



# Supplementary Materials on the Financial Results

for the First Nine Months of the Fiscal Year Ending March 31, 2023

## GEO HOLDINGS CORPORATION

Prime Market of the Tokyo Stock Exchange (2681)



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# 1. Group Profile






Corporate philosophy:

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## To offer joy to your everyday life

<b>Company name</b>	GEO HOLDINGS CORPORATION
<b>Date of incorporation</b>	January 1989
<b>Head office</b>	8-8 Fujimi-cho, Naka-ku, Nagoya-shi, Aichi Prefecture 460-0014
<b>Tokyo office</b>	Imai Mitsubishi Bldg. 3-53-11 Minamiotsuka, Toshima-ku, Tokyo 170-0005
<b>Representative director</b>	Yuzo Endo
<b>Common stock</b>	9,033 million yen (As of December 31, 2022)
<b>Listed exchange</b>	Tokyo Stock Exchange Prime Market

# GEO Group's major shops and their major merchandise

					
Number of stores (As of Dec. 31, 2022)	<b>1,098</b> (including 19 GEO mobile stand-alone stores)		<b>787 stores in Japan</b> <b>45 overseas stores</b>	<b>21</b>	<b>21</b>
<b>Clothing and accessories</b>			<b>Reuse</b>		<b>Brand new</b>
<b>Household goods, furniture, and home appliances</b>			<b>Reuse</b>		
<b>Luxury brand items</b>			<b>Reuse</b>	<b>Reuse</b>	
<b>Game device and game software</b>	<b>Reuse merchandise and brand-new products</b>				
<b>Audio-visual equipment</b>	<b>Reuse merchandise and brand-new products</b>	<b>Brand new</b>			
<b>Smartphones, tablet terminals, and PCs</b>	<b>Reuse</b>	<b>Reuse</b>			
<b>DVD, Blu-ray, CD and comic book</b>	<b>Rental services and brand-new products</b>				
<b>Features</b>	GEO has top market shares for reuse game devices and software, reuse smartphones, and video and music rental services. It offers brand-new audio-visual equipment and smartphone accessories in addition to brand-new game devices and software.	We have opened stand-alone stores in addition to stores attached to GEO. GEO mobile has the leading market share for reuse mobile devices and provides services by staff specialized in smartphones.	2nd STREET has top market shares for reuse clothing and accessories. We also operate buying-only stores and specialty stores offering outdoor goods, musical instruments, or other.	OKURA mainly offers watches and bags as luxury brand items. Auctions by OKURA ensure stable merchandise supply.	Luck Rack is a chain of off-price stores (OPS), which procure surplus stock from manufacturers and offer them at low prices.

\* Some stores may not be handling the above merchandise.

# Group strategy: Become a network retailer

We will understand consumers' behaviors, eliminate the barrier between online and offline (stores) and bidirectionally build a "network retailer" structure enabling customers to freely select goods and services. Through recycling-oriented distribution characterized by reuse, rentals and retailing (the sale of brand-new products), we strive to be a global platform business that continues to enable people around the world to live happy lives every day.



## **2. Consolidated Results for Nine Months Ended December 31, 2022**

# Summary of financial results for first nine months of fiscal year ending March 31, 2023

## Highlights for the First Nine Months

### Net sales

Sales continued to be strong, mainly at 2nd STREET stores, reflecting growth in demand for reuse merchandise as consumers sought to maintain their living standards in the face of higher prices, coupled with changing attitudes that made them less reluctant to buy reuse products. Consequently, net sales soared 14.2% YoY, to 279.6 billion yen.

### Operating profit, ordinary profit and profit

Despite the continuing trend toward the shrinkage of the rental business and the rise of utility expenses, our reuse business dramatically expanded and we performed well: our operating profit, ordinary profit and profit increased 100.6%, 84.3% and 67.9% YoY, respectively.

### Gross profit

Our gross profit ratio dropped 1.1 point YoY, mainly because of hits of brand-new game devices and software and an increase in the proportion of reused smartphones in media-related reuse.

## Topics for the First Nine Months

### Topic ①



(Japan)

The number of stores in Japan stood at 787, a **net increase of 23**, reflecting a steady pace of store openings with a view toward achieving an 800 milestone by the end of the current fiscal year.

### Topic ②



(Overseas)

**Nine stores** in the United States  
**Three stores** in Malaysia  
**Seven stores** in Taiwan

### Topic ③



**Implementing a plan for priority goods** to stimulate customers' motivation to visit the stores.



# Consolidated statement of income for the first nine months ended Dec. 31, 2022

- We achieved an increase in sales and profit and record-high nine-month sales.
- With the increase in net sales, our operating profit was 11,357 million yen, up 100.6% year on year.

(Million yen)	2022/3 Nine Month Results	2023/3 Nine Month Results	Change	Increase/decrease
Net sales	244,991	<b>279,696</b>	114.2%	34,705
Gross profit	97,152	<b>107,975</b>	111.1%	10,822
(Gross profit ratio)	39.7%	<b>38.6%</b>		
SG&A	91,490	<b>96,618</b>	105.6%	5,127
Operating profit	5,661	<b>11,357</b>	200.6%	5,695
(Operating profit ratio)	2.3%	<b>4.1%</b>		
Ordinary profit	6,643	<b>12,247</b>	184.3%	5,603
Profit	4,308	<b>7,232</b>	167.9%	2,924

\* Profit is profit attributable to owners of parent.



## Net sales by merchandise for nine months ended Dec. 31, 2022

(Million yen)	2022/3 Nine Month Results	2023/3 Nine Month Results	Change	Increase/decrease
Reuse	122,244	<b>149,122</b>	122.0%	26,877
Comprehensive	80,709	<b>96,525</b>	119.6%	15,816
Media	41,535	<b>52,597</b>	126.6%	11,061
Brand new	76,023	<b>86,648</b>	114.0%	10,624
Rental	32,716	<b>28,382</b>	86.8%	(4,333)
Others	14,007	<b>15,543</b>	111.0%	1,536
Total	244,991	<b>279,696</b>	114.2%	34,705

Net sales increased because 2nd STREET stores continued to record strong sales as in the second quarter, reflecting growth in demand for reuse merchandise from the perspective of means to maintain their living standards in the face of higher prices.

Net sales increased, helped by sales of communication devices, such as smartphones and tablets, that continued to be strong as in the second quarter.

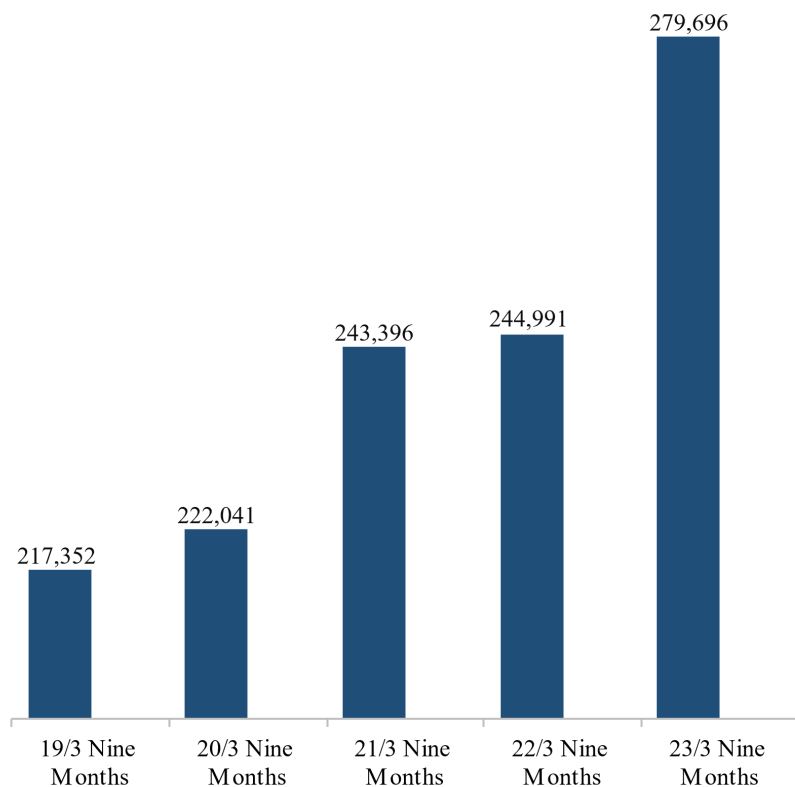
Our sales increased because of the launch of a major new videogame title.

# Net sales-related data for nine months ended Dec. 31, 2022

Net sales rose 14.2% year on year, reflecting growth in demand for reuse merchandise as consumers sought to maintain their living standards in the face of higher prices, coupled with changing attitudes that made them less reluctant to buy reuse products.

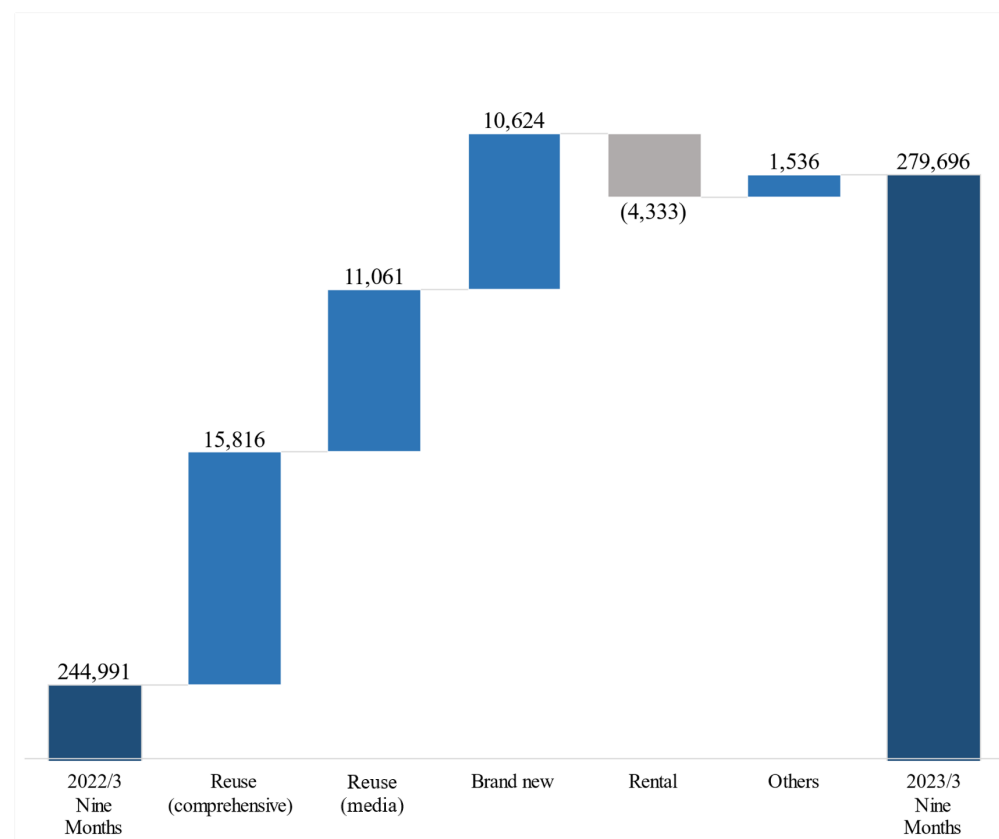
## Change in sales for nine months over five years

