

## Summary of Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2016 (Japan GAAP)

February 8, 2016

### GEO HOLDINGS CORPORATION

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Scheduled date to submit quarterly report: February 10, 2016

Scheduled date to start dividend payment: -

Supplementary material on quarterly financial results: Yes

Briefing on this quarterly financial results : No

(Amounts less than million yen are discarded.)

## 1. Consolidated Financial Results for the Third Quarter (from April 1, 2015 to December 31, 2015)

### (1) Consolidated operating results

(The percentages indicate the rates of increase or decrease from the same period of the previous year.)

|                    | Net sales         |       | Operating income  |        | Ordinary income   |        | Profit attributable to owners of parent |      |
|--------------------|-------------------|-------|-------------------|--------|-------------------|--------|-----------------------------------------|------|
| Nine months ended: | (Millions of yen) | %     | (Millions of yen) | %      | (Millions of yen) | %      | (Millions of yen)                       | %    |
| December 31, 2015  | 198,381           | (1.4) | 13,787            | 108.6  | 14,844            | 105.9  | 9,181                                   | 78.2 |
| December 31, 2014  | 201,179           | 3.5   | 6,609             | (21.6) | 7,210             | (16.7) | 5,151                                   | 21.5 |

(Note) Comprehensive income: 9,095 million yen (increase of 78.9%) for nine months ended December 31, 2015

5,083 million yen (increase of 18.8%) for nine months ended December 31, 2014

|                    | Earnings per share (yen) | Fully diluted earnings per share (yen) |
|--------------------|--------------------------|----------------------------------------|
| Nine months ended: |                          |                                        |
| December 31, 2015  | 175.32                   | 174.30                                 |
| December 31, 2014  | 96.36                    | 96.23                                  |

### (2) Consolidated financial position

|                         | Total assets      | Net assets        | Shareholders' equity ratio |
|-------------------------|-------------------|-------------------|----------------------------|
|                         | (Millions of yen) | (Millions of yen) | %                          |
| As of December 31, 2015 | 133,440           | 63,551            | 47.5                       |
| As of March 31, 2015    | 127,612           | 63,214            | 49.4                       |

(Reference) Shareholders' equity: As of December 31, 2015: 63,437 million yen  
As of March 31, 2015: 63,007 million yen

## 2. Dividends

|                                              | Dividend per share (yen) |                 |                 |          |        |
|----------------------------------------------|--------------------------|-----------------|-----------------|----------|--------|
| (Record dates)                               | 1st quarter end          | 2nd quarter end | 3rd quarter end | Year-end | Annual |
| Fiscal Year ended March 31, 2015             | -                        | 16              | -               | 16       | 32     |
| Fiscal Year ending March 31, 2016            | -                        | 16              |                 |          |        |
| Fiscal Year ending March 31, 2016 (Forecast) |                          |                 | -               | 16       | 32     |

(Note) Modifications in the dividend forecast from the latest disclosure: None

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(The percentages indicate the rates of increase or decrease from the previous year.)

|           | Net sales         |       | Operating income  |      | Ordinary income   |      | Profit attributable to owners of parent |      | Earnings per share |
|-----------|-------------------|-------|-------------------|------|-------------------|------|-----------------------------------------|------|--------------------|
|           | (Millions of yen) | %     | (Millions of yen) | %    | (Millions of yen) | %    | (Millions of yen)                       | %    | yen                |
| Full-year | 265,000           | (2.0) | 15,000            | 56.9 | 16,000            | 59.5 | 10,000                                  | 36.3 | 190.97             |

(Note) Modifications in the earnings forecast from the latest disclosure: Yes

#### Notes

- (1) Changes in important subsidiaries during this consolidated nine months period (changes in Specified Subsidiaries accompanying a change in the scope of consolidation): None
- (2) Adoptions of special accounting treatments for quarterly consolidated financial statements: None
- (3) Changes in accounting principles or changes in accounting estimates or retrospective restatements.
  - 1) Changes in accounting principles due to amendments to accounting standards, etc.: Yes
  - 2) Changes in accounting principles other than 1): None
  - 3) Changes in estimates used for accounting: None
  - 4) Retrospective restatements: None
- (4) Number of shares outstanding (common stock)
  - 1) Number of shares outstanding (including treasury stock):
 

|                         |                   |
|-------------------------|-------------------|
| As of December 31, 2015 | 54,780,700 shares |
| As of March 31, 2015    | 54,401,200 shares |
  - 2) Number of treasury shares:
 

|                         |                  |
|-------------------------|------------------|
| As of December 31, 2015 | 6,606,500 shares |
| As of March 31, 2015    | 2,106,500 shares |
  - 3) Average number of outstanding shares:
 

|                                            |                   |
|--------------------------------------------|-------------------|
| During nine months ended December 31, 2015 | 52,364,484 shares |
| During nine months ended December 31, 2014 | 53,461,537 shares |

#### \*Statement regarding the status of quarterly review procedures

This summary is not subject to the quarterly review procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this summary, the review procedures for the quarterly financial statements pursuant to the Financial Instruments and Exchange Act were not completed.

