



**Consolidated Financial Results
for the Fiscal Year Ended March 31, 2024
(Under Japanese GAAP)**

May 9, 2024

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 21, 2024
 Scheduled date to commence dividend payments: June 24, 2024
 Scheduled date to file securities report: June 24, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	30,105	11.3	2,803	21.3	2,990	19.1	2,093	26.6
March 31, 2023	27,040	10.3	2,312	51.0	2,510	50.5	1,653	58.7

Note: Comprehensive income
 Fiscal year ended March 31, 2024 2,484 Millions of yen (16.6%)
 Fiscal year ended March 31, 2023 2,130 Millions of yen (78.1%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	150.62	–	13.0	13.7	9.3
March 31, 2023	119.13	–	11.4	12.7	8.6

(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, 2024	23,099	16,999	73.2	1,216.42
March 31, 2023	20,722	15,349	73.7	1,099.30

Reference: Equity
 As of March 31, 2024 16,904 Millions of yen
 As of March 31, 2023 15,277 Millions of yen

(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, 2024	1,869	(1,198)	(587)	3,024
March 31, 2023	1,766	(820)	(714)	2,909

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, 2023	–	0.00	–	60.00	60.00	833	50.4	5.8
Fiscal year ended March 31, 2024	–	0.00	–	76.00	76.00	1,056	50.5	6.6
Fiscal year ending March 31, 2025 (forecast)	–	0.00	–	76.00	76.00		49.8	

Note: Upwardly revised year-end dividends for the fiscal year ended March 31, 2024, from 62 yen to 76 yen. For details, please see the “Notice Concerning Revision of Dividends Forecasts (Dividends Raised)” released on May 9, 2024.

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
Six months ending September 30, 2024	15,600	10.0	1,370	26.4	1,462	21.6	900	18.8	64.76
Fiscal year ending March 31, 2025	32,750	8.8	3,150	12.3	3,280	9.7	2,120	1.3	152.55

*** 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)

As of March 31, 2024	13,954,000 shares	As of March 31, 2023	13,954,000 shares
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(ii) Number of treasury shares at the end of the period

As of March 31, 2024	56,905 shares	As of March 31, 2023	56,454 shares
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(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	13,897,399 shares	Fiscal year ended March 31, 2023	13,882,950 shares
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* 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

Over the course of the fiscal year ended March 31, 2024, the national economy witnessed a gradual upswing. However, uncertainty continues to shroud the economic forecast due to increased geopolitical risks, 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 increased awareness of SDGs as well as increased demand for secondhand goods due to inflation.

With respect to the opening of secondhand stores during the fiscal year ended March 31, 2024, the Company opened 23 directly operated stores, closed 1 directly operated store, opened 19 franchised stores, and closed 3 franchised stores. As a result, the total number of secondhand stores was 969, which was comprised of 430 directly operated stores and 539 franchised stores.

The number of stores by business category as of March 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	152 [+12]	127 [+1]	15 [±0]	10 [±0]	64 [+8]	4 [±0]	50 [±0]	8 [+1]	430 [+22]	1 [±0]
Franchised stores	241 [+4]	197 [+2]	2 [±0]	5 [±0]	85 [+9]	1 [±0]	—	8 [+1]	539 [+16]	—
Total	393 [+16]	324 [+3]	17 [±0]	15 [±0]	149 [+17]	5 [±0]	50 [±0]	16 [+2]	969 [+38]	1 [±0]

- 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 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, 2024, net sales for the existing stores in Japan remained robust, up 6.1% year on year, the 31st consecutive month of year-on-year increases. During this period, we opened 23 new directly operated stores and closed one, leading to consolidated net sales of ¥30,105 million (up 11.3% year on year), marking the 28th consecutive year of sales growth and a new record-high.

In terms of profit, selling, general, and administrative expenses increased by 9.7% due to the costs for opening 23 new stores during the period, relocation costs for 4 existing stores, and renovation costs for 26 existing stores, causing operating profit to amount to ¥2,803 million yen (up 21.3% year on year), ordinary profit to amount to ¥2,990 million (up 19.1% year on year), and profit attributable to owners of parent to amount to ¥2,093 million (up 26.6% year on year), all achieving new record-highs for the second consecutive year.

1) Secondhand Business

Net sales in Secondhand Business amounted to ¥28,495 million (up 10.8% year on year).

2) FC Business

Sales of merchandise, franchise fees, royalty income, and other revenues in FC Business amounted to ¥1,581 million (up 22.0% year on year).

