



February 13, 2019

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

Company Name: BOOKOFF GROUP HOLDINGS LIMITED      Stock Exchange: Tokyo  
 Code Number: 9278      URL: <https://www.bookoffgroup.co.jp/en/>  
 Representative: Yasutaka Horiuchi, President and CEO  
 Inquiries: Norihiro Watanabe, General Manager of Accounting Department  
 Telephone: +81-42-769-1513

Quarterly Report issue date: February 14, 2019  
 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 Third Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 - December 31, 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 %
Nine months ended Dec. 31, 2018	59,588	-	1,296	-	1,772	-	945	-
Nine months ended Dec. 31, 2017	-	-	-	-	-	-	-	-

(Note) Comprehensive income      Nine months ended Dec. 31, 2018: ¥930 million (n.a.)  
 Nine months ended Dec. 31, 2017: ¥- million (n.a.)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2018	47.27	-
Nine months ended Dec. 31, 2017	-	-

(Note) Figures for the nine months ended December 31, 2017 are not presented as BOOKOFF GROUP HOLDINGS was established on October 1, 2018 through a transfer of stock.

#### (2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2018	39,154	11,689	29.5
As of Mar. 31, 2018	-	-	-

(Reference) Shareholders' equity      As of Dec. 31, 2018: ¥11,535 million      As of Mar. 31, 2018: ¥- million

(Note) Figures as of March 31, 2018 are not presented as BOOKOFF GROUP HOLDINGS was established on October 1, 2018 through a transfer of stock.

### 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	-	-	-	-	-
Fiscal year ending Mar. 31, 2019	-	-	-	-	-
Fiscal year ending Mar. 31, 2019 (est.)	-	-	-	15.00	15.00

(Notes) Revisions to the most recently announced dividend forecast: Yes

Regarding revisions to the dividend forecast, please refer to the press release titled "Notice of Revisions to Consolidated Forecasts and Dividend Forecasts" (Japanese version only) dated February 13, 2019.

Dividends for the fiscal year ended March 31, 2018 and for the ends of 1Q and 2Q for the fiscal year ending March 31, 2019 are not presented as BOOKOFF GROUP HOLDINGS was established on October 1, 2018 through a transfer of stock.

### 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	-	1,500	-	2,000	-	1,700	-	87.78

(Notes) Revisions to the most recently announced consolidated earnings forecasts: Yes

Regarding revisions to the dividend forecast, please refer to the press release titled "Notice of Revisions to Consolidated Forecasts and Dividend Forecasts" (Japanese version only) dated February 13, 2019.

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 Dec. 31, 2018	20,547,413	As of Mar. 31, 2018	-
(2) Treasury shares	As of Dec. 31, 2018	3,100,000	As of Mar. 31, 2018	-
(3) Average number of shares outstanding	Nine months ended Dec. 31, 2018	19,995,050	Nine months ended Dec. 31, 2017	-

\* 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 (February 13, 2019), using the Timely Disclosure network (TDnet).

(Special notes)

1. Consolidated financial statements for the first nine months of the current fiscal year (April 1, 2018 – December 31, 2018) succeed the quarterly consolidated financial statements of BOOKOFF CORPORATION LIMITED that became a wholly owned subsidiary through a transfer of stock.

2. While the current quarter (October 1, 2018 – December 31, 2018) is the first reporting quarter after the establishment of the Company, it is presented as the third quarter of the current fiscal year.

## Table of Contents

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	6
For the Nine-month Period	
Quarterly Consolidated Statement of Comprehensive Income	7
For the Nine-month Period	
(3) Notes to Quarterly Consolidated Financial Statements	8
(Notes Concerning the Going-Concern Premise)	8
(Significant Changes in Shareholders' Equity)	8
(Segment Information)	8

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

Forward-looking statements in this Consolidated Summary Report are based on information available to management as of the end of the third quarter of the fiscal year.

BOOKOFF GROUP HOLDINGS LIMITED was established as pure holding company and the wholly owning parent company of BOOKOFF CORPORATION LIMITED on October 1, 2018 through a transfer of stock. However, for all practical purposes, the scope of consolidation is unchanged from the previous scope of consolidation of BOOKOFF CORPORATION.

