



August 4, 2022

## Consolidated Financial Results for the Three Months Ended June 30, 2022 (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: August 12, 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 three months ended June 30, 2022 (from April 1, 2022 to Jun 30, 2022)

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	6,560	10.0	729	106.9	766	100.4	512	46.5
Three months ended June 30, 2021	5,965	26.5	352	301.9	382	200.7	349	419.6

Note: Comprehensive income For the three months ended June 30, 2022: ¥491 million [31.3%]  
 For the three months ended June 30, 2021: ¥374 million [62.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	36.95	–
Three months ended June 30, 2021	25.21	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	18,468	13,696	73.8
March 31, 2022	18,736	13,750	73.1

Reference: Equity  
 As of June 30, 2022: ¥13,633 million  
 As of March 31, 2022: ¥13,693 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, 2022	–	0.00	–	40.00	40.00
Fiscal year ending March 31, 2023	–				

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ending March 31, 2023 (Forecast)		0.00	—	40.00	40.00

Notes: 1. Revisions to the forecast of cash dividends most recently announced: None

2. Breakdown of year-end dividends for the fiscal year ended March 31, 2022

Ordinary dividends: ¥35.00

Commemorative dividends: ¥5.00

### 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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
Six months ending September 30, 2022	12,600	7.3	860	88.7	940	79.6	540	34.9	38.90
Fiscal year ending March 31, 2023	25,700	4.9	1,870	22.2	2,000	19.8	1,220	17.1	87.90

Note: Revisions to the earnings forecasts most recently announced: Yes

**\* 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: None

(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 June 30, 2022	13,954,000 shares	As of March 31, 2021	13,954,000 shares
As of June 30, 2022	73,979 shares	As of March 31, 2021	73,979 shares
Fiscal year ended June 30, 2022	13,880,021 shares	Fiscal year ended June 30, 2021	13,880,021 shares

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

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

\* 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 June 30, 2022, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 7 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 three months ended June 30, 2022

## (1) Explanation of operating results

During the three months ended June 30, 2022, while the Japanese economy saw some signs of gradual recovery mainly in personal consumption, the outlook still remains uncertain due to concerns about the re-expansion of the novel coronavirus disease (COVID-19) and the effects of the depreciation of the Japanese yen. In the reuse (secondhand) industry, of which the HARD OFF CORPORATION Co., Ltd. (the “Company”) is a part, the market has been growing steadily, influenced by the rising awareness of 3R (Reuse, Reduce, Recycle) amidst the broader movement to promote the SDGs throughout global society as well as the increased demand for reused goods due to inflation.

With respect to the opening of secondhand stores during the three months ended June 30, 2022, the Company opened two directly operated stores and closed one franchised store. As a result, the total number of secondhand stores was 915, which was comprised of 398 directly operated stores and 517 franchised stores.

The number of stores by business category as of June 30, 2022 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 Total	BOOK ON
Directly operated stores	133 [±0]	125 [±0]	18 [±0]	11 [±0]	52 [+2]	4 [±0]	50 [±0]	5 [±0]	398 [+2]	1 [-1]
Franchised stores	233 [±0]	196 [-1]	2 [±0]	5 [±0]	73 [±0]	1 [±0]	—	7 [±0]	517 [-1]	—
Total	366 [±0]	321 [-1]	20 [±0]	16 [±0]	125 [+2]	5 [±0]	50 [±0]	12 [±0]	915 [+1]	1 [-1]

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 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 three months ended June 30, 2022, net sales for the existing stores remained strong, up 9.6% year on year. As a result of a 26.1% increase in Internet sales and the continued strong performance of three stores in the U.S. and two stores in Taiwan, consolidated net sales amounted to ¥6,560 million (up 10.0% year on year).

In terms of profit, as a result of an improvement in gross profit margin of 0.4%, an increase in gross profit of 10.6%, and an increase in selling, general and administrative expenses of 1.7%, operating profit amounted to ¥729 million (up 106.9% year on year) and ordinary profit amounted to ¥766 million (up 100.4% year on year). Profit attributable to owners of parent amounted to ¥512 million (up 46.5% year on year) and the Company achieved significant increases in the profit items.

## (2) Explanation of financial position

### Assets

Total current assets as of June 30, 2022 amounted to ¥9,652 million, a decrease of ¥131 million compared with the end of the previous fiscal year. This was primarily due to a decrease of ¥437 million in cash and deposits, and an increase of ¥227 million in merchandise.

Total non-current assets amounted to ¥8,816 million, a decrease of ¥136 million compared with the end of the previous fiscal year. This was primarily due to a decrease of ¥124 million in investments and other assets.

