August 9, 2017

Consolidated Summary Report
For the First Quarter of the Fiscal Year Ending March 31, 2018
[Japanese GAAP]

Company Name: BOOKOFF CORPORATION LIMITED   Stock Exchange: Tokyo
Code Number: 3313   URL: http://www.bookoff.co.jp/en/
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Quarterly Report issue date: August 10, 2017
Dividend payment date: -
Supplementary materials for quarterly financial results: Yes
Quarterly financial results briefing: None

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 - June 30, 2017)

(1) Consolidated Results of Operations (Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
Three months ended Jun. 30, 2017	19,746	(0.7)	219	-	348	-	53	-
Three months ended Jun. 30, 2016	19,883	12.3	(466)	-	(339)	-	(434)	-

(Note) Comprehensive income Three months ended Jun. 30, 2017: ¥70 million (n.a.)
Three months ended Jun. 30, 2016: ¥(413) million (n.a.)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2017	2.62	-
Three months ended Jun. 30, 2016	(21.16)	-

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2017	50,415	14,185	27.9
As of Mar. 31, 2017	51,047	14,242	27.9

(Reference) Shareholders' equity As of Jun. 30, 2017: ¥14,074 million As of Mar. 31, 2017: ¥14,242 million

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	-	-	10.00	10.00
Fiscal year ending Mar. 31, 2018	-				
Fiscal year ending Mar. 31, 2018 (est.)		-	-	10.00	10.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 - March 31, 2018)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	82,000	0.8	500	329.0	950	61.3	100	-	4.87

(Note) Revisions to the most recently announced consolidated earnings forecasts: None

Notes:

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

   New: - (company name)   Excluded: - (company name)

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

3. Changes in accounting policies and accounting-based estimates, and restatements
   (1) Changes due to revision of accounting standards: None
   (2) Changes due to other reasons: None
   (3) Changes in accounting-based estimates: None
   (4) Restatements: None

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

(1) Shares outstanding (including treasury shares)	As of Jun. 30, 2017	22,573,200	As of Mar. 31, 2017	22,573,200
(2) Treasury shares	As of Jun. 30, 2017	2,025,782	As of Mar. 31, 2017	2,025,782
(3) Average number of shares outstanding	Three months ended Jun. 30, 2017	20,547,418	Three months ended Jun. 30, 2016	20,547,418

* The current summary report is not subject to the quarterly review process.

* Cautionary statement regarding forecasts of operating results and special notes

(Forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. This report is not promises by the Company regarding future performance. Actual results may differ materially from those projected in the forward-looking statements due to a variety of factors.

(How to view supplementary materials for quarterly financial results)

Supplementary materials for the quarterly financial results will be disclosed today (August 9, 2017), using the Timely Disclosure network (TDnet).

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The BOOKOFF Group focuses on its core reuse business, which helps pre-owned goods find new value in a new home. The business mission is to become BOOKOFF for people who don’t let things go to waste and a partner offering infrastructure for a waste-free lifestyle for people who don’t want to toss things away. The Group is striving to help create a truly recycle-based society through the reuse of pre-owned goods across a wide range of categories including books, CDs, DVDs, games, home appliances, apparel, sporting goods, baby goods and other miscellaneous household items.

To accomplish this mission and continue growing, our business activities are guided by two basic policies. First is maximizing purchases by leveraging the comprehensive power of the BOOKOFF Group. Second is maximizing sales efficiency in stores and using the Internet.

In the fiscal year ending on March 31, 2018, in order to establish a foundation capable of supporting sustainable growth, we move quickly to achieve stable earnings by significantly altering the HUGALL Business and making the Reuse Store Business more profitable.

In the Reuse Store Business, operations in Japan have been divided into five regional business units. This new structure makes it possible to use new merchandise and Internet sales to change the operations of stores one by one in a manner that reflects the characteristics of each store. Strengthening the management of stores is another goal. The objective of all these actions is to make stores more profitable.

Guided by these management policies, we are accelerating the pace of new store openings and remodels with BOOKOFF SUPER BAZAAR (a comprehensive large-format store of BOOKOFF and other stores carrying a variety of reuse merchandise) and BOOKOFF PLUS (BOOKOFF stores combining apparel-related reuse merchandise) formats as our core package of retail outlets. During the first quarter, we opened three BOOKOFF SUPER BAZAAR stores. In addition, one BOOKOFF store was converted into the BOOKOFF PLUS store format.

In the HUGALL Business, resources will be concentrated on the dispatch purchasing service and purchasing consultation desks at department stores. Distribution centers will be downsized to achieve the correct scale to match the volume of the HUGALL Business. The goal is to quickly become profitable by conducting a purchasing service for affluent and wealthy customers.

