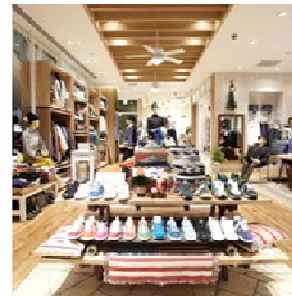




GEO HOLDINGS CORPORATION
(Tokyo 1st Section: 2681)
February 2017

Supplementary Materials on Financial Results of the Third Quarter of the Fiscal Year Ending March 31, 2017

To offer joy to your everyday life



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Our Major Businesses

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Our Major Businesses



Our Major Businesses: Major merchandise handled at each type of store

	Media 			Reuse 			Online 				
	Rental	Reuse purchase / sale	Sale of new goods	Reuse purchase / sale	Sale of new goods	Reuse buying-by-visit	Home delivery rental	Distribution	Reuse sale	Sale of new goods	Reuse buying-by-delivery
DVD (visual)	●	●	●	—	—	—	●	●	●	●	●
CD (music)	●	●	●	—	—	—	●	—	●	●	●
Comic	●	—	—	—	—	—	●	●	—	—	—
Game hardware	—	●	●	—	—	—	—	—	●	●	●
Game software	—	●	●	—	—	—	—	—	●	●	●
Mobile devices	—	●	●	—	—	—	—	—	●	●	●
Clothes and accessories	—	—	—	●	●	—	—	—	●	●	●
Brand goods	—	—	—	●	—	—	—	—	●	—	●
Recreation goods	—	—	—	●	—	—	—	—	—	—	●
Furniture	—	—	—	●	—	●	—	—	—	—	—
Home appliances	—	—	—	●	—	●	—	—	—	—	—
Golf equipment	—	—	—	●	—	—	—	—	●	—	●



Our Major Businesses: Number of stores and logistics locations

1,569 Directly managed stores (“DMS”)
Total of 1,801 stores



DMS 1,052 ※1 (+15,-9)
Total 1,235 ※1 (+31,-29)



DMS 495 ※1 (+45,-11)
Total 544 ※1 (+48,-12)



DMS 11 (+4,-0)
Total 11 (+4,-0)



DMS 11 (+2,-1)
Total 11 (+2,-1)

(Integrated stores ※2 DMS 123 ※3 (+5,-3) Total 123 ※3 (+5,-3))

As of December 31, 2016
 The number of increase/decrease is shown in ().

※1 Includes integrated stores.

※2 Includes Super Second Street and Jumble Store.

※3 Includes 3 media franchise stores and 3 reuse franchise stores.

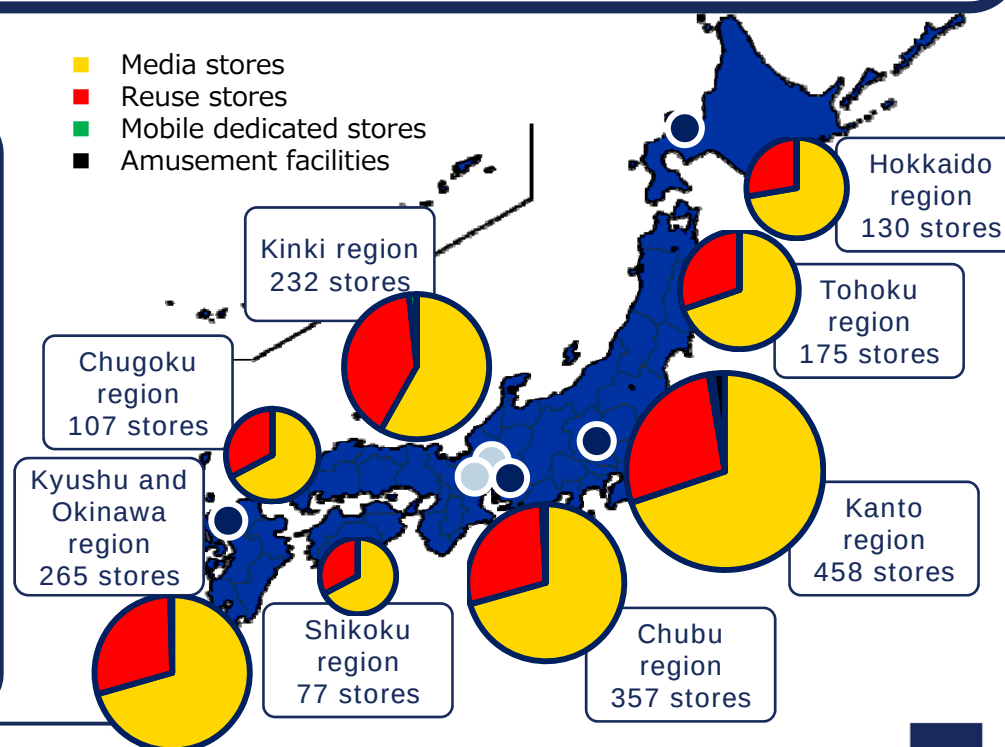
● 4 product circulating type logistics centers

Sapporo Logistics Center
Takasaki Logistics Center
Iwakura Logistics Center
Fukuoka Logistics Center

● 2 purchase and allocating logistics centers

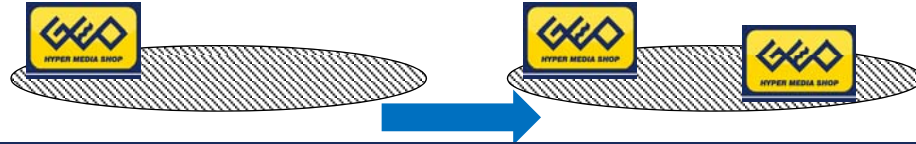
Inuyama Logistics Center
Kasugai Logistics Center

■ Media stores
 ■ Reuse stores
 ■ Mobile dedicated stores
 ■ Amusement facilities

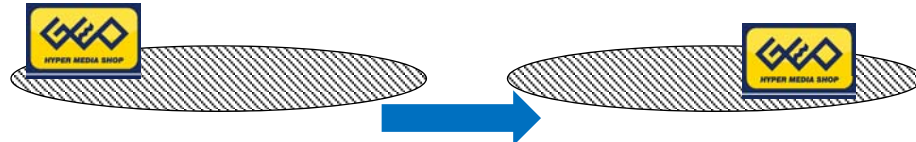


Our Major Businesses: The strength of our DMS

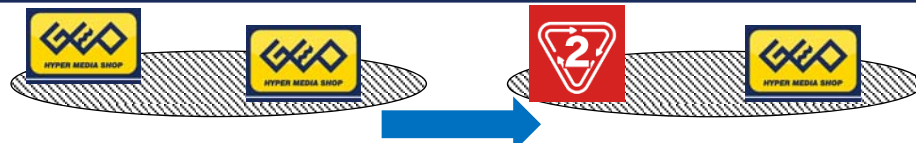
Opening stores within the same area



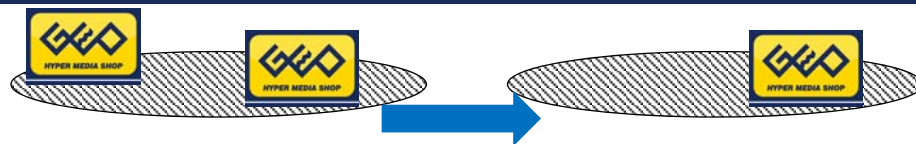
Relocating stores inside and outside of the area



