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## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2024 (Japanese GAAP)

August 10, 2023

### GEO HOLDINGS CORPORATION

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 Securities Code: 2681  
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 Scheduled date to file quarterly securities report: August 10, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

(Amounts less than million yen are discarded.)

### 1. Consolidated Financial Results for the First Three Months (from April 1, 2023 to June 30, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicates changes from the previous corresponding period.)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended:								
June 30, 2023	106,725	31.1	5,790	43.8	7,068	49.5	4,828	59.1
June 30, 2022	81,377	7.0	4,027	248.4	4,729	252.5	3,034	476.6

(Note) Comprehensive income: 4,793 million yen (increase of 52.8%) for three months ended June 30, 2023  
 3,136 million yen (increase of 567.0%) for three months ended June 30, 2022

	Earnings per share		Fully diluted earnings per share	
	Yen		Yen	
Three months ended:				
June 30, 2023	122.21		121.58	
June 30, 2022	71.56		71.44	

#### (2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen	%	Millions of yen	%		
As of						
June 30, 2023	209,108		81,558		38.9	
March 31, 2023	201,804		77,212		38.1	

(Reference) Shareholders' equity: As of June 30, 2023: 81,240 million yen  
 As of March 31, 2023: 76,895 million yen

### 2. Dividends

	Annual dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
Fiscal Year ended March 31, 2023	–	12.00	–	12.00	24.00
Fiscal Year ending March 31, 2024	–				
Fiscal Year ending March 31, 2024 (Forecast)		12.00	–	12.00	24.00

(Note) Change in dividends forecast from the most recent announcement: None

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2024	400,000	6.0	13,000	22.4	13,500	13.2	7,000	23.2	177.17

(Note) Change in earnings forecast from the most recent announcement: None

## Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
  - 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - 2) Changes in accounting principles other than 1): None
  - 3) Changes in accounting estimates: None
  - 4) Restatement: None
- (4) Number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023	39,520,052 shares
As of March 31, 2023	39,505,152 shares
  - 2) Number of treasury shares at the end of the period

As of June 30, 2023	– shares
As of March 31, 2023	– shares
  - 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

During three months ended June 30, 2023	39,510,146 shares
During three months ended June 30, 2022	42,405,952 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Explanation of appropriate use of financial forecasts and other special remarks

The forward-looking statements included in this summary such as financial forecasts are based on currently available information and certain assumptions, which we deem to be reasonable as of the date of this summary. We do not guarantee that we will achieve those financial forecasts. Actual results may differ materially from these forecasts due to various factors. Please see “1. Qualitative Information on Quarterly Results, (3) Explanation of forward-looking information including consolidated earnings forecast” on page 3 of the Attachment on the basis of forecasts and a note on reliance on forecasts.

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## 1. Qualitative Information on Quarterly Results

### (1) Details of consolidated operating results

#### Consolidated Earnings (April 1, 2023 to June 30, 2023)

For the three months ended June 30, 2023, economic activity began to normalize with the downgrading of COVID-19 to a Class 5 infectious disease under the infectious diseases control law. The economy is expected to recover. However, the outlook still remained uncertain, reflecting concern over an economic slowdown due to prolonged exposure to geopolitical risks, rises in resource prices and raw materials prices, fluctuations in foreign exchange rates attributable to the sharp depreciation of the yen, and policy interest rate hikes caused by global inflation.

In this environment, the Group voluntarily continued to take steps to help prevent a resurgence of COVID-19 infections by reference to information from the government and provided products and services in full consideration of the safety of customers and employees. The Group continues to pursue a range of challenges, aiming to “offer joy to your everyday life.”

Looking at trends in sales by category, in reuse (comprehensive) merchandise, sales of reuse clothing and accessories were stronger than expected. This reflected growth in demand for reuse merchandise as consumers sought to maintain their living standards in the face of rising prices and changes in consumption styles as consumers have gained recognition of reuse merchandise and reuse merchandise has become a choice. Consequently, sales of overall reuse (comprehensive) merchandise increased.