As a result of these efforts, consolidated net sales amounted to ¥19,746 million, which was a 0.7% decrease from the same period of the previous fiscal year. The Group recorded an operating profit of ¥219 million (compared with an operating loss of ¥466 million in the same period of the previous fiscal year), an ordinary profit of ¥348 million (compared with an ordinary loss of ¥339 million in the same period of the previous fiscal year), and a profit attributable to owners of parent of ¥53 million (compared with a loss of ¥434 million in the same period of the previous fiscal year).

Business segment sales were as follows:

(Reuse Store Business)

The segment recorded net sales of ¥17,233 million for the first quarter, which was a 1.3% decrease compared with the same period of the previous fiscal year.

During the first three months, three directly operated stores and two franchise stores were opened. There were four closings of directly operated stores and one closing of a franchise store.

As in the previous fiscal year, the existing BOOKOFF stores continued to focus on the purchase and sale of reuse home appliances and sales of store merchandise on the YAHUOKU! Internet auction service of Yahoo Japan. In addition, the Group has conducted education and training activities for the part-time workers in preparation for the expected growth in purchases and sales activities. The opening of comprehensive large-format stores and the inclusion of newly consolidated subsidiary BOOKOFF With Co., Ltd. contributed to sales. However, total segment sales decreased mainly because of lower sales of books, software media, apparel and other merchandise at existing BOOKOFF stores.

(BOOKOFF Online Business)

The segment recorded net sales of ¥1,572 million for the first quarter, which was a 3.3% decrease compared with the same period of the previous fiscal year.

As in the previous fiscal year, customer data was used to improve the E-commerce website and make other improvements. In addition, activities started in the first quarter for the expansion of sales channels using Yahoo Shopping and other companies. Despite all these measures, segment sales were lower due to a decline in book sales and other reasons.

(HUGALL Business)

The segment recorded net sales of ¥ 612 million for the first quarter, which was a 34.1% increase compared with the same period of the previous fiscal year.

As in the previous fiscal year, there were many activities to purchase a variety of merchandise. Two major initiatives are a service that goes to customers’ homes to purchase items, mainly in the 23 wards of Tokyo, and the operation of One-Stop Purchasing Consultation Desks at several department stores. These initiatives increased sales of our E-commerce website, which is our main distribution channel, as well as B-to-B sales and special event sales. The result was growth in segment sales.

(Other)

The segment recorded net sales of ¥328 million for the first quarter, which was a 5.3% decrease compared with the same period of the previous fiscal year.

(2) Explanation of Financial Position

Assets, Liabilities and Net Assets at the End of the First Quarter

(Current Assets)

Current assets at the end of the first quarter were ¥32,133 million, a decrease of ¥434 million compared with ¥32,567 million at the end of the previous fiscal year. This was mainly due to an increase of ¥122 million in merchandise primarily caused by new store openings. There were decreases of ¥352 million in cash and deposits and ¥163 million in notes and accounts receivable-trade.

(Non-current Assets)

Non-current assets at the end of the first quarter were ¥18,282 million, a decrease of ¥197 million compared with ¥18,479 million at the end of the previous fiscal year. This was mainly due to increases of ¥14 million in property, plant and equipment and ¥32 million in intangible assets. There was a decrease of ¥244 million in investments and other assets due to a decrease in shares of subsidiaries and associates caused by making BOOKOFF With a consolidated subsidiary.

(Liabilities)

Liabilities at the end of the first quarter were ¥36,230 million, a decrease of ¥574 million compared with ¥36,804 million at the end of the previous fiscal year. Income taxes payable decreased ¥553 million after the payment of income taxes and provision for bonuses decreased ¥161 million due to the payment of bonuses. Loans payable increased ¥223 million mainly to procure funds with bank borrowings for new store openings and payment of income taxes and dividends.

(Net Assets)

Net assets at the end of the first quarter were ¥14,185 million, a decrease of ¥57 million compared with ¥14,242 million at the end of the previous fiscal year. This was mainly due to a ¥110 million increase in non-controlling interests resulting from making BOOKOFF With a consolidated subsidiary and a ¥190 million decrease in retained earnings resulting mainly from dividend payments from surplus.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

