



Notice of Convocation of the 26th Ordinary General Meeting of Shareholders

April 1, 2016 - March 31, 2017

Date and time

Saturday, June 24, 2017 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 Nine Directors

Proposal No. 3: Election of One Substitute Audit & Supervisory Board Member

BOOKOFF CORPORATION LIMITED

Securities code: 3313

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Message from the President

BOOKOFF announced a medium-term business plan in May 2015 with two central themes. First is innovation in the areas we serve (using our store network to increase sales). Second is innovation in our merchandise (adding home appliances in a step to facilitate the reuse of everything). The plan's goal was to raise consolidated operating profit to ¥4 billion in the fiscal year ending in March 2020. Unfortunately, we reported losses in the last two fiscal years and plan to reduce the dividend applicable to the past fiscal year.

In April 2017, we established a new management framework and the following month the medium-term plan was canceled. Now we have shifted our focus to two new priorities to build on our extensive reuse infrastructure and position as the leader in Japan's reuse product sector. The first priority is maximizing purchases by utilizing the BOOKOFF Group's network. The second priority is maximizing sales efficiency for items purchased in order to generate profits.

The reuse product market in Japan is becoming even more competitive due to services using only the Internet, the growth of the C-to-C reuse category and other events. In our core Reuse Store Business, we worked on upgrading operations region by region. Our goals were making stores more appealing to create stores that customers like and taking advantage of the comprehensive strengths of our group's store network. These measures made stores focus on using stable operations for consistent profitability.

To compete and win in Japan's highly competitive reuse market, which continues to grow, we will fully utilize our key assets: our people, customer relationships, store network, and brand recognition and value. We are determined to build a stable profit structure and then implement reforms that reflect the business climate in order to aim for growth.

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

Securities code: 3313

June 5, 2017

To Our Shareholders:

Yasutaka Horiuchi, President and CEO
BOOKOFF CORPORATION LIMITED
2-14-20 Kobuchi, Minami-ku, Sagamihara, Kanagawa Japan

Notice of Convocation of the 26th Ordinary General Meeting of Shareholders

I would like to take this opportunity to thank you for your support of BOOKOFF CORPORATION LIMITED (“BOOKOFF” or the “Company”). We will hold the 26th 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 23, 2017.

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 (<http://www.evotep.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 24, 2017 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 26th Fiscal Year (April 1, 2016 - March 31, 2017)
 2. Non-consolidated Financial Statements for the Company's 26th Fiscal Year (April 1, 2016 - March 31, 2017)
 - Proposals to be resolved:
 - Proposal No. 1: Appropriation of Retained Earnings
 - Proposal No. 2: Election of Nine Directors
 - Proposal No. 3: Election of One Substitute Audit & Supervisory Board Member
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. Similarly, if you vote in duplicate using a personal computer, a smartphone and a mobile phone, 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.

Results of operations for the fiscal year ended March 31, 2017 were far below the forecast. In addition, there is a need to maintain the proper balance between the medium to long-term outlook for the operating environment and the retained earnings and financial soundness required for future business activities. Consequently, the decision was made to reduce the year-end dividend.

- | | |
|--|---|
| (1) Type of dividend: | Cash |
| (2) Dividend payment and total amount: | 10 yen per share of common stock of the Company
Total amount of dividends: 205,474,180 yen |
| (3) Effective date of distribution of retained earnings: | June 26, 2017 |

■ Proposal No. 2: Election of Nine Directors

At the conclusion of this General Meeting of Shareholders, the term of office of all twelve Directors will expire. After considering the structure of the board structure of the Company, we reached the decision that we can continue to maintain an effective corporate governance system after reducing the number of Directors by three. Consequently, shareholders are asked to approve the following nine Director candidates, including five Outside Directors, three of which are Independent Outside Directors.

The candidates for Directors are as follows.

Candidate No.	Name	Current Positions and Responsibilities	Remarks
1	Yasutaka Horiuchi	President and CEO	Reelection
2	Mayumi Hashimoto	Director	Reelection
3	Yoshifumi Tsutsumi	Independent Outside Director	Reelection
4	Yutaka Hyodo		New
5	Katsuo Nakano	Independent Outside Director	Reelection Outside Independent
6	Noriyuki Nobayashi	Independent Outside Director	Reelection Outside Independent
7	Yoshitaka Sato	Independent Outside Director	Reelection Outside Independent
8	Yuji Umemura	Outside Director	Reelection Outside
9	Masayuki Chiba	Outside Director	Reelection Outside

Candidate No.
1

Yasutaka Horiuchi

Candidate for reelection

● Brief personal history, position and responsibility

- April 1999 Joined the Chuo Coopers & Lybrand Consulting Co., Ltd. (formerly)
- August 2004 Joined Tohmatsu Consulting Co., Ltd. (currently Deloitte Tohmatsu Consulting LLC)
- March 2006 Joined the Company
- April 2008 Executive Officer, Deputy General Manager of Administrative Division of the Company
- June 2009 Director, Executive Officer, General Manager of Administrative Division of the Company
- April 2012 Director, Executive Officer, General Manager of the Corporate Planning Department of the Company
- April 2013 Director and Executive Officer of the Company
- April 2015 President and CEO of BOOKOFF Online, Inc.
- January 2016 President and CEO of Booklog, Inc. (to present)
- March 2016 Director, Executive Officer, General Manager of the Corporate Planning Department of the Company
- April 2017 Director and Executive Officer of the Company
- April 2017 President and CEO of the Company (to present)

● Date of birth

April 28, 1976

● Number of shares of the Company held

4,700 shares

● Term of office as Director (at the conclusion of this General Meeting of Shareholders)

8 years

● Attendance at the Board of Directors meetings in FY3/2017

14/14 (100%)

● Significant concurrent positions

There are no significant concurrent positions.

● Particular conflicts of interest between the candidate and the Company

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

● The reason for the nomination

Mr. Horiuchi has many years of involvement with corporate planning for the BOOKOFF Group and a thorough understanding of the Group's business operations. In addition, he has experience supervising e-commerce and web services such as BOOKOFF Online and book log. As a result, he is a Director candidate because his knowledge and experience can contribute to the growth of BOOKOFF's corporate value.

● Comments from candidate to shareholders

I became President and CEO in April 2017. My first task is to respond to the rapid increase in competition in the reuse market by shifting our focus from growth to efficiency in order to quickly return to a framework that is consistently profitable. To compete and win in Japan's reuse market, we will go back to the basics that make BOOKOFF strong and appealing. I want to create a plan for sustainable growth and then take on challenges with our workforce and produce results.

Candidate No.

