



# Supplementary Materials for the Fiscal Year Ended

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>	9,081 million yen (As of March 31, 2023)
<b>Listed exchange</b>	Tokyo Stock Exchange Prime Market

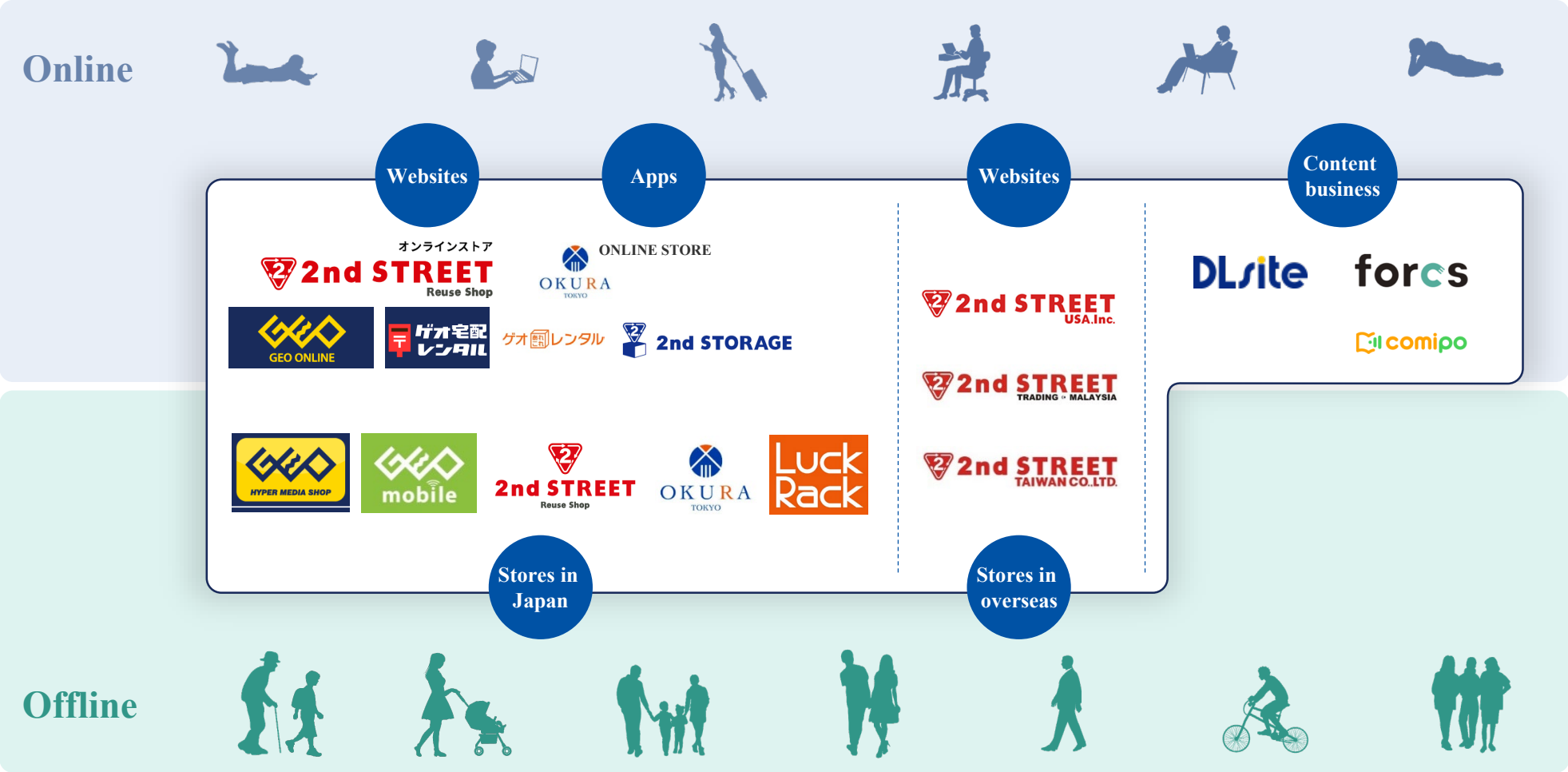
# GEO Group's major shops and their major merchandise

					
Number of stores (As of Mar. 31 2023)	<b>1,089</b> (including 20 GEO mobile stand-alone stores)		<b>803 stores in Japan</b> <b>52 stores overseas</b>	<b>23</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>Reuse</b>		
<b>Smartphones, tablet terminals, and PCs</b>	<b>Reuse</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 it 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, and 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 the Fiscal Year Ended March 31, 2023**

# Summary of Fiscal Year Ended March 31, 2023

## Highlights

### Net sales

2nd STREET stores continue to enjoy strong sales, reflecting growth in demand for reuse merchandise as consumers sought to maintain their standard of living in the face of higher prices, coupled with their growing openness to buying reuse merchandise. Moreover, supply of the PlayStation 5 home video game console improved. As a consequence, net sales soared 12.7% YoY, to 377.3 billion yen.

### Operating profit, ordinary profit and profit

Although the contraction of sales of rental merchandise and the rise of SG&A expenses continued, sales of reused clothing, accessories and smartphones dramatically increased. Operating profit and ordinary profit increased 29.9% and 23.4% YoY, respectively, but profit dropped 5.1% due to an increase in corporate tax and other reasons.

### Gross profit

The gross profit ratio dropped 1.3 point YoY, mainly due to a rise in the proportion of net sales that were brand-new products, a reflection of strong sales of our game consoles and game software. Another factor was a rise in the ratio of reused smartphones to all media-related reuse merchandise.

## Topics

### Topic (1)



(Japan)

The number of stores in Japan stood at **803** at the end of the fiscal year, a **net increase of 39**, and the **800 milestone** has been achieved.

### Topic (2)



(Overseas)

**Thirteen stores** in the United States  
**Ten stores** in Taiwan  
**Three stores** opened in Malaysia

### Topic (3)



Continuously implementing a plan for priority goods to increase customers' motivation to visit GEO stores.



# Consolidated statement of income for the fiscal year ended March 31, 2023

Net sales rose 12.7% YoY, to 377.3 billion yen. We have maintained a strong showing by enjoying increased earnings for four quarters in a row.

The impact of rising personnel expenses, rent, utilities expenses and other expenses was mainly absorbed by the increase in gross profit from reuse merchandise. Consequently, our operating profit dramatically rose 29.9% YoY, to 10.6 billion yen.

(Million yen)	2022/3 Results	2023/3 Results	Change	Increase/ decrease
Net sales	334,788	<b>377,300</b>	112.7%	42,511
Gross profit	130,798	<b>142,483</b>	108.9%	11,685
(Gross profit ratio)	39.1%	<b>37.8%</b>		
SG&A	122,624	<b>131,862</b>	107.5%	9,238
Operating profit	8,173	<b>10,620</b>	129.9%	2,446
(Operating profit ratio)	2.4%	<b>2.8%</b>		
Ordinary profit	9,662	<b>11,926</b>	123.4%	2,263
Profit	5,985	<b>5,681</b>	94.9%	(304)

\* Profit is profit attributable to owners of parent.



## Net sales by merchandise for the fiscal year ended March 31, 2023

(Million yen)	2022/3 Results	2023/3 Results	Change	Increase/ decrease
Reuse	168,419	<b>199,641</b>	118.5%	31,221
Comprehensive	111,648	<b>130,839</b>	117.2%	19,191
Media	56,771	<b>68,801</b>	121.2%	12,030
Brand new	104,707	<b>119,467</b>	114.1%	14,760
Others	61,662	<b>58,192</b>	94.4%	(3,469)
Rental included in Others	42,984	<b>36,917</b>	85.9%	(6,066)
Total	334,788	<b>377,300</b>	112.7%	42,511

The sales of 2nd STREET stores remained strong and earnings increased thanks to an increase in demand for reuse merchandise as means for customers to maintain their standard of living in the face of higher prices and because consumers are growing less reluctant to buy reuse merchandise.

Our sales increased due to the continued strong sales of communication devices, such as smartphones and tablets.

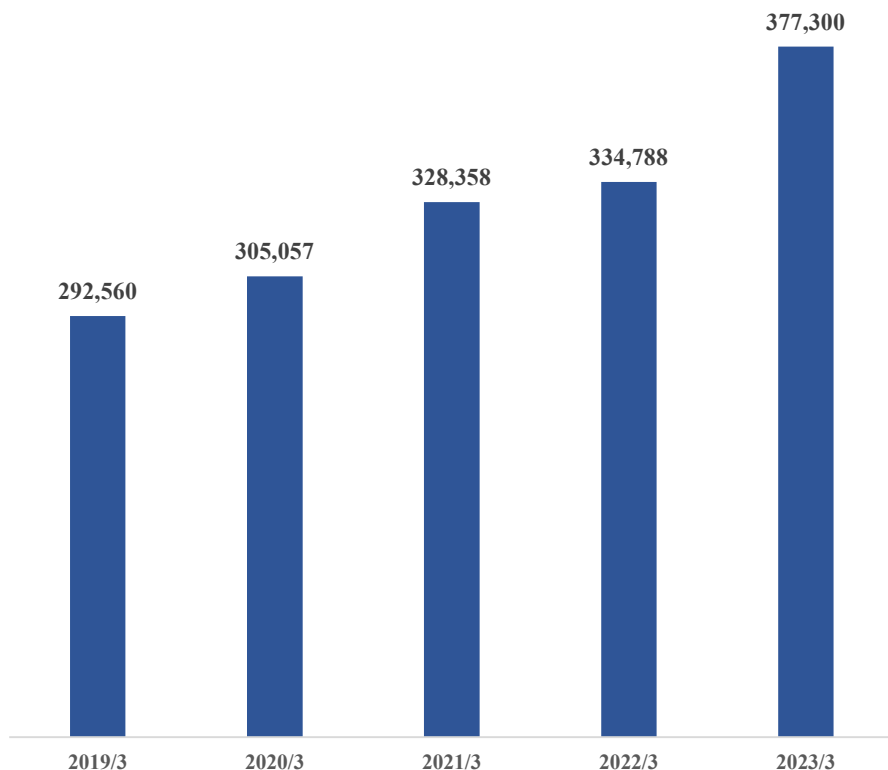
Earnings increased as home-use game consoles and game software sold well.

# Net sales-related data for the fiscal year ended March 31, 2023

2nd STREET stores continue to enjoy strong sales, reflecting growth in demand for reuse merchandise as consumers sought to maintain their standards of living in the face of higher prices, coupled with their growing less reluctant to buy reuse merchandise. Furthermore, the supply of the PlayStation 5 home video game console improved. As a consequence, net sales rose 12.7% YoY.