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

Assets

Total current assets amounted to ¥12,486 million, an increase of ¥1,465 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥114 million in cash and deposits, and an increase of ¥1,059 million in merchandise. Total non-current assets amounted to ¥10,612 million, an increase of ¥911 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥434 million in property, plant and equipment, an increase of ¥27 million in intangible assets, and an increase of ¥448 million in investments and other assets. Accordingly, total assets amounted to ¥23,099 million, an increase of ¥2,376 million compared with the end of the previous fiscal year.

Liabilities

Total current liabilities amounted to ¥4,937 million, an increase of ¥748 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥370 million in short-term borrowings, an increase of ¥268 million in accrued expenses, and an increase of ¥88 million in accounts payable - other. Total non-current liabilities amounted to ¥1,162 million, a decrease of ¥22 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥55 million in asset retirement obligations and a decrease of ¥82 million in lease obligations. Accordingly, total liabilities amounted to ¥6,099 million, an increase of ¥726 million compared with the end of the previous fiscal year.

Net assets

Total net assets amounted to ¥16,999 million, an increase of ¥1,650 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥1,259 million in retained earnings and an increase of ¥326 million 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 ¥3,024 million, an increase of ¥114 million 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, 2024.

(Cash flows from operating activities)

Funds provided by operating activities for the fiscal year ended March 31, 2024 totaled ¥1,869 million (prior year provided ¥1,766 million). Contributing factors mainly included profit before income taxes of ¥2,909 million.

(Cash flows from investing activities)

Funds used in investing activities for the fiscal year ended March 31, 2024 totaled ¥1,198 million (prior year used ¥820 million). Contributing factors mainly included purchase of property, plant and equipment of ¥883 million and purchase of intangible assets of ¥248 million.

(Cash flows from financing activities)

Funds used in financing activities for the fiscal year ended March 31, 2024 totaled ¥587 million (prior year used ¥714 million). Contributing factors mainly included dividends paid of ¥833 million, an increase in short-term borrowings of ¥370 million, and repayments of lease obligations of ¥124 million.

(4) Business forecasts

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 integrates various channels of stores and the Internet.
HARD OFF’s Omni-Channel Strategy

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, 2025, the Company plans to open 29 directly operated stores and 16 franchised stores, for a total net increase of 45 stores.

For the full year, the Company forecasts net sales of ¥32,750 million (up 8.8% year on year), operating profit of ¥3,150 million (up 12.3% year on year), ordinary profit of ¥3,280 million (up 9.7% year on year), and profit attributable to owners of parent of ¥2,120 million (up 1.3% year on year).

(5) Fundamental policy for allocation of profit and dividends for fiscal 2023 and 2024

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 2023

For the fiscal year ended March 31, 2024, the Company plans to pay a year-end dividend of ¥76 per share, comprehensively taking into consideration the business performance, retained earnings, and other factors for fiscal 2023.

3) Surplus dividend for fiscal 2024

For the fiscal year ending March 31, 2025, the Company plans to pay an annual dividend of ¥76 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	2,909,983	3,024,396
Accounts receivable - trade	984,567	1,244,938
Merchandise	6,650,020	7,709,038
Work in process	478	1,801
Other	479,187	510,053
Allowance for doubtful accounts	(3,153)	(3,800)
Total current assets	11,021,084	12,486,429
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,274,008	7,749,654
Accumulated depreciation	(5,070,118)	(5,301,500)
Buildings and structures, net	2,203,890	2,448,154
Land	972,119	972,119
Leased assets	1,834,393	1,844,154
Accumulated depreciation	(1,509,804)	(1,585,363)
Leased assets, net	324,589	258,791
Construction in progress	11,665	18,078
Other	1,001,522	1,382,012
Accumulated depreciation	(794,336)	(924,891)
Other, net	207,185	457,121
Total property, plant and equipment	3,719,449	4,154,265
Intangible assets		
Software	552,421	590,963
Other	34,113	23,241
Total intangible assets	586,535	614,205
Investments and other assets		
Investment securities	2,996,680	3,465,169
Deferred tax assets	261,345	207,027
Leasehold deposits	1,486,664	1,540,341
Other	659,200	638,874
Allowance for doubtful accounts	(8,275)	(7,075)
Total investments and other assets	5,395,616	5,844,337
Total non-current assets	9,701,601	10,612,808
Total assets	20,722,685	23,099,237

