



# Consolidated Financial Results for the Three Months Ended June 30, 2023 (Under Japanese GAAP)

August 3, 2023

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 14, 2023  
 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, 2023 (from April 1, 2023 to June 30, 2023)

### (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, 2023	7,177	9.4	678	(6.9)	735	(4.0)	484	(5.5)
Three months ended June 30, 2022	6,560	10.0	729	106.9	766	100.4	512	46.5

Note: Comprehensive income For the three months ended June 30, 2023: ¥818 million [66.6%]  
 For the three months ended June 30, 2022: ¥491 million [31.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	34.86	—
Three months ended June 30, 2022	36.95	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	20,892	15,332	73.0
As of March 31, 2023	20,722	15,349	73.7

Reference: Equity As of June 30, 2023: ¥15,251 million  
 As of March 31, 2023: ¥15,277 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, 2023	—	0.00	—	60.00	60.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		0.00	—	62.00	62.00

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

## 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

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: 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)

(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)

As of June 30, 2023	13,954,000 shares	As of March 31, 2023	13,954,000 shares
As of June 30, 2023	56,454 shares	As of March 31, 2023	56,454 shares
Three months ended June 30, 2023	13,897,546 shares	Three months ended June 30, 2022	13,880,021 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 quarterly financial results, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 6 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

### Index

1. Qualitative information regarding quarterly financial results .....	5
(1) Explanation of operating results .....	5
(2) Explanation of financial position .....	5
(3) Explanation of consolidated earnings forecasts and other forward-looking statements .....	6
2. Quarterly consolidated financial statements and significant notes thereto .....	7
(1) Quarterly consolidated balance sheet .....	7
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income .....	9
Quarterly consolidated statement of income.....	9
Quarterly consolidated statement of comprehensive income.....	10
(3) Notes to quarterly consolidated financial statements .....	11
Notes on premise of going concern .....	11
Notes on significant changes in the amount of shareholders' equity .....	11
Changes in significant subsidiaries during the period .....	11

## 1. Qualitative information regarding quarterly financial results

### (1) Explanation of operating results

Over the course of the three months ended June 30, 2023, the national economy has been witnessing a gradual upswing that is largely attributable to the easing of COVID-19-induced movement restrictions. However, uncertainty continues to shroud the economic forecast due to the prolonged geopolitical tensions between Russia and Ukraine, inflation triggered by exchange rate fluctuations, and the persisting depreciation of the yen, among other factors. 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 toward SDG initiatives as well as increased demand for secondhand goods due to inflation.

With respect to the opening of secondhand stores during the three months ended June 30, 2023, the Company opened four directly operated stores and two franchised stores. As a result, the total number of secondhand stores was 937, which was comprised of 412 directly operated stores and 525 franchised stores.

The number of stores by business category as of June 30, 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 Total	BOOK ON
Directly operated stores	142 [+2]	127 [+1]	15 [±0]	10 [±0]	57 [+1]	4 [±0]	50 [±0]	7 [±0]	412 [+4]	1 [±0]
Franchised stores	237 [±0]	196 [+1]	2 [±0]	5 [±0]	77 [+1]	1 [±0]	—	7 [±0]	525 [+2]	—
Total	379 [+2]	323 [+2]	17 [±0]	15 [±0]	134 [+2]	5 [±0]	50 [±0]	14 [±0]	937 [+6]	1 [±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 HARD OFF TAIWAN INC. and ECO TOWN USA INC. are included in the number of directly operated overseas stores.

In the three months ended June 30, 2023, net sales for our existing stores performed robustly with a 5.0% increase. The opening of four new directly operated stores led to total company net sales of ¥7,177 million, a 9.4% increase year on year.

In terms of profits, in addition to the four new stores opened during the period, the costs for opening two additional new stores occurred ahead of schedule during the period, and relocation costs for two existing stores along with renovation costs for 14 existing stores were incurred as well. As a result, selling, general and administrative expenses increased by 12.3% (the same period last year saw the opening of two new stores, with no relocations or renovations). Due to the above, operating profit was ¥678 million (a decrease of 6.9% year on year), ordinary profit was ¥735 million (a decrease of 4.0% year on year), and the profit attributable to owners of parent was ¥484 million (a decrease of 5.5% year on year). Despite these figures, we are making steady progress towards our plans for both the first half of the fiscal year and the entirety of the fiscal year ending March 31, 2024.

### (2) Explanation of financial position

#### Assets

Total current assets as of June 30, 2023 amounted to ¥10,785 million, a decrease of ¥235 million compared with the end of the previous fiscal year. This was primarily due to a decrease of ¥657 million in cash and deposits, and an increase of ¥366 million in merchandise.