Change of business



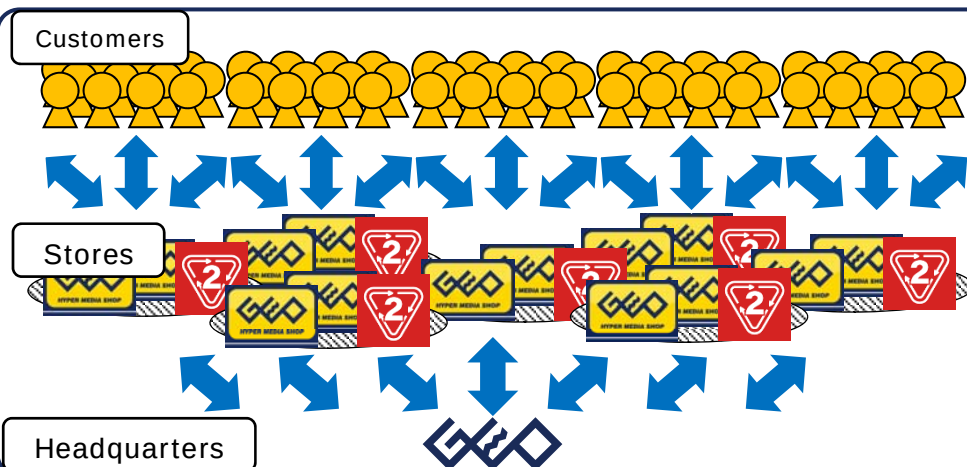
Close and / or consolidate stores



Collect information on potential demands

Introduce new services

Provide uniform services

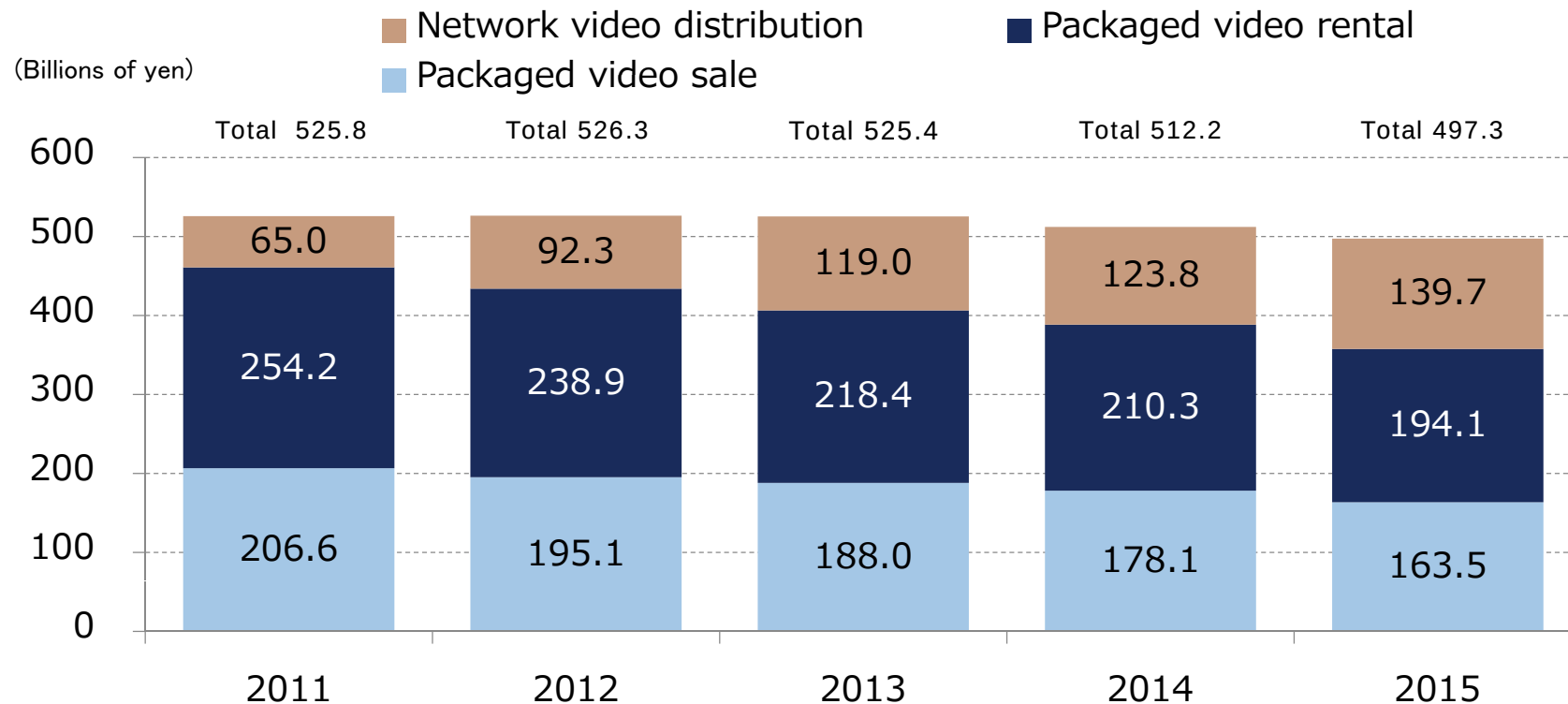


We flexibly operate 1,500 stores



Our Major Businesses: Video media market

- Packaged video market is gradually shrinking.
- Because smartphones that are said to be contributing to expansion of video distribution are not suitable for watching movies (due to the viewing size, battery consumption, and limits on data communication), there is a certain level of demand for packaged video rental.



Reference: "Digital Content White Paper 2016" by Digital Content Association of Japan



Our Major Businesses: Media



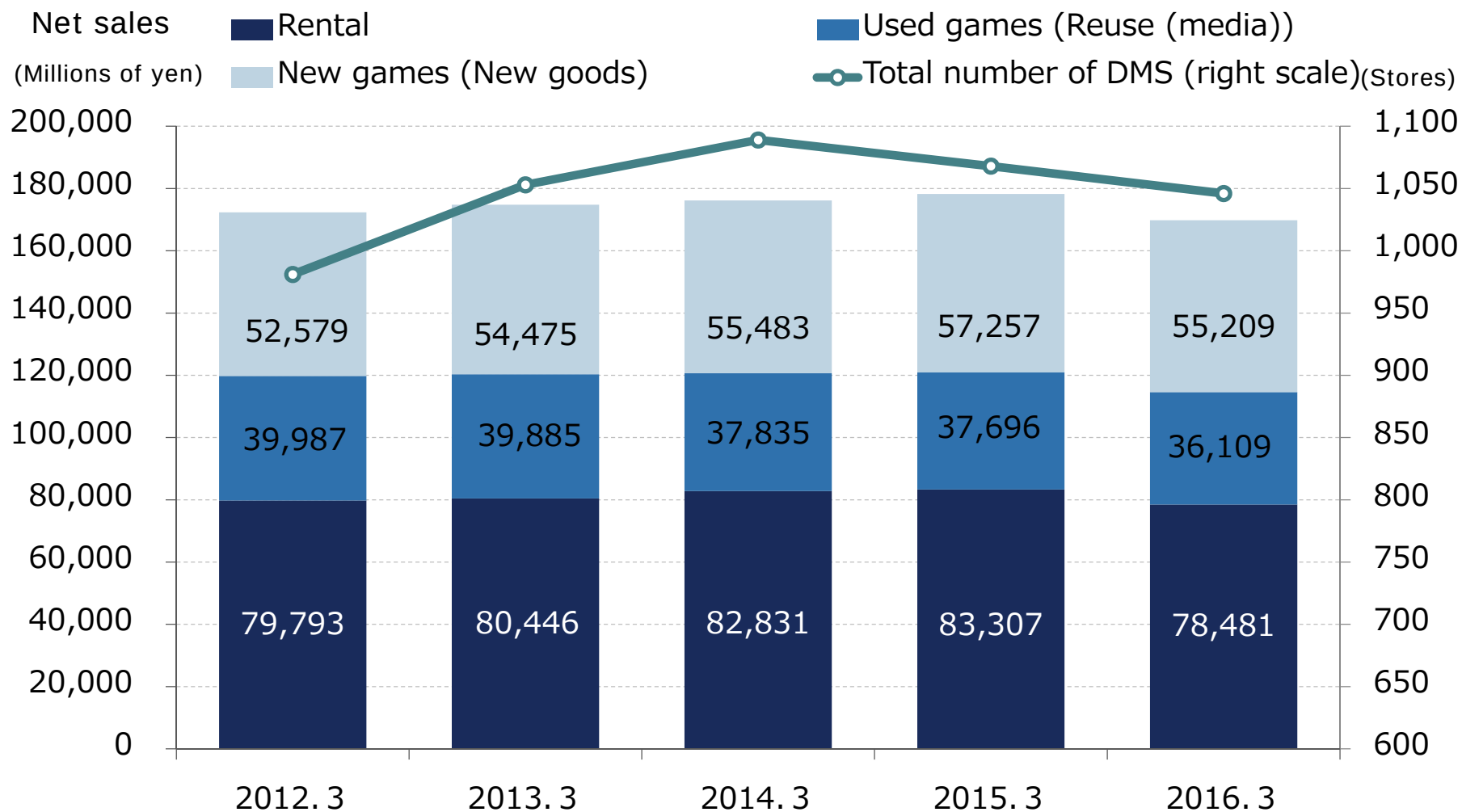
- Major store:
GEO
- Main businesses:
Rental, reuse (purchase and sale of used goods),
sale of new goods
- Business form:
Diverse supply of entertainment such as videos,
music, comics, and games
- Ratio of media sales:
71.3% (for nine months ended December 31,
2016)



