

BRIDGE REPORT



President Yasutaka Horiuchi

BOOKOFF GROUP HOLDINGS LIMITED (9278)

BOOKOFF
GROUP HOLDINGS

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
HOMEPAGE	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
¥1,496	20,547,413 shares		¥30,738million	10.8%	100 shares
DPS (Est.)	Dividend yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Actual)	PBR (Actual)
¥30.00	2.0%	¥125.38	11.9x	¥1,061.56	1.4x

*The share price is the closing price on August 26. Figures are from FY 5/25 financial results.

Consolidated Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
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 (Actual)	111,657	3,051	3,448	1,705	86.26	25.00
May 2025 (Actual)	119,205	3,448	3,903	2,101	108.54	25.00
May 2026 (Forecast)	127,000	3,800	4,000	2,200	125.38	30.00

* 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 the owners of the parent. The same applies hereafter.

We present this Bridge Report reviewing the fiscal year ended May 2025 financial results and the progress of the medium-term management plan of BOOKOFF GROUP HOLDINGS LIMITED.

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Key Points

- Sales and profit grew in the fiscal year ended May 2025. Sales increased 6.8% year on year to 119.2 billion yen. Sales rose in all of the four business segments. Ordinary income grew 13.2% year on year to 3.9 billion yen, hitting a record high for the first time in 13 fiscal years. The BOOKOFF operations in Japan saw an increase in profits. While the share of books, which have a high gross profit margin, increased, the share of trading cards, which have a low gross profit margin, declined. As a result, overall gross profit margin increased 0.6 points, and gross profit grew 7.9% year on year. That offset the augmentation of SG&A expenses, including personnel expenses, so profit increased by double digits.
- For the fiscal year ending May 2026, sales and profit are expected to grow, and all kinds of profits are projected to hit a record high. It is forecast that sales will increase 6.5% year on year to 127 billion yen, operating income will rise 10.2% year on year to 3.8 billion yen, and ordinary income will grow 2.5% year on year to 4 billion yen. In the BOOKOFF operations in Japan, they will continue the investment in business for developing a sustainable system while implementing initiatives for preventing misconduct. The forecast dividend amount is 30.00 yen/share, up 5.00 yen/share from the previous fiscal year. The expected payout ratio is 23.9%.
- In the medium-term management policy, they aimed to achieve “sales of 130 billion yen and an ordinary income of 4.5 billion yen or over” in the fiscal year ending May 2028, but seeing the healthy performance of the BOOKOFF operations in Japan, they have upwardly revised the targets to “sales of 135 billion yen and an ordinary income of 5 billion yen.” By securing revenue in the category of Exploitation (the BOOKOFF operations in Japan) and growing profit in the category of Exploration (the premium service business and the overseas business) to raise the profit share in these categories, they aim to break the record-high profit (ordinary income: 3.9 billion yen) marked in the fiscal year ended May 2025, and will improve consolidated profit margin.
- The reuse market has grown steadily, but according to the results of the Ministry of the Environment’s survey conducted at 3-year intervals since 2012, the ratio of consumers who have never used a reuse service in the past one year is around 70%, showing an upward trend or unchanged performance, so it is difficult to say that reuse has taken root. In this situation, President Horiuchi has a keen sense of crisis, and profoundly recognizes that their important duty as a leading company in the reuse industry is to make reuse services leave a positive impression and “improve the social value of reuse.” He said, “We aim to become an enterprise that can keep growing considerably in the medium/long term by not only pursuing profit as an enterprise, but also offering more reuse services, which are beneficial to the environment and society.”
- The number of directly managed stores of the BOOKOFF operations in Japan decreased by 10 from 386 at the beginning of the fiscal year (June 2024) to 376 at the end of the fiscal year (May 2025). In detail, they opened 8 stores, while closing 18 stores, but this does not mean that they have weakened store operation, but they intended to improve the efficiency of store operation by opening large-sized stores while closing small-sized stores. While they conduct the strategic closure of small-sized BOOKOFF stores with a selling space area of less than 100 tsubo ($\approx 330 \text{ m}^2$), the average selling space area of stores opened in the past 2 years is 300 to 400 tsubo ($\approx 990 \text{ to } 1,320 \text{ m}^2$), 2 to 3 times the average selling space area of closed stores.

Consequently, selling space area expanded, the variety and volume of merchandise increased, and sales per tsubo ($\approx 3.3 \text{ m}^2$) increased significantly, although the total number of stores decreased. In particular, “BOOKOFF SUPER BAZAAR” with an area of around 1,000 tsubo ($\approx 3,300 \text{ m}^2$), which can handle an overwhelming amount of products and meet a variety of needs, accounts for a significant proportion of profit in this business, so they plan to keep opening this kind of stores actively. On the other hand, regarding the “100-store structure” in the premium service business, they first aimed to realize such a structure in the fiscal year ending May 2028, but seeing the recent progress and business environment, they plan to revise the assumed timing of achieving such a structure, and focus on the strengthening of existing stores. We would like to pay attention to the progress of each business toward the goals in the fiscal year ending May 2028, that is, “sales of 135 billion yen and an ordinary income of 5 billion yen or over.”

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 over 800 (directly managed + franchised) store networks covering all over the country. Also, they strengthen EC collaboration.

[1-1 Corporate Philosophies of the BOOKOFF Group]

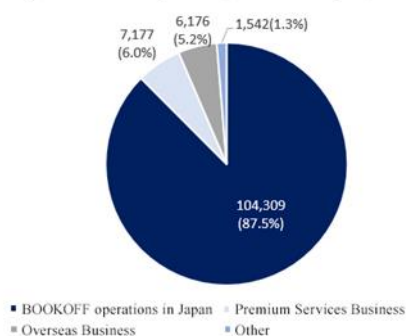
- Contributing to society through our business activities.
- the pursuit of employees' material and spiritual wellbeing.

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 an enjoyable and prosperous life for as many people as possible,” they aim to be a leading “reuse” company, and a company that can continue to grow while enabling all employees to do their jobs with confidence and enthusiasm.

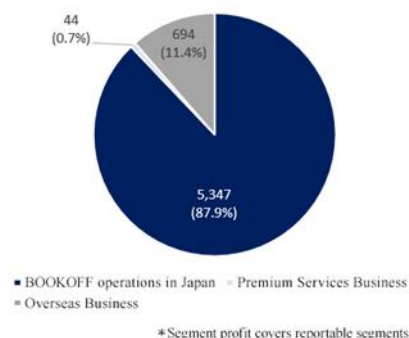
[1-2 Business Description]

Their three core businesses are the BOOKOFF operations in Japan, the premium services business, and the overseas business. Other businesses include the operation of the trading card shop Japan TCG Center and the provision of a personal service called “BOOKOFF cleanout service” that declutters customers' homes. The company is working on various new business development initiatives to achieve medium-term revenue growth.

Segment sales composition (Unit: million yen, FY 5/25)



Segment profit composition (Unit: million yen, FY 5/25)







(1) BOOKOFF operations in Japan

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 2025.

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Avg. floor space, Number of stores	About 429.8 m ² 601 stores	Avg. floor space, Number of stores	About 3,140 m ² 51 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, Number of stores	About 992 m ² 67 stores	Avg. floor space, Number of stores	About 132 m ² 5 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 and segment profit of the BOOKOFF operations in Japan in the fiscal year ended May 2025 were about 104.3 billion yen and 5.3 billion yen, respectively, accounting for about 90% of total sales and segment profit. “BOOKOFF” and “BOOKOFF PLUS” accounted for about 50%, and “BOOKOFF SUPER BAZAAR (BSB)” accounted for about 40% of the sales of the BOOKOFF operations in Japan.

The company is promoting the "One BOOKOFF" initiative, which aims to deliver unique, "once-in-a-lifetime encounters" with reused items to all customers in the most optimal way, utilizing the official smartphone app, the EC channel, and the nationwide store network. Efforts include expanding app users, operating an electronic purchasing system (reducing user reception time and increasing store operational efficiency), linking store inventory with e-commerce, implementing in-store pickup services for e-commerce products, and introducing cashless purchasing systems.

The number of app users was 9.32 million as of the end of May 2025.

Over 30% of our customers at the register are app users. App-based promotions have been effective in attracting customers, leading to an increase in the number of customers visiting the store.

The company shifts its focus to increase the frequency of store visits and sales per member in line with the increase in the number of members.

The company is enhancing CRM and enriching its loyalty program to visualize and reward customer engagement with BOOKOFF within the app. The company intends to closely connect with customers' daily lives and encourage them to return to the store and make purchases again.

At the same time, the company is also working on a large-scale development project to revamp its store POS and system.

(2) Premium Services Business

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” (18 shops), which purchases secondhand products from wealthy people in major department stores, the BOOKOFF Purchasing Consultation Desks (23 stores), which purchases anything, including watches, luxury-brand goods, apparel, tableware, and sporting goods and “airect” (12 shops) for offering comprehensive jewelry-related services, which buy and sell jewels, receive orders, repair and remake jewels. The total number of stores is 53 as of the end of May 2025.

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 Purchasing Consultation Desks” handles not only used products of luxury brands, but also used books and software media, to differentiate its service from competitors’ services.

In January 2023, the company substantially expanded the product lineup and functions of its e-commerce website, which had been operating under the name “hugall fashion,” and newly opened it as “Rehello,” a site handling the premium lines of the BOOKOFF Group. The site aims to expand the breadth and depth of the customer experience by offering services such as ordering products from BOOKOFF Group stores (some stores), confirming products to be purchased, in-store pickup, fitting services, and accepting orders for refurbishing and repairing services through the site.

Accordingly, they are renaming “BOOKOFF Purchasing Consultation Desk” “Rehello” like the EC site. They plan unify the brand names into “Rehello” by the end of the fiscal year ending May 2026.

The premium services 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 e-commerce website “Rehello.”