There are no revisions to the forecast that was announced on May 10, 2017.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	FY3/2017 (As of Mar. 31, 2017)	First quarter of FY3/2018 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	15,268,310	14,915,488
Notes and accounts receivable-trade	1,617,922	1,454,673
Merchandise	12,614,825	12,737,023
Other	3,071,754	3,030,523
Allowance for doubtful accounts	(4,906)	(4,401)
Total current assets	32,567,906	32,133,306
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,920,351	4,943,595
Leased assets, net	1,924,159	1,918,174
Other, net	1,000,544	997,388
Total property, plant and equipment	7,845,056	7,859,158
Intangible assets		
Goodwill	268,447	245,832
Other	1,152,616	1,207,987
Total intangible assets	1,421,064	1,453,820
Investments and other assets		
Guarantee deposits	8,186,531	8,159,596
Other	1,117,053	886,526
Allowance for doubtful accounts	(90,281)	(76,901)
Total investments and other assets	9,213,303	8,969,221
Total non-current assets	18,479,423	18,282,200
Total assets	51,047,330	50,415,507

(Unit: thousand yen)

	FY3/2017 (As of Mar. 31, 2017)	First quarter of FY3/2018 (As of Jun. 30, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	343,217	329,355
Short-term loans payable	6,539,191	7,429,188
Current portion of long-term loans payable	3,664,791	4,314,085
Lease obligations	389,489	415,762
Income taxes payable	767,005	213,447
Provision for bonuses	282,460	120,937
Provision for sales rebates	630,262	656,805
Provision for shareholder benefit program	64,297	60,517
Provision for loss on store closing	49,919	6,679
Other	3,905,774	3,777,667
Total current liabilities	16,636,409	17,324,446
Non-current liabilities		
Bonds with subscription rights to shares	7,700,000	7,700,000
Long-term loans payable	8,925,930	7,610,514
Asset retirement obligations	1,573,962	1,667,479
Lease obligations	1,573,967	1,538,827
Other	394,550	388,828
Total non-current liabilities	20,168,409	18,905,649
Total liabilities	36,804,818	36,230,096
Net assets		
Shareholders' equity		
Capital stock	3,652,394	3,652,394
Capital surplus	4,187,003	4,192,922
Retained earnings	7,747,457	7,556,933
Treasury shares	(1,260,826)	(1,255,573)
Total shareholders' equity	14,326,028	14,146,676
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,057	71,469
Foreign currency translation adjustment	(136,574)	(143,439)
Total accumulated other comprehensive income	(83,516)	(71,970)
Non-controlling interests	-	110,704
Total net assets	14,242,511	14,185,410
Total liabilities and net assets	51,047,330	50,415,507

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Three-month Period)

(Unit: thousand yen)

	First three months of FY3/2017 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/2018 (Apr. 1, 2017 – Jun. 30, 2017)
Net sales	19,883,376	19,746,505
Cost of sales	8,040,522	8,021,888
Gross profit	11,842,853	11,724,616
Selling, general and administrative expenses	12,309,207	11,505,343
Operating profit (loss)	(466,354)	219,273
Non-operating income		
Share of profit of entities accounted for using equity method	-	3,486
Gain from installment of vending machine	34,650	31,985
Gain on sales of recycling goods	119,800	99,010
Other	71,204	53,463
Total non-operating income	225,655	187,946
Non-operating expenses		
Interest expenses	43,424	44,619
Share of loss of entities accounted for using equity method	245	-
Foreign exchange losses	36,080	-
Other	19,050	13,669
Total non-operating expenses	98,801	58,288
Ordinary profit (loss)	(339,499)	348,930
Extraordinary income		
Gain on bargain purchase	-	20,476
Total extraordinary income	-	20,476
Extraordinary losses		
Loss on valuation of investment securities	-	1,322
Loss on closing of stores	1,895	-
Provision for loss on store closing	39,010	2,351
Loss on retirement of non-current assets	7,905	2,955
Impairment loss	38,779	86,380
Loss on disaster	13,619	-
Total extraordinary losses	101,209	93,009
Profit (loss) before income taxes	(440,708)	276,397
Income taxes-current	116,064	90,225
Income taxes-deferred	(122,059)	127,049
Total income taxes	(5,994)	217,274
Profit (loss)	(434,714)	59,122
Profit attributable to non-controlling interests	-	5,354
Profit (loss) attributable to owners of parent	(434,714)	53,768

Quarterly Consolidated Statement of Comprehensive Income

(For the Three-month Period)

(Unit: thousand yen)

	First three months of FY3/2017 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/2018 (Apr. 1, 2017 – Jun. 30, 2017)
Profit (loss)	(434,714)	59,122
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,265)	19,048
Foreign currency translation adjustment	27,246	(6,865)
Share of other comprehensive income of entities accounted for using equity method	(497)	(649)
Total other comprehensive income	21,483	11,533
Comprehensive income	(413,231)	70,656
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(413,231)	65,465
Comprehensive income attributable to non-controlling interests	-	5,191

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

Segment Information

I. First three months of FY3/2017 (Apr. 1, 2016 – Jun. 30, 2016)

1. Information on the amounts of net sales, profits or losses in reportable segments

(Unit: thousand yen)