Total non-current assets amounted to ¥10,106 million, an increase of ¥405 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥455 million in investment securities.

As a result, total assets amounted to ¥20,892 million, an increase of ¥169 million compared with the end of the previous fiscal year.

#### Liabilities

Total current liabilities as of June 30, 2023 amounted to ¥4,381 million, an increase of ¥192 million compared with the end of

the previous fiscal year. Total non-current liabilities amounted to ¥1,178 million, a decrease of ¥6 million compared with the end of the previous fiscal year.

As a result, total liabilities amounted to ¥5,559 million, an increase of ¥186 million compared with the end of the previous fiscal year.

Net assets

Total net assets as of June 30, 2023 amounted to ¥15,332 million, a decrease of ¥17 million compared with the end of the previous fiscal year.

As a result, the equity-to-asset ratio was 73.0% (73.7% 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 six months ending September 30, 2023 and the fiscal year ending March 31, 2024,

announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023” on May 11, 2023.

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

### (1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	2,909,983	2,252,747
Accounts receivable - trade	984,567	981,134
Merchandise	6,650,020	7,016,826
Work in process	478	1,055
Other	479,187	536,895
Allowance for doubtful accounts	(3,153)	(3,163)
Total current assets	11,021,084	10,785,496
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,203,890	2,311,082
Land	972,119	972,119
Construction in progress	11,665	11,622
Other, net	531,774	588,591
Total property, plant and equipment	3,719,449	3,883,416
Intangible assets		
Software	552,421	563,624
Other	34,113	30,531
Total intangible assets	586,535	594,155
Investments and other assets		
Investment securities	2,996,680	3,452,523
Other	2,407,210	2,184,691
Allowance for doubtful accounts	(8,275)	(7,975)
Total investments and other assets	5,395,616	5,629,239
Total non-current assets	9,701,601	10,106,811
Total assets	20,722,685	20,892,307

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	63,897	69,544
Short-term borrowings	1,750,000	2,380,000
Income taxes payable	568,475	172,928
Provision for bonuses	—	146,280
Contract liabilities	27,502	16,703
Other	1,778,729	1,596,128
Total current liabilities	4,188,604	4,381,584
Non-current liabilities		
Asset retirement obligations	594,052	616,544
Other	590,541	561,803
Total non-current liabilities	1,184,594	1,178,348
Total liabilities	5,373,198	5,559,932
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,676,275	1,676,275
Capital surplus	1,910,632	1,910,570
Retained earnings	10,615,106	10,263,956
Treasury shares	(28,723)	(28,760)
Total shareholders' equity	14,173,290	13,822,041
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,109,803	1,426,818
Foreign currency translation adjustment	(5,515)	3,116
Total accumulated other comprehensive income	1,104,287	1,429,935
Non-controlling interests	71,908	80,398
Total net assets	15,349,487	15,332,375
Total liabilities and net assets	20,722,685	20,892,307



**(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, 2022	Three months ended June 30, 2023
Net sales	6,560,045	7,177,611
Cost of sales	1,992,533	2,187,805
Gross profit	4,567,512	4,989,806
Selling, general and administrative expenses	3,838,448	4,311,347
Operating profit	729,064	678,458
Non-operating income		
Interest income	553	505
Dividend income	18,546	23,038
Rental income from land and buildings	7,617	12,930
Income from recycling	7,815	7,748
Other	6,361	15,159
Total non-operating income	40,894	59,383
Non-operating expenses		
Interest expenses	2,438	2,191
Other	1,028	159
Total non-operating expenses	3,466	2,350
Ordinary profit	766,492	735,490
Extraordinary income		
Insurance claim income	5,000	—
Total extraordinary income	5,000	—
Extraordinary losses		
Loss on disaster	3,480	—
Total extraordinary losses	3,480	—
Profit before income taxes	768,011	735,490
Income taxes - current	164,536	147,503
Income taxes - deferred	86,709	95,809
Total income taxes	251,246	243,313
Profit	516,765	492,177
Profit attributable to non-controlling interests	3,958	7,647
Profit attributable to owners of parent	512,807	484,530

**Quarterly consolidated statement of comprehensive income**

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	516,765	492,177
Other comprehensive income		
Valuation difference on available-for-sale securities	(37,412)	317,015
Foreign currency translation adjustment	11,923	9,474
Total other comprehensive income	(25,488)	326,489
Comprehensive income	491,276	818,667
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	485,621	810,178
Comprehensive income attributable to non-controlling interests	5,654	8,489

**(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.