



# Supplementary Materials on the Financial Results

for the First Three Months of the Fiscal Year Ending March 31, 2024

**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>	9,094 million yen (As of June 30, 2023)
<b>Listed exchange</b>	Tokyo Stock Exchange Prime Market

# GEO Group's major shops and their major merchandise

					
Number of stores (As of June 30, 2023)	<b>1,079</b> (including 24 GEO mobile stand-alone stores)		<b>807 stores in Japan</b> <b>58 stores overseas</b>	<b>23</b>	<b>20</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 Three Months Ended June 30, 2023**

# Summary of the first three months of the fiscal year ending March 31, 2024

## Highlights

### Net sales

2nd STREET achieved the growth of sales in Japan and overseas, reflecting the continued demand for reuse merchandise generated by consumers seeking to maintain their standard of living in the face of higher prices in addition to expansion of the reuse market. In addition, home video game console sales were brisk and some game titles were commercially successful. Net sales grew hugely, 31.1% YoY to 106.7 billion yen.

### Operating profit, ordinary profit and profit

Operating profit surged massively by 43.8%, ordinary profit by 49.5% and profit by 59.1%. Despite sales of rental merchandise continuing to fall and SG&A expenses continuing to rise, sales of reused clothing and accessories and sales of brand-new products leaped considerably and sales of reused smartphones were strong.

### Gross profit

Gross profit ratio dropped 5.2 percentage points YoY, mainly reflecting a rise in the ratio of sales of home video game consoles, game software, game peripherals and other brand-new products, while sales of reused clothing and accessories were buoyant.

## Topics

### Topic (1)



(Japan)

The number of stores stood at 807 at the end of June 2023, a net increase of 4. Sales of reuse (comprehensive) merchandise rose 31.5% YoY.



(Overseas)

### Topic (2)

Number of stores that opened in the period  
Two stores in the United States  
Two stores in Taiwan  
Two stores in Malaysia



### Topic (3)

Continuously implementing a plan for priority goods to increase customers' motivation to visit GEO stores. Strong sales of home video game consoles and game software.



# Consolidated statement of income for the first three months ended June 30, 2024

- Net sales and profit increased. Also net sales, operating profit and profit for the three months marked new highs respectively.
- Operating profit was significantly up 43.8% to 5.7 billion yen. The impact of soaring selling expenses and personnel expenses was absorbed mainly by a rise in gross profit from reuse merchandise and brand-new products.

(Million yen)	2023/3 Three Month Results	2024/3 Three Month Results	Change	Increase/decrease
Net sales	81,377	<b>106,725</b>	131.1%	25,348
Gross profit	34,194	<b>39,289</b>	114.9%	5,094
(Gross profit ratio)	42.0%	<b>36.8%</b>		
SG&A	30,167	<b>33,498</b>	111.0%	3,330
Operating profit	4,027	<b>5,790</b>	143.8%	1,763
(Operating profit ratio)	4.9%	<b>5.4%</b>		
Ordinary profit	4,729	<b>7,068</b>	149.5%	2,339
Profit	3,034	<b>4,828</b>	159.1%	1,794

\* Profit is profit attributable to owners of parent.



## Net sales by merchandise for three months ended June 30, 2023

(Million yen)	2023/3 Three Month Results	2024/3 Three Month Results	Change	Increase/decrease
Reuse	46,152	<b>55,787</b>	120.9%	9,635
Comprehensive	30,011	<b>39,460</b>	131.5%	9,448
Media	16,140	<b>16,327</b>	101.2%	187
Brand new	20,625	<b>37,025</b>	179.5%	16,400
Others	14,599	<b>13,912</b>	95.3%	(687)
Rental included in Others	9,606	<b>8,253</b>	85.9%	(1,352)
Total	81,377	<b>106,725</b>	131.1%	25,348

Sales increased significantly after strong 2nd STREET sales in Japan and overseas due to the continued demand for reuse merchandise generated by consumers seeking to maintain their standard of living in the face of higher prices and the proactive opening of new stores.

Sales grew with strong sales of reused game consoles, game software, smartphones, tablets and other communication devices.

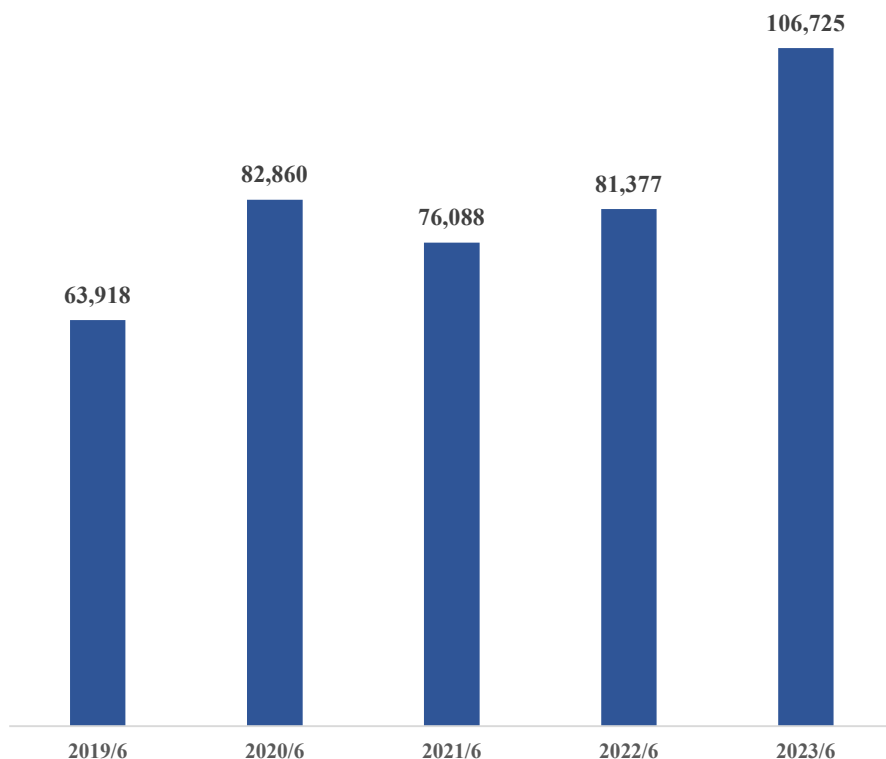
Earnings increased as home-use game consoles and game software sold well.

# Net sales-related data for three months ended June 30, 2023

2nd STREET's sales were strong following the expansion of the reuse market matched to today's style of consumption amid the continuation of the demand for reuse merchandise from the previous fiscal year as a way that people can maintain their standard of living in the face of higher prices. In addition, sales of the home video game console PlayStation 5 were brisk and some game titles were commercially successful. Net sales grew hugely by 31.1% YoY.

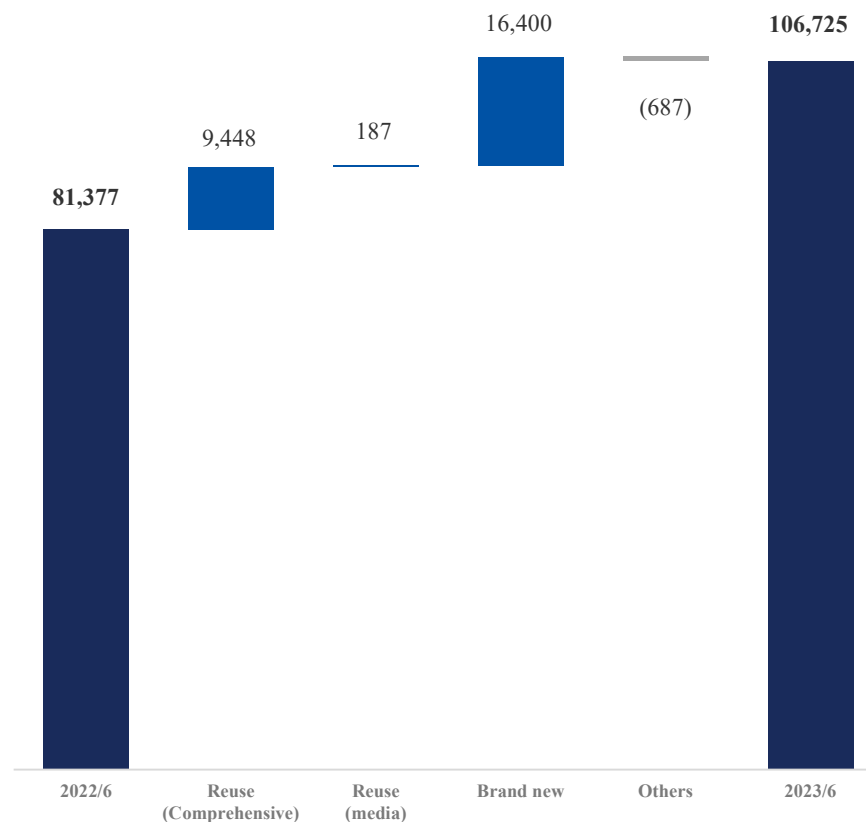
## Change in sales for three months over five years

(Million yen)



## Year-on-year change in net sales for three months ended June 30, 2023

(Million yen)



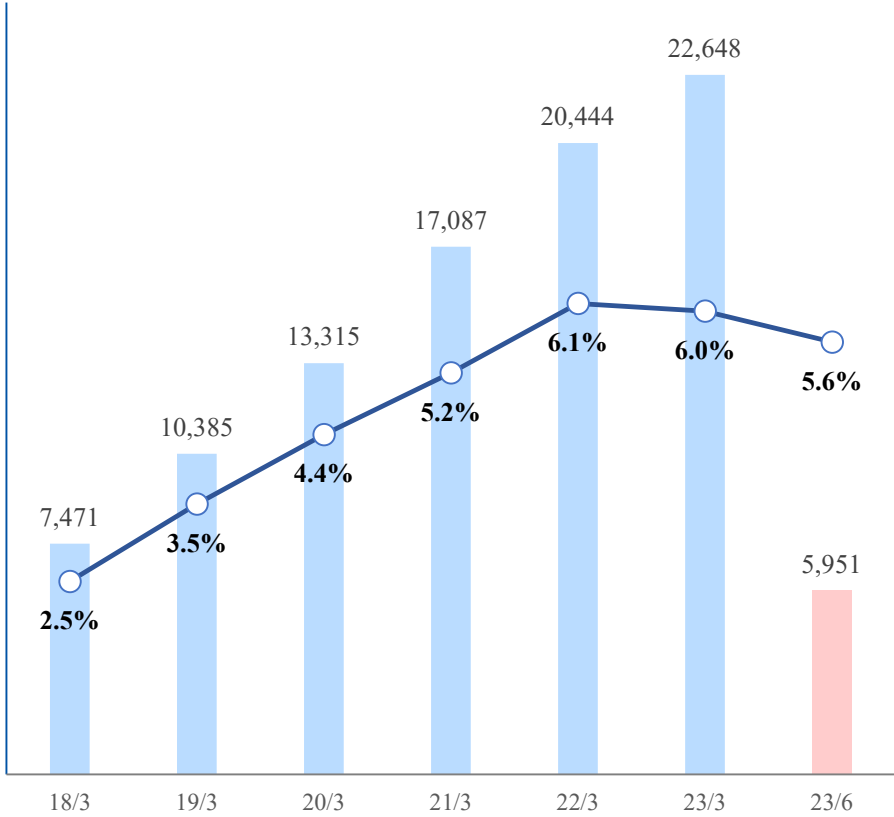
\* The Accounting Standard for Revenue Recognition started applying at the beginning of the fiscal year ended March 31, 2022.

