



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 27, 2020		
Dividend payment date:	June 29, 2020		
Securities report issue date:	June 29, 2020		
Supplementary materials of financial results:	Yes		
Financial results briefing:	Yes		

(Amounts less than one million yen are rounded down)

(1) Consolidated Results of Operations (Percentage figures for net sales and profits represent year-on-year changes)

	Fiscal year ended Mar. 31, 2019:	86,790	1,356	2,120	2,172
(Note) Comprehensive income	Fiscal year ended Mar. 31, 2020:			¥232 million	(down 89.7%)
	Fiscal year ended Mar. 31, 2019:			¥2,250 million	(n.a.)

(Reference) Equity in earnings (losses) of associates	Fiscal year ended Mar. 31, 2020:	¥13 million
	Fiscal year ended Mar. 31, 2019:	¥(8) million

(2) Consolidated Financial Condition

(Reference) Shareholders' equity	As of Mar. 31, 2020: ¥12,768 million	As of Mar. 31, 2019: ¥12,844 million
----------------------------------	--------------------------------------	--------------------------------------

	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, 2020	3,543	(2,744)	(832)	6,094
Fiscal year ended Mar. 31, 2019	2,751	(559)	(9,895)	6,142

	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			
Fiscal year ended Mar. 31, 2019	Yen -	Yen -	Yen -	Yen 15.00	Yen 15.00	Million yen 261	% 13.4	% 2.2
Fiscal year ended Mar. 31, 2020	-	0.00	-	6.00	6.00	104	43.6	0.8
Fiscal year ending May 31, 2021 (est.)	-	-	-	-	-	-	-	-

2. The Articles of Incorporation provide for dividends with record dates at the end of each second quarter and fiscal year. Currently, dividends for the fiscal year ending May 31, 2021 are not presented as the forecast for dividends with these record dates has not been determined at this time.

The end of the fiscal year is to change from March 31 to May 31 beginning in 2021 if a proposal to partially amend the Articles of Incorporation to make this change is approved at the ordinary general meeting of shareholders to be held on June 27, 2020. Forecast for the fiscal year ending May 31, 2021 will be announced promptly once it becomes possible to determine a reliable forecast.

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) Jewelry Asset Managers Inc.

Excluded: 3 (company names) Reuse Connect Co., Ltd., SCI BOC FRANCE, BOOKOFF FRANCE E.U.R.L.

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, 2020	20,547,413	As of Mar. 31, 2019	20,547,413
(2) Treasury shares	As of Mar. 31, 2020	3,100,000	As of Mar. 31, 2019	3,100,000
(3) Average number of shares outstanding	Fiscal year ended Mar. 31, 2020	17,447,413	Fiscal year ended Mar. 31, 2019	19,366,866

* 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 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. 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 previous 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.

Table of Contents

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	4
(3) Cash Flows	4
(4) Basic Policy on Profit Distribution and Dividends for FY3/2020 and FY5/2021	5
2. Basic Approach to the Selection of Accounting Standards	5
3. Consolidated Financial Statements and Notes	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Statements of Income and Comprehensive Income	8
Consolidated Statement of Income	8
Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statement of Changes in Net Assets	10
(4) Consolidated Statement of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
(Notes Concerning the Going-Concern Premise)	14
(Important Items that Form the Basis for Preparing Consolidated Financial Statements)	14
(Consolidated Balance Sheet)	15
(Consolidated Statement of Income)	15
(Consolidated Statement of Comprehensive Income)	16
(Segment Information)	17
(Per-Share Information)	18
(Important Subsequent Events)	18

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.

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 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 five locations of BOOKOFF SUPER BAZAAR (5 Gou Sapporo Miyanosawa Store, Ito-Yokado Nagareyama Store, Mito Himego Store, Aguro Garden Kobe Komagabayashi Store and 25 Gou Yao Nagahata Store), one BOOKOFF store, three locations of the BOOKOFF One-stop Purchasing Consultation Desk, and two Jalan Jalan Japan stores in Malaysia, conversion of one BOOKOFF store into the BOOKOFF PLUS store format, 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.