Our Major Businesses: Media



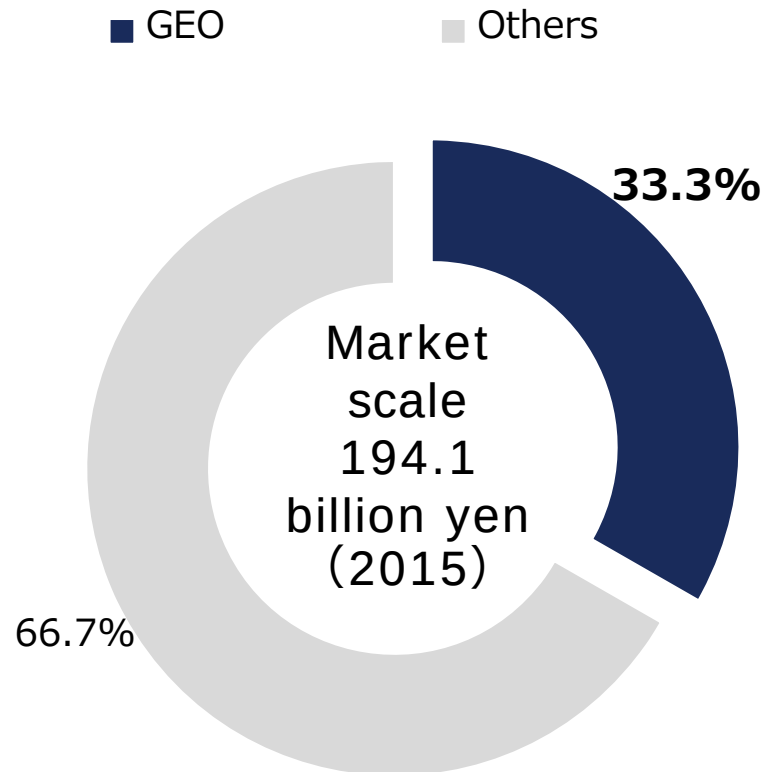
Changes in sales and number of stores



Our Major Businesses: Media

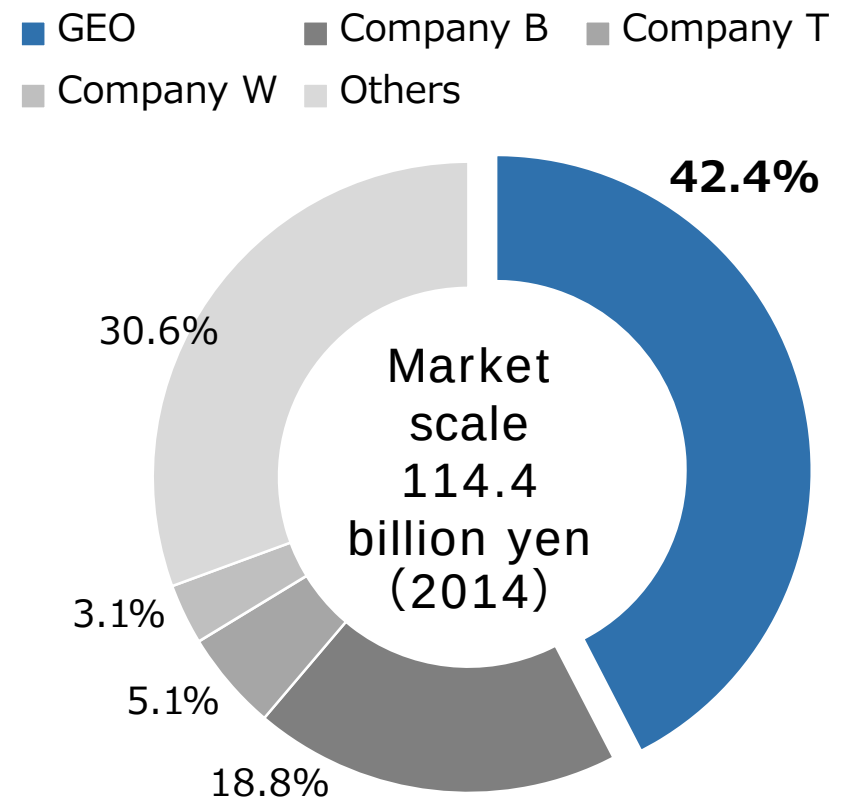


Packaged video rental market share



Reference: Digital Content White Paper 2016

Reuse (media and games) market share



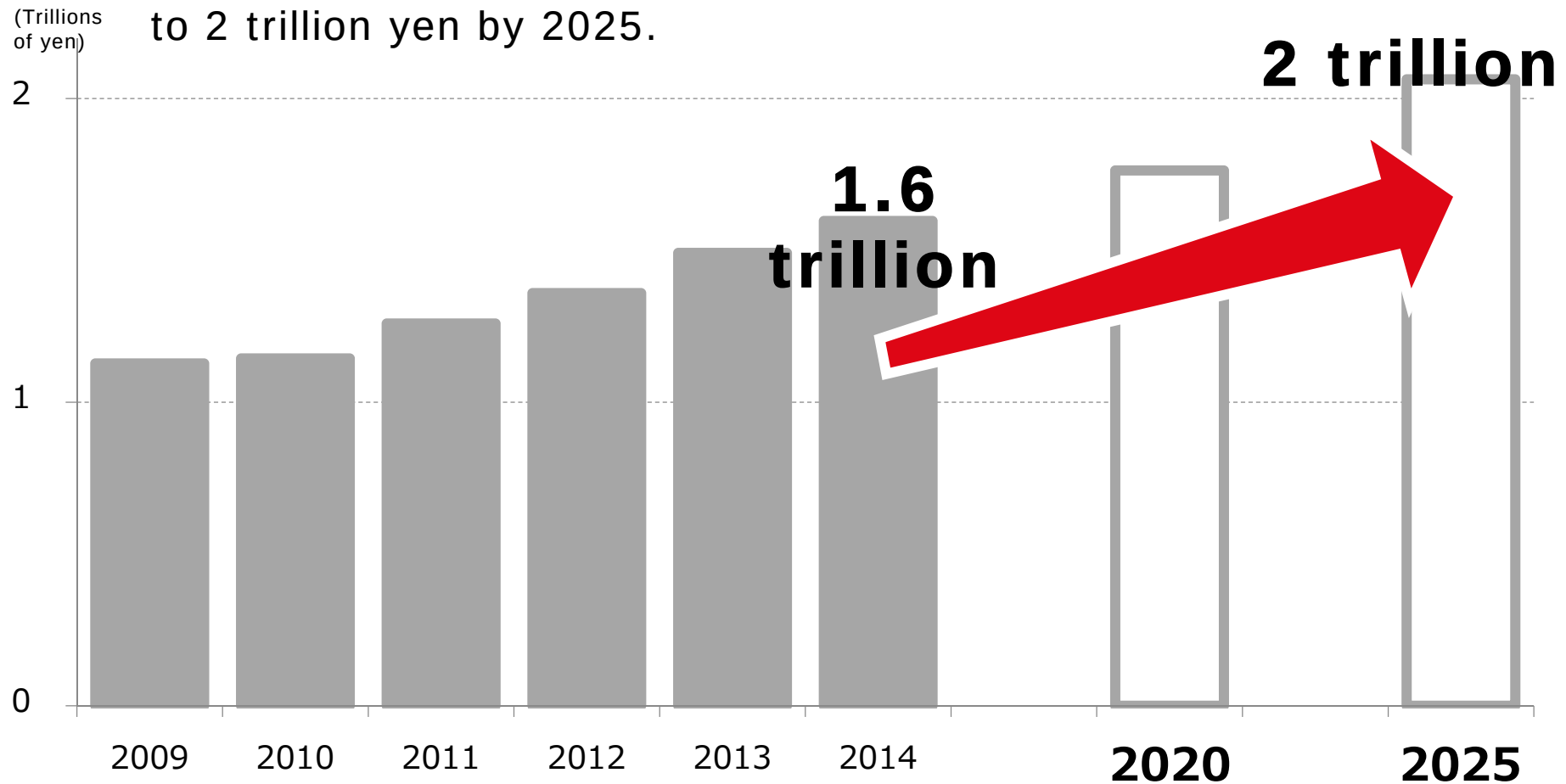
The Reuse Business Journal
"Secondhand Market Databook 2016"



Our Major Businesses: The reuse market

- The reuse market expanded consecutively for more than 5 years.

This market is still expanding and it is anticipated that it will grow to 2 trillion yen by 2025.



The Reuse Business Journal "Secondhand Market Databook 2016"



Our Major Businesses: Reuse



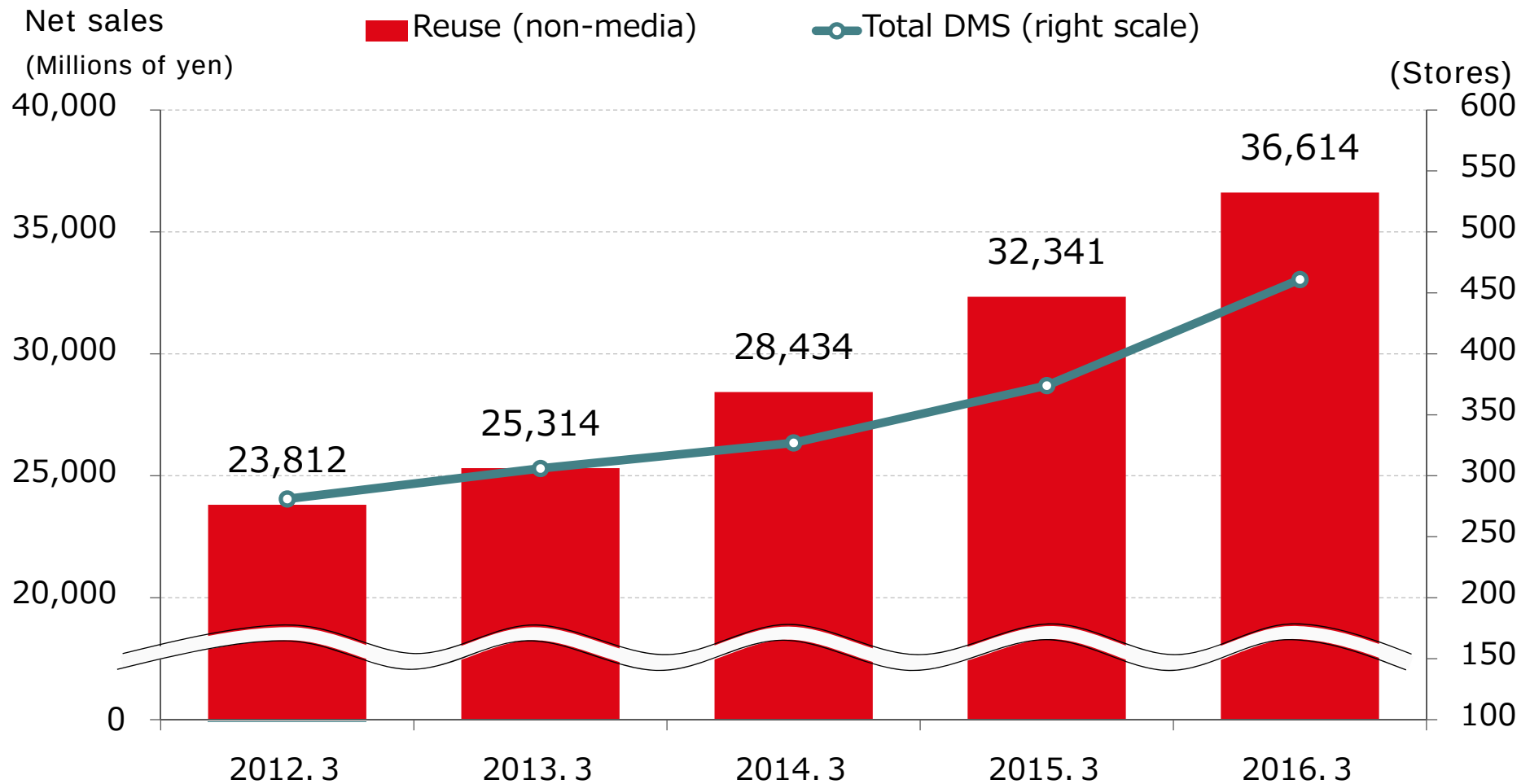
- Major stores:
Second Street, Jumble Store
- Main businesses:
Reuse (purchase and sale of used goods), sale of new goods
- Business form:
Comprehensive reuse business of clothes, accessories, furniture, home appliances, etc.
- Ratio of reuse sales:
17.2 % (for nine months ended December 31, 2016)



