



November 8, 2021

## Consolidated Financial Results for the Six Months Ended September 30, 2021 (Under Japanese GAAP)

Company name: HARD OFF CORPORATION Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 2674  
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 Scheduled date to file quarterly securities report: November 12, 2021  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (For institutional investors and analysts)  
 \* Held online

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

#### (1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	11,741	22.1	455	31.7	523	37.1	400	84.5
September 30, 2020	9,612	(0.1)	345	(6.5)	381	(16.7)	216	(25.6)

Note: Comprehensive income For the six months ended September 30, 2021: ¥419 million [(19.8)%]  
 For the six months ended September 30, 2020: ¥522 million [(20.6)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	28.84	—
September 30, 2020	16.29	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2021	17,998	12,972	71.8
March 31, 2021	18,105	13,039	71.8

Reference: Equity

As of September 30, 2021: ¥12,927 million  
 As of March 31, 2021: ¥12,996 million

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	0.00	—	35.00	35.00
Fiscal year ending March 31, 2022	—	0.00			
Fiscal year ending March 31, 2022 (Forecast)			—	35.00	35.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	24,000	12.8	1,200	50.8	1,300	46.6	700	101.1	50.43

Note: Revisions to the earnings forecasts most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	13,954,000 shares
As of March 31, 2021	13,954,000 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2021	73,979 shares
As of March 31, 2021	73,979 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	13,880,021 shares
Six months ended September 30, 2020	13,318,218 shares

- \* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

- \* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

Forward-looking statements, including the earnings forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. These forward-looking statements are not guarantees of future performance. Actual results may differ materially from these forecasts due to a variety of reasons.

Please refer to “1. Qualitative information regarding financial results for the six months ended September 30, 2021, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 3 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(How to obtain supplementary material on quarterly financial results)

Supplementary material on quarterly financial results was disclosed on the same day on TDnet.

## Attached Material

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# 1. Qualitative information regarding financial results for the six months ended September 30, 2021

## (1) Explanation of operating results

During the six months ended September 30, 2021, while the Japanese economy saw some signs of recovery from the spread of the novel coronavirus disease (COVID-19), the economic outlook still remains uncertain. Under such conditions, HARD OFF CORPORATION Co., Ltd. (the “Company”) has been pushing ahead with the enhancement of human resource development and expansion of its procurement channel while setting “Work in Real-Time: Back to the Basics, Have Fun and Smile” as the annual theme. By carrying out initiatives such as establishing the Pickup Buying Center for the Metropolitan Area and promoting procurement activities at temporary locations for a limited period of time in areas without permanent stores, the Company aims to enhance its procurement capability, which is a key factor for the Secondhand Business.

With respect to the opening of secondhand stores during the six months ended September 30, 2021, the Company opened nine directly operated stores, closed two directly operated stores, opened two franchised stores, and closed three franchised stores. As a result, the total number of secondhand stores was 919, which was comprised of 396 directly operated stores and 523 franchised stores.

The number of stores by business category as of September 30, 2021 is shown in the following table.

(Stores)

Number of stores	HARD OFF	OFF HOUSE	MODE OFF	Garage OFF	Hobby OFF	Liquor OFF	BOOK OFF	Overseas	Total number of secondhand stores	BOOK ON
Directly operated stores	134 [+5]	124 [+4]	20 [-2]	11 [±0]	47 [±0]	4 [±0]	51 [±0]	5 [±0]	396 [+7]	3 [±0]
Franchised stores	233 [+1]	199 [-3]	3 [±0]	5 [±0]	75 [+1]	1 [±0]	—	7 [±0]	523 [-1]	—
Total	367 [+6]	323 [+1]	23 [-2]	16 [±0]	122 [+1]	5 [±0]	51 [±0]	12 [±0]	919 [+6]	3 [±0]

- Notes:
- Figures in square brackets [ ] indicate the increase or decrease in the number of stores during the period.
  - The stores operated by the Company’s subsidiaries HARD OFF Family Co., Ltd. and ecoplus Co., Ltd. are included in the number of directly operated stores.
  - The stores operated by the Company’s subsidiaries ECO TOWN HAWAII INC., HARD OFF TAIWAN INC. and ECO TOWN USA INC. are included in the number of directly operated overseas stores.