As a result, total assets amounted to ¥18,468 million, a decrease of ¥267 million compared with the end of the previous fiscal year.

### Liabilities

Total current liabilities as of June 30, 2022 amounted to ¥3,682 million, a decrease of ¥186 million compared with the end of the previous fiscal year. This was primarily due to a decrease of ¥156 million in income taxes payable. Total non-current liabilities amounted to ¥1,090 million, a decrease of ¥26 million compared with the end of the previous fiscal year.

As a result, total liabilities amounted to ¥4,772 million, a decrease of ¥213 million compared with the end of the previous fiscal

year.

Net assets

Total net assets as of June 30, 2022 amounted to ¥13,696 million, a decrease of ¥54 million compared with the end of the previous fiscal year. This was primarily due to ¥555 million in dividends of surplus.

As a result, the equity-to-asset ratio was 73.8% (73.1% at the end of the previous fiscal year).

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

Revisions have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2023, announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022” on May 11, 2022. As for the detail, please see the “Notice Concerning Revision of Earnings Forecasts” released today (August 4, 2022).

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

### (1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,604,860	2,166,887
Accounts receivable - trade	836,176	829,074
Merchandise	5,881,313	6,108,531
Work in process	447	640
Other	463,718	550,220
Allowance for doubtful accounts	(3,066)	(2,962)
Total current assets	9,783,449	9,652,392
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,987,355	1,995,018
Land	970,044	970,044
Construction in progress	6,715	847
Other, net	393,536	391,254
Total property, plant and equipment	3,357,652	3,357,165
Intangible assets		
Software in progress	728	2,323
Other	565,672	552,756
Total intangible assets	566,401	555,080
Investments and other assets		
Investment securities	2,401,942	2,348,059
Other	2,636,060	2,565,178
Allowance for doubtful accounts	(9,475)	(9,175)
Total investments and other assets	5,028,527	4,904,062
Total non-current assets	8,952,581	8,816,307
Total assets	18,736,031	18,468,700

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	56,501	49,221
Short-term borrowings	1,760,000	1,800,000
Income taxes payable	354,283	197,636
Provision for bonuses	—	121,140
Lease obligations	12,671	16,258
Other	1,685,557	1,498,236
Total current liabilities	3,869,013	3,682,492
Non-current liabilities		
Asset retirement obligations	482,610	480,791
Other	634,224	609,370
Total non-current liabilities	1,116,834	1,090,162
Total liabilities	4,985,847	4,772,655
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,676,275	1,676,275
Capital surplus	1,895,362	1,895,362
Retained earnings	9,516,445	9,483,837
Treasury shares	(37,603)	(37,603)
Total shareholders' equity	13,050,480	13,017,872
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	651,093	613,680
Foreign currency translation adjustment	(8,074)	2,152
Total accumulated other comprehensive income	643,018	615,832
Non-controlling interests	56,685	62,340
Total net assets	13,750,184	13,696,045
Total liabilities and net assets	18,736,031	18,468,700

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

**Quarterly consolidated statement of income**

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	5,965,764	6,560,045
Cost of sales	1,837,700	1,992,533
Gross profit	4,128,064	4,567,512
Selling, general and administrative expenses	3,775,748	3,838,448
Operating profit	352,315	729,064
Non-operating income		
Interest income	602	553
Dividend income	14,785	18,546
Rental income from land and buildings	7,653	7,617
Income from recycling	6,883	7,815
Other	3,437	6,361
Total non-operating income	33,363	40,894
Non-operating expenses		
Interest expenses	2,980	2,438
Other	158	1,028
Total non-operating expenses	3,138	3,466
Ordinary profit	382,540	766,492
Extraordinary income		
Gain on sale of investment securities	97,196	—
Insurance claim income	—	5,000
Total extraordinary income	97,196	5,000
Extraordinary losses		
Loss on disaster	—	3,480
Total extraordinary losses	—	3,480
Profit before income taxes	479,737	768,011
Income taxes - current	76,918	164,536
Income taxes - deferred	50,830	86,709
Total income taxes	127,749	251,246
Profit	351,988	516,765
Profit attributable to non-controlling interests	2,012	3,958
Profit attributable to owners of parent	349,975	512,807

# Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	351,988	516,765
Other comprehensive income		
Valuation difference on available-for-sale securities	7,808	(37,412)
Foreign currency translation adjustment	14,503	11,923
Total other comprehensive income	22,312	(25,488)
Comprehensive income	374,300	491,276
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	369,985	485,621
Comprehensive income attributable to non-controlling interests	4,315	5,654

**(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.