, except books. Sales increased also in the premium service business and the overseas business. Operating income rose 45.9% year on year to 2.5 billion yen. As the sales of books, which have a high gross profit margin, were sluggish, the increase rate of gross profit fell below the sales growth rate, but profit grew significantly because the augmentation of SGA was minor. Due to the delay in large-scale IT development projects, the updated EC site and point-of-sale systems will be operated from the term ending May 2024, and the posting of their depreciations will start in the term ending May 2024. Net income increased significantly by 91.1% year on year to 2.7 billion yen, due to the posting of income taxes-deferred (gain) through the restructuring of the corporate group, the review of the realizability of deferred tax assets, etc. Accordingly, the dividend was changed from 22.00 yen/share to 25.00 yen/share. Sales, operating income, and ordinary income were in line with the second upwardly revised earnings forecast, which was announced in April 2023. The number of official smartphone app users in the “One BOOKOFF” scheme grew to 6.43 million, exceeding the target number 6 million yen, at the end of the term ended May 2023.
- For the term ending May 2024, it is expected that sales will grow 4.1% year on year to 106 billion yen, operating income will rise 0.9% year on year to 2.6 billion yen, and ordinary income will decline 1.3% year on year to 3 billion yen. The company will keep actively opening stores in each business, and sales will keep growing, but operating and ordinary incomes are projected to be unchanged from the previous term, due to the postponement of start of posting of depreciation caused by the delay in large-scale IT investment in the domestic BOOKOFF business, the augmentation of costs, including electricity charges and personnel expenses, the active recruitment of personnel, etc. The dividend amount is expected to be 25.00 yen/share, unchanged from the previous term. The expected payout ratio is 30.9%. The company plans to start disclosing segment information this term.
- We asked President Horiuchi to give his message toward investors and shareholders. He said, “Under the theme ‘the BOOKOFF Group not limited to BOOKOFF,’ we will develop the domestic BOOKOFF business, the premium service business, and the overseas business, establish a stable revenue structure based on these three pillars, make the businesses we are incubating profitable, and grow profit in a sustainable manner. We hope that investors will have high expectations for our performance.”
- In the term ended May 2023, the domestic BOOKOFF business, the premium service business, and the overseas business performed well, so sales and profit grew by double digits, but in the current term ending May 2024, profit is projected to be unchanged from the previous term, due to the start of posting of depreciation through the investment in IT and the augmentation of costs, despite the 4% sales growth after actively opening stores.
- The sales of existing directly managed stores grew 10.9% year on year in the term ended May 2023, and are expected to rise 7% year on year in the first half of the current term and increase 1% year on year in the second half of the current term. It is forecast that the sales of trading cards and hobby-related products will keep growing, but the sales of software

media, etc. will be sluggish. The company will keep renovating existing stores and open new stores, to secure sales growth. Regarding profit, the company will make the loss-making stores opened in the previous term move into the black while offsetting the augmentation of costs, so that profit will increase.

- There are some unpredictable elements, such as the effect of foreign visitors to Japan, but we would like to pay attention to how they will increase sales and profit in the current term, in which they will take the first step for achieving “sales of 130 billion yen and an ordinary income of 4.5 billion yen or over in the term ending May 2028.”

1. Company Overview

The company runs a group of the largest reuse chain stores that has expanded its reuse business into various fields, including Books, CDs, DVDs, video games, apparel, sporting goods, baby goods and miscellaneous goods. It has about 800 (directly managed+ franchised) store network covering all over the country. Also, they strengthen EC collaboration.

【1-1 Corporate Philosophies of the BOOKOFF Group】

- Contributing to the economic and social development through our corporate activities.
- Providing opportunities for fulfillment both professionally and personally to all our dedicated employees.

With these corporate philosophies, the BOOKOFF Group has made efforts towards the reuse of assorted items, with a focus on the purchase and sale of “books”. By doing so, they have nurtured the brand, the store network, and human resources, which in turn have become the Group’s strength. With their mission “Be a source of enjoyable and enriching lives for as many people as possible”, they aim to be a leading “reuse” company, and a company where people can grow and work with peace of mind, confidence, and enthusiasm.

【1-2 Business Description】

Their three core businesses are the domestic BOOKOFF business, the premium service business, and the overseas business. In addition, they are developing businesses in the “business development domain” for expanding revenues in the medium term.



They have omitted the description of segment information, because the number of business segments was one, but from the term ending May 2024, they plan to disclose the information on the segments: “the domestic BOOKOFF business,” “the premium service business,” “the overseas business,” and “other/group-wide business.”



(1) Domestic BOOKOFF Business

In the term ended May 2023, sales exceeded 90 billion yen, and ordinary income was about 3.5 billion yen.

As the chain headquarter of the reuse stores “BOOKOFF” for books, software media and more, the company operates the franchise (FC) system and directly managed stores. There are three types of directly managed stores; 1) “BOOKOFF” (Books, CDs, DVDs, video games, trading cards, hobby goods, home appliances and mobile phones, etc.), 2) “BOOKOFF PLUS” (a medium-sized complex BOOKOFF with Apparel accessories), and 3) “BOOKOFF SUPER BAZAAR” (a large-sized complex BOOKOFF with a wide variety of commodities; Books, CDs, DVDs, video games, trading cards, hobby goods, home appliances(audio and visual devices, computers, etc.), apparel, luxury-brand goods, sporting goods, baby goods, watches, tableware, household products etc.) and “ASO-VIVA” specializing in the sale and purchase of “enjoyable items,” such as trading cards, game software, and hobby-related products.

The number of stores means the sum of the number of directly managed stores and the number of franchised stores as of the end of May 2023.

			
Avg. floor space,	About 495 m ²	Avg. floor space,	About 3,135 m ²
Number of stores	610 stores	Number of stores	Forty-eight stores
Merchandise	Books, CDs, DVDs, video games, trading cards, hobby goods, home appliances, mobile phones, etc.	Merchandise	“BOOKOFF” + Apparel/luxury brand goods/household products/sporting goods/kitchenware, etc.

			
Avg. floor space,	About 990 m ²	Avg. floor space,	About 132 m ²
Number of stores	75 stores	Number of stores	3 stores
Merchandise	“BOOKOFF”+ Apparel/accessories, etc.	Merchandise	trading cards, video games, hobby goods

(Source: the Company’s material)

“BOOKOFF” and “BOOKOFF PLUS,” which are conventional small and medium-sized stores of books software media, are important points of contact with customers and purchase sites, which cover the areas surrounding stations, downtown areas, and roadside areas. “BOOKOFF SUPER BAZAAR (BSB),” a large-sized general store of reuse products with an area of 500-1,000 tsubo (1,650-3,300 m²), which deals in a variety of products, exerts unrivaled competitive advantages as a regional flagship store.

The sales of the Domestic BOOKOFF Business in the fiscal year ended May 2022 were about 85 billion yen, accounting for about 90% of total sales. “BOOKOFF” and “BOOKOFF PLUS” accounted for about 50%, and “BOOKOFF SUPER BAZAAR (BSB)” accounted for about 40% of the sales of the Domestic BOOKOFF Business.

In addition to real stores, they are operating the EC site “BOOKOFF Online.”

The company is proceeding with the “One BOOKOFF” scheme under the concept: “to provide customers with a once-in-a-lifetime opportunity to encounter a secondhand product by utilizing an official smartphone app, the EC channel, and the nationwide store network.” The number of app users was 6.43 million yen as of the end of May 2023.