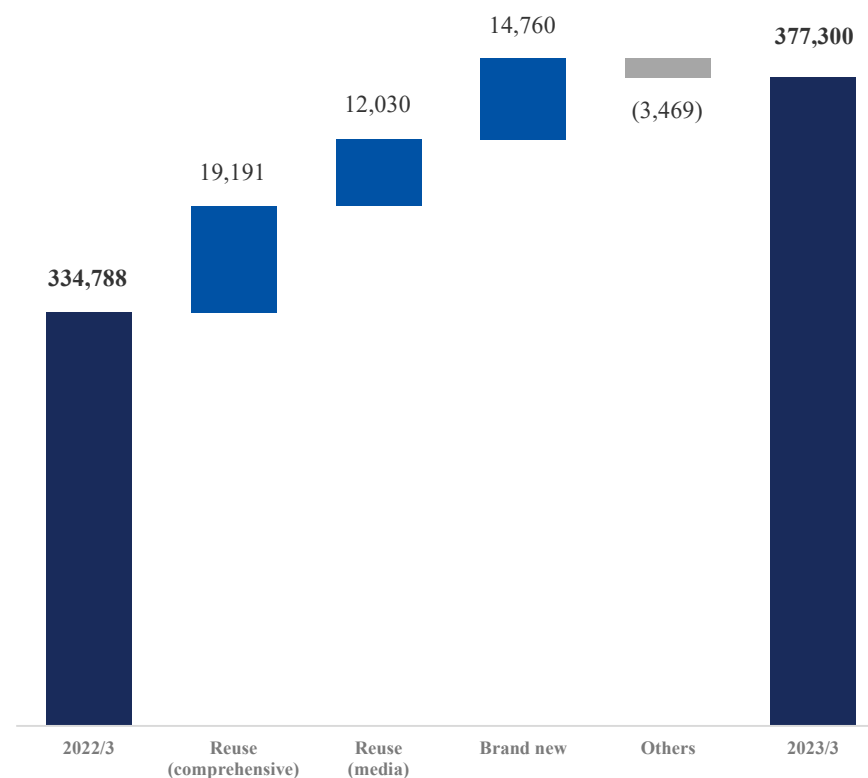
## Change in sales for the fiscal year over five years

(Million yen)



## Year-on-year change in net sales for the fiscal year ended March 31, 2023

(Million yen)

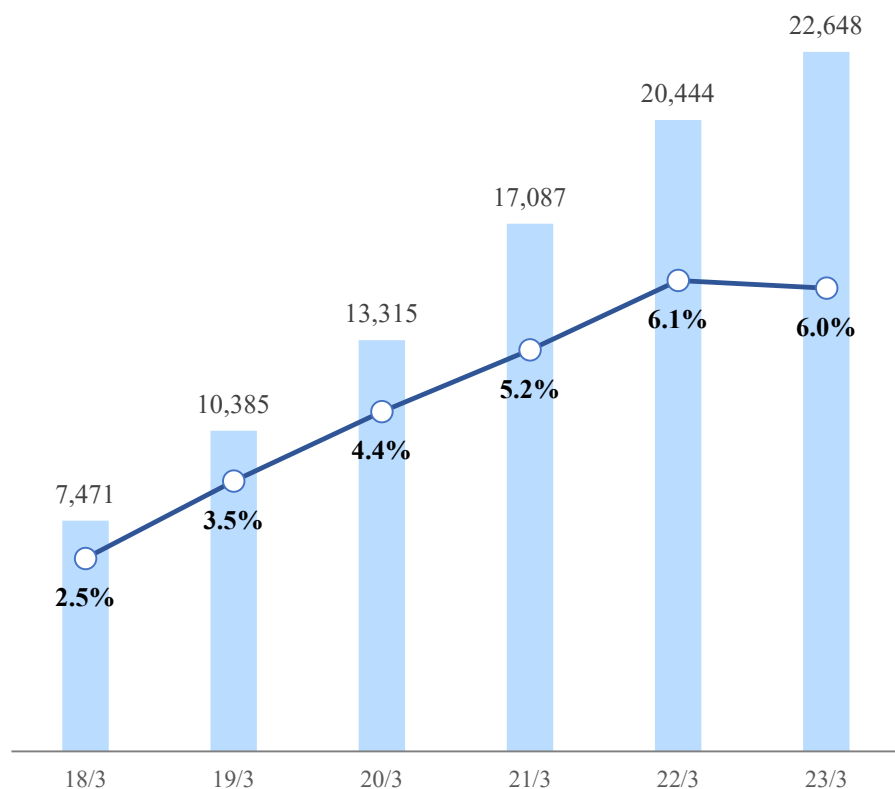


# Changes in e-commerce-involving net sales for the fiscal year ended March 31, 2023

- 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.

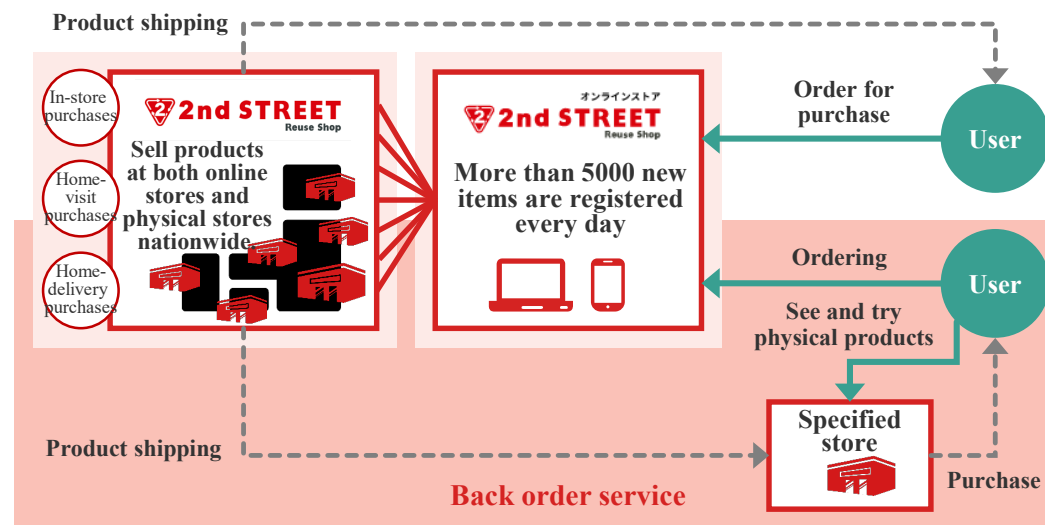
## Changes in net sales involving e-commerce and size of e-commerce's involvement (versus net sales)

(Million yen)



	2022/3 Results	2023/3 Results	Change
Sales involving EC (Million yen)	20,444	22,648	110.8%
Number of items sold involving EC (Thousand items)	3,899	3,714	95.3%

## Overview of 2nd STREET online store



## Gross profit by merchandise for the fiscal year ended March 31, 2023

(Million yen)	2022/3 Results	2023/3 Results	Change	Increase/ decrease
Reuse	73,204	<b>85,690</b>	117.1%	12,486
Comprehensive	51,196	<b>62,247</b>	121.6%	11,051
Media	22,007	<b>23,442</b>	106.5%	1,434
Brand new	16,528	<b>17,667</b>	106.9%	1,139
Others	41,065	<b>39,125</b>	95.3%	(1,940)
Rental included in Others	27,505	<b>23,052</b>	83.8%	(4,452)
<b>Total</b>	<b>130,798</b>	<b>142,483</b>	<b>108.9%</b>	<b>11,685</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 the fiscal year ended March 31, 2023

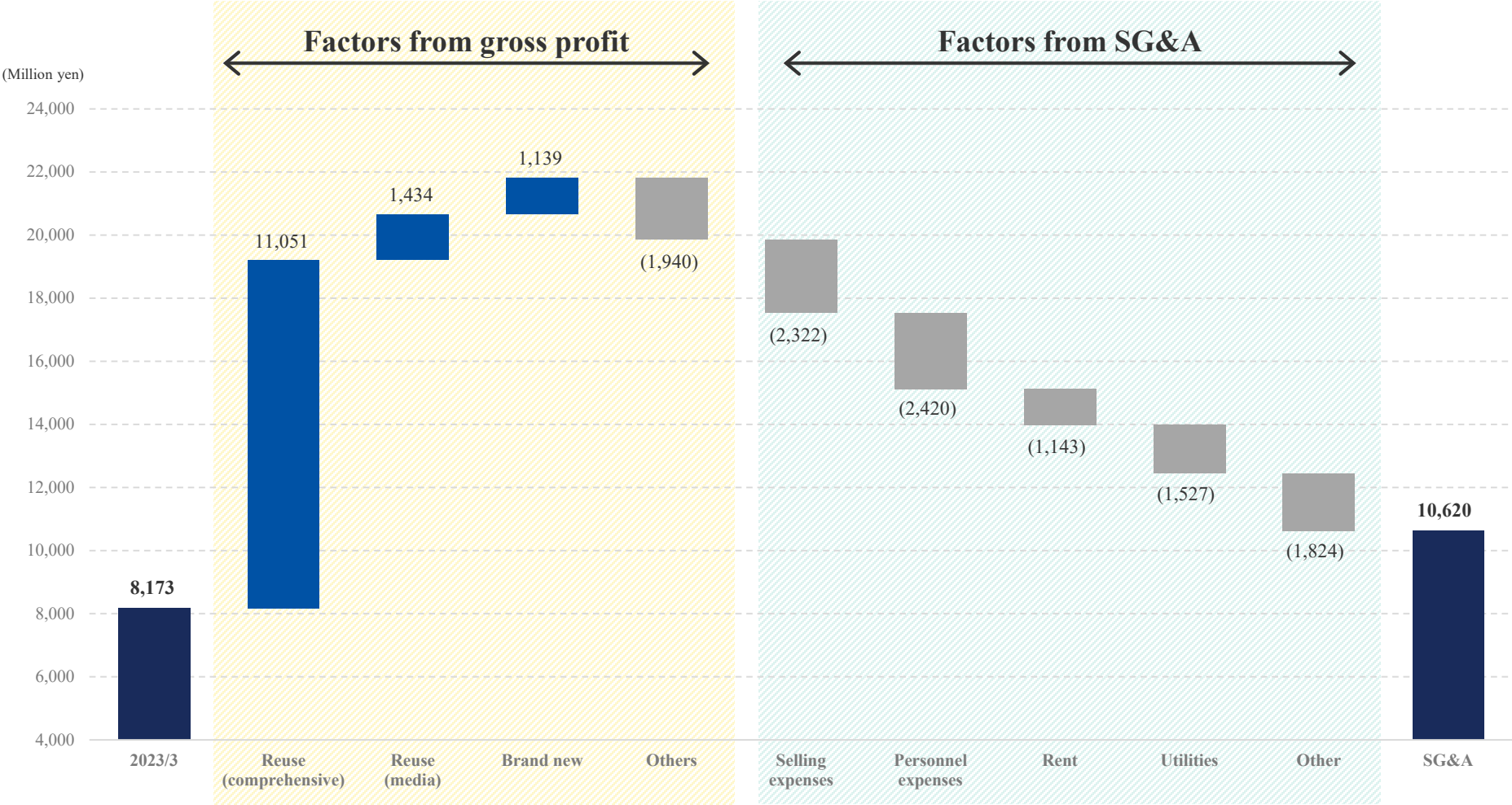
SG&A expenses increased 7.5% YoY due to a surge in electricity rates, the aggressive outlay of strategic advertising expenses and a rise in sales commissions resulting from the increased use of cashless payments.

(Million yen)	2022/3 Results	(Ratio to net sales)	2023/3 Results	(Ratio to net sales)	Increase/ decrease	(Change)
Total selling expenses	16,831	5.0%	<b>19,153</b>	5.1%	2,322	113.8%
Advertising	7,681	2.3%	<b>9,053</b>	2.4%	1,371	117.9%
Sales promotion	400	0.1%	<b>323</b>	0.1%	(76)	80.9%
Sales commission	4,963	1.5%	<b>6,038</b>	1.6%	1,074	121.7%
Total personnel expenses	57,658	17.2%	<b>60,079</b>	15.9%	2,420	104.2%
Total other expenses	48,134	14.4%	<b>52,629</b>	13.9%	4,495	109.3%
Utilities	3,915	1.2%	<b>5,442</b>	1.4%	1,527	139.0%
Rent	25,114	7.5%	<b>26,258</b>	7.0%	1,143	104.6%
Depreciation and amortization	4,266	1.3%	<b>4,304</b>	1.1%	37	100.9%
Consumables	1,933	0.6%	<b>1,726</b>	0.5%	(206)	89.3%
Maintenance	621	0.2%	<b>643</b>	0.2%	22	103.6%
Total SG&A	122,624	36.6%	<b>131,862</b>	34.9%	9,238	107.5%

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

# Change in operating profit for the fiscal year ended March 31, 2023

Due mainly to an increase in gross profit from reuse merchandise, it was possible to absorb the decrease in gross profit from rental services, which is included in “Other,” and the increase in SG&A expenses. As a consequence, operating profit rose 29.9% YoY.