(3) Overseas Business

As for overseas business operations, BOOKOFF U.S.A. INC. runs “BOOKOFF” stores (17 directly managed stores) in the United States, BOK MARKETING SDN.BHD. runs “Jalan Jalan Japan” in Malaysia with 14 directly managed stores and 2 FC store for a total of 16 stores, J&K TRADING LLC operates 4 directly managed stores and 3 FC stores for a total of 7 stores in Kazakhstan. In addition, the company has three FC 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 stores is as of the end of May 2025.

* Malaysia

Entered in 2016. 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). Previously, unsold products in Japan were often discarded as industrial waste. However, the Malaysian operations have provided a solution, enabling us to significantly reduce disposal costs. 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. They will keep concentrating on personnel development, and further enrich the store network.

* Kazakhstan

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.

In order to increase directly managed stores, they established a joint venture company in April 2024, but in order to shift to a system for opening stores at an accelerated rate based on more flexible and swifter decision making, they terminated the joint venture contract in July 2025, and transferred their shares. From now on, they will make efforts to increase franchised stores.

* The U.S.

Made inroads into the U.S. market in 2000. The company 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 4 as of the end of May 2025.

② 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. The items they have bought will be reused and recycled as much as possible, to reduce waste.

③ 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.

[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 respondents are familiar with 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) 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.

(3) Human Resource Development System

In order to realize its business mission of "Be a source of an enjoyable and prosperous life for as many people as possible," the company believes that human resource development, as well as brand power and store network mentioned above, is essential. Therefore, the company have established a human resource development system for all employees, including not only full-time employees but also part-time employees.

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.

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**(4) Creating stores that offer peace of mind**

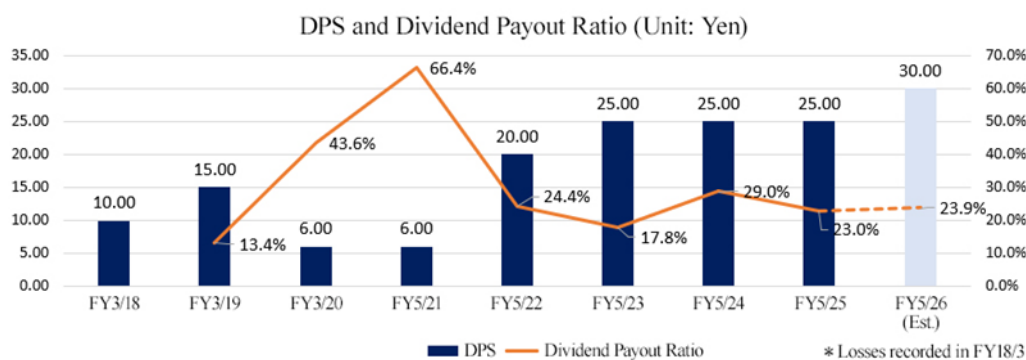
The company is working to create stores where users can sell goods with peace of mind by providing purchase services from the user's perspective and ensuring compliance with laws and regulations.

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 Sustainability]****(1) Fundamental Philosophy**

Under the group's management philosophy, they treat sustainability as a crucial element of management. The company recognizes that their customers' activities of selling and buying at "BOOKOFF" contribute to the extension of product lifespans and waste reduction, aligning with the "vision of a circular society."

In August 2023, the company articulated this stance by establishing a Basic Policy for Sustainability and a Human Rights Policy, reinforcing the dedication to ESG-focused management.

<Basic Sustainability Policy>

Environmental (E):	<ul style="list-style-type: none"> • Foster eco-friendly business activities. • Expand reuse/recycle initiatives to promote a circular society.
Social (S):	<ul style="list-style-type: none"> • Make jobs worthwhile and workplace ease • Create comfortable environments for everyone • Solidarity and harmony with local communities
Governance (G):	<ul style="list-style-type: none"> • Ensure decision-making from diverse perspectives, and maintain integrity in management • Disclose information appropriately and conduct a responsible dialogue.

<Human Rights Policy>

We believe that the protection of fundamental human rights is a prerequisite for creating a sustainable world. Therefore, in order to understand human rights and fulfill their responsibility to respect human rights, they have established the following human rights policy.

1. Basic Stance on Human Rights

We understand that corporate activities can potentially and overtly affect human rights. This policy conforms to international standards and will be put into practice in accordance with the United Nations "Guiding Principles on Business and Human Rights."

2. Scope of this Policy

This policy applies to all directors and all employees (including part-time employees) of group companies.

3. Commitment to Addressing Human Rights Issues in Corporate Activities

① Elimination of Discrimination

We respect individual human rights and diversity. We do not discriminate on any grounds including gender, age, nationality, race, religion, social background, employment status, marital status, pregnancy, health condition, gender identity, physical characteristics, or the presence or absence of disabilities.

② Appropriate Workplace Environment

We strive to provide a workplace environment where the human rights of all directors and employees of group companies are respected. This includes providing a healthy and safe workplace environment free from all forms of harassment, whether mental or physical, ensuring proper management of working hours, guaranteeing minimum wages, protecting privacy, and respecting freedom of association and the right to collective bargaining. We also do not tolerate any form of forced labor, child labor, or human trafficking.

4. Human Rights Due Diligence

In line with the United Nations "Guiding Principles on Business and Human Rights," we conduct human rights due diligence to identify, assess, prevent, and mitigate the negative impacts of corporate activities on human rights. Should it become evident that we are causing or contributing to human rights abuses, we will strive to correct these issues.

5. Remedial Measures

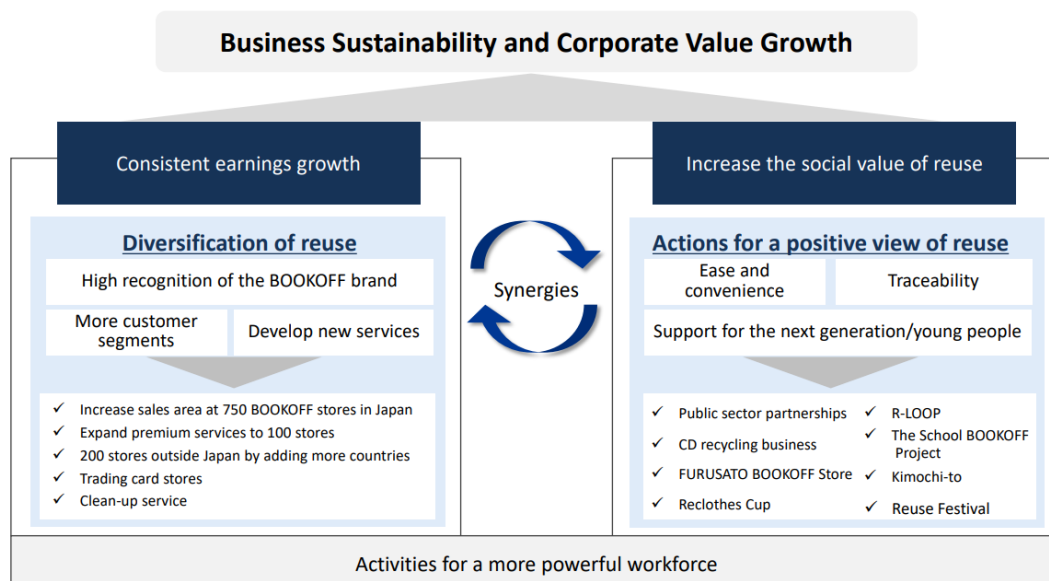
They provide a reporting system that allows all stakeholders to report human rights concerns without suffering any disadvantage. In the event of an allegation of human rights violations, they will promptly investigate, take remedial action to correct the negative impact on human rights, take steps to reduce future risks, and approach related people.

6. Education and Training

To ensure the effectiveness of this policy, they continually provide appropriate education and training to all directors and employees of group companies.

<Creation of value as a leading company in the reuse industry>

As a leading company in the reuse industry, the company pursues "continuous profit growth" and "improvement in social value of reuse" based on the strengthening of human capital, and strives to improve the sustainability of their business through the synergy between the above two and increase their corporate value.



(Source: the Company's material)

(2) Main Initiatives

① E (environment)

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 410 million items per year and sells about 280 million items per year. The reuse of CDs, DVDs, game software, and clothes is estimated to reduce CO₂ emissions by about 550,000 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.

In response to climate change issues, the company announced its support for the TCFD recommendations in August 2023.

Indicators and Targets

Target for Reduction of CO₂ Emissions

	FY2030	FY2045
Reduction vs. FY2021*1	50%	Become carbon neutral

*1: CO₂ emissions at BOOKOFF CORPORATION LIMITED, the major business company

Target for Business Sites Using Renewable Energy Electricity

	FY2030	FY2040
Renewable electricity locations*2	15%	50%

*2: Taking into account an expected net increase in the number of stores

Progress in Reduction of CO₂ Emissions Involving

Business Activities

(Unit: t-CO₂)

		FY5/2022	FY5/2023	FY5/2024
CO ₂ emissions	Scope1	246	269	301
	Scope2	26,804	23,956	17,234
	Total	27,027	24,201	17,535

(Source: the Company's material)

② S (society)

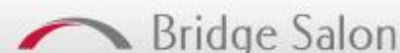
◎ Human Capital Enhancement

The company believes that promoting diversity, which is the foundation for achieving well-being, is the most critical challenge.

Under the diversity policy, the following approaches will be taken.

1. Commitment from the management team
2. Cultivating an inclusive corporate culture that welcomes and respects diversity
3. Fair, equitable, and transparent system flow
4. Evaluation and confirmation
5. Employee participation and engagement

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Indicators and Targets

Period: September 1, 2023 to May 31, 2028

Target 1: Provision of opportunities for work life

The target is to increase the percentage of female managers (rank of regional manager or group manager or higher) to at least **20%**.

Target 2: Balance between work and home life

Achieve **100%** use of child care time off for female employees and a utilization rate of at least **60%** for male employees

Applicable companies: BOOKOFF GROUP HOLDINGS LIMITED
BOOKOFF CORPORATION LIMITED

Progress on Indicators and Targets

	Targets	As of May 31, 2025
Percentage of female managers	At least 20%	9.2%
Use of child care time off by women	At least 100%	100%
Use of child care time off by men	At least 60%	84.2%

Applicable companies: BOOKOFF GROUP HOLDINGS LIMITED
BOOKOFF CORPORATION LIMITED

(Source: the Company's material)

◎ Initiatives

The company will collaborate with government agencies, companies and organizations to solve a wide range of social problems. By forming partnerships with related parties, it will lead the way in promoting a recycling-oriented society.

