



February 7, 2022

## Consolidated Financial Results for the Nine Months Ended December 31, 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: February 10, 2022  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	18,173	16.7	1,057	47.9	1,153	42.9	761	68.1
December 31, 2020	15,578	7.6	714	15.9	807	8.2	453	7.7

Note: Comprehensive income For the nine months ended December 31, 2021: ¥795 million [21.5%]  
 For the nine months ended December 31, 2020: ¥654 million [(6.2)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	54.90	—
December 31, 2020	33.57	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2021	18,472	13,349	72.0
March 31, 2021	18,105	13,039	71.8

Reference: Equity

As of December 31, 2021: ¥13,300 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)				40.00	40.00

Notes: 1. Revisions to the forecast of cash dividends most recently announced: Yes

2. As for the revisions to the forecast of cash dividends, please see the “Notice Concerning Revision of Dividend Forecast (Commemorative Dividends)” released today (February 7, 2022).

## 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 December 31, 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 December 31, 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)

Nine months ended December 31, 2021	13,880,021 shares
Nine months ended December 31, 2020	13,506,167 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 nine months ended December 31, 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 nine months ended December 31, 2021

## (1) Explanation of operating results

During the nine months ended December 31, 2021, while the Japanese economy saw some signs of temporary recovery from the impact of the novel coronavirus disease (COVID-19), the economic outlook still remains uncertain due to the occurrence of new variants and other factors. Under such conditions, HARD OFF CORPORATION Co., Ltd. (the “Company”) has been pushing ahead with the enhancement of human resource development and expansion of the 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 nine months ended December 31, 2021, the Company opened twelve directly operated stores, closed five directly operated stores, opened two franchised stores, and closed five franchised stores. Moreover, one store was transferred from a franchised store to a directly operated store. As a result, the total number of secondhand stores was 917, which was comprised of 397 directly operated stores and 520 franchised stores.

The number of stores by business category as of December 31, 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	133 [+4]	125 [+5]	20 [-2]	11 [±0]	49 [+2]	4 [±0]	50 [-1]	5 [±0]	397 [+8]	3 [±0]
Franchised stores	232 [±0]	198 [-4]	2 [-1]	5 [±0]	75 [+1]	1 [±0]	—	7 [±0]	520 [-4]	—
Total	365 [+4]	323 [+1]	22 [-3]	16 [±0]	124 [+3]	5 [±0]	50 [-1]	12 [±0]	917 [+4]	3 [±0]

Notes: 1. Figures in square brackets [ ] indicate the increase or decrease in the number of stores during the period.

2. 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.

3. 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 nine months ended December 31, 2021, net sales remained strong, up 3.4% year on year for existing stores in Japan, and up 27.6% year on year for Internet sales. Outside of Japan, three stores in the U.S. have returned to or above the pre-COVID-19 level (fiscal year ended March 31, 2020), and two stores in Taiwan have continued the strong performance from the previous year. Due to the contribution from the 12 new stores in Japan 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 ¥18,173 million (up 16.7% year on year).

In terms of profit, as a result of securing gross profit margin of 68.7%, almost the same level as the previous year, gross profit totaled ¥12,481 million (up 16.5% year on year), and selling, general and administrative expenses totaled ¥11,424 million (up 14.2% year on year), operating profit amounted to ¥1,057 million (up 47.9% year on year) and ordinary profit amounted to ¥1,153 million (up 42.9% year on year).

Furthermore, as a result of recording ¥105 million from gain on sale of investment securities as extraordinary income, ¥101 million from impairment losses on non-current assets of stores as extraordinary losses, profit attributable to owners of parent amounted to ¥761 million (up 68.1% year on year) and the Company achieved significant increases in the profit items.

## **(2) Explanation of financial position**

### Assets

Total current assets as of December 31, 2021 amounted to ¥9,507 million, an increase of ¥439 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥172 million in cash and deposits, and an increase of ¥281 million in merchandise. Total non-current assets amounted to ¥8,964 million, a decrease of ¥72 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥103 million in property, plant and equipment, an increase of ¥44 million in intangible assets, and a decrease of ¥220 million in investments and other assets.

As a result, total assets amounted to ¥18,472 million, an increase of ¥366 million compared with the end of the previous fiscal year.