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



## Consolidated balance sheets for the fiscal year ended March 31, 2023

(Million yen)	As of Mar. 31, 2022	Composition	As of Mar. 31, 2023	Composition	Increase/ decrease
Current assets	117,970	67.7%	131,311	65.1%	13,341
Cash and deposits	45,604		44,286		(1,317)
Merchandise	51,438		64,241		12,803
Non-current assets	56,405	32.3%	70,492	34.9%	14,087
Property, plant and equipment	27,121		40,847		13,725
Intangible assets	2,821		3,264		442
Investments and other assets	26,461		26,380		(80)
<b>Total assets</b>	<b>174,375</b>	<b>-</b>	<b>201,804</b>	<b>-</b>	<b>27,429</b>
Current liabilities	36,057	20.7%	49,225	24.4%	13,168
Accounts payable trade	14,123		16,034		1,911
Short-term borrowings	-		6,000		6,000
Current portion of long-term borrowings	5,893		7,478		1,593
Non-current liabilities	61,124	35.1%	75,366	37.3%	14,242
Long-term borrowings	52,050		54,462		2,412
<b>Total liabilities</b>	<b>97,181</b>	<b>55.7%</b>	<b>124,592</b>	<b>61.7%</b>	<b>27,410</b>
<b>Total net assets</b>	<b>77,193</b>	<b>44.3%</b>	<b>77,212</b>	<b>38.3%</b>	<b>18</b>
<b>Total liabilities and net assets</b>	<b>174,375</b>	<b>-</b>	<b>201,804</b>	<b>-</b>	<b>27,429</b>

The increase is because of the steady expansion of the 2nd STREET business, GEO's keeping home-use game consoles in stock and the measures taken to promote reused smartphones, tuner-free smart TV sets and other priority goods.

Right-of-use assets and lease obligations rose 11,193 million yen due to our actions to ensure compliance with the U.S. Generally Accepted Accounting Principles.

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



# Consolidated statement of cash flow for the fiscal year ended March 31, 2023

(Million yen)	As of Mar. 31, 2022	As of Mar. 31, 2023	Increase/ decrease
Profit before income taxes	8,101	10,675	2,573
Decrease (increase) in inventories	(8,990)	(12,649)	(3,658)
Increase (decrease) in trade payables	(1,276)	2,091	3,368
Increase (decrease) in accrued consumption taxes	(5,028)	(131)	4,896
Cash flows from operating activities subtotal	(88)	6,405	6,494
Income taxes paid	(5,469)	(1,932)	3,537
<b>Net cash provided by (used in) operating activities</b>	<b>(5,731)</b>	<b>4,283</b>	<b>10,014</b>
Purchase of property, plant and equipment	(5,002)	(6,487)	(1,484)
<b>Net cash provided by (used in) investing activities</b>	<b>(6,694)</b>	<b>(9,589)</b>	<b>(2,894)</b>
Net increase (decrease) in short-term borrowings	-	5,999	5,999
Proceeds from long-term borrowings	12,000	9,900	(2,100)
Repayments of long-term borrowings	(5,012)	(5,893)	(881)
Dividends paid	(1,227)	(1,017)	210
<b>Net cash provided by (used in) financing activities</b>	<b>5,595</b>	<b>3,938</b>	<b>(1,656)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,725)</b>	<b>(1,211)</b>	<b>5,513</b>
<b>Cash and cash equivalents at end of period</b>	<b>47,851</b>	<b>46,564</b>	<b>(1,286)</b>






Inventory assets increased because of an increase in 2nd STREET stores and buying from customers performed well.

The increase is attributable to GEO's keeping home-use game consoles in stock and the measures taken to promote priority goods such as tuner-free smart TV sets.

Purchase of treasury shares (4,800 million yen)

# GEO Group's stores

Total number of stores for the Group as of the end of fiscal year ended March 31, 2023: 2,023

	GEO*1	2nd STREET*2				OKURA TOKYO	Luck Rack	Others*3	Total
	 HYPER MEDIA SHOP  mobile		Japan	USA	Taiwan	Malaysia	 OKURA TOKYO	 Luck Rack	
<b>Directly-managed stores</b>	964	748	23	18	11	23	21	35	1,843
(Opened during this fiscal year)	9	49	13	10	3	4	6	18	112
(Closed during this fiscal year)	(17)	(11)	0	0	0	0	(4)	(2)	(34)
<b>Franchise stores and distributors</b>	125	55	0	0	0	0	0	0	180
<b>Total</b>	1,089	803	23	18	11	23	21	35	2,023

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

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

\*3: Includes rock Co., Ltd. stores. It became a consolidated subsidiary this fiscal year.







### **3. Full-year Forecast for Fiscal Year Ending March 31, 2024**

## Full-year Forecast for Fiscal Year Ending March 31, 2024

- The prolonged war in Ukraine will bring about a rise in resource prices. The possible shift into a recession, as a result of the global trend toward inflation, also poses a concern. Despite these uncertainties, our net sales are estimated to be 400 billion yen, a 6.0% increase YoY, for reasons such as the development of a recycling-oriented society, a rise in demand for reuse merchandise to help consumers to maintain their standard of living in the face of inflation and our opening of many 2nd STREET, GEO and GEO mobile shops in Japan and overseas.
- Operating profit is estimated to be 13 billion yen, a 22.4% increase YoY, because of an increase in gross profit due to increased earnings and the proper control of SG&A expenses.

(Million yen)	2024/3 Full-year Forecast	Change	2023/3 Full-year Results
Net sales	<b>400,000</b>	6.0%	377,300
Operating profit	<b>13,000</b>	22.4%	10,620
Ordinary profit	<b>13,500</b>	13.2%	11,926
Profit	<b>7,000</b>	23.2%	5,681

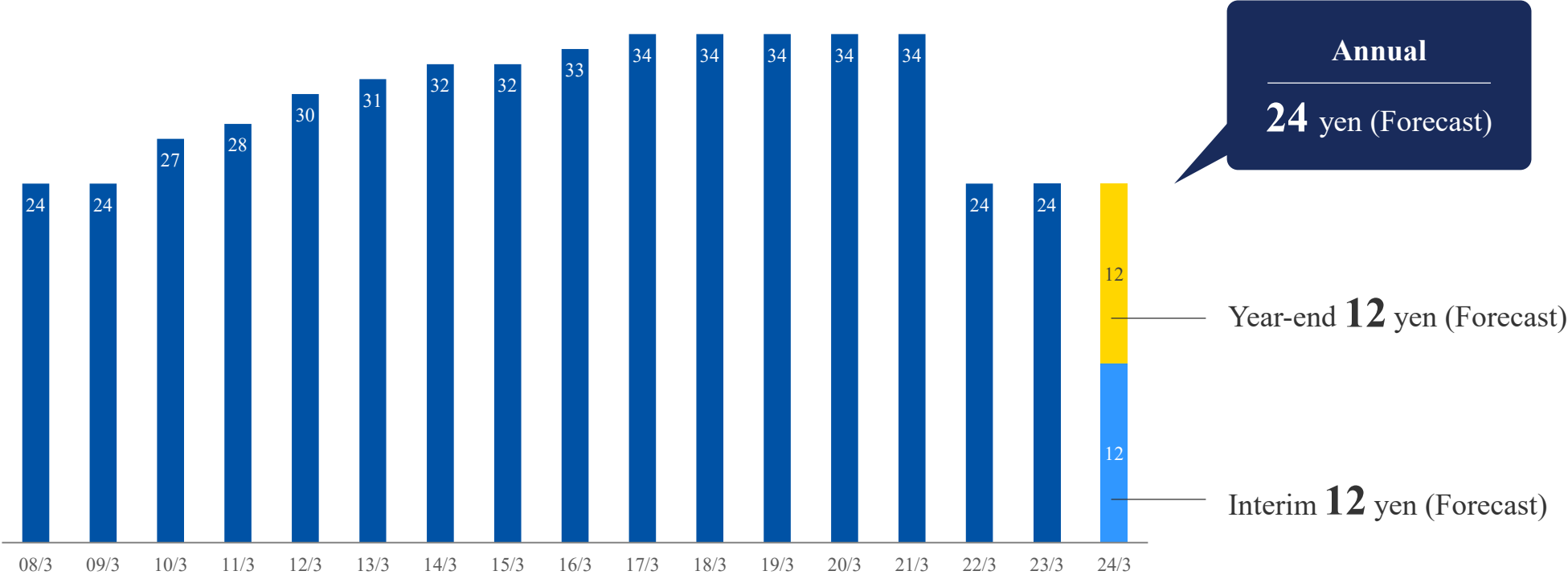
# Store opening plan for the fiscal year ending Mar. 31, 2024

		Store opening plan		
		Number of stores	Summary	
	65 stores in Japan	Store openings will concentrate on comprehensive reuse stores as we seek to open the 1,000th 2nd STREET store.		
	31 stores in overseas	USA	15 stores	Besides opening stores in states we have already expanded to, we seek to open stores in more states.
		Taiwan	10 stores	We will continue to open stores and expand the area more than now.
		Malaysia	6 stores	We will open stores mainly in Kuala Lumpur and the surrounding area.
	60 stores	Besides aggressively opening GEO mobile dedicated stores, we are planning to open GEO stores with a new format.		
	4 stores	Aside from downtown locations, buying-only stores are also planned to be open.		
	8 stores	In addition to stores in commercial buildings in front of train stations, we also plan to open suburban roadside stores.		

# 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 2024 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 wage. We are also planning to maintain the annual dividend at 24 yen, taking into account the enhancement of the internal reserves necessary for increasing our financial strength and enabling proactive business initiatives.