We recorded an impairment loss for non-current assets that was the result of determining the value of store and other assets based on the amount that can be recovered in the future. In addition, there was a loss on retirement of non-current assets associated primarily with the consolidation and closing of distribution centers to improve efficiency.

As a result of these efforts, consolidated net sales amounted to ¥84,389 million, which was a 4.4% increase from the previous fiscal year. The Group recorded an operating profit of ¥1,428 million (a 7.8% decrease), an ordinary profit of ¥1,898 million (a 10.5% decrease), and profit attributable to owners of parent of ¥240 million (an 88.9% decrease).

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

(Performance Trends)

(Unit: million yen)

	Fiscal year ended March 2019	Fiscal year ended March 2020
Net sales	80,796	84,389
Operating profit	1,550	1,428
Ordinary profit	2,120	1,898
Extraordinary gains	160	18
Extraordinary losses	503	1,015
Profit before income taxes	1,777	901
Profit attributable to owners of parent	2,172	240

(Amounts rounded down to the nearest one million yen)

(Store Opening/Closing by Segment)

(Unit: number of stores)

		Fiscal year ended March 2019		Fiscal year ended March 2020	
		Open	Close	Open	Close
Total store openings/closings	Group	10 (Note 1)	14 (Note 2)	33 (Note 5)	11
	Franchise	3 (Note 3)	29 (Note 4)	-	16 (Note 6)
Fiscal year-end total	Group	382		404	
	Franchise	413		397	

- Notes: 1. This figure includes seven BOOKOFF stores that were acquired from franchisees.
2. This figure includes one BOOKOFF store that was sold to a franchisee.
3. This figure includes one BOOKOFF store that was sold to a franchisee.
4. This figure includes seven BOOKOFF stores that were acquired from franchisees.
5. This figure includes nine BOOKOFF stores that were acquired from franchisees and 13 locations of BOOKOFF One-stop Purchasing Consultation Desk, which were added to the number of stores in the fiscal year ended March 2020.
6. This figure includes nine BOOKOFF stores that were acquired from franchisees.

Outlook for the Fiscal Year Ending May 31, 2021

The COVID-19 pandemic has severely impacted social and economic activities as well as consumer spending worldwide and the outlook is likely to remain unclear for some time.

Due to the Japanese government's declaration of a state of emergency and requests of local governments, the BOOKOFF Group closed entirely or only on weekends and holidays half of its directly operated stores. Most of these stores are locations with more than 1,000m² of floor space that are in areas subject to these requests. Other stores have reduced operating hours and taken additional steps for the safety of customers and employees. All these actions have affected the sales of existing directly operated locations.

At stores that are still operating, sales are currently much higher than one year earlier. One reason is the demand for books, software media and other products people need as they stay home. Another reason is our resumption of store operations while doing everything possible to prevent the spread of COVID-19, including reducing operating hours and using only part of the sales floor. In addition, we established an adequate credit line with financial institutions to be prepared for any unexpected events.

The safety of customers and employees will remain the highest priority of store operations in order to prevent the spread of COVID-19. We will also use BOOKOFF Online and other e-commerce channels to serve our customers. At the same time, there will be more activities based on the medium-term business policies of "upgrade individual stores" and "use all the BOOKOFF Group's strengths." Major goals are making existing stores more appealing, more collaboration between e-commerce and stores, a larger number of smartphone app members, more efficient operations, growth outside Japan, and adding new business domains to our operations.

Determining a reliable forecast for the fiscal year ending in May 2021, which will be the new fiscal year end if approved by shareholders, is not possible at this time because of uncertainty about many factors that affect sales and earnings. A forecast will be announced promptly once this becomes possible.

