



May 10, 2019

Consolidated Summary Report for the Fiscal Year Ended 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: Hirofumi Kawamoto, General Manager of Corporate Planning Department Tel: +81-42-769-1513
 General meeting of shareholders: June 22, 2019
 Dividend payment date: June 24, 2019
 Securities report issue date: June 24, 2019
 Supplementary materials of financial results: Yes
 Financial results briefing: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(1) Consolidated Results of Operations (Percentage figures for net sales and profits 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 %
Fiscal year ended Mar. 31, 2019	80,796	-	1,550	-	2,120	-	2,172	-
Fiscal year ended Mar. 31, 2018	-	-	-	-	-	-	-	-

(Note) Comprehensive income Fiscal year ended Mar. 31, 2019: ¥2,250 million (n.a.)
 Fiscal year ended Mar. 31, 2018: ¥- million (n.a.)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Operating profit margin
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2019	112.19	-	16.7	4.8	1.9
Fiscal year ended Mar. 31, 2018	-	-	-	-	-

(Reference) Equity in earnings (losses) of associates Fiscal year ended Mar. 31, 2019: ¥(8) million
 Fiscal year ended Mar. 31, 2018: ¥- million

(Note) Figures for the fiscal year ended March 31, 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	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	40,647	13,006	31.6	736.20
As of Mar. 31, 2018	-	-	-	-

(Reference) Shareholders' equity As of Mar. 31, 2019: ¥12,844 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.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2019	2,751	(559)	(9,895)	6,142
Fiscal year ended Mar. 31, 2018	-	-	-	-

(Note) Figures for the fiscal year ended 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					Total dividends	Dividend payout ratio (Consolidated)	Dividends on net assets ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2018	-	-	-	-	-	-	-	-
Fiscal year ended Mar. 31, 2019	-	-	-	15.00	15.00	261	13.4	2.2
Fiscal year ending Mar. 31, 2020 (est.)	-	-	-	18.00	18.00	-	26.2	-

(Note) Dividends for the fiscal year ended March 31, 2018 and for the ends of 1Q and 2Q for the fiscal year ended 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, 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

(Note) Only the full-year forecast is shown because BOOKOFF GROUP HOLDINGS manages performance on a fiscal year basis. Please see "1. Overview of Results of Operations" on page 2 of the attachments for further information.

Notes:

1. Significant changes in subsidiaries during the period (changes in specific subsidiaries accompanied by changes in the scope of consolidation): Yes

New: 1 (company name) BOOKOFF Minami Kyushu Excluded: 1 (company name) BOOKOFF Online, Inc.

2. 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

3. Number of shares outstanding (common shares)

(Shares)

(1) Shares outstanding (including treasury shares)	As of Mar. 31, 2019	20,547,413	As of Mar. 31, 2018	-
	As of Mar. 31, 2019	3,100,000	As of Mar. 31, 2018	-
(2) Treasury shares	As of Mar. 31, 2019	3,100,000	As of Mar. 31, 2018	-
(3) Average number of shares outstanding	Fiscal year ended Mar. 31, 2019	19,366,866	Fiscal year ended Mar. 31, 2018	-

* The current financial report is not subject to audit 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. Overview of Results of Operations" on page 2 of the attachments for items pertaining to the forecast stated above.

(Special notes)

Consolidated financial statements for the current fiscal year (April 1, 2018 – March 31, 2019) succeed the consolidated financial statements of BOOKOFF CORPORATION LIMITED that became a wholly owned subsidiary through a transfer of stock.

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1. Overview of Results of Operations

(1) Results of Operations

Forward-looking statements in this Consolidated Summary Report are based on information available to management as of the end 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 previous fiscal year because the first fiscal period of the new holding company was from October 1, 2018 to March 31, 2019. However, the current fiscal year for the consolidated financial statements in this report are for period from April 1, 2018 to March 31, 2019 because these statements succeed the consolidated financial statements of BOOKOFF CORPORATION.

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.”

There were many activities during the fiscal year ended March 31, 2019 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 ¥80,796 million. The Group recorded an operating profit of ¥1,550 million, an ordinary profit of ¥2,120 million, and profit attributable to owners of parent of ¥2,172 million.