2

Mayumi Hashimoto

Candidate for reelection

● **Brief personal history, position and responsibility**

August 1991 Joined the Company
August 1994 Director of the Company
June 2003 Managing Director of the Company
June 2006 President and CEO of the Company
June 2007 Director and Chairman of the Company
June 2013 Director and Senior Advisor of the Company
April 2017 Director of the Company (to present)

● **Significant concurrent positions**

There are no significant concurrent positions.

● **Date of birth**

March 21, 1949

● **Number of shares of the Company held**

51,900 shares

● **Term of office as Director (at the conclusion of this General Meeting of Shareholders)**

22 years and 10 months

● **Attendance at the Board of Directors meetings in FY3/2017**

14/14 (100%)

● **Particular conflicts of interest between the candidate and the Company**

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

● **The reason for the nomination**

Ms. Hashimoto has been a key executive at BOOKOFF since its inception, overseeing store operations, chain operations, and employee development and training. She has experience with overcoming challenges. She is a director candidate because she has the skills needed to achieve the growth of directly operated and franchised stores by refocusing store operations on core BOOKOFF values.

● **Comments from candidate to shareholders**

I have reaffirmed the strengths of the BOOKOFF chain in my role as the executive in charge of directly operated stores. We have established the goals of maximizing purchases and maximizing sales efficiency in order to utilize these strengths. I will use this stance for actions for the goals of achieving the proper level of costs and becoming profitable.

Store operations are divided into five regions, each supervised by a regional manager. We will use know-how acquired from store operations since our inception to train people and make stores more appealing.

Furthermore, I plan to use links between Internet and store operations so that our entire chain can use the Group's overall strengths to compete and win in every area of Japan.

Candidate No.

3

Yoshifumi Tsutsumi

Candidate for reelection

● **Brief personal history, position and responsibility**

- October 1973 Passed the second test of Certified Public Accountant Examination
- December 1973 Joined Tohmatsu Aoki & Co. (currently Deloitte Touche Tohmatsu LLC)
- June 1987 Firm member of Sanwa Tohmatsu Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
- October 2010 Head of the Kyoto Office of Deloitte Touche Tohmatsu LLC
- March 2015 Full-time Corporate Auditor of Tribeck Strategies Inc. (to present)
- June 2015 Outside Director of the Company (to present)

● **Date of birth**

November 5, 1949

● **Number of shares of the Company held**

0 share

● **Term of office as Director (at the conclusion of this General Meeting of Shareholders)**

2 years

● **Attendance at the Board of Directors meetings in FY3/2017**

14/14 (100%)

● **Significant concurrent positions**

Full-time Corporate Auditor, Tribeck Strategies Inc.

● **Particular conflicts of interest between the candidate and the Company**

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

● **The reason for the nomination**

Mr. Tsutsumi is a certified public accountant with extensive knowledge about finance and accounting. As an Outside Director during the past two years, Mr. Tsutsumi has gained a thorough understanding of the BOOKOFF Group's business operations and other aspects of the Group. He is a Director candidate because he has the knowledge and experience needed to contribute to improving the Group's profitability and the efficiency of back-office operations.

● **Comments from candidate to shareholders**

I have been an Independent Outside Director for the past two years. Now I want to play an even more active role as a Director.

I will use my experience as a certified public accountant to aim for goals of restoring profitability through efficient operations and improving corporate value through corporate governance reforms. I will work hard to make a contribution to achieving sustained growth.

I respectfully ask for your continue support.

Candidate No.
4

Yutaka Hyodo

New candidate

● **Brief personal history, position and responsibility**

April 1989 Joined The Nippon Fire & Marine Insurance Co., Ltd. (currently Sompo Japan Nipponkoa Insurance Inc.)

August 2001 Joined Yahoo Japan Corporation

July 2010 Senior Manager of Marketing Promotion Department, EC Operation Division, Consumer Business Group of Yahoo Japan Corporation

January 2011 Senior Manager of Category 3 Department, EC Operation Division, Consumer Business Group of Yahoo Japan Corporation

July 2012 Vice President of Auction Unit, Consumer Business Company of Yahoo Japan Corporation

February 2013 President and CEO of Carview Corporation

● **Date of birth**

September 17, 1965

● **Number of shares of the Company held**

0 share

● **Significant concurrent positions**

There are no significant concurrent positions.

● **Particular conflicts of interest between the candidate and the Company**

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

● **The reason for the nomination**

Mr. Hyodo has an experience as the president of a company affiliated with Yahoo Japan Corporation, which has an equity and business alliance with BOOKOFF. His experience gives him considerable knowledge about starting new services, the use of web services and other subjects. He is a Director candidate because he has the knowledge and experience needed for the implementation and success of business activities that use the Yahoo alliance.

● **Comments from candidate to shareholders**

I think there is no doubt that the reuse of merchandise will become increasingly important as society continues to place more emphasis on recycling.

BOOKOFF has the goals of building an infrastructure for people who don't let things go to waste and enabling the reuse of almost everything. I will use everything I learned during my career to help accomplish these goals. I am determined to contribute to the long-term growth of BOOKOFF's corporate value.

Candidate No.
5

Katsuo Nakano

Candidate for reelection
Candidate for Outside Director
Candidate for Independent Executive

● **Brief personal history, position and responsibility**

- April 1968 Joined KASHIYAMA CO., LTD. (currently ONWARD HOLDINGS CO., LTD.)
- April 1995 President and CEO of Booklet Co., Ltd.
- March 2011 Advisor of ONWARD HOLDINGS CO., LTD.
- June 2011 Outside Director of the Company (to present)
- March 2012 Advisor of ONWARD HOLDINGS CO., LTD. (part-time)

● **Significant concurrent positions**

There are no significant concurrent positions.

● **Date of birth**

October 9, 1944

● **Number of shares of the Company held**

3,400 shares

● **Term of office as Director (at the conclusion of this General Meeting of Shareholders)**

6 years

● **Attendance at the Board of Directors meetings in FY3/2017**

14/14 (100%)

● **Particular conflicts of interest between the candidate and the Company**

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

● **The reason for the nomination**

Mr. Nakano has an experience as the president of a company that operates franchised BOOKOFF stores and has been involved with store operations for many years. He is a Director candidate because he can use his knowledge and experience to discuss ideas for growth of the entire BOOKOFF chain from the standpoint of a franchisee, thereby contributing to growth of the chain and the BOOKOFF Group's corporate value.

● **Comments from candidate to shareholders**

BOOKOFF's performance has been disappointing for the past two years. There is an urgent need to improve profitability. The Company must reexamine all business operations, build a low-cost operating structure, and strengthen risk management regarding the gap between investments and forecasts for returns. I think it is important to achieve the profit target for this fiscal year in order to build relationships with stakeholders rooted in strong bonds of trust.

