Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

May 12, 2026

Company name: HARD OFF CORPORATION Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 2674
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Scheduled date of annual general meeting of shareholders: June 24, 2026
Scheduled date to commence dividend payments: June 25, 2026
Scheduled date to file securities report: June 23, 2026
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 31,2026 (April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	39,276	17.1	3,387	5.3	3,489	2.5	2,519	8.9
March 31, 2025	33,531	11.4	3,218	14.8	3,403	13.8	2,314	10.6

Note: Comprehensive income Fiscal year ended March 31, 2026 3,037 Millions of yen (24.8%)
Fiscal year ended March 31, 2025 2,433 Millions of yen (△2.1%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	181.19	-	13.1	12.2	8.6
March 31, 2025	166.52	-	13.2	14.0	9.6

(2)Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	31,600	20,330	64.0	1,453.07
March 31, 2025	25,617	18,373	71.3	1,314.75

Reference: Equity As of March 31, 2026 20,216 Millions of yen
As of March 31, 2025 18,270 Millions of yen

(3)Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	2,465	△2,710	521	3,307
March 31, 2025	2,142	△1,836	△334	3,009

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, 2025	-	0.00	-	78.00	78.00	1,083	46.8	6.2
Fiscal year ended March 31, 2026	-	0.00	-	85.00	85.00	1,182	46.9	6.1
Fiscal year ending March 31,2027 (forecast)	-	0.00	-	92.00	92.00		38.8	

(Note)The year-end dividend for the fiscal year ended March 31,2026 has been changed from 78 yen to 85 yen. For details, please refer to "Notice Concerning Revision of Dividend Forecast (Increase in Dividend) " announced today (May 12, 2026).

3.Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(Percentages represent year-on-year changes for the full-year period and year-on-year changes for the quarter.)

	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, 2026	21,750	26.0	1,580	18.9	1,630	13.9	1,800	94.6	129.37
Fiscal year ending March 31, 2027	45,700	16.4	4,050	19.6	4,100	17.5	3,300	31.0	237.19

※ Notes

(1)Material changes in scope of consolidation during the period: Yes

New 1 (Company name) :ECONOS Co., Ltd.

Excluded 1 (Company name):HARDOFF Family Co., Ltd.

(Note) For details, please refer to "3. Consolidated Financial Statements and Notes (5) Notes to Consolidated Financial Statements (Notes on Significant Changes in the Scope of Consolidation during the Period)" on page 20.

(2)Changes in accounting policies, changes in accounting estimates, and restatements

① Changes in accounting policies due to revisions of accounting standards: None

② Changes in accounting policies due to other reasons : None

③ Changes in accounting estimates : None

④ Restatement : None

(3)Number of shares outstanding (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)	As of March 31, 2026	13,954,000 shares	As of March 31, 2025	13,954,000 shares
(ii) Number of treasury shares at the end of the period	As of March 31, 2026	40,880 shares	As of March 31, 2025	57,562 shares
(iii) Average number of shares outstanding during the period	Fiscal year ended March 31, 2026	13,903,382 shares	Fiscal year ended March 31, 2025	13,896,722 shares

※ This report is not subject to audit by certified public accountants or an audit firm.

※ Explanation of Appropriate Use of Earnings Forecasts and Other Notes

(Notes on Forward-Looking Statements)

The financial results forecasts and other forward-looking statements in this document are based on information currently available to our company and certain assumptions deemed reasonable, and do not constitute any promise by our company that they will be achieved. Actual results may differ materially from these forecasts due to various factors.

For the conditions underlying the financial results forecasts and cautionary notes on the use of financial results forecasts, please refer to Appendix. Page3 "1.Summary of consolidated financial results,etc.(4) Future Outlook."

(How to obtain supplementary financial results materials)

The supplementary financial results materials are disclosed on TDnet on the same day.

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1. Summary of consolidated financial results, etc.

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

The Japanese economy in the fiscal year under review continues to be in an uncertain future due to the impact of U.S. trade policies, prolonged geopolitical risks, and the continued rise in raw material prices domestically, while increased inbound tourism demand and the employment and income situation has improved and the economy is recovering moderately. In secondhand industry to which our company belongs, secondhand has permeated the lives of consumers and secondhand market is continuously expanding.