Business segment sales were as follows:

(Reuse Store Business)

The segment recorded net sales of ¥72,444 million for the current fiscal year.

During the fiscal year, three directly operated stores and two franchise stores were opened. (There were 11 closings of directly operated stores and 22 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 ¥7,506 million for the current fiscal year.

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 ¥845 million for the current fiscal year. (Two directly operated stores were closed).

(Performance Trends)

(Unit: million yen)

		Fiscal year ended March 2019
Net sales		80,796
	Reuse Store Business	72,444
	Store Net Sales	70,091
	Sales to Franchisees	2,353
	BOOKOFF Online Business	7,506
	Other	845
Operating profit		1,550
Ordinary profit		2,120
Extraordinary gains		160
Extraordinary losses		503
Profit before income taxes		1,777
Profit attributable to owners of parent		2,172

(Amounts rounded down to the nearest one million yen)

(Store Opening/Closing by Segment)

(Unit: number of stores)

		Fiscal year ended March 2018		Fiscal year ended March 2019	
		Open	Close	Open	Close
Reuse Store Business	Group	13 (Note 1)	14	10 (Note 3)	12 (Note 4)
	Franchise	2	18 (Note 2)	3 (Note 5)	29 (Note 6)
Other	Group	-	1	-	2
	Franchise	-	-	-	-
Total store openings/closings	Group	13	15	10	14
	Franchise	2	18	3	29
Fiscal year-end total	Group	386		382	
	Franchise	439		413	

Notes: 1. This figure includes nine BOOKOFF stores that were acquired from franchisees.

2. This figure includes one store closed to be combined with another Group store in the same building under a single brand and nine BOOKOFF stores that was acquired from franchisees.

3. This figure includes seven BOOKOFF stores that were acquired from franchisees.

4. This figure includes one BOOKOFF store that was sold to a franchisee.

5. This figure includes one BOOKOFF store that was sold to a franchisee.

6. This figure includes seven BOOKOFF stores that was acquired from franchisees.

Outlook for the Fiscal Year Ending March 31, 2020

We plan to take many actions during the fiscal year ending on March 31, 2020 in order to begin a recovery from the weak performance of the past several years. This fiscal year is positioned as a period for building a framework for implementing the core strategies of our medium-term business plan and establishing a base for the long-term growth of the BOOKOFF Group's corporate value.

For upgrading individual stores, we will continue to add new merchandise categories at existing stores and remodel these stores. In addition, we plan resume the addition of large stores, an activity that we had largely stopped in recent years, by opening four BOOKOFF SUPER BAZAAR stores. We also plan to open BOOKOFF one-stop purchasing consultation desks at seven or eight locations.

For using all group strengths to compete and win, we plan to continue making substantial investments for improving services for app members and establishing a network of franchised stores using our e-purchasing system. Investments will also be 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.

We anticipate a contribution to fiscal year earnings from HUGALL department store purchasing desks and other services for affluent customers. In Malaysia, Jalan Jalan Japan will continue to take many actions to continue growing. Overall, the entire BOOKOFF Group will use numerous initiatives during the fiscal year to accomplish the mission of “being a source of an enjoyable and prosperous life for many people.”

Consolidated forecast for the fiscal year ending March 31, 2020 are as follows.

Net sales	¥83,000 million	(+2.7% YoY)
Operating profit	¥1,800 million	(+16.1% YoY)
Ordinary profit	¥2,300 million	(+8.5% YoY)
Profit attributable to owners of parent	¥1,200 million	(-44.8% YoY)

The forecast for a decrease in profit attributable to owners of parent is due to the positive effect on profit attributable to owners of parent in the fiscal year ended March 31, 2019 of one-time items, primarily a reduction in taxes because of group reorganization measures.

(2) Financial Position

Assets, Liabilities and Net Assets

(Current Assets)

Current assets at the end of the current fiscal year were ¥23,765 million. Major components were cash and deposits of ¥6,142 million, accounts receivable-trade of ¥1,590 million and merchandise of ¥12,915 million.