Changes in dividends per share as adjusted to reflect stock split



## **4. Growth-Oriented Initiatives**

# Matrix of growth-oriented 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.





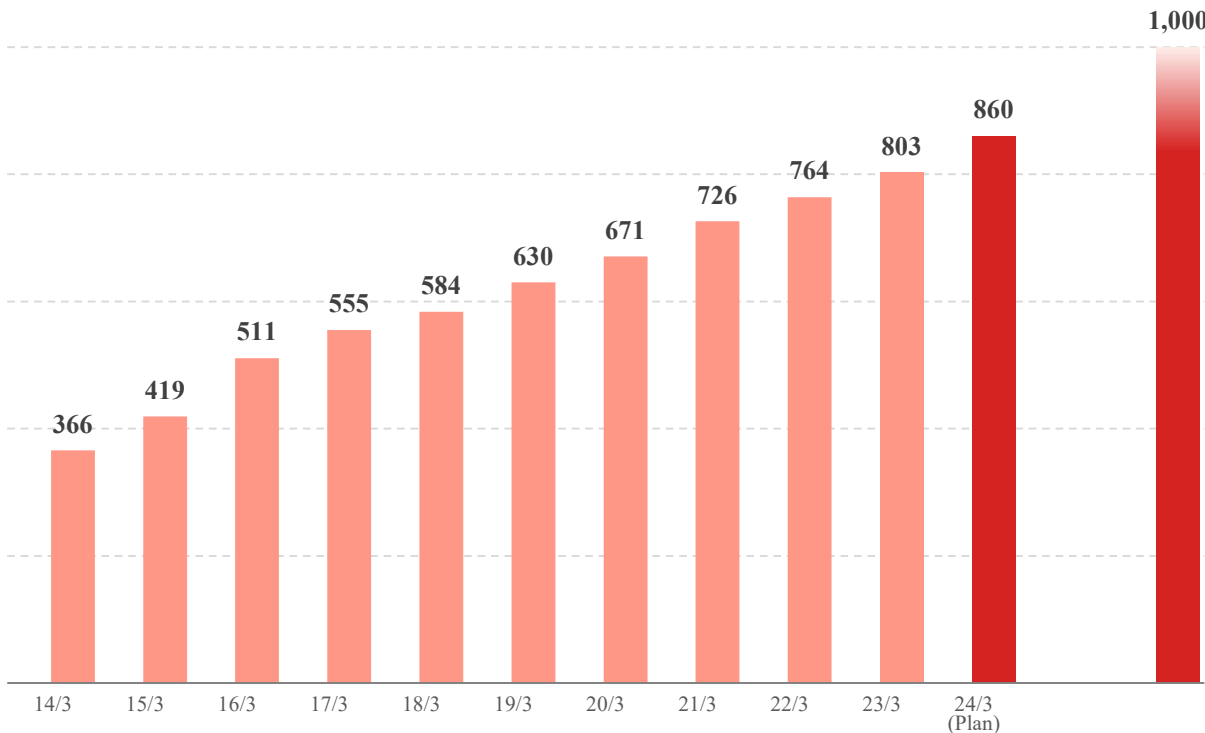
# Change in the number of domestic 2nd STREET stores and the medium-term target



- To be an overwhelmingly peerless company in the reuse market, we achieved an interim target of having 800 2nd STREET stores in Japan by the end of the fiscal year ended March 31, 2023. In the medium term, we will pursue the next target of increasing the number of 2nd STREET stores to 1,000.
- 2nd STREET stores in Japan continue their efforts to improve profitability by (1) increasing their operational capabilities, (2) flexibly changing sales floors and buying from customers in accordance with inventory status and (3) properly controlling personnel expenses, among other efforts.

## Change in the number of stores in Japan

(Stores)



### Efforts to improve stores' profitability

Increasing their operational capabilities through the standardization and simplification of store operations

Flexibly changing sales floors and focused on buying from customers in accordance with inventory status

Analyzing store person-hours and properly controlling personnel expenses

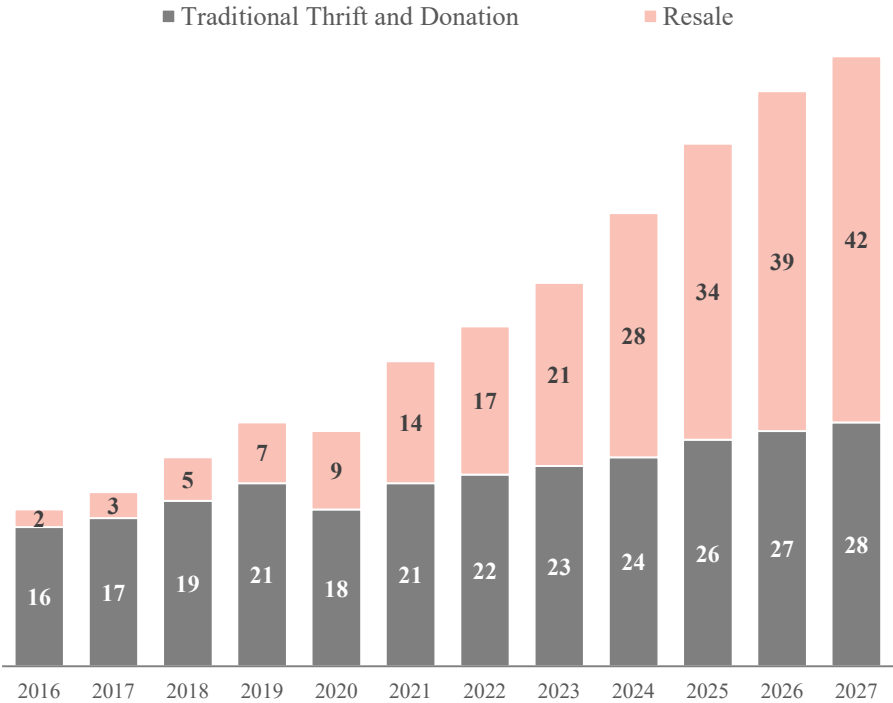


# Business strategy in the United States, a country with large potential

- Some people argue that the US reuse market will grow from 39 billion dollars in 2022 to 70 billion dollars by 2027 because it enjoys the support of the different generations of people.
- In the United States, the purchase- or sales-oriented reuse shop markets are expanding in addition to reuse shops where merchandise procurement takes the form of conventional donations. Based on this fact, we will advance from the tentative stage of store openings to a stage for verifying the feasibility of managing multiple stores.

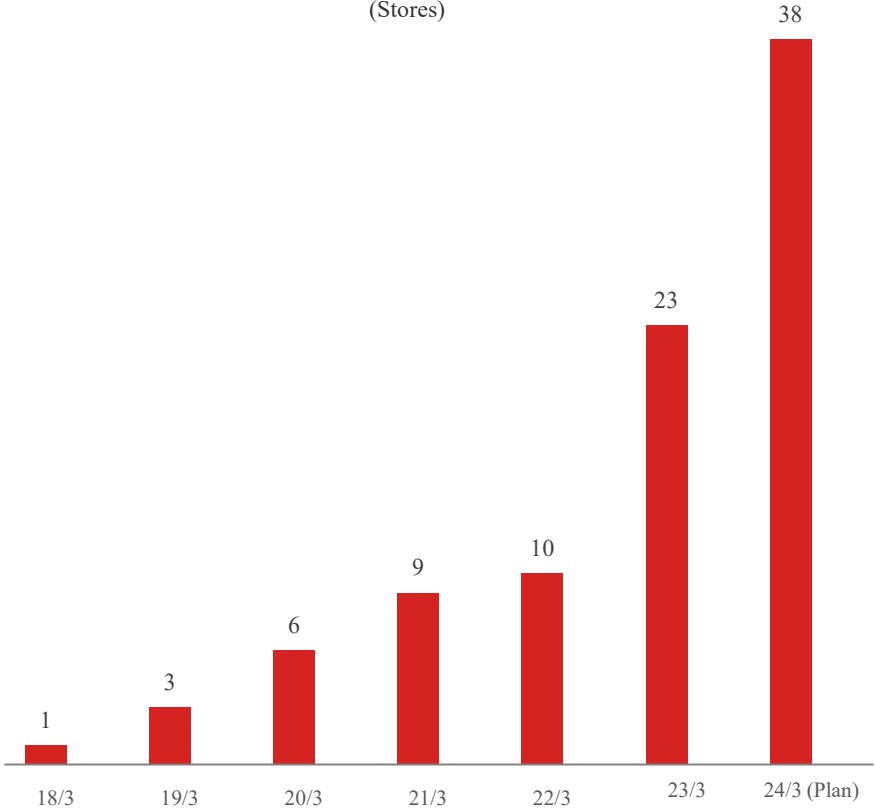
## Changes in the size of US reuse market

(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 2023.

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



- Our expansion into the United States started on the West Coast. The performance of our US stores and training of local employees have progressed favorably and, going forward, we will open more stores mainly in densely populated states.
- Our US stores also have advantages such as (1) offering reuse merchandise shipped from Japan and products that are hard to get in the United States while basing their business on locally purchased products, (2) the ability to quickly adapt to trends and weather conditions and (3) Japanese-style hospitality.

## Texas: Deep Ellum Store (opened in December 2022)



This is the first 2nd STREET store in Dallas, a major city in Texas. Deep Ellum hosts many music events and is characterized by its good night life. It is a bustling area with many people during the evening hours and on weekends. The store boasts a rich assortment of products from Japanese, US and European designer brands, internationally popular luxury brands and many other brands.

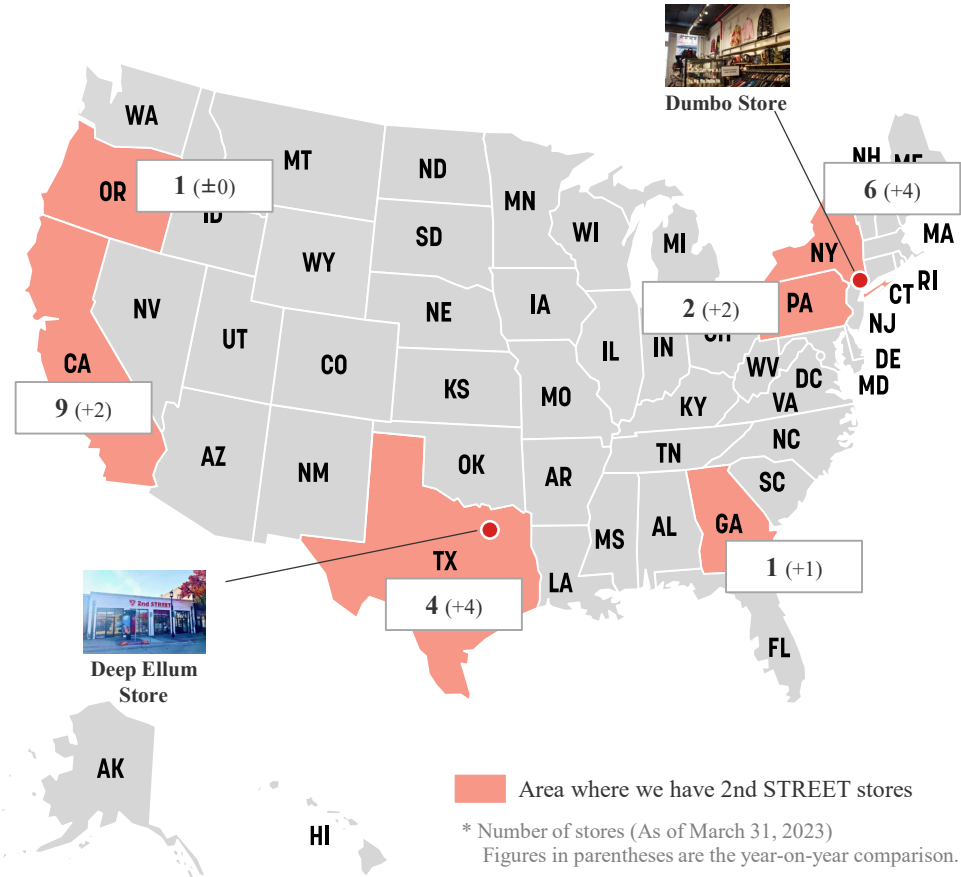
## New York: Dumbo Store (opened in January 2023)



This is the first 2nd STREET store in Brooklyn, New York. Dumbo is a popular destination visited by many tourists, with rows of clothing stores, fashionable cafes, restaurants and other shops. The store has a total of nearly 10,000 reused goods including men's and women's clothes, bags, shoes and accessories.

## 2nd STREET store locations in the USA

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





# 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 firm position there.
- We will solidify our position in the Taiwanese market while strengthening the development of human resources and cost management, as our stores in Taiwan also have the advantage of continuously displaying merchandise from Japan in addition to merchandise purchased within Taiwan.

