



May 11, 2023

Consolidated Financial Results for the Fiscal year ended March 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 2674
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 Scheduled date of annual general meeting of shareholders: June 22, 2023
 Scheduled date to commence dividend payments: June 23, 2023
 Scheduled date to file securities report: June 23, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (For institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(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	%
Fiscal year ended March 31, 2023	27,040	10.3	2,312	51.0	2,510	50.5	1,653	58.7
March 31, 2022	24,507	15.2	1,530	92.4	1,668	88.2	1,041	199.3

Note: Comprehensive income Fiscal year ended March 31, 2023: ¥2,130 million [78.1%]
 Fiscal year ended March 31, 2022: ¥1,196 million [81.9%]

	Basic earnings per share	Diluted earnings per share	Return on Equity	Return on Assets	Net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	119.13	—	11.4	12.7	8.6
March 31, 2022	75.06	—	7.8	9.1	6.2

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	20,722	15,349	73.7	1,099.30
March 31, 2022	18,736	13,750	73.1	986.56

Reference: Equity
 As of March 31, 2023: ¥15,277 million
 As of March 31, 2022: ¥13,693 million

(3) Consolidated Cash Flow

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	1,766	(820)	(714)	2,909
March 31, 2022	1,484	(219)	(899)	2,604

2. Cash dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend on equity (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	0.00	—	40.00	40.00	555	53.3	4.2
Fiscal year ended March 31, 2023	—	0.00	—	60.00	60.00	833	50.4	5.8
Fiscal year ending March 31, 2024 (Forecast)	—	0.00	—	62.00	62.00		50.7	

Notes: 1. Breakdown of year-end dividends for the fiscal year ended March 31, 2022

Ordinary dividends: ¥35.00

Commemorative dividends: ¥5.00

2. Upwardly revised year-end dividends for the fiscal year ended March 31, 2023, from 50 yen to 60 yen. For details, please see the “Notice Concerning Revision of Dividends Forecasts (Dividends Raised)” released on May 11, 2023.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2023	14,300	10.3	1,017	(3.5)	1,120	(2.3)	720	(2.6)	51.81
Fiscal year ending March 31, 2024	30,000	10.9	2,550	10.3	2,700	7.5	1,700	2.8	122.32

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) 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

(3) Number of issued shares (common shares)

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

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

(iii) Average number of shares outstanding during the period

As of March 31, 2023	13,954,000 shares	As of March 31, 2022	13,954,000 shares
As of March 31, 2023	56,454 shares	As of March 31, 2022	73,979 shares
As of March 31, 2023	13,882,950 shares	As of March 31, 2022	13,880,021 shares

* Financial results report is out of scope of financial audit 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. Summary of consolidated financial results, etc. (4) Business forecasts” on page 7 for forecast assumptions and notes of caution for usage.

(To obtain supplementary material on financial results)

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

Attachments

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1. Summary of consolidated financial results, etc.

(1) Summary of operating results for the fiscal year under review

During the fiscal year ended March 31, 2023, while the Japanese economy showed signs of gradual recovery due to the easing of behavioral restrictions in some areas, the economic outlook, including the recovery of personal consumption, remains uncertain. 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 as well as the increased demand for reused goods due to inflation.

With respect to the opening of secondhand stores during the fiscal year ended March 31, 2023, the Company opened twenty directly operated stores, closed eight directly operated stores, opened fifteen franchised stores, and closed ten franchised stores. As a result, the total number of secondhand stores was 931, which was comprised of 408 directly operated stores and 523 franchised stores.

The number of stores by business category as of March 31, 2023 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	140 [+7]	126 [+1]	15 [-3]	10 [-1]	56 [+6]	4 [±0]	50 [±0]	7 [+2]	408 [+12]	1 [-1]
Franchised stores	237 [+4]	195 [-2]	2 [±0]	5 [±0]	76 [+3]	1 [±0]	—	7 [±0]	523 [+5]	—
Total	377 [+11]	321 [-1]	17 [-3]	15 [-1]	132 [+9]	5 [±0]	50 [±0]	14 [+2]	931 [+17]	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 fiscal year ended March 31, 2023, net sales for the existing stores in Japan remained strong, up 9.6% year on year. As a result of a 17.0% increase in Internet sales and the continued strong performance of the U.S. and Taiwan stores, consolidated net sales amounted to ¥27,040 million (up 10.3% year on year), marking the 27th consecutive year of sales growth and a new record-high.