With regard to the opening of secondhand stores during the current fiscal year, we opened 30 new stores and closed 4 store in Directly operated stores, opened 27 new stores and closed 3 stores in Franchised stores. Furthermore, following the subsidiarization of ECONOS Co., Ltd. in October, 53 stores were transferred from Franchised stores to Directly operated stores, and 16 BOOK OFF stores were added to Directly operated stores. As a result of the above, the number of secondhand stores was 545 in Directly operated stores and 533 in Franchised stores, bringing the total to 1,078. The following table shows the number of stores by business category as of the end of the current fiscal year.

(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	193 (+31)	149 (+18)	13 (△2)	11 (＋1)	98 (+28)	4 (±0)	65 (＋17)	12 (+2)	545 (+95)	0 (△1)
Franchised stores	244 (△9)	184 (△12)	2 (±0)	5 (±0)	85 (△11)	1 (±0)	-	12 (+3)	533 (△29)	-
Total	437 (+22)	333 (+6)	15 (△2)	16 (＋1)	183 (+17)	5 (±0)	65 (＋17)	24 (+5)	1,078 (+66)	0 (△1)

(Note) 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 ECOPLUS Co., Ltd., and ECONOS 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 consolidated fiscal year under review, the domestic existing stores sales remained strong (up 4.3% year on year), as a result of the contribution of the 24 Directly operated stores opened in the previous fiscal year and the 30 Directly operated stores opened in the current fiscal year, as well as sales of the 69 ECONOS Co.,Ltd. stores that became consolidated in the third quarter, net sales were 39,276 million yen (up 17.1% year on year).

On the profit side, selling, general and administrative expenses increased by 18.3% due to increased personnel and depreciation costs, opening expenses for 30 new stores, and a one-time charge of 83 million yen related to the TOB for ECONOS Co,ltd. Operating profit was 3,387 million yen (up 5.3% year on year), Ordinary profit was 3,489 million yen (up 2.5% year on year), and Profit attributable to owners of parent was 2,519 million yen (up 8.9% year on year).

① Secondhand Business

In this business, net sales increased by 17.6% to 37,265 million yen.

② FC Business

In this business, net sales of merchandise, membership fees and royalty income increased by 6.4% to 1,932 million yen.

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

(Assets)

Total current assets increased by 3,072 million yen from the end of the previous fiscal year to 16,990 million yen. This was mainly due to an increase of 298 million yen in cash and deposits and an increase of 344 million yen in accounts receivable and an increase of 2,229 million yen in merchandise.

Total Fixed assets increased by 2,910 million yen from the end of the previous fiscal year to 14,610 million yen. This was mainly due to an increase of 1,093 million yen in tangible assets, an increase of 899 million yen in intangible assets, and an increase of 917 million yen in investments and other assets.

As a result of the above, total assets increased by 5,982 million yen from the end of the previous fiscal year to 31,600 million yen.

(Liabilities)

Total current liabilities increased by 2,930 million yen from the end of the previous fiscal year to 8,970 million yen. This was mainly due to an increase of 2,140 million yen in short-term borrowings and an increase of 286 million yen in current portion of long-term borrowings and an increase of 314 million yen in accrued expenses.

Total non-current liabilities increased by 1,095 million yen from the end of the previous fiscal year to 2,299 million yen. This was mainly due to an increase of 484 million yen in long-term borrowings and an increase of 224 million yen in lease obligations and an increase of 286 million yen in asset retirement obligations.

As a result of the above, total liabilities increased by 4,025 million yen from the end of the previous fiscal year to 11,270 million yen.

(Net assets)

Total net assets increased by 1,956 million yen from the end of the previous fiscal year to 20,330 million yen. This was mainly due to an increase of 1,435 million yen in retained earnings and an increase of 448 million yen in valuation difference on available-for-sale securities.

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

Cash and cash equivalents (“net cash”) at the end of the current fiscal year amounted to 3,307 million yen, an increase of 298 million yen from the end of the previous fiscal year.