(Non-current Assets)

Non-current assets at the end of the current fiscal year were ¥16,882 million. Major components were property, plant and equipment of ¥5,932 million, intangible assets of ¥1,204 million and investments and other assets of ¥9,744 million.

(Liabilities)

Liabilities at the end of the current fiscal year were ¥27,640 million. Major components were current liabilities of ¥16,518 million including short-term loans payable of ¥5,926 million and current portion of long-term loans payable of ¥3,716 million, and non-current liabilities of ¥11,121 million including long-term loans payable of ¥7,775 million.

(Net Assets)

Net assets at the end of the current fiscal year were ¥13,006 million. Major components were capital stock of ¥100 million, capital surplus of ¥6,489 million, retained earnings of ¥8,571 million and treasury shares of minus ¥2,343 million.

(3) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to ¥6,142 million.

Consolidated cash flows and the primary reasons for their fluctuation during the current fiscal year are as follows:

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥2,751 million. There were positive factors including profit before income taxes of ¥1,777 million, ¥1,570 million in depreciation, ¥274 million in impairment loss, ¥75 million in amortization of goodwill, and a ¥40 million increase in provision for loss on store closing.

Negative factors included income taxes paid of ¥1,059 million and increase in notes and accounts receivable-trade of ¥103 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥559 million. Negative factors included ¥663 million for the purchase of property, plant, and equipment associated with new store openings, ¥393 million for the purchase of intangible assets related to additional investments in systems, and ¥126 million for payments for long-term leasehold deposits. Positive factors included refund of long-term leasehold deposits associated with store closings of ¥562 million and proceeds from sales of property, plant and equipment of ¥245 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥9,895 million. There were positive factors including a net increase of ¥796 million in loans payable. Negative factors included ¥7,700 million for payments for redemption of bonds with share acquisition rights, ¥2,343 million for the purchase of treasury shares, ¥402 million for repayments of lease obligations, and ¥205 million for cash dividends paid.

(Trends in Equity Ratio, Equity Ratio Based on Market Value, Ratio of Interest-Bearing Debt to Cash Flow and Interest Coverage Ratio)

	Fiscal year ended March 2019
Equity ratio (%)	31.6
Equity ratio based on market value (%)	35.7
Ratio of interest-bearing debt to cash flow (years)	6.4
Interest coverage ratio (times)	17.7

Note: Equity ratio (%): Shareholders' equity/total assets

Equity ratio based on market value: Market capitalization/total assets

Market capitalization is calculated using the number of shares outstanding less treasury shares.

Ratio of interest-bearing debt to cash flow (years): Interest-bearing debt/cash flows from operating activities

Interest-bearing debt is the sum of short-term loans payable, current portion of long-term loans payable, long-term loans payable and long-term accounts payable-other.

Interest coverage ratio (times): Cash flows from operating activities/interest expense

(4) Basic Policy on Profit Distribution and Dividends for FY3/2019 and FY3/2020

The BOOKOFF Group considers the distribution of profits to be one of its highest management priorities. The basic policy is to aim for higher dividends supported by growth in sales and earnings while using retained earnings effectively for strengthening financial soundness and making strategic investments that will create a stronger base for future business operations.

We also have a policy of paying a consistent dividend backed by earnings while using a payout ratio of about 25% of consolidated profit as the guideline.

Profitable attributable to owners of parent increased significantly in the current fiscal year. However, this increase was caused largely by one-time factors, notably a reduction in taxes associated with group reorganization activities. Furthermore, due to the BOOKOFF Group's weak performance during the past several years, improving financial soundness is our first priority. For these reasons, we plan to pay a dividend of 15 yen per share for the fiscal year that ended on March 31, 2019 as stated in the revisions to the consolidated forecast and dividend forecast that were announced on February 13, 2019.

Based on these policies, the forecast for the year-end dividend for the fiscal year ending on March 31, 2020 is 18 yen, 3 yen higher than in the fiscal year ended on March 31, 2019.