## Kaohsiung: Kaohsiung SKMPARK Store (opened in December 2022)



This is the fifteenth 2nd STREET store in Taiwan. The store opened on the first floor of SKM Park, an outlet mall that started operating in 2022 and is home to nearly 220 stores, including restaurants, clothing stores, and popular brand stores, and 50 independent brands. While ensuring sales floors are appealing and tidy, the store also develops a sales area for proposing fashion styles such as street fashion, which has been popular in recent years. Purchase services also started at the same time.

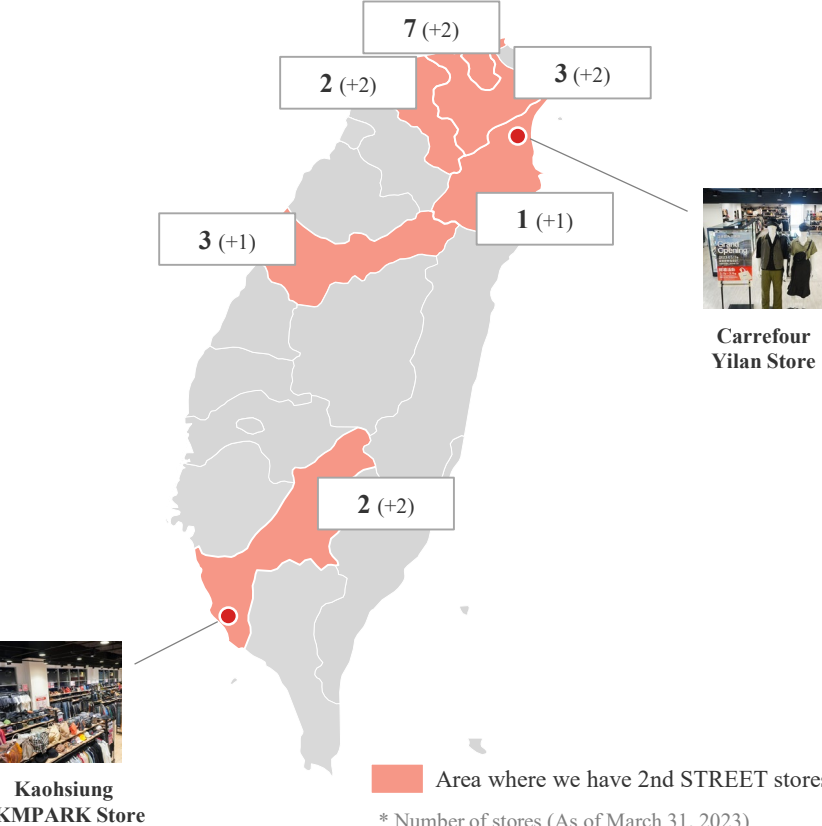
## Yilan: Carrefour Yilan Store (opened in March 2023)



This is the 18th 2nd STREET store in Taiwan and the first in Yilan. Since our buyer development system was established quickly in Taiwan, the purchase service started simultaneously with the store's opening. In accordance with the way that 2nd STREET stores in Japan display merchandise, the store sorts merchandise by item and category. As a result, the sales floor is appealing and well-organized.

## 2nd STREET store locations in Taiwan

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



\* Number of stores (As of March 31, 2023)  
Figures in parentheses are the year-on-year comparison.



# Store opening strategy in Malaysia

- In Malaysia, wholesale and in-store sale of reuse products imported from Japan are concentrated in Kuala Lumpur and the surrounding area.
- We will continue with marketing research and staff increases in Malaysia while stepping up our operations in the country.

## Kuala Lumpur: SRI PETALING Store (opened in August 2022)



This is the tenth 2nd STREET store in Malaysia. Located in southern Kuala Lumpur, Sri Petaling is widely recognized as a shopping area with many cafes and restaurants. The store has established dominance by being close to 2nd STREET SS13. The store ingeniously displays more products by locally developing and arranging fixtures to hang clothes in two rows.

## Selangor: Puchong Store (opened in November 2022)



This is the eleventh 2nd STREET store in Malaysia. The store has items such as Japanese brands' merchandise, bags from internationally popular luxury brands and low-priced items. 2nd STREET has had significant support in Malaysia, since its attractive and tidy display of merchandise is rarely seen in other stores in the country. The store also shortened the time it took to prepare for its opening and reduced costs by locally developing and arranging counter fixtures and showcases.

## 2nd STREET store locations in Malaysia

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



Area where we have 2nd STREET stores

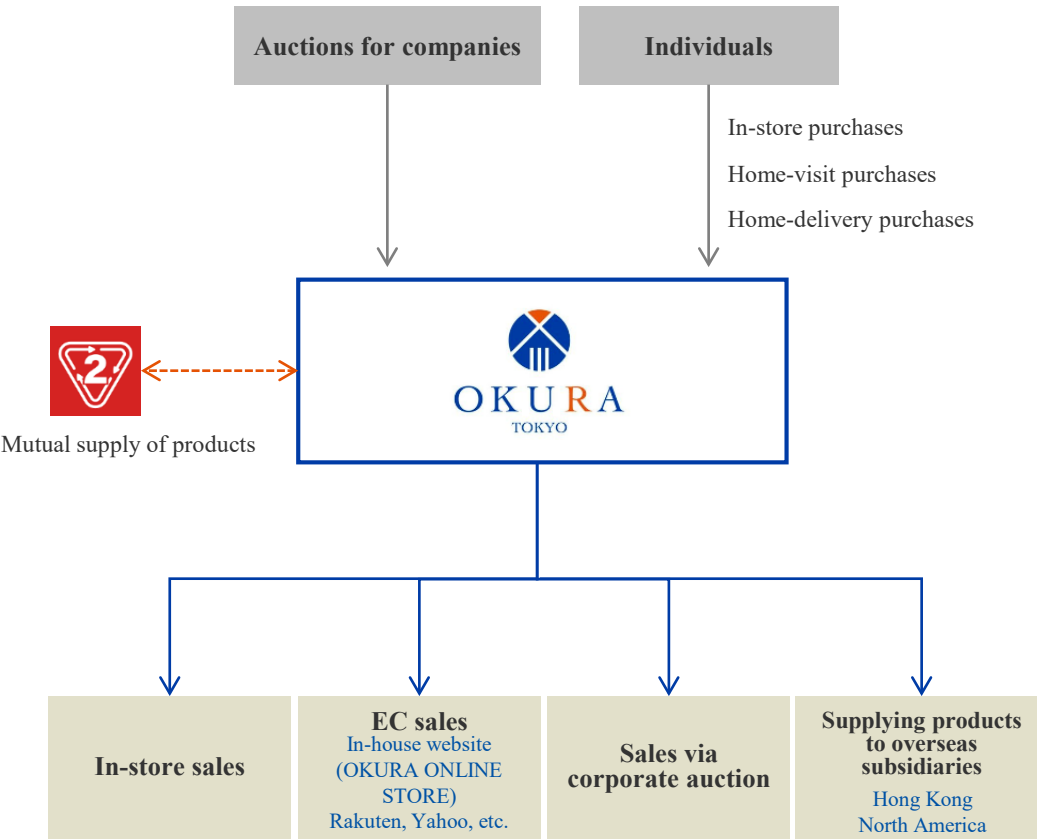
\* Number of stores (As of March 31, 2023)  
Figures in parentheses are the year-on-year comparison.



# 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 continues to work to increase opportunities for home-visit purchases, which the company is conducting on a trial basis, through different media outlets in an effort to strengthen its interface with customers.

## 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 and Kansai areas and it aspires to be the leading Japanese off-price store company.

## Off-price store business model



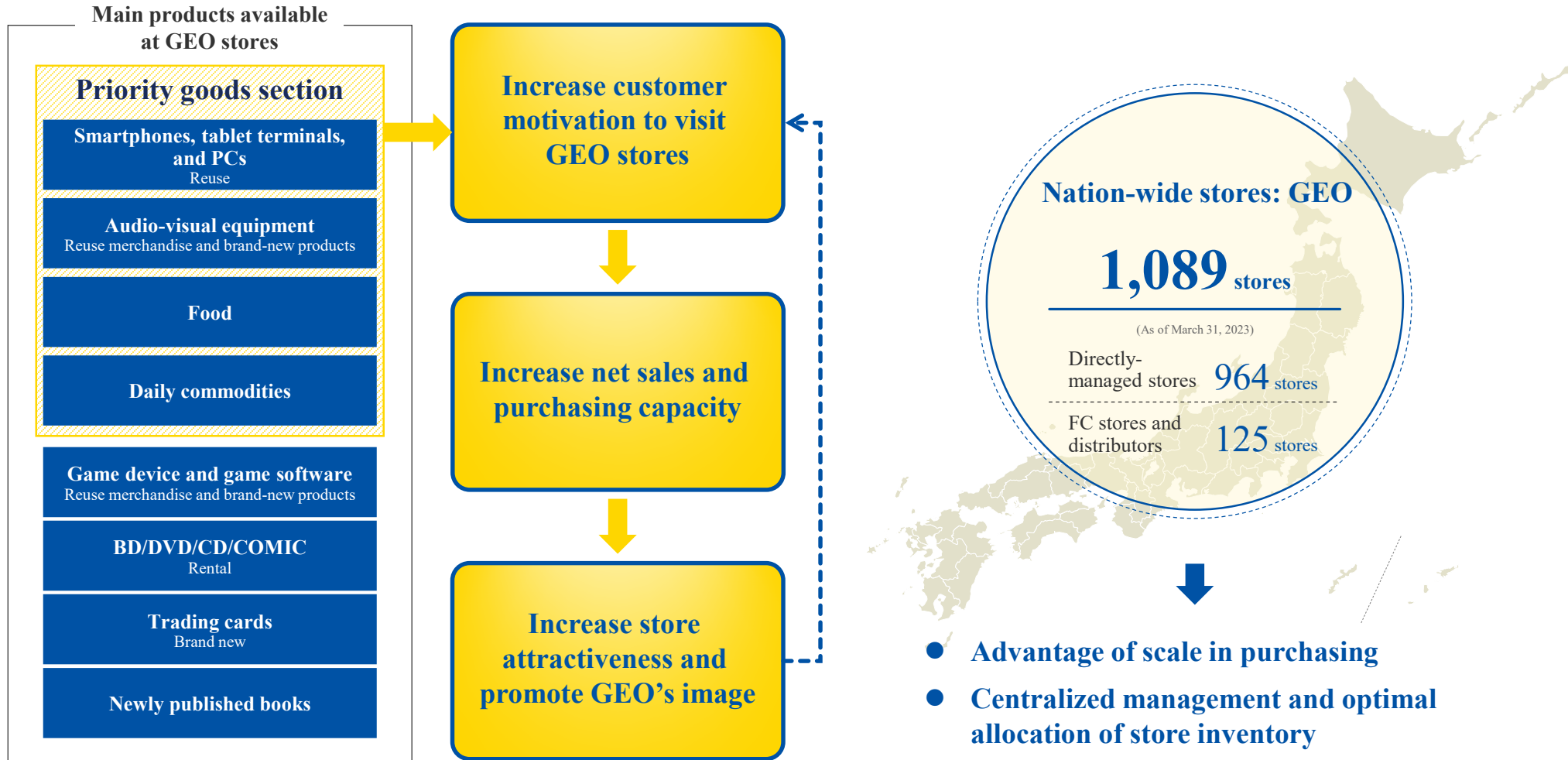
## Difference between off-price stores and outlet stores

	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, etc.	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, measures to expand their sales and establishing a new format for GEO



- 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.
- To expand the priority goods division, we will (1) acquire and train human resources in buying and (2) improve our marketing (leaflets, TV commercials and online advertisements). At the same time, we will perform a verification using experimental stores and establish a new format for GEO.

