Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

February 6, 2025

Company name: HARD OFF CORPORATION Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 2674
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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, 2024 (from April 1, 2024 to December 31, 2024)

(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	%
Nine months ended December 31, 2024	24,803	12.5	2,535	25.0	2,696	23.0	1,734	28.2
Nine months ended December 31, 2023	22,052	10.2	2,029	11.3	2,191	12.2	1,353	13.3

Note: Comprehensive income For the nine months ended December 31, 2024: ¥1,859 million [20.5%]
For the nine months ended December 31, 2023: ¥1,543 million [(11.3%)]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	124.82	–
Nine months ended December 31, 2023	97.37	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	25,084	17,799	70.6
As of March 31, 2024	23,099	16,999	73.2

Reference: Equity As of December 31, 2024: ¥17,699 million
As of March 31, 2024: ¥16,904 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, 2024	–	0.00	–	76.00	76.00
Fiscal year ending March 31, 2025	–	0.00	–		
Fiscal year ending March 31, 2025 (forecast)				76.00	76.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	33,330	10.7	3,270	16.6	3,450	15.4	2,210	5.6	159.03

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: 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 December 31, 2024	13,954,000 shares	As of March 31, 2024	13,954,000 shares
(ii) Number of treasury shares at the end of the period	As of December 31, 2024	57,454 shares	As of March 31, 2024	56,905 shares
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	Nine months ended December 31, 2024	13,896,802 shares	Nine months ended December 31, 2023	13,897,491 shares

*Review of the attached quarterly consolidated financial statements by Certified Public Accountant or auditing firm: None

*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 financial results)

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

Attached Material

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1. Qualitative information regarding quarterly financial results

(1) Explanation of operating results

During the nine months ended December 31, 2024, the Japanese economy showed signs of moderate recovery with improvements in employment and income conditions. However, prolonged global instability and rising prices have led to continued uncertainty in the economic outlook. In the secondhand industry in which our company operates, the concept of "reusing" has become increasingly integrated into consumer lifestyles, resulting in continuous expansion of the secondhand market.

With respect to the opening of secondhand stores during the nine months ended December 31, 2024, the Company opened 23 directly operated stores, closed 5 directly operated stores, opened 22 franchised stores, and closed 4 franchised stores. As a result, the total number of secondhand stores was 1005, which was comprised of 448 directly operated stores and 557 franchised stores.

The number of stores by business category as of December 31, 2024 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	161 [+9]	131 [+4]	15 [±0]	10 [±0]	70 [+6]	4 [±0]	48 [-2]	9 [+1]	448 [+18]	1 [±0]
Franchised stores	250 [+9]	197 [±0]	2 [±0]	5 [±0]	92 [+7]	1 [±0]	–	10 [+2]	557 [+18]	–
Total	411 [+18]	328 [+4]	17 [±0]	15 [±0]	162 [+13]	5 [±0]	48 [-2]	19 [+3]	1005 [+36]	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.

With respect to the operating results for the quarter ended December 31, 2024, net sales for the existing stores in Japan remained strong, up 6.4% year on year, the 40th consecutive month of year-on-year increases. The company's net sales reached ¥24,803 million (an increase of 12.5% year on year), in large part due to the contribution of 23 directly operated stores opened in the previous fiscal year as well as 23 stores opened in this fiscal year.

Regarding profitability, selling, general and administrative expenses increased by 10.5% due to various factors, including opening costs for 23 new stores and relocation expenses for 3 existing stores. Due to the above, operating profit was ¥2,535 million (an increase of 25.0% year on year), ordinary profit was ¥2,696 million (an increase of 23.0% year on year), and the profit attributable to owners of parent was ¥1,734 million (an increase of 28.2% year on year), all of which mark record highs.

(2) Explanation of financial position

Assets

Total current assets as of December 31, 2024 amounted to ¥13,783 million, an increase of ¥1,297 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥958 million in merchandise.

Total non-current assets amounted to ¥11,300 million, an increase of ¥687 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥603 million in property, plant and equipment, and an increase of ¥56 million in investments and other assets.

