



August 9, 2019

Consolidated Summary Report
For the First Quarter of the Fiscal Year Ending March 31, 2020
[Japanese GAAP]

Company Name: BOOKOFF GROUP HOLDINGS LIMITED Stock Exchange: Tokyo
Code Number: 9278 URL: <https://www.bookoffgroup.co.jp/en/>
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Quarterly Report issue date: August 13, 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 First Quarter of the Fiscal Year Ending March 31, 2020
(April 1, 2019 - June 30, 2019)

(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, 2019	20,828	-	945	-	1,092	-	625	-
Three months ended Jun. 30, 2018	-	-	-	-	-	-	-	-

(Note) Comprehensive income Three months ended Jun. 30, 2019: ¥592 million (n.a.)
Three months ended Jun. 30, 2018: ¥- million (n.a.)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2019	35.87	-
Three months ended Jun. 30, 2018	-	-

(Note) Figures for the three months ended June 30, 2018 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 Jun. 30, 2019	41,080	13,334	32.1
As of Mar. 31, 2019	40,647	13,006	31.6

(Reference) Shareholders' equity As of Jun. 30, 2019: ¥13,166 million As of Mar. 31, 2019: ¥12,844 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, 2019	-	-	-	15.00	15.00
Fiscal year ending Mar. 31, 2020	-	-	-	-	-
Fiscal year ending Mar. 31, 2020 (est.)	-	0.00	-	18.00	18.00

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

There are no dividends for the end of 1Q and 2Q of the fiscal year ended March 31, 2019 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, 2020 (April 1, 2019 - March 31, 2020)

(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	83,000	2.7	1,800	16.1	2,300	8.5	1,200	(44.8)	68.78

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

Only the full-year forecast is shown because BOOKOFF GROUP HOLDINGS manages performance on a fiscal year basis.

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, 2019	20,547,413	As of Mar. 31, 2019	20,547,413
	As of Jun. 30, 2019	3,100,000	As of Mar. 31, 2019	3,100,000
(2) Treasury shares	As of Jun. 30, 2019	3,100,000	As of Mar. 31, 2019	3,100,000
(3) Average number of shares outstanding	Three months ended Jun. 30, 2019	17,447,413	Three months ended Jun. 30, 2018	-

* 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 9, 2019), 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 of the current fiscal year.

BOOKOFF GROUP HOLDINGS LIMITED was established as pure holding company of BOOKOFF CORPORATION LIMITED on October 1, 2018 through a transfer of stock. Consequently, there are no comparisons with the first quarter of the previous fiscal year.

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 March 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 each service category. The objective of these activities is to operate as “One BOOKOFF.”

During the first quarter of the current fiscal year, we undertook initiatives to add more merchandise categories to stores to reflect the characteristics of each store’s market. These activities also included the opening of BOOKOFF SUPER BAZAAR 5 Gou Sapporo Miyanosawa Store, BOOKOFF SUPER BAZAAR Ito-Yokado Nagareyama Store, the BOOKOFF One-stop Purchasing Consultation Desk on Nodai Street in Kyodo (Setagaya-ku, Tokyo), and the fourth Jalan Jalan Japan store in Malaysia, as well as measures to enhance the efficiency of our distribution warehouse operations. Furthermore, we have made 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.

As a result of these efforts, consolidated net sales amounted to ¥20,828 million. The Group recorded an operating profit of ¥945 million, an ordinary profit of ¥1,092 million, and profit attributable to owners of parent of ¥625 million.

Since the Group’s business segments have been combined into a single segment beginning with the first quarter of the current fiscal year, information by business segment is omitted.

(2) Explanation of Financial Position

(Current Assets)

Current assets at the end of the first quarter of the current fiscal year were ¥23,976 million, an increase of ¥211 million compared with ¥23,765 million at the end of the previous fiscal year. Major components were increases of ¥843 million in merchandise and ¥250 million in other current assets, and a decrease of ¥832 million in cash and deposits.

(Non-current Assets)

Non-current assets at the end of the first quarter of the current fiscal year were ¥17,104 million, an increase of ¥222 million compared with ¥16,882 million at the end of the previous fiscal year. Major components were increases of ¥268 million in property, plant and equipment and ¥185 million in intangible assets, and a decrease of ¥231 million in investments and other assets mainly due to a decrease in deferred tax assets.