#### \*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 but we make no promises to achieve those figures. Actual results may differ significantly from these forecasts due to various factors. Please see "1. Qualitative Information on Quarterly Results (3) Explanation on forward-looking information including consolidated financial forecasts" on page 3 of the Attachment on the conditions used for forecasts and precautions in relying on forecasts.

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## 1. Qualitative Information on Quarterly Results

### (1) Details of consolidated operating results

#### Consolidated Earnings (April 1, 2015 to December 31, 2015)

(Millions of yen)

|                                            | Results for<br>nine<br>months<br>ended<br>December<br>31, 2014 | Results for<br>nine<br>months<br>ended<br>December<br>31, 2015 | Change<br>(%) | Year ending March 31, 2016 |                 |
|--------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|---------------|----------------------------|-----------------|
|                                            |                                                                |                                                                |               | Earnings forecast          | Achievement (%) |
| Sales                                      | 201,179                                                        | 198,381                                                        | 98.6          | 265,000                    | 74.9            |
| Operating Income                           | 6,609                                                          | 13,787                                                         | 208.6         | 15,000                     | 91.9            |
| Ordinary Income                            | 7,210                                                          | 14,844                                                         | 205.9         | 16,000                     | 92.8            |
| Profit attributable to<br>owners of parent | 5,151                                                          | 9,181                                                          | 178.2         | 10,000                     | 91.8            |

For the Group's results for nine months ended December 31, 2015, the sales for reuse performed well but sales for each of the merchandises in media excluding used mobile were low and sales declined from the same period of the previous year.

However, operating income, ordinary income, and profit attributable to owners of parent all exceeded those of the same period of the previous year because gross income ratio improved for rental and reuse merchandise and because we incurred less selling, general and administrative expenses than expected such as personnel expenses, consumables, and advertisement and sales promotion due to further pursuit of efficient operation.

In reuse, we opened 46 new stores, 17 integrated stores that jointly operates "GEO Shop" which is a media store, and six stores by changing the business of media shops to reuse shops "Second Street, resulting in a total of 69 newly opened stores.

In media, we opened three "GEO mobile" stores which is a new business that we were focusing from this fiscal year, and we opened two "Urban GEO" stores that mainly handles mobile and games.

Our current numbers of stores and facilities are as follows which reflect the implementing of our above store strategies.

( ) show increase or decrease from the end of the previous fiscal year.

|                   | Directly-managed stores |      | Distributors           |   | FC stores              |     | Total                  |      |
|-------------------|-------------------------|------|------------------------|---|------------------------|-----|------------------------|------|
|                   | Increase<br>(decrease)  |      | Increase<br>(decrease) |   | Increase<br>(decrease) |     | Increase<br>(decrease) |      |
| GEO Group stores  | 1,408                   | 38   | 95                     | 3 | 128                    | 0   | 1,631                  | 41   |
| Media stores      | 954                     | (29) | 95                     | 3 | 83                     | (5) | 1,132                  | (31) |
| GEO mobile        | 6                       | 3    |                        |   |                        |     | 6                      | 3    |
| Integrated stores | 113                     | 15   |                        |   |                        |     | 113                    | 15   |
| Reuse stores      | 331                     | 52   |                        |   | 45                     | 5   | 376                    | 57   |
| WAREHOUSE         | 10                      | 0    |                        |   |                        |     | 10                     | 0    |

Notes:

- Media stores include stores that rent DVDs and sell and purchase home game related items.
- Reuse stores include stores that sell and purchase clothing, home electronics and other items.
- A store that operates under multiple store names at one facility is counted as a single store and such store is included among integrated stores.
- GEO mobile means a mobile store that is not operating inside the same facility of a GEO store.

### (2) Details of consolidated financial position

(Assets)

The current assets as of December 31, 2015 were 74,556 million yen which is an increase of 5,896 million yen from the fiscal year ended March 31, 2015. This increase is mainly attributable to an increase of 1,673 million yen in cash and deposits and 3,749 million yen in merchandise. Non-current assets were 58,884 million yen which is a decrease of 68 million yen from the fiscal year ended March 31, 2015. This decrease is mainly attributable to a decrease of 443 million yen in property, plant and equipment while intangible assets increased by 466 million yen.

As a result, the total assets as of December 31, 2015 were 133,440 million yen which is an increase of 5,828 million yen from the fiscal year ended March 31, 2015.