(2) Premium Service Business

In the term ended May 2023, sales were about 5.4 billion yen and ordinary income was about 300 million yen.

They aim to promote customers who own valuable items, to which BOOKOFF has not appealed enough, to use their reuse services with various brands.

The company operates “HUGALL” (11 shops as of the end of May, 2023), which purchase secondhand products from wealthy people in major department stores, the BOOKOFF One-stop purchasing consultation desk (14 stores), which purchases anything, including watches, luxury-brand goods, apparel, tableware, and sporting goods and “aidect” (12 shops) for offering comprehensive jewelry-related services, which buy and sell jewels, receive orders, repair and remake jewels.

The strengths of “hugall” include the rich know-how to operate shops in department stores, the swift recoupment of investment, and the purchase by a specialized team versed in various genres visiting each customer.

“BOOKOFF One-stop purchasing consultation desk” handles not only used products of luxury brands, but also used books and software media, to differentiate its service from competitors’ services.

This business supplies products to BOOKOFF SUPER BAZAAR, etc., contributing to the BOOKOFF group’s revenues, and opens shops in regions and places where it is difficult to open BOOKOFF stores, contributing to the brand development of the corporate group, and generates synergetic effects, such as the sale of apparel via the EC site “rehello.”

(3) Overseas Business

Actual results for the fiscal year ended May 2023 Net sales of approximately 4.2 billion yen, ordinary income of approximately 600 million yen.

As for overseas business operation, BOOKOFF U.S.A. INC. runs “BOOKOFF” stores in the United States, BOK MARKETING SDN.BHD runs “Jalan Jalan Japan” (11 stores) mainly in Malaysia.

The company owns 3 participating stores in France.

They have established a position as a unique, highly entertaining retailer in each region, and give top priority to “the development of native employees.”

The number of business footholds and the number of stores is as of the end of May 2023.

* Malaysia

The company entered the Malaysian market in 2016 and have released a Malaysian original package called “Jalan Jalan Japan.”, and 10 stores are operating. It will focus on human resource development and work to further expand the store network. The business in Malaysia is profitable, and it not only contributes to earnings, but also serves as an exit strategy for the Group (it sells products that could not be sold at stores in Japan locally). Domestic unsold products are disposed of as industrial waste. The Malaysian business leads reduction of disposal costs, and all stores are performing well. Store operations require securing a large number of products and operations to deal with a large number of products, making it difficult for other companies to develop similar businesses. As a result, this business is unique to the company, which boasts the best sales in the industry. Local subsidiaries are managed by expatriate employees, and stores are operated by mainly store managers and local staff who have been hired in each region.

In October 2022, the Jalan Jalan Japan Zhetysu-Semirechye store was opened in Almaty, Kazakhstan, as a participating store, by a local company.

Kazakhstan's capital, Almaty, is the largest city in Kazakhstan, located at roughly the same latitude as Hokkaido. By opening a store there, the company can develop it as an outlet for Japan's winter clothing and goods. The apparel business has gotten off to a good start. Thus, the company is planning to open ten or more stores through local member companies and is considering expanding to other countries in the future.

* The U.S.

Made inroads into the U.S. market in 2000. The company operates 9 BOOKOFF stores, which purchase and sell books, software media, anime goods, hobby goods, etc. like BOOKOFF stores in Japan.

Like in Malaysia, local subsidiaries are managed by expatriate employees, and stores are operated by mainly local staff who have been hired in each region.

(4) Business development domain

Currently, they engage in mainly the following business development projects.

① Business of operating the shop specializing in trading cards “Japan TCG Center”

The trading card shop “Japan TCG Center” purchases and sells used cards, and deals in a wide array of brand-new packages and related goods. The shop has a “duel space” for playing trading cards and targets a broad range of customers, including beginners and experts. The number of shops was 2 as of the end of May 2023.

② Business of recycling CD plastics

With the technology provided through partnership with an external enterprise, the company recycles plastics from about 1,700 tons of unsold CDs and DVDs at BOOKOFF stores. They sell them to makers, etc. to provide new value.

③ Cleanout business

This service is for meeting the needs for cleaning out rooms at the time of inheritance, disposal of goods before death, relocation, etc. In this service, they clean out rooms by sorting, removing, disposing of, and purchasing unnecessary items. As of May 2023, this service was available in Tokyo, Kanagawa, Saitama, and Chiba Prefecture.

④ “FOOD ReCO,” an EC site for processed food products whose best-before periods are about to expire

In “Rakuten Ichiba,” the company opened “FOOD ReCO,” an EC site for selling processed food products whose best-before periods are about to expire.

They contribute to the reduction of food loss by offering “edible food products to be discarded” and “products that have nowhere to go.”

【1-3 Company strengths】

The company believes that its strengths in the reuse market are primarily in the following areas.

(1) Recognition No.1

The results of a survey of domestic reuse chain users indicate that the company has 96% awareness. Almost all users said they knew about the company.

The company's long track record of operation and nationwide expansion of brick-and-mortar stores are the reasons for this, and are strong barriers to entry that cannot be easily followed by other companies.

(2) Number of customers No.1

The number of customers using the company's services is approximately 90 million per year (total number of customers). In addition to the above recognition, the company enjoys high customer support for its convenience, including its nationwide network of approximately 800 stores and the "One BOOKOFF" concept currently under construction.

(3) Book inventory No.1

The number of books in stock exceeds 100 million. Books are core products of the company, which started its business with the purchase and sale of used books. Books are read by a broad range of people, so customers tend to start using the reuse-related service through books. Accordingly, it can be expected that customers will buy other products. Namely, books contribute significantly to the development of a stable customer base.

(4) Human Resource Development System

In order to realize its business mission of "Be a source of enjoyable and enriching lives for as many people as possible" in mentioned above, the company believes that human resource development is essential.

The company is focusing on human resource development to support store operations through a human resource development curriculum based on its management philosophy and other philosophies and various manuals, as well as a career development system for all employees.

In addition to improving customer satisfaction through "smiling, courteous, and speedy responses" at stores, the company is also working to raise the awareness of each employee to participate in improving operational efficiency at the distribution center.

(5) Creating stores that offer peace of mind

The company is working to create stores where users can sell goods with peace of mind by providing purchase services from the user's perspective and ensuring compliance with laws and regulations.

In particular, with regard to the appropriateness of purchase prices, which is of greatest concern to users, the company has established a purchase price database at its head office based on a vast amount of transaction data, which no other company has, and uses this database as the basis for purchases at each of its stores.

【1-4 Return to shareholders】

Considering profit allocation as one of the most important items, they will utilize internal reserve effectively for strategic investment and enhancement of the financial standing to improve corporate value.

Their basic policy is to keep paying dividends stably with a payout ratio of 20-30% with respect to consolidated net income.



【1-5 Initiatives for ESG-oriented management and SDGs】

(1) ESG-oriented management

Under the management ethos of the BOOKOFF group, the implementation of initiatives for sustainability is an important item for business administration, and it is considered that customers' behavior of selling and buying products at BOOKOFF contributes to the "realization of a recycling society," by extending the lifespan of each item and reducing waste.

They considered the following material issues regarding ESG (environment, society, and governance), and implemented some initiatives.