In reuse (media) merchandise, sales of reuse game software were on a downward trend, reflecting the popularization of download versions in the purchase of old game software. However, sales of reuse game software increased as popular game software sold well for a long time and new bestselling titles created demand for preceding titles. Sales of reuse game devices increased due to an increase in the distribution volume of the home video game console PlayStation 5 and the increased availability of top-selling titles. In reuse mobile devices such as smartphones and tablets, money-saving orientation due to soaring prices of new equipment had a positive impact on sales of reuse mobile devices, in addition to a revitalization of the market, and sales of overall reuse (media) merchandise increased. In new game-related merchandise, sales increased, helped by the improved supply of the home video game console PlayStation 5 from towards the end of last year and the increased availability of new top-selling titles.

Foreign exchange gains of 966 million yen were posted due to the sharp depreciation of the yen.

As a result, for the Group’s results for three months ended June 30, 2023, the Group’s net sales totaled 106,725 million yen (up 31.1% year on year), with operating profit of 5,790 million yen (up 43.8%) and ordinary profit of 7,068 million yen (up 49.5%). Profit attributable to owners of parent came to 4,828 million yen (up 59.1%).

The number of our stores as of June 30, 2023 is as follows.

The figures in ( ) for “Total” show decrease from the end of the previous fiscal year.

	Directly-managed stores			FC stores and distributors			Total	
		Newly opened	Closed		Newly opened	Closed		
Total number of GEO group stores	1,856	31	18	172	0	8	2,028	(+5)
GEO	961	6	9	118	0	7	1,079	(-10)
2nd STREET (Japan)	753	9	4	54	0	1	807	(+4)
2nd STREET (USA)	25	2	0	0	0	0	25	(+2)
2nd STREET (Taiwan)	20	2	0	0	0	0	20	(+2)
2nd STREET (Malaysia)	13	2	0	0	0	0	13	(+2)
OKURA TOKYO	23	1	1	0	0	0	23	(0)
LuckRack	20	3	4	0	0	0	20	(-1)
Others	41	6	0	0	0	0	41	(+6)

Notes:

- The number of stores is counted based on each store name.
- GEO includes stores that sell and purchase home game related items, mobile phones, and smart phones, and rent DVDs where they operate under the store names of GEO and GEO mobile.
- 2nd STREET includes stores that sell and purchase clothing, home appliances and other items where they operate under the names of 2nd STREET, Super 2nd STREET, 2nd OUTDOOR, JUMBLE STORE, etc.

(2) Details of consolidated financial position

[Assets]

The current assets as of June 30, 2023 resulted in 137,383 million yen which is an increase of 6,071 million yen from the previous fiscal year end. This was mainly attributable to increases of 442 million yen in cash and deposits, 500 million yen in accounts receivable - trade and 3,430 million yen in merchandise. Non-current assets amounted to 71,725 million yen, an increase of 1,232 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 1,506 million yen in buildings and structures, net.

As a result, total assets increased by 7,304 million yen from the end of the previous fiscal year to 209,108 million yen.

[Liabilities]

The current liabilities as of June 30, 2023 resulted in 43,617 million yen which is a decrease of 5,608 million yen from the previous fiscal year end. This was largely due to a decrease of 6,000 million yen in short-term borrowings, offsetting an increase of 3,519 million yen in accounts payable - trade. Non-current liabilities amounted to 83,932 million yen, an increase of 8,566 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 7,737 million yen in long-term borrowings.

As a result, total liabilities increased by 2,958 million yen from the end of the previous fiscal year, to 127,550 million yen.

[Net assets]

The net assets as of June 30, 2023 resulted in 81,558 million yen, which is an increase of 4,345 million yen from the previous fiscal year end. This was attributable principally to profit attributable to owners of parent amounting to 4,828 million yen and dividends of surplus of 474 million yen.

As a result, the equity ratio stood at 38.9% (compared to 38.1% at the end of the previous fiscal year).

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

With respect to consolidated earnings forecast, there were no changes from the full year forecast presented on May 12, 2023.