(Liabilities)

The current liabilities as of December 31, 2015 were 42,837 million yen which is an increase of 7,768 million yen from the fiscal year ended March 31, 2015. This increase is mainly attributable to an increase of 6,755 million yen in accounts payable-trade. Non-current liabilities were 27,051 million yen which is a decrease by 2,278 million yen from the fiscal year ended March 31, 2015. This decrease is mainly attributable to a reduction of 2,544 million yen in long-term loans payable.

As a result, total liabilities were 69,889 million yen which is an increase of 5,490 million yen from the fiscal year ended March 31, 2015.

(Net assets)

The total net assets as of December 31, 2015 were 63,551 million yen which is an increase of 337 million yen from the fiscal year ended March 31, 2015. This increase is mainly attributable to quarterly profit attributable to owners of parent of 9,181 million yen and dividends of surplus of 1,677 million yen, and acquisition of treasury shares of 7,425 million yen.

As a result, equity ratio was 47.5% (49.4% as of the fiscal year ended March 31, 2015).

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

The forecast for consolidated results for full-year ending on March 31, 2016 were revised in view of the progress made in performance and markets trends during the nine months ended December 31, 2015. For details, please refer to our "Notice concerning revision of forecast for consolidated results for full-year ending on March 31, 2016" which we disclosed as of February 8, 2016.

## 2. Matters Relating to Summary Information (Notes)

Changes in accounting principles, changes in accounting estimates, retrospective restatement

Changes in accounting principles:

(Application of accounting standards for business combination and others)

From the first quarter, we applied the “Accounting Standards for Business Combinations” (Accounting Standards No. 21, revised on September 13, 2013, the “Business Combination Accounting Standards”), “Accounting Standards for Consolidated Financial Statements” (Accounting Standards No. 22, revised on September 13, 2013, the “Consolidated Accounting Standards”), “Accounting Standards for Business Divestiture” (Accounting Standards No. 7, revised on September 13, 2013, the “Business Divestiture Accounting Standards”) and others, pursuant to which we accounted as capital surplus the difference resulting from changes in our ownership in subsidiaries which we continue to control, and we changed our accounting method to account the acquisition-related expenses as expenses in the consolidated fiscal year in which they were incurred. With respect to business combination to be executed after the beginning of the first quarter, we changed our accounting method to reflect the allocation amount of the acquisition cost after the provisional accounting treatment is settled in the quarterly financial statements for the relevant quarter in which the business combination took effect. We also changed the statement of quarterly net income. In order to reflect the change in this statement, we rearranged our quarterly financial statements for the nine months period of the previous fiscal year.

In applying the Business Combination Accounting Standards, we observed the transitional methods stipulated in the Business Combination Accounting Standards paragraph 58-2(4), the Consolidated Accounting Standards paragraph 44-5(4) and Business Divestiture Accounting Standards paragraph 57-4(4), and we applied these standards from the beginning of the first quarter.

The application of these accounting standards will not affect the profit and loss.

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

(Millions of yen)

|                                                       | As of March 31, 2015 | As of December 31, 2015 |
|-------------------------------------------------------|----------------------|-------------------------|
| <b>Assets</b>                                         |                      |                         |
| Current assets                                        |                      |                         |
| Cash and deposits                                     | 32,052               | 33,726                  |
| Accounts receivable - trade                           | 4,077                | 5,390                   |
| Merchandise                                           | 23,834               | 27,584                  |
| Other                                                 | 8,987                | 8,163                   |
| Allowance for doubtful accounts                       | (292)                | (309)                   |
| Total current assets                                  | 68,659               | 74,556                  |
| Non-current assets                                    |                      |                         |
| Property, plant and equipment                         |                      |                         |
| Buildings and structures, net                         | 13,622               | 13,733                  |
| Other, net                                            | 20,420               | 19,866                  |
| Total property, plant and equipment                   | 34,043               | 33,599                  |
| Intangible assets                                     | 1,277                | 1,743                   |
| Investments and other assets                          |                      |                         |
| Lease and guarantee deposits                          | 14,735               | 14,911                  |
| Other                                                 | 12,648               | 12,231                  |
| Allowance for doubtful accounts                       | (3,751)              | (3,601)                 |
| Total investments and other assets                    | 23,632               | 23,540                  |
| Total non-current assets                              | 58,952               | 58,884                  |
| <b>Total assets</b>                                   | <b>127,612</b>       | <b>133,440</b>          |
| <b>Liabilities</b>                                    |                      |                         |
| Current liabilities                                   |                      |                         |
| Accounts payable - trade                              | 13,540               | 20,296                  |
| Current portion of long-term loans payable            | 7,097                | 7,928                   |
| Income taxes payable                                  | 265                  | 4,667                   |
| Other                                                 | 14,165               | 9,945                   |
| Total current liabilities                             | 35,068               | 42,837                  |
| Non-current liabilities                               |                      |                         |
| Long-term loans payable                               | 21,843               | 19,298                  |
| Asset retirement obligations                          | 3,994                | 4,140                   |
| Other                                                 | 3,491                | 3,612                   |
| Total non-current liabilities                         | 29,329               | 27,051                  |
| <b>Total liabilities</b>                              | <b>64,398</b>        | <b>69,889</b>           |
| <b>Net assets</b>                                     |                      |                         |
| Shareholders' equity                                  |                      |                         |
| Capital stock                                         | 8,615                | 8,833                   |
| Capital surplus                                       | 6,090                | 6,309                   |
| Retained earnings                                     | 49,998               | 57,502                  |
| Treasury shares                                       | (1,979)              | (9,404)                 |
| Total shareholders' equity                            | 62,724               | 63,240                  |
| Accumulated other comprehensive income                |                      |                         |
| Valuation difference on available-for-sale securities | 282                  | 216                     |
| Deferred gains or losses on hedges                    | -                    | (19)                    |
| Total accumulated other comprehensive income          | 282                  | 197                     |
| Subscription rights to shares                         | 206                  | 113                     |
| <b>Total net assets</b>                               | <b>63,214</b>        | <b>63,551</b>           |
| <b>Total liabilities and net assets</b>               | <b>127,612</b>       | <b>133,440</b>          |