# Changes in e-commerce-involving net sales for the first three months ended June 30, 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.

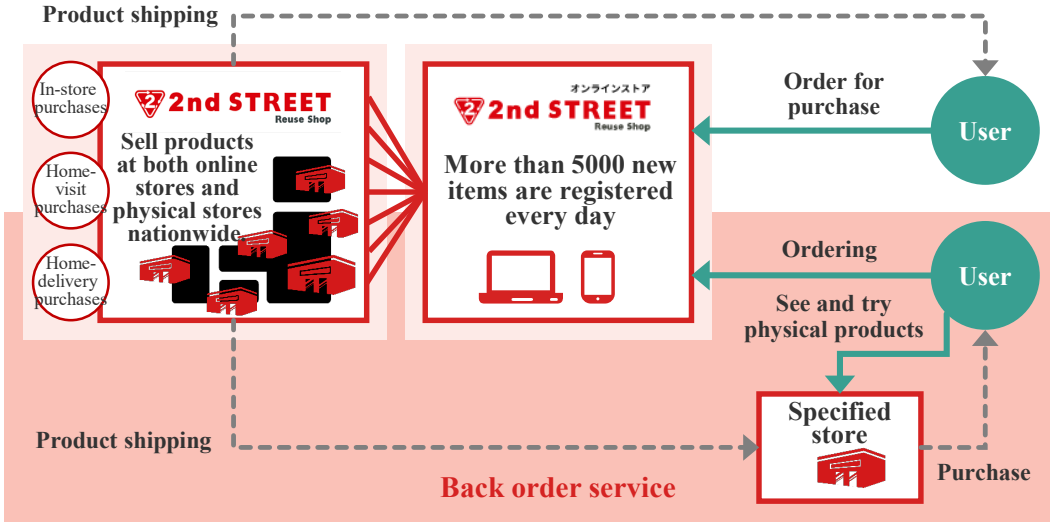
## Changes in net sales involving e-commerce and size of e-commerce's involvement (versus net sales)

(Million yen)



	2023/3 Three Month Results	2024/3 Three Month Results	Change
Sales involving EC (Million yen)	5,070	5,951	117.4%
Number of items sold involving EC (Thousand items)	861	980	113.7%

### Overview of 2nd STREET online store



## Gross profit by merchandise for three months ended June 30, 2023

(Million yen)	2023/3 Three Month Results	2024/3 Three Month Results	Change	Increase/decrease
Reuse	20,721	<b>25,170</b>	121.5%	4,448
Comprehensive	15,101	<b>19,357</b>	128.2%	4,255
Media	5,619	<b>5,812</b>	103.4%	192
Brand new	3,798	<b>5,002</b>	131.7%	1,203
Others	9,674	<b>9,116</b>	94.2%	(558)
Rental included in Others	5,957	<b>5,063</b>	85.0%	(893)
<b>Total</b>	<b>34,194</b>	<b>39,289</b>	<b>114.9%</b>	<b>5,094</b>

The gross profit ratio rose sharply, with demand increasing due to changes in consumption behaviors following the increased recognition of the reuse market and with healthy sales of clothing and accessories.

Gross profit ratio increased considerably, due to the commercial success of home game consoles and game software.

## SG&A for three months ended June 30, 2023

Power-saving measures reduced power consumption, resulting in a small rise in utilities expenses. On the other hand, SG&A expenses rose by 11.0% YoY due to our expenditures for advertising and the increase of personnel expenses and rent.

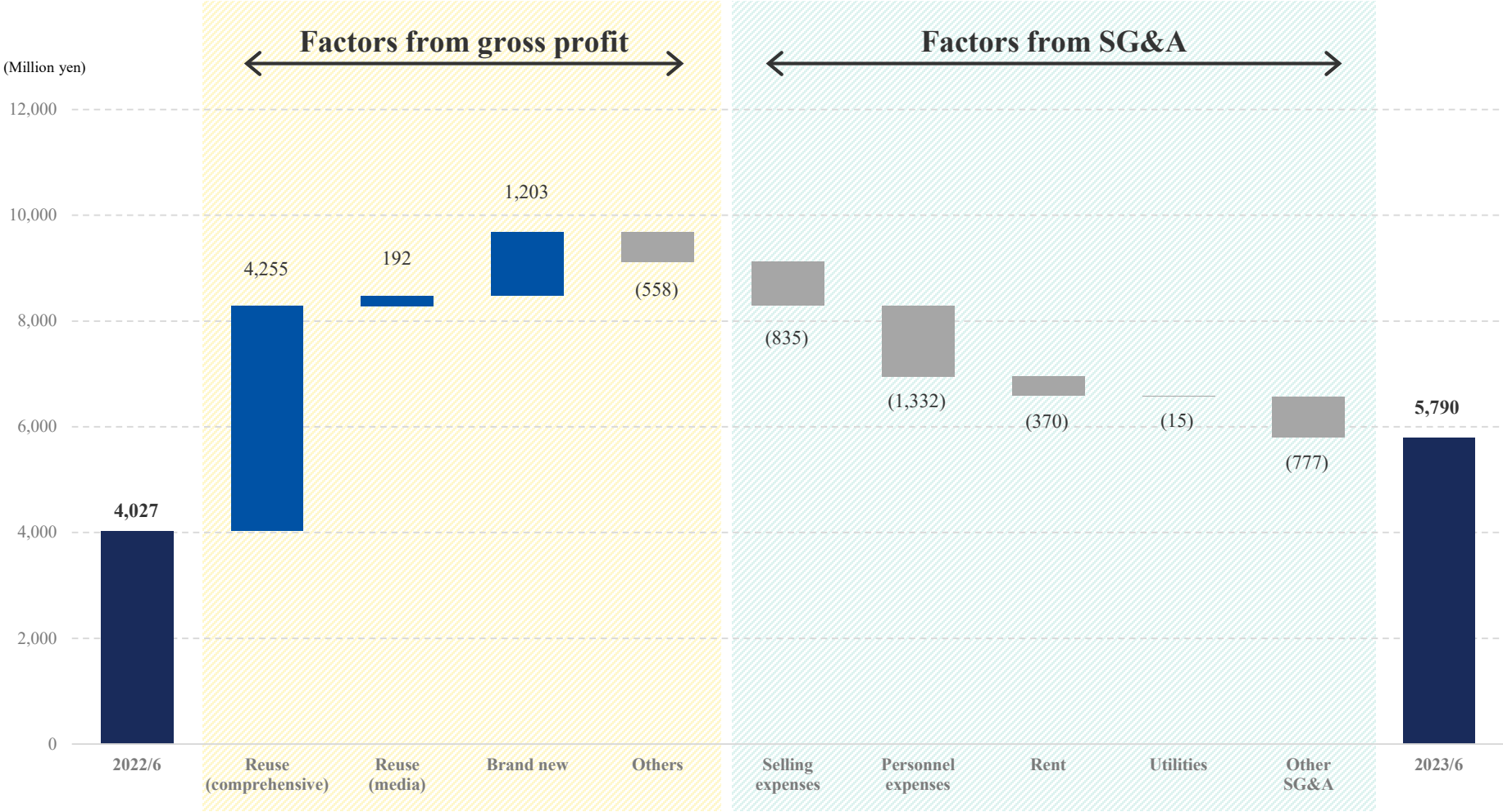
(Million yen)	2023/3 Three Month Results	Ratio to net sales	2024/3 Three Month Results	Ratio to net sales	Change	Increase/decrease
Total selling expenses	3,894	4.8%	4,729	4.4%	121.4%	835
Advertising	1,700	2.1%	2,215	2.1%	130.3%	514
Sales promotion	75	0.1%	80	0.1%	106.7%	5
Sales commission	1,277	1.6%	1,546	1.4%	121.1%	269
Total personnel expenses	14,169	17.4%	15,501	14.5%	109.4%	1,332
Total other expenses	12,104	14.9%	13,267	12.4%	109.6%	1,162
Utilities	868	1.1%	883	0.8%	101.7%	15
Rent	6,441	7.9%	6,812	6.4%	105.8%	370
Depreciation and amortization	931	1.1%	1,077	1.0%	115.6%	145
Consumables	367	0.5%	642	0.6%	174.9%	275
Maintenance	150	0.2%	155	0.1%	103.5%	5
Total SG&A	30,167	37.1%	33,498	31.4%	111.0%	3,330

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



# Change in operating profit for three months ended June 30, 2023

Gross profit from reuse (comprehensive) merchandise grew as much as 4.2 billion yen YoY. Additionally, sales of brand-new products were brisk. They absorbed a decrease in gross profit from rental services, which is included in “Other,” and the increase in SG&A expenses. Consequently, operating profit rose 43.8% YoY.



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



## Consolidated balance sheets for three months ended June 30, 2023

(Million yen)	As of Mar. 31, 2023	Composition	As of Jun. 30, 2023	Composition	Increase/decrease
Current assets	131,311	65.1%	137,383	65.7%	6,071
Cash and deposits	44,286		44,729		442
Merchandise	64,241		67,672		3,430
Non-current assets	70,492	34.9%	71,725	34.3%	1,232
Property, plant and equipment	40,847		42,553		1,706
Intangible assets	3,264		3,427		163
Investments and other assets	26,380		25,743		(636)
<b>Total assets</b>	<b>201,804</b>	<b>-</b>	<b>209,108</b>	<b>-</b>	<b>7,304</b>
Current liabilities	49,225	24.4%	43,617	20.9%	(5,608)
Accounts payable trade	16,034		19,553		3,519
Short-term borrowings	6,000		-		(6,000)
Current portion of long-term borrowings	7,487		7,925		437
Non-current liabilities	75,366	37.3%	83,932	40.1%	8,566
Long-term borrowings	54,462		62,200		7,737
<b>Total liabilities</b>	<b>124,592</b>	<b>61.7%</b>	<b>127,550</b>	<b>61.0%</b>	<b>2,958</b>
<b>Total net assets</b>	<b>77,212</b>	<b>38.3%</b>	<b>81,558</b>	<b>39.0%</b>	<b>4,345</b>
<b>Total liabilities and net assets</b>	<b>201,804</b>	<b>-</b>	<b>209,108</b>	<b>-</b>	<b>7,304</b>

The increase resulted from an increase in the number of stores, increasing demand for reused clothing and accessories and for reused smartphones, and our strategic response to demand for luxury merchandise for reuse.