### Liabilities

Total current liabilities as of December 31, 2021 amounted to ¥3,968 million, an increase of ¥4 million compared with the end of the previous fiscal year. Total non-current liabilities amounted to ¥1,154 million, an increase of ¥52 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥56 million in asset retirement obligations.

As a result, total liabilities amounted to ¥5,123 million, an increase of ¥57 million compared with the end of the previous fiscal year.

### Net assets

Total net assets as of December 31, 2021 amounted to ¥13,349 million, an increase of ¥309 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥275 million in retained earnings, an increase of ¥8 million in valuation difference on available-for-sale securities, and an increase of ¥20 million in foreign currency translation adjustment.

As a result, the equity-to-asset ratio was 72.0% (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 December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	2,197,245	2,369,941
Accounts receivable - trade	774,764	815,208
Merchandise	5,618,336	5,899,387
Work in process	459	2,103
Other	480,456	423,721
Allowance for doubtful accounts	(2,312)	(2,392)
Total current assets	9,068,949	9,507,969
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,005,505	2,052,218
Land	970,044	970,044
Construction in progress	8,855	620
Other, net	343,970	409,182
Total property, plant and equipment	3,328,376	3,432,065
Intangible assets		
Software in progress	17,022	—
Other	521,330	583,174
Total intangible assets	538,353	583,174
Investments and other assets		
Investment securities	2,436,524	2,249,271
Other	2,744,294	2,709,768
Allowance for doubtful accounts	(10,685)	(9,775)
Total investments and other assets	5,170,133	4,949,265
Total non-current assets	9,036,863	8,964,505
Total assets	18,105,812	18,472,474

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	32,981	55,473
Short-term borrowings	1,980,000	2,030,000
Income taxes payable	271,917	137,340
Provision for bonuses	—	126,921
Other	1,679,109	1,618,878
Total current liabilities	3,964,008	3,968,612
Non-current liabilities		
Asset retirement obligations	433,437	489,480
Other	668,829	665,286
Total non-current liabilities	1,102,267	1,154,767
Total liabilities	5,066,275	5,123,380
<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	9,236,288
Treasury shares	(37,603)	(37,603)
Total shareholders' equity	12,494,378	12,770,323
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	536,233	544,930
Foreign currency translation adjustment	(34,487)	(14,363)
Total accumulated other comprehensive income	501,745	530,566
Non-controlling interests	43,412	48,204
Total net assets	13,039,536	13,349,094
<b>Total liabilities and net assets</b>	<b>18,105,812</b>	<b>18,472,474</b>



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

**Quarterly consolidated statement of income**

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	15,578,269	18,173,324
Cost of sales	4,859,953	5,691,699
Gross profit	10,718,315	12,481,625
Selling, general and administrative expenses	10,003,861	11,424,596
Operating profit	714,454	1,057,029
Non-operating income		
Interest income	2,421	1,787
Dividend income	27,208	25,265
Rental income from land and buildings	23,709	22,804
Income from recycling	18,968	19,948
Other	56,778	36,417
Total non-operating income	129,084	106,224
Non-operating expenses		
Interest expenses	8,923	8,578
Share of loss of entities accounted for using equity method	17,590	—
Other	9,858	1,582
Total non-operating expenses	36,373	10,160
Ordinary profit	807,165	1,153,092
Extraordinary income		
Gain on sale of non-current assets	—	27
Gain on sale of investment securities	—	105,118
Gain on step acquisitions	19,066	—
Gain on bargain purchase	13,382	—
Total extraordinary income	32,448	105,146
Extraordinary losses		
Loss on retirement of non-current assets	—	1,761
Loss on valuation of investment securities	41,158	6,241
Impairment losses	33,085	93,882
Total extraordinary losses	74,244	101,885
Profit before income taxes	765,369	1,156,353
Income taxes – current	271,185	361,528
Income taxes – deferred	42,948	31,915
Total income taxes	314,134	393,444
Profit	451,235	762,909
Profit (loss) attributable to non-controlling interests	(2,136)	934
Profit attributable to owners of parent	453,371	761,974

# Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	451,235	762,909
Other comprehensive income		
Valuation difference on available-for-sale securities	235,003	8,696
Foreign currency translation adjustment	(31,366)	23,981
Total other comprehensive income	203,637	32,678
Comprehensive income	654,872	795,587
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	658,369	790,795
Comprehensive income attributable to non-controlling interests	(3,496)	4,792

### **(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.