Consolidated financial statements for the first nine months of the current fiscal year (April 1, 2018 – December 31, 2018) succeed the quarterly consolidated financial statements of BOOKOFF CORPORATION that became a wholly owned subsidiary through a transfer of stock.

Consolidated financial statements up to the fiscal year before last are not presented as the Company was established on October 1, 2018.

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 nine months 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, new stores BOOKOFF SUPER BAZAAR Hiroshima Dambara and BINGO Shibuya MODI were opened, 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 ¥59,588 million. The Group recorded an operating profit of ¥1,296 million, an ordinary profit of ¥1,772 million, and profit attributable to owners of parent of ¥945 million.

Business segment sales were as follows:

(Reuse Store Business)

The segment recorded net sales of ¥53,409 million for the first nine months.

During the first nine months, three directly operated stores and two franchise stores were opened. (There were six closings of directly operated stores and 17 closings of franchise stores).

Sales of books and software media were strong at existing BOOKOFF stores, and comprehensive large-format stores were opened.

(BOOKOFF Online Business)

The segment recorded net sales of ¥5,511 million for the first nine months.

E-commerce website sales performed well and sales channels were expanded to include Yahoo Shopping, Amazon and other platforms.

(Other)

The segment recorded net sales of ¥667 million for the first nine months. (Two directly operated stores were closed).

(2) Explanation of Financial Position

(Current Assets)

Current assets at the end of the third quarter were ¥23,058 million. Major components were cash and deposits of ¥5,165 million, accounts receivable-trade of ¥1,634 million and merchandise of ¥13,352 million.

(Non-current Assets)

Non-current assets at the end of the third quarter were ¥16,095 million. Major components were property, plant and equipment of ¥6,113 million, intangible assets of ¥1,324 million and investments and other assets of ¥8,656 million.

(Liabilities)

Liabilities at the end of the third quarter were ¥27,464 million. Major components were current liabilities of ¥16,851 million including short-term loans payable of ¥6,441 million and current portion of long-term loans payable of ¥4,062 million, and non-current liabilities of ¥10,613 million including long-term loans payable of ¥7,232 million.

(Net Assets)

Net assets at the end of the third quarter were ¥11,689 million. Major components were capital stock of ¥100 million, capital surplus of ¥7,398 million, retained earnings of ¥6,436 million and treasury shares of minus ¥2,343 million.

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

The consolidated forecast for the fiscal year ending March 31, 2019, which was announced on November 12, 2018 by BOOKOFF GROUP HOLDINGS, has been revised. For more information, please refer to the press release titled "Notice of Revisions to Consolidated Forecasts and Dividend Forecasts" (Japanese version only) dated February 13, 2019.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	Third quarter of FY3/2019 (As of Dec. 31, 2018)
<b>Assets</b>	
Current assets	
Cash and deposits	5,165
Accounts receivable-trade	1,634
Merchandise	13,352
Other	2,908
Allowance for doubtful accounts	(1)
Total current assets	23,058
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	3,841
Leased assets, net	1,417
Other, net	854
Total property, plant and equipment	6,113
Intangible assets	
Goodwill	102
Other	1,222
Total intangible assets	1,324
Investments and other assets	
Guarantee deposits	7,585
Other	1,148
Allowance for doubtful accounts	(77)
Total investments and other assets	8,656
Total non-current assets	16,095
<b>Total assets</b>	<b>39,154</b>

(Unit: million yen)