The rise was due to purchases following strong game-related sales.

9.8 billion yen was procured from the financial institutions we transact with.



# GEO Group's stores

Total number of stores for the Group as of June 30, 2023: 2,028

	GEO*1	2nd STREET*2				OKURA TOKYO	Luck Rack	Others*3	Total
	 HYPER MEDIA SHOP  mobile		Japan	USA	Taiwan	Malaysia			
<b>Directly-managed stores</b>	961	753	25	20	13	23	20	41	1,856
(Opened during this fiscal year)	6	9	2	2	2	1	3	6	31
(Closed during this fiscal year)	(9)	(4)	0	0	0	(1)	(4)	0	(18)
<b>Franchise stores and distributors</b>	118	54	0	0	0	0	0	0	172
<b>Total</b>	1,079	807	25	20	13	23	20	41	2,028

\*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, 2024**





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

■ The forecasts announced in May 2023 remain unchanged.

■ For the three months ended June 30, 2023, net sales were buoyant, mainly due to continued demand for reuse merchandise amid the formation of a circular society and as a way for people to maintain their standard of living in an inflationary period, 2nd STREET proactively opening new stores as it grows massively in Japan and overseas, and brisk sales of home video game consoles and game software. Results for the three months were strong compared to the announced figures in the full-year forecast for the fiscal year ending March 31, 2024. However, there are concerns regarding uncertain factors such as the soaring cost of resources and increases in personnel expenses and utilities. Therefore, we are continuing to scrutinize our full-year performance forecast.

(Million yen)	2024/3 Full-year Forecast	2024/3 Three Month Results	2024/3 Three Month Achievement	(Reference) 2023/3 Full-year Results	(Reference) Year-on-year
Net sales	<b>400,000</b>	106,725	26.7%	377,300	6.0%
Operating profit	<b>13,000</b>	5,790	44.5%	10,620	22.4%
Ordinary profit	<b>13,500</b>	7,068	52.4%	11,926	13.2%
Profit	<b>7,000</b>	4,828	69.0%	5,681	23.2%

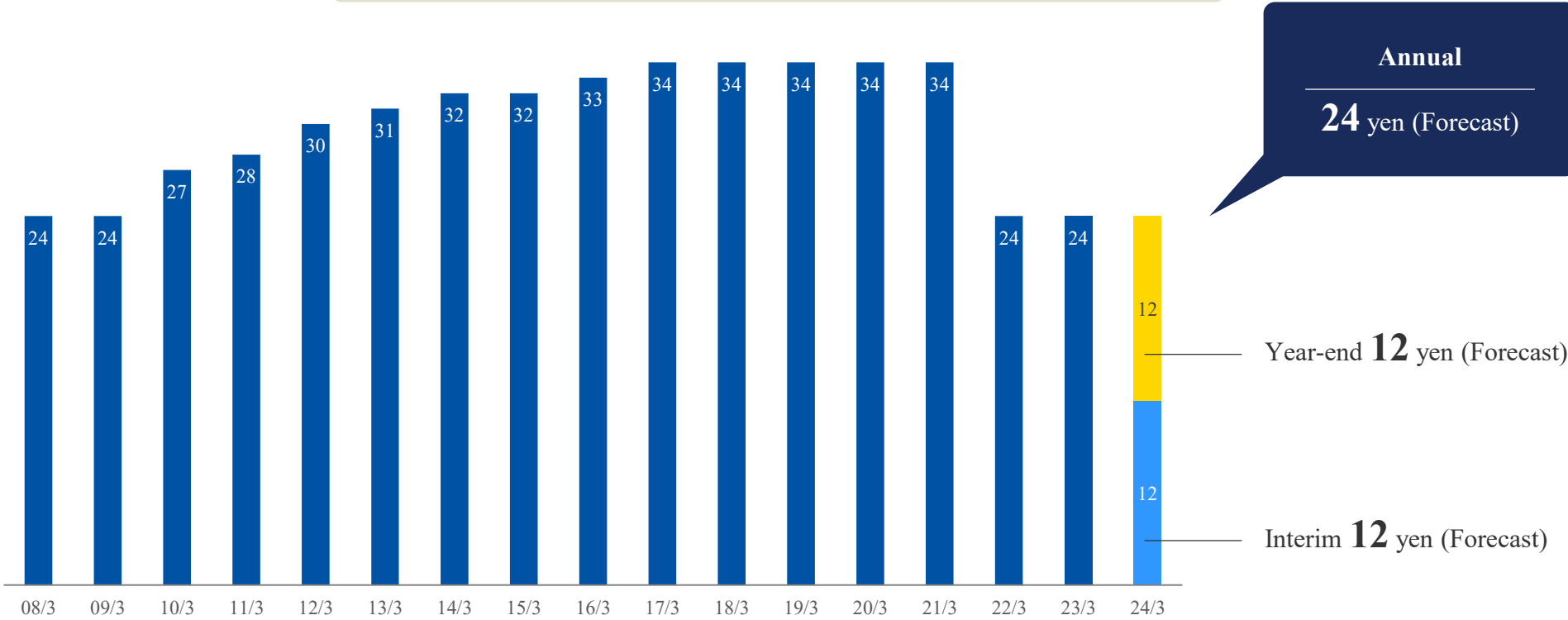
# Store opening plan for the fiscal year ending Mar. 31, 2024

		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.
- In the fiscal year ending March 31, 2024, economic activity is expected to regain momentum following the downgrade of COVID-19 to a Class 5 infectious disease in Japan. However, the outlook is still uncertain for reasons including the prolongation of geopolitical risks, the rising prices of resources and raw materials, and the increase in personnel expenses due to wage increases. 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.

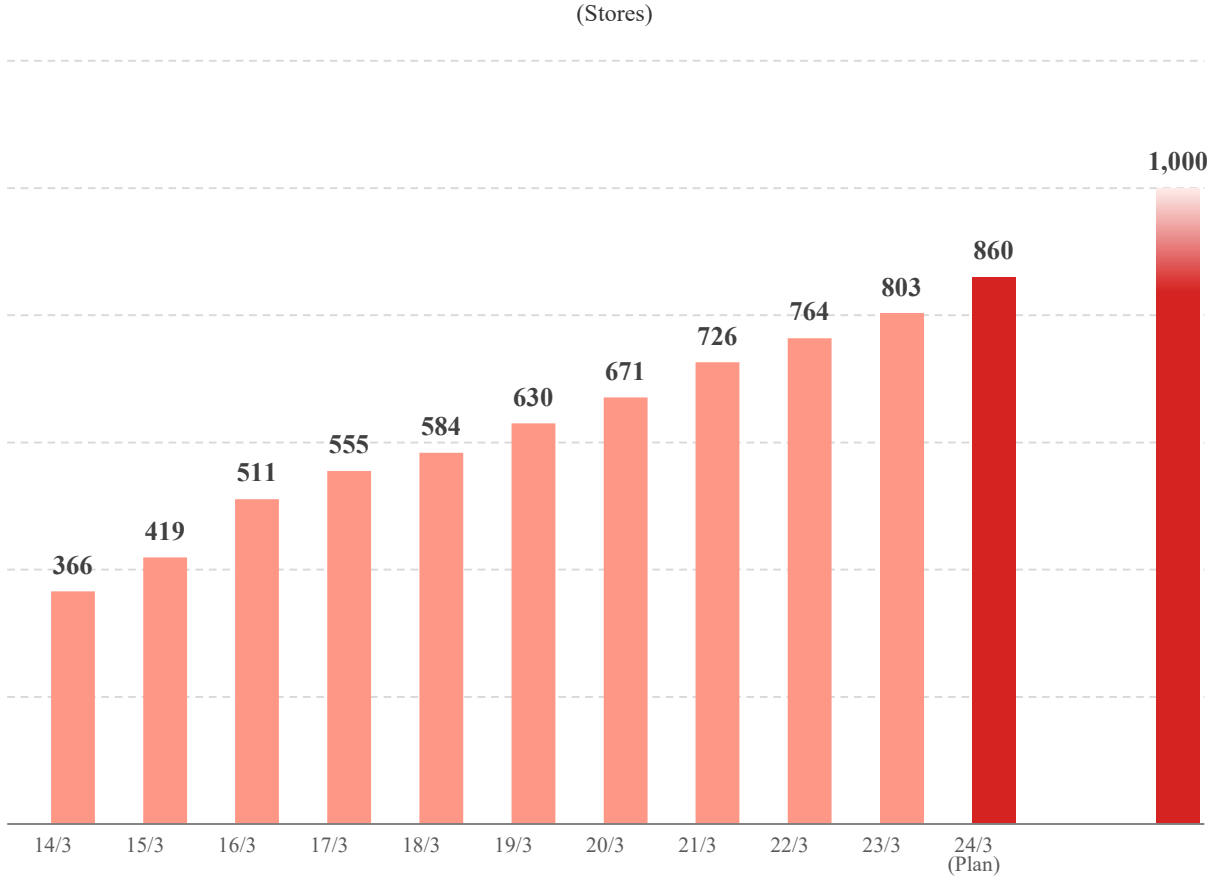




# Change in the number of domestic 2nd STREET stores and the medium-term target

- To be an overwhelmingly peerless company in the reuse market, we will pursue the next target of increasing the number of 2nd STREET stores to 1,000 in the medium term.
- 2nd STREET stores in Japan continue their efforts to improve profitability by (1) increasing their operational capabilities, (2) flexibly changing sales floors and making purchases in accordance with inventory status and (3) properly controlling personnel expenses, among other efforts.

