



August 10, 2018

## Consolidated Summary Report For the First Quarter of the Fiscal Year Ending March 31, 2019 [Japanese GAAP]

Company Name: BOOKOFF CORPORATION LIMITED      Stock Exchange: Tokyo  
 Code Number: 3313      URL: <https://www.bookoff.co.jp/en/>  
 Representative: Yasutaka Horiuchi, President and CEO  
 Inquiries: Norihiro Watanabe, General Manager of Accounting Department  
 Telephone: +81-42-750-8588

Quarterly Report issue date: August 13, 2018  
 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, 2019 (April 1, 2018 - June 30, 2018)

(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, 2018	19,679	(0.3)	243	11.1	453	29.9	216	302.4
Three months ended Jun. 30, 2017	19,746	(0.7)	219	-	348	-	53	-

(Note) Comprehensive income      Three months ended Jun. 30, 2018: ¥197 million (up 180.0%)  
 Three months ended Jun. 30, 2017: ¥70 million (n.a.)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2018	10.53	-
Three months ended Jun. 30, 2017	2.62	-

### (2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2018	47,646	13,300	27.6
As of Mar. 31, 2018	47,882	13,307	27.5

(Reference) Shareholders' equity      As of Jun. 30, 2018: ¥13,155 million      As of Mar. 31, 2018: ¥13,166 million

(Note) Starting with the beginning of the first quarter of the current fiscal year, BOOKOFF Corporation is applying "Partial Amendments to Accounting Standard for Tax Effect Accounting". Prior-year figures have been adjusted retroactively.

### 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, 2018	-	-	-	10.00	10.00
Fiscal year ending Mar. 31, 2019	-	-	-	-	-
Fiscal year ending Mar. 31, 2019 (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, 2019 (April 1, 2018 - March 31, 2019)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Yen
Full year	80,500	0.6	800	30.3	1,200	9.8	200	-	9.73

(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, 2018	22,573,200	As of Mar. 31, 2018	22,573,200
(2) Treasury shares	As of Jun. 30, 2018	2,025,785	As of Mar. 31, 2018	2,025,785
(3) Average number of shares outstanding	Three months ended Jun. 30, 2018	20,547,415	Three months ended Jun. 30, 2017	20,547,418

\* The current summary report is not subject to the quarterly review by certified public accountants or auditing firms.

\* Cautionary statement regarding forecasts of operating results and special notes

(Forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. This report is not promises by the Company regarding future performance. Actual results may differ materially from those projected in the forward-looking statements due to a variety of factors. Please see "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements" on page 3 of the attachments for items pertaining to the forecast stated above.

(How to view supplementary materials for quarterly financial results)

Supplementary materials for the quarterly financial results will be disclosed today (August 10, 2018), using the Timely Disclosure network (TDnet).

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

Since the start of operations, the BOOKOFF Group has always been guided by the two corporate philosophies of “contributing to society through our business activities” and “the pursuit of employees’ material and spiritual wellbeing.” We are currently implementing a medium-term business plan that ends in the fiscal year ending in March 2021, when we will celebrate our 30th anniversary. We are rededicating ourselves to our corporate philosophies and focusing our activities on the mission of “being a source of an enjoyable and prosperous life for many people.”

Based on this mission, we will use our strengths in Japan’s growing reuse market to become the leading reuse company with books as the core category. Our goal is to become the reuse store chain used by the largest number of customers as we adapt to changes in market conditions.

We have established two core strategies in order to accomplish this goal.

#### Core strategy I: Upgrade individual stores

We believe that upgrading reuse services in both our retail format and Internet platform is the starting point for becoming Japan’s leading reuse company that serves the largest number of customers. We are working on improvements for all store format packages and services.

#### Core strategy II: Use all the BOOKOFF Group’s strengths

In the past, the BOOKOFF Group provided separate services at stores and through channels other than stores. Now, we are creating an integrated framework that combines the platforms for members and buying and selling merchandise with systems that support these activities and with other items. In addition, every service will make full use of member and merchandise information, operational expertise, and other resources we have accumulated in each service category. The objective of these activities is to operate as “One BOOKOFF.”

There were many activities during the first quarter for accomplishing these strategic goals. In the Reuse Store Business, more merchandise categories were added to stores to reflect the characteristics of each store’s market and the third Jalan Jalan Japan store was opened in Malaysia. In the BOOKOFF Online Business, there were measures for improving the efficiency of distribution warehouse operations. As the first step toward achieving the “One BOOKOFF” concept, membership IDs in the BOOKOFF Online Business and at BOOKOFF stores were integrated and BOOKOFF released an official app.

As a result of these efforts, consolidated net sales amounted to ¥19,679 million, which was a 0.3% decrease from the same period of the previous fiscal year. The Group recorded an operating profit of ¥243 million (an 11.1% increase), an ordinary profit of ¥453 million (a 29.9% increase), and profit attributable to owners of parent of ¥216 million (a 302.4% increase).