(Million yen)



## Year-on-year change in net sales for nine months ended Dec. 31, 2022

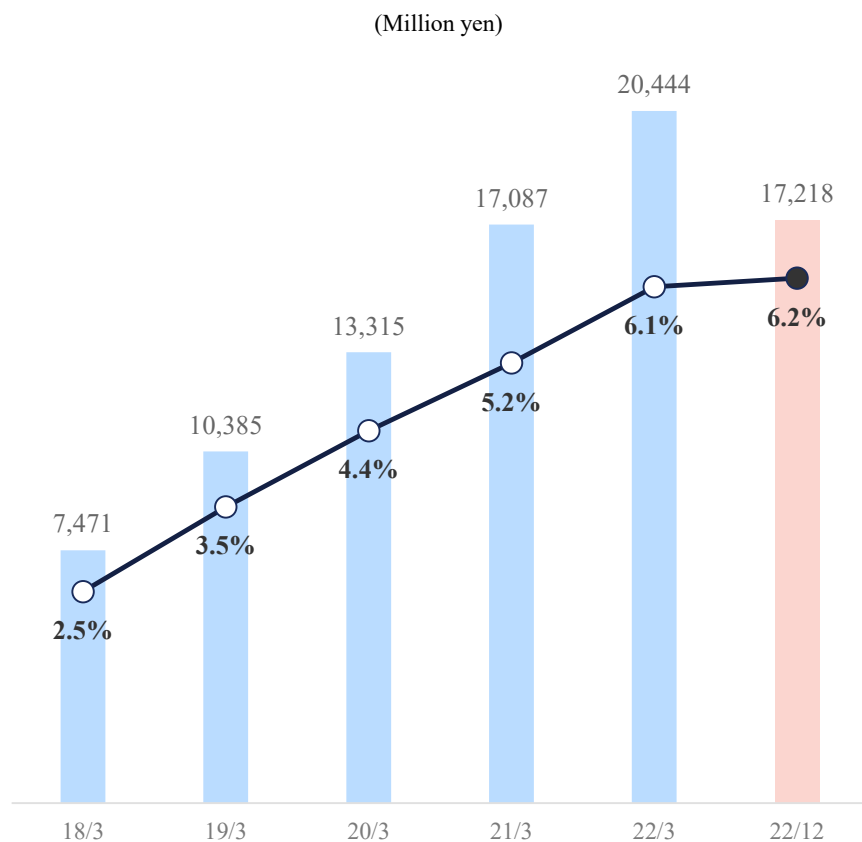
(Million yen)



# Changes in e-commerce-involving net sales for the first nine months ended Dec. 31, 2022

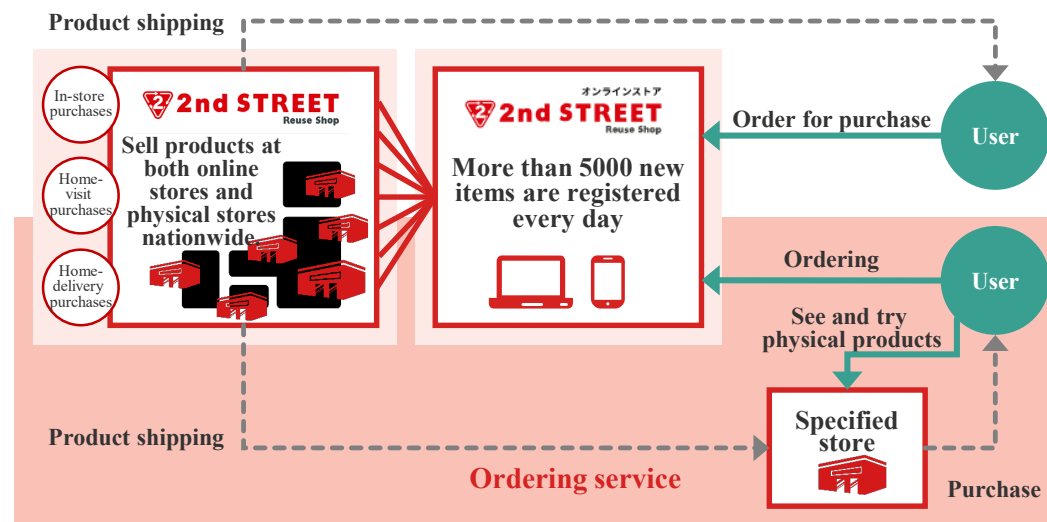
- E-commerce-involving net sales are increasing and include sales through e-commerce sites (2nd STREET online and GEO online), official apps, sales of the back order service at the 2nd STREET stores, etc.
- The back order service charges users no postage or commissions and is convenient as it enables users to see and try a product at a specified store before purchasing it. The service leverages the advantages of focusing on directly managed stores.

## Changes in net sales involving e-commerce and size of e-commerce's involvement (versus net sales)



	2022/3 Nine Month Results	2023/3 Nine Month Results	Change
Sales involving EC (Million yen)	15,548	17,218	110.7%
Number of items sold involving EC (Thousand items)	2,991	2,827	94.5%

## Overview of 2nd STREET online store



## Gross profit by merchandise for nine months ended Dec. 31, 2022

(Million yen)	2022/3 Nine Month Results	2023/3 Nine Month Results	Change	Increase/decrease
Reuse	54,040	<b>65,384</b>	121.0%	11,344
Comprehensive	37,602	<b>47,594</b>	126.6%	9,992
Media	16,437	<b>17,789</b>	108.2%	1,352
Brand new	11,966	<b>13,322</b>	111.3%	1,355
Rental	20,657	<b>17,925</b>	86.8%	(2,731)
Others	10,487	<b>11,342</b>	108.1%	854
<b>Total</b>	<b>97,152</b>	<b>107,975</b>	<b>111.1%</b>	<b>10,822</b>

Thanks to the rise in demand for reuse, we performed well in sales of clothing and accessories and our gross profit ratio increased.

## SG&A for nine months ended Dec. 31, 2022

SG&A expenses for the nine months increased 5.6% year on year due to a surge in electricity rates and the aggressive outlay of strategic advertising expenses. We assume that electricity rates will continue to rise going forward and sales commissions will increase due to growth in the popularity of cashless payments.

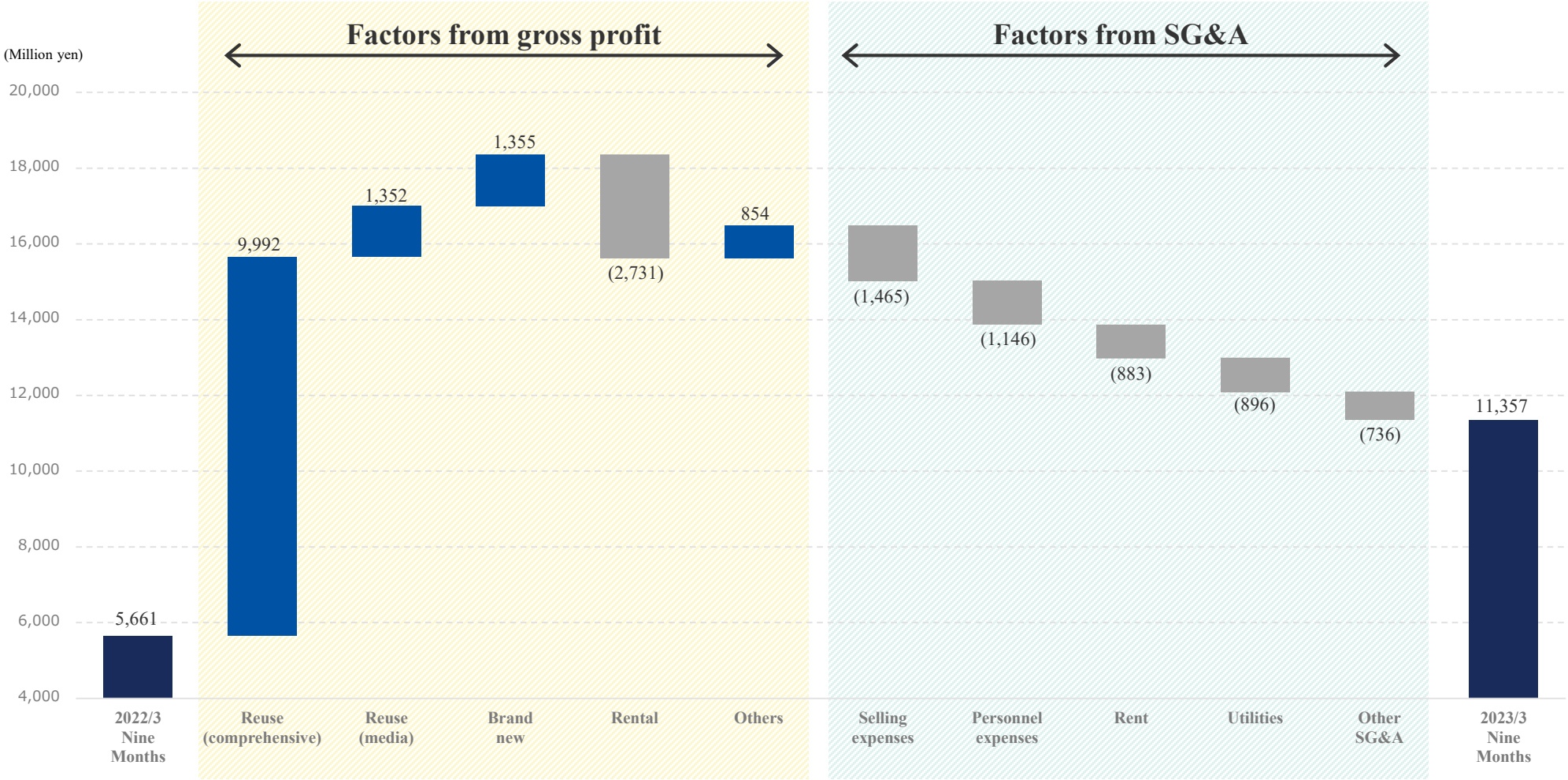
(Million yen)	2022/3 Nine Month Results	(Ratio to net sales)	2023/3 Nine Month Results	(Ratio to net sales)	Increase/decrease	(Change)
Total selling expenses	12,724	5.2%	<b>14,190</b>	5.1%	1,465	111.5%
Advertising	5,892	2.4%	<b>6,617</b>	2.4%	725	112.3%
Sales promotion	280	0.1%	<b>306</b>	0.1%	26	109.4%
Sales commission	3,654	1.5%	<b>4,450</b>	1.6%	795	121.8%
Total personnel expenses	43,230	17.6%	<b>44,376</b>	15.9%	1,146	102.7%
Total other expenses	35,536	14.5%	<b>38,051</b>	13.6%	2,515	107.1%
Utilities	2,630	1.1%	<b>3,527</b>	1.3%	896	134.1%
Rent	18,761	7.7%	<b>19,645</b>	7.0%	883	104.7%
Depreciation and amortization	3,144	1.3%	<b>2,932</b>	1.0%	(211)	93.3%
Consumables	1,460	0.6%	<b>1,174</b>	0.4%	(286)	80.4%
Maintenance	504	0.2%	<b>484</b>	0.2%	(20)	95.9%
Total SG&A	91,490	37.3%	<b>96,618</b>	34.5%	5,127	105.6%

\* Regarding increases and decreases in SG&A, minus figures represent factors positively impacting our operating profit.