The following is a summary of cash flows and major components during the fiscal year ended March 31, 2026.

(Cash flows from operating activities)

Funds provided by operating activities for the fiscal year ended March 31, 2026 totaled 2,465 million yen (prior year provided 2,142 million yen). Contributing factors mainly included profit before income taxes of 3,522 million yen.

(Cash flows from investing activities)

Funds used in investing activities for the fiscal year ended March 31, 2026 totaled 2,710 million yen (prior year used 1,836 million yen). Contributing factors mainly included purchase of tangible assets of 1,274 million yen and purchase of intangible assets of 233 million yen.

(Cash flows from financing activities)

Funds provided in financing activities for the fiscal year ended March 31, 2026 totaled 521 million yen (prior year used 344 million yen). Contributing factors mainly included an increase in short-term borrowings 1,890 million yen, dividends paid of 1,083 million yen and repayment of long-term borrowings 158 million yen.

(4) Future Outlook

The Company has established the following long-term vision.

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 that integrates various channels of stores and the Internet.

Additionally, as part of our medium-term plan leading up to 2030, we aim to expand our business through four strategic pillars: brick-and-mortar strategy, store expansion strategy, online strategy, and international strategy.

For the fiscal year ending March 31, 2027, the Company plans to open 36 directly operated stores and 21 franchised stores, for a total net increase of 57 stores.

For the full year, the Company forecasts net sales of 45,700 million yen (up 16.4% year on year), operating profit of 4,050 million yen (up 19.6% year on year), ordinary profit of 4,100 million yen (up 17.5% year on year), and profit attributable to owners of parent of 3,300 million yen (up 31.0% year on year).

(5) Basic Policy on Profit Distribution and Dividends for the current and next fiscal year

① Basic Policy on Profit Distribution

The Company positions the return of profits to shareholders as one of its significant management policies. By improving earnings per share, return on equity (ROE) and cash flow and working to strengthen its management base and financial position through active business development to increase corporate value, the Company's policy is to implement stable dividends backed by business performance, with a target dividend on equity ratio (DOE) of approximately 6%.

③ Dividend of surplus for the fiscal year under review

The year-end dividend for the fiscal year ended March 2026 will be ¥85 per share, taking into consideration the business performance and retained earnings.

③ Dividend of surplus for the next fiscal year

Based on the new policy, the annual dividend per share for the next fiscal year will be ¥92.

2. Basic Views on the Selection of Accounting Standards

Taking into account the period comparability of consolidated financial statements and the comparability between companies, our group will prepare consolidated financial statements in accordance with Japanese GAAP for the time being.

With regard to the application of International Financial Reporting Standards, we will take appropriate measures in consideration of domestic and overseas developments.

3. Consolidated Financial Statements and Notes

(1)Consolidated Balance Sheets

(thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	3,009,386	3,307,878
Accounts receivable	1,380,112	1,724,999
Merchandise	8,971,859	11,201,218
Work in process	637	—
Other	558,857	757,279
Allowance for doubtful accounts	△2,636	△1,109
Total current assets	13,918,216	16,990,266
Fixed assets		
Tangible assets		
Buildings and structures	8,357,389	9,675,725
Accumulated depreciation	△5,582,951	△6,321,991
Buildings and structures, net	2,774,438	3,353,734
Land	1,023,215	1,125,032
Leased assets	1,980,674	2,695,051
Accumulated depreciation	△1,687,494	△2,295,696
Leased assets ,net	293,179	399,354
Construction in progress	32,727	39,819
Others	1,809,552	2,815,634
Accumulated depreciation	△1,123,682	△1,830,835
Other ,net	685,870	984,798
Total Tangible assets	4,809,431	5,902,740
Intangible assets		
Software	614,988	593,409
Goodwill	160,782	1,062,971
Other	20,210	39,344
Total intangible assets	795,981	1,695,725
Investments and other assets		
Investment securities	3,639,795	4,218,361
Deferred tax assets	235,667	160,647
Security deposit	1,567,200	1,915,179
Other	651,442	717,628
Total investments and other assets	6,094,104	7,011,817
Total fixed assets	11,699,518	14,610,283
Total assets	25,617,734	31,600,550

(thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable	168,105	100,549
Short-term borrowings	2,950,000	5,090,000
current portion of long-term borrowing	—	286,682
Lease obligations	96,328	124,811
Income taxes payable	653,430	672,395
Accrued	488,286	620,812
Accrued expenses	1,264,332	1,578,548
Contract liabilities	36,269	23,093
Other	383,269	473,964
Total current liabilities	6,040,022	8,970,857
Non-current liabilities		
Long-term borrowings	—	484,233
Lease obligations	137,421	361,839
Asset retirement obligations	765,578	1,052,193
Long-term payables	239,682	260,247
Other	61,918	141,133
Fixed liabilities	1,204,601	2,299,646
Total non-current liabilities	7,244,624	11,270,504
Net assets		
Shareholders' equity		
Share capital	1,676,275	1,676,275
Capital surplus	1,910,632	1,930,432
Retained earnings	13,132,286	14,567,475
Treasury stock	△30,278	△22,100
Total shareholders' equity	16,688,915	18,152,082
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,541,082	1,989,442
Foreign currency translation adjustment	40,334	75,166
Total accumulated other comprehensive income	1,581,417	2,064,609
Non-controlling interests	102,777	113,354
Total net assets	18,373,110	20,330,045
Total liabilities Total net assets	25,617,734	31,600,550

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net Sales	33,531,023	39,276,974
Cost of sales	10,534,041	12,486,748
Gross profit	22,996,981	26,790,226
Selling, general and administrative expenses	19,778,765	23,402,927
Operating profit	3,218,216	3,387,298
Non-operating income		
Dividends paid income	74,200	75,957
Land rent income	51,071	14,166
Foreign exchange gains	11,317	12,838
Recycling revenues	29,120	22,355
Grant income	10,424	10,573
Others	39,849	36,421
Total non-operating income	215,983	172,313
Non-operating expenses		
Interest expenses	17,633	63,724
Loss on termination of lease agreement	6,457	—
Other	6,947	5,947
Total non-operating expenses	31,038	69,671
Ordinary profit	3,403,162	3,489,940
Extraordinary income		
Gain on sale of fixed assets	—	220
Gain on step acquisition	—	176,353
Total extraordinary profit	—	176,573
Extraordinary losses		
Loss on disposal of Fixed assets	1,967	363
Impairment loss	163,808	142,207
Loss on valuation of investment securities	4,458	973
Total extraordinary loss	170,234	143,544
Income before income taxes	3,232,927	3,522,969
Income taxes – inhabitants' taxes and enterprise taxes	1,015,777	1,078,709
Income taxes - deferred	△102,958	△82,172
Total Income taxes	912,818	996,536
Net profit	2,320,108	2,526,433
Profit attributable to non-controlling interests	6,078	7,322
Profit attributable to owners of parent	2,314,029	2,519,110

(Consolidated Statement of Comprehensive Income)

(thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net profit	2,320,108	2,526,433
Other comprehensive income		
Valuation difference on available-for-sale securities	104,766	471,832
Foreign currency translation adjustment	8,206	38,909
Total other comprehensive income	112,972	510,742
Comprehensive income	2,433,080	3,037,175
(Breakdown)		
Comprehensive income attributable to owners of parent	2,422,790	3,025,774
Comprehensive income attributable to non-controlling interests	10,289	11,401

(3) Consolidated Statement of Changes in Net Assets

Previous fiscal year (From April 1, 2024 To March 31, 2025)

(thousands of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	1,676,275	1,910,632	11,874,435	△29,348	15,431,994
Change during the current period					
Dividends of surplus			△1,056,179		△1,056,179
Profit attributable to owners of parent			2,314,029		2,314,029
Acquisition of treasury stock				△929	△929
Disposal of treasury stock					
Net changes in items other than shareholders' equity					—
Total changes	—	—	1,257,850	△929	1,256,920
Balance at the end of the current period	1,676,275	1,910,632	13,132,286	△30,278	16,688,915