① E (environment)

*Material issues

- To maximize the reuse by customers, by operating diverse stores and enriching services
- To reduce the disposal of products through global business operation and collaboration inside and outside the BOOKOFF group

In order to realize a recycling society, the company will enhance its approach to slow down and reduce the consumption of resources. Through the domestic BOOKOFF chain, the company purchases about 390 million items per year and sells about 260 million items per year. The reuse of CDs, DVDs, game software, and clothes is estimated to reduce CO₂ emissions by about 205,000 tons per year. In addition to the reuse (purchase and sale) of items, which is the mainstay, the company develops private-brand products by utilizing discarded books, recycles and sells plastics from discarded CDs and DVDs, and sells upcycled items through REMARKET, as activities for expanding reuse and recycling businesses.

② S (society)

*Material issues

To provide employment opportunities based on diversity

The company develops personnel while considering their respective career paths, adopted diverse systems for creating a comfortable working environment, and promotes the employment of disabled people.

The company cooperates and collaborates with local communities, governments, and partners in various ways for popularizing the reuse of items.

They also actively participate in school education for diffusing the reuse of items.

③ G (governance)

* Material issues

To appropriately grasp business risks and enrich information disclosure

The company is striving to enrich the dialogue with shareholders and investors, by enriching the website contents, holding briefing sessions for individual investors, streaming the videos of briefing sessions online, holding general meetings of shareholders on Saturdays, involving President Horiuchi in meetings for institutional investors, and disclosing information in English.






For their governance structure, they established a sustainability strategy committee in 2022.


The representative director and president serves as chair of the committee, and holds a meeting once or more times per six months. The committee identifies various risks and opportunities regarding climate change, etc., discusses policies and strategies, and monitors the progress of action plans in each section.

(2) Efforts to achieve SDGs

In order to attain Sustainable Development Goals (SDGs), the company selected the SDGs goals and targets that are related to their business and have a social impact, and identified material issues.

In order to take initiatives for dealing with the identified material issues, the publicity and SDGs divisions organize a team for having group-wide discussions and implementing the initiatives, actively cooperate with external partners while utilizing the strengths of the BOOKOFF group, and strive to solve social issues through business.

materiality	summary	SDGs
<p>*Significant reduction of waste and sustainable management of forests</p> <p>*Realization of a carbon-neutral society</p>	<p>The reuse business of the BOOKOFF group reduces CO₂ emissions by 21 tons per year. In addition, the company recycles 30,000 tons of used paper per year in cooperation with business partners. This preserves about 600,000 trees in the forest environment per year (*estimated by the company).</p> <p>Following the recommendations of TCFD, the company will qualitatively and quantitatively improve the disclosure of information on governance, strategies, risk control, and climate change based on the frameworks for indicators and goals.</p>	  
<p>Provision of educational opportunities to the next generation</p>	<p>The company produces curricula regarding reuse business, tasks, and various measures, and implements a variety of educational support programs and gives lectures utilizing the reuse business, according to growth stages, including early childhood, and elementary, middle, and high schools. In education, they focus on nearby stores, so that children can think about social and environmental issues as familiar ones.</p>	
<p>Promotion of diversity</p>	<p>The company launched “a project for developing a comfortable working environment” as a measure for developing a working environment in which female employees can work vigorously and flourish and realizing a good work-life balance, and engages in initiatives for enabling workstyles suited for various life stages, including childcare, child rearing, and nursing care, regardless of age and gender.</p> <p>In detail, they set the two goals: “Goal 1: to increase the ratio of female managers 1.5 times from FY 2020” and “Goal 2: to raise the ratio of female employees who have taken childcare leave to 100% and the ratio of male employees who have taken childcare leave to 30% or higher” by the end of FY 2025.</p> <p>Furthermore, they established a special subsidiary for employing disabled people, to actively recruit disabled people and secure diversity.</p>	

Private-public cooperation and inter-enterprise collaboration	The company engages in the initiative of extending the lifespan of each item by selling products that were not sold and to be discarded in Japan via “Jalan Jalan Japan,” a shop of used items outside Japan, and fosters partnership with related organizations, to promote the realization of a recycling society cooperatively.	
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(Source: the Company's material)

2. Fiscal Year ended May 2023 Financial Results

【2-1 Consolidated Results】

	FY5/22	Ratio to sales	FY5/23	Ratio to sales	Compared to same term last year	Revised forecast
Sales	91,538	100.0%	101,843	100.0%	+11.3%	+0.8%
Gross profit	54,212	59.2%	58,416	57.4%	+7.8%	-
SG&A expenses	52,445	57.3%	55,838	54.8%	+6.5%	-
Operating income	1,766	1.9%	2,578	2.5%	+45.9%	-0.8%
Ordinary income	2,307	2.5%	3,040	3.0%	+31.7%	+1.3%
Profit attributable to owners of parent	1,449	1.6%	2,769	2.7%	+91.1%	+42.0%

* Unit: million yen. Revised forecast ratio is the ratio to the forecast announced in April 2023.

Increased revenues, significant increase in profit

In the term ended May 2023, sales grew 11.3% year on year to 101.8 billion yen. The existing directly-managed stores in the domestic BOOKOFF business saw a year-on-year sales growth in all categories, including trading cards, hobby related products, apparel, and software media, except books. Sales increased also in the premium service business and the overseas business. Operating income rose 45.9% year on year to 2.5 billion yen. As the sales of books, which have a high gross profit margin, were sluggish, the increase rate of gross profit fell below the sales growth rate, but profit grew significantly because the augmentation of SGA was minor. Due to the delay in large-scale IT development projects, the updated EC site and point-of-sale systems will be operated from the term ending May 2024, and the posting of their depreciations will start in the term ending May 2024. Net income increased significantly by 91.1% year on year to 2.7 billion yen, due to the posting of income taxes-deferred (gain) through the restructuring of the corporate group, the review of the realizability of deferred tax assets, etc. Accordingly, the dividend was changed from 22.00 yen/share to 25.00 yen/share. Sales, operating income, and ordinary income were in line with the second upwardly revised earnings forecast, which was announced in April 2023. The number of official smartphone app users in the “One BOOKOFF” scheme grew to 6.43 million, exceeding the target number 6 million yen, at the end of the term ended May 2023.

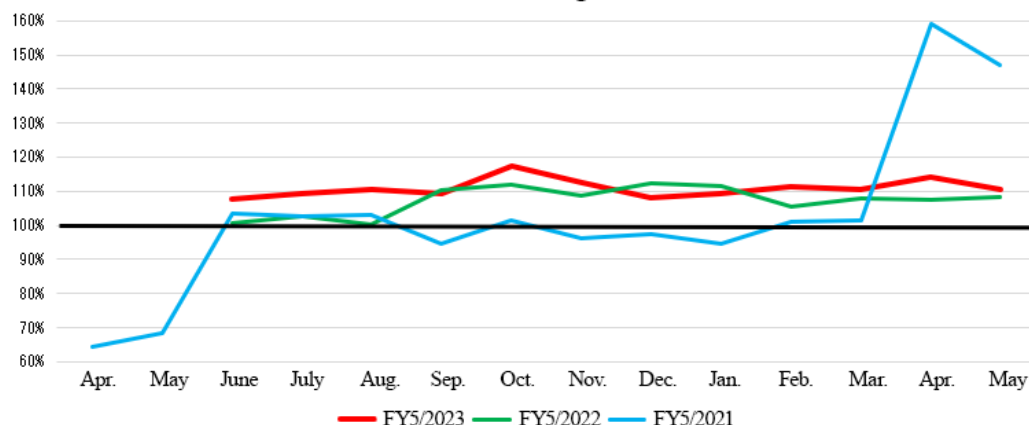
Trends of Sales and Ordinary Income (unit: million yen)



[2-2 Overview]

◎ Existing Store Sales

Trends in the existing stores sales



As crowds of people returned to downtowns and consumers started saving money and protecting their livelihood in response to the skyrocketing of prices of resources, the entire reuse industry thrived, and the company renovated existing stores and implemented marketing measures, such as the maximization of the app user base. As a result, the sales of existing stores increased significantly by 10.9% year on year.