Our Major Businesses: Reuse



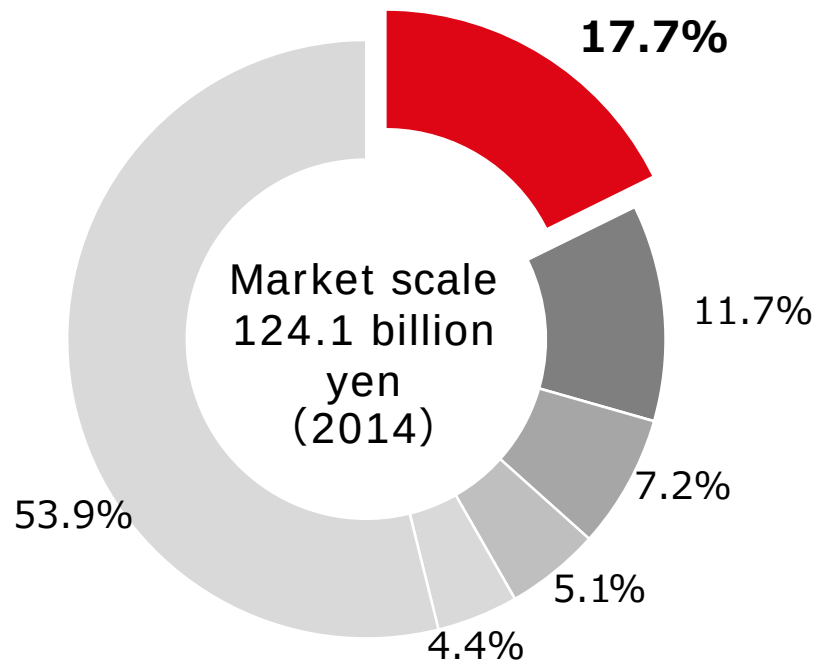
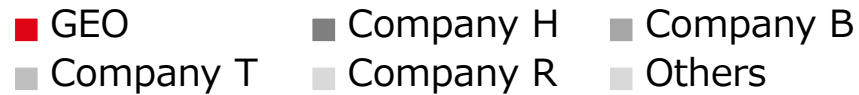
Changes in sales and number of stores



Our Major Businesses: Reuse



Reuse (clothes and accessories) market share



The Reuse Business Journal "Secondhand Market Databook 2016"



Our Major Businesses: Reuse



- Reuse business is anticipated to grow further in the future and we aim to expand sales and number of stores to a target of 700 stores.



※1 : Annual average growth rate of the market from 2009 to 2014 (Reference: The Reuse Business Journal “Secondhand Market Databook 2016”)

※2 : Annual average growth rate of sales from 2012 to 2016

※3 : Annual average growth rate of the number of stores from 2012 to 2016



- We use manuals prepared for each kind of merchandise, e-learning, and tablet to improve the merchandise knowledge of our staff to quickly train them to become our force as buyers.

Manuals for each kind of merchandise

We prepared manuals on appraisal method and authenticity checkpoints for each kind of merchandise.

e-learning

We use e-learning and tablet to quickly improve our staff's merchandise knowledge.

In-house qualifications

We created buyer rankings as our in-house qualification to clarify each staff's buyer skills.



Financial Summary for the Third Quarter of the Fiscal Year Ending March 31, 2017



Nine months results

- The group's consolidated performance resulted in a decrease in income and profit. Operating income achieved 63.8% of the full-year forecast.
- Net sales resulted in 99.8% compared to the same period of the previous year from contribution of sales of reuse merchandise and new goods merchandise while rental sales softened. Gross profit declined due to a change in composition of sales compared to the same period of the previous year. Operating income was 50.9% compared to the same period of the previous year due to the effect of the cost incurred in opening new stores for reuse and other reasons.

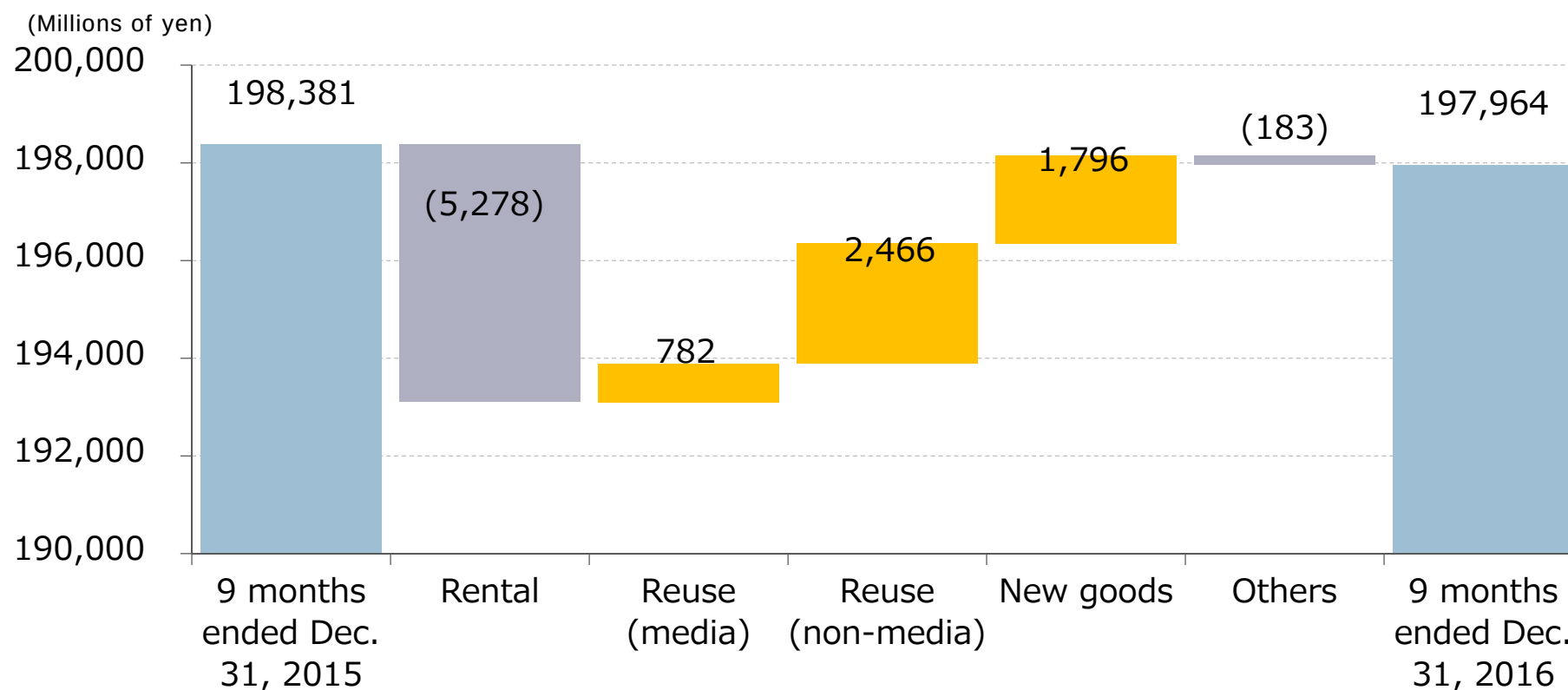
(Millions of yen)

	Nine months ended December 31, 2015		Nine months ended December 31, 2016				Full year ending March 31, 2017	
	Results	Sales ratio	Results	Sales ratio	Increase/decrease	Change	Forecast	Achievement
Net sales	198,381		197,964		(416)	99.8%	277,000	71.5%
Gross profit	87,339	44.0%	84,479	42.7%	(2,860)	96.7%	118,000	71.6%
SG&A	73,552	37.1%	77,461	39.1%	3,909	105.3%	107,000	72.4%
Operating income	13,787	6.9%	7,017	3.5%	(6,769)	50.9%	11,000	63.8%
Ordinary income	14,844	7.5%	7,499	3.8%	(7,345)	50.5%	12,000	62.5%
Profit	9,181	4.6%	4,125	2.1%	(5,055)	44.9%	6,000	68.8%



