

## Summary of Financial Statements for the First Six Months of the Fiscal Year Ending March 31, 2023 (Japan GAAP)

November 11, 2022

### GEO HOLDINGS CORPORATION

Securities Code: 2681

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Scheduled date to file quarterly report: November 11, 2022

Scheduled date to commence dividend payments: December 9, 2022

Supplementary material on quarterly financial results: Yes

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

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(Amounts less than million yen are discarded.)

### 1. Consolidated Financial Results for the First Six Months (from April 1, 2022 to September 30, 2022)

#### (1) Consolidated operating results

(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, 2022	172,562	13.6	6,292	324.5	7,574	279.9	4,525	523.6
September 30, 2021	151,948	(4.2)	1,482	(59.1)	1,993	(48.8)	725	(41.0)

(Note) Comprehensive income: 4,626 million yen (increase of 762.1%) for six months ended September 30, 2022  
536 million yen (decrease of 56.7%) for six months ended September 30, 2021

	Earnings per share		Fully diluted earnings per share	
	Yen		Yen	
Six months ended:				
September 30, 2022	106.72		106.55	
September 30, 2021	17.11		17.09	

#### (2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	
	Millions of yen	%	Millions of yen	%	%	
As of						
September 30, 2022	188,778		81,302		42.9	
March 31, 2022	174,375		77,193		44.1	

(Reference) Shareholders' equity: As of September 30, 2022: 80,953 million yen  
As of March 31, 2022: 76,832 million yen

### 2. Dividends

	Dividend per share (yen)				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
Fiscal Year ended March 31, 2022	-	12.00	-	12.00	24.00
Fiscal Year ending March 31, 2023	-	12.00	-	-	-
Fiscal Year ending March 31, 2023 (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, 2023 (from April 1, 2022 to March 31, 2023)

(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	350,000	4.5	10,000	22.3	11,500	19.0	5,750	(3.9)	135.59	

(Note) Revisions to earnings forecast in most recent disclosure: Yes

**\*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.: None
  - 2) Changes in accounting principles other than 1): None
  - 3) Changes in estimates used for accounting: None
  - 4) Retrospective restatements: None
- (4) Number of shares outstanding (common stock)
  - 1) Number of shares outstanding (including treasury shares):

As of September 30, 2022	42,407,952 shares
As of March 31, 2022	42,405,952 shares
  - 2) Number of treasury shares:

As of September 30, 2022	– shares
As of March 31, 2022	– shares
  - 3) Average number of outstanding shares:

During the six months ended September 30, 2022	42,405,957 shares
During the six months ended September 30, 2021	42,405,952 shares

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

\* Explanation of 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. We do not guarantee that we will achieve those financial forecasts. Actual results may differ materially from these forecasts due to various factors. Please see “1. Qualitative Information on Quarterly Results, (3) Explanation of forward-looking information including consolidated earnings forecast” on page 3 of the Attachment on the basis of forecasts and a note on reliance on forecasts.

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## 1. Qualitative Information on Quarterly Results

### (1) Details of consolidated operating results

#### Consolidated Earnings (April 1, 2022 to September 30, 2022)

During the six months ended September 30, 2022, the business environment suffered a rapid resurgence of COVID-19, although economic activity was resuming as behavioral restrictions were being eased step by step with changes in lifestyles and the widespread use of vaccines. However, the future still remained uncertain due in part to the protracted situation in Ukraine, soaring prices of resources and raw materials, and rising prices due to the weaker yen.

In this environment, the Group provided products and services in full consideration of the safety of customers and employees, continuing to require employees to wear masks and disinfect with alcohol, while ventilating stores frequently to help prevent a resurgence in infections. Thus, the Group has continued to pursue various challenges, aiming to “offer joy to your everyday life.”

In reuse (comprehensive) merchandise, sales of reuse luxury merchandise were lower than expected as it took time for inbound demand to fully recover, although socioeconomic activities that had been stagnant due to the impact of COVID-19 recovered more quickly than initially expected. On the other hand, sales of reuse clothing and accessories remained higher than expected because of the rise in demand for reuse as a means of safeguarding people’s lives against price increases, and sales of overall reuse (comprehensive) merchandise increased.

In reuse (media) merchandise, sales of reuse game software decreased, but sales of reuse game devices increased driven by big sellers of game software. In reuse mobile devices such as smartphones and tablets, money-saving orientation due to soaring prices of new equipment had a positive impact on sales of reuse mobile devices, in addition to a revitalization of the market due to a ban in principle on the sale of SIM-locked handsets released on or after October 1, 2021, and sales of overall reuse (media) merchandise increased.

Sales of new game-related merchandise increased as the performance of Nintendo Switch remained firm, although supply shortages of the home video game console PlayStation 5 continued.