◎ Products and locations

***Products**

Only books saw a year-on-year decline in sales. There are the effects of the subsiding of demand from housebound consumers and the drop in the number of copies of new paper books sold, and a long-term downtrend is considered unavoidable, but books remain core products, as described below. The company will strive to minimize the decline.

The trading card and hobby goods business, on which the company is focusing, continued to perform well. Increasing transactions through store renovations also contributed to sales growth. The new trading card market also continues to grow. The company is making efforts to increase trading card players and the market, by holding events and so on.

The sales of apparel, too, increased year on year. The selling area shrank, but sales exceeded the company’s forecast, thanks to the streamlining through the change in store operations, etc. and the consumers’ intention to save money.

(Domestic Directly Managed Stores, Year-on-Year Change in Sales by Products, Quadrennial period)

	1Q of FY 5/22	2Q of FY 5/22	3Q of FY 5/22	4Q of FY 5/22	1Q of FY 5/23	2Q of FY 5/23	3Q of FY 5/23	4Q of FY 5/23	FY 5/23 cumulative total
Books	93.8%	100.1%	96.9%	96.2%	94.8%	93.4%	96.4%	97.3%	95.5%
Software media (music, videos, and video games)	97.0%	104.1%	101.4%	98.3%	104.0%	110.8%	101.4%	106.3%	105.5%
Apparel	94.5%	107.0%	114.3%	115.8%	117.6%	120.2%	124.1%	121.8%	121.1%
Precious metals, watches, high-end bags	97.9%	111.5%	113.1%	125.6%	111.8%	118.6%	110.5%	113.2%	113.4%
Trading cards and hobby goods	163.2%	171.1%	164.5%	149.1%	142.9%	153.2%	140.2%	144.5%	144.8%
Home appliances, mobile phones	92.0%	108.4%	113.6%	107.7%	118.0%	113.0%	107.9%	106.2%	111.0%
Sports and outdoor equipment	102.2%	112.1%	121.7%	111.0%	107.4%	117.1%	107.2%	109.4%	109.9%
Other	112.9%	123.5%	118.0%	110.6%	124.7%	115.3%	114.2%	110.4%	115.9%
Total	101.2%	110.3%	110.1%	108.0%	109.3%	113.2%	109.5%	111.7%	110.9%

* The results of existing store

*Locations

Suburban and roadside stores continued to perform well. As the impact of the COVID-19 pandemic has faded, the sales of stores in the vicinities of stations and stores in downtown areas grew.

◎ Stores

The number of stores as of the end of May 2023 is 800. A total of 16 new stores were opened, including six directly managed domestic stores and six directly managed overseas stores, a total of 22 stores in the fiscal year ended May 2023. The company renovated 57 store. The 16 new directly operated stores in Japan include 2 BOOKOFF SUPER BAZAAR stores, 1 BOOKOFF PLUS store, 4 BOOKOFF stores, 3 ASO-VIVA stores, 1 BOOKOFF Purchase Center store, 4 BOOKOFF One-stop purchasing consultation desks, and 1 Japan TCG Center store.

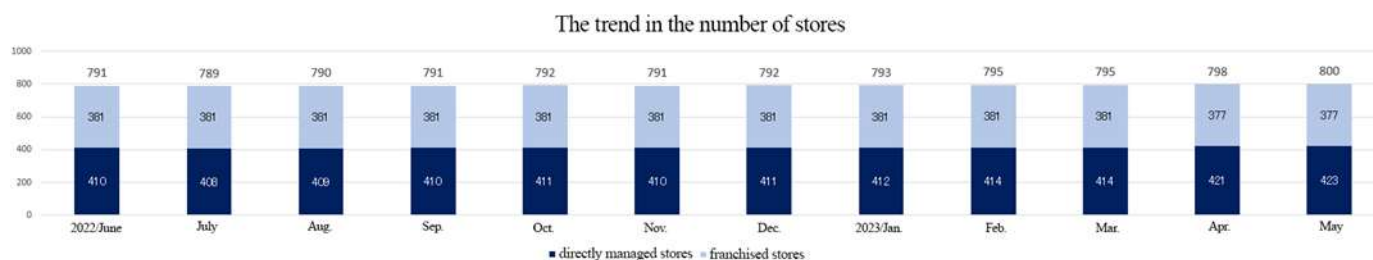
(Regarding renewal)

The strategic investments in renovation are for “making BOOKOFF entertaining” and “strengthening the business of trading cards and hobby goods and streamlining the apparel selling space of BOOKOFF SUPER BAZAAR (BSB).”

Opening of new stores (direct)

Classification	Store Name	Store Packages	OPEN	Location	Sales floor space
Overseas	Tampoi	Jalan Jalan Japan	April 1,2022	Malaysia	1,593 m ²
Overseas	ANIMELAB BROOKLYN	BOOKOFF	July 1	The U.S.	99 m ²
Domestic	Aeon Mall Wakayama	ASO-VIVA	August 2	Wakayama Pref.	99 m ²
Domestic	Kasukabe Toyoharu	BOOKOFF	August 4	Saitama Pref.	664 m ²
Domestic	Suzuka Hunter	BOOKOFF	August 6	Mie Pref.	846 m ²
Domestic	Kasuga Hakusan Street	BOOKOFF One-stop purchasing consultation desk	August 20	Tokyo	33 m ²
Domestic	Aeon Honmoku	BOOKOFF	September 10	Kanagawa Pref.	1,084 m ²
Domestic	Frespo Hachioji Minamino	BOOKOFF Purchase Counter	September 17	Tokyo	99 m ²
Domestic	Azabu Juban	BOOKOFF One-stop purchasing consultation desk	October 15	Tokyo	56 m ²
Overseas	Kip mall Melaka	Jalan Jalan Japan	November 4	Malaysia	515 坪
Overseas	RIVERSIDE	BOOKOFF	November 30	The U.S.	143 坪
Domestic	PAPA Ageo	BOOKOFF SUPER BAZAAR	December 10	Saitama Pref.	1,132 坪
Overseas	ANIMELAB LITTLE TOKYO	BOOKOFF	January 12, 2023	The U.S.	57 坪
Overseas	GARDENGROVE	BOOKOFF	February 14	The U.S	140 坪
Domestic	AEON Mall Okinawa Rycom	Japan TCG Center	February 22	Okinawa	37 坪

Domestic	Shibuya-kamiyamacho	BOOKOFF Purchasing consultation desks	April 15	Tokyo	9 坪
Domestic	AEON Mall Sakai-Kitahanada	ASO-VIVA	April 25	Osaka	39 坪
Domestic	AEON Mall Kakamigahara	ASO-VIVA	April 27,	Gifu Pref.	42 坪
Domestic	mina Tenjin	BOOKOFF SUPER BAZAAR	April 28	Fukuoka Pref.	494 坪
Domestic	Chiba nitona	BOOKOFF PLUS	May 26	Chiba Pref.	382 坪
Domestic	AEON Yamagata	BOOKOFF	May 27	Yamagata Pref.	338 坪
Domestic	SHIROGANE The SKY	BOOKOFF Purchasing consultation desks	May 30	Tokyo	19 坪



Since BOOKOFF's new store openings are primarily replacements (scrub and build), there is no significant change in the total number of stores.