In terms of profit, the gross profit margin increased by 0.1% to ¥18,591 million (up 10.4% year on year).

Selling, general, and administrative expenses totaled ¥16,279 million (up 6.3% year on year), achieving significant increases in profit: operating profit amounted to ¥2,312 million (up 51.0% year on year), ordinary profit amounted to ¥2,510 million (up 50.5% year on year), and profit attributable to owners of parent amounted to ¥1,653 million (up 58.7% year on year). All of them reached record highs for the first time in seven fiscal years.

1) Secondhand Business

Net sales in Secondhand Business amounted to ¥25,714 million (up 10.6% year on year).

2) FC Business

Sales of merchandise, franchise fees, royalty income, and other revenues in FC Business amounted to ¥1,295 million (up 5.8% year on year).

(2) Summary of financial position for the fiscal year under review

Assets

Total current assets amounted to ¥11,021 million, an increase of ¥1,237 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥305 million in cash and deposits, and an increase of ¥768 million in merchandise. Total non-current assets amounted to ¥9,701 million, an increase of ¥749 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥361 million in property, plant, and equipment, an increase of ¥20 million in intangible assets, and an increase of ¥367 million in investments and other assets.

Accordingly, total assets amounted to ¥20,722 million, an increase of ¥1,986 million compared with the end of the previous fiscal year.

Liabilities

Total current liabilities amounted to ¥4,188 million, an increase of ¥319 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥214 million in income taxes payable.

Total non-current liabilities amounted to ¥1,184 million, an increase of ¥67 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥111 million in asset retirement obligations and a decrease of ¥43 million in lease obligations.

Accordingly, total liabilities amounted to ¥5,373 million, an increase of ¥387 million compared with the end of the previous fiscal year.

Net assets

Total net assets amounted to ¥15,349 million, an increase of ¥1,599 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥1,098 million in retained earnings and an increase of ¥458 million in valuation difference on available-for-sale securities.

(3) Summary of cash flows for the fiscal year under review

Cash and cash equivalents (the “funds”) at the end of the fiscal year ended March 31, 2023 amounted to ¥2,909 million due to profit before income taxes of ¥2,426 million, which was partly offset by income taxes paid and other factors.

The following is a summary of cash flows and major components during the fiscal year ended March 31, 2023.

(Cash flows from operating activities)

Funds provided by operating activities for the fiscal year ended March 31, 2023 totaled ¥1,766 million (prior year provided ¥1,484 million). Contributing factors mainly included profit before income taxes of ¥2,426 million.

(Cash flows from Investing activities)

Funds used in investing activities for the fiscal year ended March 31, 2023 totaled ¥820 million (prior year used ¥219 million). Contributing factors mainly included purchase of property, plant, and equipment of ¥634 million, purchase of intangible assets of ¥227 million, and proceeds from sale of investment securities of ¥67 million.

(Cash flows from financing activities)

Funds used in financing activities for the fiscal year ended March 31, 2023 totaled ¥714 million (prior year used ¥899 million). Contributing factors mainly included dividends paid of ¥555 million and repayments of lease obligations of ¥172 million.

(4) Business forecasts

The Company has established the following new long-term vision starting with the fiscal year 2019.

Be the only one that no one else comes close to imitating by refining our management philosophy. “Re”NK CHANNEL will be created with a focus on powerful stores, and contribute to the creation of a recycling-oriented society as the overwhelming leading secondhand company, not only in Japan but also overseas.

*“Re”NK CHANNEL: HARD OFF’s omni-channel strategy integrates various channels of stores and the Internet.

HARD OFF’s Omni-Channel Strategy

Furthermore, as its medium-term plan, the Company has set a target of “1,000 stores by 2025,” aiming to fine tune existing stores and actively open new stores.

Leveraging both store and internet operations, the Company is committed to achieving its plans in fiscal 2023.

The Company plans to open twenty-nine directly operated stores and sixteen franchised stores, for a total net increase of forty-five stores.

As a result, for the fiscal year ending March 31, 2024, the Company forecasts net sales of ¥30,000 million (up 10.9% year on year), operating profit of ¥2,550 million (up 10.3% year on year), ordinary profit of ¥2,700 million (up 7.5% year on year), and profit attributable to owners of parent of ¥1,700 million (up 2.8% year on year).

