

\* This is an English translation for reference purpose only, and the original disclosure document was filed on February 10, 2023 at 15:00 (GMT+9)

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

February 10, 2023

### GEO HOLDINGS CORPORATION

Securities Code: 2681

Representative: Yuzo Endo, President

Contact: Yoshiaki Kajita, General Manager, Accounting and Finance Dept.

Scheduled date to file quarterly report: February 10, 2023

Scheduled date to commence dividend payments: –

Supplementary material on quarterly financial results: Yes

Briefing on this quarterly financial results: No

Listed Exchange: Tokyo

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(Amounts less than million yen are discarded.)

### 1. Consolidated Financial Results for the First Nine Months (from April 1, 2022 to December 31, 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	%
Nine months ended:								
December 31, 2022	279,696	14.2	11,357	100.6	12,247	84.3	7,232	67.9
December 31, 2021	244,991	0.7	5,661	27.0	6,643	39.2	4,308	322.9

(Note) Comprehensive income: 7,258 million yen (increase of 76.5%) for nine months ended December 31, 2022  
4,112 million yen (increase of 276.4%) for nine months ended December 31, 2021

	Earnings per share		Fully diluted earnings per share	
	Yen		Yen	
Nine months ended:				
December 31, 2022	170.53		169.87	
December 31, 2021	101.60		101.43	

#### (2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	
	Millions of yen	%	Millions of yen	%	%	
As of						
December 31, 2022	203,162		83,521		40.9	
March 31, 2022	174,375		77,193		44.1	

(Reference) Shareholders' equity: As of December 31, 2022: 83,187 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) Revisions to dividend forecast in most recent 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)	137.58	

(Notes) 1 Revisions to earnings forecast in most recent disclosure: None

2 At the meeting of the Board of Directors held on February 10, 2023, the Company adopted a resolution of the cancellation of treasury shares. Earnings per share in the consolidated earnings forecast takes into account the impact of the cancellation. For the said cancellation of treasury shares, please refer to the Notice Regarding Cancellation of Treasury Shares announced today (February 10, 2023).

**Notes**

- (1) Changes in important subsidiaries during this consolidated nine 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 December 31, 2022	42,473,952 shares
As of March 31, 2022	42,405,952 shares
  - 2) Number of treasury shares:
 

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

During the nine months ended December 31, 2022	42,413,577 shares
During the nine months ended December 31, 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 December 31, 2022)

During the first nine months of the fiscal year under review, the Japanese economy saw a recovery in consumer spending, reflecting progress in the movement toward the normalization of economic activities in sync with lifestyle changes and a rise in the number of vaccinated people amid the weakening impact of COVID-19. However, the outlook still remained uncertain, reflecting rises in resource prices due to the protracted situation in Ukraine and fluctuations in foreign exchange rates attributable to the sharp depreciation of the yen, as well as concern about a global shift in the economic phase from inflation to recession.

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.”

Looking at trends in sales by category, in reuse (comprehensive) merchandise, although sales of reuse luxury merchandise remained lower than expected, sales of reuse clothing and accessories surpassed expectations, reflecting growth in demand for reuse merchandise as consumers sought to maintain their living standards in the face of higher prices, coupled with change in the way of thinking that made them less reluctant to buy reuse products. Consequently, sales of overall reuse (comprehensive) merchandise increased.

In reuse (media) merchandise, sales of reuse game software decreased, reflecting the popularization of download versions in the purchase of old game software. Even so, sales of reuse game devices increased thanks to the availability of many titles 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.

In new game-related merchandise, supply of the home video game console PlayStation 5 improved in time for the Christmas/year-end sales season, which resulted in an increase in sales.

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

As a result, for the Group’s results for nine months ended December 31, 2022, the Group’s net sales totaled 279,696 million yen (up 14.2% year on year), with operating profit of 11,357 million yen (up 100.6%) and ordinary profit of 12,247 million yen (up 84.3%). Profit attributable to owners of parent came to 7,232 million yen (up 67.9%).