In rental merchandise, sales declined within the expected range due to the spread of video streaming services and the contraction of the rental market.

Foreign exchange gains of 922 million yen were posted due to the sharp depreciation of the yen.

As a result, for the Group’s results for six months ended September 30, 2022, the Group’s net sales totaled 172,562 million yen (up 13.6% year on year), with operating profit of 6,292 million yen (up 324.5%) and ordinary profit of 7,574 million yen (up 279.9%). Profit attributable to owners of parent came to 4,525 million yen (up 523.6%).

The number of our stores as of September 30, 2022 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	1,785	41	21	186	0	7	1,971	(+13)
GEO	964	2	10	132	0	7	1,096	(-15)
2nd STREET	723	21	8	54	0	0	777	(+13)
2nd STREET (USA)	16	6	0	0	0	0	16	(+6)
2nd STREET (Malaysia)	10	2	0	0	0	0	10	(+2)
2nd STREET (Taiwan)	12	4	0	0	0	0	12	(+4)
OKURA TOKYO	21	2	0	0	0	0	21	(+2)
LuckRack	20	2	1	0	0	0	20	(+1)
Others	19	2	2	0	0	0	19	(0)

Notes:

1. The number of stores is counted based on each store name.
2. GEO includes stores that sell and purchase 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 sell and purchase clothing, home appliances and other items where they operate under the names of 2nd STREET, Super 2nd STREET, 2nd OUTDOOR, JUMBLE STORE, etc.
4. Values for 2nd STREET (overseas), which had been indicated until the previous fiscal year, are now indicated on a country-by-country basis.
5. Values for WAREHOUSE, which had been indicated until the previous fiscal year, are now included in “Others.”

(2) Details of consolidated financial position

(Assets)

The current assets as of September 30, 2022 resulted in 131,798 million yen, which is an increase of 13,828 million yen from the previous fiscal year end. This was mainly attributable to increases of 5,525 million yen in cash and deposits, 1,967 million yen in accounts receivable - trade and 6,708 million yen in merchandise. Non-current assets amounted to 56,980 million yen, an increase of 575 million yen from the end of the previous fiscal year. This mainly reflects increases of 1,076 million yen in buildings and structures, net and of 327 million yen in intangible assets, offsetting a decrease in "Other" under investments and other assets of 746 million yen.

As a result, total assets increased by 14,403 million yen from the end of the previous fiscal year to 188,778 million yen.

(Liabilities)

The current liabilities as of September 30, 2022 resulted in 39,723 million yen which is an increase of 3,666 million yen from the previous fiscal year end. This was largely due to increases of 3,049 million yen in accounts payable - trade and 500 million yen in current portion of long-term borrowings. Non-current liabilities amounted to 67,752 million yen, an increase of 6,628 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 6,462 million yen in long-term borrowings.

As a result, total liabilities increased by 10,294 million yen from the end of the previous fiscal year, to 107,475 million yen.

(Net assets)

The net assets as of September 30, 2022 resulted in 81,302 million yen, which is an increase of 4,109 million yen from the previous fiscal year end. This was attributable principally to profit attributable to owners of parent amounting to 4,525 million yen and dividends of surplus of 508 million yen.

As a result, the equity ratio stood at 42.9% (compared to 44.1% at the end of the previous fiscal year).

(Cash flow)

Cash and cash equivalents ("cash") at the end of the period ended on September 30, 2022 were 53,974 million yen, which is an increase of 6,123 million yen compared to the previous fiscal year end.

The results of each item of cash flow and key factors for the six months ended September 30, 2022 are as follows.

Cash flows from operating activities

As a result of operating activities, cash increased by 2,822 million yen (where this decreased by 11,716 million yen in the same period of the previous fiscal year).

This increase is mainly attributable to profit before income taxes of 7,554 million yen, depreciation of 2,156 million yen, rental asset depreciation and amortization of 1,690 million yen and an increase in trade payables of 3,178 million yen, which offset an increase in trade receivables of 1,806 million yen, an increase in inventories of 6,535 million yen, purchase of rental assets of 1,343 million yen, a decrease in accrued consumption taxes of 591 million yen and income taxes paid of 358 million yen.

Cash flows from investing activities

As a result of investing activities, cash decreased by 3,369 million yen (where this decreased by 3,613 million yen in the same period of the previous fiscal year).

This decrease is mainly due to purchase of property, plant and equipment of 2,414 million yen.

Cash flows from financing activities

As a result of financing activities, cash increased by 6,362 million yen (where this increased by 3,687 million yen in the same period of the previous fiscal year).

This increase is mainly attributable to proceeds from long-term borrowings of 9,900 million yen and repayments of long-term borrowings of 2,937 million yen.