## Change in the number of stores in Japan



### 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



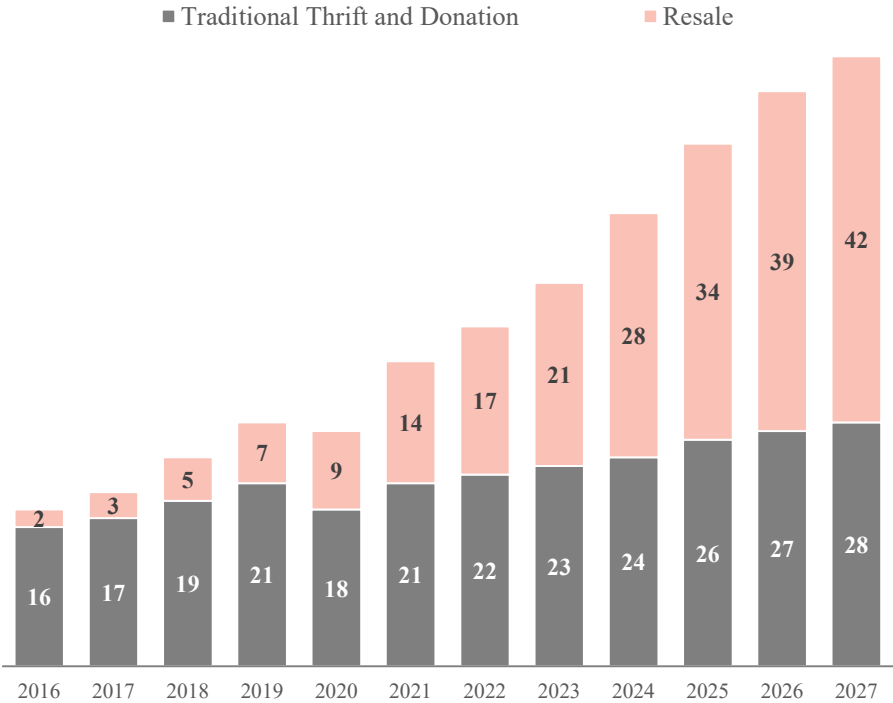


# Business strategy in the United States, a country with large potential

- 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.

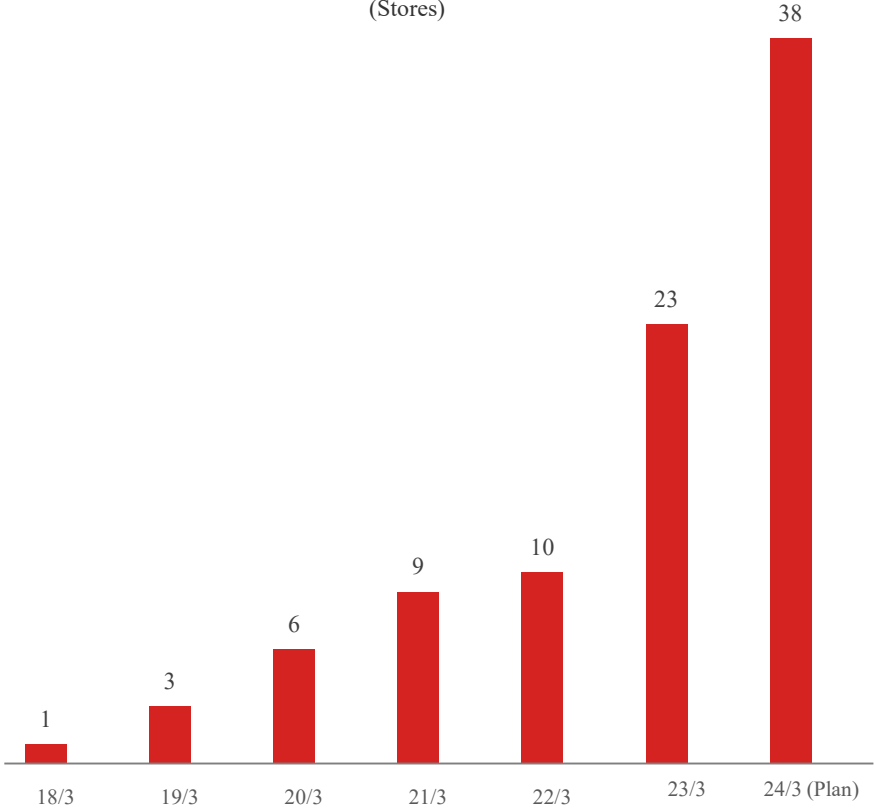
## Changes in the size of US reuse market

(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 the training of local employees have progressed favorably. We will continue actively opening more stores mainly in densely populated cities.
- Advantages of our US stores are (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.

## California: Long Beach Store (opened in April 2023)



This is our tenth store in California. In a mild climate with low annual precipitation, Long Beach has long been a home of youth culture. It is also known as a tourist destination and a beach resort. The store boasts a rich assortment of products from Japanese, US and European designer brands, internationally popular luxury brands and many other brands.

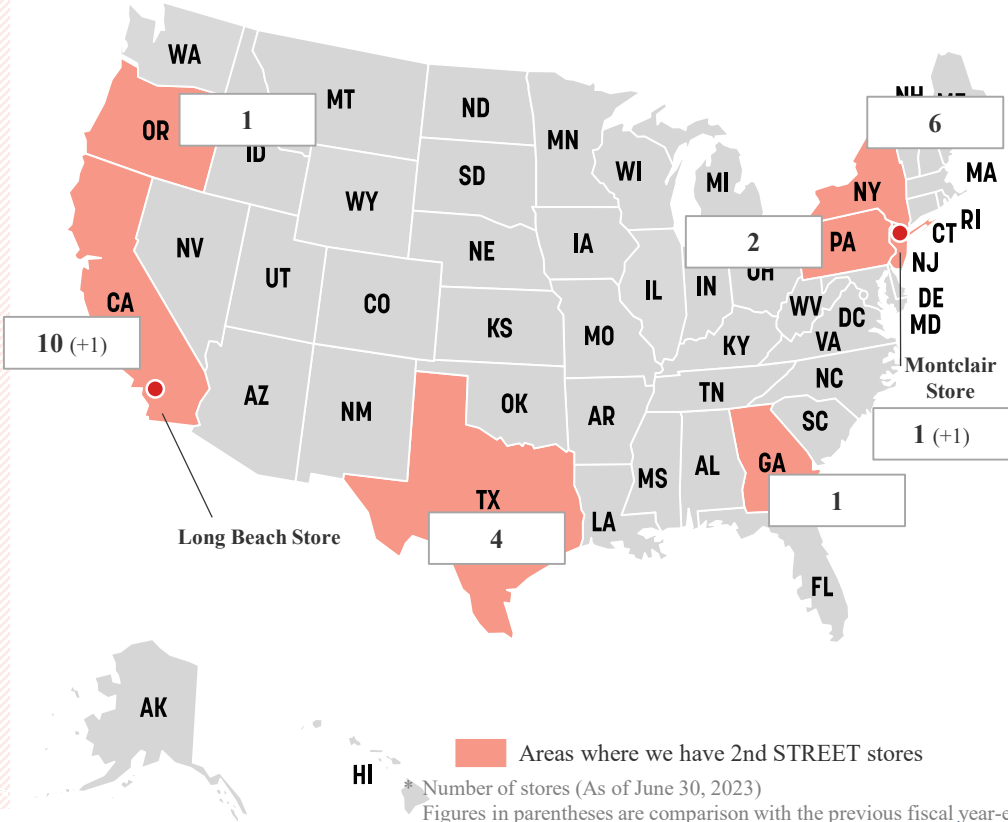
## New Jersey: Montclair Store (opened in May 2023)



This is the first 2nd STREET store in New Jersey. This state has great nature and is very convenient in terms of transportation. It is one of the most densely populated regions of the United States. The store deals in men's and women's clothes, bags, shoes and accessories from a wide variety of brands. This store also provides purchase services.

## 2nd STREET store locations in the USA

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



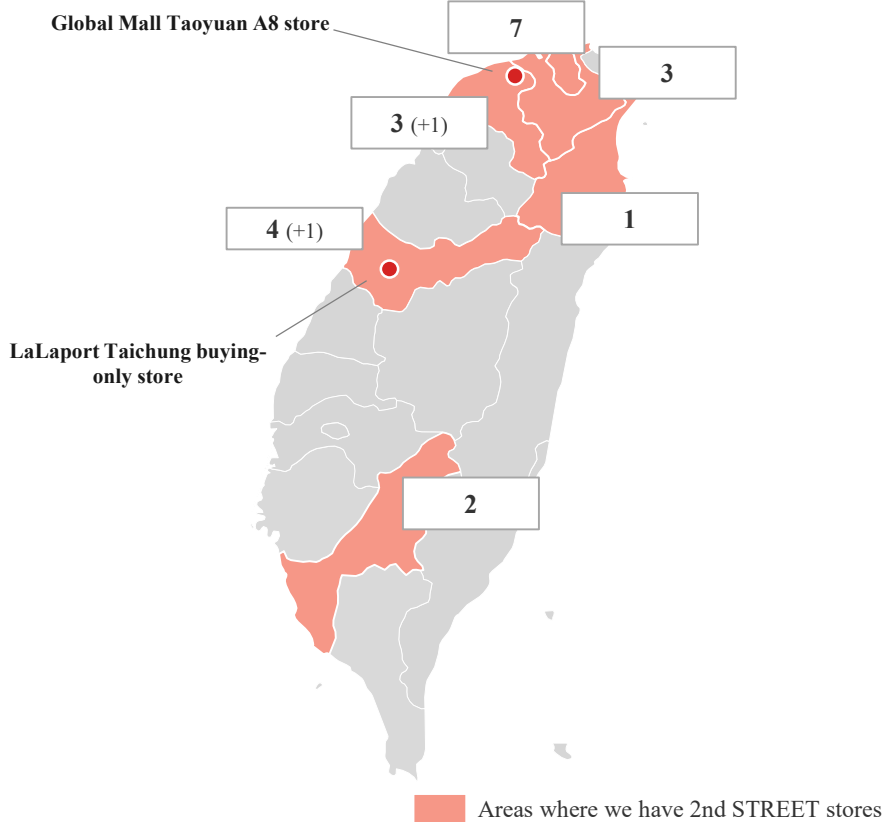


# Store opening strategy in Taiwan where the reuse market is developing

- 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.

## 2nd STREET store locations in Taiwan

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



### Taichung: LaLaport Taichung buying-only store (opened in May 2023)



LaLaport Taichung is a shopping center consisting of the North Building and the South Building which accommodate nearly 300 distinctive shops dealing with clothing, food, lifestyles, childcare, amusement and other items from popular brands. The store opened on the second floor of the North Building in May 2023. As an operator of more than 800 physical general recycling stores in Japan, we offer reused items at this store.

### Taoyuan: Global Mall Taoyuan A8 store (opened in May 2023)



The opening of this store meant that we reached the milestone of opening 20 stores in Taiwan. It is conveniently located on the first basement of the Global Mall Taoyuan A8 shopping mall. In accordance with the way that 2nd STREET stores in Japan display merchandise, the store sorts merchandise by category. As a result, the sales floor is appealing and well-organized. This store's purchase services started when it opened.

\* Number of stores (As of June 30, 2023)  
 Figures in parentheses are comparison with the previous fiscal year-end.





# 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 increase staff in Malaysia while stepping up our operations in the country.