(5) Fundamental policy for allocation of profit and dividends for fiscal 2022 and 2023

1) Fundamental policy for allocation of profit

The Company considers “the return of profits to shareholders” as one of its priority management policies. The Company’s policy is to strengthen its management base and financial position by improving earnings per share, return on equity (ROE), and cash flows, and by promoting aggressive business development to increase corporate value, and to pay stable dividends backed by our business performance, with a target consolidated payout ratio of approximately 50%.

2) Surplus dividend for fiscal 2022

For the fiscal year ended March 31, 2023, the Company plans to pay a year-end dividend of ¥60 per share, comprehensively taking into consideration the business performance, retained earnings, and other factors for fiscal 2022.

3) Surplus dividend for fiscal 2023

For the fiscal year ending March 31, 2024, the Company plans to pay an annual dividend of ¥62 per share.

2. Basic concept of selecting accounting standards

The Group intends to prepare its consolidated financial statements in accordance with Japanese Accounting Standards (Japanese GAAP) for now, considering the comparability of consolidated financial statements between different accounting periods and different companies.

Furthermore, the Group continues to consider conditions in both Japan and abroad and appropriately respond with regards to the potential implementation of International Financial Reporting Standards (IFRS).

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	2,604,860	2,909,983
Accounts receivable — trade	836,176	984,567
Merchandise	5,881,313	6,650,020
Work in process	447	478
Other	463,718	479,187
Allowance for doubtful accounts	(3,066)	(3,153)
Total current assets	9,783,449	11,021,084
Non-current assets		
Property, plant, and equipment		
Buildings and structures	6,925,529	7,274,008
Accumulated depreciation	(4,938,173)	(5,070,118)
Buildings and structures, net	1,987,355	2,203,890
Land	970,044	972,119
Leased assets	1,792,431	1,834,393
Accumulated depreciation	(1,461,862)	(1,509,804)
Leased assets, net	330,568	324,589
Construction in progress	6,715	11,665
Other	816,983	1,001,522
Accumulated depreciation	(754,014)	(794,336)
Other, net	62,968	207,185
Total property, plant, and equipment	3,357,652	3,719,449
Intangible assets		
Software	493,698	552,421
Other	72,702	34,113
Total intangible assets	566,401	586,535
Investments and other assets		
Investment securities	2,401,942	2,996,680
Deferred tax assets	478,546	261,345
Leasehold deposits	1,482,886	1,486,664
Other	674,627	659,200
Allowance for doubtful accounts	(9,475)	(8,275)
Total investments and other assets	5,028,527	5,395,616
Total non-current assets	8,952,581	9,701,601
Total assets	18,736,031	20,722,685

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable — trade	56,501	63,897
Short-term borrowings	1,760,000	1,750,000
Lease obligations	158,719	117,762
Income taxes payable	354,283	568,475
Accounts payable — other	337,122	361,047
Accrued expenses	894,991	963,158
Provision for bonuses	—	36,000
Contract liabilities	12,671	27,502
Other	294,723	300,760
Total current liabilities	3,869,013	4,188,604
Non-current liabilities		
Lease obligations	329,855	285,979
Asset retirement obligations	482,610	594,052
Long-term accounts payable — other	216,704	216,596
Other	87,665	87,966
Total non-current liabilities	1,116,834	1,184,594
Total liabilities	4,985,847	5,373,198
Net assets		
Shareholders' equity		
Share capital	1,676,275	1,676,275
Capital surplus	1,895,362	1,910,632
Retained earnings	9,516,445	10,615,106
Treasury shares	(37,603)	(28,723)
Total shareholders' equity	13,050,480	14,173,290
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	651,093	1,109,803
Foreign currency translation adjustment	(8,074)	(5,515)
Total accumulated other comprehensive income	643,018	1,104,287
Non-controlling interests	56,685	71,908
Total net assets	13,750,184	15,349,487
Total liabilities and net assets	18,736,031	20,722,685

