February 8, 2018

Consolidated Summary Report
For the Third Quarter of the Fiscal Year Ending March 31, 2018
[Japanese GAAP]

Company Name:	BOOKOFF CORPORATION LIMITED	Stock Exchange: Tokyo	
Code Number:	3313	URL: https://www.bookoff.co.jp/en/	
Representative:	Yasutaka Horiuchi, President and CEO		
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Quarterly Report issue date: February 9, 2018
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, 2018 (April 1, 2017 - December 31, 2017)

(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, 2017	59,443	(0.9)	175	-	546	-	(640)	-
Nine months ended Dec. 31, 2016	59,995	7.0	(512)	-	(119)	-	(1,099)	-

(Note) Comprehensive income Nine months ended Dec. 31, 2017: ¥(552) million (n.a.)
Nine months ended Dec. 31, 2016: ¥(1,151) million (n.a.)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2017	(31.18)	-
Nine months ended Dec. 31, 2016	(53.50)	-

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2017	49,601	13,576	27.1
As of Mar. 31, 2017	51,047	14,242	27.9

(Reference) Shareholders' equity As of Dec. 31, 2017: ¥13,439 million As of Mar. 31, 2017: ¥14,242 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, 2017	-	-	-	10.00	10.00
Fiscal year ending Mar. 31, 2018	-	-	-		
Fiscal year ending Mar. 31, 2018 (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, 2018 (April 1, 2017 - March 31, 2018)

(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	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	82,000	0.8	500	329.0	950	61.3	100	-	4.87

(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: 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, 2017	22,573,200	As of Mar. 31, 2017	22,573,200
(2) Treasury shares	As of Dec. 31, 2017	2,025,784	As of Mar. 31, 2017	2,025,782
(3) Average number of shares outstanding	Nine months ended Dec. 31, 2017	20,547,418	Nine months ended Dec. 31, 2016	20,547,418

* The current summary report is not subject to the quarterly review process.

* 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 8, 2018), 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, home appliances, apparel, sporting goods, baby goods and other miscellaneous household items.

To accomplish this mission and continue growing, our business activities are guided by two basic policies. First is maximizing purchases by leveraging the comprehensive power of the BOOKOFF Group. Second is maximizing sales efficiency in stores and using the Internet.

In the fiscal year ending on March 31, 2018, in order to establish a foundation capable of supporting sustainable growth, we move quickly to achieve stable earnings by significantly altering the HUGALL Business and making the Reuse Store Business more profitable.

In the Reuse Store Business, operations in Japan have been divided into five regional business units. This new structure makes it possible to use new merchandise and Internet sales to change the operations of stores one by one in a manner that reflects the characteristics of each store. Strengthening the management of stores is another goal. The objective of all these actions is to make stores more profitable. Guided by these management policies, we are accelerating the pace of new store openings and remodels with BOOKOFF SUPER BAZAAR (a comprehensive large-format store 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, we opened three BOOKOFF SUPER BAZAAR stores. In addition, two BOOKOFF stores were converted into the BOOKOFF PLUS store format.

In the HUGALL Business, several activities were conducted to become profitable. This business is downsizing distribution centers to achieve the proper size to match the scale of this business and concentrating on two purchasing channels, centering on a purchasing service for affluent and wealthy individuals. One is a dispatch purchasing service, and the other is purchasing consultation desks at department stores.

As a result of these efforts, consolidated net sales amounted to ¥59,443 million, which was a 0.9% decrease from the same period of the previous fiscal year. The Group recorded an operating profit of ¥175 million (compared with an operating loss of ¥512 million in the same period of the previous fiscal year), an ordinary profit of ¥546 million (compared with an ordinary loss of ¥119 million in the same period of the previous fiscal year), and a loss attributable to owners of parent of ¥640 million (compared with a loss of ¥1,099 million in the same period of the previous fiscal year).

Due to the outlook for an operating loss in the HUGALL Business in the current fiscal year, an asset impairment loss was recorded for the non-current assets of hugall Inc. in the first half. This loss resulted in a consolidated loss attributable to owners of parent in the first nine months of the fiscal year.

Business segment sales were as follows:

(Reuse Store Business)

The segment recorded net sales of ¥52,177 million for the first nine months, which was a 0.8% decrease compared with the same period of the previous fiscal year.

During the first nine months, four directly operated stores and two franchise stores were opened. There were nine closings of directly operated stores and six closings of franchise stores, including one store that was closed to be combined with another Group store in the same building under a single brand.

As in the previous fiscal year, the existing BOOKOFF stores continued to focus on the purchase and sale of reuse home appliances and sales of store merchandise on the YAHUOKU! Internet auction service of Yahoo Japan. In addition, the Group has proactively conducted education and training activities for the part-time workers in order to enhance purchasing and sales capabilities. The opening of comprehensive large-format stores and the inclusion of newly consolidated subsidiary BOOKOFF With Co., Ltd. contributed to sales.

