February 7, 2017

Consolidated Summary Report
For the Third Quarter of the Fiscal Year Ending March 31, 2017
[Japanese GAAP]

Company Name:	BOOKOFF CORPORATION LIMITED	Stock Exchange: Tokyo
Code Number:	3313	URL: http://www.bookoff.co.jp/en/
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Quarterly Report issue date:	February 10, 2017
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 March 31, 2017 (April 1, 2016 - December 31, 2016)

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

	Net sales		Operating income		Ordinary income		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, 2016	59,995	7.0	(512)	-	(119)	-	(1,099)	-
Nine months ended Dec. 31, 2015	56,060	0.3	(480)	-	(44)	-	(418)	-

(Note) Comprehensive income Nine months ended Dec. 31, 2016: ¥(1,151) million (n.a.)
Nine months ended Dec. 31, 2015: ¥(450) million (n.a.)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2016	(53.50)	-
Nine months ended Dec. 31, 2015	(20.32)	-

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2016	53,610	14,303	26.7
As of Mar. 31, 2016	50,514	15,968	31.6

(Reference) Shareholders' equity As of Dec. 31, 2016: ¥14,303 million As of Mar. 31, 2016: ¥15,968 million

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2016	-	-	-	25.00	25.00
Fiscal year ending Mar. 31, 2017	-	-	-		
Fiscal year ending Mar. 31, 2017 (est.)				10.00	10.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	80,000	4.5	(400)	-	0	(100.0)	(1,300)	-	(63.27)

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

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: Yes
   (2) Changes due to other reasons: None
   (3) Changes in accounting-based estimates: None
   (4) Restatements: None

   Note: Please see “2. Matters Related to Summary Information (Notes), (3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements” on page 5 of the attachments for further information.

4. Number of shares outstanding (common shares) (Shares)

(1) Shares outstanding (including treasury shares)	As of Dec. 31, 2016	22,573,200	As of Mar. 31, 2016	22,573,200
(2) Treasury shares	As of Dec. 31, 2016	2,025,782	As of Mar. 31, 2016	2,025,782
(3) Average number of shares outstanding	Nine months ended Dec. 31, 2016	20,547,418	Nine months ended Dec. 31, 2015	20,589,090

* Presentation on the status of quarterly review process

This earnings release is not subject to the quarterly review process as required by the Financial Instruments and Exchange Act of Japan. As of the date when this earnings release was issued, the quarterly review process on the quarterly financial statements as required by the Financial Instruments and Exchange Act have been finalized.

* 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.

(How to view supplementary materials for quarterly financial results)

Supplementary materials for the quarterly financial results will be disclosed today (February 7, 2017), using the Timely Disclosure network (TDnet).

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The BOOKOFF Group focuses on its core reuse business, which helps pre-owned goods find new value in a new home. The business mission is to become BOOKOFF for people who don't let things go to waste and a partner offering infrastructure for a waste-free lifestyle for people who don't want to toss things away. The Group is striving to help create a truly recycle-based society through the reuse of pre-owned goods across a wide range of categories including books, CDs, DVDs, games, apparel, sporting goods, baby goods and other miscellaneous household items.

To realize the Group's management philosophy and achieve further business growth, the Medium-Term Business Plan was formulated in May 2015. With this plan in place and based on the two basic policies of maximizing purchases by leveraging the comprehensive power of the BOOKOFF Group and maximizing sales efficiency in stores and over the Internet, the Group expects to achieve sustainable growth by effectively implementing the following four key strategies: reinvent BOOKOFF; expand comprehensive reuse stores; grow the BOOKOFF Online Business; and increase the scope of operations and revenues in the HUGALL Business.

In the current fiscal year, the Group focuses on following three activities: (1) realizing benefits of the purchase and sale of reuse home appliances and online sales of store merchandise, (2) strict implementation of cost control and (3) continued action in accordance with the Medium-Term Business Plan to reach the target of operating income of ¥4 billion in the fiscal year ending on March 31, 2020. In addition, Group companies continue to open stores, primarily comprehensive large-format stores. Progress continued with strengthening purchasing and improving sales efficiency for reaching the medium-term earnings target.

Guided by these management policies, we are accelerating the pace of new store openings and remodels with BOOKOFF SUPER BAZAAR (a large-scale complex of BOOKOFF and other stores carrying a variety of reuse merchandise) and BOOKOFF PLUS (BOOKOFF stores combining apparel-related reuse merchandise) formats as our core package of retail outlets. During the first nine months under review, we opened five BOOKOFF SUPER BAZAAR stores and one BOOKOFF PLUS store. In addition, six BOOKOFF stores were converted into the BOOKOFF PLUS store format.