As a result, total assets amounted to ¥25,084 million, an increase of ¥1,985 million compared with the end of the previous fiscal year.

Liabilities

Total current liabilities as of December 31, 2024 amounted to ¥6,099 million, an increase of ¥1,162 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥1,460 million in short-term borrowings, and a decrease of ¥162 million in income taxes payable. Total non-current liabilities amounted to ¥1,184 million, an increase of ¥22 million compared with the end of the previous fiscal year.

As a result, total liabilities amounted to ¥7,284 million, an increase of ¥1,185 million compared with the end of the previous fiscal year.

Net assets

Total net assets as of December 31, 2024 amounted to ¥17,799 million, an increase of ¥799 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥678 million in retained earnings and an increase of ¥125 million in valuation difference on available-for-sale securities.

As a result, the equity-to-asset ratio was 70.6% (73.2% 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, 2025, announced in "Consolidated Financial Results for the Fiscal year ended March 31, 2024 " on May 9, 2024.

For details, please see the "Notice Concerning Revision of Earnings Forecasts and Dividend Forecast" released today (February 6, 2025).

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	3,024,396	3,205,595
Accounts receivable - trade	1,244,938	1,379,260
Merchandise	7,709,038	8,667,107
Work in process	1,801	–
Other	510,053	535,548
Allowance for doubtful accounts	(3,800)	(3,965)
Total current assets	12,486,429	13,783,546
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,448,154	2,782,681
Land	972,119	1,023,215
Construction in progress	18,078	19,328
Other, net	715,912	932,960
Total property, plant and equipment	4,154,265	4,758,186
Intangible assets		
Software	590,963	620,911
Other	23,241	20,765
Total intangible assets	614,205	641,677
Investments and other assets		
Investment securities	3,465,169	3,640,592
Other	2,386,243	2,266,517
Allowance for doubtful accounts	(7,075)	(6,175)
Total investments and other assets	5,844,337	5,900,934
Total non-current assets	10,612,808	11,300,798
Total assets	23,099,237	25,084,344

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	41,771	118,030
Short-term borrowings	2,120,000	3,580,000
Income taxes payable	585,355	423,234
Provision for bonuses	–	157,990
Contract liabilities	23,123	33,396
Other	2,166,763	1,787,140
Total current liabilities	4,937,012	6,099,792
Non-current liabilities		
Asset retirement obligations	649,588	722,085
Other	512,806	462,775
Total non-current liabilities	1,162,394	1,184,860
Total liabilities	6,099,407	7,284,652
Net assets		
Shareholders' equity		
Share capital	1,676,275	1,676,275
Capital surplus	1,910,632	1,910,632
Retained earnings	11,874,435	12,552,860
Treasury shares	(29,348)	(30,129)
Total shareholders' equity	15,431,994	16,109,638
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,436,316	1,562,231
Foreign currency translation adjustment	36,339	27,399
Total accumulated other comprehensive income	1,472,656	1,589,631
Non-controlling interests	95,178	100,422
Total net assets	16,999,829	17,799,692
Total liabilities and net assets	23,099,237	25,084,344

(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, 2023	Nine months ended December 31, 2024
Net sales	22,052,060	24,803,534
Cost of sales	6,878,234	7,749,496
Gross profit	15,173,826	17,054,038
Selling, general and administrative expenses	13,144,753	14,518,554
Operating profit	2,029,072	2,535,483
Non-operating income		
Interest income	1,807	1,875
Dividend income	61,431	74,200
Rental income from land and buildings	38,720	38,311
Income from recycling	22,933	22,034
Other	47,844	46,811
Total non-operating income	172,737	183,233
Non-operating expenses		
Interest expenses	7,182	11,956
Lease contract cancellation losses	–	6,321
Other	2,824	3,769
Total non-operating expenses	10,006	22,046
Ordinary profit	2,191,803	2,696,670
Extraordinary income		
Gain on sale of non-current assets	110	–
Gain on sale of investment securities	10	–
Total extraordinary income	121	–
Extraordinary losses		
Loss on retirement of non-current assets	97	1,967
Loss on valuation of investment securities	1,216	5,661
Impairment losses	80,052	54,712
Loss on disaster	1,927	–
Total extraordinary losses	83,293	62,341
Profit before income taxes	2,108,630	2,634,328
Income taxes - current	665,697	826,304
Income taxes - deferred	75,185	62,870
Total income taxes	740,883	889,174
Profit	1,367,747	1,745,153
Profit attributable to non-controlling interests	14,512	10,550
Profit attributable to owners of parent	1,353,235	1,734,603