The goal is growth of the "BOOKOFF for people who don't let things go to waste." To accomplish this, I will use know-how that includes experience managing BOOKOFF franchised stores to offer my opinions and ideas for making the entire franchised store chain more profitable along with sound growth and other forms of progress.

Candidate No.
6

Noriyuki Nobayashi

Candidate for reelection

Candidate for Outside Director

Candidate for Independent Executive

● Brief personal history, position and responsibility

- April 1987 Joined Recruit Co., Ltd.
- December 2003 Joined Lawson, Inc.
- May 2007 Director of LAWSON TICKET INC. (currently
LAWSON HMV Entertainment, Inc. (“LHE”))
- June 2007 Director of i-Convenience, Inc. (currently LHE)
- September 2007 Senior Vice President, Marketing Station Director,
General Manager, Services Division of Lawson, Inc.
- March 2009 Senior Vice President, General Manager of
Entertainment & Service Development Division of
Lawson, Inc.
- February 2010 President and CEO, General Manager of Live
Entertainment Business Division of LAWSON
ENTERMEDIA, INC. (currently LHE)
- May 2010 President of LAWSON ENTERMEDIA, INC.
- December 2010 Outside Director of HMV Japan K.K. (currently LHE)
(part-time)
- May 2011 Director of LAWSON ENTER MEDIA, INC.
(currently LHE) (part-time)
- June 2011 Outside Director of the Company (to present)
- September 2011 Director of LHE
- March 2013 Director of LEGS COMPANY, LTD.
- March 2014 Managing Executive Officer of LEGS COMPANY,
LTD.
- March 2015 Senior Managing Director of LEGS COMPANY, LTD.
- January 2016 Director of LEGS COMPANY, LTD.
Managing Executive Officer, CMO of FiNC inc.
- March 2017 Director and CMO of FiNC inc. (to present)

● Date of birth

November 18, 1964

● Number of shares of the Company held

10,000 shares

● Term of office as Director (at the conclusion of this General Meeting of Shareholders)

6 years

● Attendance at the Board of Directors meetings in FY3/2017

14/14 (100%)

● Significant concurrent positions

Director and CMO, FiNC inc.

● Particular conflicts of interest between the candidate and the Company

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

● The reason for the nomination

Mr. Nobayashi has many years of experience in the field of marketing as well as experience with chain store management. He therefore has the knowledge and experience needed for upcoming marketing activities and the design of services. In addition, as an independent director, he can help ensure that the BOOKOFF corporate governance framework is proper by providing advice and ideas based on his experience as a manager. For these reasons, Mr. Nobayashi is a Director candidate.

● Comments from candidate to shareholders

To increase sales, BOOKOFF must perform more research concerning its customers as well as research involving the Internet and other business channels in order to find ways to touch the hearts of customers. Furthermore, sound store operations are what create regular customers who come back again and again. I will provide marketing advice and management advice for putting the customer first.

Candidate No.
7

Yoshitaka Sato

Candidate for reelection

Candidate for Outside Director

Candidate for Independent Executive

● Brief personal history, position and responsibility

- March 1969 Joined Shogakukan Hanbai Inc. (currently SHOGAKUKAN Inc.)
- March 1997 General Manager of Marketing Division of SHOGAKUKAN Inc.
- June 2003 Executive Officer, General Manager of President Office of SHOGAKUKAN Inc.
- May 2007 Advisor of President Office of SHOGAKUKAN Inc.
- June 2012 Advisor of SHOWATOSHO Co.,Ltd.
Outside Director of the Company (to present)

● Date of birth

May 27, 1946

● Number of shares of the Company held

0 share

● Term of office as Director (at the conclusion of this General Meeting of Shareholders)

5 years

● Attendance at the Board of Directors meetings in FY3/2017

14/14 (100%)

● Significant concurrent positions

There are no significant concurrent positions.

● Particular conflicts of interest between the candidate and the Company

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

● The reason for the nomination

Mr. Sato has extensive knowledge gained from many years in the publishing industry. He is expected to use his relationships in this industry to help increase the corporate value of the BOOKOFF Group. Also, as an independent director, he can use his management experience to state opinions that can help ensure that the corporate governance framework is proper. For these reasons, Mr. Sato is a Director candidate.

● Comments from candidate to shareholders

In the previous fiscal year, BOOKOFF's sales increased but sales of books declined.

I want to use my publishing background to help increase the population of book readers by raising used book sales.

In this fiscal year, I will focus my energy on a recovery in BOOKOFF's earnings.

I think there is an urgent need to build a profitable business model by using actions covering all merchandise categories that target stores, the Internet and global operations.

Candidate No.
8

Yuji Umemura

Candidate for reelection

Candidate for Outside Director

● Brief personal history, position and responsibility

- April 1990 Joined All Nippon Airways Co., Ltd. (currently ANA HOLDINGS INC.)
- May 2004 Joined Yahoo Japan Corporation (“Yahoo Japan”)
- April 2008 Senior Manager of Planning Department, Search Business Division of Yahoo Japan
- April 2009 Senior Manager of Search Development Department, Front End Development Division, R&D Group of Yahoo Japan
- April 2012 Senior Manager of Development 1 Department, Media Development Division, Media Business Group of Yahoo Japan
- July 2012 Vice President of Search Media Unit of Yahoo Japan
- April 2013 Vice President of YAHUOKU! Unit of Yahoo Japan
- April 2014 Corporate Officer, President of YAHUOKU! Company of Yahoo Japan (to present)
- June 2014 Outside Director of the Company (to present)
- March 2015 Director of Carview Corporation (to present)
- August 2015 Outside Director of Sony Real Estate Corporation (to present)
- June 2016 Outside Director of The Japan Net Bank, Limited (to present)

● Date of birth

May 7, 1967

● Number of shares of the Company held

0 share

● Term of office as Director (at the conclusion of this General Meeting of Shareholders)

3 years

● Attendance at the Board of Directors meetings in FY3/2017

14/14 (100%)

● Significant concurrent positions

Corporate Officer, Yahoo Japan Corporation

● Particular conflicts of interest between the candidate and the Company

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

● The reason for the nomination

Mr. Umemura gained considerable experience and knowledge about the planning and development of services at Yahoo Japan Corporation. Furthermore, as the president of YAHUOKU! Company, he has the skills, such as for securing the necessary resources, needed for effectively conducting joint business activities based on the equity and business alliance between BOOKOFF and Yahoo Japan. For these reasons, Mr. Umemura is a Director candidate.