# Change in operating profit for nine months ended Dec. 31, 2022

The increase in gross profit from reuse (comprehensive) merchandise absorbed the decrease in gross profit from rental services and the increase in SG&A expenses. As a result, operating profit, which rose 100.6% year on year, continued to show significant improvements.



\* Regarding the amount of the increase or decrease of SG&A, minus figures represent factors decreasing profit.



## Consolidated balance sheets for nine months ended Dec. 31, 2022

(Million yen)	As of Mar. 31, 2022	Composition	As of Dec. 31, 2022	Composition	Increase/ decrease
Current assets	117,970	67.7%	145,769	71.8%	27,799
Cash and deposits	45,604		53,588		7,983
Merchandise	51,438		63,387		11,948
Non-current assets	56,405	32.3%	57,392	28.2%	987
Property, plant and equipment	27,121		28,419		1,297
Intangible assets	2,821		3,238		416
Investments and other assets	26,461		25,735		(726)
<b>Total assets</b>	174,375	-	203,162	-	28,787
Current liabilities	36,057	20.7%	54,375	26.8%	18,318
Accounts payable trade	14,123		19,506		5,383
Short-term borrowings	-		8,000		8,000
Current portion of long-term borrowings	5,893		7,431		1,537
Non-current liabilities	61,124	35.1%	65,265	32.1%	4,141
Long-term borrowings	52,050		55,981		3,931
<b>Total liabilities</b>	97,181	55.7%	119,641	58.9%	22,459
<b>Total net assets</b>	77,193	44.3%	83,521	41.1%	6,327
<b>Total liabilities and net assets</b>	174,375	-	203,162	-	28,787





Increased due to the steady expansion of business by 2nd STREET, as well as the implementation of promotive measures by GEO with a focus on reuse smartphones, tuner-free smart TVs, etc.

Increased because it was procured as working capital in the form of overdraft



# GEO Group's stores

Total number of stores for the Group as of December 31, 2022: 2,007

	GEO*1	2nd STREET*2				OKURA TOKYO	Luck Rack	Others	Total
	 		Japan	USA	Malaysia	Taiwan	 OKURA TOKYO		
<b>Directly-managed stores</b>	967	733	19	11	15	21	21	35	1,822
(Opened during this nine months period)	5	33	9	3	7	2	4	18	81
(Closed during this nine months period)	(10)	(10)	0	0	0	0	(2)	(2)	(24)
<b>Franchise stores and distributors</b>	131	54	0	0	0	0	0	0	185
<b>Total</b>	<b>1,098</b>	<b>787</b>	<b>19</b>	<b>11</b>	<b>15</b>	<b>21</b>	<b>21</b>	<b>35</b>	<b>2,007</b>

\*1: Includes GEO mobile (mobile dedicated stores).

\*2: Includes Super 2nd STREET, JUMBLE STORE, 2nd OUTDOOR, and buying-only stores.





### **3. Full-year Forecast for Fiscal Year Ending March 31, 2023**

# Earnings forecast for the fiscal year ending March 31, 2023 (announced on November 11, 2022)

- The forecasts announced on November 11, 2022 remain unchanged.
- As of the end of the third quarter, they are in line with the announced full-year forecast for the fiscal year ending March 31, 2023. If any significant deviations are identified, we will make an announcement promptly.

(Million yen)	Announced on Nov. 11, 2022 2023/3 Full-year Forecast	(Reference) 2022/3 Full-year Results	(Reference) Rate of Increase/Decrease YoY
Net sales	350,000	334,778	4.5%
Operating profit	10,000	8,173	22.3%
Ordinary profit	11,500	9,662	19.0%
Profit	5,750	5,985	(3.9%)

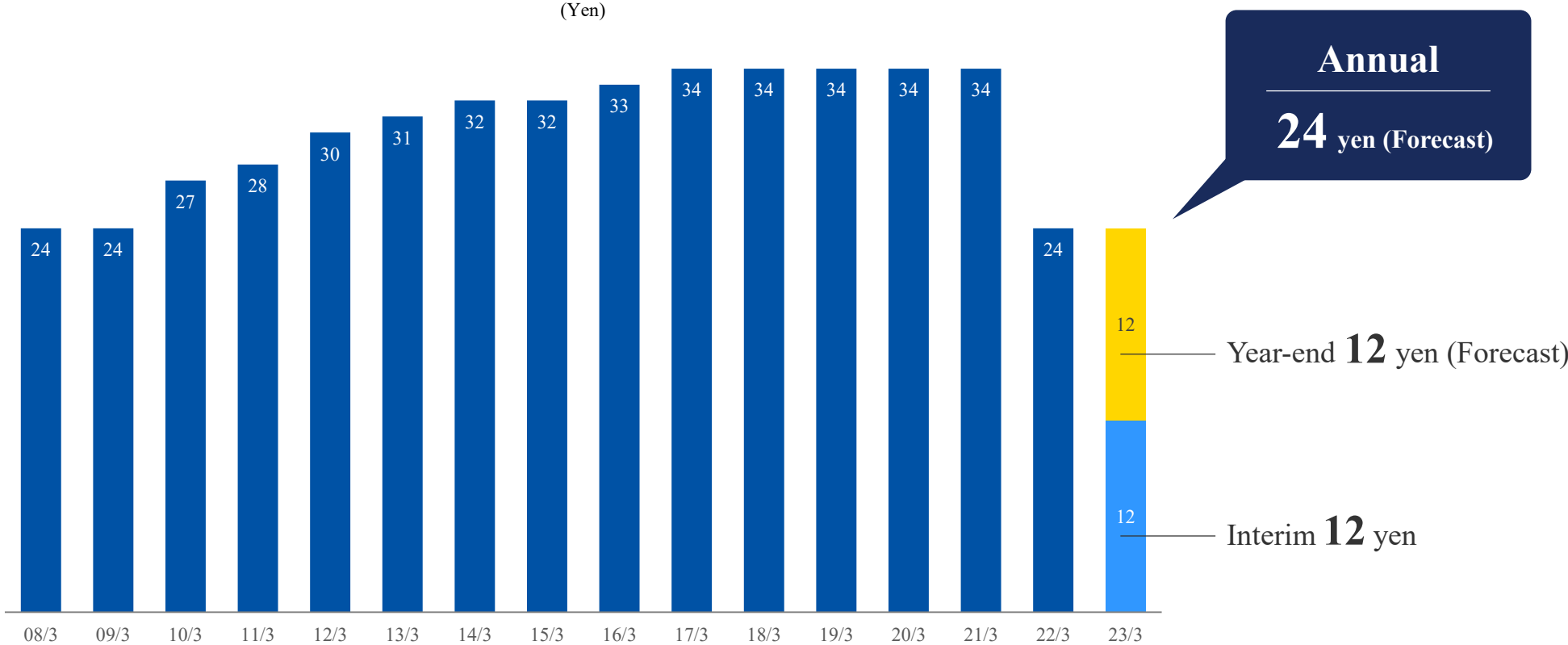
# Store opening plan for nine months ending Mar. 31, 2023

Store opening plan				
Number of stores		Summary		
	60 stores in Japan	Store openings will concentrate on comprehensive reuse stores and we plan to have 800 stores by the end of the fiscal year ending March 2023.		
	26 stores in overseas	USA	14 stores	Besides opening stores in states we have already expanded to, we seek to open stores in more states.
		Malaysia	3 stores	We will open stores mainly in Kuala Lumpur and the surrounding area.
		Taiwan	9 stores	We will continue to open stores and expand the area more than now.
	4 stores	Aside from downtown locations, buying-only stores are also planned to be open.		
	10 stores	In addition to suburban roadside stores, we also plan to open a store in a commercial building in front of a train station.		
	20 stores	Existing GEO stores will be reopened, which mainly involves relocations and mergers for these store openings. In this way, we will shrink rental sales floors, build mobile stores in the existing stores and add products such as peripheral game devices, digital household appliances and mobile accessories.		

# Dividends

- We recognize that return of profits to shareholders is one of management priorities. We have a basic policy to secure a stable management foundation, improve profitability, and pay stable dividends.
- Our profit level in the fiscal year ending March 2023 is returning to the pre-COVID level. Our understanding, however, is that the future remains uncertain as you can see by events such as the steep rise in energy prices resulting from the long conflict between Russia and Ukraine and the increase in personnel expenses due to the increase of the minimum wage. We will maintain annual dividends at 24 yen.

Changes in dividends per share as adjusted to reflect stock split



## **4. Active Initiatives**

# Matrix of active initiatives for investing management resources in a focused manner

## Initiatives for investing management resources in a focused manner

	Opening stores proactively	Attracting more visitors through priority goods	Expansion of operations
2nd STREET (Japan)	●		
2nd STREET (Overseas)	●		
OKURA TOKYO			●
LUCK RACK	●		
GEO		●	
Digital contents business			●

\* The initiatives for investing management resources in a focused manner are highlighted.



