



August 7, 2020

## Consolidated Summary Report For the First Quarter of the Fiscal Year Ending May 31, 2021 [Japanese GAAP]

Company Name: BOOKOFF GROUP HOLDINGS LIMITED      Stock Exchange: Tokyo  
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 Quarterly Report issue date: August 11, 2020  
 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 May 31, 2021 (April 1, 2020 - June 30, 2020)

(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, 2020 | 16,917      | (18.8)       | (172)            | -            | (111)           | -            | (689)                                   | -            |
| Three months ended Jun. 30, 2019 | 20,828      | -            | 945              | -            | 1,092           | -            | 625                                     | -            |

(Note) Comprehensive income      Three months ended Jun. 30, 2020: ¥(680) million (-%)  
 Three months ended Jun. 30, 2019: ¥592 million (-%)

|                                  | Net income per share | Fully diluted net income per share |
|----------------------------------|----------------------|------------------------------------|
|                                  | Yen                  | Yen                                |
| Three months ended Jun. 30, 2020 | (39.51)              | -                                  |
| Three months ended Jun. 30, 2019 | 35.87                | -                                  |

### (2) Consolidated Financial Condition

|                     | Total assets | Net assets  | Equity ratio |
|---------------------|--------------|-------------|--------------|
|                     | Million yen  | Million yen | %            |
| As of Jun. 30, 2020 | 43,038       | 12,062      | 27.8         |
| As of Mar. 31, 2020 | 41,535       | 12,848      | 30.7         |

(Reference) Shareholders' equity      As of Jun. 30, 2020: ¥11,984 million      As of Mar. 31, 2020: ¥12,768 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, 2020        | -                  | 0.00      | -         | 6.00      | 6.00      |
| Fiscal year ending May 31, 2021        | -                  | -         | -         | -         | -         |
| Fiscal year ending May 31, 2021 (est.) | -                  | 0.00      | -         | 6.00      | 6.00      |

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

### 3. Consolidated Forecast for the Fiscal Year Ending May 31, 2021 (April 1, 2020 - May 31, 2021)

(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 | 96,000      | -            | 1,300            | -            | 1,650           | -            | 200                                     | -            | 11.46                |

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

No prior-year comparisons are shown because the fiscal year ending on May 31, 2021 is a 14-month transitional fiscal period due to the change in the fiscal year.

For the 12-month period ending on March 31, 2021, we forecast consolidated sales of ¥81,000 million, operating profit of ¥1,000 million, ordinary profit of ¥1,300 million and profit attributable to owners of parent of ¥0 million.

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<br>(including treasury shares) | As of Jun. 30, 2020              | 20,547,413 | As of Mar. 31, 2020              | 20,547,413 |
| (2) Treasury shares                                   | As of Jun. 30, 2020              | 3,100,000  | As of Mar. 31, 2020              | 3,100,000  |
| (3) Average number of shares<br>outstanding           | Three months ended Jun. 30, 2020 | 17,447,413 | Three months ended Jun. 30, 2019 | 17,447,413 |

\* 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 BOOKOFF GROUP HOLDINGS 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 7, 2020), using the Timely Disclosure network (TDnet).

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## 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 first quarter.

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 on May 31, 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 every service category. The objective of these activities is to operate as “One BOOKOFF.”

During the first quarter, we opened BOOKOFF SUPER BAZAAR 1-Gou Kyoto Fushimi Store. Furthermore, we have continued to make substantial investments for improving services for app members and establishing a network of franchised stores using our e-purchasing system. Investments have been also used to create an omni-channel structure that utilizes the BOOKOFF Online website and to move forward with our O2O (online-to-offline) strategy. Conducting all business operations in a cohesive manner as “One BOOKOFF” is the objective of all these initiatives.

In the first quarter, the majority of stores directly operated by the BOOKOFF Group temporarily closed or closed only on weekends and holidays in response to the state of emergency in Japan and requests to companies to reduce or suspend business activities because of COVID-19. Most stores that altered operations are located in areas where governments made these requests. As a result, existing store sales were much lower than one year earlier. Starting in the middle of May, we reduced operating hours and sales areas at stores and began reopening most stores while taking many actions to prevent COVID-19 infections. Operations generally returned to normal in early June. Directly operated existing store sales in Japan of the BOOKOFF Group were far below sales one year earlier in April and May but sales in June were higher than one year earlier.