● Comments from candidate to shareholders

BOOKOFF had a loss in the fiscal year that ended in March 2017. The share of merchandise other than books continues to grow and YAHUOKU! sales increased rapidly to about the same level as the best-performing stores. BOOKOFF is also making infrastructure investments to set up new purchasing routes using the Internet. As a result, there was also progress during the past fiscal year regarding the medium-term plan goal of transforming BOOKOFF from a place that sells books to a place that sells reuse products of all types.

This is a difficult transition period requiring investments for the future. To create a BOOKOFF that can once again grow consistently, the Company must not stop moving forward even when facing challenges.

When I first became a BOOKOFF director, the Company had the philosophy of “combining real and Internet operations at a high level in order to be a source of new value for users.” Based on this philosophy, I want to play a role in progress at BOOKOFF, mainly involving business activities using the alliance with Yahoo Japan.

I respectfully ask for your continued support.

Candidate No.
9

Masayuki Chiba

Candidate for reelection

Candidate for Outside Director

● Brief personal history, position and responsibility

- April 1981 Joined Dai Nippon Printing Co., Ltd. (“DNP”)
- October 2001 General Manager of 2nd Sales Unit, Tokyo 3rd Sales Department, Business Foam Operation Division of DNP
- October 2009 Education & Publication Distribution Solutions Division of DNP
- April 2012 General Manager of Marketing Promotion Department, Education & Publication Distribution Solutions Division of DNP
- April 2014 Head of Education Business Development Unit, “honto” Business Division of DNP
- April 2015 Director of Maruzen Company, Ltd. (currently MARUZEN -YUSHODO Company, Limited) (to present)
- June 2015 Outside Director of the Company (to present)
- January 2016 Head of MARUZEN-YUSHODO Cooperative Support Team, “honto” Business Division of DNP
- October 2016 Head of MARUZEN CHI Cooperative Support Team, “honto” Business Division of DNP (to present)
- November 2016 Director of Japan Digital Library Service Co.,Ltd. (to present)

● Date of birth

September 4, 1957

● Number of shares of the Company held

0 share

● Term of office as Director (at the conclusion of this General Meeting of Shareholders)

2 years

● Attendance at the Board of Directors meetings in FY3/2017

14/14 (100%)

● Significant concurrent positions

Director, MARUZEN-YUSHODO Company, Limited

● Particular conflicts of interest between the candidate and the Company

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

● The reason for the nomination

Mr. Chiba has many years of experience in the field of sales at the Dai Nippon Printing Group and has considerable knowledge involving the establishment and management of targets associated with sales. He is a Director candidate because he has the knowledge and experience needed to improve the management skills of the BOOKOFF Group.

● Comments from candidate to shareholders

At MARUZEN-YUSHODO Company, Limited, I was involved with the sale of books to universities and assistance for solutions required for reforms at schools.

Universities must give students conventional knowledge. Students must also improve the ability to think on their own concerning subjects like globalization and active learning. Students must acquire knowledge in many fields in addition to their respective academic majors.

But there is no change in the use of books as the primary means of absorbing knowledge.

By creating many opportunities for people to come into contact with primary and secondary book distribution, I want to make even a small contribution to upgrading knowledge in Japan.

Notes: 1. The Company has entered into an agreement with Mr. Katsuo Nakano, Mr. Noriyuki Nobayashi, Mr. Yoshitaka Sato, Mr. Yuji Umemura and Mr. Masayuki Chiba 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 as stipulated in Paragraph 1, Article 425 of the Companies Act. If they are reelected, the Company plans to extend this agreement.

2. Mr. Katsuo Nakano, Mr. Noriyuki Nobayashi and Mr. Yoshitaka Sato are neither the case of the independence criteria set by securities exchanges in which the Company is listed nor the independence criteria set by the Company. They are registered at the exchange as independent executives, and they will remain independent executives if they are reelected. Please refer to page 15 for our independence standards of Outside Directors and Outside Audit & Supervisory Board Members.

■ Proposal No. 3: Election of One Substitute Audit & Supervisory Board Member

As the effect of the election of the substitute Audit & Supervisory Board Member elected at the 25th Ordinary General Meeting of Shareholders held on June 25, 2016 will expire at the beginning of this Meeting, in order to prepare for an insufficient number of Audit & Supervisory Board Members as prescribed by laws and regulations, the Company asks shareholders to elect the following candidate for substitute Audit & Supervisory Board Member.

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

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

Tsugio Yada

Candidate for reelection

Candidate for Substitute Outside
Audit & Supervisory Board Member

● Brief personal history and positions in the Company

- April 1976 Appointed as a public prosecutor of Tokyo District Public Prosecutors Office
Subsequently, served for Public Prosecutors Offices at the Districts of Sendai, Chiba, Kushiro, Tokyo, Osaka and Tokyo
- August 1989 Retired as a public prosecutor at Special Investigation Department of Tokyo District Public Prosecutors Office
- September 1989 Registered as an attorney-at-law (Daiichi Tokyo Bar Association)
Founded Yada Law Office
- May 1995 Managing Partner of Nozomi Sogo Attorneys at Law (renamed from Yada Law Office) (to present)

● Date of birth

July 22, 1948

● Number of shares of the Company held

0 share

● Significant concurrent positions

Managing Partner of Nozomi Sogo Attorneys at Law

● Particular conflicts of interest between the candidate and the Company

Nozomi Sogo Attorneys at Law whose Managing Partner is Mr. Tsugio Yada is one of the law offices that have entered into a legal advisory contract with the Company.

● The reason for the nomination

Although Mr. Tsugio Yada has no experience in involving in corporate management in the past, he has extensive experiences and professional knowledge and insight on the corporate legal affairs in general. As we have determined that he is capable of providing supervision and advice on our management in general, we have nominated him as a candidate for Substitute Outside Audit & Supervisory Board Member and we would like to ask for his election.

Note: If Mr. Tsugio Yada assumes a position as an Audit & Supervisory Board Member, 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.

Reference

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

BOOKOFF CORPORATION 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, 2017, the following assessments were performed as in the previous fiscal year. Assessments covered the composition, agenda and deliberations, operation, and effectiveness of the chairman. The resulting assessment was that the Board is generally effective, but there are issues.

- (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 four 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

To further improve the effectiveness of the Board of Directors, the quality of discussions for a recovery in performance and the accuracy of monitoring need to be improved. These actions will be taken so that the Board of Directors can fulfill its roles and duties more effectively.

Nomination of Candidates for Directors and Audit & Supervisory Board Member

The Nomination Advisory Committee consists of the President and the four Independent Outside Directors. This committee considers Director candidates to be submitted to the Ordinary General Meeting of Shareholders and passes on its conclusions to the Board of Directors. The Board of Directors use the committee's conclusions as the basis for discussions and the final selection of the Director candidates.