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	24,507,275	27,040,828
Cost of sales	7,664,105	8,448,905
Gross profit	16,843,170	18,591,922
Selling, general, and administrative expenses	15,312,422	16,279,777
Operating profit	1,530,748	2,312,144
Non-operating income		
Dividend income	25,265	49,491
Rental income from land and buildings	30,436	36,893
Net foreign exchange gains	16,577	43,054
Income from recycling	25,205	29,932
Grant income	26,121	15,728
Other	27,960	36,678
Total non-operating income	151,566	211,779
Non-operating expenses		
Interest expenses	11,253	8,506
Other	2,155	4,545
Total non-operating expenses	13,409	13,051
Ordinary profit	1,668,905	2,510,872
Extraordinary income		
Gain on sale of investment securities	105,118	2,121
Gain on sale of non-current assets	27	69
Insurance claim income	—	12,111
Subsidy income	3,245	—
Total extraordinary income	108,391	14,303
Extraordinary losses		
Loss on retirement of non-current assets	1,809	16
Loss on tax purpose reduction entry of non-current assets	3,245	—
Impairment losses	139,232	95,159
Loss on disaster	18,799	3,681
Loss on valuation of investment securities	6,642	—
Total extraordinary losses	169,728	98,858
Profit before income taxes	1,607,567	2,426,317
Income taxes — current	547,660	743,030
Income taxes — deferred	10,671	16,056
Total income taxes	558,331	759,087
Profit	1,049,236	1,667,230
Profit attributable to non-controlling interests	7,334	13,368
Profit attributable to owners of parent	1,041,901	1,653,861

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,049,236	1,667,230
Other comprehensive income		
Valuation difference on available-for-sale securities	114,860	458,709
Foreign currency translation adjustment	32,351	4,413
Total other comprehensive income	147,211	463,123
Comprehensive income	1,196,448	2,130,354
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,183,175	2,115,130
Comprehensive income attributable to non-controlling interests	13,273	15,223

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (April 1 to March 31, 2022)

(Thousands of yen)

Balance at beginning of period	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,676,275	1,895,362	8,960,344	(37,603)	12,494,378
Changes during period					
Surplus dividends			(485,800)		(485,800)
Profit attributable to owners of parent			1,041,901		1,041,901
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	556,101	—	556,101
Balance at end of period	1,676,275	1,895,362	9,516,445	(37,603)	13,050,480

Balance at beginning of period	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	536,233	(34,487)	501,745	43,412	13,039,536
Changes during period					
Surplus dividends					(485,800)
Profit attributable to owners of parent					1,041,901
Net changes in items other than shareholders' equity	114,860	26,412	141,273	13,273	154,546
Total changes during period	114,860	26,412	141,273	13,273	710,647
Balance at end of period	651,093	(8,074)	643,018	56,685	13,750,184

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Thousands of yen)

Balance at beginning of period	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,676,275	1,895,362	9,516,445	(37,603)	13,050,480
Changes during period					
Surplus dividends			(555,200)		(555,200)
Profit attributable to owners of parent			1,653,861		1,653,861
Purchase of treasury shares				(59)	(59)
Disposal of treasury shares		15,270		8,938	24,208
Net changes in items other than shareholders' equity					—
Total changes during period	—	15,270	1,098,661	8,879	1,122,810
Balance at end of period	1,676,275	1,910,632	10,615,106	(28,723)	14,173,290

Balance at beginning of period	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	651,093	(8,074)	643,018	56,685	13,750,184
Changes during period					
Surplus dividends					(555,200)
Profit attributable to owners of parent					1,653,861
Purchase of treasury shares					(59)
Disposal of treasury shares					24,208
Net changes in items other than shareholders' equity	458,709	2,558	461,268	15,223	476,492
Total changes during period	458,709	2,558	461,268	15,223	1,599,303
Balance at end of period	1,109,803	(5,515)	1,104,287	71,908	15,349,487