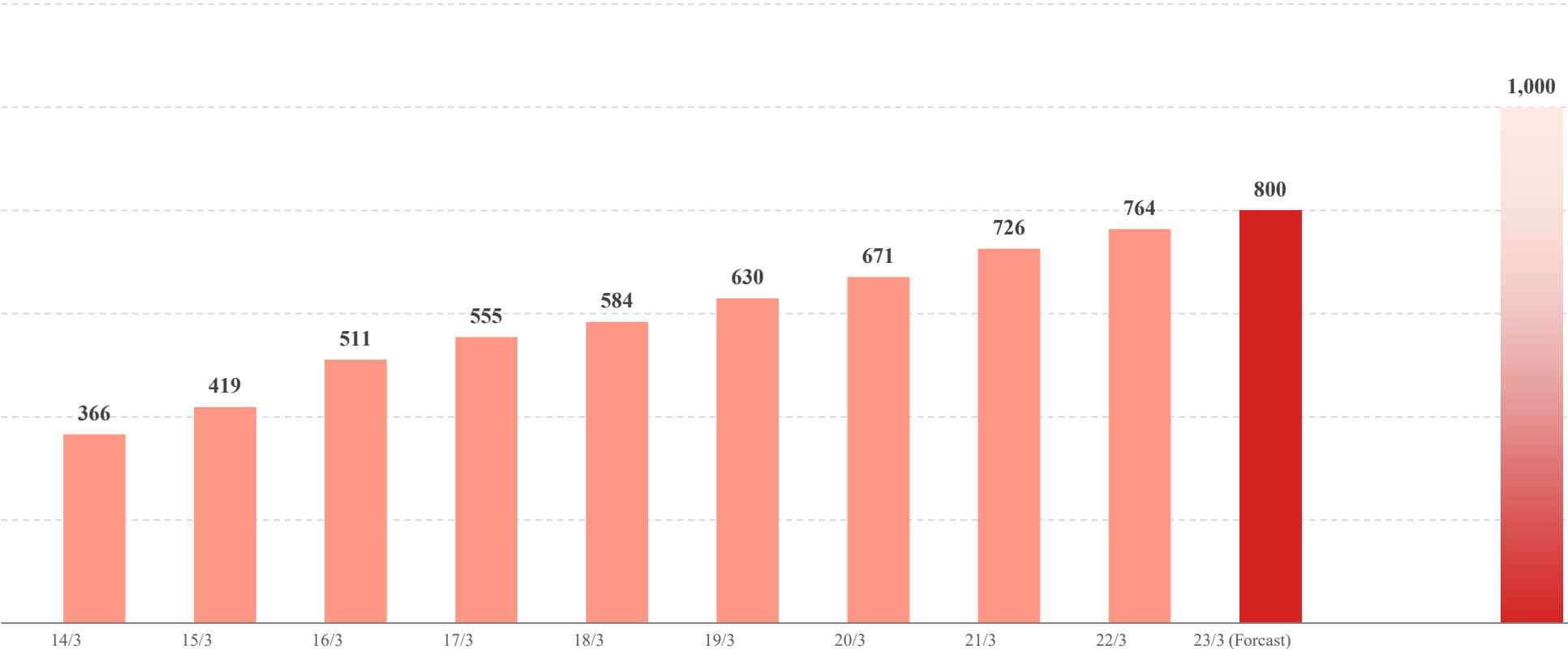
# Change in the number of domestic 2nd STREET stores and the medium-term target



To be the leading company in the reuse market, our goal is to have 800 2nd STREET stores in Japan by the end of the fiscal year ending March 2023. Medium term, we seek to increase this to 1,000.

## Change in the number of stores in Japan

(Stores)





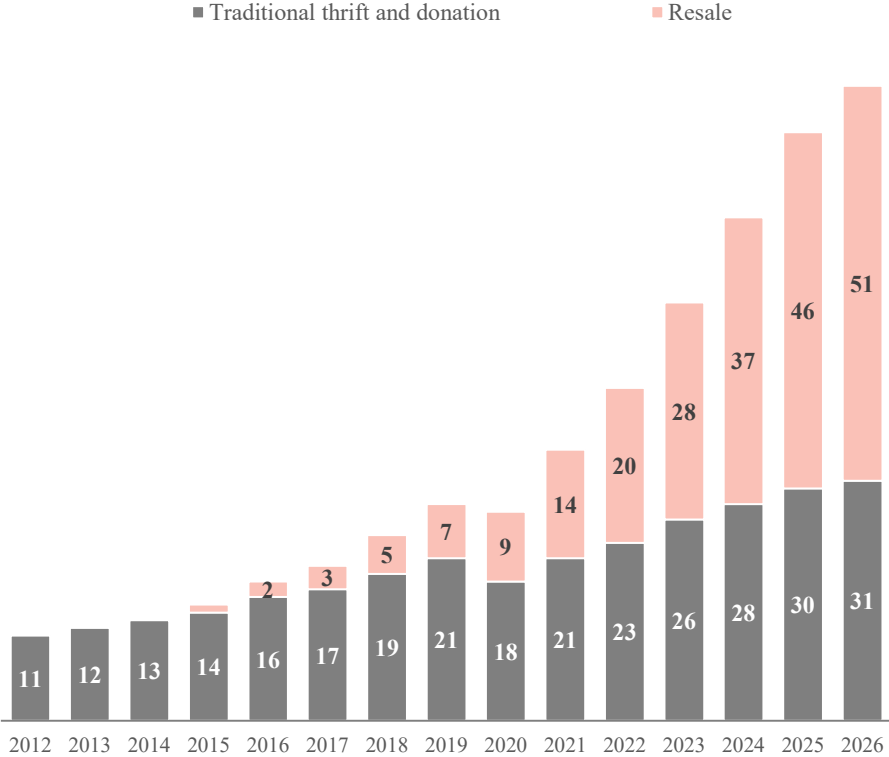


# Business strategy in the United States, a country with large potential

- Some people argue that the US reuse market will grow from 35 billion dollars in 2021 to 82 billion dollars by 2026 because it enjoys the support of the different generations of people.
- In the United States, in addition to reuse shops supported by the conventional product procurement through donations, the purchase- or sales-oriented reuse shop markets are expanding, we will, therefore, continue to open such shops as trial.

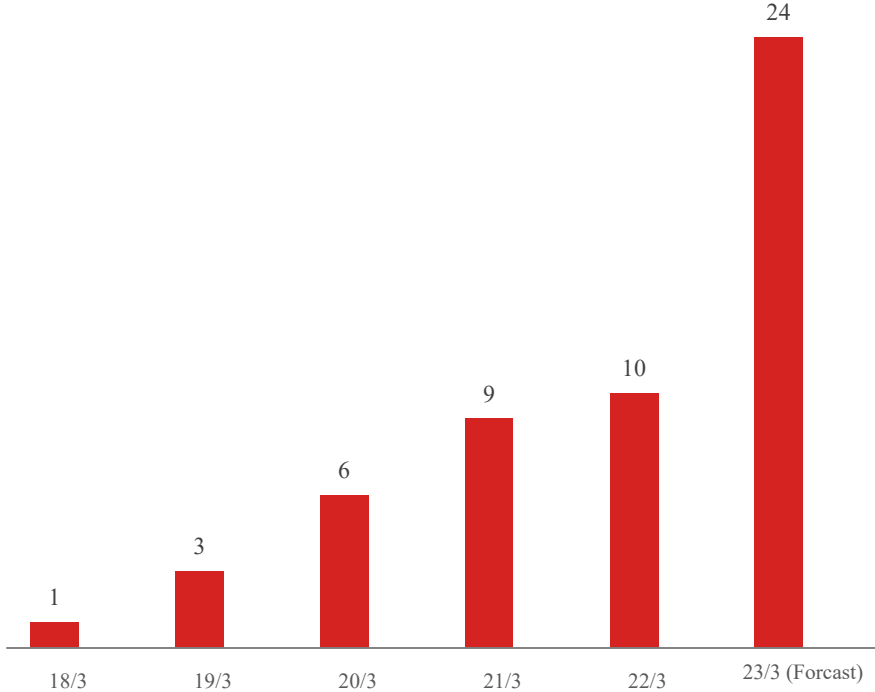
## Changes in the size of US reuse market

(Billion USD)



## Changes in the number of 2nd STREET stores in the United States

(Stores)



\* Source: "Changes in the size of US reuse market" is created by GEO HOLDINGS based on the thredUP: Resale Report 2022.



# Operating stores in the United States and the advantages of it

- Our expansion into the United States started on the West Coast. Since our US stores have performed favorably and, going forward, we will open more stores mainly in densely populated states.
- Advantages of our US stores are (1) offering reuse products shipped from Japan and products that are hard to get in the United States, (2) the ability to quickly adapt to trends and weather conditions and (3) Japanese-style hospitality.

## California: Melrose Store



This is the first 2nd STREET store in the United States. At this store not just selling but we also buy products from customers and it has about ten thousand clothing items and accessories in stock. The store also utilizes an inventory of goods purchased at 2nd STREET stores in Japan to differentiate itself by having a Japanese brands section.

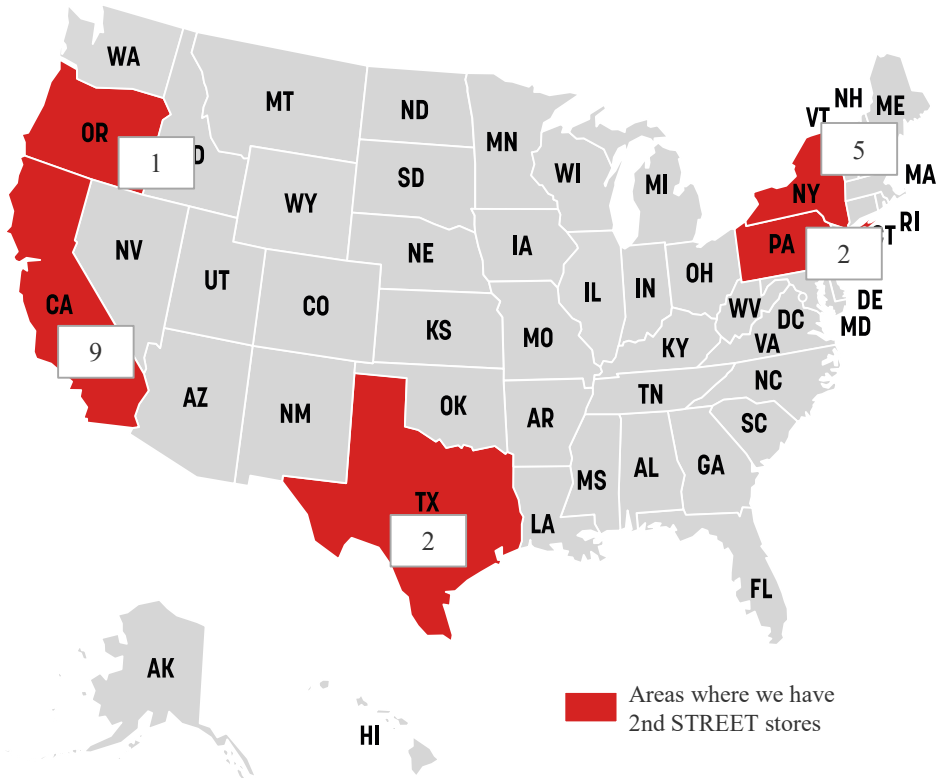
## New York: NoHo Store



This is the fourth 2nd STREET store in the United States. It is also the first 2nd STREET store in a state other than California. Since Manhattan has a deep-rooted vintage goods and used clothes culture, the area may have a significant connection with the reuse business. The NoHo Store also buys and sells goods, and differentiates itself by having a Japanese brands section.

## 2nd STREET store locations in the USA

\* The figure in the map below is the number of 2nd STREET stores in that area.



Areas where we have 2nd STREET stores

\* Number of stores (As of December 31, 2022)





# Store opening strategy in Malaysia

- Our operations in Malaysia are focused in Kuala Lumpur and the surrounding area where we engage in wholesale and in-store sale of reuse products imported from Japan.
- We will continue with marketing research in Malaysia while reinforcing our operations in the country.