The number of our stores as of December 31, 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	1,822	81	24	185	0	8	2,007	(+49)
GEO	967	5	10	131	0	8	1,098	(-13)
2nd STREET	733	33	10	54	0	0	787	(+23)
2nd STREET (USA)	19	9	0	0	0	0	19	(+9)
2nd STREET (Malaysia)	11	3	0	0	0	0	11	(+3)
2nd STREET (Taiwan)	15	7	0	0	0	0	15	(+7)
OKURA TOKYO	21	2	0	0	0	0	21	(+2)
LuckRack	21	4	2	0	0	0	21	(+2)
Others	35	18	2	0	0	0	35	(+16)

#### Notes:

- The number of stores is counted based on each store name.
- 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.
- 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.
- Values for 2nd STREET (overseas), which had been indicated until the previous fiscal year, are now indicated on a country-by-country basis.
- Values for WAREHOUSE, which had been indicated until the previous fiscal year, are now included in “Others.”
- “Others” include stores that Rock Co., Ltd., a company that became a consolidated subsidiary in the fiscal year under review, operates for the purchase and sale of farm equipment, antiques, etc.

(2) Details of consolidated financial position

(Assets)

The current assets as of December 31, 2022 resulted in 145,769 million yen, which is an increase of 27,799 million yen from the previous fiscal year end. This was mainly attributable to increases of 7,983 million yen in cash and deposits, 6,002 million yen in accounts receivable - trade and 11,948 million yen in merchandise. Non-current assets amounted to 57,392 million yen, an increase of 987 million yen from the end of the previous fiscal year. This mainly reflects increases of 1,384 million yen in buildings and structures, net, 416 million yen in intangible assets, and 474 million yen in leasehold and guarantee deposits, offsetting a decrease in "Other" under investments and other assets of 1,368 million yen.

As a result, total assets increased by 28,787 million yen from the end of the previous fiscal year to 203,162 million yen.

(Liabilities)

The current liabilities as of December 31, 2022 resulted in 54,375 million yen which is an increase of 18,318 million yen from the previous fiscal year end. This was largely due to increases of 5,383 million yen in accounts payable - trade, 8,000 million yen in short-term borrowings, 1,537 million yen in current portion of long-term borrowings, and 1,136 million yen in income tax payable. Non-current liabilities amounted to 65,265 million yen, an increase of 4,141 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 3,931 million yen in long-term borrowings.

As a result, total liabilities increased by 22,459 million yen from the end of the previous fiscal year, to 119,641 million yen.

(Net assets)

The net assets as of December 31, 2022 resulted in 83,521 million yen, which is an increase of 6,327 million yen from the previous fiscal year end. This was attributable principally to profit attributable to owners of parent amounting to 7,232 million yen and dividends of surplus of 1,017 million yen.

As a result, the equity ratio stood at 40.9% (compared to 44.1% at the end of the previous fiscal year).

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

With respect to consolidated earnings forecast, there were no changes from the full year forecast presented on November 11, 2022.

2. Consolidated Financial Statements for the Quarter  
(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	45,604	53,588
Accounts receivable - trade	9,962	15,964
Merchandise	51,438	63,387
Other	11,014	13,037
Allowance for doubtful accounts	(50)	(207)
Total current assets	117,970	145,769
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,646	15,031
Other, net	13,475	13,387
Total property, plant and equipment	27,121	28,419
Intangible assets	2,821	3,238
Investments and other assets		
Leasehold and guarantee deposits	17,366	17,841
Other	10,009	8,641
Allowance for doubtful accounts	(914)	(747)
Total investments and other assets	26,461	25,735
Total non-current assets	56,405	57,392
Total assets	174,375	203,162
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	14,123	19,506
Short-term borrowings	-	8,000
Current portion of long-term borrowings	5,893	7,431
Income taxes payable	1,559	2,696
Provision for bonuses	2,388	1,030
Other	12,092	15,711
Total current liabilities	36,057	54,375
Non-current liabilities		
Long-term borrowings	52,050	55,981
Asset retirement obligations	6,871	7,007
Other	2,203	2,276
Total non-current liabilities	61,124	65,265
Total liabilities	97,181	119,641
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,975	9,033
Capital surplus	3,388	3,445
Retained earnings	64,523	70,738
Total shareholders' equity	76,887	83,217
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(10)	4
Deferred gains or losses on hedges	(0)	-
Foreign currency translation adjustment	(44)	(34)
Total accumulated other comprehensive income	(55)	(30)
Share acquisition rights	361	333
Total net assets	77,193	83,521
Total liabilities and net assets	174,375	203,162

