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

February 9, 2024

### GEO HOLDINGS CORPORATION

Listing: Tokyo Stock Exchange  
 Securities Code: 2681  
 URL: <https://www.geonet.co.jp/>  
 Representative: Yuzo Endo, President  
 Inquiries: Yoshiaki Kajita, General Manager, Accounting and Finance Dept.  
 Telephone: +81 52 350 5711  
 Scheduled date to file quarterly securities report: February 9, 2024  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: No

(Amounts less than million yen are discarded.)

### 1. Consolidated Financial Results for the First Nine Months (from April 1, 2023 to December 31, 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	%
Nine months ended:								
December 31, 2023	327,401	17.1	13,343	17.5	14,399	17.6	9,308	28.7
December 31, 2022	279,696	14.2	11,357	100.6	12,247	84.3	7,232	67.9

(Note) Comprehensive income: 9,282 million yen (increase of 27.9%) for nine months ended December 31, 2023  
 7,258 million yen (increase of 76.5%) for nine months ended December 31, 2022

	Earnings per share		Fully diluted earnings per share	
	Yen		Yen	
Nine months ended:				
December 31, 2023	235.21		233.57	
December 31, 2022	170.53		169.87	

#### (2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
As of						
December 31, 2023	226,138		85,712		37.8	
March 31, 2023	201,804		77,212		38.1	

(Reference) Shareholders' equity: As of December 31, 2023: 85,492 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	–	12.00	–		
Fiscal Year ending March 31, 2024 (Forecast)				17.00	29.00

(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	428,000	13.4	17,000	60.1	18,000	50.9	9,000	58.4	227.42	

(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 December 31, 2023	39,670,052 shares
As of March 31, 2023	39,505,152 shares
  - 2) Number of treasury shares at the end of the period Number of treasury shares:

As of December 31, 2023	41 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 the nine months ended December 31, 2023	39,575,220 shares
During the nine months ended December 31, 2022	42,413,577 shares

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

\* Explanation regarding 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. There is no guarantee that we will achieve those financial forecasts. Actual results may differ significantly 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.

Table of Contents for the Attachments

1. Qualitative Information on Quarterly Results.....	2
(1) Details of consolidated operating results.....	2
(2) Details of consolidated financial position .....	3
(3) Explanation of forward-looking information including consolidated earnings forecast.....	3
2. Consolidated Financial Statements for the Quarter .....	4
(1) Consolidated balance sheet .....	4
(2) Consolidated quarterly income statement and statement of comprehensive income .....	5
Consolidated income statement.....	5
Statement of comprehensive income .....	6
(3) Notes on consolidated financial statements.....	7
(Notes on going concern assumptions) .....	7
(Notes on significant change in shareholders' equity) .....	7
(Segment information) .....	7

## 1. Qualitative Information on Quarterly Results

### (1) Details of consolidated operating results

#### Consolidated Earnings (April 1, 2023 to December 31, 2023)

In the nine months ended December 31, 2023, the Japanese economy saw an improved business environment, with autonomous economic activity enabled by a range of measures, including the downgrading of COVID-19 to a Class 5 infectious disease under the infectious diseases control law. As a result, demand for inter-personal services continued to recover, with a recovery in the flow of people in many areas. However, the outlook remained uncertain given downturns in overseas economies linked to factors such as global monetary tightening, concerns about the outlook of the Chinese economy and growing tensions in the Middle East, as well as the weakening of the yen and rising prices.

In the reuse industry, the overall market is growing on the back of heightened reuse awareness in line with efforts to realize the SDGs and demand for reuse as a lifestyle defense measure in response to soaring prices.

In this environment, the Group continues to actively open new comprehensive reuse stores, centering on 2nd STREET, both in Japan and overseas, aiming to “offer joy to your everyday life.”

Looking at trends in reuse (comprehensive) merchandise, OKURA TOKYO, which handles reuse luxury merchandise, performed strongly, mainly in retail sales. Consumer demand for reuse clothing and accessories, the core of the merchandise mix, continued, reflecting growing changes in consumption styles, while 2nd STREET performed well in both Japan and overseas, resulting in an increase in overall sales of reuse (comprehensive) merchandise.

In terms of trends in reuse (media) merchandise, sales of game-related products remained firm, reflecting the enduring popularity of old game software and an increase in the number of home-use game devices supplied to the reuse market, where the supply-demand balance had been improving since the second half of the previous fiscal year. In addition, efforts were made to open stand-alone GEO mobile stores and establish these stores as annexes to GEO stores in response to the expansion of the market for reuse mobile devices such as smartphones and tablets. As a result, sales of mobile devices grew. For the reasons described above, overall sales of reuse (media) merchandise increased, more than offsetting a reactionary decline from the strong performance of overseas smartphone wholesaling in the same period of the previous fiscal year.

Looking at trends in new game-related merchandise, sales increased, driven by increases in sales of home-use game devices and trading cards, offsetting a decline in the availability of top-selling titles of new game software compared to the same period of the previous year.

Foreign exchange gains of 412 million yen were posted due to the depreciation of the yen.

As a result, for the Group’s results for nine months ended December 31, 2023, the Group’s net sales totaled 327,401 million yen (up 17.1% year on year), with operating profit of 13,343 million yen (up 17.5%) and ordinary profit of 14,399 million yen (up 17.6%). Profit attributable to owners of parent came to 9,308 million yen (up 28.7%).

The number of our stores as of December 31, 2023 is as follows.