The Auditory & Supervisory Board has discussed submitting the same candidate for substitute Audit & Supervisory Board Member at the Ordinary General Meeting of Shareholders in June 2016 and agreed to retain the same candidate. This candidate was then approved by the Board of Directors.

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:
<http://www.bookoff.co.jp/ir/corporate.html> (available only in Japanese language).

BUSINESS REPORT (April 1, 2016 to March 31, 2017)

1. Current Status of the Corporate Group

■ Results of Operations for the Fiscal Year Under Review (FY3/2017)

(1) Progress and achievements

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 that ended on March 31, 2017, there were numerous initiatives to strengthen purchasing activities and sell merchandise more efficiently. While continuing to open stores, mainly comprehensive large-format stores, we took actions aimed at generating benefits from sales of reuse home appliances and online sales of store merchandise. There were also rigorous and extensive cost controls.

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 fiscal year, we opened five BOOKOFF SUPER BAZAAR stores and one BOOKOFF PLUS store. In addition, six BOOKOFF stores were converted into the BOOKOFF PLUS store format.

Following the previous fiscal year, the existing BOOKOFF stores continued to focus on the purchase and sale of reuse home appliances and submitting store merchandise to the YAHUOKU! Internet auction service of Yahoo Japan. In addition, there were more training activities for new part-time workers added in the previous fiscal year in preparation for the expected growth in purchases and sales of existing products along with reuse home appliances. Moreover, there were many cost-cutting actions that reflected the volume of merchandise purchased and sold by each store.

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

As a result of these efforts, consolidated net sales amounted to ¥81,344 million, which was a 6.2% increase from the previous fiscal year. The Group recorded an operating profit of ¥116 million (compared with an operating loss of ¥530 million in the previous fiscal year), an ordinary profit of ¥588 million (compared with an ordinary profit of ¥5 million in the previous fiscal year).

Loss attributable to owners of parent amounted to ¥1,159 million (compared with a loss of ¥528 million in the previous fiscal year), due to an extraordinary loss including impairment loss on existing stores and the recording of income taxes-deferred resulting from a reversal of deferred tax assets.

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

Sales by Segment

Segment		25th term (Fiscal year ended March 31, 2016)		26th term (Current fiscal year) (Fiscal year ended March 31, 2017)		YoY change	
		Amount	% to total sales	Amount	% to total sales	Amount	YoY change %
Reuse Store Business	Store sales	(Thousands yen) 65,791,294	(%) 85.9	(Thousands yen) 68,468,477	(%) 84.2	(Thousands yen) 2,677,183	(%) 4.1
	Sales to franchisees	2,748,686	3.6	2,682,302	3.3	(66,384)	(2.4)
	Sub-total	68,539,980	89.5	71,150,780	87.5	2,610,799	3.8
BOOKOFF Online Business		5,592,568	7.3	6,522,270	8.0	929,701	16.6
HUGALL Business		970,997	1.3	2,244,571	2.7	1,273,573	131.2
Total for reportable segments		75,103,547	98.1	79,917,621	98.2	4,814,073	6.4
Other		1,460,512	1.9	1,426,418	1.8	(34,094)	(2.3)
Total sales		76,564,060	100.0	81,344,039	100.0	4,779,979	6.2

■ Reuse Store Business

Business

The Company 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 FY3/2017

The segment recorded net sales of ¥71,150 million, which was a 3.8% increase compared with the previous fiscal year.

During the fiscal year, nine directly operated stores and two franchise stores were opened. There were 11 closings of directly operated stores, including one store that was closed to be combined with another Group store in the same building under a single brand. In addition, 26 franchise stores were closed, including eight stores that were closed to be combined with another Group store in the same building under a single brand.

Following the previous fiscal year, the existing BOOKOFF stores continued to focus on the purchase and sale of reuse home appliances while submitting store merchandise to the YAHUOKU! Internet auction service of Yahoo Japan. In addition, the Group has conducted education and training activities for the new part-time workers added in the previous fiscal year in preparation for the expected growth in purchases and sales activities. Moreover, there were many cost-cutting actions that reflected the volume of merchandise purchased and sold by each store.

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

■ BOOKOFF Online Business

Business

The subsidiary BOOKOFF Online, Inc. operates BOOKOFF Online, an E-commerce website selling books, software and other merchandise.

Results of operations for FY3/2017

The segment recorded net sales of ¥6,522 million, which was a 16.6% increase compared with the previous fiscal year.

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

■ HUGALL Business

Business

The subsidiary hug all, Inc. operates reuse businesses beyond the traditional retail format, dealing in products from a much greater range of categories.

Results of operations for FY3/2017

The segment recorded net sales of ¥2,244 million, which was a 131.2% increase compared with the previous fiscal year.

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

■ Other

Business

The Company operates Aoyama Book Center, Ryusui Shobo and yc-vox stores (new book sales), and also engaged in interior and exterior planning, design, and construction of stores in all segments.

The subsidiary B-Assist, Inc. is engaged in processing of merchandise for sale at stores.

The subsidiary Booklog, Inc. operates book review community site.

Results of operations for FY3/2017

The segment recorded net sales of ¥1,426 million, which was a 2.3% decrease compared with the previous fiscal year.

(2) Capital expenditures

The total amount of capital expenditures for the current fiscal year was ¥3,252 million (including guarantee deposits related store leases and leased assets), which were mainly spent for development of POS 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 used 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 2017, the amount of outstanding borrowings from financial institutions was ¥19,129 million, an increase of ¥2,394 million from one year earlier.

(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 Company completed an absorption-type merger of its subsidiary BOM Corporation, Inc. as of April 1, 2016.

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

In accordance with a shareholder contract signed by BOOKOFF, KOIKE co.,Ltd. and KOIKE MALAYSIA SDN BHD. on May 17, 2016, BOOKOFF purchased the stock of BOK MARKETING SDN BHD., a company that was established by KOIKE MALAYSIA. As a result, BOK MARKETING became a BOOKOFF subsidiary on July 22, 2016.

■ Status of Assets and Operating Results for the Past Three Fiscal Years

Category	23rd term (Fiscal year ended March 31, 2014)	24th term (Fiscal year ended March 31, 2015)	25th term (Fiscal year ended March 31, 2016)	26th term (Current fiscal year) (Fiscal year ended March 31, 2017)
Net sales (Thousand yen)	79,159,033	74,347,920	76,564,060	81,344,039
Ordinary profit (Thousand yen)	2,608,418	1,677,925	5,764	588,959
Profit (loss) attributable to owners of parent (Thousand yen)	951,702	151,479	(528,566)	(1,159,113)
Net income (loss) per share (Yen)	52.09	7.46	(25.69)	(56.41)
Total assets (Thousand yen)	40,336,661	47,437,915	50,514,020	51,047,330
Net assets (Thousand yen)	15,226,338	17,203,111	15,968,465	14,242,511

Note: The weighted average number of shares of common stock used in the calculation of net income per share for the 23rd term did not include shares of the Company's stock held by the BOOKOFF Corporation Employee Stock Ownership Association Trust.