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,607,567	2,426,317
Depreciation	522,463	574,128
Impairment losses	139,232	95,159
Loss on disaster	—	3,681
Insurance claim income	—	(12,111)
Compensation income	(3,245)	—
Increase (decrease) in allowance for doubtful accounts	(455)	(1,113)
Interest and dividend income	(27,748)	(51,938)
Increase (decrease) in provision for bonuses	—	36,000
Interest expenses	11,253	8,506
Loss (gain) on sale and valuation of investment securities	(98,476)	(2,121)
Decrease (increase) in trade receivables	(61,076)	(147,906)
Decrease (increase) in inventories	(252,554)	(752,075)
Increase (decrease) in trade payables	22,351	6,833
Increase (decrease) in accrued consumption taxes	(46,677)	19,790
Increase (decrease) in accounts payable - other	8,287	(8,312)
Increase (decrease) in accrued expenses	110,069	74,642
Other	142	(27,281)
Subtotal	1,931,133	2,242,199
Interest and dividends received	25,511	49,883
Interest paid	(11,161)	(8,506)
Payments associated with disaster loss	—	(3,681)
Proceeds from insurance income	—	14,982
Proceeds from compensation	3,829	—
Income taxes paid	(465,294)	(528,817)
Cash flows from operating activities	1,484,017	1,766,058
Cash flows from investing activities		
Purchase of investment securities	(16,830)	—
Proceeds from sale of investment securities	315,151	67,158
Purchase of property, plant, and equipment	(307,261)	(634,944)
Purchase of intangible assets	(213,134)	(227,707)
Payments of guarantee deposits	(10,168)	(18,736)
Payments of leasehold deposits	(53,880)	(75,581)
Proceeds from refund of leasehold deposits	67,033	69,081
Other	(455)	(23)
Cash flows from investing activities	(219,544)	(820,753)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(220,000)	(10,000)
Purchase of treasury shares	—	(59)
Proceeds from sale of treasury shares	—	24,208
Repayments of lease obligations	(193,914)	(172,979)
Dividends paid	(485,778)	(555,205)
Cash flows from financing activities	(899,692)	(714,035)
Effect of exchange rate change on cash and cash equivalents	42,834	73,853
Net increase (decrease) in cash and cash equivalents	407,614	305,123
Cash and cash equivalents at beginning of period	2,197,245	2,604,860
Cash and cash equivalents at end of period	2,604,860	2,909,983

(5) Notes to consolidated financial statements

Notes on premise of going concern

Not applicable.

Segment information, etc.

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are components of the Company and its subsidiaries for which independent financial information is available and which are subject to regular examination by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group's business activities consist mainly of the purchase and sale of secondhand goods, and are classified into the "Secondhand Business" and "FC Business" segments based on the type of business. Therefore, these two businesses are considered as reportable segments.

The Secondhand Business operates the reuse stores of HARD OFF, OFF HOUSE, MODE OFF, Garage OFF, Hobby OFF, Liquor OFF, and BOOK OFF (franchisee). The FC Business operates the franchise chains of HARD OFF, OFF HOUSE, MODE OFF, Garage OFF, Hobby OFF, and Liquor OFF.

2. Calculation methods for net sales, profit/loss, assets, and other items by reportable segments

The accounting methods for each reported segment are similar to those described in the "Significant Accounting Policies for Preparing the Consolidated Financial Statements."

Profits for reportable segments are operating profit figures.

Inter-segment transactions are based on prevailing market prices.

3. Information on net sales, profit/loss, assets, and other items by reportable segments

Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated financial statements (Note 3)
	Secondhand Business	FC Business	Total				
Net sales							
Net sales to external customers	23,251,453	1,224,626	24,476,080	31,195	24,507,275	—	24,507,275
Inter-segment net sales or transfers	—	283,281	283,281	141,772	425,053	(425,053)	—
Total	23,251,453	1,507,907	24,759,361	172,967	24,932,329	(425,053)	24,507,275
Segment profit	2,923,064	645,972	3,569,037	23,234	3,592,271	(2,061,523)	1,530,748
Segment assets	11,760,211	289,616	12,049,828	18,579	12,068,408	6,667,623	18,736,031
Other items							
Depreciation	317,087	4,691	321,778	241	322,019	200,444	522,463
Increase of property, plant, and equipment, and intangible assets	505,612	3,369	508,981	—	508,981	238,601	747,583

Notes: 1. “Other” is a business segment excluded from the reportable segments and includes the system development business.

2 Adjustments are as follows.

(1) ¥(2,061,523) thousand in segment profit adjustments consist of ¥94,124 thousand in inter-segment eliminations and ¥(2,155,648) thousand in company-wide expenses not allocated to any specific reportable segment.

(2) ¥6,667,623 thousand in segment assets adjustments are company-wide assets not allocated to any specific reportable segment.

(3) Inter-segment net sales or transfers are presented separately.

