



Notice of Convocation of the First Ordinary General Meeting of Shareholders

October 1, 2018 - March 31, 2019

Date and time

Saturday, June 22, 2019 at 1 p.m.

(Attendance registration begins at 0:30 p.m.)

Place

Shinagawa Intercity Hall 2-15-4, Konan, Minato-ku, Tokyo

Meeting Agenda

Proposal No. 1: Appropriation of Retained Earnings

Proposal No. 2: Election of One Audit & Supervisory Board Member

Proposal No. 3: Remuneration for Directors and Audit & Supervisory Board Members

BOOKOFF GROUP HOLDINGS LIMITED

Securities code: 9278

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Message from the President

During the fiscal year that ended in March 2019, the BOOKOFF Group took many actions based on the two central strategic goals of our new medium-term business plan: upgrade individual stores and use all the BOOKOFF Group's strengths. Our activities are aimed at achieving a recovery in our profit structure, the foundation for all our operations, and making preparations for establishing a framework capable of constant growth.

Initiatives for upgrading individual stores have produced many benefits. We are making progress with store reforms, existing store sales were higher than one year earlier in every month of the past fiscal year, and the BOOKOFF Online e-commerce website posted strong sales. In addition, there was progress involving improvements for HUGALL, a purchasing service for affluent customers.

To use all the BOOKOFF Group's strengths, we combined the membership base of BOOKOFF stores and BOOKOFF Online, and continued building a data system for future growth with actions that included releasing an app for members. In addition, we shifted the BOOKOFF Group to a holding company structure in October 2018. There were also realignments within the Group to further increase ties between store and internet operations.

As a result, consolidated earnings were much higher than in the previous fiscal year. Due to this growth, we achieved the current financial goal of ordinary profit of 2 billion yen ahead of the target date.

In May 2020, we will reach the 30th anniversary of BOOKOFF's establishment. The BOOKOFF Group is firmly committed to making the greatest possible use of its people, customer relationships, store network, brand recognition and other assets. We want to be the leading company in Japan's growing reuse market, with operations centered on books, by operating the reuse infrastructure utilized by the largest number of customers.

Upgrading individual stores and using the resources of the entire store chain to compete and win are the primary measures for accomplishing this goal. We will position our stores one by one as highly appealing businesses with deep local roots. Furthermore, our store chain will use the "One BOOKOFF" concept to serve customers and consistently earn their support. We are determined to continue growing as a group dedicated to the medium-term plan goal of "being a source of an enjoyable and prosperous life for many people."

Thank you for your understanding and support as we continue to take the actions needed to accomplish our goals and build a sound base for growth.

Yasutaka Horiuchi
President and CEO

To Our Shareholders:

Yasutaka Horiuchi, President and CEO
BOOKOFF GROUP HOLDINGS LIMITED
2-14-20 Kobuchi, Minami-ku, Sagami-hara, Kanagawa Japan

Notice of Convocation of the First Ordinary General Meeting of Shareholders

I would like to take this opportunity to thank you for your support of BOOKOFF GROUP HOLDINGS LIMITED (“BOOKOFF” or the “Company”). We will hold the First Ordinary General Meeting of Shareholders and request your attendance. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights either in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders that follows this notice, and exercise your voting rights by no later than 5 p.m., Friday, June 21, 2019.

Exercise of voting rights in writing

Please vote on the proposals in the enclosed Voting Right Exercise Form, and return it so that it will arrive by the aforementioned exercise deadline.

Exercise of voting rights via the Internet

Please visit the Company’s designated website for the exercise of voting rights (<https://evote.tr.mufg.jp/>) and use the log-in ID and temporary password provided on the Voting Right Exercise Form. Vote for or against the proposals by following the on-screen instructions.

1. Date and time Saturday, June 22, 2019 at 1 p.m. (Attendance registration begins at 0:30 p.m.)
2. Place Shinagawa Intercity Hall 2-15-4, Konan, Minato-ku, Tokyo
3. Meeting Agenda

Matters to be reported: 1. The Business Report, Consolidated Financial Statements and the results of audits conducted by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements for the Company’s First Fiscal Year (October 1, 2018 - March 31, 2019)

Note: Although the Company’s first fiscal year is from October 1, 2018 to March 31, 2019, the fiscal year for the consolidated financial statements is from April 1, 2018 to March 31, 2019.

2. Non-consolidated Financial Statements for the Company’s First Fiscal Year (October 1, 2018 - March 31, 2019)

Proposals to be resolved:

- | | |
|-----------------|--|
| Proposal No. 1: | Appropriation of Retained Earnings |
| Proposal No. 2: | Election of One Audit & Supervisory Board Member |
| Proposal No. 3: | Remuneration for Directors and Audit & Supervisory Board Members |

4. Matters prescribed for convocation

- (1) If you do not indicate your approval or disapproval for the proposals on the Voting Right Exercise Form, the Company will assume that you have voted in favor of the proposal.
- (2) If you vote both in writing and via the Internet, only your vote placed via the Internet will be valid.
- (3) If you vote multiple times via the Internet, only your last vote will be valid.

Reference Documents for the General Meeting of Shareholders

■ Proposal No. 1: Appropriation of Retained Earnings

The Company positions the distribution of earnings to shareholders as one of its highest management priorities, and also recognizes an increase in corporate value along with its business growth and expansion as the most important management issue.

