



November 12, 2018

Consolidated Summary Report For the Second Quarter of the Fiscal Year Ending March 31, 2019 [Japanese GAAP]

Company Name: BOOKOFF GROUP HOLDINGS LIMITED (BOOKOFF CORPORATION LIMITED) Stock Exchange: Tokyo
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Quarterly Report issue date: November 14, 2018
 Dividend payment date: -
 Supplementary materials for quarterly financial results: Yes
 Quarterly financial results briefing: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 - September 30, 2018)

(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 % |
| Six months ended Sep. 30, 2018 | 38,953 | (0.7) | 549 | - | 897 | 430.3 | 441 | - |
| Six months ended Sep. 30, 2017 | 39,211 | (0.1) | (67) | - | 169 | - | (715) | - |

(Note) Comprehensive income Six months ended Sep. 30, 2018: ¥442 million (n.a.)
 Six months ended Sep. 30, 2017: ¥(662) million (n.a.)

| | Net income per share | Fully diluted net income per share |
|--------------------------------|----------------------|------------------------------------|
| | Yen | Yen |
| Six months ended Sep. 30, 2018 | 21.47 | - |
| Six months ended Sep. 30, 2017 | (34.83) | - |

(Note) The consolidated results of operations of BOOKOFF CORPORATION LIMITED (the "BOOKOFF Corporation") are presented.

(2) Consolidated Financial Condition

| | Total assets | Net assets | Equity ratio |
|---------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of Sep. 30, 2018 | 41,069 | 13,545 | 32.6 |
| As of Mar. 31, 2018 | 47,882 | 13,307 | 27.5 |

(Reference) Shareholders' equity As of Sep. 30, 2018: ¥13,394 million As of Mar. 31, 2018: ¥13,166 million

- (Notes) 1. The consolidated financial condition of BOOKOFF Corporation is presented.
 2. Starting with the beginning of the first quarter of the current fiscal year, BOOKOFF GROUP HOLDINGS (the "Company") has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. Prior-year figures have been adjusted retroactively.

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, 2018 | - | - | - | 10.00 | 10.00 |
| Fiscal year ending Mar. 31, 2019 | - | - | - | - | - |
| Fiscal year ending Mar. 31, 2019 (est.) | - | - | - | 10.00 | 10.00 |

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

- (Notes) 1. Dividends paid from BOOKOFF Corporation are presented for the fiscal year ended March 31, 2018.
 2. The Company's dividend forecast is presented for the fiscal year ending March 31, 2019.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(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 | 80,500 | 0.6 | 1,100 | 79.2 | 1,600 | 46.4 | 1,300 | - | 67.52 |

(Note) Revisions to the most recently announced consolidated earnings forecasts: Yes

(Note) The Company's consolidated forecast for the fiscal year ending March 31, 2019 is presented.

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 Sep. 30, 2018 | 20,547,413 | As of Mar. 31, 2018 | 22,573,200 |
| (2) Treasury shares | As of Sep. 30, 2018 | - | As of Mar. 31, 2018 | 2,025,785 |
| (3) Average number of shares outstanding | Six months ended Sep. 30, 2018 | 20,547,414 | Six months ended Sep. 30, 2017 | 20,547,418 |

* 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 the Company regarding future performance. Actual results may differ materially from those projected in the forward-looking statements due to a variety of factors. Please see "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements" on page 3 of the attachments for items pertaining to the forecast stated above.

(How to view supplementary materials for quarterly financial results)

Supplementary materials for the quarterly financial results will be disclosed today (November 12, 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

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 in March 2021, when we will celebrate our 30th anniversary. We are rededicating ourselves to our corporate philosophies and focusing our activities on the mission of “being a source of an enjoyable and prosperous life for many people.”

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

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

Core strategy I: Upgrade individual stores

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

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

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

There were many activities during the first half for accomplishing these strategic goals. In the Reuse Store Business, more merchandise categories were added to stores to reflect the characteristics of each store’s market, a new store BINGO Shibuya MODI was opened, and the third Jalan Jalan Japan store was opened in Malaysia. In the BOOKOFF Online Business, there were measures for improving the efficiency of distribution warehouse operations. As the first step toward achieving the “One BOOKOFF” concept, membership IDs in the BOOKOFF Online Business and at BOOKOFF stores were integrated and BOOKOFF released an official app. As a result of these efforts, consolidated net sales amounted to ¥38,953 million, which was a 0.7% decrease from the same period of the previous fiscal year. The Group recorded an operating profit of ¥549 million (compared with an operating loss of ¥67 million in the same period of the previous fiscal year), an ordinary profit of ¥897 million (a 430.3% increase), and profit attributable to owners of parent of ¥441 million (compared with a loss of ¥715 million in the same period of the previous fiscal year).