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	63,897	41,771
Short-term borrowings	1,750,000	2,120,000
Lease obligations	117,762	103,494
Income taxes payable	568,475	585,355
Accounts payable — other	361,047	449,443
Accrued expenses	963,158	1,231,194
Provision for bonuses	36,000	—
Contract liabilities	27,502	23,123
Other	300,760	382,631
Total current liabilities	4,188,604	4,937,012
Non-current liabilities		
Lease obligations	285,979	203,703
Asset retirement obligations	594,052	649,588
Long-term accounts payable — other	216,596	216,276
Other	87,966	92,825
Total non-current liabilities	1,184,594	1,162,394
Total liabilities	5,373,198	6,099,407
Net assets		
Shareholders' equity		
Share capital	1,676,275	1,676,275
Capital surplus	1,910,632	1,910,632
Retained earnings	10,615,106	11,874,435
Treasury shares	(28,723)	(29,348)
Total shareholders' equity	14,173,290	15,431,994
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,109,803	1,436,316
Foreign currency translation adjustment	(5,515)	36,339
Total accumulated other comprehensive income	1,104,287	1,472,656
Non-controlling interests	71,908	95,178
Total net assets	15,349,487	16,999,829
Total liabilities and net assets	20,722,685	23,099,237

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

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	27,040,828	30,105,147
Cost of sales	8,448,905	9,446,598
Gross profit	18,591,922	20,658,548
Selling, general and administrative expenses	16,279,777	17,854,700
Operating profit	2,312,144	2,803,848
Non-operating income		
Dividend income	49,491	61,481
Rental income from land and buildings	36,893	51,594
Net foreign exchange gains	43,054	13,658
Income from recycling	29,932	31,155
Grant income	15,728	8,442
Other	36,678	34,206
Total non-operating income	211,779	200,539
Non-operating expenses		
Interest expenses	8,506	9,833
Other	4,545	3,672
Total non-operating expenses	13,051	13,505
Ordinary profit	2,510,872	2,990,882
Extraordinary income		
Gain on sale of investment securities	2,121	15
Gain on sale of non-current assets	69	110
Insurance claim income	12,111	–
Total extraordinary income	14,303	125
Extraordinary losses		
Loss on retirement of non-current assets	16	97
Impairment losses	95,159	78,569
Loss on disaster	3,681	2,137
Loss on valuation of investment securities	–	1,181
Total extraordinary losses	98,858	81,985
Profit before income taxes	2,426,317	2,909,022
Income taxes - current	743,030	886,637
Income taxes - deferred	16,056	(88,883)
Total income taxes	759,087	797,753
Profit	1,667,230	2,111,269
Profit attributable to non-controlling interests	13,368	18,087
Profit attributable to owners of parent	1,653,861	2,093,182

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,667,230	2,111,269
Other comprehensive income		
Valuation difference on available-for-sale securities	458,709	326,512
Foreign currency translation adjustment	4,413	47,038
Total other comprehensive income	463,123	373,551
Comprehensive income	2,130,354	2,484,820
Breakdown:		
Comprehensive income attributable to owners of parent	2,115,130	2,461,550
Comprehensive income attributable to non-controlling interests	15,223	23,269

(3) Consolidated statement of changes in equity

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

(Thousands of yen)

	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

	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

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,676,275	1,910,632	10,615,106	(28,723)	14,173,290
Changes during period					
Surplus dividends			(833,852)		(833,852)
Profit attributable to owners of parent			2,093,182		2,093,182
Purchase of treasury shares				(625)	(625)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	1,259,329	(625)	1,258,704
Balance at end of period	1,676,275	1,910,632	11,874,435	(29,348)	15,431,994

	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	1,109,803	(5,515)	1,104,287	71,908	15,349,487
Changes during period					
Surplus dividends					(833,852)
Profit attributable to owners of parent					2,093,182
Purchase of treasury shares					(625)
Net changes in items other than shareholders' equity	326,512	41,855	368,368	23,269	391,638
Total changes during period	326,512	41,855	368,368	23,269	1,650,342
Balance at end of period	1,436,316	36,339	1,472,656	95,178	16,999,829