## Selangor: 2nd STREET SS13



2nd STREET SS13, a retail store, opened in the corner of a wholesale warehouse. This is the first 2nd STREET store in Southeast Asia. Also functioning as a showroom targeting companies that consider wholesale transaction, the store has an environment that is also available to general customers.

## Kuala Lumpur: 2nd STREET KEPONG



This is the ninth 2nd STREET store in Malaysia. The store has about 13 thousand items in stock such as Japanese brands' merchandise, bags from internationally popular luxury brands and low-priced items. While many stores in Malaysia display goods miscellaneously without making them look cohesive overall, 2nd STREET has gained support in the country for its eye-friendly, well-organized displays.

## 2nd STREET store locations in Malaysia

\* The figures in the map below are the number of 2nd STREET stores in that area.



Area where we have 2nd STREET stores

\* Number of stores (As of December 31, 2022)



# Store opening strategy in Taiwan where the reuse market is developing

- As the reuse market in Taiwan is still developing, we will aggressively open stores in Taiwan in an effort to establish our position there.
- We will solidify our position in the Taiwanese market as our stores in Taiwan also have the advantage of continuously displaying merchandise from Japan in addition to merchandise purchased within Taiwan.

## 2nd STREET store locations in Taiwan

\* The figure in the map below is the number of 2nd STREET stores in that area.

### Taipei: Ximen Store

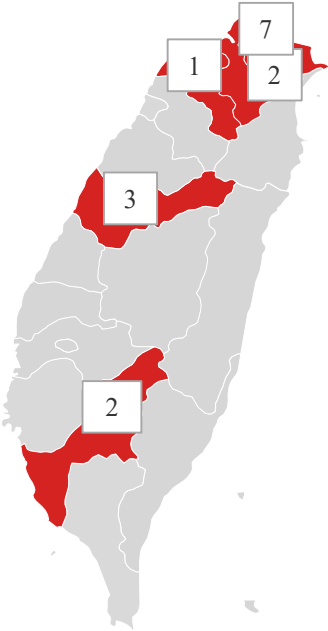


This is the first 2nd STREET store in Taiwan. The store is located in Ximen, the capital of trendy youth culture in Taiwan. It offers high-quality, reasonably priced merchandise such as Japanese, US and European designer brands and internationally popular luxury brand goods.

### Taipei: Nangang Store



This is the seventh 2nd STREET store in Taiwan and it is selling-only store. Concepts of this store is low prices, spaciousness and the ease of selecting goods. We also aim this store to be an easy place for customers to get reuse clothes, which is still lesser-known in Taiwan.



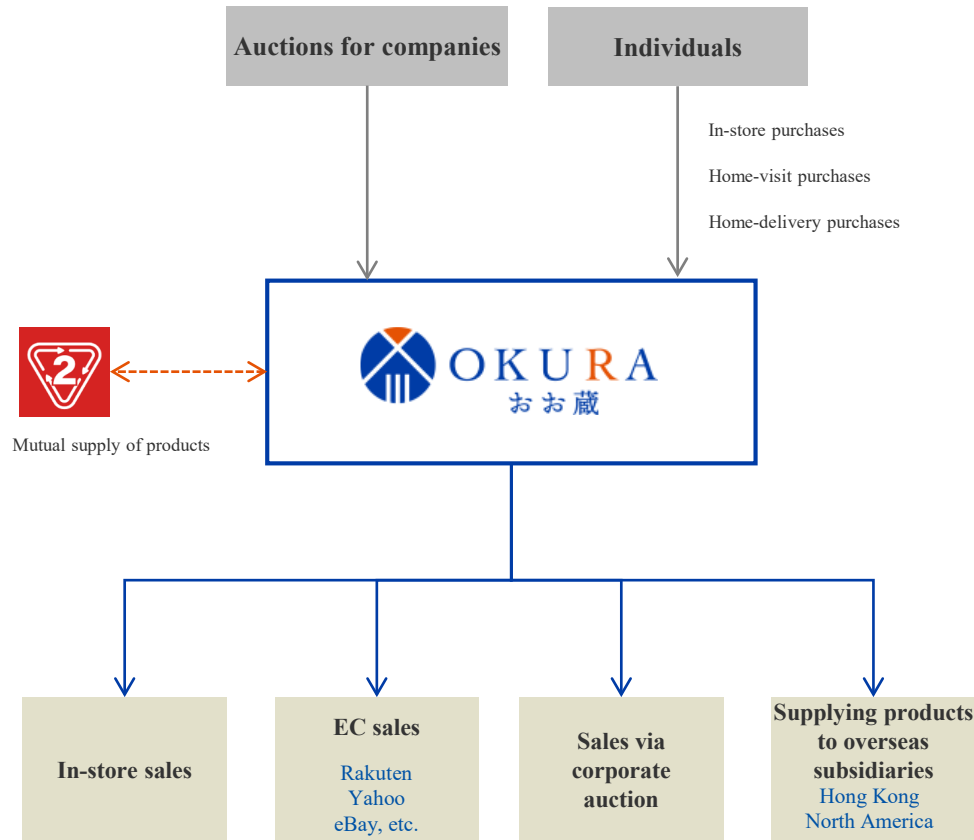
Areas where we have 2nd STREET stores

\* Number of stores (As of December 31, 2022)

# OKURA plays a core role in luxury merchandise for reuse

- OKURA purchases an extensive range of luxury products from individuals and through auctions for companies and sells these products at its stores, on its e-commerce outlets, at corporate auctions and through its overseas subsidiaries.
- OKURA has started home-visit purchases on a trial basis in an effort to increase opportunities for home-visit purchases through different media outlets.

## Overview of OKURA's business



# A pioneer of Japanese off-price stores, Luck Rack aggressively takes on challenges

- As the pioneer in Japanese off-price stores, Luck Rack wishes to provide a new store format for customers to value shop without tarnishing manufacturers' brands.
- Luck Rack aggressively takes on challenges mainly in the Kanto, Tokai and Kansai areas and it aspires to be the leading Japanese off-price store company.

## Off-price store business model



## Difference between off-price stores and outlet stores

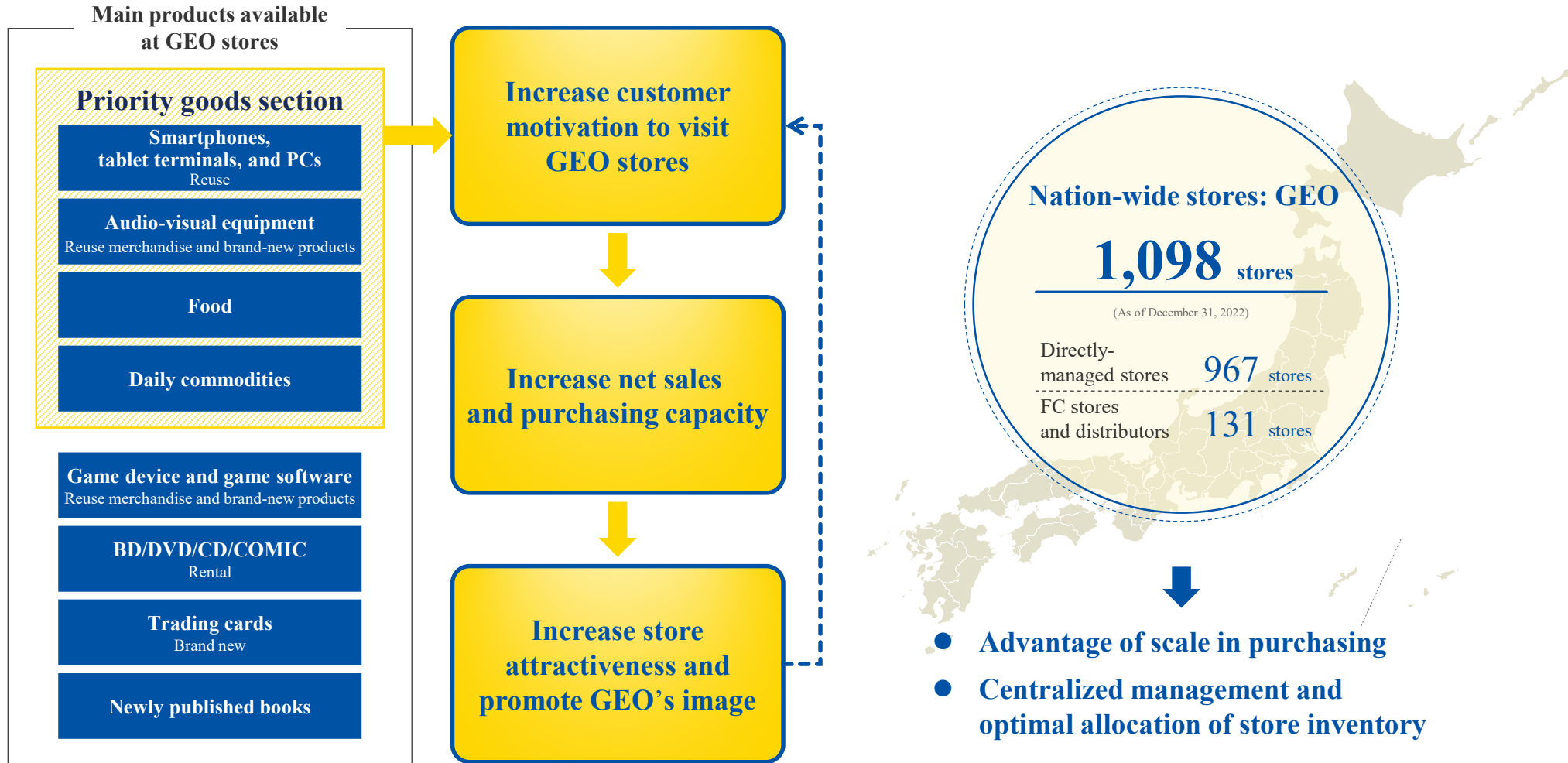
	Off-price stores	Outlet stores
Brands to be dealt in	Multiple brands	Single brand
Product lineup	Combine many different brands	Outlet-only goods are also available
Main form of operation	Operate at shopping centers	Operate at outlet malls
Access	A location where it can be expected that people will visit very frequently	Mainly accessible by car

# Implementing a plan for priority goods to stimulate customers' motivation to visit the stores.



■ GEO specifies priority goods to motivate customers to come to its stores more frequently. It seeks to increase the stores' purchasing capacity by increasing their net sales and the amount of products they sell, in an effort to make GEO stores more attractive.

■ Through priority goods measures, GEO will enhance people's association of GEO with certain products



# Examples of priority goods and measures for increasing the profits of the GEO stores



- Priority goods such as smartphones and tablets for reuse, tuner-free smart TV sets and wireless earphones are drawing a lot of attention on mass media and social media and they widely communicate GEO's image.
- In addition to the efforts we are doing with priority goods, we will continue to standardize store operations, explore low-cost operation in-depth and pursue the profitability of individual stores.