◎ EC Sales

Under the “One BOOKOFF” concept based on the concept of “enabling all customers to have a once-in-a-lifetime encounter with reused products in an optimal way by utilizing its EC channel and nationwide store network with an official smartphone app,” the company has taken some measures, including the increase of app users, the installation and upgrade of electronic purchase systems (decreasing the waiting time of users and streamlining store operations), the linkage of data on store inventory with EC, the start of the service of preparing products ordered in EC at a nearby store, and the start of cashless purchase service of used items.

The number of app members as of the end of May 2023 was 6.43 million, far exceeding the target of 6 million by the end of May 2023. More than 30% of the customers who proceeded to checkout became app members, exceeding the number of card members. Measures to attract customers through the app have been effective, leading to an increase in the number of customers visiting stores.

The company plans to shift its focus in the next fiscal year to increasing the frequency of store visits, and increasing sales per member rather than increasing the number of members. While improving CRM, the company will enrich the loyalty program, which was started in May 2023. The behavior related to BOOKOFF is visualized by stamps in the membership app, to give an incentive. They plan to study the daily lives of customers, and promote them to revisit stores and purchase products again.

It hasn't been long since the program was launched, but we heard that they have collected important data for discussing a budget for sales promotion.

It is known that if card users among customers become app users, annual purchase amount (LTV) will increase 1.3 times. In addition, the sales from “the service of preparing products ordered online at actual BOOKOFF stores” is strong, and over 30% of customers using this service purchase other products at stores when picking up products they have ordered online. Like this, app users are producing favorable effects on the company's revenues.

“The sales from the chain via BOOKOFF Online,” which are calculated by summing up the sales of products ordered in “BOOKOFF Online” and delivered from an EC center, the sales of products delivered from directly managed or franchised stores, and the sales of products received at directly managed or franchised stores, were 8,894 million yen, down 2.2% year on year, indicating a continuous year-on-year decline, but the service of delivering products ordered via the Internet to a nearby store kept performing well. Under the “One BOOKOFF” scheme, the company concentrates on the expansion of sales via online and real stores.

On the other hand, the company engages in large-scale development for upgrading its EC site and point-of-sale systems, but postponed the release to the term ending May 2024, because they considered that it is necessary to further improve performance and speed for increasing the customer satisfaction level. Accordingly, the posting of depreciation will start in the term ending May 2024.

◎ Premium Service Business

Sales increased from the previous term, although some products were affected by market fluctuations.

The company opened 6 hugall stores this term and 4 BOOKOFF One-stop purchasing consultation desks.

◎ Overseas Business

-Malaysia

Sales of Jalan Jalan Japan grew significantly, partly due to the rebound from the previous year's lockdown.

Two directly managed stores were opened as planned, and one "Jalan Jalan Japan" store was opened in Kazakhstan in October 2020 as a member store.

-The U.S.

The sales of BOOKOFF increased from the previous term, indicating healthy performance.

Purchases and sales of books and software media in the U.S. continue to be strong. Also, as Japanese anime figures and goods and manga are also popular, the stores meet customer expectations as highly entertaining stores.

Utilizing social media and influencers, continuously participating in anime-related events, and continuing communication with customers led to increased recognition and acquisition of customers.

The company opened 4 directly managed stores, while the initial plan was to open 1 or 2 stores.

【2-3 Financial Condition and Cash Flow】

Financial Conditions

	May 2022	May 2023	YoY		May 2022	May 2023	YoY
Current assets	28,329	29,112	+783	Current liabilities	16,289	17,945	+1,656
Cash and deposits	8,203	5,544	-2,659	Accounts payable-trade	735	814	+79
Accounts receivable-trade	2,333	3,008	+675	Short-term debt	8,514	10,384	+1,870
Merchandise	15,412	17,612	+2,200	Non-current liabilities	12,324	13,210	+886
Non-current assets	16,766	21,101	+4,335	Long-term debt	9,679	10,532	+853
Property, plant and equipment	6,214	8,852	+2,638	Total liabilities	28,614	31,155	+2,541
Intangible assets	1,607	2,443	+836	Net assets	16,482	19,057	+2,575
Investments and other assets	8,943	9,804	+861	Retained earnings	9,948	12,322	+2,374
Guarantee deposits	7,306	7,296	-10	Treasury shares	-596	-591	+5
Total assets	45,096	50,213	+5,117	Total liabilities and net assets	45,096	50,213	+5,117

* Unit: million yen. Borrowings include lease obligations.



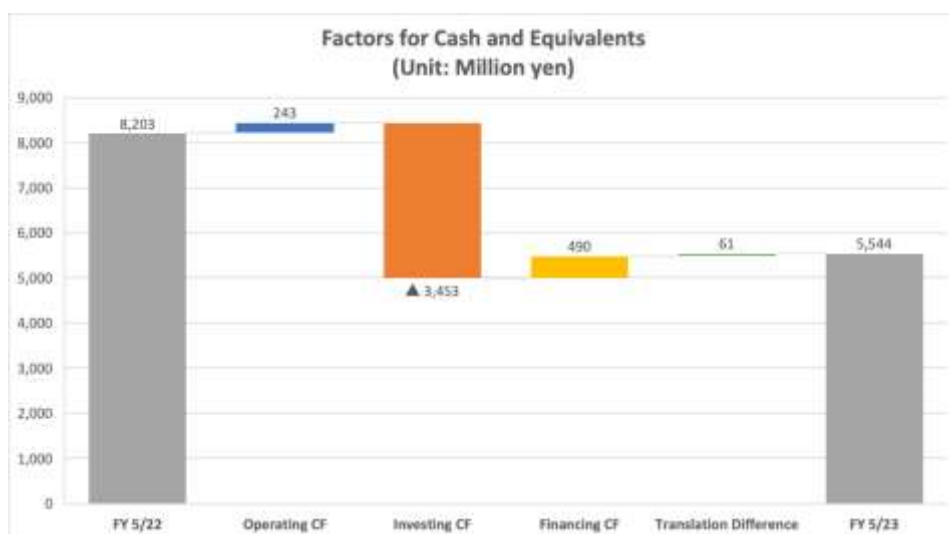
*Created by Investment Bridge Co., Ltd. based on disclosed material

Total assets increased 5.1 billion yen year on year to 50.2 billion yen, as current assets grew due to the active promotion of trading cards and hobby-related products, which are strategic products, and non-current assets rose due to the enhancement of investment for opening stores in each business and additional investment in systems, which have been curtailed during the coronavirus pandemic. Total liabilities increased by 2.5 billion yen to 31.1 billion yen due to an increase in long-term and short-term borrowings. Net assets increased by 2.5 billion yen to 19 billion yen due to an increase in retained earnings. The equity ratio increased by 1.3 points from the end of the previous term to 37.6%.

Cash Flows (CF)

	FY 5/22	FY 5/23	YoY
Operating cash flow(A)	2,782	243	-2,539
Investing cash flow(B)	-1,863	-3,453	-1,590
Free cash flow (A+B)	919	-3,210	-4,129
Financing cash flow	1,408	490	-918
Cash and Equivalents at the end of term	8,203	5,544	-2,659

* Unit: million yen.



