



February 10, 2021

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

Company Name: BOOKOFF GROUP HOLDINGS LIMITED Stock Exchange: Tokyo
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Quarterly Report issue date: February 12, 2021
Dividend payment date: -
Supplementary materials for quarterly financial results: Yes
Quarterly financial results briefing: None

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending May 31, 2021
(April 1, 2020 - December 31, 2020)

(1) Consolidated Results of Operations (Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
Nine months ended Dec. 31, 2020	58,268	(6.5)	737	(11.1)	1,113	(7.6)	(44)	-
Nine months ended Dec. 31, 2019	62,308	4.6	828	(36.1)	1,204	(32.0)	559	(40.8)

(Note) Comprehensive income Nine months ended Dec. 31, 2020: ¥(11) million (-%)
Nine months ended Dec. 31, 2019: ¥510 million (down 45.2%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2020	(2.53)	-
Nine months ended Dec. 31, 2019	32.09	-

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2020	42,219	12,731	30.0
As of Mar. 31, 2020	41,535	12,848	30.7

(Reference) Shareholders' equity As of Dec. 31, 2020: ¥12,645 million As of Mar. 31, 2020: ¥12,768 million

2. Dividends

	Dividend per share					
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	0.00	-	-	6.00	6.00
Fiscal year ending May 31, 2021	-	0.00	-	-	-	-
Fiscal year ending May 31, 2021 (est.)	-	-	-	-	6.00	6.00

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

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

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %	Yen
Full year	96,000	-	1,300	-	1,650	-	200	-	11.46

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

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

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

Notes:

1. Significant changes in subsidiaries during the period (changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

New: - (company name)

Excluded: - (company name)

2. Application of special accounting methods for presenting quarterly consolidated financial statements: None

3. Changes in accounting policies and accounting-based estimates, and restatements

(1) Changes due to revision of accounting standards: None

(2) Changes due to other reasons: None

(3) Changes in accounting-based estimates: None

(4) Restatements: None

4. Number of shares outstanding (common shares)

(Shares)

(1) Shares outstanding (including treasury shares)	As of Dec. 31, 2020	20,547,413	As of Mar. 31, 2020	20,547,413
(2) Treasury shares	As of Dec. 31, 2020	3,100,000	As of Mar. 31, 2020	3,100,000
(3) Average number of shares outstanding	Nine months ended Dec. 31, 2020	17,447,413	Nine months ended Dec. 31, 2019	17,447,413

* The current summary report is not subject to the quarterly review by certified public accountants or auditing firms.

* Cautionary statement regarding forecasts of operating results and special notes

(Forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. This report is not promises by BOOKOFF GROUP HOLDINGS regarding future performance. Actual results may differ materially from those projected in the forward-looking statements due to a variety of factors.

(How to view supplementary materials for quarterly financial results)

Supplementary materials for the quarterly financial results will be disclosed today (February 10, 2021), 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 third quarter.

Since the start of operations, the BOOKOFF Group has always been guided by the two corporate philosophies of “contributing to society through our business activities” and “the pursuit of employees’ material and spiritual wellbeing.” We are currently implementing a medium-term business plan that ends in the fiscal year ending on May 31, 2021, when we will celebrate our 30th anniversary. We are rededicating ourselves to our corporate philosophies and focusing our activities on the mission of “being a source of an enjoyable and prosperous life for many people.”

Based on this mission, we will use our strengths in Japan’s growing reuse market to become the leading reuse company with books as the core category. Our goal is to become the reuse store chain used by the largest number of customers as we adapt to changes in market conditions.

We have established two core strategies in order to accomplish this goal.

Core strategy I: Upgrade individual stores

We believe that upgrading reuse services in both our retail format and Internet platform is the starting point for becoming Japan’s leading reuse company that serves the largest number of customers. We are working on improvements for all store format packages and services.

Core strategy II: Use all the BOOKOFF Group’s strengths

In the past, the BOOKOFF Group provided separate services at stores and through channels other than stores. Now, we are creating an integrated framework that combines the platforms for members and buying and selling merchandise with systems that support these activities and with other items. In addition, every service will make full use of member and merchandise information, operational expertise, and other resources we have accumulated in every service category. The objective of these activities is to operate as “One BOOKOFF.”

During the first nine months of the current fiscal year, we opened BOOKOFF SUPER BAZAAR 1-Gou Kyoto Fushimi Store and Jalan Jalan Japan Tesco Rawang, the sixth store in Malaysia.

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

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

As a result, consolidated net sales amounted to ¥58,268 million, a 6.5% decrease from the same period of the previous fiscal year. The BOOKOFF Group recorded an operating profit of ¥737 million, a 11.1% decrease from the same period of the previous fiscal year, an ordinary profit of ¥1,113 million, a 7.6% decrease from the same period of the previous fiscal year, and a loss attributable to owners of parent of ¥44 million (compared with a profit of ¥559 million in the same period of the previous fiscal year).

The loss attributable to owners of parent was the result of the loss on COVID-19.

(2) Explanation of Financial Position

(Current Assets)

Current assets at the end of the third quarter were ¥24,971 million, an increase of ¥1,266 million compared with ¥23,704 million at the end of the previous fiscal year. The major changes were a ¥705 million increase in cash and deposits and a ¥416 million increase in merchandise.