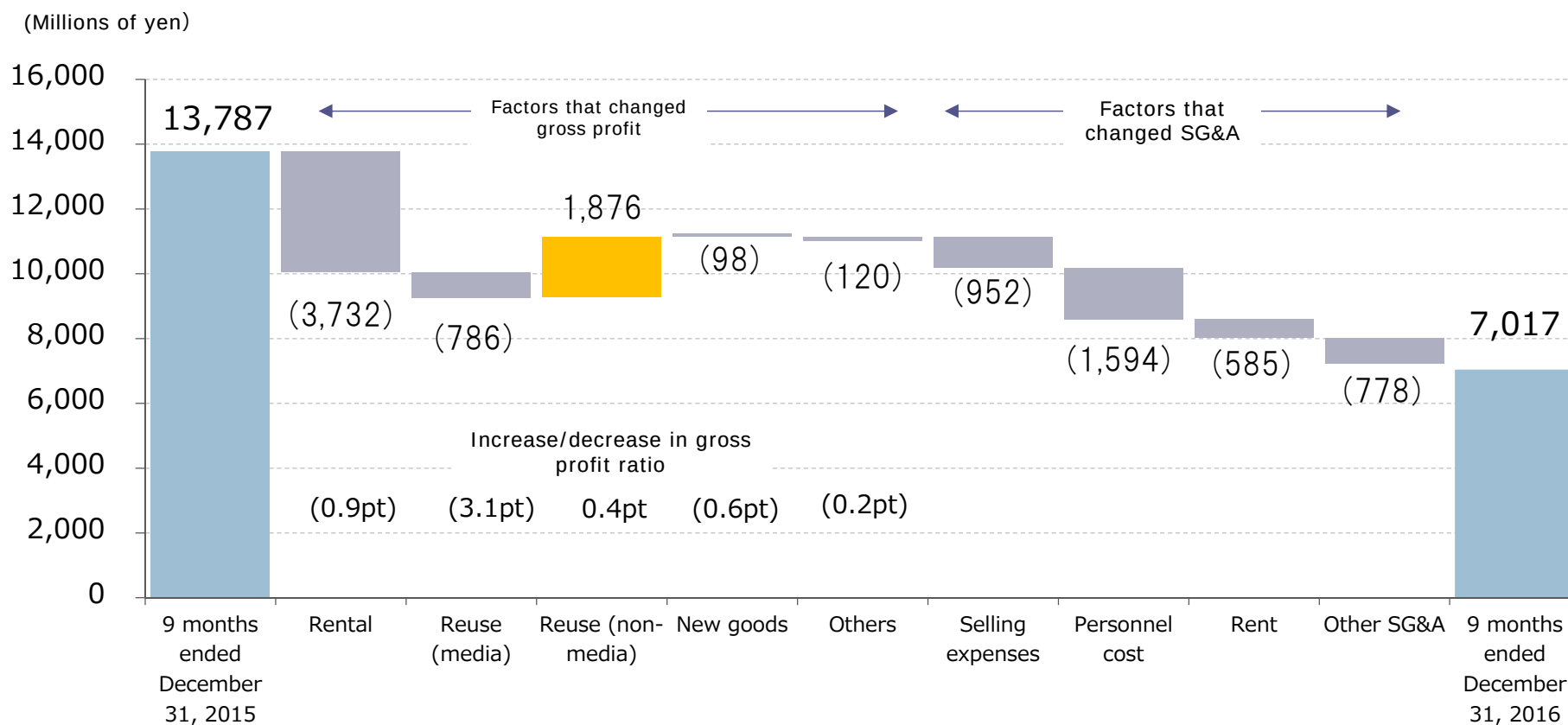
Net sales: Increase / decrease from the same period of the previous year

- Sales for rental declined by 5.2 billion yen such as from the effect of Rio Olympics (91.1% compared to the same period of the previous year).
- Sales for reuse (media) merchandise (mainly used mobiles), which is continuously solidly increasing, increased by 700 million yen (102.2% compared to the same period of the previous year).
- Sales for reuse (non-media) merchandise, which is solidly increasing despite of the effect of typhoons and lingering summer heat, increased by 2.4 billion yen (109.0% compared to the same period of the previous year).
- Sales for merchandise (new goods) (mainly game software) in the year-end shopping season increased by 1.7 billion yen (103.2% compared to the same period of the previous year).



Operating income: Increase / decrease from the same period of the previous year

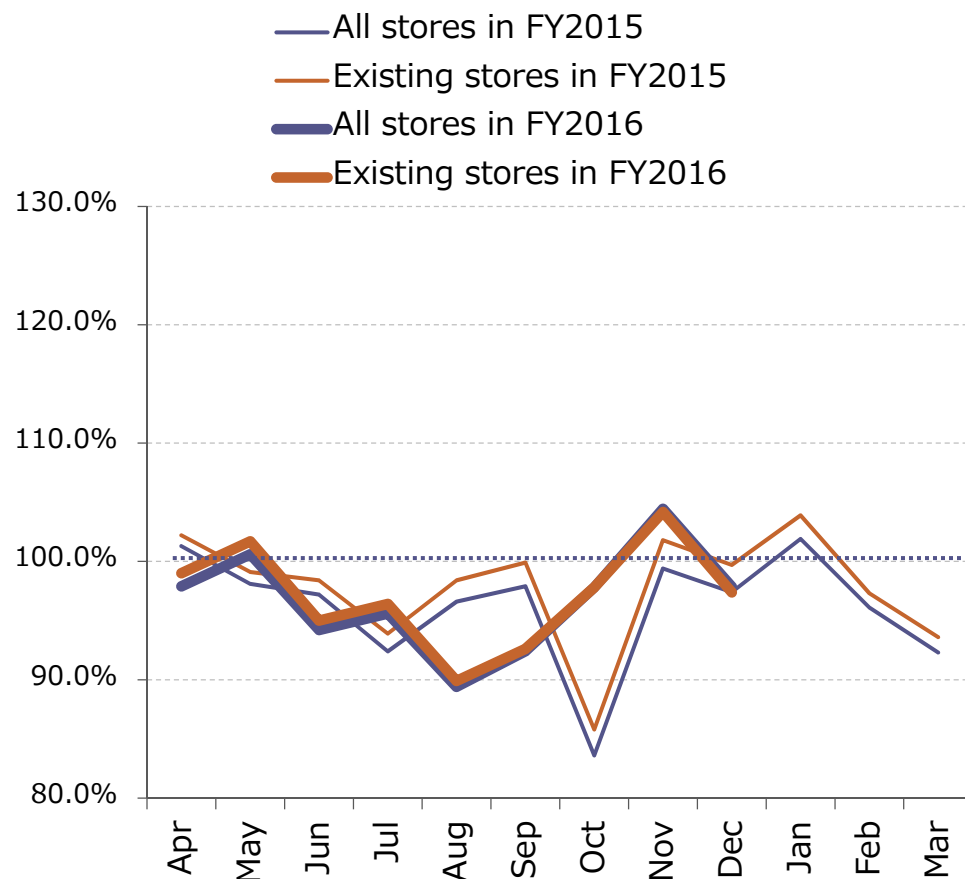
- Gross profit declined by 3.7 billion yen due to reduced sales for rental and 0.9 point decline in gross profit ratio.
- Gross profit declined by 700 million yen due to the decline of the gross profit ratio in used games and used mobiles although sales for reuse (media) merchandise increased.
- Gross profit increased by 1.8 billion yen due to increase in sales for reuse (non-media) merchandise and 0.4 point increase in gross profit ratio.
- SG&A increased by 3.9 billion yen due to active sales promotion activities and personnel costs and rents accompanying increase in the opening of stores.



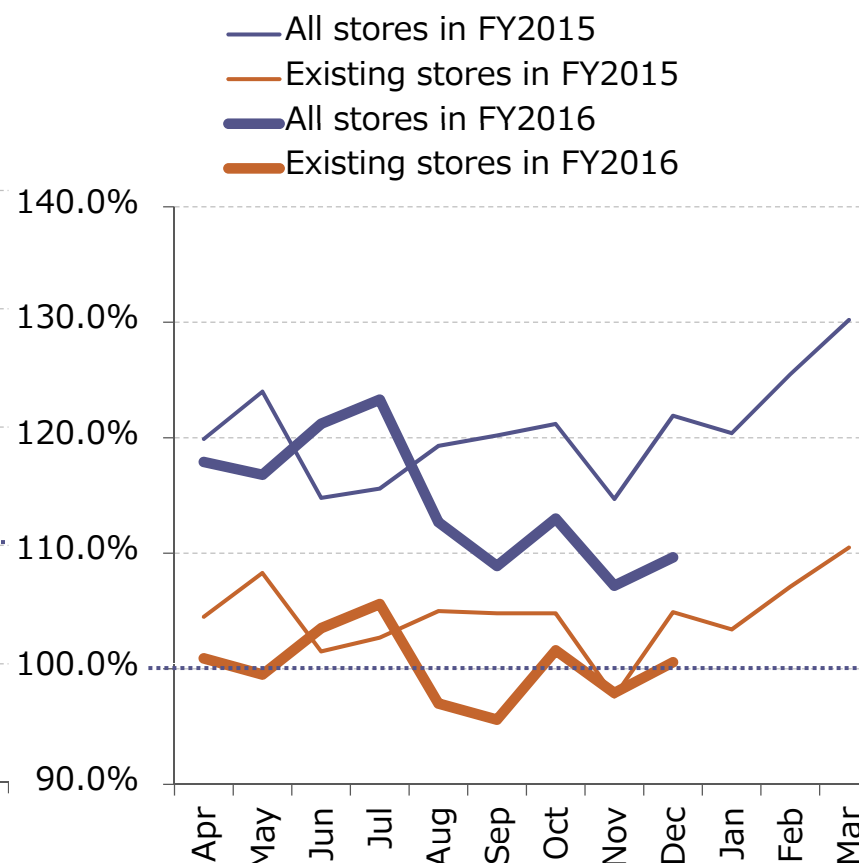
Monthly change in net sales compared with previous year

- The sales for media stores recovered in November from the effect of Rio Olympics in August and although sales for merchandise were solid during the year-end shopping season, sales for rental struggled and sales declined in December falling from the same month of the previous year.
- The sales for reuse stores were affected from the typhoon and lingering summer heat in August and September but sales recovered from October.