## Smartphones and tablets for reuse

GEO and GEO mobile have the largest share of the smartphones and tablets for reuse market and we have put significant effort into these products for quite some time. Demand for these products is increasing more than ever thanks to trends such as the weaker yen and the increasing prices of brand-new smartphones and tablets.



## Tuner-free smart TVs

Smart TVs are equipped with Android TV and are also compatible with Chromecast. Not equipped with a tuner for receiving terrestrial digital broadcasts or other purposes, smart TVs are drawing attention because they are dedicated devices to be used with online video streaming services.



## Wireless earphones

Many different mass media and social media organizations are writing and reporting about wireless earphones because of their high quality and reasonable prices. GEO has an extensive lineup of wireless headphones, offers products that are suitable for how users use them.

## GEO stores' measures to increase profit

### Sales floors

- Extend the area of the priority goods sections at stores.
- Optimize the area of the rental goods sections to increase efficiency per tsubo (approx. 3.3 m<sup>2</sup>).
- Depending on the stores, consider relocation to expand the size of the store.

### Greater efficiency of store operations

- Continue to explore the standardization of store operations
- Expand the scope of the operations that are managed
- Reform operations systems including those for logistics operations





# Increase our largest share of the smartphones and tablets and build up an unshakable position in reuse market



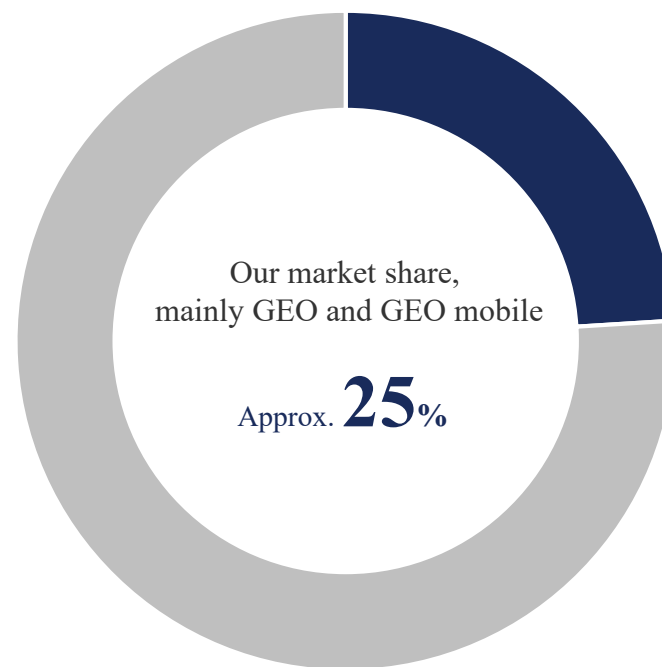
With the focus on GEO and GEO mobile, we have the largest share of the smartphones and tablets for reuse market. We will retain our nearly 25% market share and will continue to increase it.

GEO and GEOmobile's advantages include (1) a flexible sales system due to its centralized inventory management, (2) completely initialized and cleaned devices, (3) SIM card sales and (4) support provided by specialized consultants at GEO mobile shops.

## Advantages of GEO and GEO mobile

Stores	<ul style="list-style-type: none"> <li>Centralizing the management of GEO and GEO mobile's inventory nationwide can ensure that sales activities are properly adjusted for demand.</li> </ul>
Devices for sale	<ul style="list-style-type: none"> <li>The insides of all devices are cleaned, ensuring safety and reliability.</li> <li>Devices are well cleaned both externally and internally.</li> <li>Devices have a 30-day warranty against defective products.</li> </ul> <div style="display: flex; justify-content: space-around; align-items: center;">    </div>
SIM card	<ul style="list-style-type: none"> <li>UQ and Y!mobile SIM cards are available at GEO and GEO mobile stores around the country.</li> </ul>
In-store support	<ul style="list-style-type: none"> <li>In-store support reassures customers. Specifically, GEO mobile provides support by specialized consultants.</li> </ul>

## Our share of the smartphones and tablets for reuse market



\* Source: Our share of the smartphones and tablets for reuse market is estimated by GEO HOLDINGS based on the Secondhand Market Databook 2022.

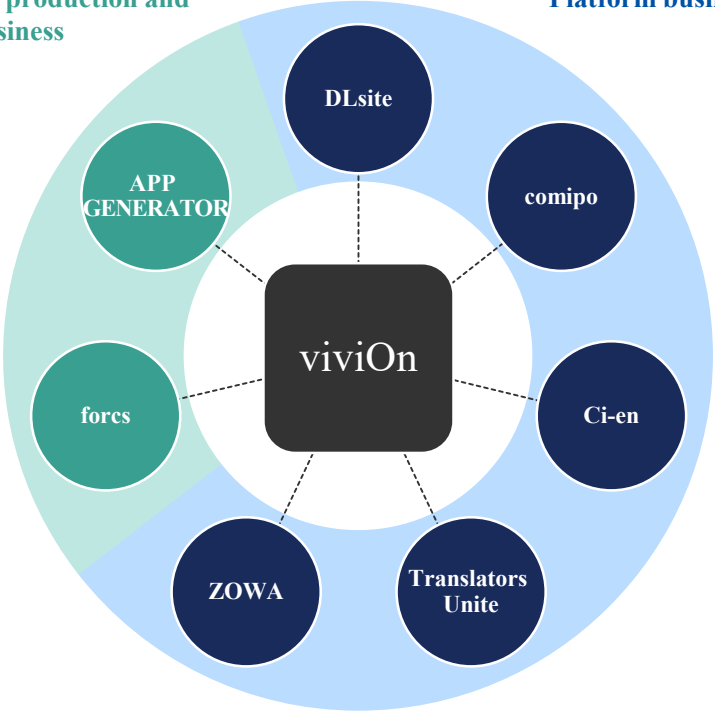
# Digital contents business

- Our subsidiary viviON operates a digital content platform business and produces and sells content.
- DLsite, a 2-D content website, has one of the largest content portfolios in Japan. comipo offers comics with audio tracks enabling users to enjoy comics with sound. viviOn also operates a new business model by engaging in businesses such as Translators Unite and a creator support business named Ci-en.

## viviOn's main digital content businesses

Content production and sales business

Platform business



comipo is the world's largest comics and manga download site. It has more than 560 thousand works, making it one of the largest collections in Japan.

Beyond comics and manga, viviOn's operations encompass a broad range of art forms, including novels, animation, games and audio recordings, such as ASMR recordings.

「聴いて」「楽しむ」マンガアプリ



comipo's electronic audio comics add sounds and voices to cartoons.

comipo has more than 6,200 domestic and international comics and it will continue to successively add famous works from major publishers, big-selling vertical scroll comics from overseas and original comipo works.

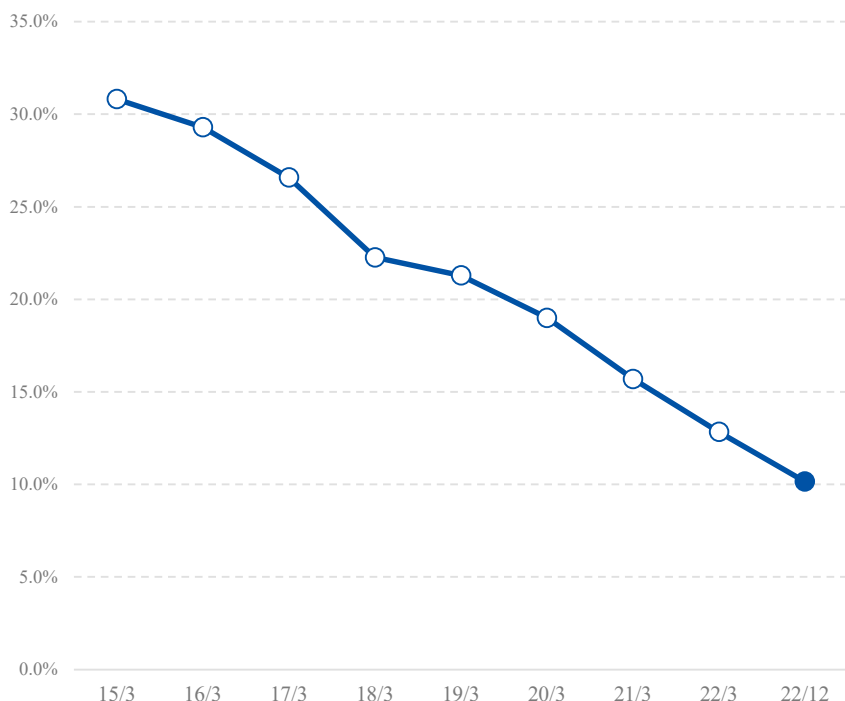
# 5. Defensive Initiatives

# Amid the shrinking rental market, we will increasingly solidify our position as having the largest share of the market

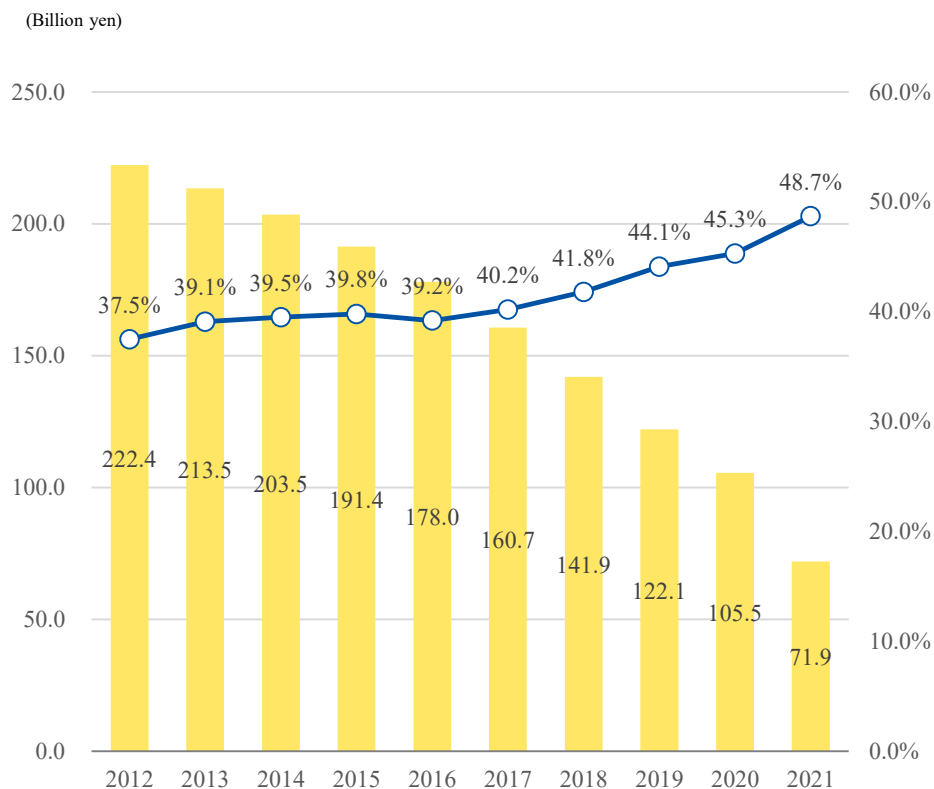


- It is unavoidable that we will be impacted by the shrinkage of the domestic music and video rental market. Nevertheless, we will continue to implement aggressive initiatives to further solidify our position as having the largest share of the domestic music and video rental market.
- Our current policy remains unchanged: We will maximize revenue from our rental business and we consider the rental business an important source of our revenue. While possessing the largest share of the market, we will continue to work to attract rental customers and the customers interested in our priority goods.