*Created by Investment Bridge Co., Ltd. based on disclosed material

The cash inflow from operating activities shrank, due to the increase of inventory assets caused by the active promotion of strategic products and the expansion of selling spaces, the growth of accounts receivable from online settlement, the change in the collection period, etc. as shown above. Free cash flow turned negative, as the cash outflow from investing activities augmented because the company allocated the funds procured by disposing of treasury shares in the term ended May 2022 to strategic investments, including the opening of stores.

The cash position decreased.

3. Fiscal Year ending May 2024 Financial Forecast

【3-1 Earning Forecasts】

	FY 5/23 Act.	Ratio to sales	FY 5/24 Est.	Ratio to sales	YoY
Sales	101,843	100.0%	106,000	100.0%	+4.1%
Operating income	2,578	2.5%	2,600	2.5%	+0.9%
Ordinary income	3,040	3.0%	3,000	2.8%	-1.3%
Profit attributable to owners of parent	2,769	2.7%	1,600	1.5%	-42.2%

* Unit: million yen.

Sales are expected to grow, but profit is projected to be unchanged from the previous term.

For the term ending May 2024, it is expected that sales will grow 4.1% year on year to 106 billion yen, operating income will rise 0.9% year on year to 2.6 billion yen, and ordinary income will decline 1.3% year on year to 3 billion yen.

The company will keep actively opening stores in each business, and sales will keep growing, but operating and ordinary incomes are projected to be unchanged from the previous term, due to the postponement of start of posting of depreciation caused by the delay in large-scale IT investment in the domestic BOOKOFF business, the augmentation of costs, including electricity charges and personnel expenses, the active recruitment of personnel, etc.

The dividend amount is expected to be 25.00 yen/share, unchanged from the previous term. The expected payout ratio is 30.9%.

【3-2 Assumptions】

The assumptions in each business are as follows. The company plans to start disclosing segment information this term.

(1) Domestic BOOKOFF Business

The company plans to open 10-11 stores of BOOKOFF SUPER BAZZAR, BOOKOFF, and BOOKOFF PLUS, and 2-3 stores of ASO-VIVA.

The company will keep enriching the lineup of trading cards and hobby-related products at existing stores, streamline the operations for apparel (BOOKOFF SUPER BAZZAR), and make BOOKOFF more entertaining.

The sales at existing directly managed stores rose 10.9% year on year in the term ended May 2023, and are expected to rise 7% in the first half of the current term and 1% in the second half of the current term.

(2) Premium Service Business

The company plans to open 4-5 new shops of “hugall” and “General Purchase Counter of BOOKOFF.”

While continuing to open shops, they will concentrate on the securing and training of human resources as important measures.

(3) Overseas Business

For “Jalan Jalan Japan,” the company plans to open 3-4 stores, including franchised ones. In the U.S., they plan to open 2-3 new stores. They plan to invest in equipment for supplying more products to Malaysia.

4. Mid-term management policy

[4-1 Progress So Far and Business Environment]

The company started business as BOOKOFF CORPORATION LIMITED with purchase and sale of used books and had grown by proactively opening stores as well as expanding the product lineup since 2000, and it boosted profit by opening complex stores and larger stores even though there were only a few areas left where it could open stores.

Amid the expansion of e-commerce and customer-to-customer (CtoC) markets, however, the company did not generate sufficient earnings and ended up recording net loss in fiscal years 2016 to 2018.

Under these circumstances, the company was committed to restructuring its business base through trial and error for business reform, such as the launch of an e-commerce website, “BOOKOFF Online,” and the premium service business that handles expensive items, and the establishment of “the BOOKOFF One-stop purchasing consultation desks,” a new kind of store that specializes in purchasing items.

Although the coronavirus pandemic affected the company’s performance, it has successfully built a business structure that can generate an ordinary income of 3 billion yen through re-strengthening of the BOOKOFF business in Japan, concentration on the premium service business and the overseas business, and development of new types of stores.

After a phase of major changes, it considers the current and succeeding terms to be a new phase of growth.

According to the company’s reference material (based on information by The Reuse Business Journal in 2022), the size of the Japanese reuse market increased from 1.1 trillion yen in 2009 to 3.0 trillion yen in 2022. The market scale is expected to expand further to reach 3.5 trillion yen (with the Compound Annual Growth Rate (CAGR) being 7.6%) in 2025.

[4-2 What we aim for]

The company aims to be a leading “reuse” company in the booming reuse market.

To do so, it will take such initiatives as development of an environment that allows customers of all ages and genders to get a good deal on buying and selling items with a sense of joy and safety, realization of a society that does not throw away things, popularization of reuse among people all over the world, and activities to encourage a greater number of people to reuse things.

By fulfilling the company’s business mission of “Be a source of enjoyable and enriching lives for as many people as possible,” the company is aiming for the maximization of its enterprise value.

The company propels its businesses forward and pursues growth on the basis of the BOOKOFF Group’s universal value that consists of “activities linked to the corporate philosophy,” “employee training,” “consistency for many years of cash flows from existing businesses,” and “lower cost of capital.”



(Source: the Company’s material)

【4-3 Business Policy】

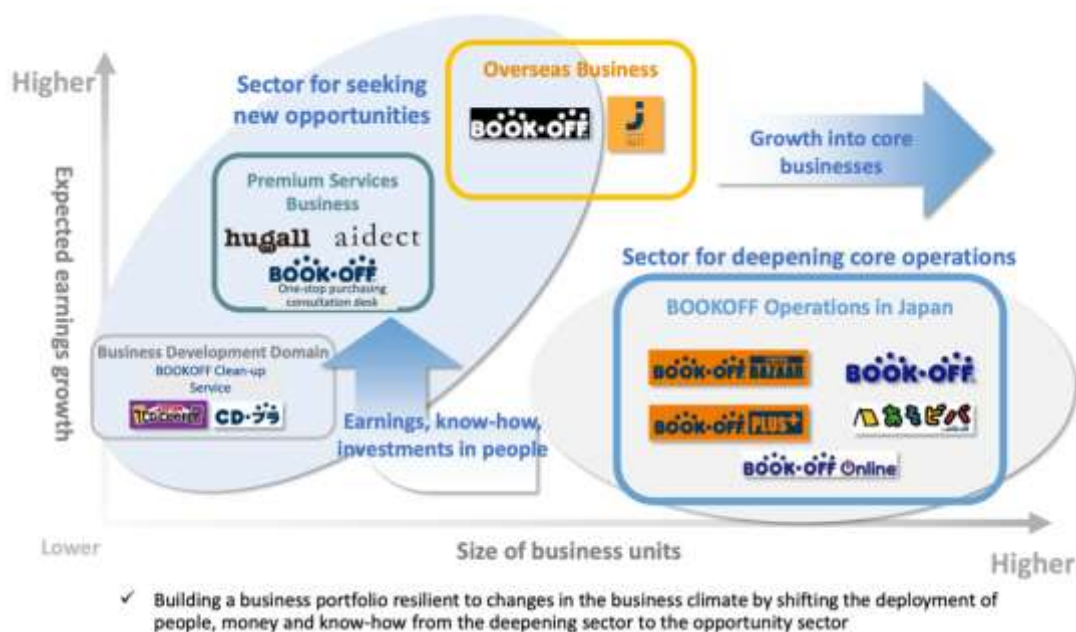
(1) Overview

Their medium-term business policy is to become the “BOOKOFF Group that is much more than just BOOKOFF,” a step ahead of the former objective “BOOKOFF that handles not only books,” or “transform the business portfolio,” because the company considers this is essential for realizing sustainable growth while striking a balance between exploration and exploitation in the growing market under the “Corporate Philosophies,” “MISSION,” and “VISION” mentioned in “1. Company Overview.”