Business segment sales were as follows:

(Reuse Store Business)

The segment recorded net sales of ¥34,841 million for the first half, which was a 1.4% increase compared with the same period of the previous fiscal year.

During the first half, two directly operated stores and one franchise store were opened. (There were six closings of directly operated stores and 14 closings of franchise stores).

The main reasons for the increase in sales were higher sales of software media at existing BOOKOFF stores, the opening of comprehensive large-format stores in the previous fiscal year, and the consolidation of Manas Co., Ltd. and BOK MARKETING SDN.BHD. in the previous fiscal year.

(BOOKOFF Online Business)

The segment recorded net sales of ¥3,615 million for the first half, which was a 19.3% increase compared with

the same period of the previous fiscal year.

Sales growth was attributable primarily to higher E-commerce website sales and the expansion of sales channels in the previous fiscal year to include Yahoo Shopping, Amazon and other platforms.

(Other)

The segment recorded net sales of ¥495 million for the first half, which was a 23.5% decrease compared with the same period of the previous fiscal year. (Two directly operated store were closed).

First half consolidated sales decreased 0.7% from the same period of the previous fiscal year. This main reason is the termination of the special event sales business operated by the HUGALL Business in the previous fiscal year.

(2) Explanation of Financial Position

Starting with the beginning of the first quarter of the current fiscal year, the Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018), etc. Prior-year figures have been adjusted retroactively in order to facilitate comparisons.

Assets, Liabilities and Net Assets at the End of the Second Quarter

(Current Assets)

Current assets at the end of the second quarter were ¥24,933 million, a decrease of ¥5,828 million compared with ¥30,762 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥5,899 million in cash and deposits resulting from the early redemption of bonds with share acquisition rights.

(Non-current Assets)

Non-current assets at the end of the second quarter were ¥16,136 million, a decrease of ¥983 million compared with ¥17,120 million at the end of the previous fiscal year. This was mainly due to decreases of ¥455 million in property, plant and equipment, ¥39 million in intangible assets, and ¥488 million in investments and other assets.

(Liabilities)

Liabilities at the end of the second quarter were ¥27,524 million, a decrease of ¥7,049 million compared with ¥34,574 million at the end of the previous fiscal year. Bonds with share acquisition rights decreased ¥7,700 million due to the early redemption, income taxes payable decreased ¥181 million after the payment of income taxes, and accounts payable-trade decreased ¥110 million, while loans payable increased ¥1,406 million.

(Net Assets)

Net assets at the end of the second quarter were ¥13,545 million, an increase of ¥237 million compared with ¥13,307 million at the end of the previous fiscal year. This was mainly due to dividend payments while there was a booking of profit attributable to owners of parent.

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

The consolidated forecast for the fiscal year ending March 31, 2019, which was announced on May 10, 2018 by BOOKOFF Corporation, has been revised. For more information, please refer to the press release titled “Notice of Revisions to Consolidated Forecasts” (Japanese version only) dated November 12, 2018.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

| | FY3/2018 (As of Mar. 31, 2018) | Second quarter of FY3/2019 (As of Sep. 30, 2018) |
|-------------------------------------|-----------------------------------|---|
| (Unit: thousand yen) | | |
| Assets | | |
| Current assets | | |
| Cash and deposits | 13,860,355 | 7,960,710 |
| Notes and accounts receivable-trade | 1,488,764 | 1,382,625 |
| Merchandise | 12,949,201 | 12,788,496 |
| Other | 2,465,649 | 2,803,202 |
| Allowance for doubtful accounts | (1,761) | (1,239) |
| Total current assets | 30,762,210 | 24,933,796 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 4,030,287 | 3,730,453 |
| Leased assets, net | 1,587,494 | 1,419,382 |
| Other, net | 893,256 | 905,613 |
| Total property, plant and equipment | 6,511,038 | 6,055,450 |
| Intangible assets | | |
| Goodwill | 138,218 | 112,484 |
| Other | 1,165,461 | 1,151,556 |
| Total intangible assets | 1,303,680 | 1,264,040 |
| Investments and other assets | | |
| Guarantee deposits | 7,940,492 | 7,571,951 |
| Other | 1,439,330 | 1,321,858 |
| Allowance for doubtful accounts | (74,458) | (77,193) |
| Total investments and other assets | 9,305,364 | 8,816,616 |
| Total non-current assets | 17,120,082 | 16,136,107 |
| Total assets | 47,882,293 | 41,069,904 |