In October 2024, they held "Reclothes Cup 2024," one of Japan's largest fashion contests with upcycled used clothes in Fukuoka Prefecture, for the purpose of increasing the value of used clothes by redesigning them freely and facilitating the recycling of materials. In November 2024, they conducted Sustainable Book Project, in which they would donate books to orphanages according to the donation amount calculated from the number of books purchased at 145 stores in 16 prefectures, and donated a total of 5,325 books to 50 orphanages, creating opportunities for children to read in municipalities with few bookstores.

③ G (governance)

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.

(3) Response to material issues

For sustainability-oriented business administration, they identified material issues based on the basic policy for sustainability and implemented initiatives for the environment, society, and governance (ESG).

Regarding material issues, they have extracted and identified business-related items and themes with a significant social impact based on "Sustainable Development Goals (SDGs) and targets" for attaining them, but currently, they extract and identify them from the viewpoints of importance for stakeholders and BOOKOFF under the basic sustainability policy.

Material issues regarding sustainability are as follows.

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Environmental aspect (E)	<ul style="list-style-type: none"> To maximize the reuse by customers through diverse store operations and service enrichment To reduce the disposal of products through global activities and cooperation inside and outside the BOOKOFF group
Social aspect (S)	<ul style="list-style-type: none"> To create opportunities for supporting the sustainable growth and self-actualization of individuals To offer employment opportunities based on diversity
Governance aspect (G)	<ul style="list-style-type: none"> The board of directors is organized while considering independence and diversity. To have directors and executive officers comply with laws and regulations thoroughly To grasp business risks appropriately and enrich information to be disclosed

(Source: the Company's material, etc.)

2. Fiscal Year ended May 2025 Financial Results

[2-1 Consolidated Results]

	FY 5/24	Ratio to sales	FY 5/25	Ratio to sales	YoY	Compared to the forecast
Sales	111,657	100.0%	119,205	100.0%	+6.8%	-0.7%
Gross profit	62,771	56.2%	67,751	56.8%	+7.9%	-
SG&A expenses	59,719	53.5%	64,302	53.9%	+7.7%	-
Operating income	3,051	2.7%	3,448	2.9%	+13.0%	-1.5%
Ordinary income	3,448	3.1%	3,903	3.3%	+13.2%	+2.7%
Profit attributable to owners of parent	1,705	1.5%	2,101	1.8%	+23.2%	+0.0%

* Unit: million yen.

Sales and profits increased. Ordinary income reached a record high for the first time in 13 years.

Sales increased 6.8% year on year to 119.2 billion yen. Sales rose in all of the four business segments.

Ordinary income grew 13.2% year on year to 3.9 billion yen, hitting a record high for the first time in 13 fiscal years. The BOOKOFF operations in Japan saw an increase in profits. While the share of books, which have a high gross profit margin, increased, the share of trading cards, which have a low gross profit margin, declined. As a result, overall gross profit margin increased 0.6 points, and gross profit grew 7.9% year on year. That offset the augmentation of SG&A expenses, including personnel expenses, so profit increased by double digits.

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



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◎ Number of Group stores

As of the end of May 2025, there were 744 stores in the BOOKOFF operations in Japan (376 directly managed stores and 368 FC stores), 53 stores in the premium services business, and 43 stores in the overseas business (35 directly managed stores and 8 FC stores).

Opening of new stores (direct)

Classification	Store Name	Store Packages	OPEN	Location
Domestic	Jambo Square Kashiba Store	BOOKOFF	March 22, 2024	Nara Pref.
Overseas	Berjaya Mega Mall Store	Jalan Jalan Japan	May 23	Malaysia
Other	Naha Okie Dori Store	Japan TCG Center	June 14	Okinawa Pref.
Overseas	MASSAPEQUA Store	BOOKOFF	June 28	The U.S.
Overseas	Aksai Store	Jalan Jalan Japan	July 6	Kazakhstan
Premium	Omiya Takashimaya Store	hugall	July 11	Saitama Pref.
Domestic	Ito-Yokado-Higashimurayama Store	BOOKOFF	July 12	Tokyo
Premium	Sakura Shinmachi-eki-mae Store	BOOKOFF Purchasing Consultation Desk	July 12	Tokyo
Domestic	Cha Town Kokura Store	BOOKOFF	July 13	Fukuoka Pref.
Overseas	Sayahat Store	Jalan Jalan Japan	July 27	Kazakhstan
Premium	Denenchofu Store	BOOKOFF Purchasing Consultation Desk	August 2	Tokyo
Overseas	The Mines Mall Store	Jalan Jalan Japan	September 12	Malaysia
Premium	Myogadani Store	BOOKOFF Purchasing Consultation Desk	September 13	Tokyo
Other	Kamata-eki Higashi-guchi Store	Japan TCG Center	September 14	Tokyo
Overseas	MONTEREY PARK Store	BOOKOFF	September 19	The U.S.
Overseas	Vodnik Alatau Store	Jalan Jalan Japan	September 28	Kazakhstan
Premium	Meguro Store	BOOKOFF Purchasing Consultation Desk	October 18	Tokyo
Overseas	AEON BiG Taman Falim Store	Jalan Jalan Japan	October 31	Malaysia
Domestic	Soka Semon Plaza Store	BOOKOFF SUPER BAZAAR	November 5	Saitama Pref.
Overseas	Alatau Plaza Store	Jalan Jalan Japan	November 9	Kazakhstan
Premium	YokohamaTakashimaya Store	hugall	November 15	Kanagawa Pref.
Domestic	Livin Tanashi Store	BOOKOFF	November 27	Tokyo
Premium	Kichijoji Store	Rehello	January 10, 2025	Tokyo
Overseas	PHOENIX Store	BOOKOFF	January 23	The U.S.
Domestic	Sendai Clisroad Store	BOOKOFF	February 21	Miyagi Pref.
Overseas	Star Avenue Store	Jalan Jalan Japan	March 14	Malaysia
Domestic	Ito-Yokado Hachioji Store	BOOKOFF SUPER BAZZAR	April 17	Tokyo
Domestic	Nishinasuno Store	BOOKOFF	May 21	Tochigi Pref.
Premium	Kiyosumi Shirakawa	Rehello	May 27	Tokyo

Note: Since the account settlement periods of the domestic consolidated subsidiaries are different from the consolidated one, the BOOKOFF Jumbo Square Kashiba Store, which opened in March 2024, is classified as a new store opening in the first quarter of the fiscal year ending May 2025. Since the account settlement periods of the overseas consolidated subsidiaries are different from the consolidated one, Jalan Jalan Japan is classified as a newly opened store in the period of April 2024 to March 2025, and BOOKOFF USA is classified as a newly opened store in the period between March 2024 and February 2025.

BRIDGE REPORT



[2-2 Segment Trends]

	FY 5/24	Composition ratio	FY 5/25	Composition ratio	YoY
Sales					
BOOKOFF operations in Japan	99,036	88.7%	104,309	87.5%	+5.3%
Premium services business	6,750	6.0%	7,177	6.0%	+6.3%
Overseas business	4,668	4.2%	6,176	5.2%	+32.3%
Others	1,201	1.1%	1,542	1.3%	+28.3%
Total	111,657	100.0%	119,205	100.0%	+6.8%
Segment income					
BOOKOFF operations in Japan	4,503	4.5%	5,347	5.1%	+18.7%
Premium services business	420	6.2%	44	0.6%	-89.3%
Overseas business	724	15.5%	694	11.2%	-4.1%
Others	-175	-	-259	-	-
Adjustment	-2,023	-	-1,923	-	-
Total	3,448	3.1%	3,903	3.3%	+13.2%

* Unit: million yen. Composition ratio for segment income means the ratio of profit to sales.

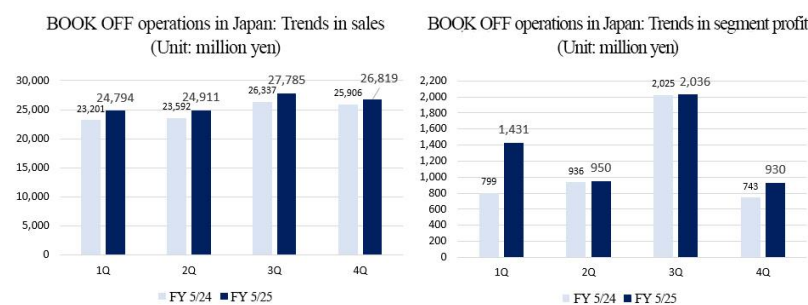
(1) BOOKOFF operations in Japan

Sales and profit increased.

At existing directly managed stores, the sales of trading cards, hobby goods, apparel, books, precious metals, watches, and brand-name bags increased. The opening of new stores also contributed to this.

In terms of profit, the increase in gross profit exceeded the augmentation of SG&A expenses, thanks to the growth of sales at existing stores.

Procurement has steadily recovered after the downturn due to the misconduct. While implementing measures for preventing the misconduct, they will improve the level of the service of buying used goods and develop a system environment in which customers can sell used goods easily.



◎ Existing Store Sales

Existing stores continued to show strong performance in the fiscal year ended May 2025, with sales increasing 4.6% year on year and the number of customers increasing 2.3%. Both figures exceeded those in the previous period.

Continuing two main themes: "making BOOKOFF entertaining" and "strengthening the line-up of trading cards and hobby goods," renovation was carried out in existing 52 stores.