In view of the current results of operations, future business activities and other items, the year-end dividend for the fiscal year ended March 31, 2019 (FY3/2019) is as follows.

- | | |
|--|---|
| (1) Type of dividend: | Cash |
| (2) Dividend payment and total amount: | 15 yen per share of common stock of the Company
(5 yen higher than FY3/2018)
Total amount of dividends: 261,711,195 yen |
| (3) Effective date of distribution of retained earnings: | June 24, 2019 |

■ Proposal No. 2: Election of One Audit & Supervisory Board Member

At the conclusion of this General Meeting of Shareholders, Audit & Supervisory Board Member Mr. Hideaki Kobori will resign. Due to this resignation, shareholders are asked to elect a substitute Audit & Supervisory Board Member.

Pursuant to the Company's Articles of Incorporation, the term of office of the substitute Audit & Supervisory Board Member, if approved by shareholders, will end at the same time as the term of office for Mr. Kobori.

This proposal has received the consent of the Audit & Supervisory Board.

The candidate for the Audit & Supervisory Board Member is as follows.

New candidate

Tetsushi Kato

Candidate for Outside Audit
& Supervisory Board
Member

● Brief personal history and positions in the Company

April 1994 Joined Dai Nippon Printing Co., Ltd.
December 1994 Dai Nippon Printing Accounting System Co., Ltd. (currently DNP
Accounting Service Co., Ltd.)
September 2002 1st Accounting Unit, Accounting Division of Dai Nippon Printing
Co., Ltd.
January 2011 Chief accountant, Accounting Department of 2Dfacto, Inc.
June 2014 Accounting Department, Accounting Division of Dai Nippon
Printing Co., Ltd.
October 2018 2nd Planning & Promotion Group, Business Promotion Division of
Dai Nippon Printing Co., Ltd.
March 2019 Auditor of DIC Graphics Corporation (to present)
April 2019 Domestic Group Leader, Group Business Promotion Department,
Business Promotion Division, Dai Nippon Printing Co., Ltd. (to
present)

● Date of birth

September 29, 1969

● Number of shares of the Company held

0 share

● Significant concurrent positions

Domestic Group Leader, Group Business Promotion Department, Business Promotion Division, Dai Nippon Printing Co., Ltd.

● Particular conflicts of interest between the candidate and the Company

There are no particular conflicts of interest between the candidate and the Company.

● Reason for the nomination

Mr. Kato has many years of experience and considerable knowledge involving accounting due to his long career in accounting at a publicly owned company. As the Company believes he can provide oversight and advice concerning management, he is a candidate for election as an outside substitute Audit & Supervisory Board Member.

● Candidate statement to shareholders

I am well aware of the importance of my role and responsibility as an outside Audit & Supervisory Board Member. I will work with the full-time and other Audit & Supervisory Board Members to collect information and I will perform my duties while maintaining ties with the Accounting Auditor. I will do my best to contribute to maintaining and improving the corporate governance of the BOOKOFF Group.

Notes 1: Dai Nippon Printing Co., Ltd. is one of the Company's major shareholders and the "other associated companies."

2: If the election of Mr. Tetsushi Kato is approved as proposed, the Company will enter into an agreement with him in accordance with Paragraph 1, Article 427 of the Companies Act to limit liabilities for damages to the Company as stipulated in Paragraph 1, Article 423 of the Companies Act. The Company intends to limit the liabilities under the agreement to the minimum liability amount stipulated in Paragraph 1, Article 425 of the Companies Act.

■ Proposal No. 3: Remuneration for Directors and Audit & Supervisory Board Members

Pursuant to Article 2 of the supplementary provisions of the Company's Articles of Incorporation, the aggregate remuneration for Directors and Audit & Supervisory Board Members for the nine-month period from the Company's establishment to the end of this shareholders meeting is a maximum of ¥166,500 thousand for the Directors and a maximum of ¥27,000 thousand for the Audit & Supervisory Board Members. As this supplementary provision will be deleted at the close of this shareholders meeting, shareholders are asked to determine remuneration for Directors and Audit & Supervisory Board Members.

In this proposal, the aggregate remuneration for Directors is a maximum of ¥222,000 thousand for Directors (including ¥22,200 thousand for Outside Directors) and a maximum of ¥36,000 thousand for Audit & Supervisory Board Members. These remuneration limits were determined by converting the remuneration rate for the previous nine-month period to a 12-month period. Remuneration for Directors does not include salaries received by Directors as employees of the Company.

There are currently six Directors, including four Outside Directors. As one Outside Director will resign at the end of this shareholders meeting, there will be five Directors, including three Outside Directors following the meeting.

There are currently three Audit & Supervisory Board Members. If shareholders approve Proposal No. 2 Election of One Audit & Supervisory Board Member, there will be no change in the number of these members following this shareholders meeting.

This proposal was determined by the Board of Directors, who took into consideration the recommendations of the Remuneration Review Committee, which consists of the Company President and three Independent Outside Directors.