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on other securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	1,436,316	36,339	1,472,656	95,178	16,999,829
Change during the period					
Dividends from surplus					△1,056,179
Profit attributable to owners of parent					2,314,029
Acquisition of treasury stock					△929
Disposal of treasury stock					
Net changes in items other than shareholders' equity	104,766	3,994	108,761	7,598	116,359
Total changes	104,766	3,994	108,761	7,598	1,373,280
Balance at the end of the current period	1,541,082	40,334	1,581,417	102,777	18,373,110

Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)

(thousands of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	1,676,275	1,910,632	13,132,286	△30,278	16,688,915
Change during the period					
Dividends from surplus			△1,083,922		△1,083,922
Profit attributable to owners of parent			2,519,110		2,519,110
Acquisition of treasury stock				△1,002	△1,002
Disposal of treasury stock		19,800		9,180	28,980
Net changes in items other than shareholders' equity					—
Total changes	—	19,800	1,435,188	8,178	1,463,166
Balance at the end of the current period	1,676,275	1,930,432	14,567,475	△22,100	18,152,082

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on other securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	1,541,082	40,334	1,581,417	102,777	18,373,110
Change during the period					
Dividends from surplus					△1,083,922
Profit attributable to owners of parent					2,519,110
Acquisition of treasury stock					△1,002
Disposal of treasury stock					28,980
Net changes in items other than shareholders' equity	448,360	34,831	483,191	10,576	493,768
Total changes	448,360	34,831	483,191	10,576	1,956,935
Balance at the end of the current period	1,989,442	75,166	2,064,609	113,354	20,330,045

(4) Consolidated Statements of Cash Flows

(thousands of yen)

	Previous Fiscal Year (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2025 to March 31, 2026)
Cash flows from operating activities		
Income before income taxes and minority interests	3,232,927	3,522,969
Depreciation and amortization	855,599	1,042,180
Amortization of goodwill	10,487	73,467
Impairment loss	163,808	142,207
Increase (decrease) in allowance for doubtful accounts	(8,239)	(1,527)
Interest income and dividends income	(78,015)	(81,825)
Interest expense	17,633	63,724
Net unrealized losses (gain) on sales of investment securities	4,458	973
Gain or loss on step acquisition (gain)	—	(176,353)
Net decrease (increase) in trade receivables	(135,108)	(147,341)
Decrease (Increase) in inventories	(1,171,789)	(1,043,085)
Increase (decrease) in trade payables	126,809	(79,288)
Decrease (increase) in prepaid expenses	(20,110)	(116,151)
Increase (decrease) in accrued consumption taxes	14,567	13,994
Increase (decrease) in accounts payable	(32,671)	52,662
Increase (decrease) in accrued expenses	42,057	229,702
Other	9,032	27,523
Subtotal	3,031,447	3,523,833
Interest and dividends received	76,297	79,992
Interest paid	(17,633)	(63,724)
Income taxes paid	(947,702)	(1,074,340)
Cash flows from operating activities	2,142,409	2,465,760
Cash flows from investing activities		
Purchases of tangible assets	(1,216,285)	(1,274,487)
Purchases of intangible assets	(269,714)	(233,157)
Payments for transfer of business	(274,728)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,112,067)
disbursement of guarantee deposits	(20,793)	(28,266)
Disbursement of security deposits	(80,903)	(86,463)
Collection of security deposits	51,909	25,742
Other	(26,067)	(2,276)
Cash flows from investing activities	(1,836,583)	(2,710,975)

(thousands of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2025 to March 31, 2026)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	830,000	1,890,000
Repayments of long-term borrowings	—	(158,959)
Purchase of treasury stock	(929)	(55)
Repayment of lease obligations	(105,351)	(125,085)
Dividends paid	(1,055,387)	(1,083,652)
Dividends paid to non-controlling interests	(2,737)	(824)
Cash flows from financing activities	(334,406)	521,423
Exchange differences on cash and cash equivalents	13,571	22,283
Increase (decrease) in cash and cash equivalents	(15,009)	298,491
Cash and cash equivalents at the beginning of the year	3,024,396	3,009,386
Cash and cash equivalents at the end of the year	3,009,386	3,307,878

(5)Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

（Notes to Changes in Presentation）

(Consolidated Statement of Cash Flows)

"Increase (decrease) in prepaid expenses," which was included in "Other" under "Cash flows from operating activities" in the previous fiscal year, is separately presented from the current fiscal year due to its increased monetary materiality. To reflect this change in presentation, the consolidated statement of cash flows for the previous fiscal year has been reclassified.