(Unit: thousand yen)

| | FY3/2018 (As of Mar. 31, 2018) | Second quarter of FY3/2019 (As of Sep. 30, 2018) |
|--|-----------------------------------|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 452,354 | 342,086 |
| Short-term loans payable | 5,386,680 | 7,800,000 |
| Current portion of long-term loans payable | 4,966,884 | 4,188,054 |
| Current portion of bonds with share acquisition rights | 7,700,000 | - |
| Lease obligations | 388,181 | 347,451 |
| Income taxes payable | 666,342 | 484,808 |
| Provision for bonuses | 298,246 | 320,534 |
| Provision for sales rebates | 680,369 | 618,484 |
| Provision for shareholder benefit program | 90,683 | 46,845 |
| Provision for loss on store closing | 55,389 | 36,547 |
| Provision for loss on disaster | - | 13,251 |
| Other | 4,065,439 | 3,920,596 |
| Total current liabilities | 24,750,570 | 18,118,660 |
| Non-current liabilities | | |
| Long-term loans payable | 6,268,059 | 6,039,709 |
| Provision for loss on store closing | 35,087 | 38,438 |
| Asset retirement obligations | 1,785,050 | 1,759,760 |
| Lease obligations | 1,306,364 | 1,168,422 |
| Other | 429,428 | 399,803 |
| Total non-current liabilities | 9,823,989 | 9,406,133 |
| Total liabilities | 34,574,559 | 27,524,794 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,652,394 | 3,652,394 |
| Capital surplus | 4,192,922 | 3,846,183 |
| Retained earnings | 6,605,076 | 5,931,860 |
| Treasury shares | (1,255,575) | - |
| Total shareholders' equity | 13,194,817 | 13,430,437 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 81,345 | 91,716 |
| Foreign currency translation adjustment | (110,021) | (127,209) |
| Total accumulated other comprehensive income | (28,676) | (35,492) |
| Non-controlling interests | 141,592 | 150,165 |
| Total net assets | 13,307,733 | 13,545,110 |
| Total liabilities and net assets | 47,882,293 | 41,069,904 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Six-month Period)

(Unit: thousand yen)

| | First six months of FY3/2018 (Apr. 1, 2017 – Sep. 30, 2017) | First six months of FY3/2019 (Apr. 1, 2018 – Sep. 30, 2018) |
|---|--|--|
| Net sales | 39,211,627 | 38,953,555 |
| Cost of sales | 16,169,734 | 15,771,021 |
| Gross profit | 23,041,892 | 23,182,534 |
| Selling, general and administrative expenses | 23,109,808 | 22,633,187 |
| Operating profit (loss) | (67,916) | 549,347 |
| Non-operating income | | |
| Rent revenues on facilities | 8,717 | 139,650 |
| Gain from installment of vending machine | 71,301 | 67,644 |
| Gain on sales of recycling goods | 189,041 | 182,760 |
| Other | 86,725 | 190,300 |
| Total non-operating income | 355,786 | 580,355 |
| Non-operating expenses | | |
| Interest expenses | 88,281 | 78,563 |
| Share of loss of entities accounted for using equity method | 1,281 | 87 |
| Rent expenses on facilities | 2,429 | 129,413 |
| Other | 26,718 | 24,636 |
| Total non-operating expenses | 118,710 | 232,701 |
| Ordinary profit | 169,159 | 897,001 |
| Extraordinary income | | |
| Gain on sales of non-current assets | - | 61,069 |
| Gain on bargain purchase | 20,476 | - |
| Gain on transfer of store | - | 26,129 |
| Total extraordinary income | 20,476 | 87,198 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 1,322 | - |
| Loss on closing of stores | - | 22,202 |
| Provision for loss on store closing | 18,418 | 32,012 |
| Loss on retirement of non-current assets | 5,263 | 11,955 |
| Impairment loss | 509,467 | 33,110 |
| Loss on disaster | - | 3,192 |
| Provision for loss on disaster | - | 13,251 |
| Total extraordinary losses | 534,471 | 115,724 |
| Profit (loss) before income taxes | (344,834) | 868,475 |
| Income taxes-current | 221,110 | 295,778 |
| Income taxes-deferred | 139,979 | 122,266 |
| Total income taxes | 361,089 | 418,045 |
| Profit (loss) | (705,924) | 450,430 |
| Profit attributable to non-controlling interests | 9,649 | 9,334 |
| Profit (loss) attributable to owners of parent | (715,574) | 441,095 |