BRIDGE REPORT



◎ Products

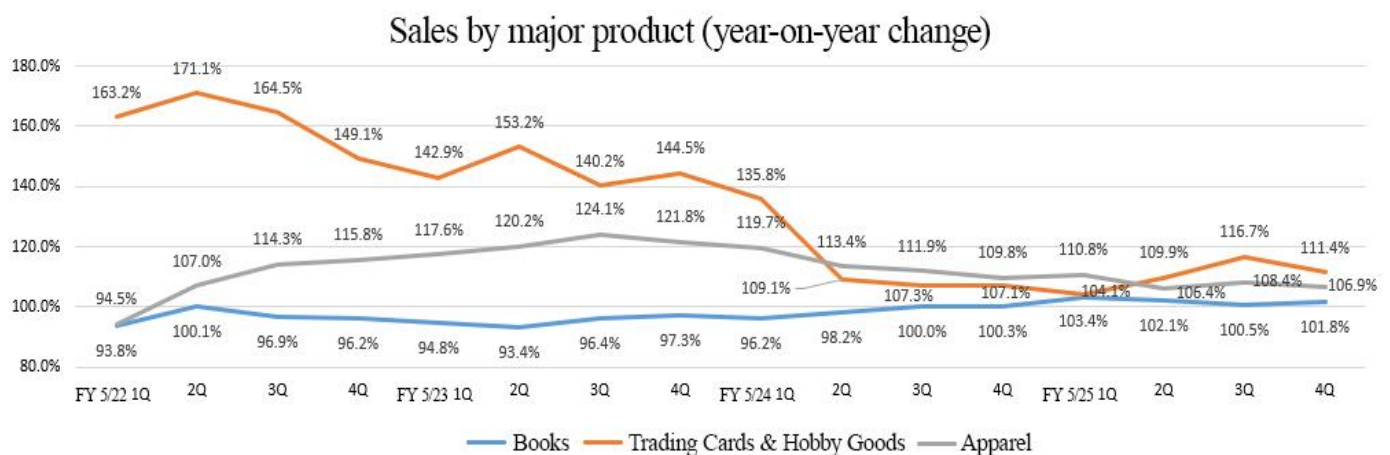
The sales of all merchandise, excluding software media, such as music, videos, and games, at existing stores increased from the previous fiscal year.

The sales of books grew year on year for the 6th consecutive quarter. In particular, the prices of printed media in the primary market have been rising, so their purchase prices and selling prices have increased, contributing to sales growth. In the long term, a downturn is considered unavoidable, but measures for keeping the ratio of sales to those in the previous fiscal year from falling below 100% turned out to be effective, and the purchase of used goods has progressed steadily.

They handle more trading cards and hobby goods while relocating and renovating stores. The sales of hobby goods remain healthy, as anime goods sell well. The sales of trading cards had been sluggish due to the drop in prices of used trading cards, but the number of distributed new products increased and the market prices of Pokémon cards rebounded in the second half of the fiscal year, so the sales of trading cards recovered, achieving a year-on-year growth.

Apparel sold well as a whole. In particular, the sales of men's apparel and accessories were healthy.

The sales from foreign visitors to Japan increased significantly by 61.6% year on year, showing an over-5-fold growth from the pre-pandemic period. Regarding the performance in each region, the sales in the U.S. and Asia account for a significant proportion. Regarding the performance of each product category, precious metals, watches, and brand-name bags account for about 40%, the largest proportion, while trading cards, hobby goods, and software media make up about 35%, showing a 5-point increase from the previous year.



(Domestic Directly Managed Stores, FY 5/25 Trends by Product Category)

	YoY	Composition ratio
Books	101.9%	22.6%
Software media (music, videos, and video games)	99.3%	22.3%
Apparel	108.0%	11.9%
Precious metals, watches, brand-name bags	103.8%	9.0%
Trading cards and hobby goods	110.7%	21.1%
Home appliances, mobile phones	106.6%	5.0%
Sports and outdoor equipment	108.6%	3.7%
Other	107.8%	4.5%
Total	104.6%	100.0%

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**(2) Premium Services Business**

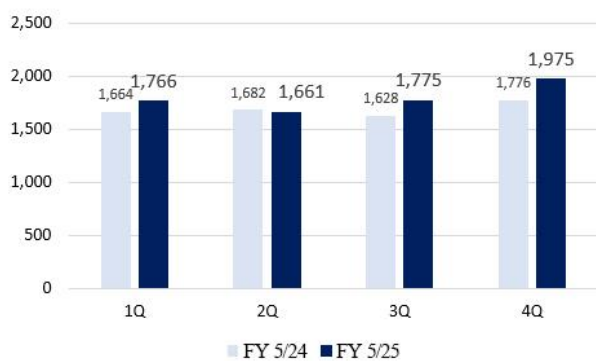
Sales increased, but profit decreased.

Sales grew, as procurement increased from the previous fiscal year as new stores were opened in the fiscal year ended May 2024 and the fiscal year ended May 2025, but profit dropped significantly from the previous fiscal year, as the procurement at new stores fell below the assumed amount and they increased staff for business growth. The procurement in the fiscal year ended May 2025 was up 5.7% year on year, falling below the growth rate in the fiscal year ended May 2024 (20.1%).

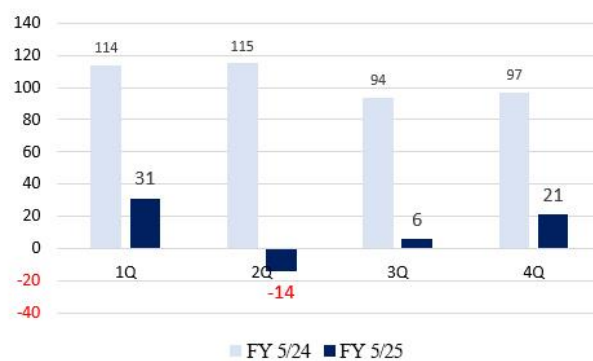
They opened a total of 8 new stores, that is, 2 stores of hugall, 4 shops of BOOKOFF Purchasing Consultation Desk, and 2 stores of Rehelo, for which they redeveloped the brand.

Since the release of news about the misconduct, the increase of new alliance partners has been delayed, but the number of transactions based on the introduction of customers from existing alliance partners has been recovering. They were not able to increase procurement sufficiently, due to the intensification of competition, the downturn in some market prices due to the economic situation in China, the delay in increasing new customers at existing stores, etc. As the turnover of apparel sold mainly at EC sites has declined, they have revised the standards for purchasing and selling used goods, and discussed the expansion of opportunities to sell at real stores based on low-cost operation, such as shops inside large-scale commercial facilities in Tokyo where BOOKOFF does not handle apparel.

Premium services business: Trends in sales
(Unit: million yen)



Premium services business: Trends in segment profit
(Unit: million yen)

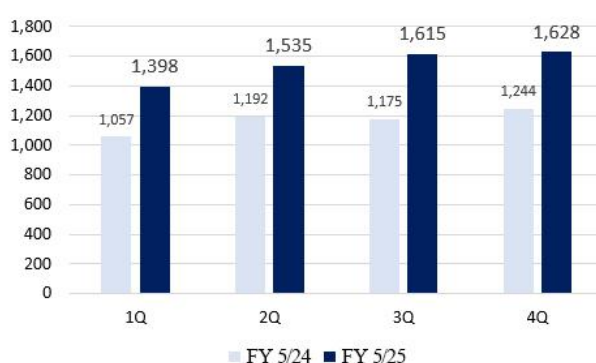
**(3) Overseas Business**

Sales increased, but profit decreased.

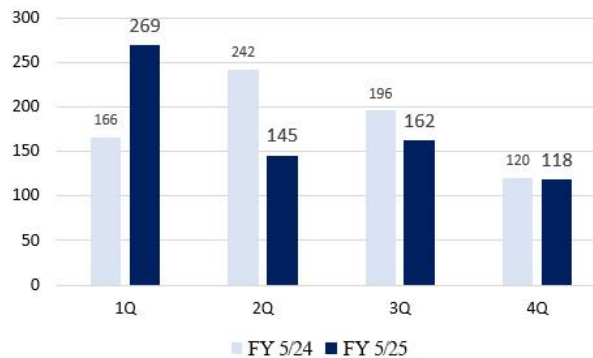
Sales in the United States "BOOKOFF", and "Jalan Jalan Japan" in Malaysia and Kazakhstan increased due to store openings. The sales in the U.S. grew 21.9% year on year and the sales in Malaysia increased 14.8% year on year. However, profit declined, due to the sluggish sales at existing stores in Malaysia, the delay in monetization of stores due to the establishment of a local corporation in Kazakhstan, the upfront expenditure for opening new stores, etc.

To cope with the sluggish sales at existing stores in Malaysia, they engage in the improvement of selling spaces for recovering the number of customers. The business environment in Malaysia itself remains healthy, and we heard that some newly opened stores earned larger sales than planned.

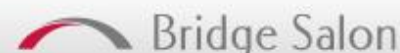
Overseas business: Trends in sales
(Unit: million yen)



Overseas business: Trends in segment profit
(Unit: million yen)



BRIDGE REPORT



[2-3 Financial Condition]

◎ Financial Conditions

	May 2024	May 2025	YoY		May 2024	May 2025	YoY
Current assets	32,208	33,517	+1,309	Current liabilities	20,551	20,192	-359
Cash and deposits	7,180	6,628	-552	Accounts payable-trade	783	659	-124
Accounts receivable-trade	3,397	3,888	+491	Short-term debt	11,580	10,986	-594
Inventories	18,825	19,731	+906	Non-current liabilities	13,483	18,320	+4,837
Non-current assets	22,334	23,863	+1,529	Long-term debt	10,801	15,605	+4,804
Property, plant and equipment	9,854	11,742	+1,888	Total liabilities	34,034	38,513	+4,479
Intangible assets	2,428	2,118	-310	Net assets	20,507	18,867	-1,640
Investments and other assets	10,052	10,002	-50	Retained earnings	13,534	15,140	+1,606
Guarantee deposits	7,311	7,286	-25	Treasury shares	-587	-3,813	-3,226
Total assets	54,542	57,380	+2,838	Total liabilities and net assets	54,542	57,380	+2,838

* Unit: million yen. Borrowings and interest-bearing debt include lease obligations.