Business segment sales were as follows:

#### (Reuse Store Business)

The segment recorded net sales of ¥17,510 million for the first quarter, which was a 1.6% increase compared with the same period of the previous fiscal year.

During the first quarter, one directly operated store was opened. (There were two closings of directly operated stores and eight closings of franchise stores).

The main reasons for the increase in sales were higher sales of software media at existing BOOKOFF stores, the opening of comprehensive large-format stores in the previous fiscal year, and the consolidation of Manas Co., Ltd. and BOK MARKETING SDN.BHD. in the previous fiscal year.

#### (BOOKOFF Online Business)

The segment recorded net sales of ¥1,835 million for the first quarter, which was a 16.7% increase compared with the same period of the previous fiscal year.

Sales growth was attributable primarily to higher E-commerce website sales and the expansion of sales channels in the previous fiscal year to include Yahoo Shopping, Amazon and other platforms.

(Other)

The segment recorded net sales of ¥334 million for the first quarter, which was a 1.9% increase compared with the same period of the previous fiscal year. (One directly operated store was closed).

First quarter consolidated sales decreased 0.3% from the same period of the previous fiscal year. This main reason is the termination of the special event sales business operated by the HUGALL Business in the previous fiscal year.

## (2) Explanation of Financial Position

Starting with the beginning of the first quarter of the current fiscal year, BOOKOFF is applying “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Prior-year figures have been adjusted retroactively in order to facilitate comparisons.

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

#### (Current Assets)

Current assets at the end of the first quarter were ¥31,003 million, an increase of ¥241 million compared with ¥30,762 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥150 million in notes and accounts receivable-trade, while there were increases of ¥249 million in merchandise and ¥111 million in cash and deposits.

#### (Non-current Assets)

Non-current assets at the end of the first quarter were ¥16,643 million, a decrease of ¥476 million compared with ¥17,120 million at the end of the previous fiscal year. This was mainly due to decreases of ¥310 million in property, plant and equipment, ¥10 million in intangible assets, and ¥155 million in investments and other assets caused by a decrease in deferred tax assets.

#### (Liabilities)

Liabilities at the end of the first quarter were ¥34,346 million, a decrease of ¥228 million compared with ¥34,574 million at the end of the previous fiscal year. Income taxes payable decreased ¥487 million after the payment of income taxes, provision for bonuses decreased ¥176 million due to the payment of bonuses, and accounts payable-trade decreased ¥134 million, while loans payable increased ¥751 million mainly to procure funds with bank borrowings for the payment of income taxes and dividends.

#### (Net Assets)

Net assets at the end of the first quarter were ¥13,300 million, a decrease of ¥7 million compared with ¥13,307 million at the end of the previous fiscal year. This was mainly due to dividend payments and a decrease in foreign currency translation adjustment, while there was a booking of profit attributable to owners of parent.

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

There are no revisions to the forecast that was announced on May 10, 2018.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	FY3/2018 (As of Mar. 31, 2018)	First quarter of FY3/2019 (As of Jun. 30, 2018)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	13,860,355	13,971,888
Notes and accounts receivable-trade	1,488,764	1,338,756
Merchandise	12,949,201	13,198,219
Other	2,465,649	2,496,119
Allowance for doubtful accounts	(1,761)	(1,485)
Total current assets	30,762,210	31,003,498
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	4,030,287	3,809,365
Leased assets, net	1,587,494	1,490,040
Other, net	893,256	900,834
Total property, plant and equipment	6,511,038	6,200,239
<b>Intangible assets</b>		
Goodwill	138,218	131,520
Other	1,165,461	1,161,308
Total intangible assets	1,303,680	1,292,828
<b>Investments and other assets</b>		
Guarantee deposits	7,940,492	7,931,772
Other	1,439,330	1,294,769
Allowance for doubtful accounts	(74,458)	(76,479)
Total investments and other assets	9,305,364	9,150,062
Total non-current assets	17,120,082	16,643,131
<b>Total assets</b>	<b>47,882,293</b>	<b>47,646,630</b>

(Unit: thousand yen)