	Reportable segment				Other (Note)	Total	Adjustment	Amount reported in quarterly consolidated statement of income
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Total				
Net sales								
Sales to external customers	17,453,194	1,626,782	456,516	19,536,493	346,882	19,883,376	-	19,883,376
Inter-segment sales and transfers	107,877	323,492	410	431,780	88,780	520,561	(520,561)	-
Total	17,561,071	1,950,275	456,927	19,968,274	435,662	20,403,937	(520,561)	19,883,376
Segment profit (loss)	62,670	133,181	(104,793)	91,058	(21,813)	69,244	(535,598)	(466,354)

Note: Other segment is mainly engaged in operation of directly operated stores selling new books, and planning, design, and construction of interior and exterior works for stores in all segments.

2. Differences between total profit or loss for reportable segments and amounts recorded in the quarterly consolidated statement of income, and details on those differences (items related to the difference)

(Unit: thousand yen)

Profit	Amount
Total for reportable segment	91,058
Profit classified as "other"	(21,813)
Eliminations for inter-segment transactions	12,938
Corporate expenses (Note)	(548,537)
Operating loss on the quarterly consolidated statement of income	(466,354)

Note: Corporate expenses are mainly general administrative expenses of the Company.

3. Information concerning impairment loss of non-current assets, goodwill, etc. by reportable segment

Material impairment losses related to non-current assets

In the Reuse Store Business and the HUGALL Business segments, the Company has identified the stores that have generated continuous losses from their operating activities and are determined to be unlikely to improve their profitability in the future as well as the stores whose scope of use was changed in a manner that significantly reduced their recoverable amounts. The Company has then reduced their book values to their recoverable amounts, and the amount of reduction was recognized as an impairment loss and presented as an extraordinary loss.

The Company recorded impairment loss of ¥38,779 thousand for the first three months of FY3/2017. The breakdown by segment is as follows.

In the Reuse Store Business segment, there was an impairment loss of ¥9,631 thousand.
In the HUGALL Business segment, there was an impairment loss of ¥29,147 thousand.

Significant change in goodwill

Detailed explanations are omitted due to immateriality.

Significant gain on bargain purchase

Not applicable.

II. First three months of FY3/2018 (Apr. 1, 2017 – Jun. 30, 2017)

1. Information on the amounts of net sales, profits or losses in reportable segments

(Unit: thousand yen)

	Reportable segment				Other (Note)	Total	Adjustment	Amount reported in quarterly consolidated statement of income
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Total				
Net sales								
Sales to external customers	17,233,085	1,572,575	612,368	19,418,029	328,475	19,746,505	-	19,746,505
Inter-segment sales and transfers	9,803	323,177	188,273	521,253	84,680	605,934	(605,934)	-
Total	17,242,888	1,895,753	800,641	19,939,283	413,155	20,352,439	(605,934)	19,746,505
Segment profit (loss)	899,160	90,465	(222,677)	766,948	(38,290)	728,657	(509,384)	219,273

Note: Other segment is mainly engaged in operation of directly operated stores selling new books, planning, design, and construction of interior and exterior works for stores in all segments, and operation of book review community site.

2. Differences between total profit or loss for reportable segments and amounts recorded in the quarterly consolidated statement of income, and details on those differences (items related to the difference)

(Unit: thousand yen)

Profit	Amount
Total for reportable segment	766,948
Profit classified as “other”	(38,290)
Eliminations for inter-segment transactions	4,264
Corporate expenses (Note)	(513,648)
Operating profit on the quarterly consolidated statement of income	219,273

Note: Corporate expenses are mainly general administrative expenses of the Company.

3. Information concerning impairment loss of non-current assets, goodwill, etc. by reportable segment

Material impairment losses related to non-current assets

In the Reuse Store Business and the BOOKOFF Online Business segments, the Company has identified the stores that have generated continuous losses from their operating activities and are determined to be unlikely to improve their profitability in the future as well as the stores and facilities whose scope of use was changed in a manner that significantly reduced their recoverable amounts. The Company has then reduced their book values to their recoverable amounts, and the amount of reduction was recognized as an impairment loss and presented as an extraordinary loss.

The Company recorded an impairment loss of ¥86,380 thousand for the first three months of FY3/2018. The breakdown by segment is as follows.

In the Reuse Store Business, there was an impairment loss of ¥3,561 thousand.
In the BOOKOFF Online Business, there was an impairment loss of ¥78,100 thousand.

Significant change in goodwill

Detailed explanations are omitted due to immateriality.

Significant gain on bargain purchase

A gain on bargain purchase of ¥20,476 thousand was booked in the Reuse Store Business due to acquisition of Manas Co., Ltd. in the first three months of FY3/2018.

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