As a result, consolidated net sales amounted to ¥16,917 million, an 18.8% decrease from the same period of the previous fiscal year. The BOOKOFF Group recorded an operating loss of ¥172 million (compared with an operating profit of ¥945 million in the same period of the previous fiscal year), an ordinary loss of ¥111 million (compared with an ordinary profit of ¥1,092 million in the same period of the previous fiscal year), and a loss attributable to owners of parent of ¥689 million (compared with a profit of ¥625 million in the same period of the previous fiscal year).

The operating and ordinary losses were caused by the decline in the gross profit as many stores temporarily closed or reduced operating hours because of COVID-19. The loss attributable to owners of parent was the result of the operating loss and loss on COVID-19.

## (2) Explanation of Financial Position

### (Current Assets)

Current assets at the end of the first quarter were ¥24,880 million, an increase of ¥1,175 million compared with ¥23,704 million at the end of the previous fiscal year. The major changes were a ¥542 million decrease in merchandise and a ¥1,729 million increase in cash and deposits mainly because funds were procured for responses to the COVID-19 crisis.

### (Non-current Assets)

Non-current assets at the end of the first quarter were ¥18,157 million, an increase of ¥327 million compared with ¥17,830 million at the end of the previous fiscal year. There was an increase of ¥376 million in investments and other assets mainly due to an increase in deferred tax assets.

### (Liabilities)

Liabilities at the end of the first quarter were ¥30,975 million, an increase of ¥2,288 million compared with ¥28,687 million at the end of the previous fiscal year. This was mainly attributable to an increase in borrowings to fund responses to the COVID-19 crisis.

### (Net Assets)

Net assets at the end of the first quarter were ¥12,062 million, a decrease of ¥785 million compared with ¥12,848 million at the end of the previous fiscal year. Major components were first quarter loss attributable to owners of parent and dividend payments.

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

For information about the consolidated forecast for the fiscal year ending May 31, 2021, please refer to the press release titled “Notice of Revisions to Consolidated Forecasts and Dividend Forecasts” and “Explanation of Effects of COVID-19 and Forecasts for Results of Operations and the Dividend” (Japanese version only) dated August 7, 2020.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

|                                     | FY3/2020<br>(As of Mar. 31, 2020) | First quarter of FY5/2021<br>(As of Jun. 30, 2020) |
|-------------------------------------|-----------------------------------|--|
| <b>Assets</b>                       |                                   |  |
| Current assets                      |                                   |  |
| Cash and deposits                   | 6,094                             | 7,823  |
| Accounts receivable-trade           | 1,898                             | 1,890  |
| Merchandise                         | 13,129                            | 12,586   |
| Other                               | 2,583                             | 2,579  |
| Allowance for doubtful accounts     | (0)                               | (1)  |
| Total current assets                | 23,704                            | 24,880   |
| Non-current assets                  |                                   |  |
| Property, plant and equipment       |                                   |  |
| Buildings and structures, net       | 4,187                             | 4,172  |
| Leased assets, net                  | 1,359                             | 1,329  |
| Other, net                          | 727                               | 728  |
| Total property, plant and equipment | 6,273                             | 6,229  |
| Intangible assets                   |                                   |  |
| Goodwill                            | 793                               | 776  |
| Other                               | 1,210                             | 1,221  |
| Total intangible assets             | 2,003                             | 1,998  |
| Investments and other assets        |                                   |  |
| Guarantee deposits                  | 7,561                             | 7,585  |
| Other                               | 2,052                             | 2,404  |
| Allowance for doubtful accounts     | (60)                              | (60)   |
| Total investments and other assets  | 9,553                             | 9,929  |
| Total non-current assets            | 17,830                            | 18,157   |
| Total assets                        | 41,535                            | 43,038   |

(Unit: million yen)