Media stores (DMS)



Reuse stores (DMS)



Topics: Media

- We opened “GEO Yuzawa Store” on October 8, which is the first store jointly-opened with “Seven-Eleven.”

This new store is a combination of GEO store and Seven-Eleven store which is a convenience store. GEO and Seven-Eleven will efficiently utilize the mutual know-how in developing this store. This store succeeded in acquiring a new customer base by strengthening ability to capture customers and improving convenience of users.

- We opened “GEO Anime” on December 10, which is one of the largest animation specialty stores in Hokuriku.

This is one of the largest animation specialty stores in Hokuriku region that sells animation-related goods that were formerly only available in large cities and we succeeded in acquiring a new customer base.



Topics: Reuse and mobile

■ Buying only store:

We opened “Second Street Togoshiginza (buying only) Store” on December 17.

This is our first “Second Street” store in Tokyo that specializes in “buying” which is also our second buying only store in Japan following Motoyama Store (in Chikusa, Nagoya). By specializing in buying, we could buy merchandise efficiently in a small space. We believe that this method will contribute to expanding buying in reuse.



■ Smartphone shopping site

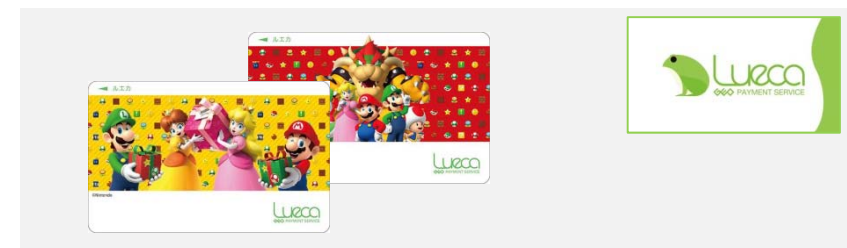
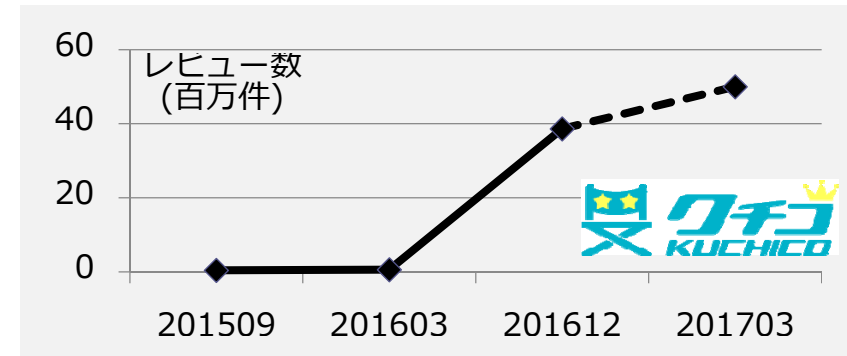
“GEO mobile online” opened on December 12.

We opened “GEO mobile online” which is a smartphone shopping site for purchasing used smartphones and tablets. There were initially two real stores with which coordination was made on stocks that could be purchased online. We will target to attain coordination with 11 stores by the end of March 2017 so that there is a constant stock of 10,000 used smartphones available to be purchased online.



Topics: Others

- We attained 30 million reviews on “Kuchiko” which is an entertainment review site (as of November 30, 2016).
- We commenced electronic comic rental business “GEO Manga.”
- We distributed 100,000 Mario “Lueca” cards for free to first to come .



Topics: Others

- At Warehouse (game center), we hosted “Escape from Kowloon Walled City.”
- We commenced “GEO Group Accelerator 2016” program to jointly create new business with a start-up company.
- We launched “GEO Idol Employee Project” where we produce idols (performers who sing and dance) who shall engage in promotional activities for GEO’s businesses.
- We opened our in-house college “GEO Academy” to train the next generation leaders.



Topics: Others

- We hosted “KINEKO International Children’s Film Festival 2016 GEO Camp Theatre.”



- GEO Business Support Co., Ltd., our special subsidiary for hiring disabled people, participated in the “15th Aichi Disabled Persons Flying Disc Contest.” The GEO group has been sponsoring and supporting this contest since 2008.





Forecast for Fiscal Year Ending March 31, 2017



Forecast (full year)

- We will maintain our full-year forecast presented on May 11, 2016 because while we anticipate the negative effects of the rental market environment and reuse (non-media) from the weather, there are long-awaited new movie titles, new model game device, and new game software scheduled to be released in the 4th quarter, and sales continue to be solid for reuse (media) (mainly used mobiles).

(Millions of yen)

	Full year ended March 31, 2016		Full year ending March 31, 2017				Nine months ended December 31, 2016	
	Results	Sales ratio	Forecast	Sales ratio	Increase/decrease	Change from the previous year	Results	Achievement
Net sales	267,910		277,000		9,089	103.4 %	197,964	71.5%
Gross profit	116,112	43.3%	118,000	42.6%	1,887	101.6%	84,479	71.6%
SG&A	99,559	37.2%	107,000	38.6%	7,440	107.5 %	77,461	72.4%
Operating income	16,552	6.2%	11,000	4.0%	(5,552)	66.5 %	7,017	63.8%
Ordinary income	17,824	6.7%	12,000	4.3%	(5,824)	67.3%	7,499	62.5%
Profit	10,563	3.9%	6,000	2.2%	(4,563)	56.8%	4,125	68.8%

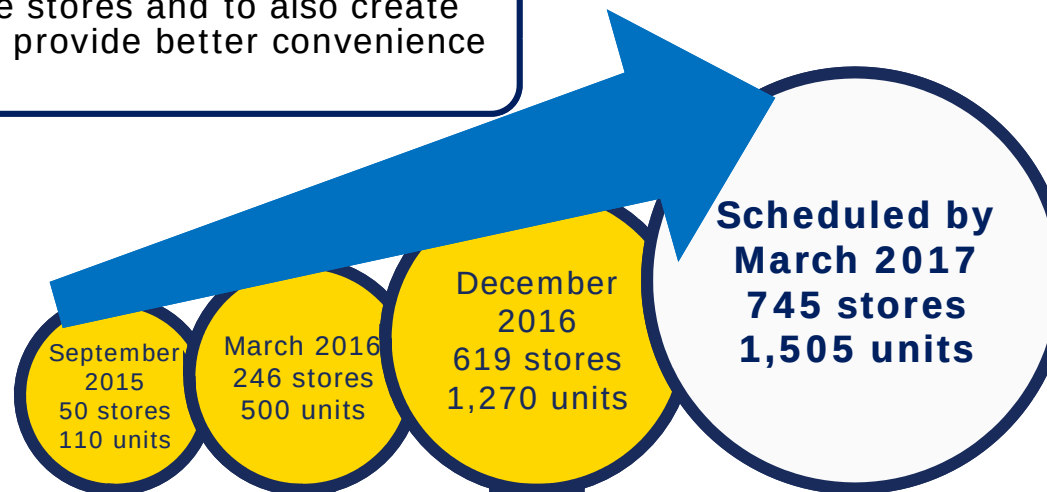


Our future emphasis: Media

- We will increase “self-checkout terminals” from 500 units at 246 stores to 1,505 units at 745 stores.

In order to promote efficiency in our cashier operations and improve convenience of our customers, we installed our originally-developed “self-checkout terminals” at a total of 619 stores (1,270 units) by December 2016 and we are scheduled to install these at a total of 745 stores (1,505 units) by March 2017.

We will continue installing self-checkout terminals at our DMS GEO stores to enable our staff to better concentrate on sales activities inside the stores and to also create an environment to provide better convenience to our customers.



Our future emphasis: Media

- The release of major titles of new game software concentrated in the 2nd half and new model PS4 was launched last autumn.

The release of major titles of new game software concentrated in the 2nd half compared to the previous year and a new model PS4 was launched in September 2016, and the sale of used game software and game devices is anticipated to contribute to the sales for the 4th quarter and the 1st half of the next fiscal year.

The long-awaited new model game device and new game software are scheduled to be launched during the 4th quarter. With the active game market and by providing our original benefits to certain games, we anticipate increase in the number of customers.

Release of game software (new goods)



		Number of major titles (annual million sellers)	Major devices
Fiscal year ended March 31, 2016	1st half	3	3 D S
	2nd half	2	3 D S • WiiU
Fiscal year ending March 31, 2017	1st half	0	—
	2nd half	4 (anticipated)	P S 4 • 3 D S

TOPICS

“Nintendo Switch” is scheduled to be launched on March 3.
The launch of this new model device is the first time since the launch of the television game device “WiiU” in 2012.

The feature of Nintendo Switch is that it could be played not only as a television game but also as a portable game device on the liquid crystal display on the main unit. The two controllers are detachable from the main unit and game could be played by multiple persons.



Our future emphasis: Reuse

- We increased buying locations for buying-by-delivery from one to three locations.

The increase in the buying locations for “buying-by-delivery (WEB buying)” from the current sole location in Aichi to two more locations in Hokkaido and Kumamoto will enhance the buying operations for buying-by-delivery.

- We will strengthen our buying team for buying-by-visit and expand the area for handling buying-by-visit.