Following the previous fiscal year, the existing BOOKOFF stores continued to focus on the purchase and sale of reuse home appliances and submitting store merchandise to the YAHUOKU! auction service of Yahoo Japan. In addition, there were more training activities for new part-time workers added in the previous fiscal year in preparation for the expected growth in purchases and sales of existing products along with reuse home appliances. Moreover, the Group has optimized working hours at each store in terms of purchases and sales.

In the BOOKOFF Online Business, the Group took actions to support growth aimed at offering customers the largest possible selection of used books following the expansion of warehouses in the previous fiscal year. In the HUGALL Business, as in the previous fiscal year, there were up-front investments for strengthening this business and for increasing the volume of goods purchased in order to become profitable.

As a result of these efforts, consolidated net sales amounted to ¥59,995 million, which was a 7.0% increase from the same period of the previous fiscal year. The Group recorded an operating loss of ¥512 million (compared with an operating loss of ¥480 million in the same period of the previous fiscal year), an ordinary loss of ¥119 million (compared with an ordinary loss of ¥44 million in the same period of the previous fiscal year), and a loss attributable to owners of parent of ¥1,099 million (compared with a loss of ¥418 million in the same period of the previous fiscal year).

In the Reuse Store Business, while net sales were higher than the previous fiscal year, operating income decreased because personnel expenses were higher as more part-time workers were added in the previous fiscal year, logistics costs related to YAHUOKU! auction sales rose and store costs increased due to new store openings. As a result, there was an operating loss in the first nine months under review.

In addition to the operating loss and the ordinary loss, there was a loss attributable to owners of parent due to the recording of income taxes-deferred associated with a reversal of deferred tax assets.

Reportable segment categories are reclassified in the first quarter of the current fiscal year. Prior-year figures reflect the new segment categories for comparison purposes. Details are as follows.

Segment	Main business operations
Reuse Store Business	- Operation of the franchise system and management of directly operated stores of BOOKOFF that offers reuse books, software and other items, as the Chain Headquarters - Operation of BOOKOFF PLUS (BOOKOFF stores combining apparel-related reuse merchandise) - Operation of BOOKOFF SUPER BAZAAR that deals in books, software, home appliances (audio-visual equipment, computers, etc.), apparel, sporting goods, baby goods, watches, luxury-brand bags, precious metals, kitchenware, household goods, and other reuse items
BOOKOFF Online Business	Operation of BOOKOFF Online, an E-commerce website that sells books, software and other reuse items
HUGALL Business	Operation of reuse business beyond the traditional retail format
Other	- Operation of Aoyama Book Center, Ryusui Shobo and yc-vox stores (new book sales) - Planning, design, and construction of interior and exterior works for stores - Operation of book review community site - Other businesses not included in segments above

Sales by business segment were as follows:

(Reuse Store Business)

The segment recorded net sales of ¥52,583 million for the first nine months under review, which was a 4.5% increase compared with the same period of the previous fiscal year.

During the first nine months, nine directly operated stores and one franchise store were opened. There were nine closings of directly operated stores and eleven closings of franchise stores.

Following the previous fiscal year, the existing BOOKOFF stores continued to focus on the purchase and sale of reuse home appliances while submitting store merchandise to the YAHUOKU! auction service of Yahoo Japan. In addition, the Group has conducted education and training activities for the new part-time workers added in the previous fiscal year in preparation for the expected growth in purchases and sales activities. Moreover, the Group has optimized working hours at each store in terms of purchases and sales.

Segment sales increased due to higher sales at existing stores and openings of new comprehensive large-format stores.

(BOOKOFF Online Business)

The segment recorded net sales of ¥4,798 million for the first nine months under review, which was a 20.3% increase compared with the same period of the previous fiscal year.

Sales benefited from an increase in the number of BOOKOFF Online website members. The warehouse capacity added in the previous fiscal year and enhanced cooperation with stores to increase inventories expanded the range and the number of items on the E-commerce website. In addition, expansion of a tie-up with YAHUOKU! for the submission of merchandise to this auction, the redesign of the E-commerce website resulting from more effective exploitation of customer data, and other measures also contributed to sales growth.

(HUGALL Business)

The segment recorded net sales of ¥1,553 million for the first nine months under review, which was a 148.0% increase compared with the same period of the previous fiscal year.