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

Income statement

|                                                   | (Millions of yen)                      |                                        |
|---------------------------------------------------|----------------------------------------|----------------------------------------|
|                                                   | Nine months ended<br>December 31, 2014 | Nine months ended<br>December 31, 2015 |
| Net sales                                         | 201,179                                | 198,381                                |
| Cost of sales                                     | 117,346                                | 111,041                                |
| Gross profit                                      | 83,833                                 | 87,339                                 |
| Selling, general and administrative expenses      | 77,223                                 | 73,552                                 |
| Operating income                                  | 6,609                                  | 13,787                                 |
| Non-operating income                              |                                        |                                        |
| Real estate rent                                  | 867                                    | 952                                    |
| Other                                             | 804                                    | 903                                    |
| Total non-operating income                        | 1,671                                  | 1,856                                  |
| Non-operating expenses                            |                                        |                                        |
| Interest expenses                                 | 172                                    | 175                                    |
| Rent expenses on real estates                     | 452                                    | 569                                    |
| Other                                             | 445                                    | 53                                     |
| Total non-operating expenses                      | 1,070                                  | 798                                    |
| Ordinary income                                   | 7,210                                  | 14,844                                 |
| Extraordinary losses                              |                                        |                                        |
| Impairment loss                                   | 1,227                                  | 318                                    |
| Other                                             | -                                      | 13                                     |
| Total extraordinary losses                        | 1,227                                  | 332                                    |
| Income before income taxes and minority interests | 5,983                                  | 14,512                                 |
| Income taxes - current                            | 1,490                                  | 4,893                                  |
| Income taxes - deferred                           | (659)                                  | 437                                    |
| Total income taxes                                | 831                                    | 5,331                                  |
| Profit                                            | 5,151                                  | 9,181                                  |
| Profit attributable to owners of parent           | 5,151                                  | 9,181                                  |

Statement of comprehensive income

(Millions of yen)

|                                                       | Nine months ended<br>December 31, 2014 | Nine months ended<br>December 31, 2015 |
|-------------------------------------------------------|----------------------------------------|----------------------------------------|
| Profit                                                | 5,151                                  | 9,181                                  |
| Other comprehensive income                            |                                        |                                        |
| Valuation difference on available-for-sale securities | (68)                                   | (66)                                   |
| Deferred gains or losses on hedges                    | -                                      | (19)                                   |
| Total other comprehensive income                      | (68)                                   | (85)                                   |
| Comprehensive income                                  | 5,083                                  | 9,095                                  |
| Comprehensive income attributable to                  |                                        |                                        |
| Comprehensive income attributable to owners of parent | 5,083                                  | 9,095                                  |

(3) Notes on consolidated financial statements

(Notes on going concern assumptions)

None

(Notes on significant change in shareholders' equity)

Pursuant to the resolution of the board of directors meeting held on November 2, 2015, we acquired 4,500,000 shares of our treasury shares. As a result, our treasury shares for nine months ended December 31, 2015 increased by 7,425 million yen and our treasury shares as of December 31, 2015 were 9,404 million yen.

(Segment information)

*Segment information*

For the nine months ended December 31, 2014 (consolidated) and the nine months ended December 31, 2015 (consolidated):

Description is omitted because the Group reports only through one segment, i.e., retail services.