As a result, the amount (11) million yen presented in "Other" under "Cash flows from operating activities" in the consolidated statement of cash flows for the previous fiscal year has been reclassified as "Increase (decrease) in prepaid expenses" of (20) million yen and "Other" of 9 million yen.

Notes to Segment Information

[Segment Information]

1. Overview of Reportable Segments

Our group's reportable segments are those for which separate financial information is available among the constituent units of our company and its subsidiaries, and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and to evaluate performance.

Our group mainly purchases and sells secondhand products, and has developed its business operations as the " Secondhand Business" and the "FC Business," so these two segments are designated as reportable segments.

Secondhand Business is the operation of the secondhand shops HARD OFF, OFF HOUSE, MODE OFF, Garage OFF, Hobby OFF, Liquor OFF and BOOK OFF (franchisee). The FC Business is the franchise chain business of the secondhand shops HARD OFF, OFF HOUSE, MODE OFF, Garage OFF, Hobby OFF and Liquor OFF.

2. Calculation method of net sales, profit or loss, assets and other items by reportable segment

The method of accounting for reported business segments is the same as the method in conformity with the accounting policies adopted for preparing consolidated financial statements.

Income for reportable segments is based on operating profit.

Inter-segment transactions are based on prevailing market prices.

3. Information on net sales, profit or loss, assets and other items by reportable segment

Previous fiscal year (from April 1, 2024 to March 31, 2025)

(thousands of yen)

	Reportable segment			Other (Note)1	Total	Adjustments (Note)2	Amount reported in the consolidated financial statements (Note)3
	Secondhand Business	FC	Total				
Sales							
To External Customers	31,687,799	1,815,518	33,503,317	27,705	33,531,023	—	33,531,023
Sales Inter-segment sales or transfers	—	462,313	462,313	330,348	792,662	△792,662	—
Total	31,687,799	2,277,831	33,965,631	358,054	34,323,685	△792,662	33,531,023
Segment Profit	5,055,045	1,294,503	6,349,548	37,560	6,387,109	△3,168,892	3,218,216
Segment Assets	17,538,487	437,887	17,976,374	34,543	18,010,917	7,606,816	25,617,734
Other items							
Depreciation	795,160	52,121	847,281	156	847,438	8,161	855,599
Amortization of goodwill	10,487	—	10,487	—	10,487	—	10,487
Increase in property, plant and equipment and intangible assets	1,824,215	53,427	1,877,642	—	1,877,642	4,554	1,882,197

(Note) 1 "Other" refers to business segments not included in reportable segments and includes the system development business.

2 Adjustments are as follows.

(1)Adjustments in segment income △3,168,892 thousand yen include elimination of intersegment transactions △56,220 thousand yen and corporate expenses △3,112,672 thousand yen not allocated to each reportable segment.

(2)Adjusted segment assets of 7,606,816 thousand yen represent company-wide assets not allocated to each reportable segment.

(3)Internal sales and transfers between segments are presented separately.

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

Fiscal year under review (from April 1, 2025 to March 31, 2026)

(thousands of yen)

	Reportable segments			Other (Note)1	Total	Adjustments (Note)2	Amount reported in consolidated financial statements (Note)3
	Secondhand Business	FC business	Total				
Sales							
To external customers	37,265,449	1,932,305	39,197,754	79,219	39,276,974	—	39,276,974
Sales Inter-segment sales or transfers	—	429,391	429,391	367,470	796,862	△796,862	—
Total	37,265,449	2,361,696	39,627,146	446,690	40,073,837	△796,862	39,276,974
Segment Profit	5,679,314	1,310,855	6,990,169	7,471	6,997,640	△3,610,341	3,387,298
Segment Assets	22,415,533	441,533	22,857,067	47,286	22,904,354	8,696,195	31,600,550
Other items							
Depreciation and amortization	977,114	45,783	1,022,898	713	1,023,611	18,568	1,042,180
Amortization of goodwill	73,467	—	73,467	—	73,467	—	73,467
Increase in property, plant and equipment and intangible assets	3,980,942	37,756	4,018,699	—	4,018,699	30,033	4,048,732

(Note) 1 "Other" refers to business segments not included in reportable segments and includes the system development business.