	FY3/2018 (As of Mar. 31, 2018)	First quarter of FY3/2019 (As of Jun. 30, 2018)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	452,354	317,644
Short-term loans payable	5,386,680	6,900,000
Current portion of long-term loans payable	4,966,884	4,378,537
Current portion of bonds with share acquisition rights	7,700,000	7,700,000
Lease obligations	388,181	358,272
Income taxes payable	666,342	179,080
Provision for bonuses	298,246	121,444
Provision for sales rebates	680,369	668,006
Provision for shareholder benefit program	90,683	79,144
Provision for loss on store closing	55,389	75,561
Other	4,065,439	3,999,071
Total current liabilities	24,750,570	24,776,761
Non-current liabilities		
Long-term loans payable	6,268,059	6,094,689
Provision for loss on store closing	35,087	31,579
Asset retirement obligations	1,785,050	1,791,899
Lease obligations	1,306,364	1,232,313
Other	429,428	419,278
Total non-current liabilities	9,823,989	9,569,759
Total liabilities	34,574,559	34,346,521
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,652,394	3,652,394
Capital surplus	4,192,922	4,192,922
Retained earnings	6,605,076	6,615,963
Treasury shares	(1,255,575)	(1,255,575)
Total shareholders' equity	13,194,817	13,205,704
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	81,345	75,517
Foreign currency translation adjustment	(110,021)	(125,919)
Total accumulated other comprehensive income	(28,676)	(50,401)
Non-controlling interests	141,592	144,806
Total net assets	13,307,733	13,300,109
Total liabilities and net assets	47,882,293	47,646,630

(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 FY3/2018 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/2019 (Apr. 1, 2018 – Jun. 30, 2018)
Net sales	19,746,505	19,679,689
Cost of sales	8,021,888	7,940,907
Gross profit	11,724,616	11,738,781
Selling, general and administrative expenses	11,505,343	11,495,102
Operating profit	219,273	243,679
Non-operating income		
Share of profit of entities accounted for using equity method	3,486	-
Rent revenues on facilities	4,242	69,665
Gain from installment of vending machine	31,985	28,015
Gain on sales of recycling goods	99,010	97,959
Gain on investments in partnership	-	78,636
Other	49,220	61,963
Total non-operating income	187,946	336,240
Non-operating expenses		
Interest expenses	44,619	39,656
Share of loss of entities accounted for using equity method	-	2,293
Rent expenses on facilities	1,214	64,729
Other	12,455	20,005
Total non-operating expenses	58,288	126,685
Ordinary profit	348,930	453,233
Extraordinary income		
Gain on sales of non-current assets	-	61,192
Gain on bargain purchase	20,476	-
Total extraordinary income	20,476	61,192
Extraordinary losses		
Loss on valuation of investment securities	1,322	-
Provision for loss on store closing	2,351	26,309
Loss on retirement of non-current assets	2,955	10,655
Impairment loss	86,380	33,110
Total extraordinary losses	93,009	70,075
Profit before income taxes	276,397	444,351
Income taxes-current	90,225	78,442
Income taxes-deferred	127,049	145,851
Total income taxes	217,274	224,294
Profit	59,122	220,056
Profit attributable to non-controlling interests	5,354	3,695
Profit attributable to owners of parent	53,768	216,360



Quarterly Consolidated Statement of Comprehensive Income

(For the Three-month Period)

(Unit: thousand yen)

	First three months of FY3/2018 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/2019 (Apr. 1, 2018 – Jun. 30, 2018)
Profit	59,122	220,056
Other comprehensive income		
Valuation difference on available-for-sale securities	19,048	(7,499)
Foreign currency translation adjustment	(6,865)	(16,334)
Share of other comprehensive income of entities accounted for using equity method	(649)	1,626
Total other comprehensive income	11,533	(22,207)
Comprehensive income	70,656	197,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	65,465	194,635
Comprehensive income attributable to non- controlling interests	5,191	3,214

(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 FY3/2018 (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

Significant 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.

## II. First three months of FY3/2019 (Apr. 1, 2018 – Jun. 30, 2018)

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

(Unit: thousand yen)

	Reportable segment			Other (Note 2)	Total	Adjustment	Amount reported in quarterly consolidated statement of income
	Reuse Store Business	BOOKOFF Online Business	Total				
Net sales							
Sales to external customers	17,510,026	1,835,016	19,345,042	334,647	19,679,689	-	19,679,689
Inter-segment sales and transfers	21,149	525,674	546,823	103,329	650,152	(650,152)	-
Total	17,531,175	2,360,690	19,891,866	437,976	20,329,842	(650,152)	19,679,689
Segment profit (loss)	764,456	41,420	805,877	(21,637)	784,240	(540,561)	243,679

Notes: 1. The HUGALL Business was discontinued in FY3/2018 and excluded from reportable segments.

2. 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	805,877
Profit classified as "other"	(21,637)
Eliminations for inter-segment transactions	26,595
Corporate expenses (Note)	(567,157)
Operating profit on the quarterly consolidated statement of income	243,679

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

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

#### Significant impairment losses related to non-current assets

In the Reuse Store Business and the BOOKOFF Online Business segments, the Company has identified the stores and facilities 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 ¥33,110 thousand for the first three months of FY3/2019. The breakdown by segment is as follows.

In the Reuse Store Business, there was an impairment loss of ¥27,411 thousand.

In the BOOKOFF Online Business, there was an impairment loss of ¥5,699 thousand.

#### Significant change in goodwill

Detailed explanations are omitted due to immateriality.

#### Significant gain on bargain purchase

Not applicable.

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