There were many activities to strengthen merchandise purchasing capabilities. One is going to customers' homes to purchase items, a service that is offered mainly in the 23 wards of Tokyo. Another step was the operation of One-Stop Purchasing Consultation Desks at several department stores. These initiatives increased sales of our E-commerce website, which is our main distribution channel, as well as B-to-B sales and special event sales. The result was growth in segment sales.

(Other)

The segment recorded net sales of ¥1,060 million for the first nine months under review, which was a 5.1% decrease compared with the same period of the previous fiscal year.

(2) Explanation of Financial Position

(Current Assets)

Current assets at the end of the third quarter under review amounted to ¥34,572 million, an increase of ¥2,721 million compared with ¥31,850 million at the end of the previous fiscal year. This was mainly due to increases of ¥1,214 million in cash and deposits, ¥1,832 million in merchandise mainly caused by new store openings and the expansion of the HUGALL business and ¥401 million in other current assets. There was a decrease of ¥1,000 million in securities.

(Non-current Assets)

Non-current assets at the end of the third quarter under review amounted to ¥19,038 million, an increase of ¥375 million compared with ¥18,663 million at the end of the previous fiscal year. This was mainly due to increases of ¥996 million in property, plant and equipment and ¥12 million in intangible assets. These increases were mainly the result of new store openings, remodeling of existing stores and investments to support growth of the BOOKOFF Online and HUGALL businesses. There was a decrease of ¥634 million in investments and other assets.

(Liabilities)

Liabilities at the end of the third quarter under review amounted to ¥39,307 million, an increase of ¥4,761 million compared with ¥34,545 million at the end of the previous fiscal year. Loans payable increased ¥4,390 million mainly due to the procurement of funds with bank borrowings for new store openings, the expansion of the HUGALL business and payments of income taxes and dividends.

(Net Assets)

Net assets at the end of the third quarter under review amounted to ¥14,303 million, a decrease of ¥1,664 million compared with ¥15,968 million at the end of the previous fiscal year. This was mainly due to a ¥1,613 million decrease in retained earnings resulting mainly from a loss attributable to owners of parent and dividend payments from surplus.

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

There are no revisions to the forecast that was announced on January 27, 2017.

2. Matters Related to Summary Information (Notes)

(1) Significant Changes in Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Change in Accounting Policy

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

Following the revision of the Corporation Tax Act, the Company has adopted the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the first quarter of the current fiscal year, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

As a result, operating loss and ordinary loss and loss before income taxes for the first nine months under review decreased ¥52,741 thousand each.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	FY3/2016 (As of Mar. 31, 2016)	Third quarter of FY3/2017 (As of Dec. 31, 2016)
Assets		
Current assets		
Cash and deposits	14,159,778	15,373,941
Notes and accounts receivable-trade	1,427,048	1,701,969
Securities	1,000,675	-
Merchandise	12,265,974	14,098,762
Other	3,001,158	3,402,285
Allowance for doubtful accounts	(3,886)	(4,693)
Total current assets	31,850,749	34,572,266
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,845,892	5,381,116
Leased assets, net	1,631,917	1,979,565
Other, net	1,040,761	1,154,214
Total property, plant and equipment	7,518,571	8,514,897
Intangible assets		
Goodwill	291,536	316,832
Other	1,061,732	1,049,407
Total intangible assets	1,353,268	1,366,239
Investments and other assets		
Guarantee deposits	8,221,980	8,159,627
Other	1,661,134	1,088,435
Allowance for doubtful accounts	(91,683)	(90,631)
Total investments and other assets	9,791,430	9,157,430
Total non-current assets	18,663,270	19,038,567
Total assets	50,514,020	53,610,833

(Unit: thousand yen)