(2) Financial Position

Assets, Liabilities and Net Assets

(Current Assets)

Current assets at the end of the current fiscal year were ¥23,704 million, a decrease of ¥60 million compared with ¥23,765 million at the end of the previous fiscal year. Major components were increases of ¥308 million in accounts receivable-trade and ¥213 million in merchandise, and a decrease of ¥539 million in other current assets.

(Non-current Assets)

Non-current assets at the end of the current fiscal year were ¥17,830 million, an increase of ¥948 million compared with ¥16,882 million at the end of the previous fiscal year. Major components were increases of ¥341 million in property, plant and equipment and ¥799 million in intangible assets, and a decrease of ¥191 million in investments and other assets.

(Liabilities)

Liabilities at the end of the current fiscal year were ¥28,687 million, an increase of ¥1,046 million compared with ¥27,640 million at the end of the previous fiscal year. Major components were increases of ¥178 million in current liabilities and ¥868 million in non-current liabilities.

(Net Assets)

Net assets at the end of the current fiscal year were ¥12,848 million, a decrease of ¥158 million compared with ¥13,006 million at the end of the previous fiscal year. Major components were a booking of profit attributable to owners of parent, a decrease in valuation difference on available-for-sale securities and dividend payments.

(3) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to ¥6,094 million, a decrease of ¥47 million at the end of the previous fiscal year.

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 ¥3,543 million (compared with ¥2,751 million provided in the previous fiscal year). There were positive factors including profit before income taxes of ¥901 million, ¥1,581 million in depreciation, ¥592 million in impairment loss, ¥130 million in amortization of goodwill and ¥229 million in loss on retirement of non-current assets. Negative factors included a ¥263 million increase in trade receivables.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥2,744 million (compared with ¥559 million used in the previous fiscal year). Negative factors included ¥1,161 million for the purchase of property, plant, and equipment associated with new store openings, ¥449 million for the purchase of intangible assets related to additional investments in systems and ¥590 million for transfer of stores.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥832 million (compared with ¥9,895 million used in the previous fiscal year). Negative factors included ¥416 million for repayments of lease obligations and ¥261 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 2020
Equity ratio (%)	30.7
Equity ratio based on market value (%)	33.7
Ratio of interest-bearing debt to cash flow (years)	5.1
Interest coverage ratio (times)	22.1

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 borrowings, current portion of long-term borrowings, long-term borrowings 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 FY3/2020 and FY5/2021

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 decreased due to booking of extraordinary losses in the current fiscal year. Accordingly, we plan to pay a dividend of 6 yen per share for the fiscal year that ended on March 31, 2020 as stated in the press release titled "Revisions to the Consolidated Forecast, Booking of Extraordinary Losses and Dividend Forecast" (Japanese version only) dated May 19, 2020.

There is no forecast for the dividend for the fiscal year ending in May 2021, the first fiscal period after the change to the new fiscal year end, at this time because of the numerous uncertainties about the outlook for results of operations. An announcement will be made promptly once it becomes possible to determine a reliable forecast.

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)	FY3/2020 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	6,142	6,094
Accounts receivable-trade	1,590	1,898
Merchandise	12,915	13,129
Other	3,122	2,583
Allowance for doubtful accounts	(6)	(0)
Total current assets	23,765	23,704
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,936	15,383
Accumulated depreciation	(11,166)	(11,196)
Buildings and structures, net	3,770	4,187
Land	175	175
Leased assets	2,470	2,617
Accumulated depreciation	(1,118)	(1,258)
Leased assets, net	1,352	1,359
Construction in progress	1	3
Other	2,467	2,497
Accumulated depreciation	(1,833)	(1,949)
Other, net	633	548
Total property, plant and equipment	5,932	6,273
Intangible assets		
Goodwill	84	793
Leased assets	12	6
Other	1,107	1,203
Total intangible assets	1,204	2,003
Investments and other assets		
Investment securities	*1 455	*1 341
Deferred tax assets	1,643	1,543
Guarantee deposits	7,530	7,561
Other	175	166
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	9,744	9,553
Total non-current assets	16,882	17,830
Total assets	40,647	41,535

