

## Summary of Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2022 (Japan GAAP)

November 12, 2021

### GEO HOLDINGS CORPORATION

Securities Code: 2681

Representative: Yuzo Endo, President  
Yoshiaki Kajita,

Contact: General Manager, Accounting and Finance Dept. Telephone: +81 52 350 5711

Listed Exchanges : Tokyo

URL: <https://www.geonet.co.jp/>

Scheduled date to submit quarterly report: November 12, 2021

Scheduled date to start dividend payment: December 10, 2021

Supplementary material on quarterly financial results: Yes

Briefing on this quarterly financial results: Yes (to institutional investors and analysts)

(Amounts less than million yen are discarded.)

### 1. Consolidated Financial Results for the Second Quarter (from April 1, 2021 to September 30, 2021)

#### (1) Consolidated operating results

(The percentages indicate the rates of increase or decrease from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Six months ended:								
September 30, 2021	151,948	(4.2)	1,482	(59.1)	1,993	(48.8)	725	(41.0)
September 30, 2020	158,578	14.9	3,623	(20.9)	3,897	(20.6)	1,229	(54.4)

(Note) Comprehensive income: 536 million yen (decrease of 56.7%) for six months ended September 30, 2021  
1,240 million yen (decrease of 54.1%) for six months ended September 30, 2020

	Earnings per share (yen)	Fully diluted earnings per share (yen)
Six months ended:		
September 30, 2021	17.11	17.09
September 30, 2020	28.99	28.92

(Note) Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020) was applied from the beginning of the first quarter of this fiscal year. Accordingly, the amounts of six months ended September 30, 2021 above reflect application of this standard.

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	%
As of September 30, 2021	163,345	72,575	44.2
As of March 31, 2021	169,738	72,982	42.8

(Reference) Shareholders' equity: As of September 30, 2021: 72,131 million yen  
As of March 31, 2021: 72,572 million yen

(Note) Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No.29, March 31, 2020) was applied from the beginning of the first quarter of this fiscal year. Accordingly, the amounts of six months ended September 30, 2021 above reflect application of this standard.

### 2. Dividends

(Record dates)	Dividend per share (yen)				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
Fiscal Year ended March 31, 2021	-	17.00	-	17.00	34.00
Fiscal Year ending March 31, 2022	-	12.00			
Fiscal Year ending March 31, 2022 (Forecast)			-	12.00	24.00

(Note) Modifications in the dividend forecast from the latest disclosure: None

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(The percentages indicate the rates of increase or decrease from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	yen
Full-year	320,000	(2.5)	4,000	(7.2)	4,500	(6.2)	2,000	-	47.16

(Notes)

1. Modifications in the earnings forecast from the latest disclosure: None
2. Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No.29, March 31, 2020) was applied from the beginning of the first quarter of this fiscal year. Accordingly, the amounts of consolidated earnings forecast above reflect application of this standard.

#### Notes

(1) Changes in important subsidiaries during this consolidated six months period (changes in Specified Subsidiaries accompanying a change in the scope of consolidation): None

(2) Adoptions of special accounting treatments for quarterly consolidated financial statements: None

(3) Changes in accounting principles or changes in accounting estimates or retrospective restatements

- 1) Changes in accounting principles due to amendments to accounting standards, etc.: Yes
- 2) Changes in accounting principles other than 1): None
- 3) Changes in estimates used for accounting: None
- 4) Retrospective restatements: None

(Note) See p.9 of the Attachments, “2. Consolidated Financial Statements for the Quarter (4) Notes on consolidated financial statements (Changes in accounting principles)” for details.

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding (including treasury shares):

As of September 30, 2021	42,405,952 shares
As of March 31, 2021	42,405,952 shares

2) Number of treasury shares:

As of September 30, 2021	- shares
As of March 31, 2021	- shares

3) Average number of outstanding shares:

During six months ended September 30, 2021	42,405,952 shares
During six months ended September 30, 2020	42,398,953 shares

\* This summary is not subject to the quarterly review procedures by certified public accountants or audit firms.