## 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.



## Expanding the priority goods section and establishing a new format of GEO

### Efforts to expand the priority goods section

All of the existing stores will continue and strengthen the following:

Acquisition and training of human resources in buying

Improvement of marketing

Verification using experimental stores



## Establish a new format for GEO




# Largest share of the smartphones and tablets for reuse market

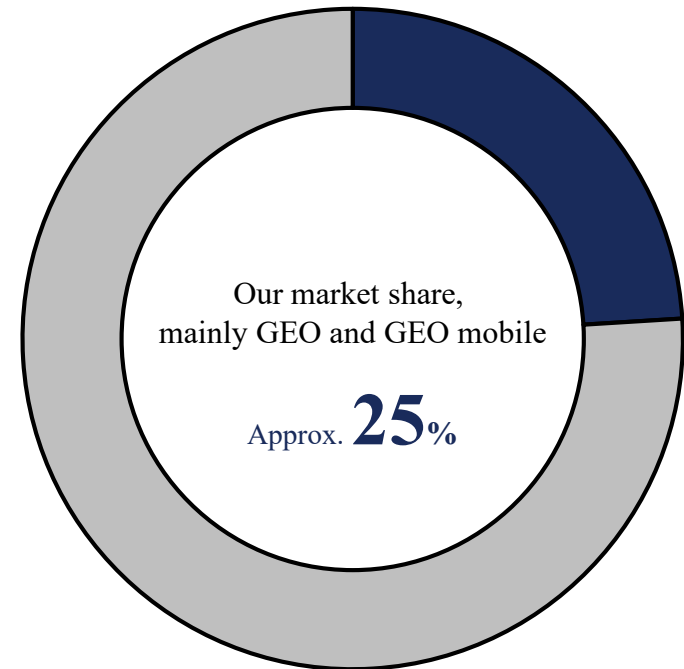
With the focus on GEO and GEO mobile, we have the largest share of the smartphones and tablets for reuse market. We will retain our nearly 25% market share and will continue to increase it.

GEO and GEO mobile'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) specialized counselors providing support 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



# Be an outstandingly peerless company in the smartphones and tablets for reuse market



- By adding GEO mobile stand-alone stores and attaching to GEO Group stores, we will aggressively increase the number of stores and sell merchandise at electronic and home appliance stores and other stores. In addition, we will collaborate with electronic and home appliance stores by providing reuse functions.
- We seek to become an outstandingly peerless company in the smartphones and tablets for reuse market by strengthening online purchasing, sales and subscriptions and focusing on the expansion of the BtoB business.

## Be an outstandingly peerless company in the smartphones and tablets for reuse market

### Brick-and-mortar stores

GEO mobile  
Expand stand-alone stores  
and attached stores

Sell merchandise at  
electronic and  
home appliance stores, etc.



### Online

Utilize digital means to  
strengthen our interface  
with customers  
(purchases, sales and subscriptions)



### B to B

Corporate-brokered  
transactions in Japan  
Overseas import  
and export

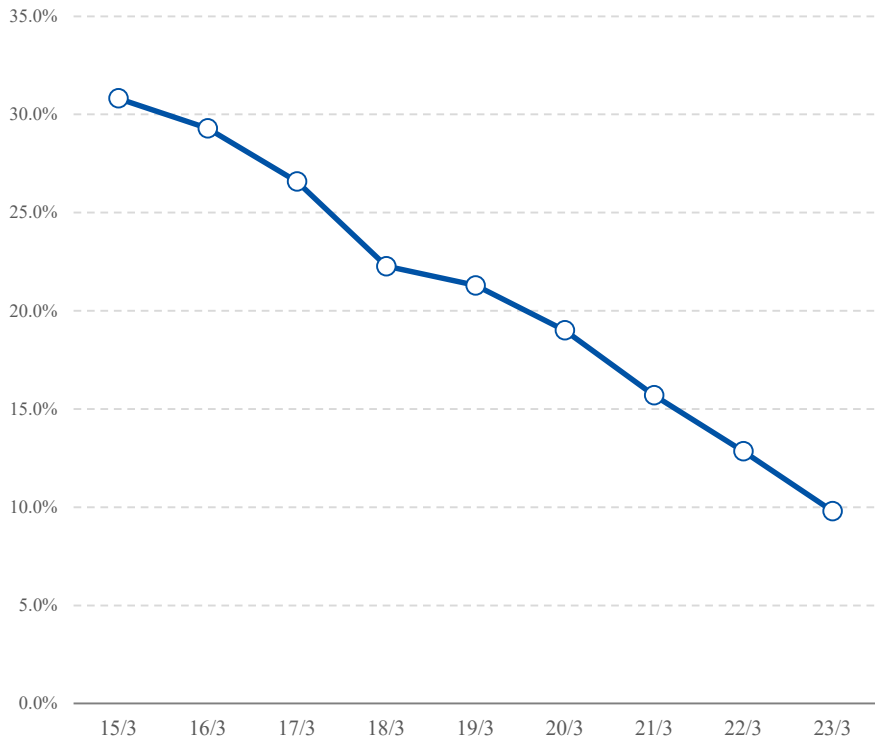


# Amid the shrinking rental market, we will increasingly solidify our position as having the largest share of the market

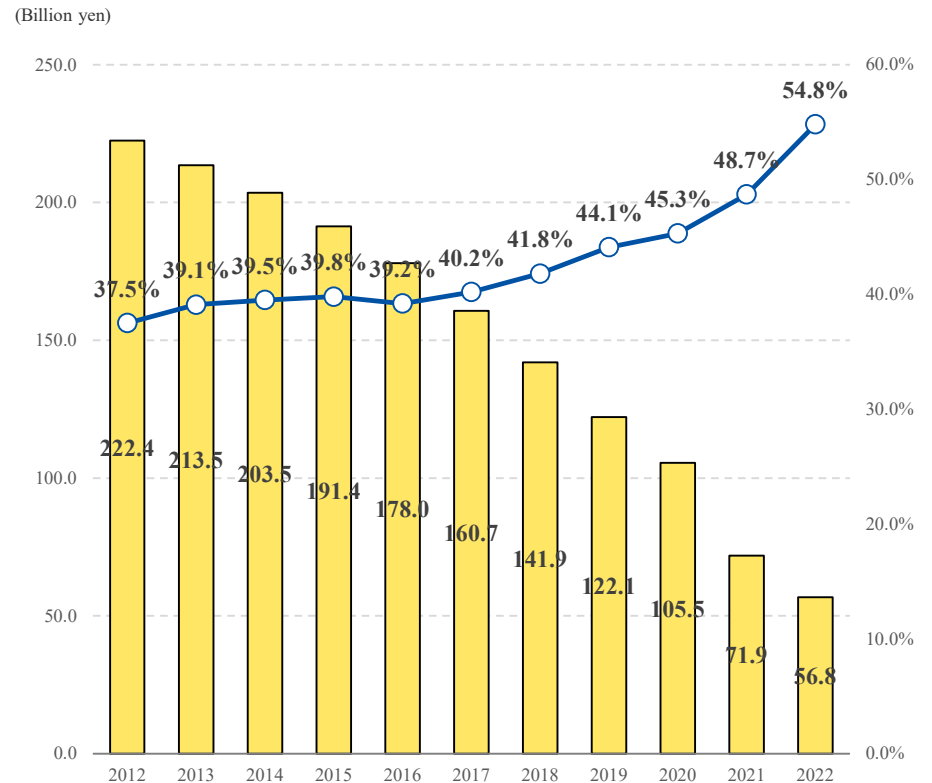


- It is unavoidable that we will be impacted by the shrinkage of the domestic music and video rental market. Nevertheless, we will continue to implement aggressive initiatives to further solidify our position as having the largest share of the domestic music and video rental market.
- Our current policy 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\*



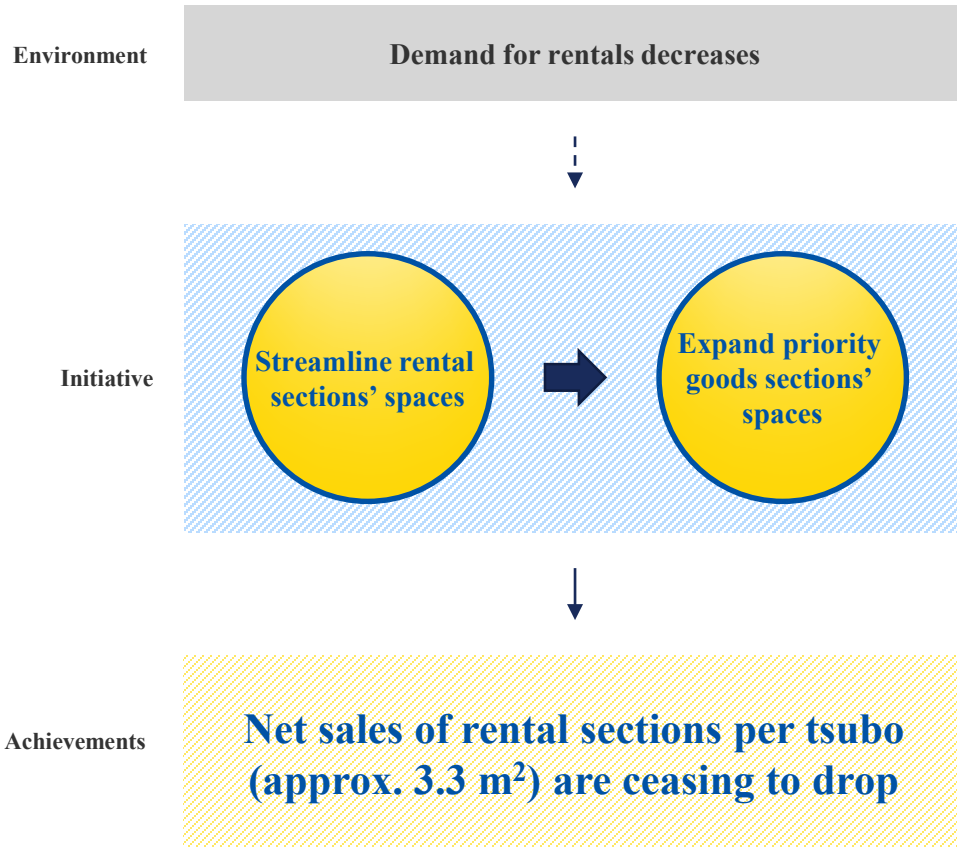
\* Source: The graph shows an estimates by GEO HOLDINGS based on the Ministry of Economy, Trade and Industry's Specific Service Industry Statistics.  
 Note 1: Market share is an estimate by GEO HOLDINGS. Note 2: Market size is calculated excluding home delivery rental and comic rental.