	FY3/2016 (As of Mar. 31, 2016)	Third quarter of FY3/2017 (As of Dec. 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-trade	400,068	422,474
Short-term loans payable	3,597,045	7,732,046
Current portion of long-term loans payable	4,097,830	4,230,120
Current portion of bonds	1,000,000	1,000,000
Lease obligations	410,930	410,538
Income taxes payable	423,046	227,654
Provision for bonuses	272,263	108,035
Provision for sales rebates	564,406	642,938
Provision for loss on store closing	42,989	36,033
Other	3,844,551	4,064,949
Total current liabilities	14,653,131	18,874,790
Non-current liabilities		
Bonds with subscription rights to shares	7,700,000	7,700,000
Long-term loans payable	9,040,703	9,163,622
Asset retirement obligations	1,483,181	1,622,014
Lease obligations	1,231,396	1,583,014
Other	437,141	363,744
Total non-current liabilities	19,892,423	20,432,395
Total liabilities	34,545,554	39,307,185
Net assets		
Shareholders' equity		
Capital stock	3,652,394	3,652,394
Capital surplus	4,187,003	4,187,003
Retained earnings	9,420,256	7,807,251
Treasury shares	(1,260,826)	(1,260,826)
Total shareholders' equity	15,998,827	14,385,822
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	79,226	86,011
Foreign currency translation adjustment	(109,587)	(168,185)
Total accumulated other comprehensive income	(30,361)	(82,174)
Total net assets	15,968,465	14,303,648
Total liabilities and net assets	50,514,020	53,610,833

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Nine-month Period)

(Unit: thousand yen)

	First nine months of FY3/2016 (Apr. 1, 2015 – Dec. 31, 2015)	First nine months of FY3/2017 (Apr. 1, 2016 – Dec. 31, 2016)
Net sales	56,060,485	59,995,565
Cost of sales	22,435,695	24,776,329
Gross profit	33,624,789	35,219,236
Selling, general and administrative expenses	34,104,847	35,731,856
Operating loss	(480,058)	(512,620)
Non-operating income		
Gain from installment of vending machine	119,558	110,137
Gain on sales of recycling goods	340,996	291,045
Other	155,313	184,389
Total non-operating income	615,868	585,571
Non-operating expenses		
Interest expenses	136,621	139,859
Share of loss of entities accounted for using equity method	556	4,553
Other	43,141	48,451
Total non-operating expenses	180,319	192,863
Ordinary loss	(44,508)	(119,912)
Extraordinary income		
Gain on sales of investment securities	72,680	-
Total extraordinary income	72,680	-
Extraordinary losses		
Loss on closing of stores	27,668	12,171
Provision for loss on store closing	50,138	35,922
Loss on sales of non-current assets	2,394	-
Loss on retirement of non-current assets	5,098	23,921
Impairment loss	78,706	202,024
Loss on disaster	-	13,619
Total extraordinary losses	164,005	287,658
Loss before income taxes	(135,833)	(407,571)
Income taxes-current	256,623	270,200
Income taxes-deferred	25,996	421,547
Total income taxes	282,620	691,748
Loss	(418,454)	(1,099,319)
Loss attributable to owners of parent	(418,454)	(1,099,319)

Quarterly Consolidated Statement of Comprehensive Income

(For the Nine-month Period)

(Unit: thousand yen)

	First nine months of FY3/2016 (Apr. 1, 2015 – Dec. 31, 2015)	First nine months of FY3/2017 (Apr. 1, 2016 – Dec. 31, 2016)
Loss	(418,454)	(1,099,319)
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,859)	4,214
Foreign currency translation adjustment	(13,703)	(58,598)
Share of other comprehensive income of entities accounted for using equity method	(9,109)	2,571
Total other comprehensive income	(31,672)	(51,813)
Comprehensive income	(450,126)	(1,151,132)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(450,126)	(1,151,132)
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

Segment Information

I. First nine months of FY3/2016 (Apr. 1, 2015 – Dec. 31, 2015)

1. Information on the amounts of net sales, profits or losses in reportable segments

(Unit: thousand yen)

	Reportable segment				Other (Note)	Total	Adjustment	Amount reported in quarterly consolidated statement of income
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Total				
Net sales								
Sales to external customers	50,328,271	3,988,572	626,353	54,943,197	1,117,287	56,060,485	-	56,060,485
Inter-segment sales and transfers	192,261	844,287	2,855	1,039,404	205,863	1,245,267	(1,245,267)	-
Total	50,520,533	4,832,859	629,208	55,982,602	1,323,150	57,305,752	(1,245,267)	56,060,485
Segment profit (loss)	1,279,814	124,586	(378,952)	1,025,448	(48,908)	976,540	(1,456,598)	(480,058)

Note: Other segment is mainly engaged in operation of directly operated stores selling new books, and planning, design, and construction of interior and exterior works for stores in all segments.