Reference

Independence Standards of the Outside Directors and the Outside Audit & Supervisory Board Members

BOOKOFF GROUP HOLDINGS LIMITED (hereinafter “the Company”) shall deem any Outside Director or Outside Audit & Supervisory Board Member (hereinafter “Outside Board Member”) lacking independence if he or she falls under any of the following items:

1. As of the present day or within the past one year, any Outside Board Member is/was an executive director, executive officer as defined in the Companies Act, other executive officer, other similar officer or employee (hereinafter “Executive Person”) of “a present customer with whom the Company and its subsidiaries (hereinafter “the Group”) cannot promptly discontinue transactions” or “a present customer who cannot promptly discontinue transactions with the Group.”
2. As of the present day or within the past one year, any Outside Board Member is/was a professional belonging to an organization that is the Group’s “present fee recipient with whom the Group cannot promptly terminate the contract” or the Group’s “present fee recipient who cannot promptly terminate the contract with the Group.”
3. As of the present day or within the past one year, any Outside Board Member is/was an Executive Person or non-executive director of the present parent company of the Company.
4. As of the present day or within the past one year, any Outside Board Member is/was an Audit & Supervisory Board Member of the present parent company of the Company. (This item shall apply only for the independence standards of Outside Audit & Supervisory Board Members.)
5. As of the present day or within the past one year, any Outside Board Member is/was an Executive Person of the present fellow subsidiary (the company that shares the same parent) of the Company.
6. As of the present day or within the past one year, any Outside Board Member receives/received from the Group cash or other properties at the amount of ¥2.4 million or more per year other than remuneration as an Outside Board Member.
7. A spouse or a person within the second degree of affinity of any Outside Board Member is/was a person who falls/fell under any of the above Items 1 to 6.
8. As of the present day or within the past one year, a spouse or a person within the second degree of affinity of any Outside Board Member falls/fell under the following:
 - (1) An Executive Person of the Company or its subsidiaries
 - (2) A non-executive director of the Company or its subsidiaries (This item shall apply only for the independence standards of Outside Audit & Supervisory Board Members.)
9. Any Outside Board Member holds 10% or more of the voting rights of the Company (or is an Executive Person of a legal entity that holds 10% or more of the voting rights of the Company).
10. Any Outside Board Member is an Executive Person of a legal entity for whom an Executive Person of the Group is an Outside Director. (This item shall apply only for the independence standards of Outside Directors.)
11. Any Outside Board Member receives from the Group donations that he or she cannot promptly discontinue receiving (or is an Executive Person of an organization that receives from the Group donations that it cannot promptly discontinue receiving).
12. As of the present day or within past one year, any Outside Board Member is/was an Executive Person of a present “other associated companies” or the “parent company or subsidiaries of the other associated companies) of the Company.
13. An aggregate term of office as Outside Board Member of the Company exceeds 10 years.

Evaluation of the Board of Directors Effectiveness

The Company has put in place a system under which each Director makes its self-assessment and the Board of Independent Outside Directors conducts analysis and assessment of the effectiveness of the entire Board of Directors as well as the assessment of the Chairman of the Board of Directors.

During the fiscal year that ended March 31, 2019, the following assessments were performed. Assessments covered the composition, agenda and deliberations, operation, and effectiveness of the chairman. Although this process revealed certain issues, the overall assessment is “generally effective” because countermeasures are being implemented and benefits are beginning to emerge.

- (1) Self-assessment by Internal Directors
- (2) Assessment of all Directors using questionnaires and opinion hearing from them
- (3) Assessment to the entire Board of Directors by the Board of Independent Outside Directors consisting of three Independent Outside Directors and one Independent Outside Audit & Supervisory Board Member
- (4) Assessment of the Chairman of the Board of Directors by the Board of Independent Outside Directors

Discussions by the Directors from a medium- to long-term perspective have increased due to the attendance at board meetings of executive officers, executives of subsidiaries and department managers and to the receipt at board meetings of thorough explanations. We hope that holding board meetings in this manner will also play a role in the creating of a succession plan.

To further increase the effectiveness of the Board of Directors, the Directors will make improvements to increase the quality of discussions about specific business operations.

Nomination of Candidates for Directors and Audit & Supervisory Board Members

All of the Company’s Directors became Directors when the Company was established on October 1, 2018 and their term of office is two years, resulting in a current term that ends at the close of the shareholders meeting to be held in June 2020.

The Nomination Advisory Committee consists of the President and the three Independent Outside Directors. The members of this committee discussed whether or not to submit proposals concerning the election and termination of Directors to the June 2019 shareholders meeting and concluded that no proposal should be submitted. As a result, this committee sent no report to the Board of Directors concerning the submission of proposals involving the Board of Directors at the June 2019 shareholders meeting.

The submission of a substitute Audit & Supervisory Board Member candidate to replace the Audit & Supervisory Board Member who will resign at the end of this shareholders meeting was determined by the Board of Directors following a study and subsequent approval of this matter by the Audit & Supervisory Board.

The Company’s Initiatives Related to Japan’s Corporate Governance Code

The Company discloses the implementation status of each basic principle of the Corporate Governance Code by posting it as “Our Initiatives Related to Japan’s Corporate Governance Code” on its website:

<https://www.bookoffgroup.co.jp/en/>

BUSINESS REPORT (October 1, 2018 to March 31, 2019)

1. Current Status of the Corporate Group

BOOKOFF GROUP HOLDINGS LIMITED was established as pure holding company of BOOKOFF CORPORATION LIMITED on October 1, 2018 through a transfer of stock. Consequently, there are no comparisons with the previous fiscal year because the first fiscal period of the new holding company was from October 1, 2018 to March 31, 2019. However, the fiscal year for the consolidated financial statements in this report are for the year ended March 31, 2019 because these statements succeed the consolidated financial statements of BOOKOFF CORPORATION.