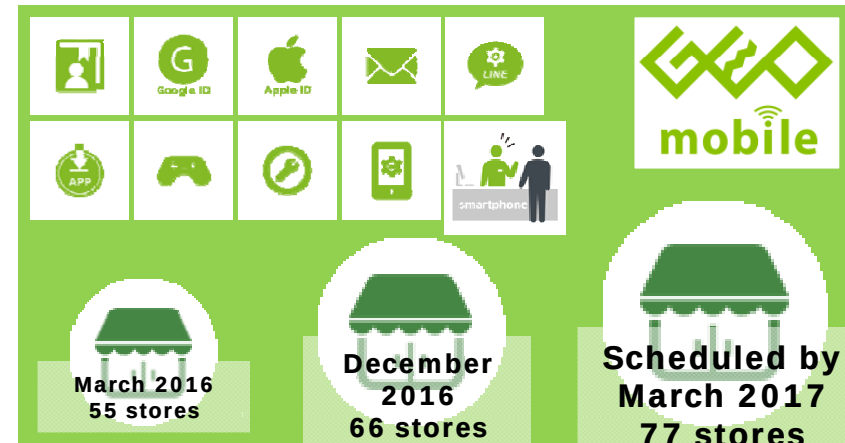


Our future emphasis: Mobile

- Expand mobile stores from 55 stores to 77 stores

Our GEO stores throughout Japan “purchase and sell” mobile terminals and “sell low cost SIM” but high value-added services such as “same day commencement of SIM service,” “permanent station of specialized staff,” and “repairing service” are provided at our “mobile stores.” We will increase our “mobile stores” from 66 (as of December 2016) to 77 stores by March 2017 and expand support that could be only provided by GEO mobile.

- Increase our specialized staff to 100 persons



Our future emphasis: Online service



□ Continuously enforce EC

Our group is focusing more on using the internet while utilizing the advantages of our directly managed stores. In promoting EC, each business will increase the number of stores that sell the merchandise both in-store and online, increase the number of merchandise sold online, and increase the sales channel while minimizing the use of warehouses.

Particularly for EC in reuse business, almost all reuse stores sell both in-store and online. As the sales for reuse is producing increased profit, we will continuously promote EC to target to attain a rate of 7% of the amount of online sales to the amount of in-store sales.

Media EC

Number of merchandise sold online, number of stores that sell both in-store and online



March 2016
57,000
items
5 stores

December 2016
112,000 items
26 stores

Scheduled by March 2017
150,000 items
100 stores

Reuse EC

Number of merchandise sold online, number of stores that sell both in-store and online, EC ratio



March 2016
162,000
items
431 stores
5.8 %

December 2016
226,000 items
487 stores
7.2 %

Scheduled by March 2017
250,000 items
487 stores
7.0 %

Mobile EC

Number of merchandise sold online, number of stores that sell both in-store and online



March 2016
1,000 items
0 stores

December 2016
4,000 items
3 stores

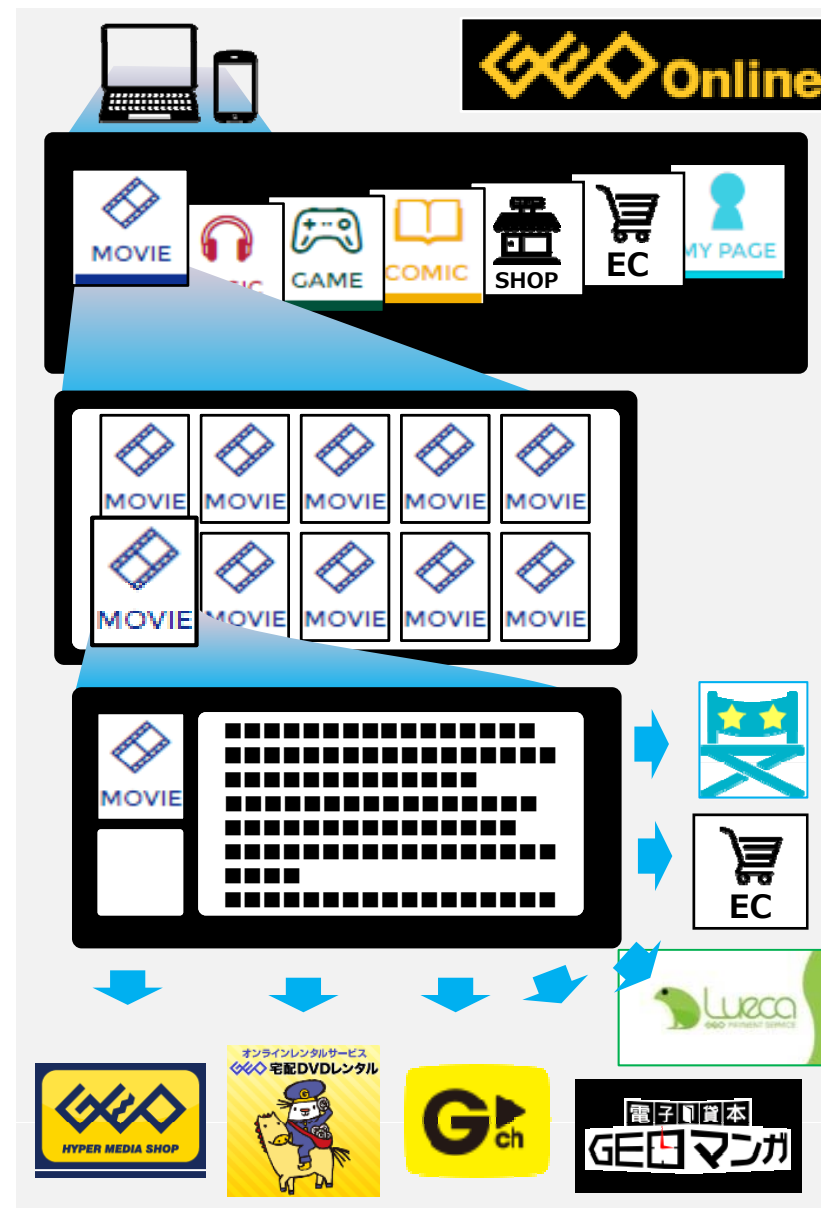
Scheduled by March 2017
10,000 items
11 stores



Our future emphasis: Online service

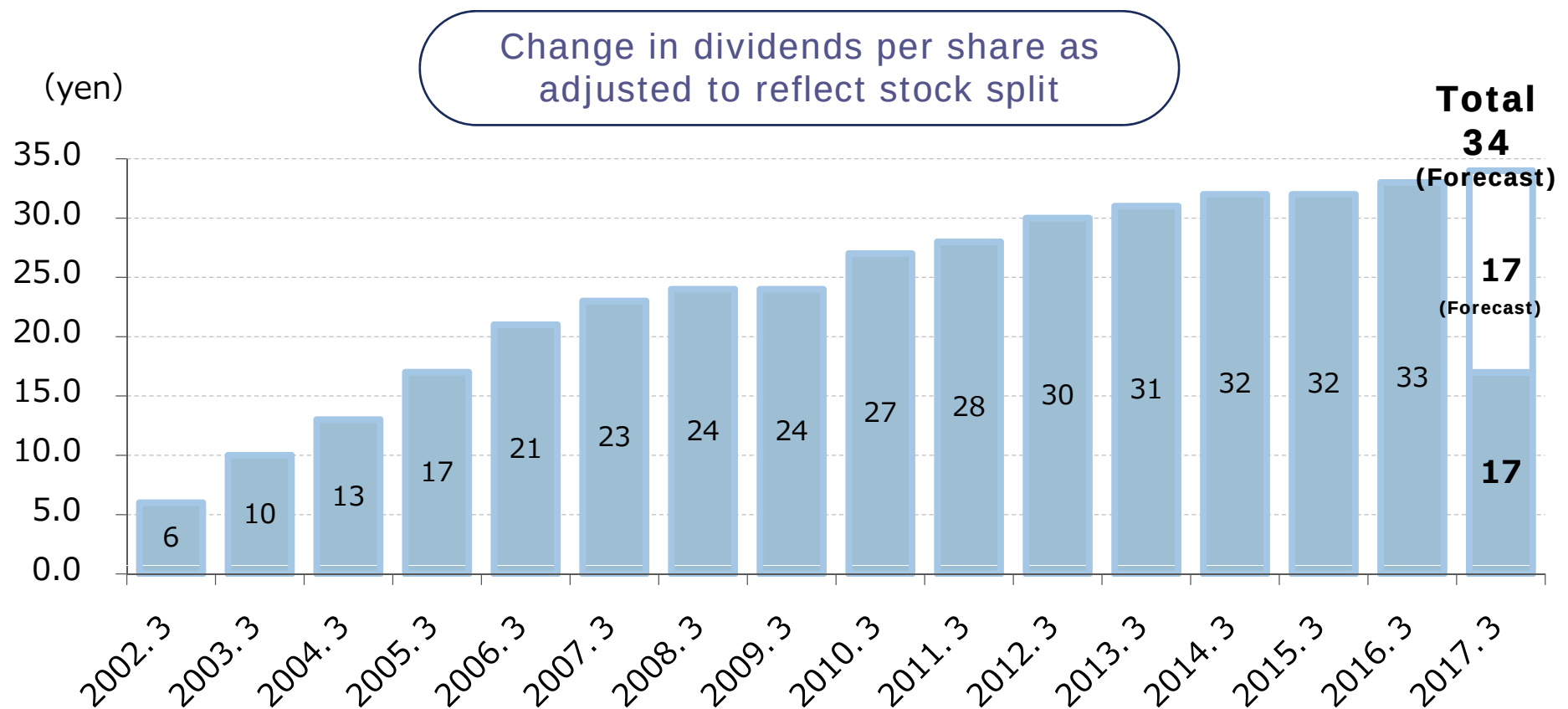
- We will renew the “GEO Online” site.