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	1,367,747	1,745,153
Other comprehensive income		
Valuation difference on available-for-sale securities	135,131	125,915
Foreign currency translation adjustment	40,613	(11,555)
Total other comprehensive income	175,744	114,359
Comprehensive income	1,543,492	1,859,513
Breakdown:		
Comprehensive income attributable to owners of parent	1,523,165	1,851,578
Comprehensive income attributable to non-controlling interests	20,326	7,934

(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.

Notes on quarterly consolidated statement of cash flows

We have not prepared a quarterly consolidated statement of cash flows for the nine months ended December 31, 2024. The depreciation expenses (including amortization of intangible assets) for the nine months ended December 31, 2023 and December 31, 2024 are as follows.

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	¥484,993 thousand	¥617,422 thousand

Notes on segment information, etc.

[Segment information]

I. Nine months ended December 31, 2023

1. Information on net sales and profit/loss for each reportable segment

(Thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statement of income amount (Note 3)
	Secondhand Business	FC Business	Total				
Net sales							
Net sales to external customers	20,887,482	1,141,903	22,029,386	22,674	22,052,060	–	22,052,060
Inter-segment net sales or transfers	–	285,930	285,930	198,768	484,699	(484,699)	–
Total	20,887,482	1,427,834	22,315,317	221,443	22,536,760	(484,699)	22,052,060
Segment profit	3,291,263	743,605	4,034,869	25,013	4,059,882	(2,030,809)	2,029,072

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

2. ¥(2,030,809) thousand in segment profit adjustments consist of ¥(10,393) thousand in inter-segment eliminations and ¥(2,020,416) thousand in company-wide expenses not allocated to any specific reportable segment.

3. Segment profit is adjusted for operating profit in the quarterly consolidated statement of income.

2. Information related to impairment losses of non-current assets or goodwill, etc., for each reportable segment

Significant impairment losses on non-current assets

In the secondhand business, impairment losses have been recorded for certain business locations as they are no longer expected to generate the initially projected revenues. The amount of impairment losses recorded for the nine months ended December 31, 2024 was ¥80,052 thousand.

Significant changes in goodwill

Not applicable.

Significant negative goodwill gains

Not applicable.

II. Nine months ended December 31, 2024

1. Information on net sales and profit/loss for each reportable segment

(Thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statement of income amount (Note 3)
	Secondhand Business	FC Business	Total				
Net sales							
Net sales to external customers	23,407,971	1,373,432	24,781,404	22,130	24,803,534	–	24,803,534
Inter-segment net sales or transfers	–	348,193	348,193	246,381	594,575	(594,575)	–
Total	23,407,971	1,721,626	25,129,598	268,512	25,398,110	(594,575)	24,803,534
Segment profit	3,818,175	971,135	4,789,311	30,390	4,819,701	(2,284,218)	2,535,483

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

2. ¥(2,284,218) thousand in segment profit adjustments consist of ¥(39,271) thousand in inter-segment eliminations and ¥(2,244,946) thousand in company-wide expenses not allocated to any specific reportable segment.

3. Segment profit is adjusted for operating profit in the quarterly consolidated statement of income.

2. Information related to impairment losses of non-current assets or goodwill, etc., for each reportable segment

Significant impairment losses on non-current assets

In the secondhand business, impairment losses have been recorded for certain business locations as they are no longer expected to generate the initially projected revenues. The amount of impairment losses recorded for the nine months ended December 31, 2024 was ¥54,712 thousand.

Significant changes in goodwill

Not applicable.

Significant negative goodwill gains

Not applicable.

Changes in significant subsidiaries during the period

Not applicable.