## Kuala Lumpur: Sungei Wang Plaza Store (opened in April 2023)



Located close to the KL Monorail's Bukit Bintang station, Sungei Wang Plaza is a large locally-based shopping center. A large shopping mall, hotel, restaurants and various stores are near this facility in a lively district with local people and tourists. The store ingeniously displays more products by locally developing and arranging fixtures to hang clothes in two rows.

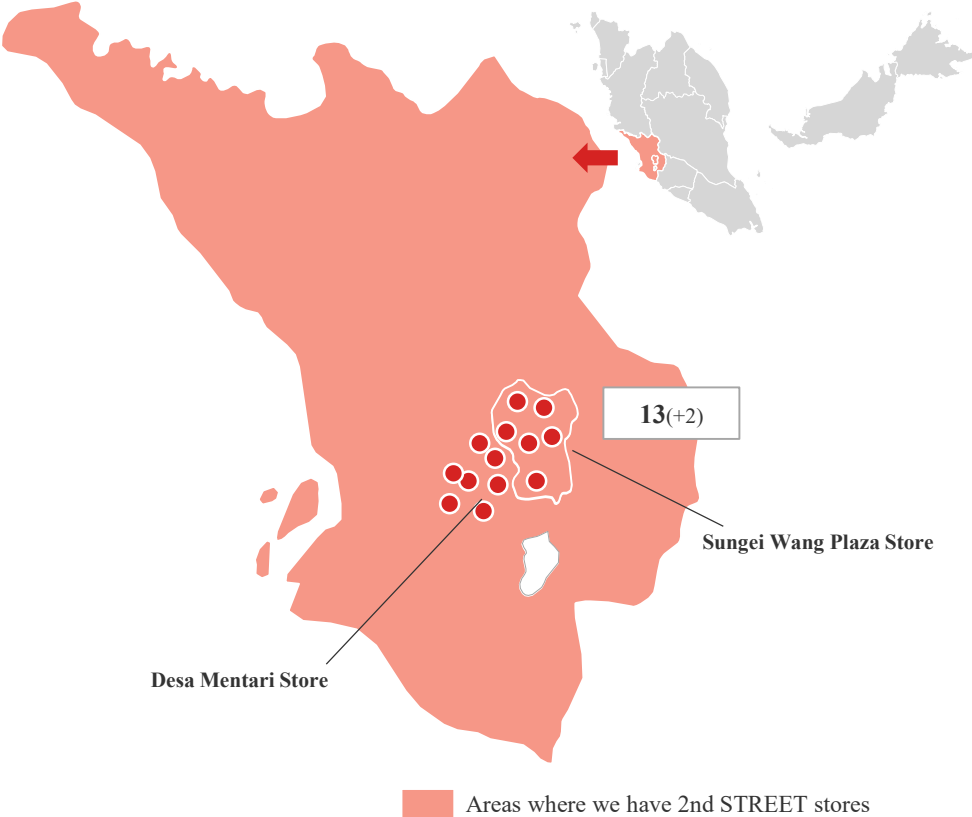
## Selangor: Desa Mentari Store (opened in May 2023)



This is the thirteenth 2nd STREET store in Malaysia. The store has items such as Japanese brands' merchandise, bags from internationally popular luxury brands and low-priced items. As is practiced at 2nd STREET stores in Japan, it sorts merchandise by item and category to display the merchandise on the sales floor in an appealing and well-organized manner. This has been well supported in Malaysia.

## 2nd STREET store locations in Malaysia

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



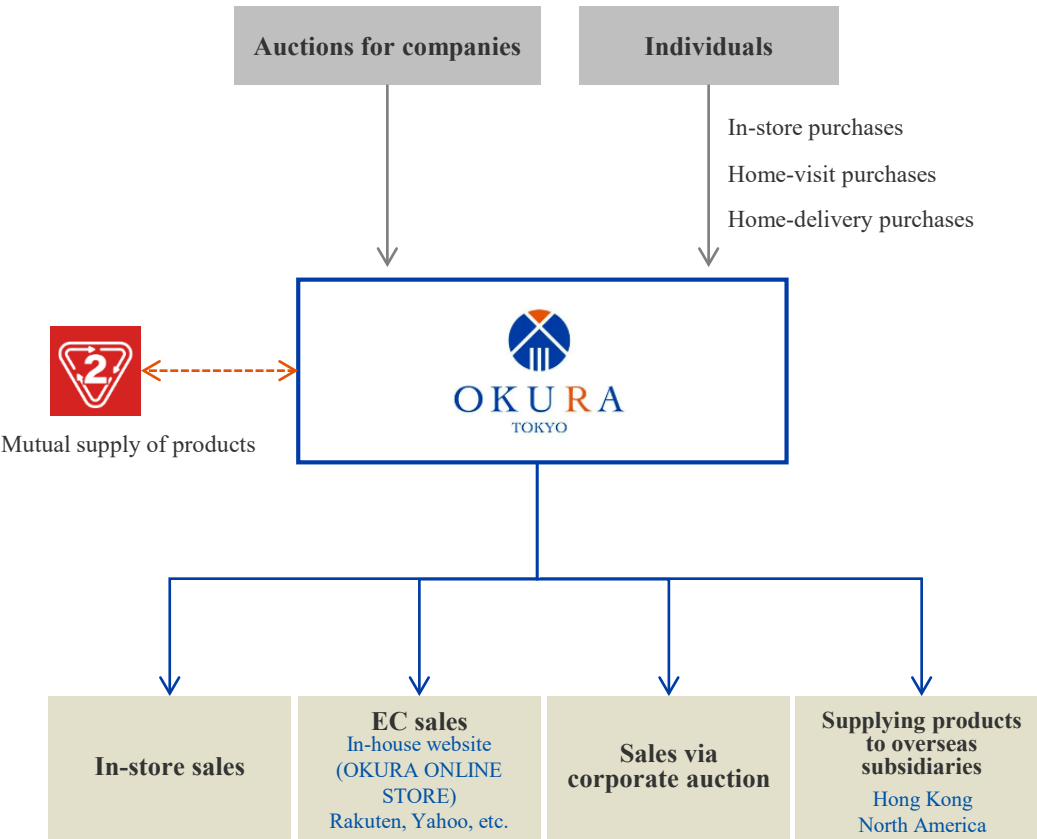
\* Number of stores (As of June 30, 2023)  
 Figures in parentheses are comparison with the previous fiscal year-end.



# 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



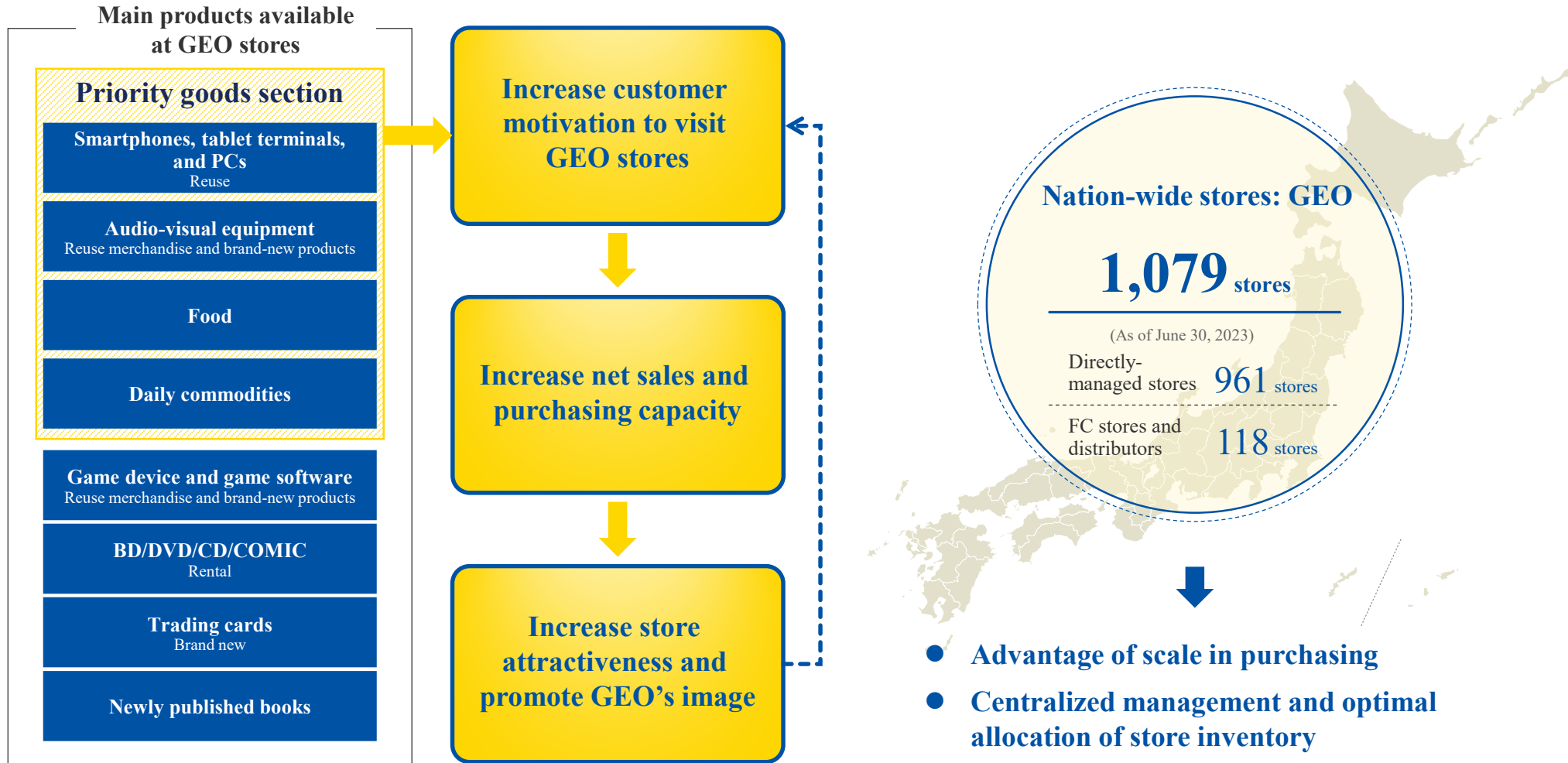
## Difference between off-price stores and outlet stores

	Off-price stores	Outlet stores
<b>Brands to be dealt in</b>	Multiple brands	Single brand
<b>Product lineup</b>	Combine many different brands	Outlet-only goods are also available
<b>Main form of operation</b>	Operate at shopping centers, etc.	Operate at outlet malls
<b>Access</b>	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