(1) Results of Operations for the Fiscal Year Under Review (FY3/2019)

1) Progress and achievements

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 fiscal year ended March 31, 2019 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, new stores BOOKOFF SUPER BAZAAR Hiroshima Dambara and BINGO Shibuya MODI were 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 ¥80,796 million. The Group recorded an operating profit of ¥1,550 million, an ordinary profit of ¥2,120 million, and profit attributable to owners of parent of ¥2,172 million.

Sales by Segment

Segment		First term (Fiscal year ended March 31, 2019)	
		Amount	% to total sales
Reuse Store Business	Store sales	(Million yen) 70,091	% 86.8
	Sales to franchisees	2,353	2.9
	Sub-total	72,444	89.7
BOOKOFF Online Business		7,506	9.3
Total for reportable segments		79,951	99.0
Other		845	1.0
Total sales		80,796	100.0

■ Reuse Store Business

Business

The BOOKOFF Group is engaged in chain headquarters operations for franchise systems and directly operated stores for the BOOKOFF book and software reuse shop.

To expand our comprehensive reuse business, we leverage the BOOKOFF brand to operate 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 merchandise). We purchase and sell pre-owned goods at these stores across a wide range of categories, including books, software, home appliances, apparel, sporting goods, baby goods, watches, luxury-brand bags, precious metals, kitchenware, and miscellaneous household items.

Results of operations for FY3/2019

The segment recorded net sales of ¥72,444 million for the current fiscal year.

During the fiscal year, three directly operated stores and two franchise stores were opened. (There were 11 closings of directly operated stores and 22 closings of franchise stores).

Sales of books and software media were strong at existing BOOKOFF stores, and comprehensive large-format stores were opened.

■ BOOKOFF Online Business

Business

The BOOKOFF Group operates an e-commerce reuse shop (BOOKOFF Online) website that sells books and software.

The BOOKOFF Group uses purchasing consultation desks at department stores to purchase high-priced reuse merchandise.

Note: The subsidiary BOOKOFF Online, Inc. was merged into BOOKOFF CORPORATION LIMITED as of January 1, 2019.

Results of operations for FY3/2019

The segment recorded net sales of ¥7,506 million for the current fiscal year.

E-commerce website sales performed well and sales channels were expanded to include Yahoo Shopping, Amazon and other platforms.

■ Other

Business

The BOOKOFF Group operates Aoyama Book Center and Ryusui Shobo, and also operates book review community site “Booklog.”

In addition, special subsidiary B-Assist, Inc. provides jobs for individuals with disabilities through business activities that primarily involve preparing reuse items for sale at stores.

Results of operations for FY3/2019

The segment recorded net sales of ¥845 million for the current fiscal year. (Two directly operated stores were closed).

2) Capital expenditures

The total amount of capital expenditures for the current fiscal year was ¥1,604 million (including guarantee deposits related store leases and leased assets), which were mainly spent for development of sales and purchasing systems as well as new store openings and store renovation.

3) Financing activities

For the current fiscal year, as was the case in the previous fiscal year, the Company procured funds required to be use for new store openings and other purposes by borrowings from financial institutions while at the same time enhancing efficiency of cash management within the Group.

As a result of these actions, as of the end of March 2019, the amount of outstanding borrowings from financial institutions was ¥17,418 million.

4) Transfer, absorption-type split, or incorporation-type split of businesses

There are no significant matters to be noted.

5) Acquisition of businesses transferred from other companies

There are no significant matters to be noted.

6) Assumption of rights and obligations of other companies' businesses as a result of absorption-type merger or absorption-type split

The subsidiary BOOKOFF Online, Inc. was merged into BOOKOFF CORPORATION LIMITED as of January 1, 2019.

7) Acquisition or disposal of shares and other ownership interests, or share acquisition rights held by other companies

There are no significant matters to be noted.

(2) Status of Assets and Operating Results

Category		First term (Fiscal year ended March 31, 2019)
Net sales	(Million yen)	80,796
Ordinary profit	(Million yen)	2,120
Profit attributable to owners of parent	(Million yen)	2,172
Net income per share	(Yen)	112.19
Total assets	(Million yen)	40,647
Net assets	(Million yen)	13,006

Note: Prior-year figures are not shown because this is the Company's first fiscal term.

(3) Status of Parent and Significant Subsidiaries

1) Status of parent

Not applicable.

2) Status of significant subsidiaries

Name of company	Capital stock	Shareholding ratio of the Company	Main business lines
BOOKOFF CORPORATION LIMITED	¥100 million	100.0%	Operations of "BOOKOFF" and other stores in Japan Operations of "BOOKOFF Online" that is a book and software reuse shop on the Internet
BOOKOFF U.S.A., INC.	US\$ 1 million	100.0%	Operations of "BOOKOFF" stores in the United States
Booklet Co., Ltd.	¥10 million	100.0%	Operations of "BOOKOFF" and other stores in Japan

Notes: 1. The Company has 13 consolidated subsidiaries as of the end of the current fiscal year including the above three significant ones, and one affiliated company accounted for using the equity method.