With respect to the operating results for the six months ended September 30, 2021, net sales for existing stores in Japan remained strong, up 2.0% year on year, securing the same standard as the six months ended September 30, 2019, before the effects of the COVID-19 pandemic. Due to the contribution from the 12 new stores from the previous year and the 60 stores of the subsidiary ecoplus Co., Ltd., which was included in the scope of consolidation from the third quarter ended December 31, 2020, consolidated net sales amounted to ¥11,741 million (up 22.1% year on year).

In terms of profit, the gross profit margin fell 0.5% to ¥8,036 million (up 21.3% year on year). Selling, general and administrative expenses increased by 20.8% year on year, causing operating profit to amount to ¥455 million (up 31.7% year on year) and ordinary profit to amount to ¥523 million (up 37.1% year on year).

Furthermore, as a result of recording ¥105 million from gain on sale of investment securities as extraordinary income, profit attributable to owners of parent amounted to ¥400 million (up 84.5% year on year).

## (2) Explanation of financial position

### Assets

Total current assets as of September 30, 2021 amounted to ¥8,991 million, a decrease of ¥77 million compared with the end of the previous fiscal year. This was primarily due to a decrease of ¥231 million in cash and deposits and an increase of ¥176 million in merchandise. Total non-current assets amounted to ¥9,007 million, a decrease of ¥29 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥126 million in property, plant and equipment and a decrease of ¥203 million in investments and other assets.

As a result, total assets amounted to ¥17,998 million, a decrease of ¥107 million compared with the end of the previous fiscal year.

#### Liabilities

Total current liabilities as of September 30, 2021 amounted to ¥3,894 million, a decrease of ¥70 million compared with the end of the previous fiscal year. This was primarily due to a decrease of ¥83 million in income taxes payable. Total non-current liabilities amounted to ¥1,131 million, an increase of ¥29 million compared with the end of the previous fiscal year.

As a result, total liabilities amounted to ¥5,025 million, a decrease of ¥40 million compared with the end of the previous fiscal year.

#### Net assets

Total net assets as of September 30, 2021 amounted to ¥12,972 million, a decrease of ¥66 million compared with the end of the previous fiscal year. This was primarily due to a decrease of ¥85 million in retained earnings owing to factors such as dividend payments and an increase of ¥4 million in valuation difference on available-for-sale securities.

As a result, the equity-to-asset ratio was 71.8% (71.8% at the end of the previous fiscal year).

### **(3) Explanation of consolidated earnings forecasts and other forward-looking statements**

No revisions have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2022, announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021” on May 11, 2021.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	2,197,245	1,966,111
Accounts receivable - trade	774,764	766,629
Merchandise	5,618,336	5,794,977
Work in process	459	737
Other	480,456	464,829
Allowance for doubtful accounts	(2,312)	(2,249)
Total current assets	9,068,949	8,991,036
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,005,505	2,110,389
Land	970,044	970,044
Construction in progress	8,855	—
Other, net	343,970	374,772
Total property, plant and equipment	3,328,376	3,455,206
Intangible assets		
Software in progress	17,022	20,049
Other	521,330	564,825
Total intangible assets	538,353	584,875
Investments and other assets		
Investment securities	2,436,524	2,232,763
Other	2,744,294	2,744,269
Allowance for doubtful accounts	(10,685)	(10,075)
Total investments and other assets	5,170,133	4,966,957
Total non-current assets	9,036,863	9,007,039
Total assets	18,105,812	17,998,075