\* Explanation regarding appropriate use of financial forecasts and other special remarks

The forward-looking statements included in this summary such as financial forecasts are based on currently available information and certain assumptions, which we deem to be reasonable as of the date of this summary. There is no guarantee that we will achieve those financial forecasts. Actual results may differ significantly from these forecasts due to various factors. Please see “1. Qualitative Information on Quarterly Results, (3) Explanation on forward-looking information including consolidated earnings forecast” on page 4 of the Attachment on the basis of forecasts and a note on reliance on forecasts.

## Table of Contents for the Attachments

1. Qualitative Information on Quarterly Results .....	2
(1) Details of consolidated operating results .....	2
(2) Details of consolidated financial position.....	3
(3) Explanation on forward-looking information including consolidated earnings forecast.....	4
2. Consolidated Financial Statements for the Quarter.....	5
(1) Consolidated Balance Sheets .....	5
(2) Consolidated quarterly income statement and statement of comprehensive income.....	6
Consolidated Income Statement .....	6
Statement of Comprehensive Income .....	7
(3) Consolidated quarterly statement of cash flow .....	8
(4) Notes on consolidated financial statements .....	9
(Notes on going concern assumptions) .....	9
(Notes on significant change in shareholders' equity) .....	9
(Changes in accounting principles).....	9
(Segment information) .....	9

## 1. Qualitative Information on Quarterly Results

### (1) Details of consolidated operating results

#### Consolidated earnings (April 1, 2021 to September 30, 2021)

For the six months ended September 30, 2021, business environment remained stagnant with uncertain outlook from resurgence of COVID-19 where the government repeatedly declared state of emergency and imposed quasi-emergency measures, economic activities being suppressed from the public voluntarily refraining from going out, and sluggish economy despite of increase in vaccination rate.

In such environment, the Group provided products and services, and continued to pursue various challenges in an aim to “offer joy to your everyday life” by shortening business hours at stores, and paying sufficient attention to safety of customers and employees by following guidelines from the relevant authorities, including wearing masks and disinfecting with alcohol.

As a result, for the Group’s results for six months ended September 30, 2021, sales resulted in 151,948 million yen (4.2% decrease from the same period of the previous year), operating profit resulted in 1,482 million yen (59.1% decrease from the same period of the previous year), ordinary profit resulted in 1,993 million yen (48.8% decrease from the same period of the previous year), and profit attributable to owners of parent resulted in 725 million yen (41.0% decrease from the same period of the previous year).

In changes in accounting principles, we applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No.29, March 31, 2020), etc. from the beginning of the first quarter of this fiscal year. Accordingly, comparison of performance with the previous year is made with the amounts that are calculated based on a different calculation method. Please see “2. Consolidated Financial Statements for the Quarter (4) Notes on consolidated financial statements (Changes in accounting principles)” for details.

In reuse (comprehensive) merchandise<sup>1</sup>, sales for clothing, which is the core merchandise particularly for 2nd STREET, was sharply affected from voluntary restraint on going out, but signs of recovery in sales has been observed attributable to trends of relaxation of voluntary restraint on going out. In reuse luxury merchandise, wholesale to overseas of luxury watches grew solidly due to active overseas market.

In reuse (media) merchandise, we were able to secure stock for reuse game device due to gradual improvement in the balance between demand and supply for brand new game device. This stock enabled us to sell, thereby improving our business cycle. In reuse mobile device such as smartphones, etc., buying and selling showed signs of recovery from the launch of a new model iPhone. In reuse game software, sales did not exceed and it fell from the sale from the special demand that arose last year.

---

<sup>1</sup> From this second quarter, we changed the English term of “reuse (non-media)” merchandise to “reuse (comprehensive)” merchandise to clarify that “reuse (comprehensive)” merchandise comprehensively includes reuse merchandise other than “reuse (media)” merchandise.