2. The subsidiary BOOKOFF Online, Inc. was merged into BOOKOFF CORPORATION LIMITED as of January 1, 2019.

3. The Company established BOOKOFF Minami Kyusyu, making it a subsidiary as of January 17, 2019.

3) Status of wholly owned specific subsidiary at the end of the fiscal year

Name of company	Head Office	Total amount of the book value	Total assets of the Company
BOOKOFF CORPORATION LIMITED	2-14-20 Kobuchi, Minami-ku, Sagamihara-shi, Kanagawa-Prefecture	¥11,198 million	¥13,332 million

4) Status of other significant business combinations

Dai Nippon Printing Co., Ltd. falls under the "other associated companies" of the Company and owns 18.44% of voting rights of the Company combined with those owned by its subsidiaries, MARUZEN-YUSHODO Company, Limited and TRC Library Service Inc.

(4) Important Issues

This section explains important issues of the BOOKOFF Group.

1) Accomplish the business mission of "being a source of an enjoyable and prosperous life for many people."

The BOOKOFF Group has established this new mission and, by pursuing this mission, aims to become Japan's leading reuse company with a reuse store chain that has the largest number of customers in Japan.

To achieve these goals, we plan to open more comprehensive large-format stores, establish sales areas and a level of services that make every existing store a place that customers can enjoy, improve the level of store operations by giving employees a full understanding of company manuals and performing practical training, and conducting activities based on a branding strategy linked to the mission.

2) Initiatives for business growth based on medium- to long-term business policies

The BOOKOFF Group has established two new themes for its business policy: upgrade individual stores and use the resources of the entire chain to compete and win. Our objective is constant growth of business operations by pursuing the concept of “One BOOKOFF” in which all store chain customers, information and systems are unified and shared.

3) Recruit and train people, the core asset of the BOOKOFF Group’s business operations

There is an urgent need to recruit and train people who can become managers in order to continue the growth of the BOOKOFF Group’s corporate value for many more years.

Retailers in Japan are continuing to have difficulty recruiting the people they require because of Japan’s labor shortage and the rising cost of labor. The BOOKOFF Group is using many recruiting and other measures in response to this challenging environment. Activities include raising efficiency by making business processes less labor intensive, improving compensation and benefits for employees, and establishing a personnel system that allows hiring people of many backgrounds. In addition, group companies maintain workplace environments where people can remain in their jobs with confidence for many years and have programs for employee retention and training.

4) Communicate and instill the BOOKOFF Group corporate principles

The BOOKOFF Group views thorough compliance as the foundation of socially responsible company. We have established compliance guidelines that must be followed by the BOOKOFF Group’s directors and employees for building mutual trust with all stakeholders. In order to ensure the thorough awareness of the guidelines’ principles, there are training sessions and meetings targeting all directors and employees. There are also compliance awareness campaigns that use newsletters and the internal corporate intranet.

For accountability, we use a system of internal controls that create transparency for the division of responsibilities. In addition, we are dedicated to the timely and proper disclosure of corporate information and prompt announcements of results of operations.

2. Summary of the Company

(1) Status of Stock (as of March 31, 2019)

- 1) Total number of authorized shares 40,000,000 shares
- 2) Total number of issued shares 22,547,413 shares
- 3) Number of shareholders 31,647
- 4) Major Shareholders

Name of shareholders	Number of shares held (shares)	Shareholding ratio (%)
Hard Off Corporation	1,418,100	8.12
Dai Nippon Printing Co., Ltd.	1,283,000	7.35
MARUZEN-YUSHODO Company, Limited	1,183,300	6.78
BOOKOFF Group Holdings Employee Stock Ownership Association	964,311	5.52
Kodansha Company Ltd.	833,300	4.77
SHUEISHA Inc.	833,300	4.77
SHOGAKUKAN Inc.	833,300	4.77
TRC Library Service Inc.	750,000	4.29
BOOKOFF Corporation Franchisee Stock Ownership Association	357,721	2.05
The Master Trust Bank of Japan, Ltd. (Trust Account)	249,800	1.43

- Notes: 1. The Company holds 3,100,000 treasury shares, which is excluded from the above table of major shareholders.
2. Shareholding ratio is calculated after deducting the number of the treasury shares.

(2) Status of the Board Members

1) Directors and Audit & Supervisory Board Members (as of March 31, 2019)

Position	Name	Responsibilities and significant concurrent positions
President and CEO	Yasutaka Horiuchi	President and CEO, BOOKOFF CORPORATION LIMITED
Director	Yoshifumi Tsutsumi	Full-time Corporate Auditor, Tribeck Strategies Inc.
Director	Katsuo Nakano	
Director	Noriyuki Nobayashi	Corporate Officer, General Manager of Marketing Division of Kamakura Shinsho, Ltd. Outside Audit & Supervisory Board Member of Lognote, Ltd.
Director	Yoshitaka Sato	
Director	Masayuki Chiba	Managing Director, MARUZEN-YUSHODO Company, Limited
Full-time Audit & Supervisory Board Member	Hideaki Tamura	Full-time Audit & Supervisory Board Member, BOOKOFF CORPORATION LIMITED
Audit & Supervisory Board Member	Agasa Naito	Partner in Tanabe & Partners
Audit & Supervisory Board Member	Hideaki Kobori	Head of Group Business Promotion Department, Business Promotion Division, Dai Nippon Printing Co., Ltd.