2. Basic Approach to the Selection of Accounting Standards

The BOOKOFF Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

The Group will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Unit: million yen)	
FY3/2019	
(As of Mar. 31, 2019)	
Assets	
Current assets	
Cash and deposits	6,142
Accounts receivable-trade	1,590
Merchandise	12,915
Supplies	43
Other	3,079
Allowance for doubtful accounts	(6)
Total current assets	23,765
Non-current assets	
Property, plant and equipment	
Buildings and structures	14,936
Accumulated depreciation	(11,166)
Buildings and structures, net	3,770
Land	175
Leased assets	2,470
Accumulated depreciation	(1,118)
Leased assets, net	1,352
Construction in progress	1
Other	2,467
Accumulated depreciation	(1,833)
Other, net	633
Total property, plant and equipment	5,932
Intangible assets	
Goodwill	84
Leased assets	12
Other	1,107
Total intangible assets	1,204
Investments and other assets	
Investment securities	455
Deferred tax assets	1,643
Guarantee deposits	7,530
Other	175
Allowance for doubtful accounts	(60)
Total investments and other assets	9,744
Total non-current assets	16,882
Total assets	40,647

(Unit: million yen)

FY3/2019 (As of Mar. 31, 2019)	
Liabilities	
Current liabilities	
Accounts payable-trade	431
Short-term loans payable	5,926
Current portion of long-term loans payable	3,716
Lease obligations	348
Accounts payable-other	2,537
Income taxes payable	135
Provision for sales rebates	546
Provision for loss on store closing	44
Other provision	469
Other	2,361
Total current liabilities	16,518
Non-current liabilities	
Long-term loans payable	7,775
Lease obligations	1,159
Provision for loss on store closing	29
Asset retirement obligations	1,747
Other	410
Total non-current liabilities	11,121
Total liabilities	27,640
Net assets	
Shareholders' equity	
Capital stock	100
Capital surplus	6,489
Retained earnings	8,571
Treasury shares	(2,343)
Total shareholders' equity	12,817
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	158
Foreign currency translation adjustment	(131)
Total accumulated other comprehensive income	27
Non-controlling interests	161
Total net assets	13,006
Total liabilities and net assets	40,647

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: million yen)

	FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	80,796
Cost of sales	32,561
Gross profit	48,235
Selling, general and administrative expenses	
Provision of allowance for doubtful accounts	7
Salaries and allowances	4,848
Salaries of part time employees	12,831
Retirement benefit expenses	30
Rents	11,110
Other	17,856
Total selling, general and administrative expenses	46,684
Operating profit	1,550
Non-operating income	
Rent revenues on facilities	301
Gain from installment of vending machine	142
Gain on sales of recycling goods	357
Other	255
Total non-operating income	1,056
Non-operating expenses	
Interest expenses	156
Share of loss of entities accounted for using equity method	8
Rent expenses on facilities	278
Other	43
Total non-operating expenses	486
Ordinary profit	2,120
Extraordinary income	
Gain on sales of non-current assets	73
Gain on transfer of store	26
Compensation for transfer	60
Total extraordinary income	160
Extraordinary losses	
Loss on closing of stores	49
Provision for loss on store closing	40
Loss on retirement of non-current assets	121
Impairment loss	* 274
Loss on disaster	18
Total extraordinary losses	503
Profit before income taxes	1,777
Income taxes-current	373
Income taxes-deferred	(791)
Total income taxes	(418)
Profit	2,195
Profit attributable to non-controlling interests	23
Profit attributable to owners of parent	2,172

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)
Profit	2,195
Other comprehensive income	
Valuation difference on available-for-sale securities	9
Foreign currency translation adjustment	(22)
Share of other comprehensive income of entities accounted for using equity method	67
Total other comprehensive income	* 54
Comprehensive income	2,250
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	2,228
Comprehensive income attributable to non- controlling interests	21

(3) Consolidated Statement of Changes in Net Assets

FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,652	4,192	6,605	(1,255)	13,194
Changes of items during period					
Dividends of surplus			(206)		(206)
Profit attributable to owners of parent			2,172		2,172
Purchase of treasury shares				(2,343)	(2,343)
Retirement of treasury shares		(1,255)		1,255	-
Increase (decrease) by share transfers	(3,552)	3,552			-
Net changes of items other than shareholders' equity					
Total changes of items during period	(3,552)	2,296	1,966	(1,088)	(377)
Balance at end of current period	100	6,489	8,571	(2,343)	12,817