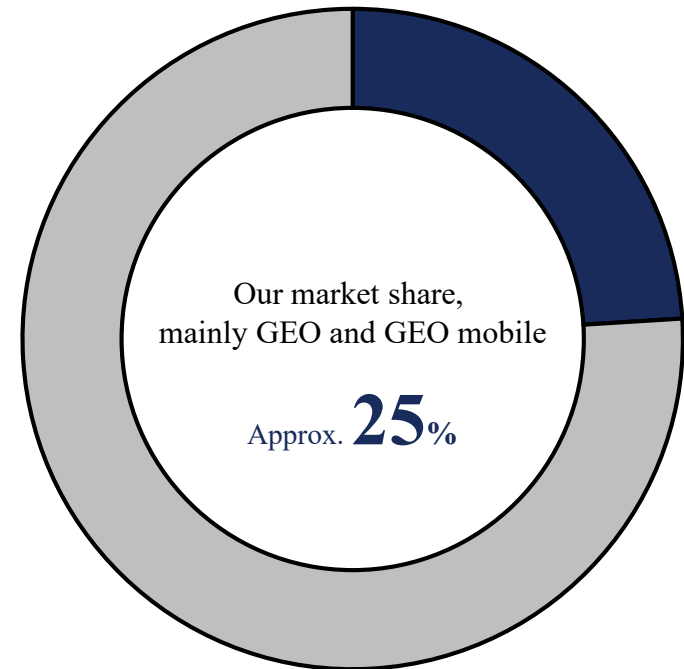
# Largest share of the smartphones and tablets for reuse market

- 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 are aggressively increasing the number of stores and selling merchandise at electronic and home appliance stores and other stores. In addition, we 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



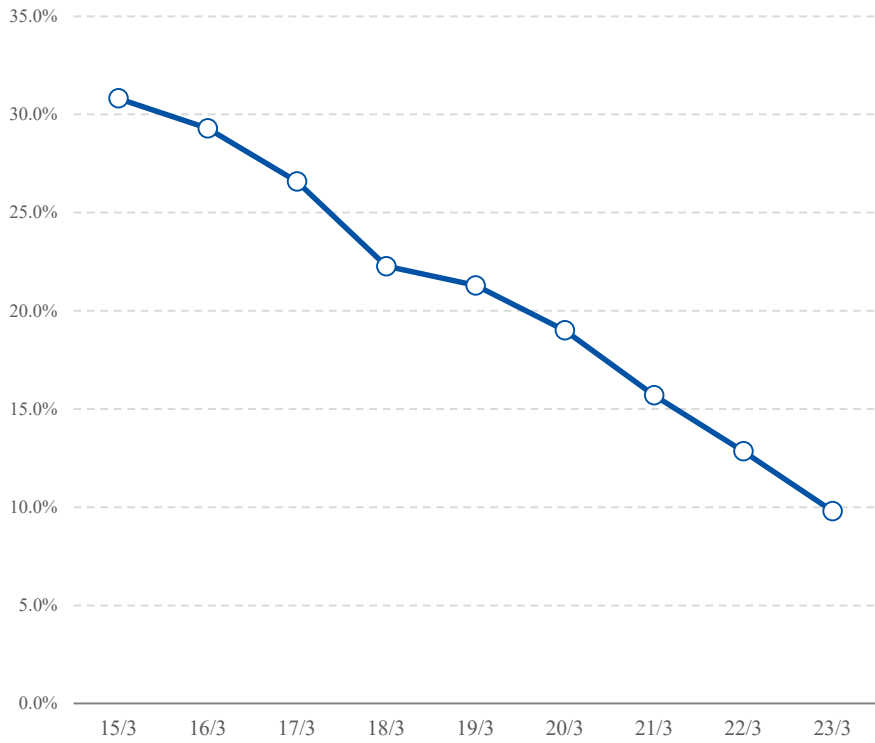
# Amid the shrinking rental market, we will increasingly solidify our position as having the largest share of the market



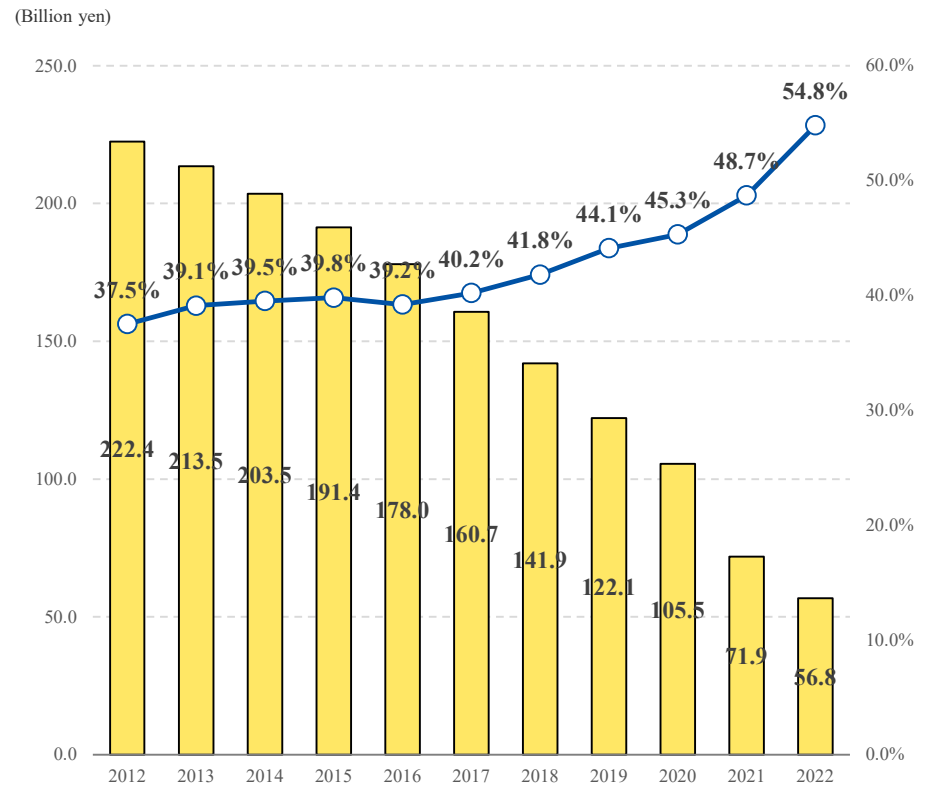
It is unavoidable that we will be impacted by the shrinkage of the domestic music and video rental market. Nevertheless, we will continue to implement aggressive initiatives to further solidify our position as having the largest share of the domestic music and video rental market.

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\*



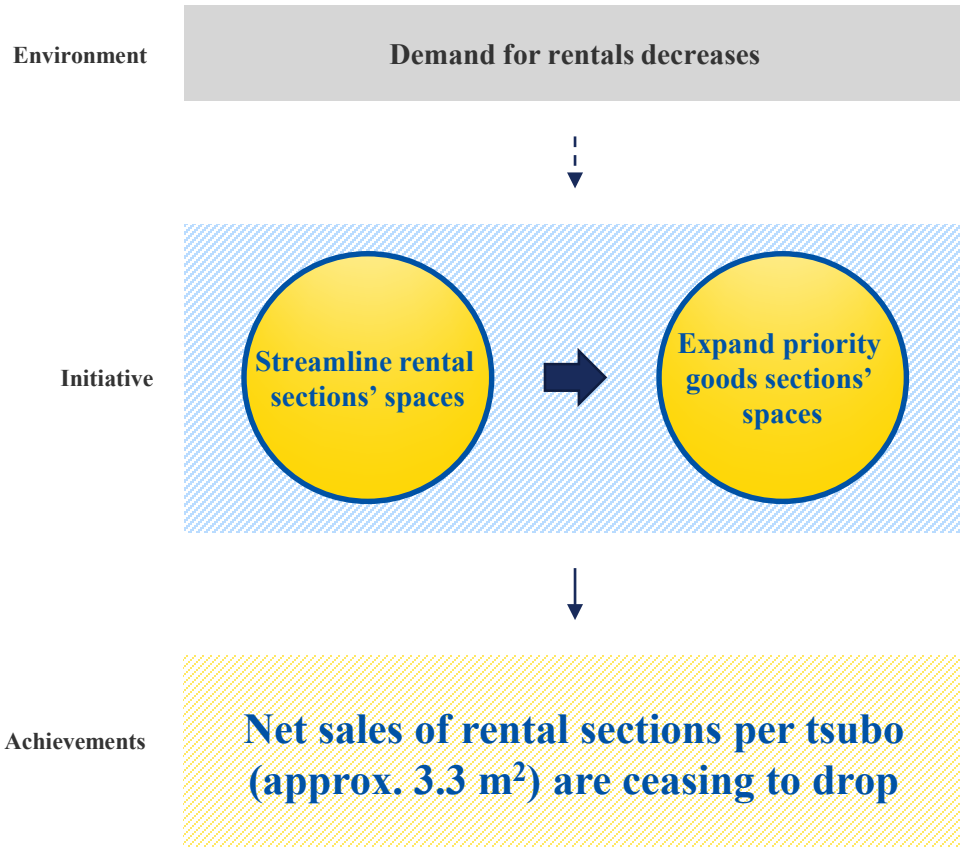
\* Source: The graph shows an estimates by GEO HOLDINGS based on the Ministry of Economy, Trade and Industry's Specific Service Industry Statistics.  
 Note 1: Market share is an estimate by GEO HOLDINGS. Note 2: Market size is calculated excluding home delivery rental and comic rental.