As they procured inventory, inventory assets increased. As tangible fixed assets grew through the opening of new stores and renovation of existing stores, total assets rose 2.8 billion yen from the end of the previous fiscal year to 57.3 billion yen.

Total liabilities augmented 4.4 billion yen from the end of the previous fiscal year to 38.5 billion yen, due to the increase in long-term interest-bearing liabilities.

Net assets decreased by 1.6 billion yen from the end of the previous fiscal year to 18.8 billion yen due to an increase in treasury stock.

The equity ratio decreased by 4.6 points from the end of the previous fiscal year to 32.5%.

◎ Cash Flows (CF)

	FY 5/24	FY 5/25	Increase/decrease
Operating cash flow	4,084	3,062	-1,022
Investing cash flow	-2,411	-2,510	-99
Free cash flow	1,673	552	-1,121
Financing cash flow	-100	-1,118	-1,018
Cash and Equivalents at the end of term	7,180	6,628	-552

* Unit: million yen.

The cash inflow from operating activities and the surplus of free cash flow shrank, as paid income taxes augmented and they paid expenses for special investigation, etc. although net income before taxes and other adjustments increased. The cash outflow from financial activities augmented, due to the rise in expenditure for acquiring treasury shares, etc. The cash position declined.

[2-4 Topics]

◎ Progress of the measures for preventing the recurrence of the misconduct case

They started the measures for preventing the recurrence in November 2024. They completed priority measures for preventing the recurrence, including “the revision to the rules for managing cash & deposits,” “the revision to the rules for physical inventory,” “the review of management,” and “the analysis of abnormal values at the headquarters,” in the fiscal year ended May 2025. They also completed the measure for refurbishing some systems in July 2025.

For system development 28 out of 57 listed projects have been completed and systems have been installed. In the fiscal year ending May 2026, they plan to complete all projects and install systems.

3. Fiscal Year ending May 2026 Financial Forecast

[3-1 Earning Forecasts]

	FY 5/25	Ratio to sales	FY 5/26 Est.	Ratio to sales	YoY
Sales	119,205	100.0%	127,000	100.0%	+6.5%
Operating income	3,448	2.9%	3,800	3.0%	+10.2%
Ordinary income	3,903	3.3%	4,000	3.1%	+2.5%
Net income	2,101	1.8%	2,200	1.7%	+4.7%

* Unit: million yen.

Sales and profit are expected to grow, and all kinds of profits are projected to hit a record high.

It is forecast that sales will increase 6.5% year on year to 127 billion yen, operating income will rise 10.2% year on year to 3.8 billion yen, and ordinary income will grow 2.5% year on year to 4 billion yen. All kinds of profits are projected to hit a record high. In the BOOKOFF operations in Japan, they will continue the investment in business for developing a sustainable system while implementing initiatives for preventing misconduct. The forecast dividend amount is 30.00 yen/share, up 5.00 yen/share from the previous fiscal year. The expected payout ratio is 23.9%.

[3-2 Assumptions and forecasts]

(1) BOOKOFF operations in Japan

The company plans to open 8-10 new stores, including those replacing existing ones, across the BOOKOFF, BOOKOFF PLUS, and BOOKOFF SUPER BAZAAR brands. In addition to new store openings, it will continue implementing renovations at existing stores to strengthen the trading card and hobby goods and optimize overall store layouts. In the fiscal year ended May 2025, they did not open any new stores of "ASO-VIVA." For this, they are discussing and adjusting their system for opening stores, including the environment of trading cards.

The company anticipates that the ratio of sales at directly managed stores to those in the previous year will be 106% in the first half, 104% in the second half, and 105% for the full year.

Sales are healthy mainly at existing stores, but the expected profit increase is only about 10 million yen, due to the augmentation of personnel expenses caused by the active opening of stores and the rise in minimum wages, the increase in software depreciation, the expenses for preventing the misconduct, etc.

(2) Premium Services Business

They plan to open a total of 10 new stores of hugall and aidect. The recovery of procurement, etc. are expected to improve revenue at stores, but some stores of hugall will be closed. Profit is projected to rise around 50 million yen.

(3) Overseas Business

They plan to open 12-13 new stores. In detail, they plan to open 4 directly managed stores in Malaysia, 5 directly managed stores in the U.S., and 3-4 franchised stores in Kazakhstan, etc.

As the sales at existing stores in Malaysia were stagnant in the previous fiscal year, they engage in the improvement of selling spaces for recovering the number of customers. Accordingly, the profit in this segment is projected to rise around 200 million yen.

(4) Other

Due to the shrinkage of the deficit in the cleanout service, a profit of about 50 million yen is expected to be posted after the posting of a loss of 259 million yen in the previous fiscal year.

In the fiscal year ending May 2025, they planned to open 4 stores of Japan TCG Center, but the actual number of opened stores was 2, because they were not able to find appropriate land lots for new stores. In order to launch a new business on a full-scale basis, it is indispensable to increase samples, so they will strive to open 4 stores without fail while reflecting on the performance in the previous fiscal year.

4. Mid-term Management Policy and its Progress

[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.

In this context, the company is undergoing trial and error to restructure its business foundation by strengthening the collaboration between its e-commerce website, BOOKOFF Official Online Store, and its physical stores, launching a premium service for high-value items and establishing new BOOKOFF Purchasing Consultation Desk (Rehello) stores specialized in purchasing.

Although the COVID-19 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 services 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 2023), the size of the Japanese reuse market increased from 1.1 trillion yen in 2009 to 2.9 trillion yen in 2022. The market scale is expected to expand further to reach 4.0 trillion yen in 2030.

[4-2 What we aim for]

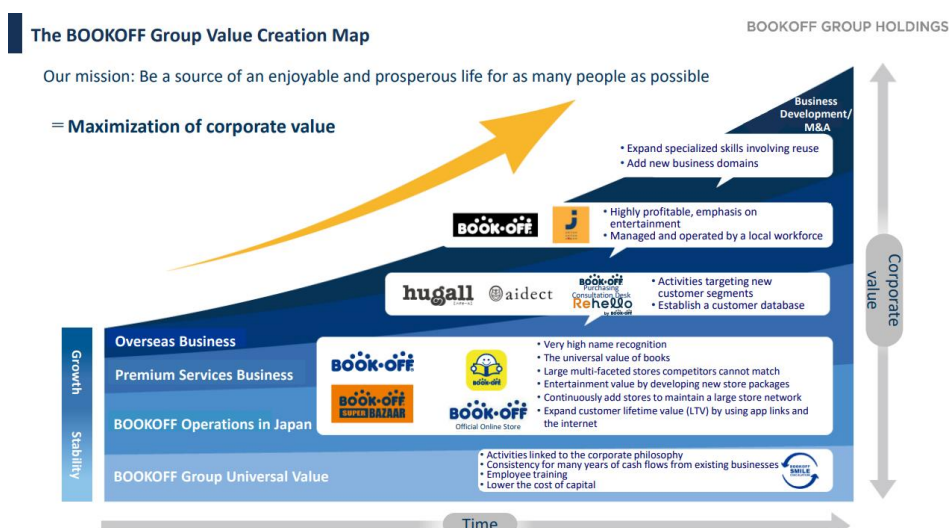
The company aims to be a leading "reuse" company in the booming reuse market.

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 an enjoyable and prosperous life 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."

In addition, the company will continue to consider new business development and M&A based on the following policies: "it must be in line with the management philosophy and mission," "it must be able to leverage the strengths created by the BOOKOFF Group's business development," and "it must lead to new career development for employees working for the BOOKOFF Group."



(Source: the Company's material)

[4-3 Business Policy]

(1) Overview

Their medium-term management 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 BOOKOFF operations in Japan into “Exploitation” and the premium services 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.

While aiming to achieve a profit significantly exceeding the highest-ever profit recorded in the fiscal year ended May 2025 (an ordinary income of 3.9 billion yen) through profit growth in the category of Exploration, the company plans to improve its profit margin on a consolidated basis by increasing the profit composition ratio of the highly profitable business in the category of Exploitation.

The company faced difficulty, which is the recording of loss, in the BOOKOFF operations in Japan, 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) Approach to growth in the domestic market environment

The company envisions the following growth scenario for the domestic market, focusing on its core BOOKOFF operations in Japan.

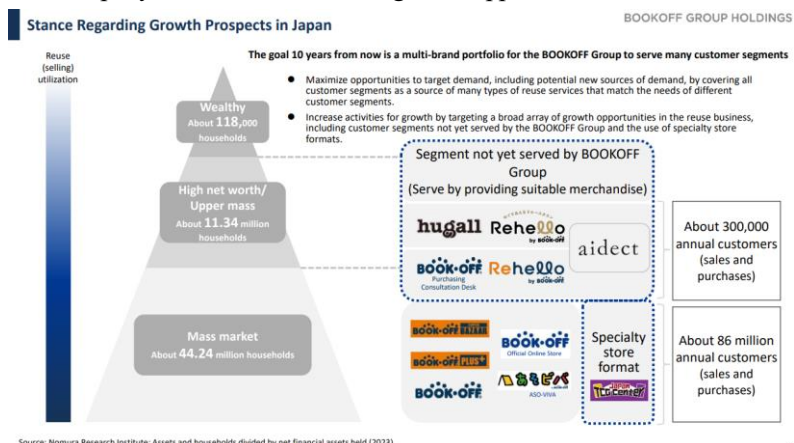
Since the establishment of the company, the BOOKOFF operations in Japan, which handles mainly books, has provided services to general consumers, which are estimated to be approximately 44 million households. The number of users of their selling and purchase services is about 86 million per year. General consumers use a “reuse” service by selling their own goods.

On the other hand, among approximately 11 million households in the affluent and upper-middle classes and approximately 110,000 households in the ultra-affluent class, reuse has not penetrated as deeply as it has among general consumers.

Therefore, the company aims to provide diverse reuse services tailored to different customer segments, reaching all customer groups to stir up latent demand to the maximum degree.

For the “untapped customer segments” among affluent and upper-middle-class consumers, the company will provide premium services beyond mere store-based reach. For potential customers among general consumers who show high interest in trading cards, the company will cultivate demand through the specialty store, Japan TCG Center.