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	244,991	279,696
Cost of sales	147,838	171,721
Gross profit	97,152	107,975
Selling, general and administrative expenses	91,490	96,618
Operating profit	5,661	11,357
Non-operating income		
Foreign exchange gains	104	349
Rental income from real estate	508	572
Other	997	626
Total non-operating income	1,610	1,549
Non-operating expenses		
Interest expenses	157	177
Rental expenses on real estate	258	317
Other	212	163
Total non-operating expenses	628	658
Ordinary profit	6,643	12,247
Extraordinary income		
Gain on sale of investment securities	250	-
Total extraordinary income	250	-
Extraordinary losses		
Impairment losses	120	79
Total extraordinary losses	120	79
Profit before income taxes	6,774	12,168
Income taxes - current	1,756	3,785
Income taxes - deferred	708	1,150
Total income taxes	2,465	4,935
Profit	4,308	7,232
Profit attributable to owners of parent	4,308	7,232

Consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	4,308	7,232
Other comprehensive income		
Valuation difference on available-for-sale securities	(210)	14
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	13	10
Total other comprehensive income	(195)	25
Comprehensive income	4,112	7,258
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,112	7,258



(3) 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 nine months ended December 31, 2021 (consolidated) and the nine months ended December 31, 2022 (consolidated):

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

(Significant subsequent events)

(Purchase and cancellation of treasury shares)

On November 18, 2022, following a resolution made in writing in lieu of at a meeting of the Board of Directors based on Article 370 of the Companies Act (Act No.86 in 2005. Includes the subsequent changes) and relevant provisions in the Company's articles of incorporation, the Company resolved to purchase treasury shares, choose a tender offer as a specific method thereof, and implemented treasury share purchase in accordance with Article 156, Paragraph 1 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act and the provisions in the Company's articles of incorporation.

The Company resolved at a meeting of the Board of Directors held on February 10, 2023 to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act.

1. Reason for the purchase and cancellation of treasury shares  
To implement flexible capital policy measures in response to changes in the management environment while simultaneously seeking to enhance shareholder returns and improve capital efficiency.
2. Resolution of the Board of Directors on the purchase of treasury shares
  - (1) Class of shares to be purchased: Common shares
  - (2) Total number of shares to be purchased: 3,300,100 shares (maximum)
  - (3) Total purchase value of shares: 5,237 million yen (maximum)
  - (4) Purchasing period: November 21, 2022 to January 31, 2023
3. Overview of the tender offer for treasury shares
  - (1) Number of shares to be purchased: 3,300,000 shares
  - (2) Price of the purchase, etc.: 1,587 yen per common share
  - (3) Period of the purchase, etc.: From November 21, 2022 to December 19, 2022  
(20 business days)
  - (4) Date of a public notice of the commencement of the tender offer: November 21, 2022
  - (5) Date of the commencement of settlement: January 13, 2023
4. Result of the purchase of treasury shares
  - (1) Class of shares purchased: Common shares
  - (2) Total number of shares purchased: 3,024,800 shares
  - (3) Total purchase amount: 4,800 million yen
  - (4) Date of the purchase: January 13, 2023
5. Outline of the cancellation of treasury shares
  - (1) Method of cancellation: To be subtracted from retained earnings
  - (2) Class of shares to be cancelled: Common shares
  - (3) Total number of shares to be cancelled: 3,024,800 shares
  - (4) Scheduled cancellation date: February 28, 2023