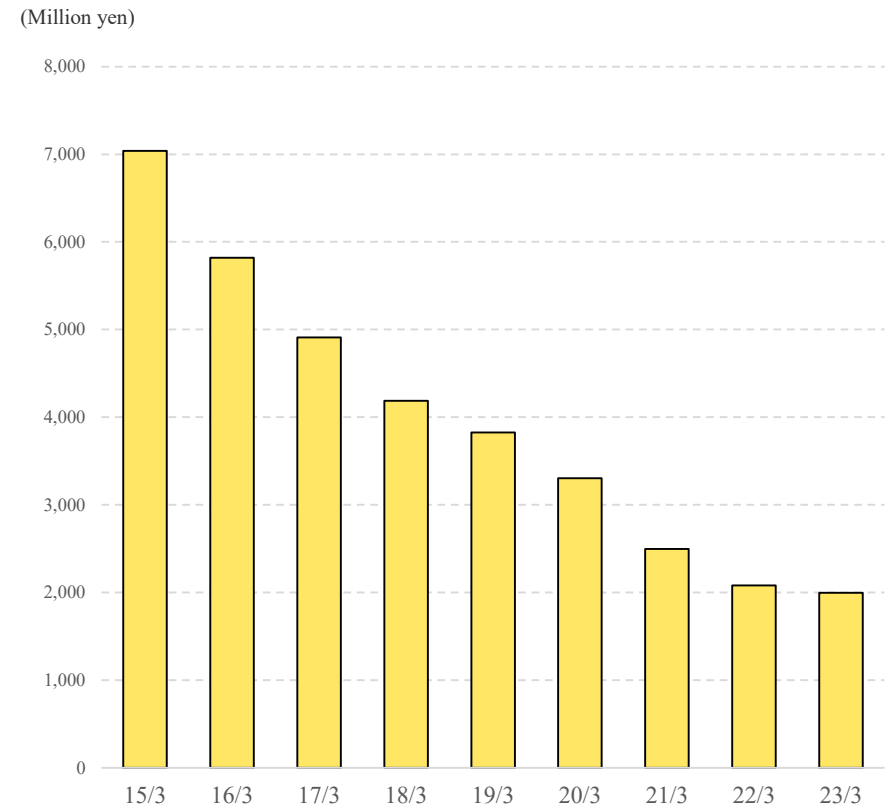
# The measures for streamline rental sections' spaces are bearing fruit

- 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



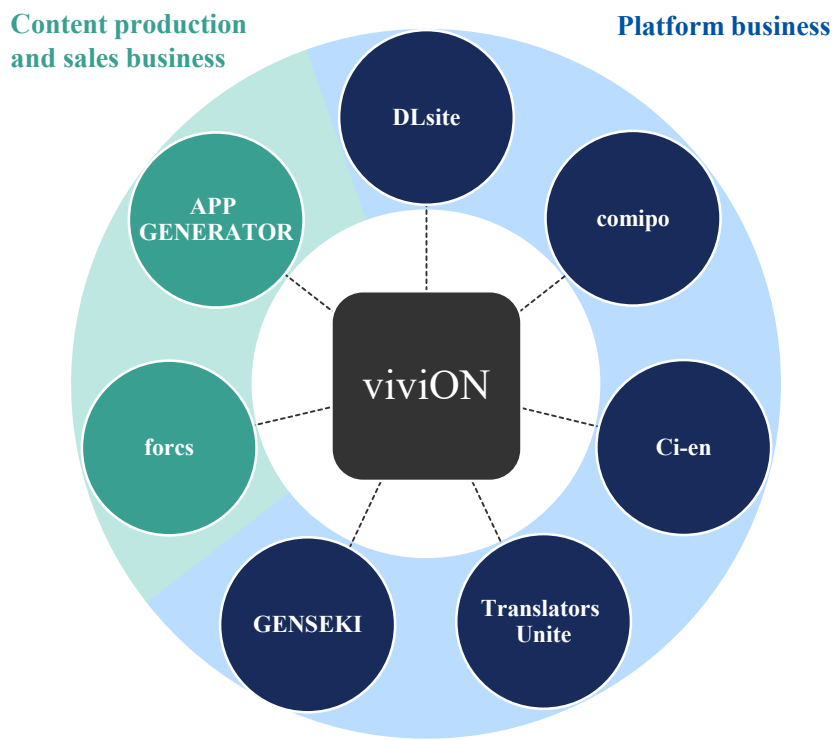
## Change in end-of-term balance of assets in the rental business (after depreciation)



# Digital contents business

- 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



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. New Efforts

# Full-Scale Launch of 2nd STORAGE

- 2nd STORAGE, a storage unit service with free home delivery, has been fully launched. The service initially covered Chuo, Minato, Koto and Shinagawa Wards and has been expanded to Chiyoda, Shinjuku, Meguro and Shibuya Wards. It will also be available in many other areas.
- We will pursue the reuse business in depth by buying and selling goods in storage that are no longer needed, as well as developing the goods deposit service.

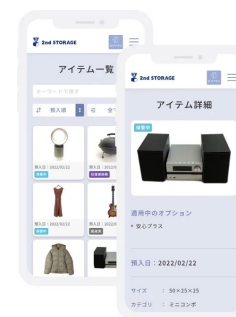
## Business model of 2nd STORAGE

User



**Charged monthly**

Within the contract space, your items can be deposited or taken out through home delivery as many times as you like.



A deposited item can be tracked using a smartphone.

You can ask to take your item out when needed.

It is also possible to select which of the deposited items you wish to sell.





# Trial introduction of Purchase via Locker

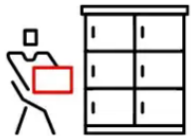
- Purchase via Locker enables you to use our purchase service via a smartphone without meeting anyone. Available round-the-clock, it helps you to use your time efficiently. A trial of the service has begun.
- Based on the results of the trial introduction at some stores, we will consider the nationwide expansion of Purchase via Locker.

## Purchase via Locker business model

### User



Use a smartphone to offer your item for sale and authenticate yourself



Deposit the item in the locker



Use a smartphone to see the results of appraisals

Use a smartphone to receive the money from the sale

(The money may also be received at a store counter)

### Advantages of Purchase via Locker

- You don't need to wait while you sell your item, so you can use your time more efficiently.
- Using a smartphone enables you to offer your item for sale, authenticate yourself and receive money.

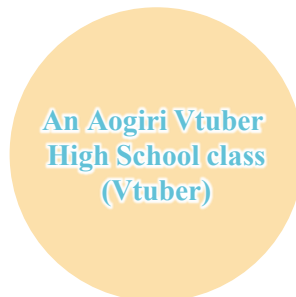


**Lockers are available in five different sizes: XS, S, M, L and XL.**

You can deposit clothes, home electric appliances, musical instruments, sports equipment and many other items.

# Aogiri Vtuber High School creates its viviON channel

- Aogiri Vtuber High School created its viviON channel in April 2023 after the transfer and it has already gained over 2 million subscribers.
- Based on the motto, “We’ll do anything if it’s fun,” the group of VTubers operates by trying anything, including events and offline activities, that is fun or exciting and that has not been done by others.



Akari Ishikari



Mashiro Oshiro



Nekuro Yamaguro



Komaru Kurikoma



Chiyomi Chiyoura



Rieru Gabu



Etra  
(New student)



Tamako Otodama  
(Indefinitely suspended)

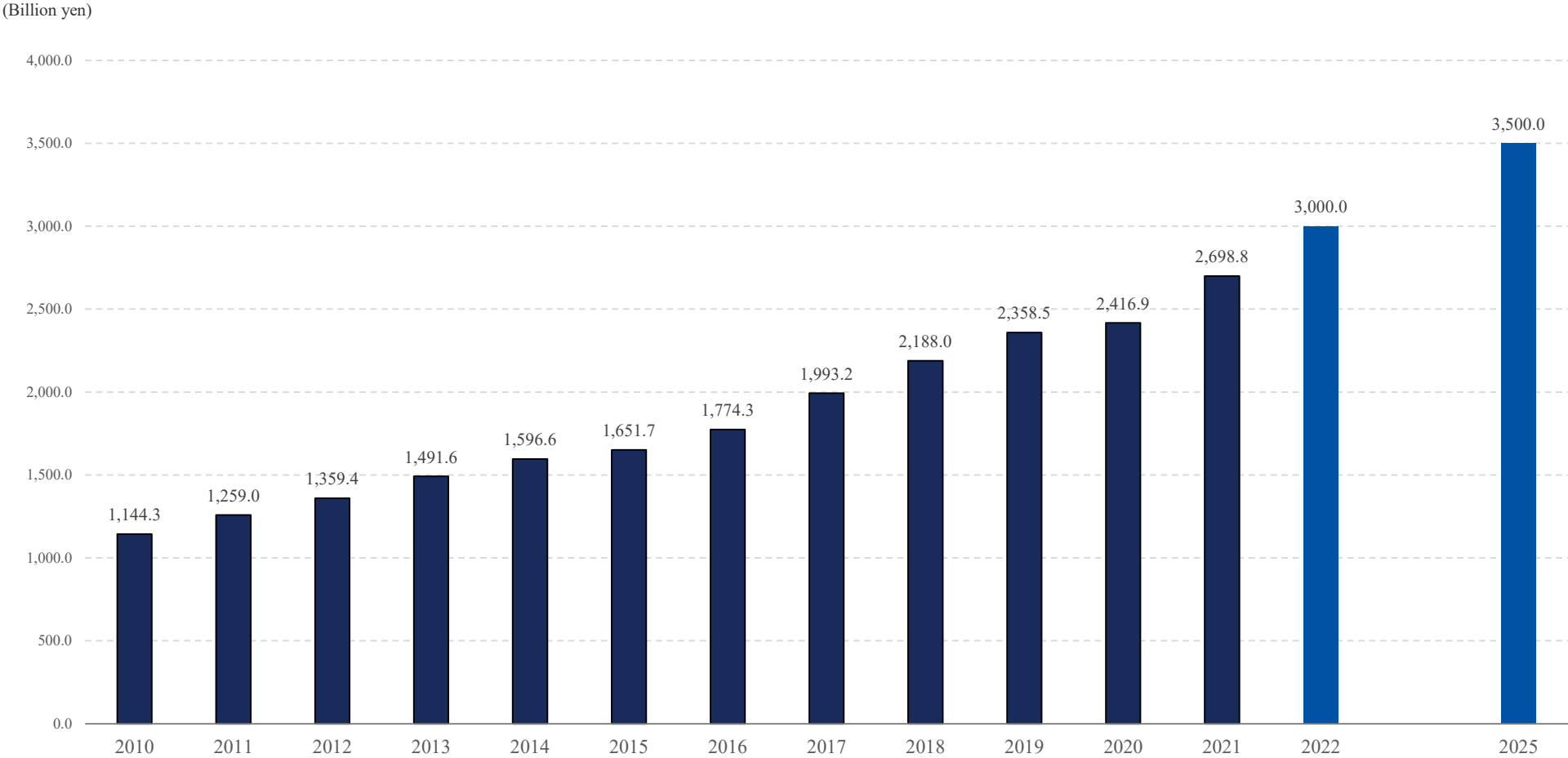
# 6. Appendix

# Consolidated Statement of Income for the Fiscal Year Ended Mar. 31, 2023

(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	97,603
(Change)	91.8%	100.2%	109.7%	105.7%	107.0%	120.2%	115.1%	108.7%
<b>Gross profit</b>	31,011	31,167	34,974	33,645	34,194	34,464	39,315	34,507
(Change)	93.3%	102.9%	111.3%	111.1%	110.3%	110.6%	112.4%	102.6%
(Gross profit ratio)	40.8%	41.1%	37.6%	37.5%	42.0%	37.8%	36.7%	35.4%
<b>SG&amp;A</b>	29,855	30,840	30,795	31,132	30,167	32,199	34,251	35,244
(Change)	100.6%	102.1%	100.7%	102.3%	101.0%	104.4%	111.2%	113.2%
<b>Operating profit</b>	1,155	326	4,178	2,513	4,027	2,265	5,064	(736)
(Change)	32.5%	490.6%	500.9%	—	348.4%	693.9%	121.2%	—

# Trends in the domestic reuse market

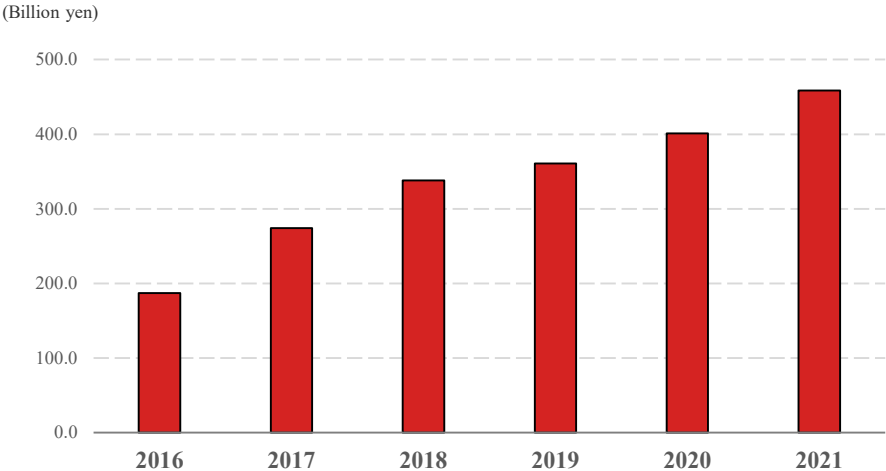
- The domestic reuse merchandise market in 2021 mainly consisted of (1) luxury merchandise, (2) clothes and accessories and (3) toys and models. The market is expanding overall. The size of the market in 2021 was 2.6988 trillion yen, up 11.7% YoY.
- It can be expected that the domestic reuse market will 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.