The company views them as diverse growth opportunities within the reuse business and will strengthen its initiatives accordingly.



(Source: the Company’s material)

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**(4) Policies of Each Business****① BOOKOFF operations in Japan****◎ Basic Policy**

The company has pursued store expansion investments, merchandise diversification, and utilization of digital technologies to grow its BOOKOFF operations in Japan. As a result, sales have continued to rise steadily. The number of customers, which temporarily declined during the COVID-19 pandemic, has grown to the level significantly exceeding the pre-pandemic figure.

In this favorable environment, 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.

For their store expansion strategy, the company will focus on improving store operation efficiency. 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.

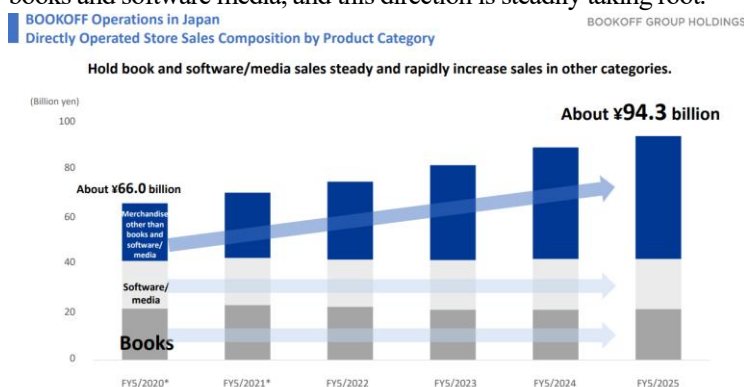


(Source: the Company’s material)

◎ Products

Due to sluggish sales of new books, it is difficult for the sales of books and software media to achieve significant growth as the company's total sales increase. However, books 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 recognition that books are strategically important core products remains unchanged when it comes to differentiation from other companies.

While maintaining the gross profit generated by books, the company aims to expand sales and profit by releasing products other than books and software media, and this direction is steadily taking root.



*12-month figures June 2019–May 2020 and June 2020–May 2021

(Source: the Company’s material)

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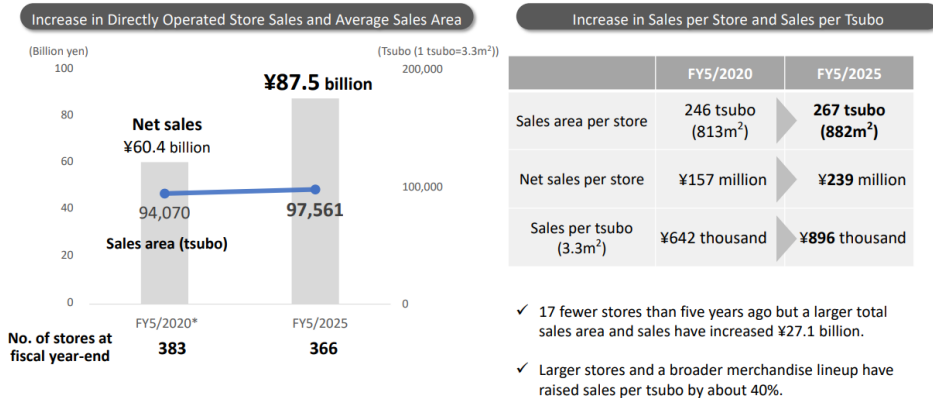


◎ Store Strategy

The company is working to improve store management efficiency.

As they are closing small-sized stores and opening large-sized ones, the total number of stores decreased by 17 over five years—from 383 at the end of the fiscal year ended May 2020 to 366 at the end of the fiscal year ended May 2025. However, total sales floor area expanded from approximately 94,000 tsubo ($\approx 310,200 \text{ m}^2$) to approximately 98,000 tsubo ($\approx 323,400 \text{ m}^2$).

Along with the expansion of sales floor area, the variety and volume of products handled increased, and sales per tsubo rose by approximately 40% to about 900,000 yen during the same period.



*Uses the 12-month period that ended in May 2020

(Source: the Company's material)

Regarding store openings and closures, the company is primarily focusing on the strategic closure of smaller BOOKOFF stores with a sales floor area of less than 100 tsubo (330 m²), based on performance. Over the past two years, the average sales floor area for new stores opened has been 300 to 400 tsubo (990 to 1,320 m²), more than two to three times the average sales floor area of closed stores. In particular, the 1,000-tsubo-scale “BOOKOFF SUPER BAZAAR,” capable of handling an overwhelming volume of merchandise and meeting a wide range of needs, holds a high profit share in this business. They plan to keep opening stores actively.

(Cases)

The “BOOKOFF SUPER BAZAAR Kofu-kugawa Store” (Yamanashi Prefecture), opened in April 2024, replaced two existing BOOKOFF stores closed for this purpose.

As a result, they saw an increase in the number of local customers, the improvement in repeated use rate, and the expansion of the trade area. Comparing the nine-month period from June 2024 to February 2025 (two months after the new store opened) with the nine-month period from June 2023 to February 2024, regional sales increased by 39% and regional ordinary income increased by 17%.

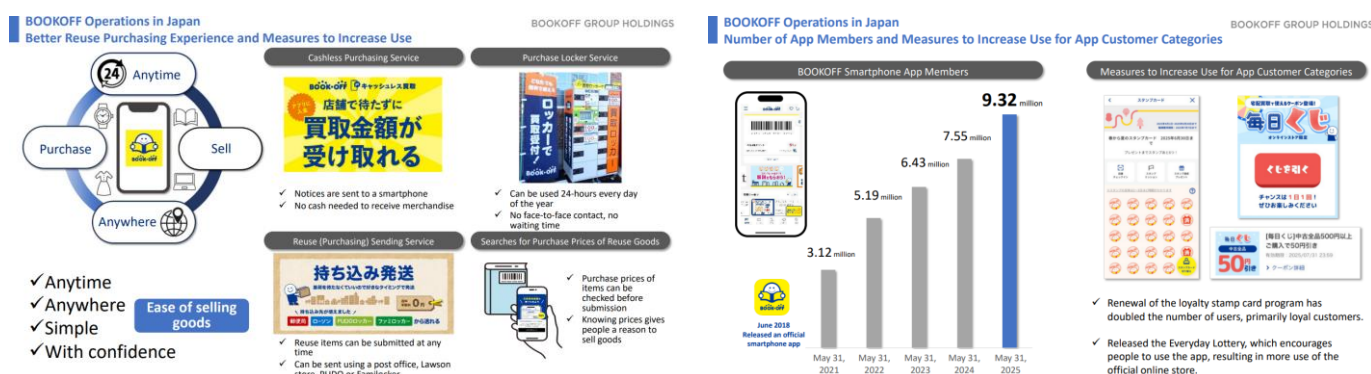


(Source: the Company's material)

◎ Enhancing the experience of selling used goods and implementing various initiatives for attracting customers

Beyond store expansion, the company aims to strengthen and expand customer touchpoints through enhanced CRM initiatives using the official smartphone app, enhancing customer services and store development, and promoting the digitization of management of products and customers.

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(Source: the Company's material)

As of the end of May 2025, the number of app users was 9.32 million. The increase of app users is leading to the increased usage of the company's unique services and higher revenue.

While the number of app users is reaching 10 million, the company will continue to focus not just on increasing users, but on expanding Monthly Active Users (MAUs) through enhanced features and high-quality customer experiences delivered via loyalty initiatives.

A recent revision to the stamp card as one of its loyalty initiatives doubled the number of users, particularly among loyal users. Most recently, the company launched a "Daily Lottery" mechanism to encourage use of its official online store, thereby boosting app launches. Beyond sales, the company is also advancing service designs to enhance the experience of selling used goods. This includes making it easier to request purchases via the app and facilitating the process of bringing in items for sale.

◎ IT Investment



(Source: the Company's material)

The company is implementing various system reconstructions to enhance customer services, focusing on the app for users, improve efficiency in store and headquarters operations, and support systems such as store systems, the official website, and the official online store.

For the fiscal year ended May 2025, the company installed a new store system in all directly managed and franchise stores by May 2025. Additionally, the company prioritized system modifications to prevent the recurrence of fraudulent cases. Depreciation expenses for the fiscal year ending May 2026 are expected to increase further from the fiscal year ended May 2025.

Going forward, the company will strategically implement initiatives to enhance customer convenience, including upgrading the BOOKOFF official website and at-home purchase service site, as well as expanding the functionality of the app for users. To accommodate the expansion in sales scale, the company also considers that it is necessary to strengthen the warehouse operation system at logistics centers.

② Premium Services 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. They aim to establish 100 stores in mainly major cities

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.

BRIDGE REPORT

Premium Services Business Medium-term Goals



Source: Nomura Research Institute: Assets and households divided by net financial assets held

(Source: the Company's material)

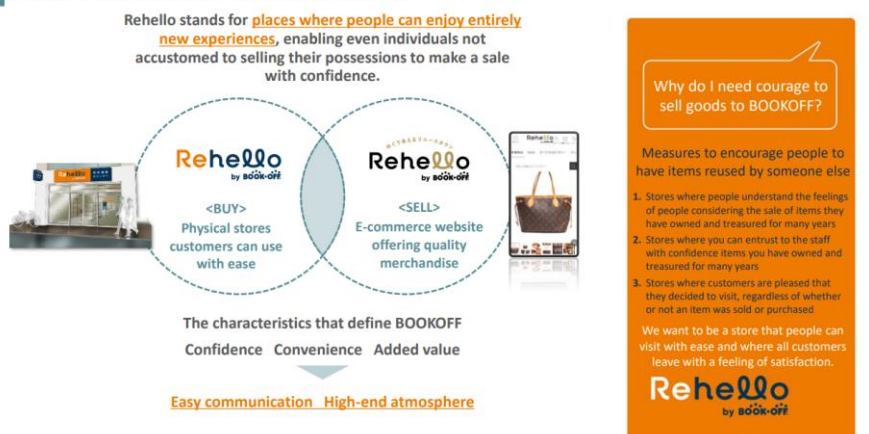
Regarding the “goal of establishing a network of 100 stores,” the initial target was set for the fiscal year ending May 2028. However, considering the recent progress and the business environment, the company plans to reschedule the timeline for achieving this goal. For the fiscal year ending May 2026, the company will temporarily suspend new store openings for its Purchasing Consultation Desk (Rehello) and instead focus on strengthening existing stores.