(Liabilities)

Liabilities at the end of the first quarter of the current fiscal year were ¥27,746 million, an increase of ¥105 million compared with ¥27,640 million at the end of the previous fiscal year. Major components were an increase of ¥1,000 million in borrowings to procure funds with bank borrowings for the payment of income taxes and dividends, and decreases of ¥238 million in other provisions mainly due to the payment of bonuses and of ¥687 million in other current liabilities.

(Net Assets)

Net assets at the end of the first quarter of the current fiscal year were ¥13,334 million, an increase of ¥327 million compared with ¥13,006 million at the end of the previous fiscal year. Major components were dividend payments and 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, 2019.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	FY3/2019 (As of Mar. 31, 2019)	First quarter of FY3/2020 (As of Jun. 30, 2019)
Assets		
Current assets		
Cash and deposits	6,142	5,310
Accounts receivable-trade	1,590	1,540
Merchandise	12,915	13,759
Other	3,122	3,373
Allowance for doubtful accounts	(6)	(7)
Total current assets	23,765	23,976
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,770	3,965
Leased assets, net	1,352	1,412
Other, net	810	822
Total property, plant and equipment	5,932	6,200
Intangible assets		
Goodwill	84	262
Other	1,120	1,127
Total intangible assets	1,204	1,390
Investments and other assets		
Guarantee deposits	7,530	7,487
Other	2,274	2,086
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	9,744	9,513
Total non-current assets	16,882	17,104
Total assets	40,647	41,080

(Unit: million yen)

	FY3/2019 (As of Mar. 31, 2019)	First quarter of FY3/2020 (As of Jun. 30, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	431	367
Short-term borrowings	5,926	7,875
Current portion of long-term borrowings	3,716	3,256
Lease obligations	348	365
Income taxes payable	135	128
Provision for sales rebates	546	523
Provision for loss on store closing	44	96
Other provisions	469	230
Other	4,899	4,211
Total current liabilities	16,518	17,056
Non-current liabilities		
Long-term borrowings	7,775	7,287
Provision for loss on store closing	29	24
Asset retirement obligations	1,747	1,780
Lease obligations	1,159	1,185
Other	410	413
Total non-current liabilities	11,121	10,690
Total liabilities	27,640	27,746
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,489	6,489
Retained earnings	8,571	8,935
Treasury shares	(2,343)	(2,343)
Total shareholders' equity	12,817	13,181
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	158	120
Foreign currency translation adjustment	(131)	(135)
Total accumulated other comprehensive income	27	(14)
Non-controlling interests	161	167
Total net assets	13,006	13,334
Total liabilities and net assets	40,647	41,080

(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 (Apr. 1, 2019 – Jun. 30, 2019)
Net sales	20,828
Cost of sales	7,796
Gross profit	13,032
Selling, general and administrative expenses	12,086
Operating profit	945
Non-operating income	
Share of profit of entities accounted for using equity method	18
Rent revenues on facilities	82
Gain from installment of vending machine	32
Gain on sales of recycling goods	101
Other	38
Total non-operating income	274
Non-operating expenses	
Interest expenses	39
Rent expenses on facilities	76
Other	11
Total non-operating expenses	127
Ordinary profit	1,092
Extraordinary losses	
Provision for loss on store closing	58
Loss on retirement of non-current assets	9
Total extraordinary losses	67
Profit before income taxes	1,024
Income taxes-current	86
Income taxes-deferred	304
Total income taxes	391
Profit	633
Profit attributable to non-controlling interests	7
Profit attributable to owners of parent	625

Quarterly Consolidated Statement of Comprehensive Income

(For the Three-month Period)

(Unit: million yen)

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

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

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

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

(Changes in reportable segments)

The Group's "Reuse Store Business" and "BOOKOFF Online Business" segments have been combined into a single segment beginning with the first quarter of the current fiscal year. This change is based on the "One BOOKOFF" concept. Since the integration of real store sales and online sales has progressed with the introduction of the online sales system, it was decided that the integration of the business segments would present our business results in a manner that more closely matches the actual transactions.

As a result of this change, the Group will consist of a single segment, and therefore segment information for the first three months of the current fiscal year is not presented.

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.