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,426,317	2,909,022
Depreciation	574,128	669,238
Impairment losses	95,159	78,569
Loss on disaster	3,681	2,137
Insurance claim income	(12,111)	–
Increase (decrease) in allowance for doubtful accounts	(1,113)	(552)
Interest and dividend income	(51,938)	(64,532)
Increase (decrease) in provision for bonuses	36,000	(36,000)
Interest expenses	8,506	9,833
Loss (gain) on sale and valuation of investment securities	(2,121)	1,165
Decrease (increase) in trade receivables	(147,906)	(260,025)
Decrease (increase) in inventories	(752,075)	(1,037,538)
Increase (decrease) in trade payables	6,833	(23,721)
Increase (decrease) in accrued consumption taxes	19,790	64,311
Increase (decrease) in accounts payable - other	(8,312)	87,598
Increase (decrease) in accrued expenses	74,642	272,410
Other	(27,281)	4,633
Subtotal	2,242,199	2,676,549
Interest and dividends received	49,883	62,663
Interest paid	(8,506)	(9,833)
Payments associated with disaster loss	(3,681)	(2,137)
Proceeds from insurance income	14,982	12,525
Income taxes paid	(528,817)	(869,777)
Cash flows from operating activities	1,766,058	1,869,989
Cash flows from investing activities		
Proceeds from sale of investment securities	67,158	60
Purchase of property, plant and equipment	(634,944)	(883,317)
Purchase of intangible assets	(227,707)	(248,925)
Payments of guarantee deposits	(18,736)	(18,995)
Payments of leasehold deposits	(75,581)	(60,067)
Proceeds from refund of leasehold deposits	69,081	6,766
Other	(23)	6,336
Cash flows from investing activities	(820,753)	(1,198,142)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(10,000)	370,000
Purchase of treasury shares	(59)	(625)
Proceeds from sale of treasury shares	24,208	–
Repayments of lease obligations	(172,979)	(124,167)
Dividends paid	(555,205)	(833,174)
Cash flows from financing activities	(714,035)	(587,967)
Effect of exchange rate change on cash and cash equivalents	73,853	30,532
Net increase (decrease) in cash and cash equivalents	305,123	114,412
Cash and cash equivalents at beginning of period	2,604,860	2,909,983
Cash and cash equivalents at end of period	2,909,983	3,024,396

(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, 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.

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

(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	28,495,700	1,581,100	30,076,801	28,346	30,105,147	–	30,105,147
Inter-segment net sales or transfers	–	390,970	390,970	267,018	657,988	(657,988)	–
Total	28,495,700	1,972,071	30,467,771	295,364	30,763,135	(657,988)	30,105,147
Segment profit	4,537,877	1,031,447	5,569,324	30,384	5,599,708	(2,795,860)	2,803,848
Segment assets	15,310,491	410,418	15,720,910	34,110	15,755,020	7,344,217	23,099,237
Other items							
Depreciation	609,593	47,157	656,750	213	656,964	12,274	669,238
Increase of property, plant and equipment, and intangible assets	1,150,400	67,887	1,218,287	–	1,218,287	790	1,219,078

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

2. Adjustments are as follows.

(1) ¥(2,795,860) thousand in segment profit adjustments consist of ¥(22,753) thousand in inter-segment eliminations and ¥(2,773,106) thousand in company-wide expenses not allocated to any specific reportable segment.

(2) ¥7,344,217 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, 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.

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

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, 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

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Secondhand Business	FC Business	Total	Company-wide / amortization	Amount in consolidated financial statements
Impairment losses	78,569	–	78,569	–	78,569

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

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

Not applicable.

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

Not applicable.

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

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

Not applicable.

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

Not applicable.

Per-share information

	Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)	Current consolidated fiscal year (April 1, 2023 - March 31, 2024)
Net assets per share	1,099.30 yen	1,216.42 yen
Basic earnings per share	119.13 yen	150.62 yen

Note: 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, 2023	As of March 31, 2024
Total net assets	¥15,349,487 thousand	¥16,999,829 thousand
Deduction on total net assets (of which, non-controlling interests)	¥71,908 thousand (¥71,908 thousand)	¥95,178 thousand (¥95,178 thousand)
Net assets at year-end applicable to common shares	¥15,277,578 thousand	¥16,904,650 thousand
Number of common shares calculated for net assets per share at year-end	13,897 thousand shares	13,897 thousand shares

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

	Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)	Current consolidated fiscal year (April 1, 2023 - March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent	¥1,653,861 thousand	¥2,093,182 thousand
Profit not available to common shares	–	–
Profit attributable to owners of parent applicable to common shares	¥1,653,861 thousand	¥2,093,182 thousand
Average number of shares outstanding during the period	13,882 thousand shares	13,897 thousand shares

Significant subsequent events

Significant subsequent events

Not applicable.