- Notes: 1. Directors Mr. Katsuo Nakano, Mr. Noriyuki Nobayashi, Mr. Yoshitaka Sato and Mr. Masayuki Chiba are Outside Directors.
2. Audit & Supervisory Board Members Ms. Agasa Naito and Mr. Hideaki Kobori are Outside Audit & Supervisory Board Members.
3. Full-time Audit & Supervisory Board Member Mr. Hideaki Tamura and Audit & Supervisory Board Member Mr. Hideaki Kobori have considerable expertise in finance and accounting as follows:
- Full-time Audit & Supervisory Board Member Mr. Hideaki Tamura had been engaged in supervising financial reporting and tax from April 2004 to December 2007 as the Head of the Accounting Department of BOOKOFF CORPORATION LIMITED. He is also a qualified Certified Public Accountant.
 - Audit & Supervisory Board Member Mr. Hideaki Kobori has been engaged in finance and accounting at Dai Nippon Printing Co., Ltd. from December 1994 to present.
4. The Company has filed Directors Mr. Katsuo Nakano, Mr. Noriyuki Nobayashi, Mr. Yoshitaka Sato and Audit & Supervisory Board Member Ms. Agasa Naito as independent executives pursuant to the provision of the securities exchanges in which the Company is listed.

2) Directors and Audit & Supervisory Board Members retired during FY3/2019

Name	Retirement date	Reason of the retirement	Position, responsibilities and significant concurrent positions at the time of retirement
Yutaka Hyodo	November 13, 2018	Resignation	Director
Yuji Umemura	November 13, 2018	Resignation	Outside Director Corporate Officer of Yahoo Japan Corporation

3) Overview of content of limited liability contracts

The Company has entered into an agreement with each Outside Director and each Outside Audit & Supervisory Board Member in accordance with Paragraph 1, Article 427 of the Companies Act to limit liabilities for damages to the Company as stipulated in Paragraph 1, Article 423 of the Companies Act.

The Company intends to limit the liabilities under the agreement to the minimum liability amount stipulated in Paragraph 1, Article 425 of the Companies Act.

The Company also entered into the liability limitation agreement with the same content stated above with Mr. Yuji Umemura, an Outside Director who resigned on November 13, 2018.

4) Remuneration for Directors and Audit & Supervisory Board Members

a. Aggregate amount of remuneration for the current fiscal year

Item	Number of Directors and Audit & Supervisory Board Members	Amount of remuneration (Thousand yen)
Directors (o/w, Outside Directors)	6 (3)	28,760 (5,400)
Audit & Supervisory Board Members (o/w, Outside Audit & Supervisory Board Members)	2 (1)	9,560 (2,400)
Total (o/w, Outside Board Members)	8 (4)	38,320 (7,800)

- Notes: 1. This table shows amount of remuneration for the period from October 1, 2018, when the Company was established, to March 31, 2019.
2. The number of Directors with remuneration includes one Director who retired on November 13, 2018 and excludes one Director without remuneration (o/w, one Outside Director) and one Director without remuneration (o/w, one Outside Director) who retired on November 13, 2018.
3. The number of Audit & Supervisory Board Members with remuneration excludes one Audit & Supervisory Board Member without remuneration (o/w, one Outside Audit & Supervisory Board Member).
4. The aggregate amount of remuneration to be paid to Directors for the beginning on the date of incorporation and ending at the close of the first Ordinary General Meeting of Shareholders is stated as no more than ¥166,500 thousand in Article 2 of the supplementary provisions of the Company's Articles of Incorporation.
5. The aggregate amount of remuneration to be paid to Audit & Supervisory Board Members for the beginning on the date of incorporation and ending at the close of the first Ordinary General Meeting of Shareholders is stated as no more than ¥27,000 thousand in Article 2 of the supplementary provisions of the Company's Articles of Incorporation.

b. Retirement benefits paid to the Board Members in the current fiscal year

Not applicable.

c. Aggregate amount of remuneration and other amounts that Outside Board Members received from the parent company or subsidiaries, etc.

Not applicable.

d. Method of determining the policy over determining the amount of remuneration to be paid to the Board Members or its calculation method, and overview of the policy

The remuneration to be paid to Directors are to be determined within the limit resolved in General Meeting of Shareholders by the Remuneration Review Committee that consists of the President and Independent Outside

Directors after making consideration over the performance of the Company and the contribution of each Director to the Company. This policy has been resolved at the Board of Directors meetings.

The remuneration and other amounts to be paid to Audit & Supervisory Board Members are to be determined with discussion among Audit & Supervisory Board Members within the limit resolved in General Meeting of Shareholders.

5) Matters Concerning the Company's Outside Board Members

- a. Significant concurrent positions as business executer at other organizations and relationship between the Company and such organizations

Director Mr. Noriyuki Nobayashi serves concurrently as Corporate Officer, General Manager of Marketing Division of Kamakura Shinsho, Ltd. There is no special relationship between Kamakura Shinsho and the Company.

Mr. Yuji Umemura, who resigned as a Director on November 13, 2018, was concurrently a Corporate Officer of Yahoo Japan Corporation. During his term as a Director of the Company, Yahoo Japan Corporation was a major shareholder of the Company and an "other associated company." Also, there was a capital and business alliance between the Company and Yahoo Japan Corporation.