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	81	(110)	(28)	141	13,307
Changes of items during period					
Dividends of surplus					(206)
Profit attributable to owners of parent					2,172
Purchase of treasury shares					(2,343)
Retirement of treasury shares					-
Increase (decrease) by share transfers					-
Net changes of items other than shareholders' equity	77	(21)	56	20	76
Total changes of items during period	77	(21)	56	20	(301)
Balance at end of current period	158	(131)	27	161	13,006

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities	
Profit before income taxes	1,777
Depreciation	1,570
Impairment loss	274
Amortization of goodwill	75
Increase (decrease) in allowance for doubtful accounts	7
Increase (decrease) in provision for loss on store closing	40
Provision for allowance of sales discounts	(134)
Interest expenses	156
Share of loss (profit) of entities accounted for using equity method	8
Loss on store closings	49
Loss on retirement of non-current assets	121
Loss on disaster	18
Compensation for removal	(60)
Decrease (increase) in notes and accounts receivable-trade	(103)
Decrease (increase) in inventories	78
Increase (decrease) in notes and accounts payable-trade	(20)
Increase (decrease) in accounts payable-other	495
Other, net	(449)
Subtotal	3,903
Interest and dividend income received	7
Interest expenses paid	(155)
Proceeds from compensation for removal	60
Payments for loss on disaster	(18)
Income taxes refund	14
Income taxes paid	(1,059)
Net cash provided by (used in) operating activities	2,751

(Unit: million yen)

FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)	
Cash flows from investing activities	
Purchase of property, plant and equipment	(663)
Proceeds from sales of property, plant and equipment	245
Purchase of intangible assets	(393)
Payments for long-term leasehold deposits	(126)
Refund of long-term leasehold deposits	562
Other, net	(183)
Net cash provided by (used in) investing activities	(559)
Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	539
Proceeds from long-term loans payable	5,400
Repayments of long-term loans payable	(5,143)
Payments for redemption of bonds with share acquisition rights	(7,700)
Repayments of lease obligations	(402)
Purchase of treasury shares	(2,343)
Cash dividends paid	(205)
Dividends paid to non-controlling interests	(1)
Other, net	(39)
Net cash provided by (used in) financing activities	(9,895)
Effect of exchange rate change on cash and cash equivalents	(14)
Net increase (decrease) in cash and cash equivalents	(7,717)
Cash and cash equivalents at beginning of period	13,860
Cash and cash equivalents at end of period	6,142

(5) Notes to Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Important Items that Form the Basis for Preparing Consolidated Financial Statements)

BOOKOFF GROUP HOLDINGS was established on October 1, 2018. The consolidated financial statements for the fiscal year that ended on March 31, 2019 are for BOOKOFF CORPORATION LIMITED and its consolidated subsidiaries in the first half of the fiscal year and BOOKOFF GROUP HOLDINGS in the second half of the fiscal year.

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 13

Primary consolidated subsidiaries:

BOOKOFF CORPORATION LIMITED

BOOKOFF U.S.A. INC.

Booklet Co., Ltd.

BOOKOFF GROUP HOLDINGS established BOOKOFF Minami Kyushu on January 17, 2019, and included this company in the scope of consolidation beginning with the fiscal year that ended on March 31, 2019. BOOKOFF Online, Inc. was excluded from the scope of consolidation since this company was absorbed by BOOKOFF CORPORATION LIMITED, which became the surviving company, after which BOOKOFF Online, Inc. was dissolved as of January 1, 2019.

(2) Primary non-consolidated subsidiaries

Not applicable.

2. Application of the Equity Method

(1) Number of affiliates accounted for using the equity method: 1

Company name:

BOS Partners, Inc.

(2) Non-consolidated subsidiaries and affiliates not accounted for using the equity method

Not applicable.

3. Fiscal years of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end of Booklet Co., Ltd., BOOKOFF U.S.A. INC. and BOOKOFF FRANCE E.U.R.L. is the end of February, and the fiscal year-end of SCI BOC FRANCE is the end of December. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of their fiscal year-ends. However, adjustments to the consolidated financial statements are made as needed for significant transactions that occur between their fiscal year-ends and the fiscal year-end for the consolidated financial statements.