Quarterly Consolidated Statement of Comprehensive Income

(For the Six-month Period)

(Unit: thousand yen)

| | First six months of FY3/2018 (Apr. 1, 2017 – Sep. 30, 2017) | First six months of FY3/2019 (Apr. 1, 2018 – Sep. 30, 2018) |
|--|--|--|
| Profit (loss) | (705,924) | 450,430 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 33,596 | (7,939) |
| Foreign currency translation adjustment | 9,335 | (17,890) |
| Share of other comprehensive income of entities accounted for using equity method | 75 | 18,251 |
| Total other comprehensive income | 43,007 | (7,577) |
| Comprehensive income | (662,917) | 442,852 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (672,490) | 434,278 |
| Comprehensive income attributable to non- controlling interests | 9,572 | 8,573 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning the Going-Concern Premise)

Not applicable.

(Significant Changes in Shareholders' Equity)

The Company retired 2,025,787 shares of its treasury shares as of September 28, 2018 pursuant to the resolution of the Board of Directors on August 21, 2018. As a result, capital surplus decreased ¥346,738 thousand, retained earnings decreased ¥908,838 thousand, and treasury shares decreased ¥1,255,577 thousand in the first six months of FY3/2019.

(Segment Information)

Segment Information

I. First six months of FY3/2018 (Apr. 1, 2017 – Sep. 30, 2017)

1. Information on the amounts of net sales, profit or loss 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 | 34,345,034 | 3,031,791 | 1,186,506 | 38,563,332 | 648,295 | 39,211,627 | - | 39,211,627 |
| Inter-segment sales and transfers | 17,772 | 645,135 | 193,001 | 855,908 | 179,623 | 1,035,531 | (1,035,531) | - |
| Total | 34,362,806 | 3,676,926 | 1,379,507 | 39,419,240 | 827,918 | 40,247,158 | (1,035,531) | 39,211,627 |
| Segment profit (loss) | 1,488,585 | 120,443 | (617,162) | 991,866 | (74,786) | 917,079 | (984,995) | (67,916) |

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 a 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 | 991,866 |
| Profit classified as "other" | (74,786) |
| Eliminations for inter-segment transactions | 54,883 |
| Corporate expenses (Note) | (1,039,878) |
| Operating loss on the quarterly consolidated statement of income | (67,916) |

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

3. Information concerning impairment loss on 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 ¥509,467 thousand for the first six months of FY3/2018. The breakdown by segment is as follows.

In the Reuse Store Business, there was an impairment loss of ¥32,465 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.

II. First six months of FY3/2019 (Apr. 1, 2018 – Sep. 30, 2018)

1. Information on the amounts of net sales, profit or loss in reportable segments

(Unit: thousand yen)

| | Reportable segment | | | Other (Note 2) | Total | Adjustment | Amount reported in quarterly consolidated statement of income |
|--------------------------------------|-------------------------|----------------------------|------------|-------------------|------------|-------------|--|
| | Reuse Store Business | BOOKOFF Online Business | Total | | | | |
| Net sales | | | | | | | |
| Sales to external customers | 34,841,849 | 3,615,948 | 38,457,798 | 495,756 | 38,953,555 | - | 38,953,555 |
| Inter-segment sales and transfers | 40,932 | 982,207 | 1,023,140 | 198,812 | 1,221,953 | (1,221,953) | - |
| Total | 34,882,782 | 4,598,156 | 39,480,939 | 694,569 | 40,175,508 | (1,221,953) | 38,953,555 |
| Segment profit (loss) | 1,671,353 | 13,456 | 1,684,809 | (34,582) | 1,650,226 | (1,100,879) | 549,347 |

Notes: 1. The HUGALL Business was discontinued in FY3/2018 and excluded from reportable segments.

2. 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 a 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 | 1,684,809 |
| Profit classified as "other" | (34,582) |
| Eliminations for inter-segment transactions | 31,151 |
| Corporate expenses (Note) | (1,132,031) |
| Operating profit on the quarterly consolidated statement of income | 549,347 |

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

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

Significant impairment losses related to non-current assets

In the Reuse Store Business and the BOOKOFF Online 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 ¥33,110 thousand for the first half of FY3/2019. The breakdown by segment is as follows.

In the Reuse Store Business, there was an impairment loss of ¥27,411 thousand.

In the BOOKOFF Online Business, there was an impairment loss of ¥5,699 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.