|   | FY3/2020<br>(As of Mar. 31, 2020) | First quarter of FY5/2021<br>(As of Jun. 30, 2020) |
|---|-----------------------------------|--|
| <b>Liabilities</b>                                    |                                   |  |
| Current liabilities                                   |                                   |  |
| Accounts payable-trade                                | 459                               | 455  |
| Short-term borrowings                                 | 5,960                             | 9,492  |
| Current portion of long-term borrowings               | 3,803                             | 4,032  |
| Lease obligations                                     | 417                               | 453  |
| Income taxes payable                                  | 282                               | 352  |
| Provision for sales rebates                           | 512                               | 491  |
| Provision for loss on store closings                  | 27                                | 29   |
| Other provisions                                      | 497                               | 241  |
| Other   | 4,738                             | 4,539  |
| Total current liabilities                             | 16,697                            | 20,089   |
| Non-current liabilities                               |                                   |  |
| Long-term borrowings                                  | 8,058                             | 7,030  |
| Provision for loss on store closings                  | 9                                 | 4  |
| Asset retirement obligations                          | 2,358                             | 2,383  |
| Lease obligations                                     | 1,181                             | 1,098  |
| Other   | 381                               | 368  |
| Total non-current liabilities                         | 11,990                            | 10,885   |
| Total liabilities                                     | 28,687                            | 30,975   |
| <b>Net assets</b>                                     |                                   |  |
| Shareholders' equity                                  |                                   |  |
| Share capital   | 100                               | 100  |
| Capital surplus                                       | 6,485                             | 6,485  |
| Retained earnings                                     | 8,550                             | 7,757  |
| Treasury shares                                       | (2,343)                           | (2,343)  |
| Total shareholders' equity                            | 12,792                            | 11,998   |
| Accumulated other comprehensive income                |                                   |  |
| Valuation difference on available-for-sale securities | 31                                | 55   |
| Foreign currency translation adjustment               | (55)                              | (69)   |
| Total accumulated other comprehensive income          | (24)                              | (14)   |
| Non-controlling interests                             | 79                                | 78   |
| Total net assets                                      | 12,848                            | 12,062   |
| Total liabilities and net assets                      | 41,535                            | 43,038   |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Three-month Period)

(Unit: million yen)

|   | First three months of FY3/2020<br>(Apr. 1, 2019 – Jun. 30, 2019) | First three months of FY5/2021<br>(Apr. 1, 2020 – Jun. 30, 2020) |
|---|--|--|
| Net sales   | 20,828   | 16,917   |
| Cost of sales   | 7,796  | 6,334  |
| Gross profit  | 13,032   | 10,583   |
| Selling, general and administrative expenses                  | 12,086   | 10,756   |
| Operating profit (loss)                                       | 945  | (172)  |
| Non-operating income  |  |  |
| Share of profit of entities accounted for using equity method | 18   | -  |
| Rent revenues on facilities                                   | 82   | 82   |
| Gain from installment of vending machine                      | 32   | 21   |
| Gain on sales of recycling goods                              | 101  | 56   |
| Other   | 38   | 30   |
| Total non-operating income                                    | 274  | 191  |
| Non-operating expenses  |  |  |
| Interest expenses   | 39   | 41   |
| Share of loss of entities accounted for using equity method   | -  | 1  |
| Rent costs on facilities                                      | 76   | 76   |
| Other   | 11   | 9  |
| Total non-operating expenses                                  | 127  | 130  |
| Ordinary profit (loss)  | 1,092  | (111)  |
| Extraordinary losses  |  |  |
| Provision for loss on store closings                          | 58   | 7  |
| Loss on retirement of non-current assets                      | 9  | 13   |
| Loss on COVID-19  | -  | 740  |
| Total extraordinary losses                                    | 67   | 761  |
| Profit (loss) before income taxes                             | 1,024  | (872)  |
| Income taxes-current  | 86   | 124  |
| Income taxes-deferred   | 304  | (311)  |
| Total income taxes  | 391  | (186)  |
| Profit (loss)   | 633  | (686)  |
| Profit attributable to non-controlling interests              | 7  | 3  |
| Profit (loss) attributable to owners of parent                | 625  | (689)  |



Quarterly Consolidated Statement of Comprehensive Income

(For the Three-month Period)

(Unit: million yen)

|   | First three months of FY3/2020<br>(Apr. 1, 2019 – Jun. 30, 2019) | First three months of FY5/2021<br>(Apr. 1, 2020 – Jun. 30, 2020) |
|---|--|--|
| Profit (loss)   | 633  | (686)  |
| Other comprehensive income  |  |  |
| Valuation difference on available-for-sale securities                             | (14)   | 14   |
| Foreign currency translation adjustment   | (3)  | (18)   |
| Share of other comprehensive income of entities accounted for using equity method | (23)   | 8  |
| Total other comprehensive income  | (41)   | 5  |
| Comprehensive income  | 592  | (680)  |
| Comprehensive income attributable to  |  |  |
| Comprehensive income attributable to owners of parent                             | 583  | (679)  |
| Comprehensive income attributable to non-controlling interests                    | 8  | (0)  |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Additional Information)

In the first quarter, there was no additional information concerning the effects of COVID-19 and there were no significant revisions of information in the Securities Report for the previous fiscal year.

(Segment Information)

I. First three months of FY3/2020 (Apr. 1, 2019 – Jun. 30, 2019)

This information is omitted because the Group has only a single segment.

II. First three months of FY5/2021 (Apr. 1, 2020 – Jun. 30, 2020)

This information is omitted because the Group has only a single segment.

*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.*