The fiscal year-end of BOK MARKETING SDN.BHD. is the end of September. The consolidated financial statements use provisional financial statements prepared by BOK MARKETING SDN.BHD. as of the end of December. Adjustments to the consolidated financial statements are made as needed for significant transactions that occur between the end of December and the fiscal year end for the consolidated financial statements.

The fiscal year-end of BOOKOFF With is the end of November. The consolidated financial statements use provisional financial statements prepared by BOOKOFF With as of the end of February. Adjustments to the consolidated financial statements are made as needed for significant transactions that occur between the end of February and the fiscal year end for the consolidated financial statements.

The presentation of information other than the preceding items is omitted as there are no significant changes from information presented in the most recent quarterly report, filed on February 14, 2019.

(Consolidated Balance Sheet)

* 1. The balance for non-consolidated subsidiaries and affiliates is as follows:

(Unit: million yen)	
FY3/2019	
(As of Mar. 31, 2019)	
Investment securities (stocks)	110

2. The Company has entered into overdraft agreements with 10 banks in order to efficiently procure working capital. The balance of unexecuted loans under these agreements is as follows:

(Unit: million yen)	
FY3/2019	
(As of Mar. 31, 2019)	
Total overdraft amount	9,820
Executed loans payable	5,926
Balance	3,893

(Consolidated Statement of Income)

* Impairment loss

The Group recorded an impairment loss for the following asset groups.

FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)

Application	Type	Location	Impairment loss (Million yen)
Stores, etc.	Buildings and structures, etc.	BOOKOFF SUPER BAZAAR Northport Mall Store (Tsuzuki-ku, Yokohama) and other 23 stores, etc.	274

The Group regards each store as the base unit in identifying the smallest group of assets that generate cash flows.

For stores and facilities that have generated continuous losses stemming from their operating activities, and when it has been deemed that there is little potential for an earnings recovery, or when changes in the range of use have significantly reduced the recoverable amounts, the book values were reduced to recoverable amounts, and the amount of the reduction was recognized as an impairment loss and recorded as an extraordinary loss.

The breakdown of the impairment loss is as follows:

(Unit: million yen)	
Buildings and structures	196
Leased assets (property, plant and equipment)	58
Other	18
Total	274

The recoverable amount for stores, etc. is measured using value in use. Since the value of the future cash flows are negative, the recoverable amount is determined to be zero.

(Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects related to other comprehensive income

	(Unit: million yen)
	FY3/2019
	(Apr. 1, 2018 – Mar. 31, 2019)
Valuation difference on available-for-sale securities	
Amount incurred	18
Amount of reclassification adjustments	-
Before tax effects	18
Amount of tax effects	(8)
Valuation difference on other available-for-sale securities	9
Foreign currency translation adjustment	
Amount incurred	(22)
Amount of reclassification adjustments	-
Before tax effects	(22)
Amount of tax effects	-
Foreign currency translation adjustment	(22)
Share of other comprehensive income of entities accounted for using equity method	
Amount incurred	67
Amount of reclassification adjustments	-
Share of other comprehensive income of entities accounted for using equity method	67
Total other comprehensive income	54

(Segment Information)

Segment Information

1. Overview of reportable segments

The reportable segments of the BOOKOFF Group are the constituent units where separate financial information can be obtained and the Board of Directors uses this information on a regular basis to allocate resources and evaluate business performance.

The management philosophy of the BOOKOFF Group is “contributing to society through our business activities” and the “pursuit of employees’ material and spiritual wellbeing.” Operations include retail stores and a franchise business based on the concept of “reuse,” focusing on BOOKOFF secondhand bookstores.

The BOOKOFF Group has two reportable segments defined by merchandise categories and business formats: Reuse Store Business and BOOKOFF Online Business.