■ 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 U.S.A., INC.	US\$ 1 million	100.0%	Operations of “BOOKOFF” stores in the United States
BOOKOFF Online, Inc.	¥100,000 thousand	100.0%	Operations of “BOOKOFF Online” that is a book and software reuse shop on the Internet
hug all, Inc.	¥100,000 thousand	100.0%	Operations of reuse business beyond the traditional retail format
Booklet Co., Ltd.	¥10,000 thousand	100.0%	Operations of “BOOKOFF” and other stores in Japan

Notes: 1. The Company has ten consolidated subsidiaries including the above four significant ones, two non-consolidated subsidiaries and one affiliated company accounted for using the equity method.

2. Subsidiary BOM Corporation, Inc. was merged into the Company as of April 1, 2016.

3. In accordance with a shareholder contract signed by BOOKOFF, KOIKE co.,Ltd. and KOIKE MALAYSIA SDN BHD. on May 17, 2016, BOOKOFF purchased the stock of BOK MARKETING SDN BHD., a company that was established by KOIKE MALAYSIA. As a result, BOK MARKETING became a BOOKOFF subsidiary on July 22, 2016.

4. Subsidiary BOOKOFF U.S.A., INC. has reduced its capital stock to US\$ 1 million in the current fiscal year.

(3) Status of other significant business combinations

Dai Nippon Printing Co., Ltd. falls under the “other associated companies” of the Company and owns 15.66% of voting rights of the Company combined with those owned by its subsidiaries, MARUZEN-YUSHODO Company, Limited and TRC Library Service Inc.

The Company entered into a capital and business alliance agreement with Yahoo Japan Corporation as of April 24, 2014, based on which it issued new shares and convertible bonds through a third party allotment to Yahoo Japan Corporation. As a result, Yahoo Japan Corporation acquired and owned 15.09% of voting rights of the Company, becoming one of the “other associated companies” of the Company.

Accordingly, SoftBank Corp., a parent company of Yahoo Japan Corporation, is the “parent company of other associated companies” of the Company.

■ Important Issues

This section explains important issues of the BOOKOFF Group.

(1) Realizing the goal of becoming “a company with an infrastructure for people who refuse to discard items that can be reused”

The BOOKOFF Group has positioned the goal of becoming a “company with an infrastructure for people who refuse to discard items that can be reused” as its business mission. We aim to simultaneously expand our customer base and maintain a competitive advantage by instilling the image of “BOOKOFF for people who don’t let things go to waste” in people’s minds.

To achieve this goal, our business activities will be based on a branding strategy that incorporates this business mission. And in order to provide a standard of service that enables customers to use each store with peace of mind, we will improve operational standards by making sure that employees fully understand company manuals and by providing practical training.

(2) Earnings stabilization for sustainable growth

To establish a foundation capable of supporting sustainable growth, BOOKOFF must move quickly to

achieve stable earnings by increasing the earnings of the Reuse Store Business and significantly altering the HUGALL Business.

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.

In the HUGALL Business, resources will be concentrated on the dispatch purchasing service and purchasing consultation desks at department stores. Distribution centers will be downsized to achieve the correct scale to match the volume of the HUGALL Business. The goal is to quickly become profitable by conducting a purchasing service for affluent and wealthy customers.

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

By taking various actions based on medium- to long-term business policies calling for maximizing purchases by leveraging the comprehensive power of the BOOKOFF Group and maximizing sales efficiency in stores and over the Internet, the Company aims for consistent growth.

(4) Communicate and instill the BOOKOFF Group corporate principles

BOOKOFF 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

■ Status of Stock (as of March 31, 2017)

- (1) Total number of authorized shares 40,000,000 shares
 (2) Total number of issued shares 22,573,200 shares
 (3) Number of shareholders 28,479
 (4) Major Shareholders

Name of shareholders	Number of shares held (shares)	Shareholding ratio (%)
Yahoo Japan Corporation	3,100,000	15.08
Hard Off Corporation	1,418,100	6.90
Dai Nippon Printing Co., Ltd.	1,283,000	6.24
MARUZEN-YUSHODO Company, Limited	1,183,300	5.75
BOOKOFF Corporation Employee Stock Ownership Association	1,048,678	5.10
Kodansha Company Ltd.	833,300	4.05
SHUEISHA Inc.	833,300	4.05
SHOGAKUKAN Inc.	833,300	4.05
TRC Library Service Inc.	750,000	3.65
BOOKOFF Corporation Franchisee Stock Ownership Association	385,921	1.87

Notes: 1. The Company holds 2,025,782 shares of 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.

■ Status of the Board Members

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2017)

Position	Name	Responsibilities and significant concurrent positions
Director and Senior Advisor	Mayumi Hashimoto	
President and CEO	Nobuyuki Matsushita	
Director	Shingo Koganei	
Director	Yohei Miyazaki	Representative Director, hug all, Inc.
Director	Yasutaka Horiuchi	
Director	Yushi Chousa	
Director	Katsuo Nakano	
Director	Noriyuki Nobayashi	Director, Chief Marketing Officer, FiNC inc.
Director	Yoshitaka Sato	
Director	Yuji Umemura	Corporate Officer, Yahoo Japan Corporation
Director	Yoshihumi Tsutsumi	Full-time Corporate Auditor, Tribeck Strategies Inc.
Director	Masayuki Chiba	Director, MARUZEN-YUSHODO Company, Limited
Full-time Audit & Supervisory Board Member	Hideaki Tamura	
Audit & Supervisory Board Member	Agasa Naito	Partner in Tanabe & Partners
Audit & Supervisory Board Member	Hideaki Kobori	Head of Related Business Department, Administrative Division, Dai Nippon Printing Co., Ltd.