Director Mr. Masayuki Chiba serves concurrently as Managing Director of MARUZEN-YUSHODO Company, Limited. MARUZEN-YUSHODO Company, Limited is one of the Company's major shareholders and the "subsidiary of other associated companies." MARUZEN-YUSHODO Company, Limited is engaged in general transaction with subsidiaries of the Company over construction and equipment of stores. MARUZEN-YUSHODO and subsidiaries of the Company belong to the same business category.

Audit & Supervisory Board Member Ms. Agasa Naito serves as a Partner in Tanabe & Partners. There is no special relationship between the law office and the Company.

Audit & Supervisory Board Member Mr. Hideaki Kobori serves as Head of Group Business Promotion Department, Business Promotion Division of Dai Nippon Printing Co., Ltd. Dai Nippon Printing Co., Ltd. is one of the Company's major shareholders and the "other associated companies." Dai Nippon Printing Co., Ltd. is engaged in general transaction with subsidiaries of the Company over procurement of merchandise and other operations.

- b. Significant concurrent positions as outside director or other position at other organizations and relationship between the Company and such organization.

Director Mr. Noriyuki Nobayashi serves concurrently as Outside Audit & Supervisory Board Member of LOGNOTE, Ltd. There is no special relationship between LOGNOTE, Ltd. and the Company.

- c. Principal activities during the current fiscal year

- Attendance at the Board of Directors Meetings and the Audit & Supervisory Board Meetings

		Board of Directors Meeting (Number of meetings held: 7)		Audit & Supervisory Board Meeting (Number of meetings held: 7)	
		Number of meetings attended	Attendance rate (%)	Number of meetings attended	Attendance rate (%)
Director	Katsuo Nakano	6	85.7	-	-
Director	Noriyuki Nobayashi	7	100.0	-	-
Director	Yoshitaka Sato	7	100.0	-	-
Director	Yuji Umemura	0	0.0	-	-
Director	Masayuki Chiba	6	85.7	-	-
Audit & Supervisory Board Member	Agasa Naito	7	100.0	7	100.0
Audit & Supervisory Board Member	Hideaki Kobori	7	100.0	7	100.0

Notes: 1. This table shows attendance data for the period from October 1, 2018, when the Company was established, to

March 31, 2019.

2. As Director Yuji Umemura resigned on November 13, 2018, there were only two meetings of the Board of Directors while he was a Director during the period covered by this table.
3. Apart from the Board of Directors meetings above, there were two occasions of resolution in writing that are deemed resolutions of Board of Directors meeting pursuant to the Article 370 of the Companies Act and Article 24 of the Company's Articles of Incorporation.

- Participation of the Outside Directors to the discussions at the Board of Directors meeting and other meetings

Director Mr. Katsuo Nakano has provided various pieces of advice regarding BOOKOFF franchise business and management in general based on his long years of experience in managing companies operating BOOKOFF franchisee stores and on his various experiences including management of subsidiary in a major corporate group.

Director Mr. Noriyuki Nobayashi has provided various pieces of advice regarding service, sales promotion, marketing, approaches to new business and management in general based on his wealth of experience and expertise in his engagement in the management at other company.

Director Mr. Yoshitaka Sato has provided various pieces of advice regarding publication related business and management in general based on his wealth of experience and wide range of insights at major publishing company and industry.

Director Mr. Yuji Umemura, who resigned as a Director on November 13, 2018, had provided various pieces of advice regarding the Company's future business activities and management in general based on his wealth of experience and expertise in e-commerce business and planning and development of services.

Director Mr. Masayuki Chiba has provided various pieces of advice regarding future business activities and management in general based on his wealth of experience and wide range of insights of a business executive and director at other companies.

- Participation of Outside Audit & Supervisory Board Members to the discussions at the Board of Directors meetings and Audit & Supervisory Board meetings

Audit & Supervisory Board Member Ms. Agasa Naito has provided supervision and various pieces of advice regarding management in general based on expertise and experience as an attorney-at-law.

Audit & Supervisory Board Member Mr. Hideaki Kobori has provided supervision and various pieces of advice regarding management in general based on his wealth of experience and wide range of insights of a business executive and outside auditor at other companies.

Consolidated Financial Statements

Consolidated Balance Sheet (As of March 31, 2019)

(Unit: million yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	23,765	Current liabilities	16,518
Cash and deposits	6,142	Accounts payable-trade	431
Accounts receivable-trade	1,590	Short-term loans payable	5,926
Merchandise	12,915	Current portion of long-term loans payable	3,716
Supplies	43	Lease obligations	348
Other	3,079	Accounts payable-other	2,537
Allowance for doubtful accounts	(6)	Income taxes payable	135
Non-current assets	16,882	Provision for sales rebates	546
Property, plant and equipment	5,932	Provision for loss on store closing	44
Buildings and structures	3,770	Other provision	469
Land	175	Other	2,361
Leased assets	1,352	Non-current liabilities	11,121
Construction in progress	1	Long-term loans payable	7,775
Other	633	Lease obligations	1,159
Intangible assets	1,204	Provision for loss on store closing	29
Goodwill	84	Asset retirement obligations	1,747
Leased assets	12	Other	410
Other	1,107	Total liabilities	27,640
Investments and other assets	9,744	Net assets	
Investment securities	455	Shareholders' equity	12,817
Deferred tax assets	1,643	Capital stock	100
Guarantee deposits	7,530	Capital surplus	6,489
Other	175	Retained earnings	8,571
Allowance for doubtful accounts	(60)	Treasury shares	(2,343)
		Accumulated other comprehensive income	27
		Valuation difference on available-for-sale securities	158
		Foreign currency translation adjustment	(131)
		Non-controlling interests	161
		Total net assets	13,006
Total assets	40,647	Total liabilities and net assets	40,647

Note: Amounts are rounded down to the nearest million yen.