(2) Categorization of Each Business

Categorizing the domestic BOOKOFF business into “Exploitation” and the premium service business, the overseas business, and the realm of business development into “Exploration,” the company will invest the profit, know-how, and human resources generated in the Exploitation category in the businesses categorized in Exploration.

It will build a business portfolio that is capable of dealing with environmental changes by developing the businesses in the Exploration category to become its core businesses.



(Source: the Company’s material)

The company faced difficulty, which is the recording of loss, in the domestic BOOKOFF business, but overcame the difficulty, and it got back on track and is growing on a steady basis.

Within this context, the company has captured, as it were, the essence of personnel training, such as fundamental management skills, communication techniques, methods of building teams and motivating employees.

It will apply the excellent know-how of personnel training to the businesses categorized as Exploration. Although this approach will be challenging in some part because of the differences in business models between the categories of Exploitation and Exploration, the company will endeavor to achieve considerable growth by utilizing the system of personnel training, which is one of its fortes, in the Exploration businesses.

(3) Policies of Each Business

① Domestic BOOKOFF Business

The medium-term policy for this business is “to provide customers with the best reuse experience,” and the company is committed to “expanding the variety of items in order to satisfy regional preferences with books being the core product” and “making BOOKOFF super-convenient and super-enjoyable.”

As the BOOKOFF Group’s core business, the company will improve capital efficiency while securing the current profit level, and continuously provide the personnel and know-how to the growing businesses.

It will strive to encourage customers to visit stores more frequently and provide customers with opportunities to visit stores in the customer-targeted strategy, enhance the value of experience, reduce customer cost, and ensure continuity of improvement in the purchase strategy, and improve usability, increase the variety of items to handle, and enrich its official app with more functions in the digital strategy.

In the personnel strategy, the company is aware of the importance of proactive employment and more diverse evaluation criteria and career path plans.

“Expanding the diversity of items in order to satisfy regional preferences with books being the core product”

Sales of newly-published books are going down, and the company’s sales of books are lower than those of the previous year. Books, however, are used by customers of all ages and genders, which means that they provide a broad customer base. Furthermore, gross margin for books is high. In the reuse industry, there are powerful category killers of each product category, such as apparel and brand-name goods. Therefore, the company has recognized that books are its strategically important product when it comes to differentiation from other companies.

In order to maintain the amount of gross profit generated from books, the company will strive to enforce appropriate pricing policies, improve purchase convenience, visualize the book inventory, and make it easier to check the inventory.

Regarding products whose sales are increasing on a continuous basis, such as apparel, brand-name bags, precious metals, trading cards, hobby-related goods, and sporting goods, the company will strengthen sale with such efforts as increasing the number of stores that handle such items and developing store packages specializing in them.

“Making BOOKOFF super-convenient and super-enjoyable”

The company will strengthen and expand its touch points with customers with various efforts including continuously opening stores while focusing principally on making the size of the existing stores larger, developing new store packages, enhancing customer relationship management (CRM) policies using the official smartphone app, pursuing customer services and sales floor creation, and promoting digitization of product and customer management.

② Premium Service Business

The medium-term policy for this business is to approach the customer segments that the BOOKOFF Group was not able to attract mainly by opening new stores.

The company plans to operate 100 stores primarily in major cities by the term ending May 2028.

In addition to opening new stores, it will not only retain a competitive edge by enhancing hospitality and responsiveness, but also expand its touch points with customers by implementing more proactive approaches, other than opening of new stores, through expansion of alliance partners, such as direct sales staff of department stores, real estate companies, and finance-related companies, with the aim of newly acquiring upper-class customers.

③ Overseas Business

◎ Jalan Jalan Japan

The company considers expanding this business to new countries while continuing to open stores in Malaysia and Kazakhstan. It plans to increase the number of stores to 50 by the term ending May 2028 and to 100 by the term ending May 2033.

◎ The United States

In addition to opening stores in the east and west coast areas of the United States so as to gain a dominant position there, the company will start to newly expand the business to inland megacities.

It aims to open 30 stores by the term ending May 2028 and 100 stores by the term ending May 2033.

Another important issue is to increase the capability of supplying products to follow the growth in the number of stores it opens.

The company will contribute to realizing a society that does not throw away things by increasing the number of chain Jalan Jalan Japan stores as well as promote reuse of unwanted items in collaboration not only with the BOOKOFF Group’s chain stores, but also with other companies and municipalities.

④ Business Development Domain

*Stores Specializing in Trading Cards

The company will begin to proactively open stores of “Japan TCG Center” primarily in Tokyo, Nagoya, Osaka, and ordinance-designated cities and operate franchise business.

It aims to increase the BOOKOFF Group’s market share and monetize the business by handling various brands in the growing trading card market.

*CD Plastics Recycling Business

The company will take on a challenge of launching a business through which it not only reduces waste, but also encourages people all over the world to realize the high value it puts using its creativity.

*Cleanout Business

The company plans to increase the number of partner companies so that it can cover wider areas to offer the service in other regions than Tokyo and neighboring three prefectures.

It intends to fulfil customers’ expectations by reducing waste as much as possible, curtailing disposal cost, and subtracting the buying amount from the cleanout fee.

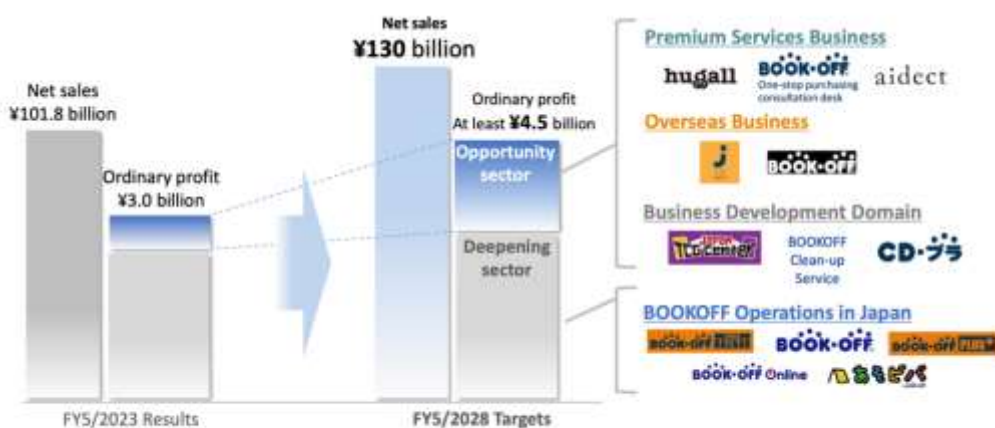
*Exploration of New Businesses

The company continues to consider developing new businesses and conducting mergers and acquisitions on the basis of its policies that businesses should “help the BOOKOFF Group follow the corporate philosophies and mission,” “allow the BOOKOFF Group to take advantage of the strengths produced through its business operations,” and “allow the BOOKOFF Group’s employees to carve out new careers.”

【4-4 Numerical Goals】

◎ Profit Expansion

The company’s numerical goals are “sales of 130 billion yen and an ordinary income of over 4.5 billion yen” in the term ending May 2028. It aims to earn profit that considerably exceeds its record profit (ordinary income of 3.8 billion yen) by steadily growing the Exploitation business and expanding the businesses categorized into Exploration.