2 Adjustments are as follows.

(1)Adjustments in segment income △3,610,341 thousand yen include elimination of intersegment transactions △79,744 thousand yen and corporate expenses △3,530,597 thousand yen not allocated to each reportable segment.

(2)Adjusted segment assets of 8,696,195 thousand yen represent company-wide assets not allocated to each reportable segment.

(3)Internal sales and transfers between segments are presented separately.

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

【Related Information]

Previous fiscal year (from April 1, 2024 to March 31, 2025)

1. Information by product and service

Our group purchases and sells secondhand products and is not classified as a single product or service.

This information is omitted because sales to customers in Japan exceed 90% of net sales in the consolidated statements of income.

2. Information by region

(1) Sales

This information is omitted because sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Tangible assets

This information is omitted because the amount of tangible assets located in Japan exceeds 90% of the amount of tangible assets in the consolidated balance sheets.

3. Information by major customer

This information is omitted because there are no sales to specific customers that account for 10% or more of net sales in the consolidated statements of income.

Fiscal year under review (from April 1, 2025 to March 31, 2026)

1. Information by product and service

Our group purchases and sells secondhand products, and is not classified as a single product or service.

This information is omitted because sales to customers exceed 90% of net sales in the consolidated statement of income.

2. Information by region

(1) Sales

This information is omitted because sales to external customers in Japan exceed 90% of net sales in the consolidated statement of income.

(2) Tangible assets

Description is omitted because the amount of tangible assets located in Japan exceeds 90% of the amount of tangible assets on the consolidated balance sheet.

3. Information by major customer

Description is omitted because there are no sales to specific customers that account for 10% or more of net sales on the consolidated statements of income.

[Information on impairment loss on fixed assets by reportable segment]

Previous fiscal year (from April 1, 2024 to March 31, 2025)

(thousands of yen)

	Secondhand Business	FC Business	Total	Company elimination	Amount reported in the consolidated financial statements
Impairment loss	163,808	—	163,808	—	163,808

Fiscal year under review (from April 1, 2025 to March 31, 2026)

(thousands of yen)

	Secondhand Business	FC Business	Total	Company elimination	Amount recorded in consolidated financial statements
Impairment loss	142,207	—	142,207	—	142,207

[Information on amortized goodwill and unamortized balance by reportable segment]

Previous fiscal year (April 1, 2024 to March 31, 2025)

(thousands of yen)

	Secondhand Business	FC Business	Total	Company elimination	Amount reported in the consolidated financial statements
Amortization for the current period	10,487	—	10,487	—	10,487
Balance at the end of the current fiscal year	160,782	—	160,782	—	160,782

Fiscal year under review (April 1, 2025 to March 31, 2026)

(thousands of yen)

	Secondhand Business	FC Business	Total	Company elimination	Amount reported in the consolidated financial statements
Amortization for the current period	73,467	—	73,467	—	73,467
Balance at the end of the current fiscal year	1,062,971	—	1,062,971	—	1,062,971

[Information on Gain on Negative Goodwill by Reportable Segment]

Previous Fiscal Year (From April 1, 2024 to March 31, 2025)

Not applicable.

Current Fiscal Year (From April 1, 2025 to March 31, 2026)

Not applicable.

(Per Share Information)

	Previous Fiscal Year (From April 1, 2024 to March 31, 2025)	Fiscal year under review (from April 1, 2025 to March 31, 2026)
Net assets per share	1,314.75 yen	1,453.07 yen
Earnings per Share	166.52 yen	181.19 yen

(Note)1. Diluted net income per share is not presented because there are no dilutive shares.