### Change in the proportion of consolidated net sales that is from the rental business



### Change in the music and video rental market in Japan and our share of the market\*



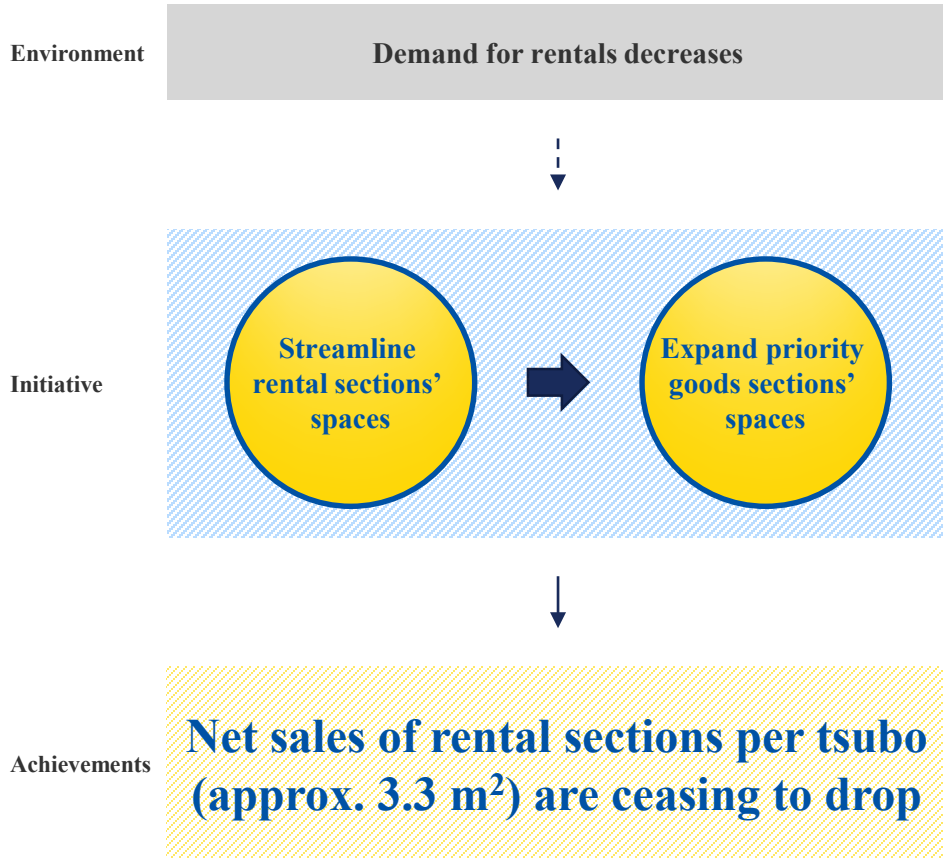
\* Source: GEO HOLDINGS created the graph based on the Ministry of Economy, Trade and Industry's Specific Service Industry Statistics.

Note 1: Market share is an estimate by GEO HOLDINGS. Note 2: Market size is calculated excluding home delivery rental and comic rental.

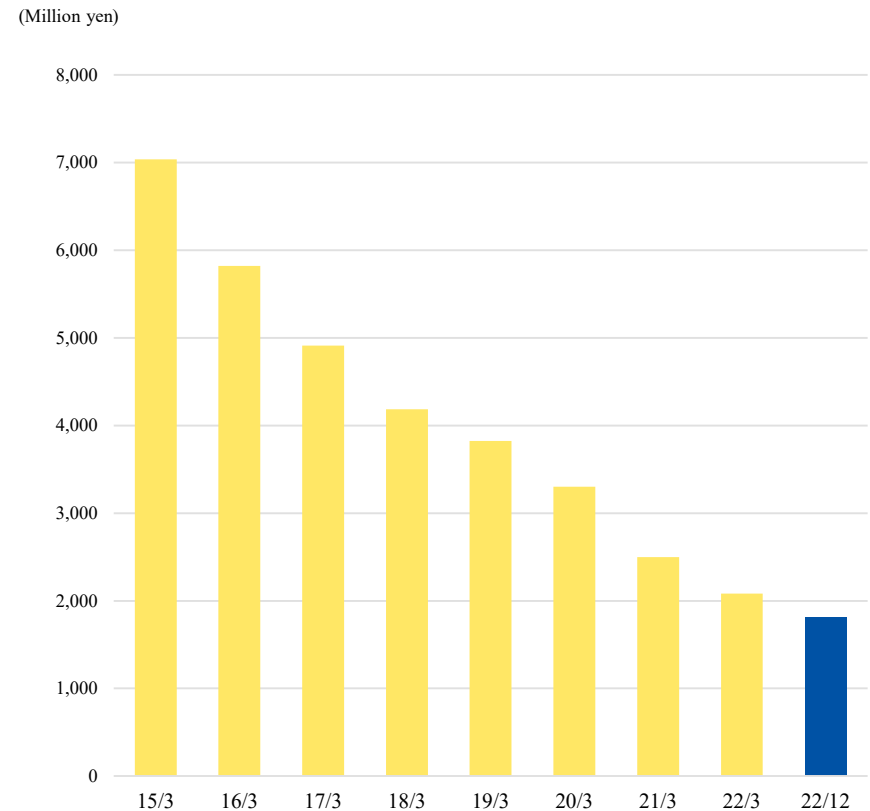
# The measures for streamline rental sections' spaces are bearing fruit

- In response to the shrinkage of the rental market in Japan, we control the purchases of assets for the rental business and sell existing assets for reuse. For this reason, our asset balance in the rental business is dropping.
- As a consequence of working to streamline the rental section spaces in stores, net sales of our rental sections per tsubo (approx. 3.3 m<sup>2</sup>) are ceasing to drop and the streamlined spaces are being used to sell priority goods.

## Efforts to prevent the drop in demand for rental goods and their outcomes



## Change in end-of-term balance of assets in the rental business (after depreciation)



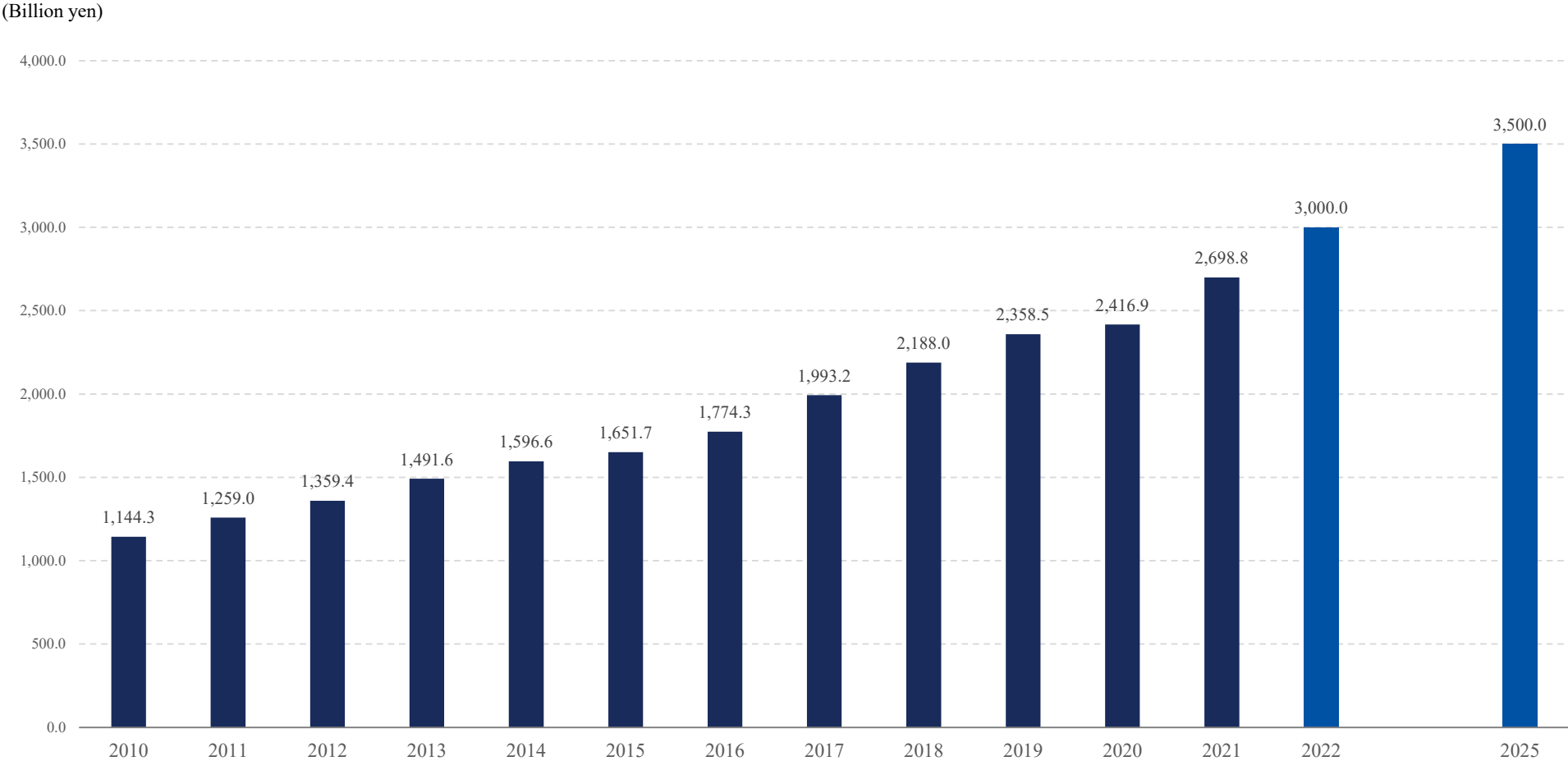
# 6. Appendix

# Consolidated Statement of Income for the First Nine Months Ended Dec. 31, 2022

(Million yen)	2022/3				2023/3			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	Results	Results	Results	Results	Results	Results	Results	Results
<b>Net sales</b>	76,088	75,860	93,042	89,797	81,377	91,185	107,134	
(Change)	91.8%	100.2%	109.7%	105.7%	107.0%	120.2%	115.1%	
<b>Gross profit</b>	31,011	31,167	34,974	33,645	34,194	34,464	39,315	
(Change)	93.3%	102.9%	111.3%	111.1%	110.3%	110.6%	112.4%	
(Gross profit ratio)	40.8%	41.1%	37.6%	37.5%	42.0%	37.8%	36.7%	
<b>SG&amp;A</b>	29,855	30,840	30,795	31,132	30,167	32,199	34,251	
(Change)	100.6%	102.1%	100.7%	102.3%	101.0%	104.4%	111.2%	
<b>Operating profit</b>	1,155	326	4,178	2,513	4,027	2,265	5,064	
(Change)	32.5%	490.6%	500.9%	—	348.4%	693.9%	121.2%	

# Trends in the domestic reuse market

- The domestic reuse merchandise market in 2021 mainly consisted of (1) luxury merchandise, (2) clothes and accessories and (3) toys and models. The market is expanding overall. The size of the market in 2021 was 2.6988 trillion yen, up 11.7% year on year.
- It can be expected that the domestic reuse market will continue to grow against the backdrop of trends such as soaring prices due to the rise in the price of materials, the decreased impact of COVID and the shift to SDG-oriented lifestyles.