- ✓ The goal is earnings far above the previous record (ordinary profit of ¥3.8 billion) by increasing earnings in the opportunity sector.
- ✓ Planning to increase consolidated profitability by raising the percentage of earnings from businesses in the opportunity sector, which have high profit margins.

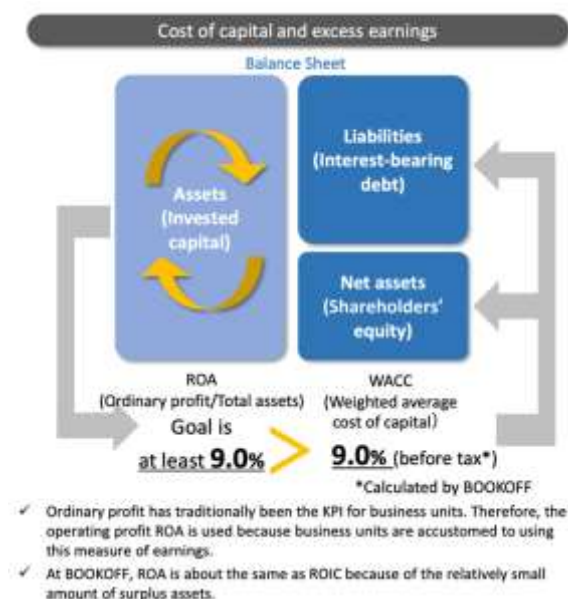
(Source: the Company’s material)

◎ Financial Policies with Capital Cost in Mind

The company’s target of return on asset (ROA) for the term ending May 2028 is 9.0% or higher.

Regarding capital cost, the company calculates that the Weighted Average Cost of Capital (WACC) will be around 9.0% and aims to generate excess profits (economic value added) by improving profitability as well as breaking its record profit (ordinary income of 3.8 billion yen) through proactive investment mainly in the growing businesses.

*The company has traditionally used ordinary income as a key performance indicator (KPI) for its business segments, so it adopts an ROA that uses ordinary income, which has taken deep root in the company's business segments, as a key goal indicator (KGI). Furthermore, its ROA and Return on Invested Capital (ROIC) are almost the same because it holds relatively small surplus assets.



(Source: the Company's material)

5. President Horiuchi's message toward shareholders and investors

There was a hard period in which a loss was posted, but in the past 5 or 6 years, profit recovered through the enhancement of the domestic BOOKOFF business, and we established a foundation for earning an ordinary income of 3 billion yen.

Then, as a five-year vision, we set a clear goal of achieving "sales of 130 billion yen and an ordinary income of 4.5 billion yen or higher in the term ending May 2028."

In addition to the profit goal, the large themes for the coming 5 years include the establishment of a robust yet flexible business portfolio as "BOOKOFF Group that is much more than just BOOKOFF," one step or two steps ahead of "BOOKOFF that handles not only books."

We will develop the domestic BOOKOFF business, the premium service business, and the overseas business, establish a stable revenue structure based on these three pillars, make the businesses we are incubating profitable, and grow profit in a sustainable manner. We hope that investors will have high expectations for our performance.

6. Conclusions

In the term ended May 2023, the domestic BOOKOFF business, the premium service business, and the overseas business performed well, so sales and profit grew by double digits, but in the current term ending May 2024, profit is projected to be unchanged from the previous term, due to the start of posting of depreciation through the investment in IT and the augmentation of costs, despite the 4% sales growth after actively opening stores.

The sales of existing directly managed stores grew 10.9% year on year in the term ended May 2023, and are expected to rise 7% year on year in the first half of the current term and increase 1% year on year in the second half of the current term. It is forecast that the sales of trading cards and hobby-related products will keep growing, but the sales of software media, etc. will be sluggish. The company will keep renovating existing stores and open new stores, to secure sales growth. Regarding profit, the company will make the loss-making stores opened in the previous term move into the black while offsetting the augmentation of costs, so that profit will increase.

There are some unpredictable elements, such as the effect of foreign visitors to Japan, but we would like to pay attention to how they will increase sales and profit in the current term, in which they will take the first step for achieving "sales of 130 billion yen and an ordinary income of 4.5 billion yen or over in the term ending May 2028."

<Reference: Corporate Governance>

◎ Organization type, and the composition of directors and auditors

Organization type	Company with audit and supervisory committee
Directors	9 directors, including 5 outside ones (including 3 independent executives)

◎ Corporate Governance Report: Updated on August 29, 2023

Basic policy

Under the BOOKOFF GROUP HOLDINGS Limited, which is a pure holding company, the Group's common corporate philosophy is "Contributing to the economic and social development through our corporate activities" and "Providing opportunities for fulfillment both professionally and personally to all our dedicated employees" and the basic principles of our corporate governance are "ensuring transparency and efficiency of management," "rapid decision-making," and "enhancing accountability." Based on these principles, we will establish good relationships with our stakeholders, including shareholders, customers, employees, business partners, and local communities, and establish a system to make transparent, fair, prompt, and decisive decision-making. We aim to achieve sustainable growth and increase corporate value over the medium to long term.

The basic policies on each principle of the Corporate Governance Code are disclosed in "Our Company's Commitment to the Corporate Governance Code."

■ Our Company's Commitment to the Corporate Governance Code

<https://www.bookoffgroup.co.jp/en/ir/corporate.html>

<Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)>

[Principle 1-4]

In accordance with the "Regulations on Investment and Securities Management," the company stipulates policy not to acquire cross-holding shares in principle. However, as an exception, it may hold shares of its franchise chain member companies.

In our company, the board of directors examines the shares we hold, and individually discusses the meanings of strategically held shares. (Items to be discussed)

*Qualitative items

- Background for acquisition of the shares
- Whether or not our company has transactions with each issuing company
- Meanings of shareholding
- Business potential
- Risks in the case of not holding the shares
- Merits and demerits in the case of continuous shareholding

*Quantitative items

- Dividend amount received per year
- Profit or loss from valuation of the shares

Regarding the exercise of voting rights, we scrutinize each proposal, check the performance, financial standing, etc. of each issuing company in the past 3 years, hold dialogues with companies if necessary, judge whether or not each proposal contributes to the improvement in shareholder value, and then exercise voting rights appropriately.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

【Supplementary Principle 2-4①】

Our corporate group set a policy for developing human resources while securing diversity, a policy for establishing an in-company environment, and goals, and discloses their progress in our website, etc.

■ Diversity policy, (goals, action plans, and their statuses)

<https://www.bookoffgroup.co.jp/sustainability/diversity.html>

【Supplementary Principle 3-1③】

Our sustainability initiatives and investments in human capital and intellectual properties are explained and disclosed in Financial Results Presentation material upon disclosure of our management strategy.

In addition, we disclose the impact of our business activities on climate change on our website based on the TCFD (Task Force on Climate-related Financial Disclosures), an internationally established disclosure framework.

■Tackling Climate Change (TCFD)

<https://www.bookoffgroup.co.jp/sustainability/tcfid.html>

[Principle 5-1]

The company appoints an executive in charge of IR and designates the Corporate Planning Department as in charge of IR. For shareholders and investors, the company holds financial results briefings once in six months, and is conducting small meetings and individual interviews as needed. In addition, the company has established the IR policy and disclosed it on its website.

■IR Policy <Policy to promote constructive dialogue with shareholders>

<https://www.bookoffgroup.co.jp/en/ir/policy.html>

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