In our rental business where we mainly rent videos such as DVDs, the falling trends in sales is continuing due to the reduced supply of new titles that has been continuing from the postponement of release of movies in theatres that has been continuing from the previous year, and also due to the spread of video streaming services.

The number of our stores as of September 30, 2021 is as follows. The figures in ( ) for “Total” show decrease from the end of the previous fiscal year.

	Directly-managed stores			FC Stores and Distributors			Total	
		Newly opened	Closed		Newly opened	Closed		
Total number of GEO group stores and facilities	1,747	46	56	199	3	3	1,946	(-10)
GEO	993	4	31	145	0	2	1,138	(-29)
2nd STREET	683	27	18	54	3	1	737	(11)
2nd STREET (overseas)	21	5	0				21	(5)
OKURA TOKYO	17	3	1				17	(2)
LuckRack	14	7	3				14	(4)
WAREHOUSE	10	0	1				10	(-1)
Others	9	0	2				9	(-2)

Notes:

1. The number of stores is counted based on each store name.
2. GEO includes stores that buy and sell home game related items, mobile phones, and smart phones, and rent DVDs where they operate under the store names of GEO and GEO mobile.
3. 2nd STREET includes stores that buy and sell clothing, home appliances and other items where they operate under the names of 2nd STREET, Super 2nd STREET, 2nd OUTDOOR, and JUMBLE STORE, etc.
4. 2nd STREET (overseas) which were counted as “Others” in the previous fiscal year, are separately indicated from this fiscal year.

## (2) Details of consolidated financial position

### (Assets)

The current assets as of September 30, 2021 resulted in 106,795 million yen, which is a decrease of 6,892 million yen from the previous fiscal year end. This decrease is mainly due to a decrease of 10,969 million yen in cash and deposits, and a decrease of 1,514 million yen in notes and accounts receivable while there was an increase of 5,200 million yen in merchandise. The non-current assets resulted in 56,550 million yen, which is an increase of 499 million yen from the previous fiscal year end. This increase is mainly due to an increase of 755 million yen in buildings and structures (net).

As a result, the total assets as of September 30, 2021 resulted in 163,345 million yen, which is a decrease of 6,392 million yen from the previous fiscal year end.

### (Liabilities)

The current liabilities as of September 30, 2021 resulted in 31,632 million yen, which is a decrease of 9,405 million yen from the previous fiscal year end. This decrease is mainly due to a decrease of 3,403 million yen in accounts payable and a decrease of 7,104 million yen in current liabilities-other. Non-current liabilities resulted in 59,137 million yen, which is an increase of 3,420 million yen from the previous fiscal year end. This increase is mainly due to an increase of 3,862 million yen in long-term borrowings.

As a result, total liabilities resulted in 90,770 million yen which decreased by 5,984 million yen from the previous fiscal year end.

(Net assets)

The net assets as of September 30, 2021 resulted in 72,575 million yen, which is a decrease of 407 million yen from the previous fiscal year end. This decrease is mainly due to 725 million yen in profit attributable to owners of parent, dividends of 720 million yen paid from retained earnings, and a decrease of 205 million yen in valuation difference on available-for-sale securities.

From the above, the equity ratio resulted in 44.2% (42.8% as of the previous fiscal year end).

(Cash flow)

Cash and cash equivalent (“cash”) at the end of the period ended on September 30, 2021 were 42,963 million yen, which is a decrease of 11,612 million compared to the previous fiscal year end.

The results of each item of cash flow and their causal factors for the six months ended September 30, 2021 are as follows.

*Cash flows from operating activities*

As a result of operating activities, cash decreased by 11,716 million yen (where this increased by 7,291 million yen in the same period of the previous fiscal year).