(Unit: million yen)

	FY3/2019 (As of Mar. 31, 2019)	FY3/2020 (As of Mar. 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	431	459
Short-term borrowings	5,926	5,960
Current portion of long-term borrowings	3,716	3,803
Lease obligations	348	417
Accounts payable-other	2,537	2,416
Income taxes payable	135	282
Provision for sales rebates	546	512
Provision for loss on store closings	44	27
Other provisions	469	497
Other	2,361	2,321
Total current liabilities	16,518	16,697
Non-current liabilities		
Long-term borrowings	7,775	8,058
Lease obligations	1,159	1,181
Provision for loss on store closings	29	9
Asset retirement obligations	1,747	2,358
Other	410	381
Total non-current liabilities	11,121	11,990
Total liabilities	27,640	28,687
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,489	6,485
Retained earnings	8,571	8,550
Treasury shares	(2,343)	(2,343)
Total shareholders' equity	12,817	12,792
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	158	31
Foreign currency translation adjustment	(131)	(55)
Total accumulated other comprehensive income	27	(24)
Non-controlling interests	161	79
Total net assets	13,006	12,848
Total liabilities and net assets	40,647	41,535

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: million yen)

	FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)
Net sales	80,796	84,389
Cost of sales	32,561	33,312
Gross profit	48,235	51,077
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	7	(5)
Salaries and allowances	4,848	5,318
Salaries of part time employees	12,831	14,278
Retirement benefit expenses	30	30
Rent expenses on land and buildings	11,110	11,124
Other	17,856	18,902
Total selling, general and administrative expenses	46,684	49,648
Operating profit	1,550	1,428
Non-operating income		
Share of profit of entities accounted for using equity method	-	13
Rent revenues on facilities	301	332
Gain from installment of vending machine	142	131
Gain on sales of recycling goods	357	348
Other	255	144
Total non-operating income	1,056	969
Non-operating expenses		
Interest expenses	156	159
Share of loss of entities accounted for using equity method	8	-
Rent costs on facilities	278	307
Other	43	32
Total non-operating expenses	486	500
Ordinary profit	2,120	1,898
Extraordinary income		
Gain on sales of non-current assets	73	-
Gain on transfer of store	26	-
Compensation for forced relocation	60	6
Gain on liquidation of subsidiaries and associates	-	11
Total extraordinary income	160	18
Extraordinary losses		
Loss on valuation of investment securities	-	2
Loss on store closings	49	74
Provision for loss on store closings	40	2
Loss on retirement of non-current assets	121	229
Impairment loss	* 274	* 592
Loss on liquidation of subsidiaries and associates	-	71
Loss on disaster	18	43
Total extraordinary losses	503	1,015
Profit before income taxes	1,777	901
Income taxes-current	373	369
Income taxes-deferred	(791)	248
Total income taxes	(418)	617
Profit	2,195	283
Profit attributable to non-controlling interests	23	43
Profit attributable to owners of parent	2,172	240

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)
Profit	2,195	283
Other comprehensive income		
Valuation difference on available-for-sale securities	9	(58)
Foreign currency translation adjustment	(22)	75
Share of other comprehensive income of entities accounted for using equity method	67	(67)
Total other comprehensive income	* 54	* (51)
Comprehensive income	2,250	232
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,228	188
Comprehensive income attributable to non-controlling interests	21	43

(3) Consolidated Statement of Changes in Net Assets

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

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,652	4,192	6,605	(1,255)	13,194
Changes 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)
Cancellation of treasury shares		(1,255)		1,255	-
Increase (decrease) by share transfers	(3,552)	3,552			-
Net changes in items other than shareholders' equity					
Total changes during period	(3,552)	2,296	1,966	(1,088)	(377)
Balance at end of 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 period	81	(110)	(28)	141	13,307
Changes during period					
Dividends of surplus					(206)
Profit attributable to owners of parent					2,172
Purchase of treasury shares					(2,343)
Cancellation of treasury shares					-
Increase (decrease) by share transfers					-
Net changes in items other than shareholders' equity	77	(21)	56	20	76
Total changes during period	77	(21)	56	20	(301)
Balance at end of period	158	(131)	27	161	13,006

FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	6,489	8,571	(2,343)	12,817
Changes during period					
Dividends of surplus			(260)		(260)
Profit attributable to owners of parent			240		240
Change in ownership interest of parent due to transactions with non-controlling interests		(4)			(4)
Net changes in items other than shareholders' equity					
Total changes during period	-	(4)	(20)	-	(24)
Balance at end of period	100	6,485	8,550	(2,343)	12,792

	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 period	158	(131)	27	161	13,006
Changes during period					
Dividends of surplus					(260)
Profit attributable to owners of parent					240
Change in ownership interest of parent due to transactions with non-controlling interests					(4)
Net changes in items other than shareholders' equity	(126)	75	(51)	(82)	(133)
Total changes during period	(126)	75	(51)	(82)	(158)
Balance at end of period	31	(55)	(24)	79	12,848

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	1,777	901
Depreciation	1,570	1,581
Impairment loss	274	592
Amortization of goodwill	75	130
Increase (decrease) in allowance for doubtful accounts	7	(5)
Increase (decrease) in provision for loss on store closings	40	2
Increase (decrease) in provision for allowance of sales discounts	(134)	(56)
Interest expenses	156	159
Share of loss (profit) of entities accounted for using equity method	8	(13)
Loss on store closings	49	74
Loss (gain) on valuation of investment securities	-	2
Loss on retirement of non-current assets	121	229
Compensation for forced relocation	(60)	(6)
Gain on liquidation of subsidiaries and associates	-	(11)
Loss on liquidation of subsidiaries and associates	-	71
Loss on disaster	18	43
Decrease (increase) in trade receivables	(103)	(263)
Decrease (increase) in inventories	78	54
Increase (decrease) in trade payables	(20)	14
Increase (decrease) in accounts payable-other	495	(82)
Other, net	(449)	400
Subtotal	3,903	3,819
Interest and dividends received	7	7
Interest paid	(155)	(160)
Proceeds from compensation for forced relocation	60	6
Payments associated with disaster loss	(18)	(29)
Income taxes refund	14	429
Income taxes paid	(1,059)	(529)
Net cash provided by (used in) operating activities	2,751	3,543

(Unit: million yen)

	FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from investing activities		
Purchase of property, plant and equipment	(663)	(1,161)
Purchase of intangible assets	(393)	(449)
Payments of guarantee deposits	(126)	(381)
Proceeds from refund of guarantee deposits	562	359
Payments for transfer of stores	(160)	(590)
Other, net	222	(519)
Net cash provided by (used in) investing activities	(559)	(2,744)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	539	33
Proceeds from long-term borrowings	5,400	4,050
Repayments of long-term borrowings	(5,143)	(4,090)
Payment for redemption of bonds with share acquisition rights	(7,700)	-
Repayments of lease obligations	(402)	(416)
Purchase of treasury shares	(2,343)	-
Dividends paid	(205)	(261)
Dividends paid to non-controlling interests	(1)	(2)
Other, net	(39)	(144)
Net cash provided by (used in) financing activities	(9,895)	(832)
Effect of exchange rate change on cash and cash equivalents	(14)	(13)
Net increase (decrease) in cash and cash equivalents	(7,717)	(47)
Cash and cash equivalents at beginning of period	13,860	6,142
Cash and cash equivalents at end of period	6,142	6,094

(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)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 12

Primary consolidated subsidiaries:

BOOKOFF CORPORATION LIMITED

BOOKOFF With Co, Ltd.

Booklet Co., Ltd.