3 Segment profit is adjusted for operating profit in the consolidated financial statements.

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Amount in consolidated financial statements (Note 3)
	Secondhand Business	FC Business	Total				
Net sales							
Net sales to external customers	25,714,213	1,295,730	27,009,944	30,883	27,040,828	–	27,040,828
Inter-segment net sales or transfers	–	344,936	344,936	181,400	526,337	(526,337)	–
Total	25,714,213	1,640,667	27,354,881	212,284	27,567,165	(526,337)	27,040,828
Segment profit	3,923,572	866,817	4,790,390	19,756	4,810,146	(2,498,002)	2,312,144
Segment assets	13,520,942	346,109	13,867,052	29,335	13,896,387	6,826,298	20,722,685
Other items							
Depreciation	494,114	66,140	560,255	286	560,542	13,586	574,128
Increase of property, plant, and equipment, and intangible assets	997,930	39,861	1,037,792	–	1,037,792	26,461	1,064,254

Notes: 1. “Other” is a business segment excluded from the reportable segments and includes the system development business.

2. Adjustments are as follows.

(1) ¥(2,498,002) thousand in segment profit adjustments consist of ¥5,377 thousand in inter-segment eliminations and ¥(2,503,380) thousand in company-wide expenses not allocated to any specific reportable segment.

(2) ¥6,826,298 thousand in segment assets adjustments are company-wide assets not allocated to any specific reportable segment.

(3) Inter-segment net sales or transfers are presented separately.

3 Segment profit is adjusted for operating profit in the consolidated financial statements.

[Related Information]

Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

1. Information by product and service

The Group purchases and sells secondhand goods. This information is omitted as net sales to external customers in a single product/service category exceed 90% of net sales in the consolidated statements of income.

2. Information by region

(1) Net sales

Information is omitted as net sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant, and equipment

Information is omitted as the amount of property, plant, and equipment located in Japan exceeds 90% of the amount of property, plant, and equipment in the consolidated balance sheet.

3. Information by major customers

Information is omitted as there are no sales to specific customers representing 10% or more of net sales in the consolidated statements of income.

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

1. Information by product and service

The Group purchases and sells secondhand goods. This information is omitted as net sales to external customers in a single product/service category exceed 90% of net sales in the consolidated statements of income.

2. Information by region

(1) Net sales

Information is omitted as net sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant, and equipment

Information is omitted as the amount of property, plant, and equipment located in Japan exceeds 90% of the amount of property, plant, and equipment in the consolidated balance sheet.

3. Information by major customers

Information is omitted as there are no sales to specific customers representing 10% or more of net sales in the consolidated statements of income.

[Information related to impairment losses of non-current assets for each reportable segment]

Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Secondhand Business	FC Business	Total	Company-wide / amortization	Amount in consolidated financial statements
Impairment losses	139,232	—	139,232	—	139,232

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Secondhand Business	FC Business	Total	Company-wide / amortization	Amount in consolidated financial statements
Impairment losses	95,159	—	95,159	—	95,159

[Information related to goodwill amortization and the unamortized balance for each reportable segment]

Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

Not applicable.

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

Not applicable.

[Information related to gain on bargain purchase for each reportable segment]

Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

Not applicable.

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

Not applicable.

Per-share information

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Net assets per share	986.56 yen	1,099.30 yen
Basic earnings per share	75.06 yen	119.13 yen

Notes: 1. Diluted earnings per share is not shown in the above table, as there are no potential shares.

2. Basis of calculating net assets per share is as follows.

	As of March 31, 2022	As of March 31, 2023
Total net assets	¥13,750,184 thousand	¥15,349,487 thousand
Deduction on total net assets	¥56,685 thousand	¥71,908 thousand
(of which, non-controlling interests)	(¥56,685 thousand)	(¥71,908 thousand)
Net assets at year-end applicable to common shares	¥13,693,498 thousand	¥15,277,578 thousand
Number of common shares calculated for net assets per share at year-end	13,880 thousand shares	13,897 thousand shares

3. Basis of calculating basic earnings per share is as follows.

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent	¥1,041,901 thousand	¥1,653,861 thousand
Profit not available to common shares	—	—
Profit attributable to owners of parent applicable to common shares	¥1,041,901 thousand	¥1,653,861 thousand
Average number of shares outstanding during the period	13,880 thousand shares	13,882 thousand shares

Significant subsequent events

Not applicable.