The Reuse Store Business leverages the BOOKOFF brand to operate BOOKOFF SUPER BAZAAR stores (a comprehensive large-format store of BOOKOFF and other stores carrying a variety of reuse merchandise) and BOOKOFF PLUS stores (BOOKOFF stores combining apparel-related reuse merchandise). This business purchases and sells books, software, home appliances, apparel, sporting goods, baby goods, watches, luxury-brand bags, precious metals, kitchenware, household goods, etc. BOOKOFF stores exist throughout Japan, as well as overseas. Stores are operated directly by the Company or franchised to other operators.

The BOOKOFF Online Business operates an e-commerce reuse shop (BOOKOFF Online) website that sells books and software.

2. Methods used to calculate net sales, profit or loss, assets, liabilities and other items in reportable segments

The accounting methods for the reported business segments are generally the same as those stated in Important Items that Form the Basis for Preparing Consolidated Financial Statements.

Profits in the reportable segments are based on operating profits.

Inter-segment sales and transfers are based on third-party transaction values.

3. Information concerning net sales, profit or loss, assets, liabilities and other items in reportable segments
FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)

(Unit: million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	Total				
Net sales							
Sales to external customers	72,444	7,506	79,951	845	80,796	-	80,796
Inter-segment sales and transfers	98	1,897	1,996	394	2,390	(2,390)	-
Total	72,543	9,403	81,947	1,239	83,186	(2,390)	80,796
Segment profit (loss)	3,666	(289)	3,376	(52)	3,324	(1,773)	1,550
Segment assets	27,585	2,311	29,896	513	30,409	10,237	40,647
Other items							
Depreciation and amortization	1,325	178	1,504	6	1,511	59	1,570
Amortization of goodwill	75	-	75	-	75	-	75
Increases in property, plant and equipment and intangible assets	1,387	174	1,561	2	1,563	40	1,604

- Notes: 1. Other segment is mainly engaged in operation of directly operated stores selling new books and operation of book review community site.
 2. Difference between total amounts for reportable segments and amounts recorded in the consolidated financial statements, and primary items of such difference (items related to the difference adjustments)

(Unit: million yen)

Profit	FY3/2019
Total	3,376
Loss classified as "Other"	(52)
Inter-segment elimination	248
Corporate expenses (Note)	(2,022)
Operating profit	1,550

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

(Unit: million yen)

Assets	FY3/2019
Total	29,896
Assets classified as "Other"	513
Corporate assets (Note)	10,237
Total assets	40,647

Note: Corporate assets are mainly surplus funds (cash and deposits) and long-term investments (investment securities) of the Company and its subsidiaries.

(Unit: million yen)

Depreciation and amortization	FY3/2019
Total	1,504
Assets classified as "Other"	6
Corporate assets (Note)	59
Total depreciation and amortization	1,570

Note: Corporate assets mainly consist of depreciation expenses for systems-related assets.

Related Information

FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)

1. Information by product or service

This information is omitted because segments by product and service are same as reportable segments.

2. Information by region

(1) Net sales

This information is omitted because external sales in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no external client accounts for more than 10% of consolidated sales on the consolidated statement of income.

Information concerning impairment loss of non-current assets by reportable segment
 FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)

(Unit: million yen)

	Reportable Segment			Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	Total				
Impairment loss	268	5	274	-	274	-	274

Information concerning amortization and unamortized balance of goodwill by reportable segment
 FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)

(Unit: million yen)

	Reportable Segment			Other	Total	Adjustment	Amount recorded in consolidated financial statements
	Reuse Store Business	BOOKOFF Online Business	Total				
Amortization	75	-	75	-	75	-	75
Ending balance	84	-	84	-	84	-	84

Information concerning gain on bargain purchase by reportable segment
 FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)

There was no significant gain on bargain purchase recorded in FY3/2019.

(Per-Share Information)

(Unit: yen)

	FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)
Net assets per share	736.20
Net income per share	112.19
Diluted net income per share	-

Notes: 1. Diluted net income per share is not presented since the Company had no outstanding dilutive securities.

2. Net income per share calculations are based on the following figures.

	FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)
Net income per share	
Profit attributable to owners of parent (million yen)	2,172
Amount not attributable to common stockholders (million yen)	-
Profit attributable to owners of parent applicable to common stockholders (million yen)	2,172
Weighted average number of shares of common stock during the fiscal year (thousand shares)	19,366

(Important Subsequent Events)

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.