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

The consolidated earnings forecast announced on May 13, 2022 has been revised in light of recent trends in financial results. For details, please refer to the notice on a revision to the full-year consolidated results forecast announced on November 11, 2022. The earnings forecast represents the Company's judgement based on information available as of the date of this announcement. Actual results may materially differ from the forecast due to a variety of factors in the future.

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

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	45,604	51,130
Accounts receivable - trade	9,962	11,930
Merchandise	51,438	58,147
Other	11,014	10,790
Allowance for doubtful accounts	(50)	(201)
Total current assets	117,970	131,798
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,646	14,723
Other, net	13,475	13,118
Total property, plant and equipment	27,121	27,842
Intangible assets	2,821	3,149
Investments and other assets		
Leasehold and guarantee deposits	17,366	17,647
Other	10,009	9,262
Allowance for doubtful accounts	(914)	(921)
Total investments and other assets	26,461	25,988
Total non-current assets	56,405	56,980
Total assets	174,375	188,778
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	14,123	17,172
Current portion of long-term borrowings	5,893	6,393
Income taxes payable	1,559	2,178
Provision for bonuses	2,388	2,044
Other	12,092	11,933
Total current liabilities	36,057	39,723
Non-current liabilities		
Long-term borrowings	52,050	58,512
Asset retirement obligations	6,871	6,955
Other	2,203	2,284
Total non-current liabilities	61,124	67,752
Total liabilities	97,181	107,475
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,975	8,977
Capital surplus	3,388	3,389
Retained earnings	64,523	68,540
Total shareholders' equity	76,887	80,907
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(10)	1
Deferred gains or losses on hedges	(0)	-
Foreign currency translation adjustment	(44)	44
Total accumulated other comprehensive income	(55)	45
Share acquisition rights	361	349
Total net assets	77,193	81,302
Total liabilities and net assets	174,375	188,778

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	151,948	172,562
Cost of sales	89,770	103,902
Gross profit	62,178	68,659
Selling, general and administrative expenses	60,696	62,367
Operating profit	1,482	6,292
Non-operating income		
Foreign exchange gains	3	922
Rental income from real estate	336	352
Other	564	422
Total non-operating income	904	1,697
Non-operating expenses		
Interest expenses	104	115
Rental expenses on real estate	169	182
Other	119	117
Total non-operating expenses	393	415
Ordinary profit	1,993	7,574
Extraordinary income		
Gain on sale of investment securities	250	-
Total extraordinary income	250	-
Extraordinary losses		
Impairment losses	101	19
Total extraordinary losses	101	19
Profit before income taxes	2,143	7,554
Income taxes - current	1,090	2,338
Income taxes - deferred	326	690
Total income taxes	1,417	3,028
Profit	725	4,525
Profit attributable to owners of parent	725	4,525

Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	725	4,525
Other comprehensive income		
Valuation difference on available-for-sale securities	(205)	12
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	15	88
Total other comprehensive income	(189)	101
Comprehensive income	536	4,626
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	536	4,626



(3) Consolidated quarterly statement of cash flow

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,143	7,554
Depreciation	2,362	2,156
Rental asset depreciation and amortization	2,004	1,690
Interest and dividend income	(25)	(34)
Interest expenses	104	115
Decrease (increase) in trade receivables	1,523	(1,806)
Decrease (increase) in inventories	(5,137)	(6,535)
Purchase of Rental asset	(1,733)	(1,343)
Increase (decrease) in trade payables	(3,919)	3,178
Increase (decrease) in accrued consumption taxes	(4,972)	(591)
Other, net	(784)	(1,118)
Subtotal	(8,434)	3,266
Interest and dividends received	17	28
Interest paid	(104)	(115)
Income taxes refund (paid)	(3,195)	(358)
Net cash provided by (used in) operating activities	(11,716)	2,822
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,016)	(2,414)
Other, net	(596)	(954)
Net cash provided by (used in) investing activities	(3,613)	(3,369)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	6,800	9,900
Repayments of long-term borrowings	(2,312)	(2,937)
Dividends paid	(719)	(510)
Other, net	(80)	(89)
Net cash provided by (used in) financing activities	3,687	6,362
Effect of exchange rate change on cash and cash equivalents	29	307
Net increase (decrease) in cash and cash equivalents	(11,612)	6,123
Cash and cash equivalents at beginning of period	54,576	47,851
Cash and cash equivalents at end of period	42,963	53,974

(4) Notes on consolidated financial statements  
(Notes on going concern assumptions)

None

(Notes on significant change in shareholders' equity)

None

(Segment information)

Segment information

For the six months ended September 30, 2021 (consolidated) and the six months ended September 30, 2022 (consolidated):

Segment information is omitted because the Group has only one segment, retail services.