This decrease is mainly due to profit before income taxes of 2,143 million yen, depreciation of 2,362 million yen, rental asset depreciation and amortization of 2,004 million yen, and a decrease in trade receivables of 1,523 million yen while there was an increase in inventories of 5,137 million yen, purchase of rental assets of 1,733 million yen, decrease of 3,919 million yen in trade payables, decrease of 4,972 million yen in accrued consumption tax, etc., and income tax paid of 3,195 million yen.

*Cash flows from investing activities*

As a result of investing activities, cash decreased by 3,613 million yen (where this decreased by 3,720 million yen in the same period of the previous fiscal year).

This decrease is mainly due to purchase of property, plant and equipment of 3,016 million yen.

*Cash flows from financing activities*

As a result of financing activities, cash increased by 3,687 million yen (where this increased by 14,521 million yen in the same period of the previous fiscal year).

This increase is mainly due to proceeds from long-term borrowings of 6,800 million yen while there were repayments of long-term borrowings of 2,312 million yen and payment of cash dividends of 719 million yen.

### (3) Explanation on forward-looking information including consolidated earnings forecast

With respect to consolidated earnings forecast, there were no changes from the full year forecast presented on May 14, 2021.

2. Consolidated Financial Statements for the Quarter  
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	51,865	40,895
Notes and accounts receivable - trade	10,873	9,358
Merchandise	42,218	47,419
Other	8,827	9,200
Allowance for doubtful accounts	(97)	(78)
Total current assets	113,687	106,795
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,940	14,695
Other, net	14,237	13,924
Total property, plant and equipment	28,177	28,620
Intangible assets	2,349	2,592
Investments and other assets		
Leasehold and guarantee deposits	16,987	17,172
Other	9,523	9,137
Allowance for doubtful accounts	(986)	(971)
Total investments and other assets	25,524	25,338
Total non-current assets	56,050	56,550
Total assets	169,738	163,345
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	15,108	11,705
Current portion of long-term borrowings	5,012	5,637
Provision for bonuses	1,933	2,409
Other	18,984	11,880
Total current liabilities	41,038	31,632
Non-current liabilities		
Long-term borrowings	45,943	49,806
Asset retirement obligations	6,669	6,760
Other	3,103	2,571
Total non-current liabilities	55,717	59,137
Total liabilities	96,755	90,770
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,975	8,975
Capital surplus	3,388	3,388
Retained earnings	60,024	59,772
Total shareholders' equity	72,388	72,136
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	199	(5)
Deferred gains or losses on hedges	(1)	(0)
Foreign currency translation adjustment	(14)	1
Total accumulated other comprehensive income	184	(5)
Share acquisition rights	410	443
Total net assets	72,982	72,575
Total liabilities and net assets	169,738	163,345

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

Consolidated Income Statement

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	158,578	151,948
Cost of sales	95,061	89,770
Gross profit	63,516	62,178
Selling, general and administrative expenses	59,893	60,696
Operating profit	3,623	1,482
Non-operating income		
Rental income from real estate	395	336
Insurance claim income	196	194
Other	348	373
Total non-operating income	939	904
Non-operating expenses		
Interest expenses	117	104
Rental expenses on real estate	315	169
Other	233	119
Total non-operating expenses	666	393
Ordinary profit	3,897	1,993
Extraordinary income		
Gain on sale of investment securities	—	250
Total extraordinary income	—	250
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	158	—
Impairment losses	36	101
Total extraordinary losses	195	101
Profit before income taxes	3,701	2,143
Income taxes - current	2,315	1,090
Income taxes - deferred	156	326
Total income taxes	2,472	1,417
Profit	1,229	725
Profit attributable to owners of parent	1,229	725



Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	1,229	725
Other comprehensive income		
Valuation difference on available-for-sale securities	10	(205)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(0)	15
Total other comprehensive income	11	(189)
Comprehensive income	1,240	536
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,240	536