2. The basis for the calculation of net assets per share is as follows:

	Previous fiscal year (March 31, 2025)	Fiscal year under review (March 31, 2026)
Total net assets	18,373,110 thousand yen	20,330,045 thousand yen
Amount to be deducted from the total net assets	102,777 thousand yen	113,354 thousand yen
(Of which, non-controlling interests)	(102,777 thousand yen)	(113,354) thousand yen
Net assets of common stock at the end of the period	18,270,332 thousand yen	20,216,691 thousand yen
Number of common shares at the end of the period used to calculate net assets per share	13,896 thousand shares	13,913 thousand shares

3.The basis for calculating net income per share is as follows:

	Previous Fiscal Year (From April 1, 2024 to March 31, 2025)	Fiscal year under review (From April 1, 2025 to March 31, 2026)
Earnings per Share		
Net income attributable to owners of parent	2,314,029 thousand yen	2,519,110 thousand yen
Amounts not attributable to common shareholders	-	-
Net income attributable to owners of the parent on common shares	2,314,029 thousand yen	2,519,110 thousand yen
Average number of shares	13,896 thousand shares	13,903 thousand shares

(Notes on significant changes in the scope of consolidation during the period)

HARDOFF Family Co., Ltd., which was a consolidated subsidiary until the previous fiscal year, was excluded from the scope of consolidation because it ceased to exist due to an absorption-type merger with the Company as the surviving company, effective April 1, 2025.

ECONOS Co., Ltd. has been included in the scope of consolidation from the third quarter of the current fiscal year due to the acquisition of its shares.

(Notes on Business Combinations, etc.)

Business combination through acquisition

1. Overview of the business combination

(1) Name and business description of the acquired company

Name of the acquired company: ECONOS Co., Ltd.

Business description: Purchase and sale of secondhand products

(2) Main reasons for the business combination

The Company acquired the shares of the said company and made it a consolidated subsidiary for the purpose of promoting the expansion of secondhand business.

(3) Date of the business combination

October 2, 2025

(4) Legal form of the business combination

Acquisition of shares with cash as consideration

(5) Name of the company after the business combination

There is no change.

(6) Ratio of voting rights acquired

Ratio of voting rights after the acquisition: 100.00%

(7) Main basis for determining the acquiring company

It is based on the fact that the Company acquired the shares with cash as consideration.

2. Period of the acquired company's performance included in the consolidated quarterly results

From October 1, 2025 to March 31, 2026

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition:

Market value of shares held immediately prior to the business combination as of the date of the business combination	293 million yen
Acquisition price of common shares acquired on or after the date of the business combination (Cash)	1,562 million yen
Acquisition cost	1,856 million yen

4. Description and amount of major acquisition-related costs

Advisory fees, etc. 83 million yen

5. Amount of goodwill recognized, reason for recognition, and method and period of amortization

① Amount of goodwill recognized

968 million yen

② Reason for recognition

It is primarily due to the future excess earning power expected from future business development.

③ Depreciation method and period

Goodwill is regularly amortized using the straight-line method over a period of 15 years.

6. Amount of assets acquired and liabilities assumed on the date of business combination, and the main breakdown thereof

Current Assets	1,871 million yen
Fixed Assets	1,023 million yen
Total Assets	2,894 million yen
Current Liabilities	848 million yen
Non-current Liabilities	1,158 million yen
Total Liabilities	2,006 million yen

(Notes on Significant Subsequent Events)

(Recording of gain on sale of investment securities)

At its board of directors meeting held on February 10, 2026, our company decided to purchase 1,288,800 shares of Whatman common stock owned by our company.

IAPF3 Co., Ltd. will conduct a tender offer (the "Tender Offer"). The Tender Offer period ended on April 2, 2026, and IAPF3 Co., Ltd. announced the

results of the purchase on April 3, 2026, and all of our company's tendered shares have been purchased.

As a result, gain on sales of investment securities of 1,160 million yen will be recorded as extraordinary income in the first quarter of the fiscal year ending March 2027.