The company plans to gradually integrate the existing 18 Purchasing Consultation Desk under the “Rehello” brand during the fiscal year ending May 2026. Due to the expiration of contracts with some department stores, six Hugall stores are scheduled to close during the fiscal year ending May 2026. As a result, the company plans to relocate three stores and open five new ones.

The brand concept of "Rehello" is to offer reliable purchase services to users who are not accustomed to selling used items and to realize a “place” where they can encounter something new.

They aim to improve the efficiency of sale by enhancing the linkage between real stores that can be casually visited by customers and the e-commerce website where customers can search for products easily.

Premium Services Business Rebranding as Rehello



(Source: the Company's material)

③ Overseas Business

The company will aggressively open new stores in Malaysia, Kazakhstan, and the United States.

They will also strive to brush up the ability to supply products.

The target total number of stores for the fiscal year ending May 2028 was originally set at 80: 30 stores in the United States and 50 Jalan Japan stores. However, Jalan Japan's target has been revised upwardly to 70, bringing the total target to 100.

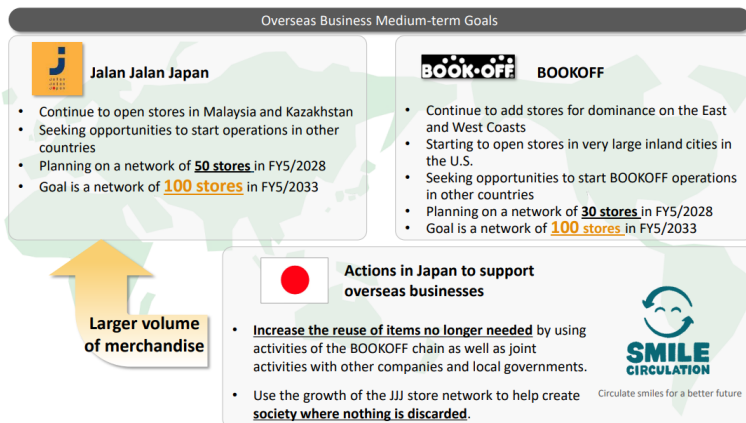
By the fiscal year ending May 2033, both businesses aim to operate 100 stores each.

BRIDGE REPORT



Overseas Business Medium-term Goals

BOOKOFF GROUP HOLDINGS

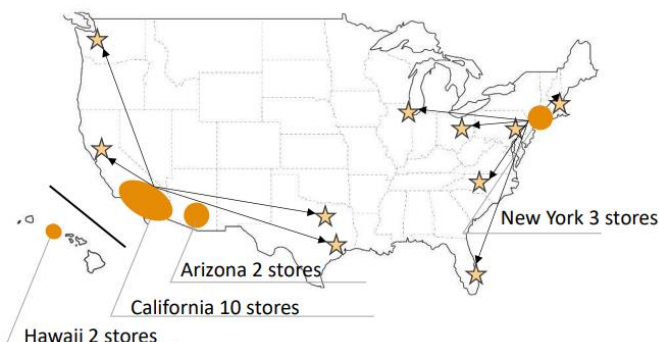


(Source: the Company's material)

© The United States

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

In addition to continuing store openings for the regional dominance strategy on the East and West Coasts of the United States, the company is advancing its expansion into inland megacities. Following the opening of its second store in Arizona (PHOENIX store) in the fiscal year ended May 2025, the company plans to open new stores in Texas and Michigan in the fiscal year ending May 2026. In addition to the standard type similar to BOOKOFF stores within Japan, the company is developing stores specializing in anime products, in response to the popularity of Japanese anime.



Standard model

BOOKOFF
MASSAPEQUA Store

Anime store model

BOOKOFF
IRVINE Store

(Source: the Company's material)

By product category, hobby items, anime, and trading cards are showing significant growth, while books and software media are also steadily increasing.

The U.S. book publishing market had been in a downtrend for a long time, but the COVID-19 pandemic triggered a trend reversal, and growth has continued. In this environment, BOOKOFF USA's used book sales are growing even at existing stores. In addition to growth in the primary market, rising unit prices have also contributed to an increase in book sales, driving more customers to stores, like in Japan.

In order to expand the market and streamline store operations, they will polish the capability of managing local human resources and improve operations and customers' experiences. In order to keep opening stores to increase the number of stores to 100, it is necessary to secure real estate in the major cities and throughout the U.S., so they will conduct surveys more actively.

For management and personnel development, they will promote at least three employees to store managers in Japan and the U.S. and hold training for developing new stores in Arizona. This indicates that the development of locally hired human resources is steadily progressing.

For developing stores and selling products, they will revise the rules for display, promote the creation of efficient selling spaces, update store equipment, such as product description tools for enhancing the effect of sales promotion, revise the methods for selling anime goods, approach new customers, and integrate systems for purchase and appraisal.

BRIDGE REPORT



◎ Jalan Jalan Japan

In addition to continuing store openings in Malaysia and Kazakhstan, the company is considering expansion into new countries. The company plans to increase the number of stores to 70 by the fiscal year ending May 2028 and to 100 by the fiscal year ending May 2033.

In Malaysia, the company has opened a total of 16 stores: 13 in the metropolitan area of the Malay Peninsula, 2 in the northern part of the Malay Peninsula, and 1 in the eastern part of the Malay Peninsula. While improving the current conditions, the company plans to continue opening new stores, primarily in the capital region.

In Kazakhstan, a joint venture company was established in April 2024, but was dissolved in July 2025, and shares were transferred in order to shift to a structure that accelerates store openings under more flexible and rapid decision-making processes. The company plans to continue actively supporting the expansion of franchised stores in Kazakhstan through product supply, sales support, and other means.

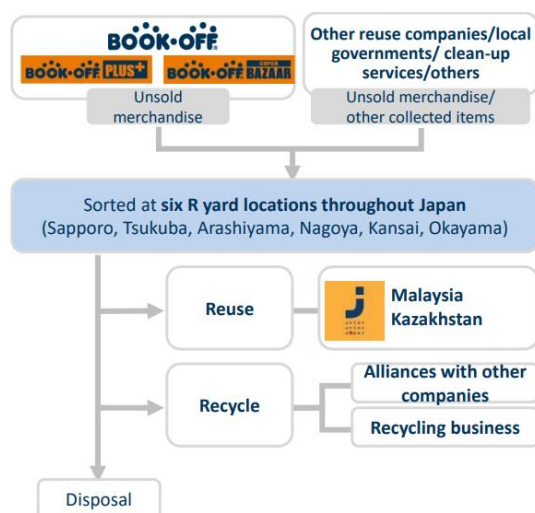
◎ Strengthening of supply capacity and realization of a “society that does not throw away things”

The company is working to strengthen its supply capacity for Jalan Jalan Japan, which aims for an expansion of its stores, and to establish systems for realizing a “society that does not throw away things.”

Unwanted items collected not only through the company group's chain stores, but also through partnerships with other companies and local governments, as well as through cleanout business, are sorted at six R-Yards locations throughout Japan based on their condition for reuse, recycling, or disposal, with reusable items shipped to Malaysia and Kazakhstan. The company is also considering expanding R-Yard facilities, primarily in the Kanto region.

Additionally, the company has initiated the launch of R-LOOP, a new resources circulation platform developed in collaboration with BPLab Co., Ltd. (Minato-ku, Tokyo), which collects used clothing and miscellaneous goods no longer needed by consumers.

Unwanted clothing and miscellaneous goods are collected at various collection spots, such as office corners. Clothing and miscellaneous goods still in usable condition are resold through Jalan Jalan Japan, while unusable items are recycled and remanufactured by BPLab Co., Ltd. The BOOKOFF Group bears responsibility for R-LOOP's operating costs, including the setup fees for collection points. Since this is not a purchase program, it allows for zero purchase costs while expanding the volume of goods available for Jalan Jalan Japan (R-LOOP operating costs constitute the cost of goods sold).



(Source: the Company's material)

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.

The company plans to open four new stores in the fiscal year ending May 2026 and plans to operate about ten stores over the medium term while monitoring efficiency and profitability.

*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

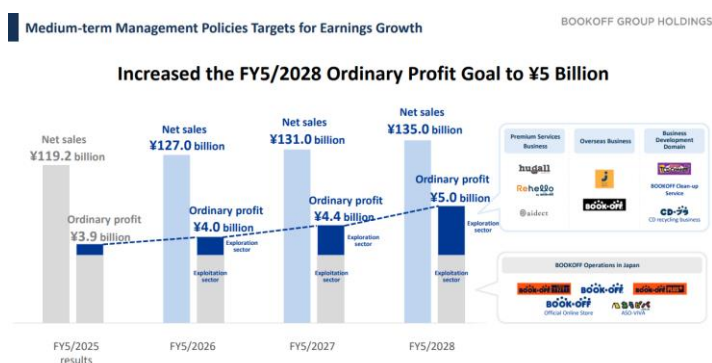
The company continues to consider developing new businesses and conducting mergers and acquisitions on the basis of its policies that businesses should “help the BOOKOFF Group follow the corporate philosophies and mission,” “allow the BOOKOFF Group to take advantage of the strengths produced through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

[4-4 Numerical Goals]

© Revenue Expansion

They aimed to achieve “sales of 130 billion yen and an ordinary income of 4.5 billion yen or over” in the fiscal year ending May 2028, but seeing the healthy performance of the BOOKOFF operations in Japan, they have upwardly revised the targets to “sales of 135 billion yen and an ordinary income of 5 billion yen.”