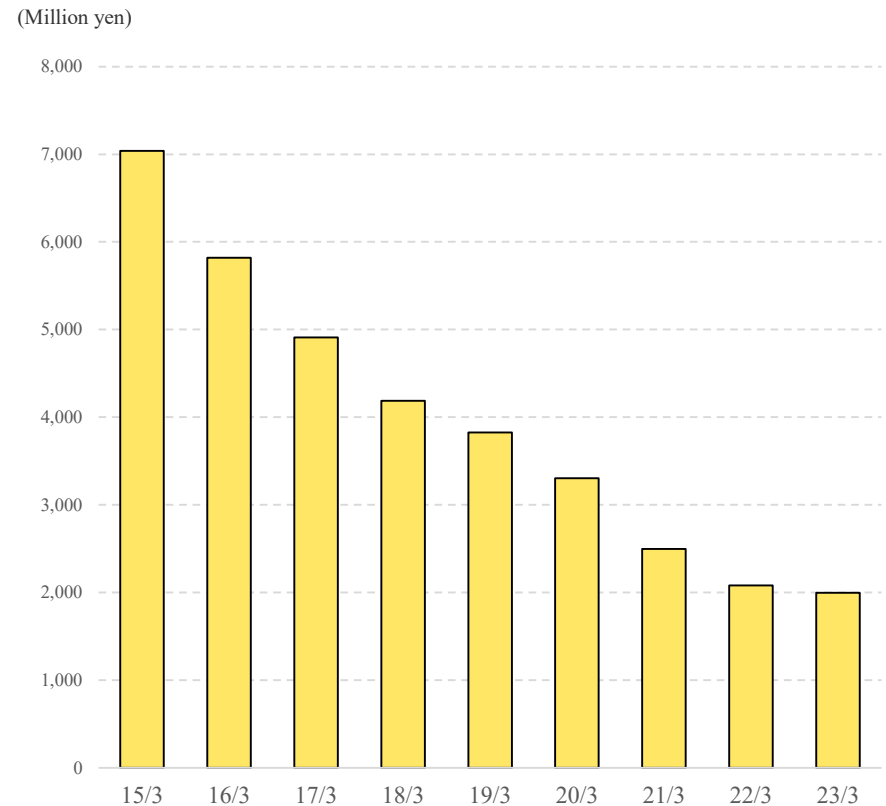
# The measures for streamline rental sections' spaces are bearing fruit

- 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)



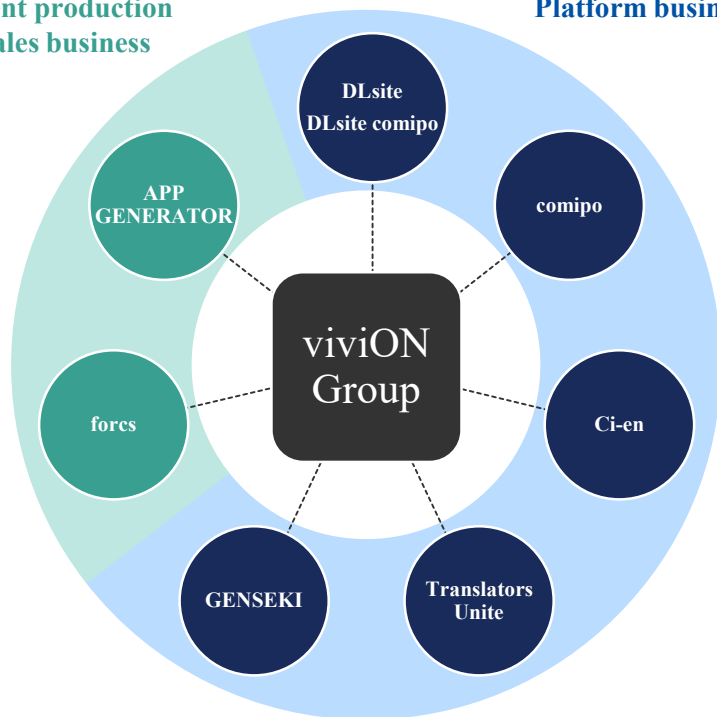
# Digital contents business

- 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 Group's main digital content businesses

Content production and sales business

Platform business



The number of titles available for download from DLsite and DLsite comipo, two of Japan's largest subculture content download websites, reached 860,000.

Beyond self-published comic books and electronic books, they deal in a broad range of art forms including novels, animation, games and ASMR voice recordings.

「聴いて」「楽しむ」マンガアプリ



Comipo's electronic audio comics are comics that include sound such as actor's voices that people can enjoy using their eyes and ears. They are more immersive and provide greater satisfaction than any existing comic format.

comipo has more than 6,200 domestic and international comics and it has 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.

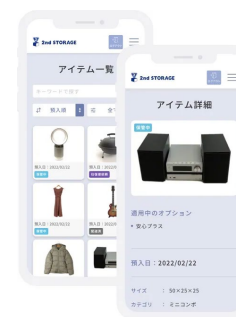
## Business model of 2nd STORAGE

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

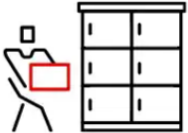
- Purchase via Locker enables you to use our purchase service via a smartphone without meeting anyone. Available round-the-clock, it helps you to use your time efficiently. A trial of the service has begun.
- Based on the results of the trial introduction at some stores in Kanto area, we will consider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



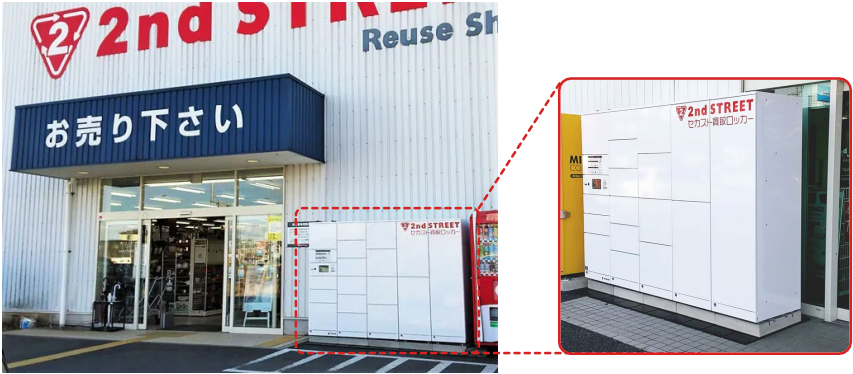
Use a smartphone to see the results of appraisals

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 without meeting anyone.



**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.



Aogiri High School Members (Vtuber)



## Capsule toy stores “Kapuseru Rakkyoku” opened in succession

■ Kapuseru Rakkyoku is a brand of stores specializing in capsule toys. It is based on the concept that “having fun is the medicine for energy”. Aspiring to operate stores that bring the fun of capsule toys to customers casually visiting the stores on their way home from work, school or shopping and to energize these customers, we have created a store specializing in capsule toys. The brand name is a play on words. Kapuseru is the Japanese pronunciation of capsule. We created the word rakkyoku by combining raku (fun) into yakkyoku (drugstore), believing that our capsules are a kind of capsule medicines that energize customers. These stores provide capsules that will make you smile many times a day.

■ We run six stores in Itabashi-ku, Nerima-ku, Shinagawa-ku and Katsushika-ku in Tokyo. More stores will be successfully opened.



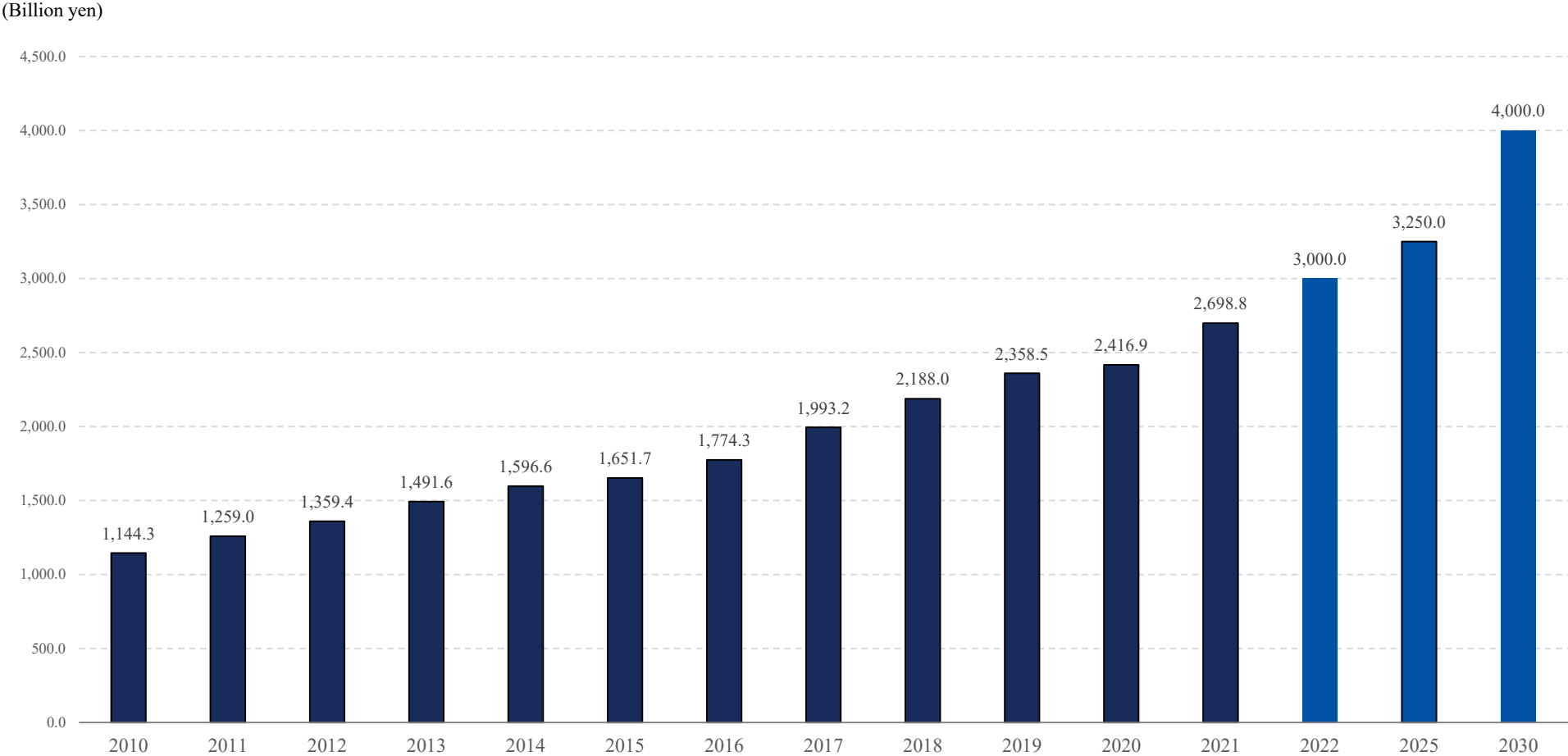
# 6. Appendix

# Consolidated statement of income for the first three months Ended June 30, 2023

	2023/3				2024/3			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
(Million yen)	Results	Results	Results	Results	Results			
<b>Net sales</b>	81,377	91,185	107,134	97,603	106,725			
(Change)	107.0%	120.2%	115.1%	108.7%	131.1%			
<b>Gross profit</b>	34,194	34,464	39,315	34,507	39,289			
(Change)	110.3%	110.6%	112.4%	102.6%	114.9%			
(Gross profit ratio)	42.0%	37.8%	36.7%	35.4%	36.8%			
<b>SG&amp;A</b>	30,167	32,199	34,251	35,244	33,498			
(Change)	101.0%	104.4%	111.2%	113.2%	111.0%			
<b>Operating profit</b>	4,027	2,265	5,064	(736)	5,790			
(Change)	348.4%	693.9%	121.2%	—	143.8%			

# Trends in the domestic reuse market

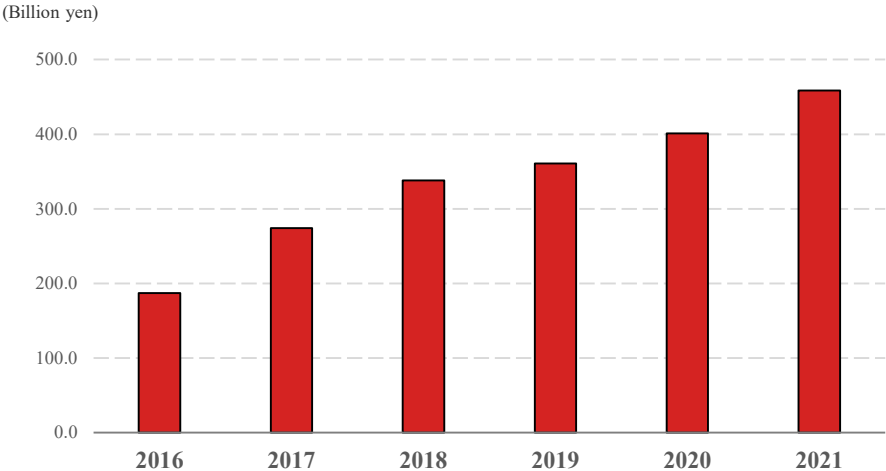
- The reuse merchandise market in Japan is expected to grow 48.2% from 2,698.8 billion yen in 2021 to 4,000 billion yen in 2030.
- In view of rising goods prices following the increase in materials prices, changes in consumer behaviors due to an increased recognition of the reuse market, and changes in consumption styles based on awareness of the sustainable development goals (SDGs), the population seeking reuse merchandise is expected to grow and so is the reuse merchandise market in this country.