(Non-current Assets)

Non-current assets at the end of the third quarter were ¥17,248 million, a decrease of ¥582 million compared with ¥17,830 million at the end of the previous fiscal year. There was an increase of ¥16 million in investments and other assets, and decreases of ¥421 million in property, plant and equipment and ¥177 million in intangible assets.

(Liabilities)

Liabilities at the end of the third quarter were ¥29,488 million, an increase of ¥800 million compared with ¥28,687 million at the end of the previous fiscal year. This was mainly attributable to increases of ¥681 million in borrowings to procure funds from banks for responses to the COVID-19 crisis and 580 million yen in other current liabilities, and a decrease of ¥217 million in lease obligations in non-current liabilities.

(Net Assets)

Net assets at the end of the third quarter were ¥12,731 million, a decrease of ¥116 million compared with ¥12,848 million at the end of the previous fiscal year. Major components were third quarter loss attributable to owners of parent and dividend payments.

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

There are no revisions to the forecast that was announced on August 7, 2020.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	FY3/2020 (As of Mar. 31, 2020)	Third quarter of FY5/2021 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	6,094	6,800
Accounts receivable-trade	1,898	2,041
Merchandise	13,129	13,545
Other	2,583	2,583
Allowance for doubtful accounts	(0)	(0)
Total current assets	23,704	24,971
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,187	3,987
Leased assets, net	1,359	1,167
Other, net	727	697
Total property, plant and equipment	6,273	5,852
Intangible assets		
Goodwill	793	717
Other	1,210	1,108
Total intangible assets	2,003	1,825
Investments and other assets		
Guarantee deposits	7,561	7,479
Other	2,052	2,151
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	9,553	9,570
Total non-current assets	17,830	17,248
Total assets	41,535	42,219

(Unit: million yen)

	FY3/2020 (As of Mar. 31, 2020)	Third quarter of FY5/2021 (As of Dec. 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	459	698
Short-term borrowings	5,960	7,931
Current portion of long-term borrowings	3,803	4,231
Lease obligations	417	372
Income taxes payable	282	287
Provision for sales rebates	512	452
Provision for loss on store closings	27	23
Other provisions	497	188
Other	4,738	5,318
Total current liabilities	16,697	19,502
Non-current liabilities		
Long-term borrowings	8,058	6,340
Provision for loss on store closings	9	-
Asset retirement obligations	2,358	2,339
Lease obligations	1,181	964
Other	381	340
Total non-current liabilities	11,990	9,985
Total liabilities	28,687	29,488
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	6,485	6,485
Retained earnings	8,550	8,402
Treasury shares	(2,343)	(2,343)
Total shareholders' equity	12,792	12,644
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31	73
Foreign currency translation adjustment	(55)	(71)
Total accumulated other comprehensive income	(24)	1
Non-controlling interests	79	85
Total net assets	12,848	12,731
Total liabilities and net assets	41,535	42,219

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Nine-month Period)

(Unit: million yen)

	First nine months of FY3/2020 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY5/2021 (Apr. 1, 2020 – Dec. 31, 2020)
Net sales	62,308	58,268
Cost of sales	24,506	22,521
Gross profit	37,801	35,747
Selling, general and administrative expenses	36,972	35,010
Operating profit	828	737
Non-operating income		
Share of profit of entities accounted for using equity method	15	-
Rent revenues on facilities	249	242
Gain from installment of vending machine	100	87
Gain on sales of recycling goods	261	155
Subsidy income	21	190
Other	93	77
Total non-operating income	740	754
Non-operating expenses		
Interest expenses	119	120
Share of loss of entities accounted for using equity method	-	5
Rent costs on facilities	230	228
Other	15	23
Total non-operating expenses	365	378
Ordinary profit	1,204	1,113
Extraordinary losses		
Loss on store closings	46	7
Provision for loss on store closings	27	5
Loss on retirement of non-current assets	117	35
Impairment loss	30	31
Loss on disaster	28	-
Loss on COVID-19	-	778
Total extraordinary losses	250	858
Profit before income taxes	954	255
Income taxes-current	247	347
Income taxes-deferred	119	(57)
Total income taxes	366	289
Profit (loss)	587	(34)
Profit attributable to non-controlling interests	27	10
Profit (loss) attributable to owners of parent	559	(44)

Quarterly Consolidated Statement of Comprehensive Income
 (For the Nine-month Period)

(Unit: million yen)

	First nine months of FY3/2020 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY5/2021 (Apr. 1, 2020 – Dec. 31, 2020)
Profit (loss)	587	(34)
Other comprehensive income		
Valuation difference on available-for-sale securities	8	14
Foreign currency translation adjustment	(31)	(19)
Share of other comprehensive income of entities accounted for using equity method	(53)	27
Total other comprehensive income	(76)	22
Comprehensive income	510	(11)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	484	(18)
Comprehensive income attributable to non-controlling interests	25	6

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Additional Information)

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

(Segment Information)

I. First nine months of FY3/2020 (Apr. 1, 2019 – Dec. 31, 2019)

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

II. First nine months of FY5/2021 (Apr. 1, 2020 – Dec. 31, 2020)

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

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.