(3) Consolidated quarterly statement of cash flow

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,701	2,143
Depreciation	2,541	2,362
Rental asset depreciation and amortization	2,456	2,004
Interest and dividend income	(41)	(25)
Interest expenses	117	104
Decrease (increase) in trade receivables	2,302	1,523
Decrease (increase) in inventories	(1,452)	(5,137)
Purchase of Rental asset	(1,745)	(1,733)
Increase (decrease) in trade payables	320	(3,919)
Increase (decrease) in accrued consumption taxes	10	(4,972)
Other, net	378	(784)
Subtotal	8,587	(8,434)
Interest and dividends received	33	17
Interest paid	(117)	(104)
Income taxes refund (paid)	(1,212)	(3,195)
Net cash provided by (used in) operating activities	7,291	(11,716)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,688)	(3,016)
Other, net	(1,032)	(596)
Net cash provided by (used in) investing activities	(3,720)	(3,613)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	6,000	-
Proceeds from long-term borrowings	11,000	6,800
Repayments of long-term borrowings	(1,687)	(2,312)
Dividends paid	(720)	(719)
Other, net	(70)	(80)
Net cash provided by (used in) financing activities	14,521	3,687
Effect of exchange rate change on cash and cash equivalents	(19)	29
Net increase (decrease) in cash and cash equivalents	18,072	(11,612)
Cash and cash equivalents at beginning of period	35,666	54,576
Cash and cash equivalents at end of period	53,739	42,963

(4) Notes on consolidated financial statements

(Notes on going concern assumptions)

None

(Notes on significant change in shareholders' equity)

None

(Changes in accounting principles)

(Application of Accounting Standard on Revenue Recognition)

We applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020; this "Revenue Recognition Accounting Standard") from the beginning of the first quarter of this fiscal year. Accordingly, we began to recognize revenue at the time the customer acquires control over the contracted assets or services in such amount expected to be received in exchange for such assets or services. The major change that occurred from applying this Revenue Recognition Accounting Standard is, among the transactions where the total amount of consideration received from the customer was formerly recognized as revenue, for the transactions in which the role of our group in providing the assets or services to the customers falls under an agent, the amount received from the customers net of the amount payable to the principal is recognized as revenue.

In applying this Revenue Recognition Accounting Standard, we observed the transitional measures stipulated in the proviso of Paragraph 84 of this Revenue Recognition Accounting Standard. Therefore, the amount of cumulative effect, if assuming that a new accounting principle is retrospectively applied from the beginning of the first quarter of this fiscal year, is added or deducted from the amount of surplus at the beginning of the first quarter of this fiscal year, and the new accounting principle is applied from the balance at the beginning of this first quarter. However, we applied the method stipulated in Paragraph 86 of this Revenue Recognition Accounting Standard where we did not retrospectively apply the new accounting principle to the contracts which recognized nearly all the amounts of revenue pertaining thereto in accordance with the former treatment since before the beginning of the first quarter of this fiscal year.

As a result, net sales and cost of sales respectively decreased by 11,141 million yen, however, the effect on operating profit, ordinary profit, and profit before income taxes was minor. The balance of the retained earnings at the beginning of this second quarter also decreased by 256 million yen.

(Application of Accounting Standard for Fair Value Measurement)

We applied the Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Statement No. 30, July 4, 2019; this "Fair Value Accounting Standard"), etc. from the beginning of the first quarter of this fiscal year. Accordingly, we decided to apply the new accounting principles stipulated by the Fair Value Accounting Standard by observing the transitional measures stipulated in Paragraph 19 of the Fair Value Accounting Standard and in Paragraph 44-2 of the Accounting Standard for Financial Instruments (Accounting Standards Board of Japan Statement No. 10, July 4, 2019) towards the future. Our decision for this application had no effects on the quarterly financial statements.

(Segment information)

【Segment information】

For the six months ended September 30, 2020 (consolidated) and the six months ended September 30, 2021 (consolidated):

Description is omitted because the Group reports only through one segment, i.e., retail services.