Consolidated Statement of Income (April 1, 2018 to March 31, 2019) (Unit: million yen)

Item	Amount	
Net sales		80,796
Cost of sales		32,561
Gross profit		48,235
Selling, general and administrative expenses		46,684
Operating profit		1,550
Non-operating income		
Rent revenues on facilities	301	
Gain from installment of vending machine	142	
Gain on sales of recycling goods	357	
Other	255	1,056
Non-operating expenses		
Interest expenses	156	
Share of loss of entities accounted for using equity method	8	
Rent expenses on facilities	278	
Other	43	486
Ordinary profit		2,120
Extraordinary income		
Gain on sales of non-current assets	73	
Gain on transfer of store	26	
Compensation for transfer	60	160
Extraordinary losses		
Loss on closing of stores	49	
Provision for loss on store closing	40	
Loss on retirement of non-current assets	121	
Impairment loss	274	
Loss on disaster	18	503
Profit before income taxes		1,777
Income taxes-current	373	
Income taxes-deferred	(791)	(418)
Profit		2,195
Profit attributable to non-controlling interests		23
Profit attributable to owners of parent		2,172

Note: Amounts are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity (April 1, 2018 to March 31, 2019) (Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,652	4,192	6,605	(1,255)	13,194
Changes of items during period					
Dividends of surplus			(206)		(206)
Profit attributable to owners of parent			2,172		2,172
Purchase of treasury shares				(2,343)	(2,343)
Cancellation of treasury shares		(1,255)		1,255	-
Increase (decrease) by share transfers	(3,552)	3,552			-
Net changes of items other than shareholders' equity					
Total changes of items during period	(3,552)	2,296	1,966	(1,088)	(377)
Balance at end of current period	100	6,489	8,571	(2,343)	12,817

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	81	(110)	(28)	141	13,307
Changes of items during period					
Dividends of surplus					(206)
Profit attributable to owners of parent					2,172
Purchase of treasury shares					(2,343)
Cancellation of treasury shares					-
Increase (decrease) by share transfers					-
Net changes of items other than shareholders' equity	77	(21)	56	20	76
Total changes of items during period	77	(21)	56	20	(301)
Balance at end of current period	158	(131)	27	161	13,006

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(As of March 31, 2019)

(Unit: million yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	1,217	Current liabilities	637
Cash and deposits	22	Current portion of long-term loans payable	400
Accounts receivable-trade	90	Accounts payable-other	85
Prepaid expenses	6	Accrued expenses	25
Accounts receivable-other	266	Income taxes payable	22
Short-term loans receivable	829	Deposits received	7
Other	2	Provision for bonuses	14
Non-current assets	12,115	Provision for shareholder benefit program	82
Property, plant and equipment	0	Non-current liabilities	1,550
Tools, furniture and fixtures	0	Long-term loans payable	1,530
Intangible assets	1	Deferred tax liabilities	20
Software	1	Total liabilities	2,188
Investments and other assets	12,113	Net assets	
Investment securities	308	Shareholders' equity	11,068
Shares of subsidiaries and associates	11,405	Capital stock	100
Long-term loans receivable	390	Capital surplus	12,908
Other	10	Legal capital surplus	25
		Other capital surplus	12,883
		Retained earnings	403
		Other retained earnings	403
		Retained earnings brought forward	403
		Treasury shares	(2,343)
		Valuation and translation adjustments	76
		Valuation difference on available-for-sale securities	76
		Total net assets	11,144
Total assets	13,332	Total liabilities and net assets	13,332

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Statement of Income (October 1, 2018 to March 31, 2019) (Unit: million yen)

Item	Amount	
Operating revenue		904
Operating expenses		450
Operating profit		453
Non-operating income		
Interest income	3	
Gain on investments in partnership	2	
Other	1	7
Non-operating expenses		
Interest expenses	11	
Other	2	13
Ordinary profit		446
Profit before income taxes		446
Income taxes-current	58	
Income taxes-deferred	(15)	43
Profit		403

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Equity (October 1, 2018 to March 31, 2019) (Unit: million yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	-	-	-	-	-	-	-	-
Changes of items during period								
Increase by share transfers	100	25	12,883	12,908				13,008
Profit					403	403		403
Purchase of treasury shares							(2,343)	(2,343)
Net changes of items other than shareholders' equity								
Total changes of items during period	100	25	12,883	12,908	403	403	(2,343)	11,068
Balance at end of current period	100	25	12,883	12,908	403	403	(2,343)	11,068

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	-	-	-
Changes of items during period			
Increase by share transfers			13,008
Profit			403
Purchase of treasury shares			(2,343)
Net changes of items other than shareholders' equity	76	76	76
Total changes of items during period	76	76	11,144
Balance at end of current period	76	76	11,144

Note: Amounts are rounded down to the nearest million yen.