During the current fiscal year, Reuse Connect Co. Ltd. was excluded from the scope of consolidation since this company was merged with BOOKOFF CORPORATION LIMITED. SCI BOC FRANCE and BOOKOFF FRANCE E.U.R.L. have been removed from the scope of consolidation as both entities were liquidated. Income statements to the point of corporate liquidation have been consolidated.

Jewelry Asset Managers Inc. and its subsidiary Aiect Hong Kong Limited are included in the scope of consolidation as these companies became a wholly owned subsidiaries.

(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 BOOKOFF With Co, Ltd., Booklet Co., Ltd. and BOOKOFF U.S.A. INC is the end of February. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of the end of February. However, 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 fiscal year-end of Jewelry Asset Managers Inc. and its subsidiary Aiect Hong Kong Limited is the end of August. The consolidated financial statements use provisional financial statements prepared by these consolidated subsidiaries as of the end of February. However, 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 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. However, 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 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, 2020.

(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)	FY3/2020 (As of Mar. 31, 2020)
Investment securities (stocks)	110	55

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)	FY3/2020 (As of Mar. 31, 2020)
Total overdraft amount	9,820	10,750
Executed loans payable	5,926	5,960
Balance	3,893	4,789

(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), 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.

FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)

Application	Type	Location	Impairment loss (Million yen)
Stores, etc.	Buildings and structures, etc.	BOOKOFF SUPER BAZAAR Route 307 Hirakata Ikenomiya Store (Hirakata City, Osaka), etc.	592

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	441
Leased assets (property, plant and equipment)	110
Other	39
Total	592

For the stores, etc. asset group, the recoverable amount is measured by using value in use. This value is zero when the value in use based on future cash flows is negative. For a positive value in use, future cash flows are calculated by using a discount rate of 5.5%.

Due to COVID-19, some stores were closed or operating hours were reduced beginning in late March 2020. These actions have affected how future cash flows are calculated.

Future cash flows are calculated by using the assumption that sales and other aspects of the BOOKOFF Group's performance will recover to the level prior to the start of the COVID-19 crisis in August 2020. This assumption takes into account Japan's declaration of a state of emergency and government actions at all levels, and the performance of BOOKOFF Group stores operating in April and stores that reopened in May or afterward.

These calculations resulted an impairment loss of non-current assets of ¥592 million in FY3/2020.

(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)	FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)
Valuation difference on available-for-sale securities		
Amount incurred	18	(89)
Amount of reclassification adjustments	-	-
Before tax effects	18	(89)
Amount of tax effects	(8)	30
Valuation difference on other available-for-sale securities	9	(58)
Foreign currency translation adjustment		
Amount incurred	(22)	15
Amount of reclassification adjustments	-	94
Before tax effects	(22)	109
Amount of tax effects	-	(34)
Foreign currency translation adjustment	(22)	75
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred	67	(67)
Amount of reclassification adjustments	-	-
Share of other comprehensive income of entities accounted for using equity method	67	(67)
Total other comprehensive income	54	(51)

(Segment Information)

Segment Information

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

See “FY3/2020, Changes in reportable segments.”

FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)

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 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 FY3/2019 and FY3/2020 is not presented.

Related Information

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

1. Information by product or service

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

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.

FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)

1. Information by product or service

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

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

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

Information concerning amortization and unamortized balance of goodwill by reportable segment

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

Information concerning gain on bargain purchase by reportable segment

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

(Per-Share Information)

(Unit: yen)

	FY3/2019 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)
Net assets per share	736.20	731.85
Net income per share	112.19	13.77
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)	FY3/2020 (Apr. 1, 2019 – Mar. 31, 2020)
Net income per share		
Profit attributable to owners of parent (million yen)	2,172	240
Amount not attributable to common stockholders (million yen)	-	-
Profit attributable to owners of parent applicable to common stockholders (million yen)	2,172	240
Weighted average number of shares of common stock during the fiscal year (thousand shares)	19,366	17,447

(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.