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	32,981	21,603
Short-term borrowings	1,980,000	2,030,000
Income taxes payable	271,917	188,095
Other	1,679,109	1,654,302
Total current liabilities	3,964,008	3,894,001
Non-current liabilities		
Asset retirement obligations	433,437	477,396
Other	668,829	653,980
Total non-current liabilities	1,102,267	1,131,377
Total liabilities	5,066,275	5,025,378
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,676,275	1,676,275
Capital surplus	1,895,362	1,895,362
Retained earnings	8,960,344	8,874,593
Treasury shares	(37,603)	(37,603)
Total shareholders' equity	12,494,378	12,408,627
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	536,233	540,824
Foreign currency translation adjustment	(34,487)	(22,449)
Total accumulated other comprehensive income	501,745	518,375
Non-controlling interests	43,412	45,692
Total net assets	13,039,536	12,972,696
Total liabilities and net assets	18,105,812	17,998,075



**(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**

Quarterly consolidated statement of income

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	9,612,759	11,741,942
Cost of sales	2,990,144	3,705,605
Gross profit	6,622,615	8,036,337
Selling, general and administrative expenses	6,276,641	7,580,635
Operating profit	345,973	455,701
Non-operating income		
Interest income	1,639	1,209
Dividend income	25,245	23,343
Rental income from land and buildings	10,310	15,278
Income from recycling	12,278	12,114
Other	13,350	21,974
Total non-operating income	62,824	73,920
Non-operating expenses		
Interest expenses	5,745	5,787
Share of loss of entities accounted for using equity method	17,590	—
Commission expenses	3,215	15
Other	570	474
Total non-operating expenses	27,122	6,277
Ordinary profit	381,676	523,344
Extraordinary income		
Gain on sale of investment securities	—	105,118
Gain on bargain purchase	13,382	—
Total extraordinary income	13,382	105,118
Extraordinary losses		
Loss on retirement of non-current assets	—	845
Loss on valuation of investment securities	13,438	—
Impairment losses	6,662	29,102
Total extraordinary losses	20,100	29,947
Profit before income taxes	374,958	598,515
Income taxes - current	151,266	191,529
Income taxes - deferred	8,487	7,551
Total income taxes	159,753	199,081
Profit	215,204	399,434
Loss attributable to non-controlling interests	(1,714)	(844)
Profit attributable to owners of parent	216,919	400,278

# Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	215,204	399,434
Other comprehensive income		
Valuation difference on available-for-sale securities	329,897	4,591
Foreign currency translation adjustment	(22,349)	15,163
Total other comprehensive income	307,548	19,754
Comprehensive income	522,752	419,189
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	525,713	416,908
Comprehensive income attributable to non-controlling interests	(2,961)	2,280

### **(3) Notes to quarterly consolidated financial statements**

#### **Notes on premise of going concern**

Not applicable.

#### **Notes on significant changes in the amount of shareholders' equity**

Not applicable.

#### **Changes in significant subsidiaries during the period**

Not applicable.

#### **Changes in accounting policies**

##### *Application of Accounting Standard for Revenue Recognition, Etc.*

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter ended June 30, 2021, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. Due to this application, the awarding of points for sales to customers, which had previously been recognized as selling, general and administrative expenses, has now been changed to a method of recognizing such points under revenue as sales discounts.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter ended June 30, 2021, was added to or deducted from the opening balance of retained earnings of the first quarter ended June 30, 2021, and thus the new accounting policy was applied from such opening balance; provided, however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the first quarter ended June 30, 2021, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result, the impact from these changes in accounting policies on the quarterly consolidated financial statements is immaterial. Moreover, there is no impact on the beginning balance of retained earnings.

##### *Application of Accounting Standard for Fair Value Measurement, Etc.*

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant revised ASBJ regulations from the beginning of the first quarter ended June 30, 2021, and has prospectively applied the new accounting policies stipulated by the Accounting Standard for Fair Value Measurement and relevant revised ASBJ regulations in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

There is no impact on the quarterly consolidated financial statements.