Third quarter of FY3/2019 (As of Dec. 31, 2018)	
<b>Liabilities</b>	
Current liabilities	
Accounts payable-trade	441
Short-term loans payable	6,441
Current portion of long-term loans payable	4,062
Lease obligations	345
Income taxes payable	290
Provision for sales rebates	586
Provision for loss on store closing	52
Other provision	163
Other	4,466
<b>Total current liabilities</b>	<b>16,851</b>
Non-current liabilities	
Long-term loans payable	7,232
Provision for loss on store closing	34
Asset retirement obligations	1,769
Lease obligations	1,172
Other	405
<b>Total non-current liabilities</b>	<b>10,613</b>
<b>Total liabilities</b>	<b>27,464</b>
<b>Net assets</b>	
Shareholders' equity	
Capital stock	100
Capital surplus	7,398
Retained earnings	6,436
Treasury shares	(2,343)
<b>Total shareholders' equity</b>	<b>11,590</b>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	51
Foreign currency translation adjustment	(107)
<b>Total accumulated other comprehensive income</b>	<b>(55)</b>
Non-controlling interests	154
<b>Total net assets</b>	<b>11,689</b>
<b>Total liabilities and net assets</b>	<b>39,154</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Nine-month Period)

(Unit: million yen)

	First nine months of FY3/2019 (Apr. 1, 2018 – Dec. 31, 2018)
Net sales	59,588
Cost of sales	23,907
Gross profit	35,681
Selling, general and administrative expenses	34,384
Operating profit	1,296
Non-operating income	
Rent revenues on facilities	217
Gain from installment of vending machine	109
Gain on sales of recycling goods	268
Other	236
Total non-operating income	832
Non-operating expenses	
Interest expenses	117
Share of loss of entities accounted for using equity method	4
Rent expenses on facilities	202
Other	31
Total non-operating expenses	356
Ordinary profit	1,772
Extraordinary income	
Gain on sales of non-current assets	60
Gain on transfer of store	26
Total extraordinary income	87
Extraordinary losses	
Loss on closing of stores	39
Provision for loss on store closing	48
Loss on retirement of non-current assets	43
Impairment loss	33
Loss on disaster	14
Other	3
Total extraordinary losses	181
Profit before income taxes	1,678
Income taxes-current	460
Income taxes-deferred	259
Total income taxes	719
Profit	958
Profit attributable to non-controlling interests	13
Profit attributable to owners of parent	945



Quarterly Consolidated Statement of Comprehensive Income

(For the Nine-month Period)

(Unit: million yen)

	First nine months of FY3/2019 (Apr. 1, 2018 – Dec. 31, 2018)
Profit	958
Other comprehensive income	
Valuation difference on available-for-sale securities	(39)
Foreign currency translation adjustment	2
Share of other comprehensive income of entities accounted for using equity method	10
Total other comprehensive income	(27)
Comprehensive income	930
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	918
Comprehensive income attributable to non- controlling interests	12

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Significant Changes in Shareholders' Equity)

The Board of Directors of the Company approved a resolution on November 12, 2018 to repurchase its own shares pursuant to Article 156 which is applicable in lieu of Article 165, Paragraph 3 of the Companies Act. Following the resolution, the Company purchased 3,100,000 treasury shares of common stock on November 13, 2018 through an off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange, to a total of ¥2,343 million.

As a result, treasury shares are ¥2,343 million at the end of the third quarter of FY3/2019.

(Segment Information)

Segment Information

First nine months of FY3/2019 (Apr. 1, 2018 – Dec. 31, 2018)

1. Information on the amounts of net sales, profit or loss in reportable segments

(Unit: million yen)

	Reportable segment			Other (Note)	Total	Adjustment	Amount reported in quarterly consolidated statement of income
	Reuse Store Business	BOOKOFF Online Business	Total				
Net sales							
Sales to external customers	53,409	5,511	58,920	667	59,588	-	59,588
Inter-segment sales and transfers	67	1,429	1,496	297	1,794	(1,794)	-
Total	53,476	6,940	60,417	965	61,383	(1,794)	59,588
Segment profit (loss)	2,964	39	3,004	(47)	2,957	(1,660)	1,296

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 a 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: million yen)

Profit	Amount
Total for reportable segment	3,004
Profit classified as "other"	(47)
Eliminations for inter-segment transactions	28
Corporate expenses (Note)	(1,689)
Operating profit on the quarterly consolidated statement of income	1,296

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

3. Information concerning impairment loss on 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 million for the first nine months of FY3/2019. The breakdown by segment is as follows.

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

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

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.*