As mentioned above, by steadily generating revenue from core business areas and accelerating profit growth in high-profitability exploration areas to increase their contribution to overall profits, the company aims to significantly exceed its previous record-high ordinary income of 3.9 billion yen in the fiscal year ended May 2025 and improve its consolidated profit margin.



(Source: the Company's material)

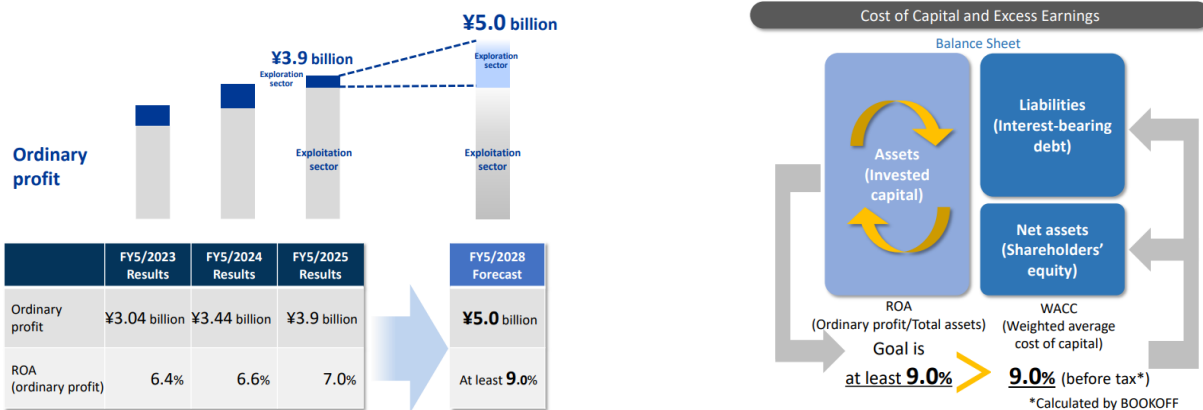
© Financial policy and initiatives for realizing business administration conscious of capital cost

They recognize that the weighted average cost of capital for their treasury shares is around 9.0%, and aim to achieve an ROA of 9.0% or higher in the fiscal year ending May 2028.

Currently, the share of profit of the BOOKOFF operations in Japan, which is categorized in Exploitation, is high, so they will concentrate on the increase in profit in the premium service business, the overseas business, and other businesses, which are categorized in Exploration. They will invest in more profitable businesses by strategically closing stores and enlarging stores based on business performance to improve the efficiency of capital management.

*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.

BRIDGE REPORT



(Source: the Company's material)

5. Message from President Horiuchi to Shareholders and Investors

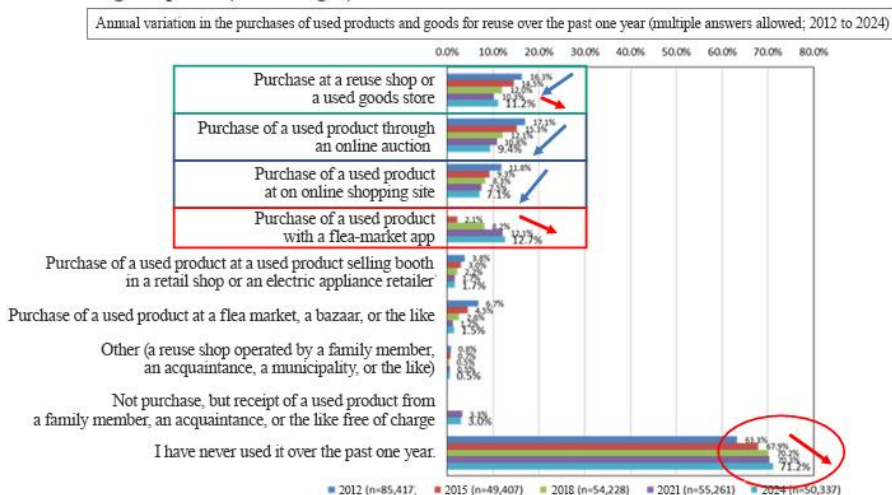
The scale of the reuse market in Japan is expected to grow from 1.1 trillion yen in 2009 to 4 trillion yen in 2030. It is said that dormant assets in households, etc. amount to around 70 trillion yen. In such a market environment, our sales and profit have grown.

However, the number of people who use reuse services proactively and actively in Japan has not increased.

According to the results of the Ministry of the Environment's survey conducted at 3-year intervals since 2012, the ratio of consumers who have never used a reuse service in the past 1 year is around 70%, showing an upward trend or unchanged performance.

Survey on the actual situation of reuse by consumers (based on the Internet, time-series data)

- This shows the variation in results of surveys on consumers' purchases of used products and goods for reuse, which were conducted at 3-year intervals since 2012. Over the last year, the purchases of goods for reuse via a flea-market app increased, those at reuse shops started increasing after a downward trend, and those via an online auction or shopping site decreased.
- Those who have never used a reuse service in the past one year account for about 70%, showing an upward (or unchanged) trend.



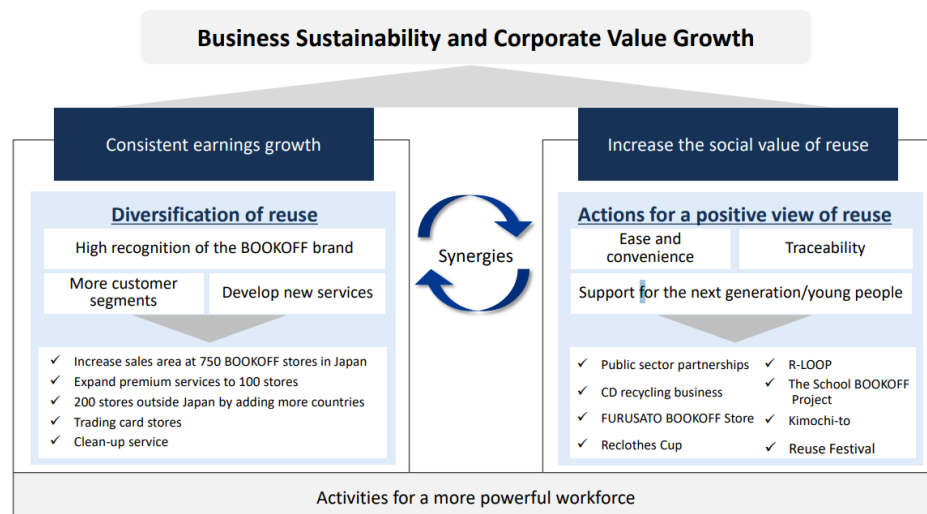
Source: "Report on a Survey on the Reuse Market Scale in 2024" by the Ministry of the Environment

5

In this situation, we have a strong sense of crisis.

Hearing about a case in which a customer used a flea market app and received a counterfeit product and criminal cases, such as the burglary and fraud after visiting a customer's home, not a few people are worried and feel reluctant to use reuse services even though they understand the merits of reuse. In this situation, we profoundly recognize that our important duty as a leading company in the reuse industry is to make reuse services leave a positive impression and "improve the social value of reuse."

We aim to become an enterprise that can keep growing considerably in the medium/long term by not only pursuing profit as an enterprise, but also offering more reuse services, which are beneficial to the environment and society. We would appreciate your continued support.



(Source: the Company's material)

6. Conclusions

The number of directly managed stores of the BOOKOFF operations in Japan decreased by 10 from 386 at the beginning of the fiscal year (June 2024) to 376 at the end of the fiscal year (May 2025).

In detail, they opened 8 stores, while closing 18 stores, but this does not mean that they have weakened store operation, but they intended to improve the efficiency of store operation by opening large-sized stores while closing small-sized stores.

While they conduct the strategic closure of small-sized BOOKOFF stores with a selling space area of less than 100 tsubo ($\approx 330 \text{ m}^2$), the average selling space area of stores opened in the past 2 years is 300 to 400 tsubo (≈ 990 to $1,320 \text{ m}^2$), 2 to 3 times the average selling space area of closed stores. Consequently, selling space area expanded, the variety and volume of merchandise increased, and sales per tsubo ($\approx 3.3 \text{ m}^2$) increased significantly, although the total number of stores decreased. In particular, "BOOKOFF SUPER BAZAAR" with an area of around 1,000 tsubo ($\approx 3,300 \text{ m}^2$), which can handle an overwhelming amount of products and meet a variety of needs, accounts for a significant proportion of profit in this business, so they plan to keep opening this kind of stores actively. On the other hand, regarding the "100-store structure" in the premium service business, they first aimed to realize such a structure in the fiscal year ending May 2028, but seeing the recent progress and business environment, they plan to revise the assumed timing of achieving such a structure, and focus on the strengthening of existing stores.

We would like to pay attention to the progress of each business toward the goals in the fiscal year ending May 2028, that is, "sales of 135 billion yen and an ordinary income of 5 billion yen or over."

<Reference: Corporate Governance>

◎ Organization type, and the composition of directors and auditors

Organization type	Company with audit and supervisory committee
Directors	8 directors, including 4 outside directors (including 3 independent executives)
Audit and supervisory committee members	3 members, including 2 outside directors (including 1 independent executives)

◎ Corporate Governance Report: Updated on August 25, 2025

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/sustainability/top/governance/>

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

[Principle 1-4]

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/top/society/diversity-equityand-inclusion/>

[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 group's management strategy. Also, 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/top/BOOKOFF-group-esg-management/#seven>

[Principle 5-1]

The company appoints an executive in charge of IR and designates the Group Strategic 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/investor_relations/top/ir-policy/

[Actions to achieve business administration conscious of cost of capital and share price][Also available in English]

Regarding business administration conscious of capital cost and share price, the company has articulated in its "Mid-Term Management Plan" its financial policy of recognizing capital costs and improving capital returns, aiming for a transformation in its business portfolio. The plan includes specific explanations of mid-term action plans for each business segment.

For details, please refer to the "Mid-Term Management Plan" page of the financial results for the fiscal year ended May 2025.

■ Financial Results for the Fiscal Year Ended May 31, 2025

<https://ssl4.eir-parts.net/doc/9278/tdnet/2653363/00.pdf>

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