- Notes: 1. Directors Mr. Katsuo Nakano, Mr. Noriyuki Nobayashi, Mr. Yoshitaka Sato, Mr. Yuji Umemura, Mr. Yoshihumi Tsutsumi 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, 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 the Company. 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 Mr. Yoshihumi Tsutsumi; 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.
5. Since the end of the current fiscal year, there was a change in position of Directors of the Company effective April 10, 2017.
- Mayumi Hashimoto: Director and Senior Advisor (before the change) to Director (after the change)
 - Nobuyuki Matsushita: President and CEO (before the change) to Director (after the change)
 - Yasutaka Horiuchi: Director (before the change) to President and CEO (after the change)

(2) Directors and Audit & Supervisory Board Members retired during FY3/2017

Name	Retirement date	Reason of the retirement	Position, responsibilities and significant concurrent positions at the time of retirement
Kazunobu Harada	May 10, 2016	Resignation	Director
Masami Ikeda	June 25, 2016	Resignation	Audit & Supervisory Board Member

(3) Remuneration to 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 (Thousands yen)
Directors (o/w, Outside Directors)	11 (4)	73,112 (14,400)
Audit & Supervisory Board Members (o/w, Outside Audit & Supervisory Board Members)	3 (2)	20,700 (5,700)
Total (o/w, Outside Board Members)	14 (6)	93,812 (20,100)

Notes: 1. Apart from the above, ¥48,000 thousand of employee salaries have been paid to four Directors who serve concurrently as employees.

2. The number of Directors with remuneration includes one Director who retired in the fiscal year and excludes two Directors without remuneration (o/w, two Outside Directors).

3. The number of Audit & Supervisory Board Members with remuneration includes one Audit & Supervisory Board Member (o/w, one Outside Audit & Supervisory Board Member) who retired at the conclusion of the 25th Ordinary General Meeting of Shareholders held on June 25, 2016 and excludes two Audit & Supervisory Board Members without remuneration (o/w, one Outside Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member who retired at the conclusion of the 25th Ordinary General Meeting of Shareholders held on June 25, 2016).

4. The amount of remuneration to be paid to Directors was resolved at the 12th Ordinary General Meeting of Shareholders held on June 24, 2003 as no more than ¥18,500 thousand per month.

5. The amount of remuneration to be paid to Audit & Supervisory Board Members was resolved at the 12th Ordinary General Meeting of Shareholders held on June 24, 2003 as no more than ¥3,000 thousand per month.

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.

(4) 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 Director and Chief Marketing Officer of FiNC inc. There is no special relationship between FiNC inc. and the Company.

Director Mr. Yuji Umemura serves concurrently as Corporate Officer of Yahoo Japan Corporation. Yahoo Japan Corporation is one of the Company's major shareholders and "other associated companies." Yahoo Japan Corporation and the Company are under capital and business alliance relationship.

Director Mr. Yoshihumi Tsutsumi serves concurrently as a Full-time Corporate Auditor at Tribeck

Strategies Inc. There is no special relationship between Tribeck Strategies Inc. and the Company.

Director Mr. Masayuki Chiba serves concurrently as 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 the Company and its subsidiaries over construction and equipment of stores. MARUZEN-YUSHODO and BOOKOFF 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 works at Head of Related Business Department, Administrative Division in 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 the Company and its subsidiaries 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.

Not applicable.

- 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: 14)		Audit & Supervisory Board Meeting (Number of meetings held: 15)	
		Number of meetings attended	Attendance rate (%)	Number of meetings attended	Attendance rate (%)
Director	Katsuo Nakano	14	100.0	-	-
Director	Noriyuki Nobayashi	14	100.0	-	-
Director	Yoshitaka Sato	14	100.0	-	-
Director	Yuji Umemura	14	100.0	-	-
Director	Yoshihumi Tsutsumi	14	100.0	-	-
Director	Masayuki Chiba	14	100.0	-	-
Audit & Supervisory Board Member	Agasa Naito	13	92.9	15	100.0
Audit & Supervisory Board Member	Hideaki Kobori	10	90.9	12	100.0

Notes: 1. Apart from the Board of Directors meetings above, there were nine 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 26 of the Company's Articles of Incorporation.

2. Audit & Supervisory Board Member Mr. Hideaki Kobori was newly elected at the 25th Ordinary General Meeting of Shareholders held on June 25, 2016. Therefore, the number of Board of Directors meetings held after the appointment was eleven.

3. Audit & Supervisory Board Member Mr. Hideaki Kobori was newly elected at the 25th Ordinary General Meeting of Shareholders held on June 25, 2016. Number of the Audit & Supervisory Board meeting held after the appointment was twelve.

- 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 the Company's 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 the Company's 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 the Company's 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 has 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. Yoshihumi Tsutsumi has provided various pieces of advice regarding the Company's management in general based on experience of a partner in a major audit firm and expertise of a Certified Public Accountant.

Director Mr. Masayuki Chiba has provided various pieces of advice regarding the Company's 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.

- d. 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.

Consolidated Financial Statements

Consolidated Balance Sheet (As of March 31, 2017)

(Unit: thousand yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	32,567,906	Current liabilities	16,636,409
Cash and deposits	15,268,310	Accounts payable-trade	343,217
Notes and accounts receivable-trade	1,617,922	Short-term loans payable	6,539,191
Merchandise	12,614,825	Current portion of long-term loans payable	3,664,791
Supplies	38,408	Lease obligations	389,489
Deferred tax assets	743,896	Accounts payable-other	2,091,287
Other	2,289,449	Income taxes payable	767,005
Allowance for doubtful accounts	(4,906)	Provision for bonuses	282,460
Non-current assets	18,479,423	Provision for sales rebates	630,262
Property, plant and equipment	7,845,056	Provision for shareholder benefit program	64,297
Buildings and structures	4,920,351	Provision for loss on store closing	49,919
Land	141,643	Other	1,814,487
Leased assets	1,924,159	Non-current liabilities	20,168,409
Other	858,901	Bonds with subscription rights to shares	7,700,000
Intangible assets	1,421,064	Long-term loans payable	8,925,930
Goodwill	268,447	Lease obligations	1,573,967
Leased assets	11,108	Asset retirement obligations	1,573,962
Other	1,141,508	Other	394,550
Investments and other assets	9,213,303	Total liabilities	36,804,818
Investment securities	655,307		
Long-term loans receivable	22,126	Net assets	
Deferred tax assets	178,335	Shareholders' equity	14,326,028
Guarantee deposits	8,186,531	Capital stock	3,652,394
Other	261,284	Capital surplus	4,187,003
Allowance for doubtful accounts	(90,281)	Retained earnings	7,747,457
		Treasury shares	(1,260,826)
		Accumulated other comprehensive income	(83,516)
		Valuation difference on available-for-sale securities	53,057
		Foreign currency translation adjustment	(136,574)
		Total net assets	14,242,511
Total assets	51,047,330	Total liabilities and net assets	51,047,330

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

Consolidated Statement of Income (April 1, 2016 to March 31, 2017)

(Unit: thousand yen)