However, total segment sales decreased mainly because of lower sales of books, software media, apparel and other merchandise at existing stores.

(BOOKOFF Online Business)

The segment recorded net sales of ¥4,538 million for the first nine months, which was a 5.4% decrease compared with the same period of the previous fiscal year.

As in the previous fiscal year, customer data was used to improve the E-commerce website and make other improvements. In addition, activities started for the expansion of sales channels such as Yahoo Shopping in the first quarter, and Amazon in the first nine months. Despite all these measures, segment sales were lower due to a decline in book sales and other reasons.

(HUGALL Business)

The segment recorded net sales of ¥1,743 million for the first nine months, which was a 12.3% increase compared with the same period of the previous fiscal year.

As in the previous fiscal year, there were many activities to purchase a variety of merchandise. Two major initiatives are a service that goes to customers' homes to purchase items, mainly in the 23 wards of Tokyo, and 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 special event sales. The result was growth in segment sales.

(Other)

The segment recorded net sales of ¥984 million for the first nine months, which was a 7.2% decrease compared with the same period of the previous fiscal year.

One directly operated store was closed during the first nine months.

(2) Explanation of Financial Position

(Current Assets)

Current assets at the end of the third quarter were ¥32,337 million, a decrease of ¥230 million compared with ¥32,567 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥916 million in cash and deposits, while there were increases of ¥437 million in merchandise and ¥226 million in other current assets.

(Non-current Assets)

Non-current assets at the end of the third quarter were ¥17,263 million, a decrease of ¥1,215 million compared with ¥18,479 million at the end of the previous fiscal year. This was mainly due to decreases of ¥752 million in property, plant and equipment resulting from closing of stores and booking of impairment loss, and ¥466 million in investments and other assets resulting from a decrease in shares of subsidiaries and associates caused by making BOOKOFF With and BOK MARKETING SDN.BHD. consolidated subsidiaries, while there was an increase of ¥3 million in intangible assets.

(Liabilities)

Liabilities at the end of the third quarter were ¥36,024 million, a decrease of ¥780 million compared with ¥36,804 million at the end of the previous fiscal year. Income taxes payable decreased ¥537 million after the payment of income taxes and loans payable decreased ¥569 million due to repayment of bank loans, while there was an increase of ¥191 million in accounts payable-trade.

(Net Assets)

Net assets at the end of the third quarter were ¥13,576 million, a decrease of ¥665 million compared with ¥14,242 million at the end of the previous fiscal year. This was mainly due to a ¥893 million decrease in retained earnings resulting mainly from a loss attributable to owners of parent and dividend payments from surplus, while there was a ¥137 million increase in non-controlling interests resulting from making BOOKOFF With and BOK MARKETING SDN.BHD. consolidated subsidiaries.

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

There are no revisions to the forecast that was announced on May 10, 2017.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	FY3/2017 (As of Mar. 31, 2017)	Third quarter of FY3/2018 (As of Dec. 31, 2017)
Assets		
Current assets		
Cash and deposits	15,268,310	14,351,381
Notes and accounts receivable-trade	1,617,922	1,640,746
Merchandise	12,614,825	13,052,484
Other	3,071,754	3,298,438
Allowance for doubtful accounts	(4,906)	(5,324)
Total current assets	32,567,906	32,337,726
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,920,351	4,410,471
Leased assets, net	1,924,159	1,729,330
Other, net	1,000,544	952,332
Total property, plant and equipment	7,845,056	7,092,134
Intangible assets		
Goodwill	268,447	237,855
Other	1,152,616	1,186,567
Total intangible assets	1,421,064	1,424,423
Investments and other assets		
Guarantee deposits	8,186,531	8,026,906
Other	1,117,053	794,999
Allowance for doubtful accounts	(90,281)	(74,608)
Total investments and other assets	9,213,303	8,747,297
Total non-current assets	18,479,423	17,263,855
Total assets	51,047,330	49,601,581

(Unit: thousand yen)

	FY3/2017 (As of Mar. 31, 2017)	Third quarter of FY3/2018 (As of Dec. 31, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	343,217	534,961
Short-term loans payable	6,539,191	7,751,257
Current portion of long-term loans payable	3,664,791	4,158,182
Current portion of bonds with subscription rights to shares	-	7,700,000
Lease obligations	389,489	402,523
Income taxes payable	767,005	229,468
Provision for bonuses	282,460	111,212
Provision for sales rebates	630,262	684,532
Provision for shareholder benefit program	64,297	28,853
Provision for loss on store closing	49,919	51,465
Other	3,905,774	4,208,465
Total current liabilities	16,636,409	25,860,923
Non-current liabilities		
Bonds with subscription rights to shares	7,700,000	-
Long-term loans payable	8,925,930	6,650,552
Asset retirement obligations	1,573,962	1,713,666
Lease obligations	1,573,967	1,375,752
Other	394,550	423,840
Total non-current liabilities	20,168,409	10,163,812
Total liabilities	36,804,818	36,024,735
Net assets		
Shareholders' equity		
Capital stock	3,652,394	3,652,394
Capital surplus	4,187,003	4,192,922
Retained earnings	7,747,457	6,854,457
Treasury shares	(1,260,826)	(1,255,574)
Total shareholders' equity	14,326,028	13,444,198
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,057	110,280
Foreign currency translation adjustment	(136,574)	(114,780)
Total accumulated other comprehensive income	(83,516)	(4,500)
Non-controlling interests	-	137,147
Total net assets	14,242,511	13,576,846
Total liabilities and net assets	51,047,330	49,601,581