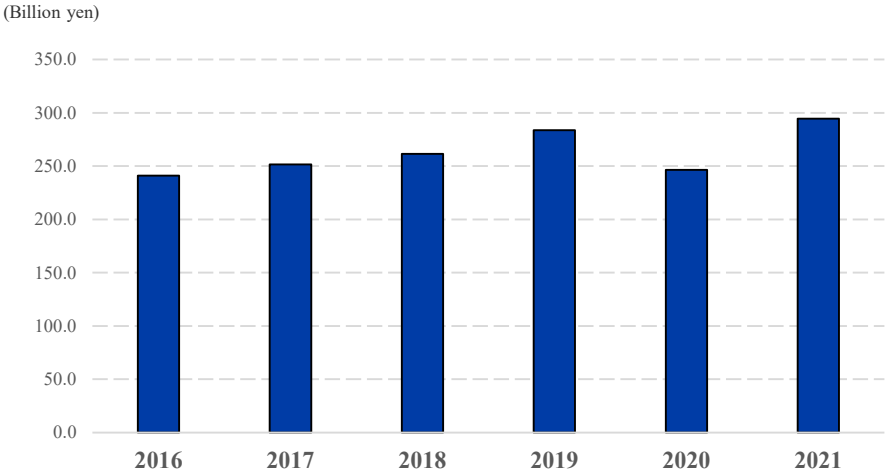
\* Source: GEO Holdings Corporation, based on *The Reuse Business Journal*

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

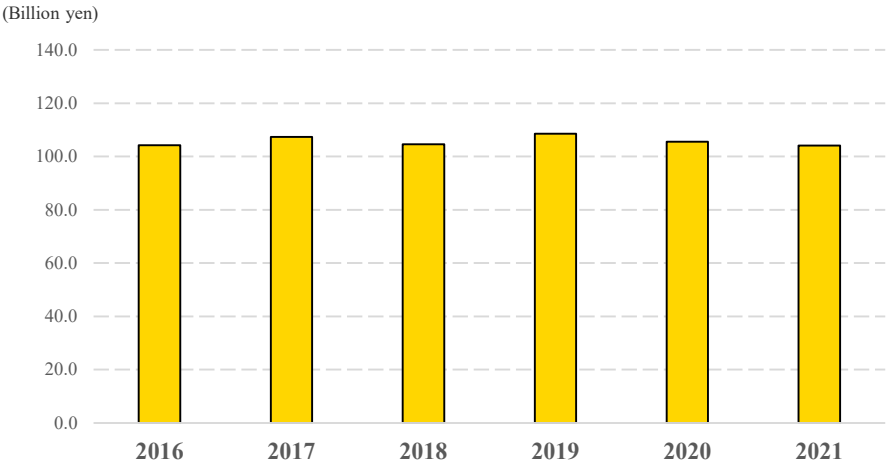
## Clothing and accessories



## Luxury brand items



## Games and media (excluding books)



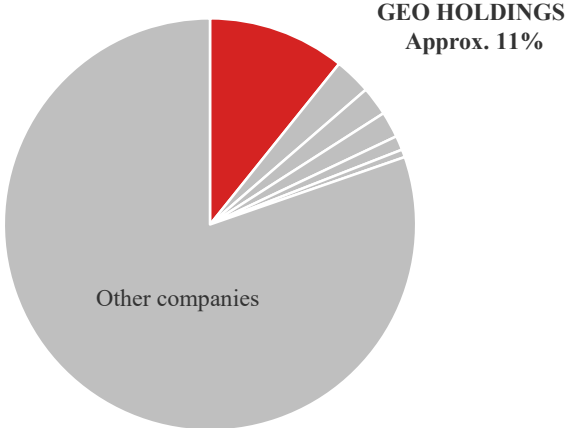
## Mobile phone and smartphone



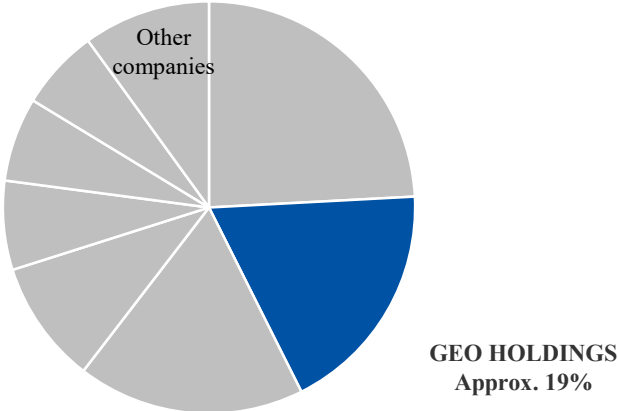
\* Reference: Reuse Business Journal “Secondhand Market Databook 2022”

# Our market share by major product categories for reuse

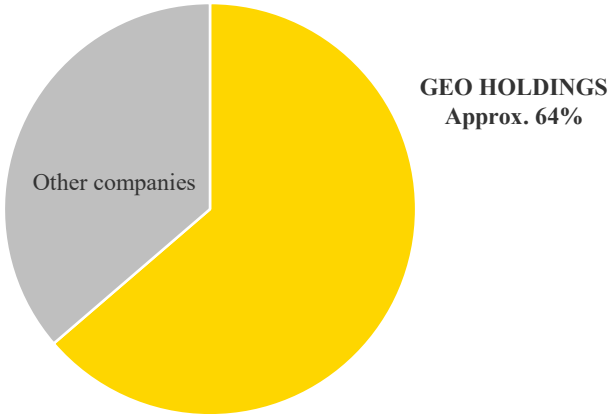
## Clothing and accessories



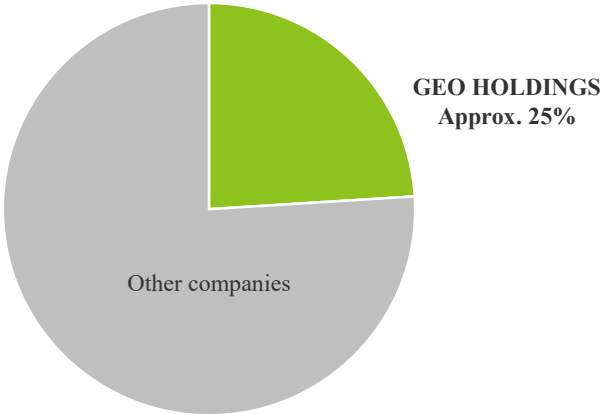
## Luxury brand items



## 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



## CO2 emissions from our business activities

At the GEO Group, we disclose numerical values for CO2 emissions from our business activities.



We aim to balance our business activities and the reduction of CO2 emissions in consideration of the environmental impact of corporate activities.



We will be the driving force in building a recycling-oriented society by creating the circulation of various goods and thereby reducing waste through our activities. In doing so, we will seek to reduce our environmental impact and take steps to mitigate climate change.

At the GEO Group, we will continue to help build a sustainable society.

## Reduction of CO2 emissions achieved through Reuse Business

Type	Reduction in CO2 emissions (tons)
Clothes	104, 945
Home appliances	28, 399
Gaming electric appliances	21, 042
Furniture	8, 241
Mobile phone	4, 094
DVD/CD	3, 694
<b>Total</b>	<b>170, 636</b>



CO2 emissions reduction considering only main merchandise

**170,000 tons or more**



Annual number of circular products

**Approx. 84 million**

## CO2 emissions from business operations

Item	CO2 emissions (tons)
Scope 1	1, 712
Scope 2	68, 468
<b>Total</b>	<b>70, 179</b>

\* Scope 1: Greenhouse gas emissions emitted directly from operations that are owned or controlled by the reporting company such as emissions from the combustion of fuel and process emissions  
Calculated by aggregating the amount of purchased gasoline by type based on fuel bills issued to GEO Holdings Corporation in FY2021 and by applying to them emission factors by type of fuel announced by the Ministry of the Environment

\* Scope 2: Greenhouse gas emissions emitted indirectly from operations that are owned or controlled by the reporting company such as emissions resulting from the purchase of electricity, heat and steam  
Calculated by aggregating electricity consumption based on electricity bills issued to GEO Holdings Corporation in FY2021 and on a location basis based on emission factors shown by the Ministry of the Environment

\* Scope 2 emissions were calculated based on data from 999 locations where the amount of electricity consumption could be calculated (including stores, offices, and warehouses).

\* Calculated by GEO Holdings Corporation based on the 3R Kodo Mieru-ka Tool (tool visualizing 3R activities), Heisei 22-nen-do Shiyo Zumi Reuse Sokushin Kenkyukai Houkoku-sho (FY2010 report from the group studying promotion of reuse of used products, etc.), and Hikari Disc (CD/DVD tou) no Keisan Houhou ni Tsuite (method of calculation for optical discs, including CDs and DVDs) from the Ministry of the Environment

# 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. At the GEO Group, we have formulated action plans with the aim of facilitating the active participation of women and building a work environment that is comfortable for all employees.



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 2.60% (as of June 2023), exceeding the statutory rate in Japan (2.3%). In 2010, we established GEO BUSINESS SUPPORT Co., Ltd., a subsidiary promoting the employment of people with disabilities. The company engages in the cleaning of 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**

Inquiries

**Contact information GEO Holdings Corporation Accounting and Finance Department**

**Telephone**

+81 52 350 5711

**Email**

info@geonet.co.jp