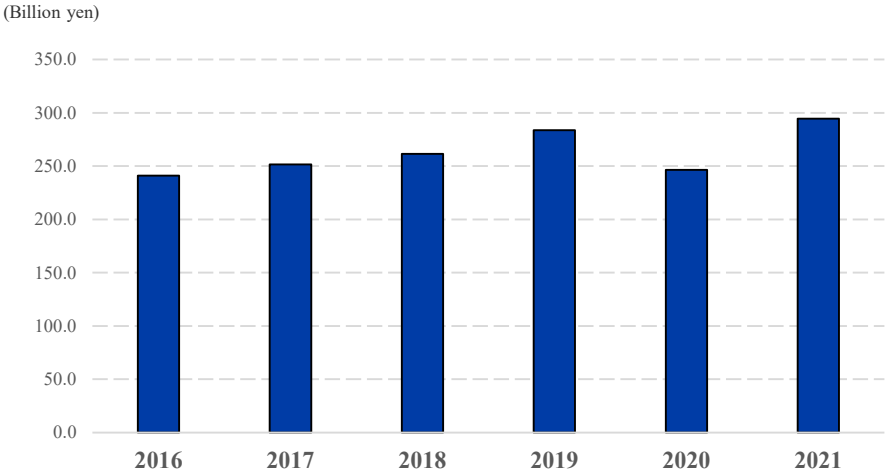
\* Reference: Reuse Business Journal “Secondhand Market Databook 2022” The market forecast is excerpted from The Reuse Business Journal.

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

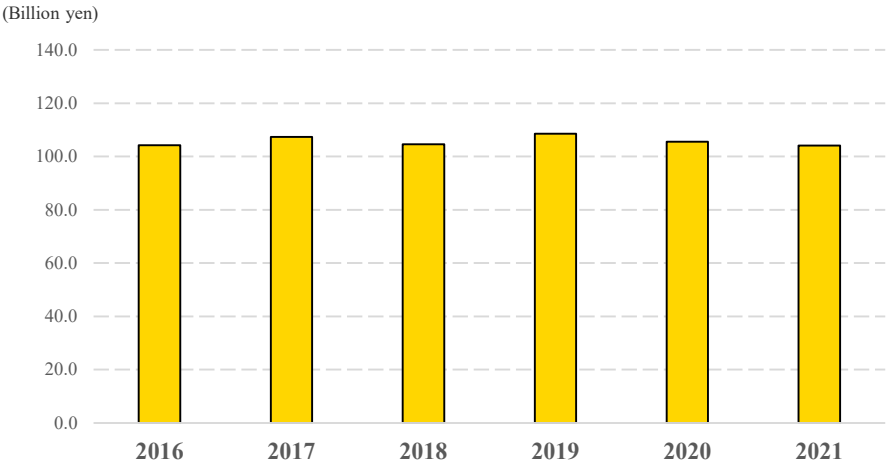
## Clothing and accessories



## Luxury brand items



## Games and media (excluding books)



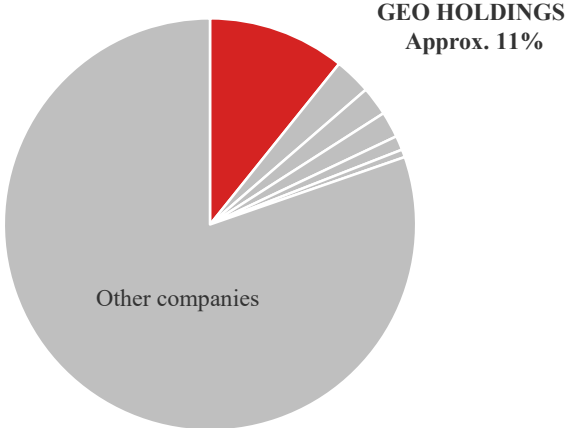
## Mobile phone and smartphone



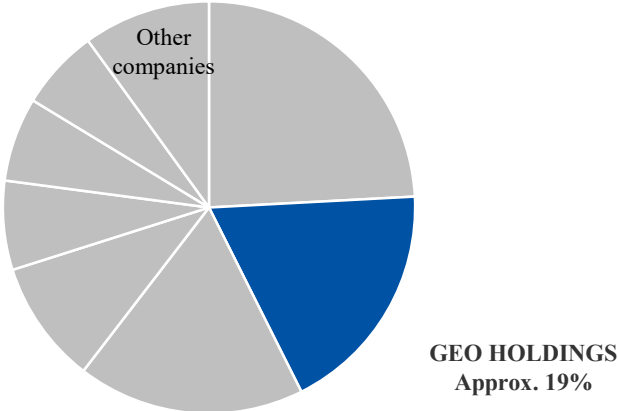
\* Reference: Reuse Business Journal “Secondhand Market Databook 2022”

# Our market share by major product categories for reuse

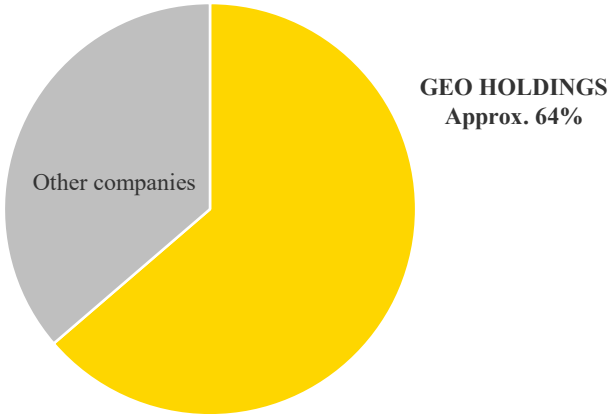
## Clothing and accessories



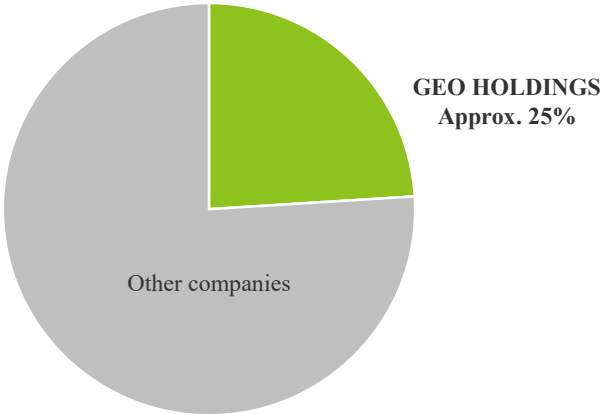
## Luxury brand items



## Games



## Mobile phone and smartphone



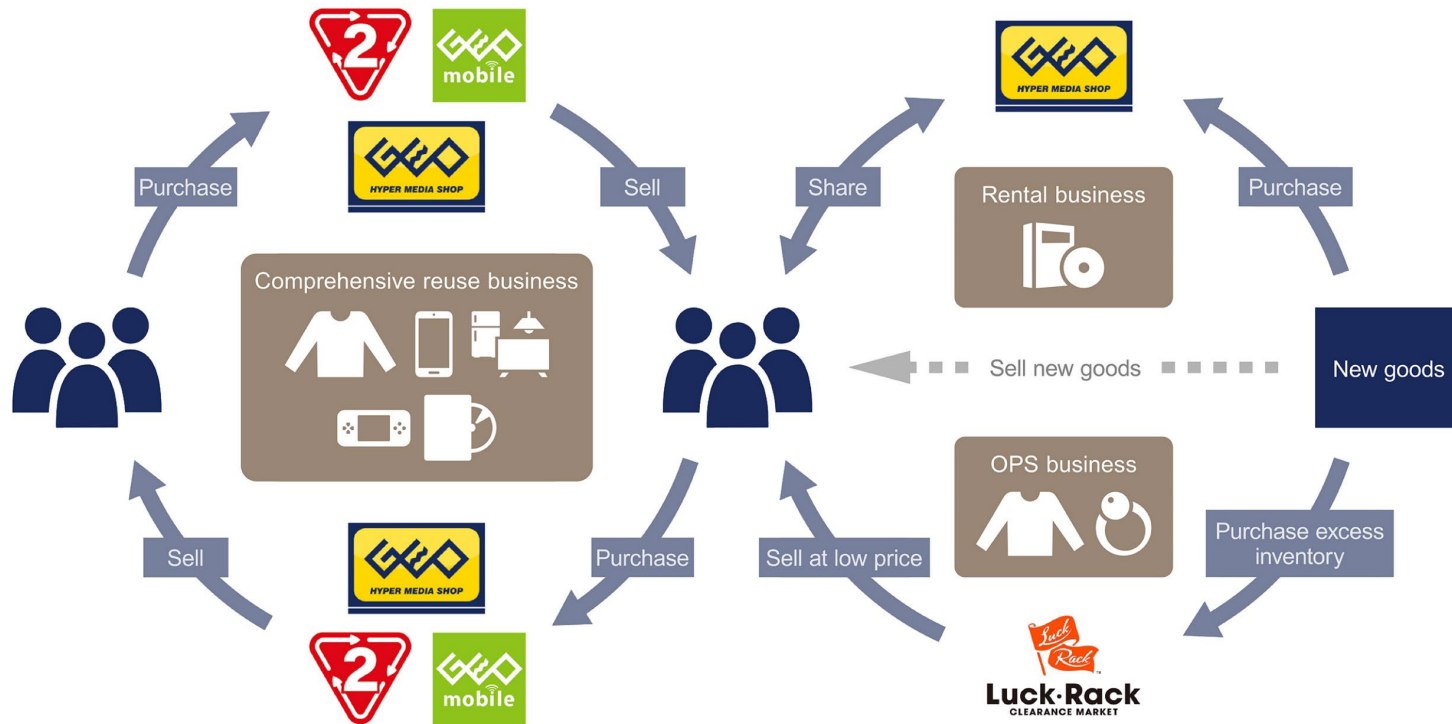
\* Source: The above charts show estimates by GEO HOLDINGS based on the Reuse Business Journal's Secondhand Market Databook 2022 and other materials.

# 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



<p><b>Active participation of female employees</b></p>	<p>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.</p>
<p><b>LGBTQ</b></p>	<p>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.</p>
<p><b>Employment of persons with disabilities</b></p>	<p>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.</p>



# 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.



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**To offer joy to your everyday life**

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