(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 FY3/2017 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY3/2018 (Apr. 1, 2017 – Dec. 31, 2017)
Net sales	59,995,565	59,443,618
Cost of sales	24,776,329	24,444,246
Gross profit	35,219,236	34,999,372
Selling, general and administrative expenses	35,731,856	34,823,735
Operating profit (loss)	(512,620)	175,637
Non-operating income		
Gain from installment of vending machine	110,137	100,399
Gain on sales of recycling goods	291,045	282,485
Other	184,389	197,447
Total non-operating income	585,571	580,332
Non-operating expenses		
Interest expenses	139,859	129,845
Share of loss of entities accounted for using equity method	4,553	3,484
Other	48,451	76,423
Total non-operating expenses	192,863	209,753
Ordinary profit (loss)	(119,912)	546,216
Extraordinary income		
Compensation for transfer	-	36,000
Gain on bargain purchase	-	20,476
Total extraordinary income	-	56,476
Extraordinary losses		
Loss on valuation of investment securities	-	1,322
Loss on closing of stores	12,171	7,782
Provision for loss on store closing	35,922	51,465
Loss on retirement of non-current assets	23,921	19,849
Impairment loss	202,024	619,887
Loss on disaster	13,619	-
Total extraordinary losses	287,658	700,306
Loss before income taxes	(407,571)	(97,614)
Income taxes-current	270,200	335,654
Income taxes-deferred	421,547	202,483
Total income taxes	691,748	538,137
Loss	(1,099,319)	(635,751)
Profit attributable to non-controlling interests	-	4,841
Loss attributable to owners of parent	(1,099,319)	(640,593)

Quarterly Consolidated Statement of Comprehensive Income

(For the Nine-month Period)

(Unit: thousand yen)

	First nine months of FY3/2017 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY3/2018 (Apr. 1, 2017 – Dec. 31, 2017)
Loss	(1,099,319)	(635,751)
Other comprehensive income		
Valuation difference on available-for-sale securities	4,214	51,697
Foreign currency translation adjustment	(58,598)	26,502
Share of other comprehensive income of entities accounted for using equity method	2,571	5,515
Total other comprehensive income	(51,813)	83,716
Comprehensive income	(1,151,132)	(552,035)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,151,132)	(557,527)
Comprehensive income attributable to non-controlling interests	-	5,492

(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 FY3/2017 (Apr. 1, 2016 – Dec. 31, 2016)

1. Information on the amounts of net sales, profits or losses for each reportable segment

(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 concerning impairment loss of non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

In the Reuse Store Business and the HUGALL Business segments, 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.

II. First nine months of FY3/2018 (Apr. 1, 2017 – Dec. 31, 2017)

1. Information on the amounts of net sales, profits or losses for each reportable segment

(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	52,177,091	4,538,437	1,743,839	58,459,368	984,250	59,443,618	-	59,443,618
Inter-segment sales and transfers	27,993	933,285	197,003	1,158,281	289,089	1,447,371	(1,447,371)	-
Total	52,205,084	5,471,722	1,940,842	59,617,650	1,273,339	60,890,989	(1,447,371)	59,443,618
Segment profit (loss)	2,309,569	144,378	(736,746)	1,717,202	(91,499)	1,625,702	(1,450,065)	175,637

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	1,717,202
Profit classified as “other”	(91,499)
Eliminations for inter-segment transactions	100,391
Corporate expenses (Note)	(1,550,456)
Operating profit on the quarterly consolidated statement of income	175,637

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

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

Significant impairment losses related to non-current assets

In the Reuse Store Business, the BOOKOFF Online Business and the HUGALL Business segments, the Company has identified the stores and facilities 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 and facilities 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 ¥619,887 thousand for the first nine months of FY3/2018. The breakdown by segment is as follows.

In the Reuse Store Business, there was an impairment loss of ¥142,885 thousand.
In the BOOKOFF Online Business, there was an impairment loss of ¥78,100 thousand.
In the HUGALL Business, there was an impairment loss of ¥392,888 thousand.

Significant change in goodwill

Detailed explanations are omitted due to immateriality.

Significant gain on bargain purchase

A gain on bargain purchase of ¥20,476 thousand was booked in the Reuse Store Business due to acquisition of Manas Co., Ltd. in the first three months of FY3/2018.