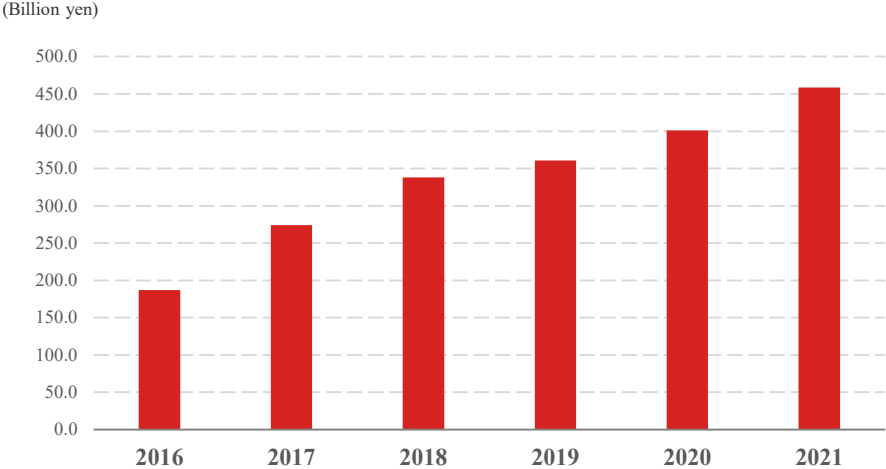


\* Reference: Reuse Business Journal “Secondhand Market Databook 2022” The market forecast is excerpted from The Reuse Business Journal.

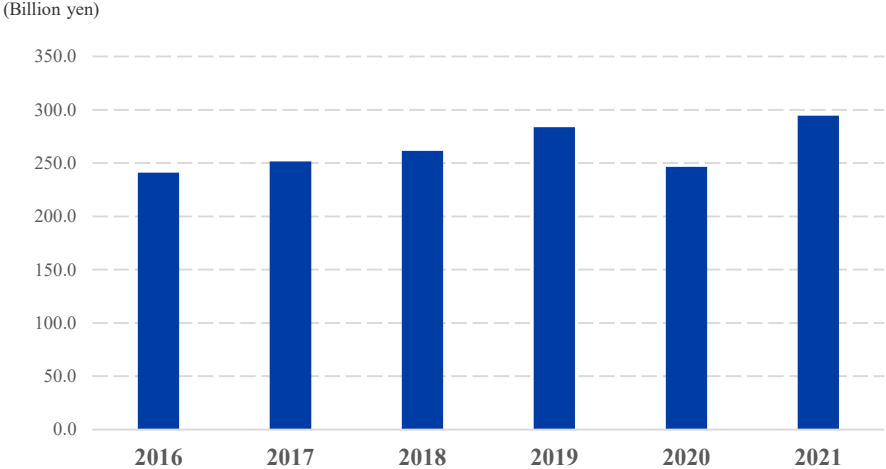


# Change in the size of the domestic reuse market by type of merchandise

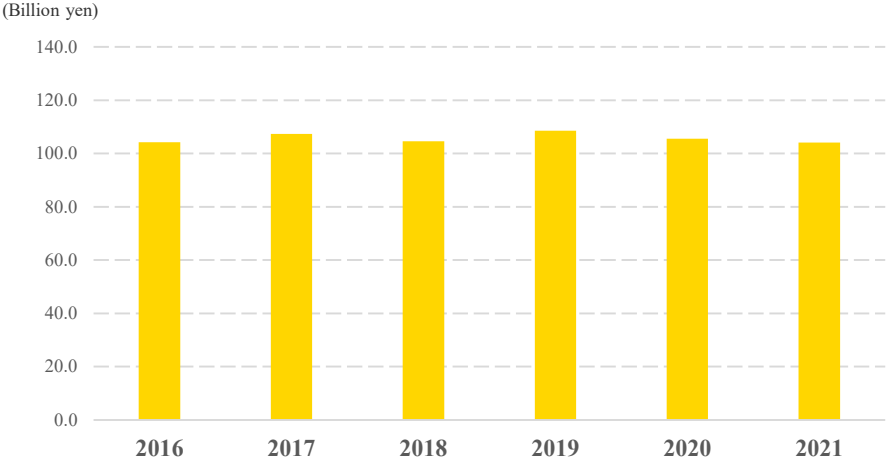
## Clothing and accessories



## Luxury brand items



## Games and media



## Mobile phone and smartphone



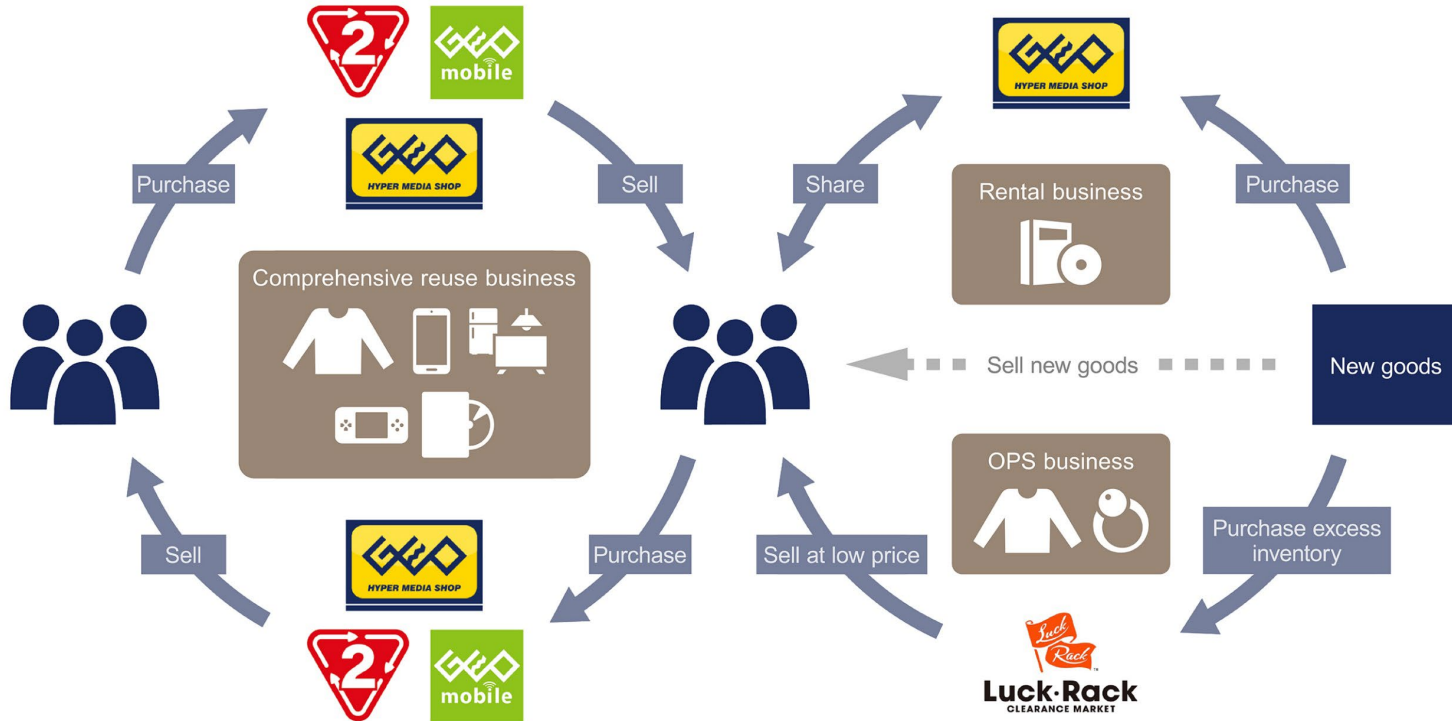
\* Reference: Reuse Business Journal "Secondhand Market Databook 2022"

# Contributing to achieving SDGs with business growth



We shall transfer things from where it became unnecessary to where it is necessary.

Through various recycling-oriented business, we will reduce generation of wastes and contribute to “Responsible Consumption and Production,” i.e., SDG 12.



# Contribution to achieving the SDGs



## Contributing to achieving SDGs by energy efficiency

We have installed LED lights at approximately 1,600 stores. This means that we are reducing CO2 with LED lights at more than 90% of our stores. We have introduced tablet terminals at the cash register counter of each store and we stopped using paper for purchase slips and other documents. We will thus improve energy efficiency and business efficiency.



## Building an environment to promote diverse workstyles



Active participation of female employees

We have established a system that permits female employees to balance life events, such as childbirth and childcare, with career development and that enables each one of them to choose flexible workstyles. The rate of acquisition of maternal leave and childcare leave was 100% in 2021.

LGBTQ

As part of our activities promoting diversity, we are actively committed to LGBTQ initiatives. We have won the PRIDE Index’s gold award four years in a row. Guided by the slogan “work with Pride,” the goal of the PRIDE Index is to evaluate companies’ initiatives relating to LGBTQ issues.



Employment of persons with disabilities

At the GEO Group, the rate of employment of persons with disabilities is 3.49% (as of June 2022), exceeding the statutory rate (2.3%). In 2010, we established GEO BUSINESS SUPPORT Co., Ltd., a subsidiary promoting the employment of people with disabilities. The company engages in outsourced operations such as the processing of products, the cleaning the Group’s stores and offices, the operation of centers to support people with disabilities to employment, and other activities.

# Notice concerning forward-looking statements

All indications made in this document concerning forecasts of performance, policies, management strategies, targets, plans, understanding and assessment of facts, as well as outlook on performance and dividends with respect to the Group, excluding historical facts, only reflect our current expectations, predictions, plans, understanding, assessments and others based on information available to the Group. These indications, facts or preconditions (assumptions) by their nature may be inaccurate from an objective perspective and they are exposed to potential risks of being affected by changes in general business environment, weather, economic trends, consumer trends, and consumer preferences. Therefore, no guarantee is made that the indications in this document will be realized in the future as projected.



**To offer joy to your everyday life**

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