2. Differences between total profit or loss for reportable segments and amounts recorded in the quarterly consolidated statement of income, and details on those differences (items related to the difference)

(Unit: thousand yen)

Profit	Amount
Total for reportable segment	1,025,448
Profit classified as "other"	(48,908)
Eliminations for inter-segment transactions	15,075
Corporate expenses (Note)	(1,471,674)
Operating loss on the quarterly consolidated statement of income	(480,058)

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

3. Information concerning impairment loss of non-current assets, goodwill, etc. by reportable segment

Material impairment losses related to non-current assets

The Company recorded impairment loss of ¥78,706 thousand for the first nine months of FY3/2016. The breakdown by segment is as follows.

In the Reuse Store Business, the Company has identified the stores that have generated continuous losses from their operating activities and are determined to be unlikely to improve their profitability in the future as well as the stores whose scope of use was changed in a manner that significantly reduced their recoverable amounts. The Company has then reduced their book values to their recoverable amounts, and the amount of reduction of ¥78,706 thousand was recognized as an impairment loss and presented as an extraordinary loss.

Significant change in goodwill

Detailed explanations are omitted due to immateriality.

Significant gain on bargain purchase

Not applicable.

II. First nine months of FY3/2017 (Apr. 1, 2016 – Dec. 31, 2016)

1. Information on the amounts of net sales, profits or losses in reportable segments

(Unit: thousand yen)

	Reportable segment				Other (Note)	Total	Adjustment	Amount reported in quarterly consolidated statement of income
	Reuse Store Business	BOOKOFF Online Business	HUGALL Business	Total				
Net sales								
Sales to external customers	52,583,030	4,798,661	1,553,104	58,934,796	1,060,769	59,995,565	-	59,995,565
Inter-segment sales and transfers	202,145	1,041,388	814	1,244,349	266,930	1,511,279	(1,511,279)	-
Total	52,785,175	5,840,050	1,553,918	60,179,145	1,327,700	61,506,845	(1,511,279)	59,995,565
Segment profit (loss)	1,029,060	220,428	(163,495)	1,085,993	(67,581)	1,018,412	(1,531,032)	(512,620)

Note: Other segment is mainly engaged in operation of directly operated stores selling new books, planning, design, and construction of interior and exterior works for stores in all segments, and operation of book review community site.

2. Differences between total profit or loss for reportable segments and amounts recorded in the quarterly consolidated statement of income, and details on those differences (items related to the difference)

(Unit: thousand yen)

Profit	Amount
Total for reportable segment	1,085,993
Profit classified as “other”	(67,581)
Eliminations for inter-segment transactions	44,528
Corporate expenses (Note)	(1,575,561)
Operating loss on the quarterly consolidated statement of income	(512,620)

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

3. Information related to revisions for reportable segments

Revisions to reportable segments

In the first quarter of FY3/2017, the Packaged Media Business was excluded from reportable segments because the importance of this segment has declined. It is now reclassified and included in the Other segment.

As a result, the previous four segments (Reuse Store Business, BOOKOFF Online Business, HUGALL Business and Packaged Media Business) are reorganized to the following three segments: Reuse Store Business, BOOKOFF Online Business and HUGALL Business.

Segment information for the first nine months of FY3/2016 was prepared using the revised reportable segments.

Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

As described in the section “Change in Accounting Policy,” the Company has adopted the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” from the first quarter of FY3/2017, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method. Consequently, the depreciation method for business segments have been revised as well.

As a results, segment profit for the first nine months of the current fiscal year increased ¥40,935 thousand and ¥3,544 thousand in the Reuse Store Business and the BOOKOFF Online Business, and segment loss decreased ¥7,238 thousand and ¥1,023 thousand in the HUGALL Business and the Other segment, respectively, compared with their respective amounts calculated using the previous method.

4. Information concerning impairment loss of non-current assets, goodwill, etc. by reportable segment

Material impairment losses related to non-current assets

In the Reuse Store Business and the HUGALL Business, the Company has identified the stores that have generated continuous losses from their operating activities and are determined to be unlikely to improve their profitability in the future as well as the stores whose scope of use was changed in a manner that significantly reduced their recoverable amounts. The Company has then reduced their book values to their recoverable amounts, and the amount of reduction was recognized as an impairment loss and presented as an extraordinary loss.

The Company recorded an impairment loss of ¥202,024 thousand for the first nine months of FY3/2017. The breakdown by segment is as follows.

In the Reuse Store Business, there was an impairment loss of ¥172,876 thousand.
In the HUGALL Business, there was an impairment loss of ¥29,147 thousand.

Significant change in goodwill

Detailed explanations are omitted due to immateriality.

Significant gain on bargain purchase

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.