The figures in ( ) for “Total” show increase or 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	1,929	127	41	168	1	13	2,097	(+74)
GEO	983	40	21	113	0	12	1,096	(+7)
2nd STREET (Japan)	777	37	8	55	1	1	832	(+29)
2nd STREET (USA)	31	8	0	0	0	0	31	(+8)
2nd STREET (Taiwan)	26	8	0	0	0	0	26	(+8)
2nd STREET (Malaysia)	16	5	0	0	0	0	16	(+5)
2nd STREET (Thailand)	1	1	0	0	0	0	1	(+1)
OKURA TOKYO	22	2	3	0	0	0	22	(-1)
LuckRack	19	4	6	0	0	0	19	(-2)
Others	54	22	3	0	0	0	54	(+19)

#### 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 December 31, 2023 resulted in 151,219 million yen, which is an increase of 19,907 million yen from the previous fiscal year end. This was mainly attributable to increases of 1,468 million yen in cash and deposits, 4,874 million yen in accounts receivable - trade and 10,723 million yen in merchandise. Non-current assets amounted to 74,919 million yen, an increase of 4,426 million yen from the end of the previous fiscal year. This mainly reflects increases of 2,960 million yen in buildings and structures, net, 1,139 million yen in intangible assets, and 627 million yen in leasehold and guarantee deposits, offsetting a decrease in "Other" under investments and other assets of 1,285 million yen.

As a result, total assets increased by 24,333 million yen from the end of the previous fiscal year to 226,138 million yen.

[Liabilities]

The current liabilities as of December 31, 2023 resulted in 51,564 million yen which is an increase of 2,338 million yen from the previous fiscal year end. This was largely due to increases of 1,416 million yen in short-term borrowings and 956 million yen in current portion of long-term borrowings. Non-current liabilities amounted to 88,861 million yen, an increase of 13,495 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 11,668 million yen in long-term borrowings.

As a result, total liabilities increased by 15,833 million yen from the end of the previous fiscal year, to 140,425 million yen.

[Net assets]

The net assets as of December 31, 2023 resulted in 85,712 million yen, which is an increase of 8,500 million yen from the previous fiscal year end. This was attributable principally to profit attributable to owners of parent amounting to 9,308 million yen and dividends of surplus of 949 million yen.

As a result, the equity ratio stood at 37.8% (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 November 10, 2023.

## 2. Consolidated Financial Statements for the Quarter

### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	44,286	45,755
Accounts receivable - trade	11,712	16,586
Merchandise	64,241	74,965
Other	11,294	14,189
Allowance for doubtful accounts	(223)	(278)
Total current assets	131,311	151,219
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,955	17,915
Other, net	25,892	26,876
Total property, plant and equipment	40,847	44,792
Intangible assets	3,264	4,403
Investments and other assets		
Leasehold and guarantee deposits	18,033	18,660
Other	9,098	7,813
Allowance for doubtful accounts	(751)	(750)
Total investments and other assets	26,380	25,723
Total non-current assets	70,492	74,919
Total assets	201,804	226,138
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	16,034	15,634
Short-term borrowings	6,000	7,416
Current portion of long-term borrowings	7,487	8,443
Income taxes payable	2,780	2,453
Other	16,923	17,616
Total current liabilities	49,225	51,564
Non-current liabilities		
Long-term borrowings	54,462	66,131
Asset retirement obligations	7,054	7,221
Other	13,849	15,508
Total non-current liabilities	75,366	88,861
Total liabilities	124,592	140,425
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,081	9,224
Capital surplus	3,493	3,636
Retained earnings	64,386	72,745
Treasury shares	-	(0)
Total shareholders' equity	76,962	85,606
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	(2)
Foreign currency translation adjustment	(69)	(110)
Total accumulated other comprehensive income	(66)	(113)
Share acquisition rights	316	189
Non-controlling interests	-	29
Total net assets	77,212	85,712
Total liabilities and net assets	201,804	226,138

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

Consolidated income statement

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	279,696	327,401
Cost of sales	171,721	208,433
Gross profit	107,975	118,968
Selling, general and administrative expenses	96,618	105,624
Operating profit	11,357	13,343
Non-operating income		
Foreign exchange gains	349	412
Rental income from real estate	572	698
Other	626	840
Total non-operating income	1,549	1,951
Non-operating expenses		
Interest expenses	177	204
Rental expenses on real estate	317	418
Other	163	271
Total non-operating expenses	658	894
Ordinary profit	12,247	14,399
Extraordinary income		
Gain on sale of non-current assets	–	344
Total extraordinary income	–	344
Extraordinary losses		
Impairment losses	79	194
Total extraordinary losses	79	194
Profit before income taxes	12,168	14,550
Income taxes - current	3,785	3,854
Income taxes - deferred	1,150	1,366
Total income taxes	4,935	5,221
Profit	7,232	9,328
Profit attributable to non-controlling interests	–	20
Profit attributable to owners of parent	7,232	9,308

Statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	7,232	9,328
Other comprehensive income		
Valuation difference on available-for-sale securities	14	(5)
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	10	(41)
Total other comprehensive income	25	(46)
Comprehensive income	7,258	9,282
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,258	9,261
Comprehensive income attributable to non-controlling interests	–	20



(3) Notes on consolidated financial statements

(Notes on going concern assumptions)

None

(Notes on significant change in shareholders' equity)

None

(Segment information)

Segment information

For the nine months ended December 31, 2022 (consolidated) and the nine months ended December 31, 2023 (consolidated):

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