## 2. Consolidated Financial Statements for the Quarter

### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	44,286	44,729
Accounts receivable - trade	11,712	12,212
Merchandise	64,241	67,672
Other	11,294	12,978
Allowance for doubtful accounts	(223)	(209)
Total current assets	131,311	137,383
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,955	16,461
Other, net	25,892	26,092
Total property, plant and equipment	40,847	42,553
Intangible assets	3,264	3,427
Investments and other assets		
Leasehold and guarantee deposits	18,033	18,232
Other	9,098	8,262
Allowance for doubtful accounts	(751)	(750)
Total investments and other assets	26,380	25,743
Total non-current assets	70,492	71,725
Total assets	201,804	209,108
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	16,034	19,553
Short-term borrowings	6,000	-
Current portion of long-term borrowings	7,487	7,925
Other	19,704	16,139
Total current liabilities	49,225	43,617
Non-current liabilities		
Long-term borrowings	54,462	62,200
Asset retirement obligations	7,054	7,070
Other	13,849	14,662
Total non-current liabilities	75,366	83,932
Total liabilities	124,592	127,550
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,081	9,094
Capital surplus	3,493	3,506
Retained earnings	64,386	68,741
Total shareholders' equity	76,962	81,342
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	2
Foreign currency translation adjustment	(69)	(104)
Total accumulated other comprehensive income	(66)	(101)
Share acquisition rights	316	313
Non-controlling interests	-	4
Total net assets	77,212	81,558
Total liabilities and net assets	201,804	209,108

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	81,377	106,725
Cost of sales	47,182	67,436
Gross profit	34,194	39,289
Selling, general and administrative expenses	30,167	33,498
Operating profit	4,027	5,790
Non-operating income		
Foreign exchange gains	482	966
Rental income from real estate	175	223
Other	256	330
Total non-operating income	915	1,520
Non-operating expenses		
Interest expenses	57	61
Rental expenses on real estate	67	128
Other	87	53
Total non-operating expenses	212	242
Ordinary profit	4,729	7,068
Extraordinary losses		
Impairment losses	11	46
Total extraordinary losses	11	46
Profit before income taxes	4,718	7,022
Income taxes - current	1,092	1,329
Income taxes - deferred	591	864
Total income taxes	1,683	2,193
Profit	3,034	4,828
Profit attributable to owners of parent	3,034	4,828

Statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	3,034	4,828
Other comprehensive income		
Valuation difference on available-for-sale securities	11	0
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	90	(35)
Total other comprehensive income	102	(34)
Comprehensive income	3,136	4,793
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,136	4,793



(3) Notes to consolidated financial statements

(Notes on going concern assumptions)

None

(Notes on significant change in shareholders' equity)

None

(Additional information)

(Reduction of legal capital surplus)

At the 35th Ordinary General Meeting of Shareholders of the Company held on June 29, 2023, the reduction of its legal capital surplus and the transfer of the amount reduced to other capital surplus was approved.

1. Purpose of the reduction and transfer

Pursuant to the provisions of Paragraph 1 of Article 448 in the Companies Act, the Company will reduce its legal capital surplus and transfer the amount to be reduced to other capital surplus, thereby ensuring a dynamic and flexible capital policy going forward.

2. Main points in the reduction and transfer

The legal capital surplus, which stands at 2,689,432,447 yen, will be reduced entirely and the full amount of reduction will be transferred to other capital surplus.

3. Scheduled for a reduction in legal capital surplus

(1) Date of board resolution: May 12, 2023

(2) Date of resolution at the General Meeting of Shareholders: June 29, 2023

(3) Date of public notice for the statement of creditors' objections: July 28, 2023

(4) Deadline for creditors' objections: August 28, 2023 (plan)

(5) Effective date: August 31, 2023 (plan)

4. Outlook

The matter is a transfer of money between different account titles in the net assets section and results in no change in the amount of net assets. Consequently, there is no impact on financial results.

(Segment information)

Segment information

For the three months ended June 30, 2022 (consolidated) and the three months ended June 30, 2023 (consolidated):

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