Item	Amount	
Net sales		81,344,039
Cost of sales		34,164,454
Gross profit		47,179,585
Selling, general and administrative expenses		47,063,038
Operating profit		116,547
Non-operating income		
Gain from installment of vending machine	143,252	
Gain on sales of recycling goods	381,645	
Other	215,945	740,843
Non-operating expenses		
Interest expenses	186,311	
Share of loss of entities accounted for using equity method	6,428	
Other	75,691	268,431
Ordinary profit		588,959
Extraordinary income		
Gain on sales of investment securities	28,752	28,752
Extraordinary losses		
Loss on closing of stores	15,419	
Provision for loss on store closing	49,927	
Loss on retirement of non-current assets	25,910	
Impairment loss	650,355	
Loss on disaster	13,619	755,233
Loss before income taxes		137,521
Income taxes-current	706,787	
Income taxes-deferred	314,803	1,021,591
Loss		1,159,113
Loss attributable to owners of parent		1,159,113

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

(English Translation)

This English translation is an abridged version of the original document in Japanese. In the event of any discrepancy, the Japanese version prevails.

Consolidated Statement of Changes in Equity (April 1, 2016 to March 31, 2017) (Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,652,394	4,187,003	9,420,256	(1,260,826)	15,998,827
Changes of items during period					
Dividends of surplus			(513,685)		(513,685)
Loss attributable to owners of parent			(1,159,113)		(1,159,113)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(1,672,798)	-	(1,672,798)
Balance at end of current period	3,652,394	4,187,003	7,747,457	(1,260,826)	14,326,028

	Accumulated other comprehensive income			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	79,226	(109,587)	(30,361)	15,968,465
Changes of items during period				
Dividends of surplus				(513,685)
Loss attributable to owners of parent				(1,159,113)
Net changes of items other than shareholders' equity	(26,168)	(26,987)	(53,155)	(53,155)
Total changes of items during period	(26,168)	(26,987)	(53,155)	(1,725,954)
Balance at end of current period	53,057	(136,574)	(83,516)	14,242,511

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

Non-consolidated Financial Statements

Balance Sheet (As of March 31, 2017)

(Unit: thousand yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	28,461,373	Current liabilities	15,884,904
Cash and deposits	13,805,030	Accounts payable-trade	431,622
Notes and accounts receivable-trade	1,078,771	Short-term loans payable	6,819,191
Merchandise	10,436,682	Current portion of long-term loans payable	3,664,791
Supplies	28,364	Lease obligations	372,939
Prepaid expenses	1,093,587	Accounts payable-other	1,510,313
Deferred tax assets	584,315	Accrued expenses	1,261,324
Other	1,439,527	Income taxes payable	613,652
Allowance for doubtful accounts	(4,906)	Advances received	27,662
Non-current assets	21,139,780	Deposits received	147,264
Property, plant and equipment	6,404,166	Provision for bonuses	230,300
Buildings	3,637,253	Provision for sales rebates	591,160
Structures	239,403	Provision for shareholder benefit program	64,297
Furniture and fixtures	504,835	Provision for loss on store closing	46,351
Land	141,643	Asset retirement obligations	104,033
Leased assets	1,881,029	Non-current liabilities	20,137,201
Intangible assets	874,164	Bonds with subscription rights to shares	7,700,000
Goodwill	91,005	Long-term loans payable	8,925,930
Software	730,538	Lease obligations	1,553,679
Leased assets	11,108	Asset retirement obligations	1,461,919
Other	41,512	Other	495,672
Investments and other assets	13,861,449	Total liabilities	36,022,105
Investment securities	306,415		
Shares of subsidiaries and associates	2,405,097	Net assets	
Long-term loans receivable	22,126	Shareholders' equity	13,537,141
Long-term loans receivable from subsidiaries and associates	4,819,627	Capital stock	3,652,394
Deferred tax assets	118,706	Capital surplus	4,098,904
Guarantee deposits	7,937,484	Legal capital surplus	3,846,183
Other	251,280	Other capital surplus	252,721
Allowance for doubtful accounts	(1,999,288)	Retained earnings	7,122,312
		Legal retained earnings	17,707
		Other retained earnings	7,104,605
		General reserve	300,504
		Retained earnings brought forward	6,804,101
		Treasury shares	(1,336,469)
		Valuation and translation adjustments	41,906
		Valuation difference on available-for-sale securities	41,906
		Total net assets	13,579,048
Total assets	49,601,154	Total liabilities and net assets	49,601,154

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

Non-consolidated Statement of Income (April 1, 2016 to March 31, 2017) (Unit: thousand yen)

Item	Amount	
Net sales		68,617,427
Cost of sales		28,356,796
Gross profit		40,260,630
Selling, general and administrative expenses		39,954,460
Operating profit		306,170
Non-operating income		
Interest income	85,389	
Dividend income	8,839	
Rent income on facilities	35,226	
Gain from installment of vending machine	136,564	
Gain on sales of recycling goods	276,093	
Other	154,502	696,616
Non-operating expenses		
Interest expenses	184,878	
Rent expenses on facilities	21,342	
Other	57,060	263,280
Ordinary profit		739,505
Extraordinary income		
Gain on sales of investment securities	28,752	
Gain on extinguishment of tie-in shares	257,960	286,712
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	280,255	
Provision of allowance for doubtful accounts for subsidiaries and associates	1,992,090	
Loss on closing of stores	2,233	
Provision for loss on store closing	46,351	
Loss on retirement of non-current assets	22,521	
Impairment loss	495,697	
Loss on disaster	13,619	2,852,768
Loss before income taxes		1,826,550
Income taxes-current	499,553	
Income taxes-deferred	355,121	854,675
Loss		2,681,225

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

(English Translation)

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Non-consolidated Statement of Changes in Equity (April 1, 2016 to March 31, 2017) (Unit: thousand yen)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of current period	3,652,394	3,846,183	252,721	4,098,904	17,707	300,504	9,999,011	10,317,223	(1,336,469)	16,732,052
Changes of items during period										
Dividends of surplus							(513,685)	(513,685)		(513,685)
Net loss							(2,681,225)	(2,681,225)		(2,681,225)
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	-	-	(3,194,910)	(3,194,910)	-	(3,194,910)
Balance at end of current period	3,652,394	3,846,183	252,721	4,098,904	17,707	300,504	6,804,101	7,122,312	(1,336,469)	13,537,141

	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	70,009	70,009	16,802,062
Changes of items during period			
Dividends of surplus			(513,685)
Net loss			(2,681,225)
Net changes of items other than shareholders' equity	(28,102)	(28,102)	(28,102)
Total changes of items during period	(28,102)	(28,102)	(3,223,013)
Balance at end of current period	41,906	41,906	13,579,048

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