The menu of the current “GEO Online” site is set to provide various services. We will renew this site by the summer of 2017 to mainly provide entertainment information in order to seamlessly guide the users with high consumer appetite to our various services.



Changes in dividends

- We recognize that returning profit to shareholders is one of management priorities and our basic policy is to create a sound managerial base, improve profitability, and pay dividends that reflect our performance.



Shareholder benefits

- Shareholders may choose from either of the below benefits.
 - ① 50% off on all rental goods during the complimentary period (may be used in combination with other discounts)
 - ② An equivalent of 2,000 yen discount coupon on reuse (4 coupons each worth 500 yen)
- Shareholders subject to shareholder benefits are the shareholders holding 1 tangen unit (100 shares) or more of the shares as registered in the shareholders register as of the end of March and September.



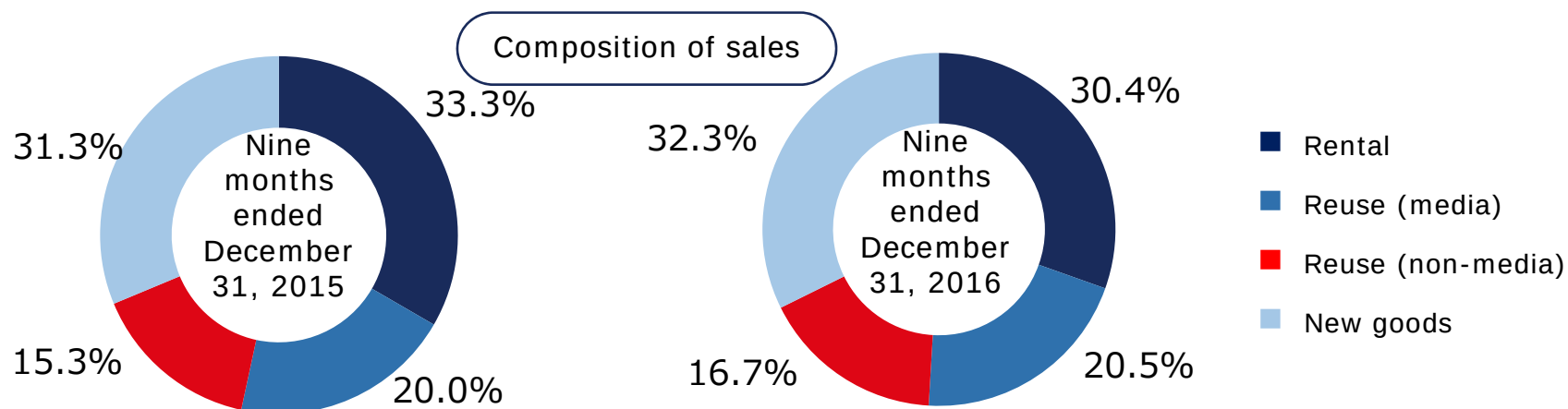


Appendix



Sales based on core merchandise

(Millions of yen)	Nine months ended December 31, 2015	Nine months ended December 31, 2016		
	Results	Results	Increase/decrease	Change
Rental	59,377	54,099	(5,278)	91.1%
Total reuse	62,995	66,244	3,248	105.2%
Media	35,686	36,468	782	102.2%
Non-media	27,309	29,775	2,466	109.0%
New goods	55,688	57,484	1,796	103.2%

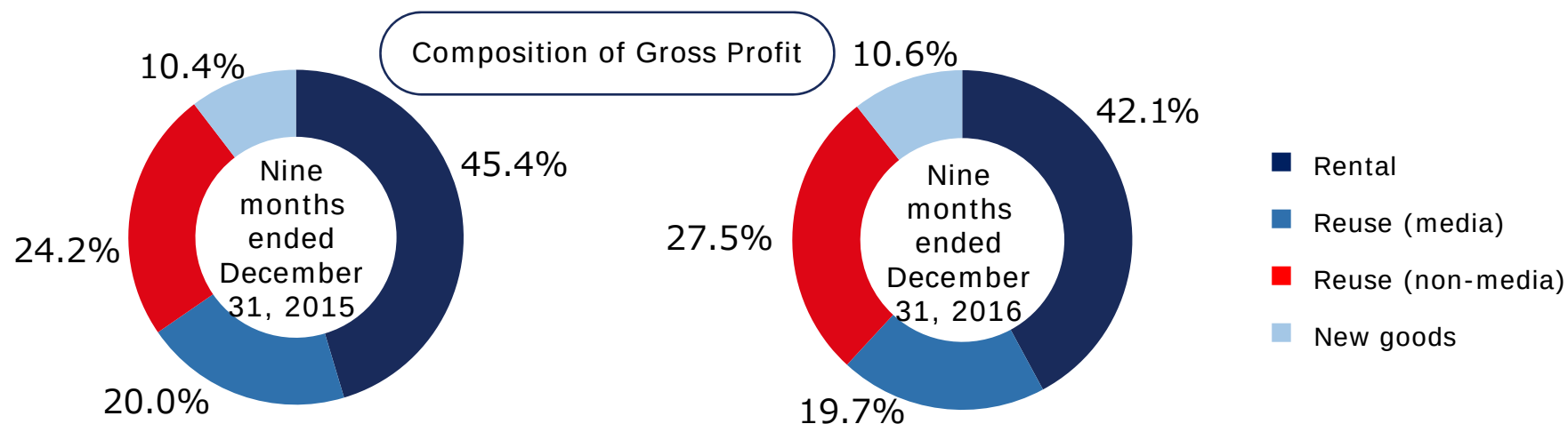


Note) The amounts are calculated based on each category of merchandise, i.e., rental, reuse (media), reuse (non-media) and new goods, instead of based on the categories of media business and reuse business.



Gross profit based on core merchandise

(Millions of yen)	Nine months ended December 31, 2015		Nine months ended December 31, 2016			
	Results	Gross profit ratio	Results	Gross profit ratio	Increase/decrease	Change
Rental	36,265	61.1%	32,532	60.1%	(3,732)	89.7%
Total reuse	35,386	56.2%	36,476	55.1%	1,089	103.1%
Media	16,026	44.9%	15,240	41.8%	(786)	95.1%
Non-media	19,359	70.9%	21,235	71.3%	1,876	109.7%
New goods	8,304	14.9%	8,206	14.3%	(98)	98.8%



Note) The amounts are calculated based on each category of merchandise, i.e., rental, reuse (media), reuse (non-media) and new goods, instead of based on the categories of media business and reuse business.



Breakdown of SG&A

(Millions of yen)	Nine months ended December 31, 2015		Nine months ended December 31, 2016			
	Results	Sales ratio	Results	Sales ratio	Increase/ decrease	Change
Total selling expenses	5,990	3.0%	6,943	3.5%	952	115.9%
Advertising	1,804	0.9%	2,088	1.1%	283	115.7%
Sales promotion	516	0.3%	1,122	0.6%	606	217.4%
Total personnel expenses	35,999	18.1%	37,594	19.0%	1,594	104.4%
Total other expenses	31,525	15.9%	32,923	16.6%	1,397	104.4%
Utilities	3,989	2.0%	3,689	1.9%	(300)	92.5%
Rent	14,973	7.5%	15,559	7.9%	585	103.9%
Depreciation and amortization	3,088	1.6%	3,328	1.7%	240	107.8%
Consumables	1,693	0.9%	2,147	1.1%	453	126.8%
Maintenance	1,033	0.5%	792	0.4%	(240)	76.7%
Total SG&A	73,552	37.1%	77,461	39.1%	3,909	105.3%



Balance sheets

(Millions of yen)

		As of March 31, 2016	As of December 31, 2016	Change
Assets				
	Cash and deposits	37,683	32,111	(5,571)
	Accounts receivable - trade	4,100	5,280	1,180
	Securities	—	1,503	1,503
	Merchandise	24,894	27,462	2,567
	Other	7,618	10,010	2,392
	Allowance for doubtful accounts	(281)	(316)	(35)
	Total current assets	74,015	76,051	2,035
	Property, plant and equipment	33,010	32,390	(620)
	Intangible assets	1,865	2,103	238
	Investments and other assets	21,315	22,147	832
	Total non-current assets	56,192	56,641	449
	Total assets	130,207	132,693	2,485
	Accounts payable - trade	12,631	18,452	5,820
	Current portion of long-term loans payable	8,333	6,793	(1,540)
	Other	16,766	11,618	(5,148)
	Total current liabilities	37,731	36,863	(867)
	Long-term loans payable	19,509	19,705	196
	Asset retirement obligations	4,406	5,047	640
	Other	3,598	3,459	(138)
	Total non-current liabilities	27,514	28,212	698
	Total liabilities	65,246	65,076	(169)
Net assets				
	Capital stock	8,871	8,891	20
	Capital surplus	3,283	3,303	20
	Retained earnings	52,542	55,027	2,484
	Total shareholders' equity	64,697	67,222	2,524
	Total accumulated other comprehensive income	150	254	103
	Subscription rights to shares	113	139	26
	Total net assets	64,961	67,616	2,655
	Total liabilities and net assets	130,207	132,693	2,485



Income statement: Nine months results

(Millions of yen)	Nine months ended December 31, 2015	Sales ratio	Nine months ended December 31, 2016	Sales ratio	Increase/ decrease	Change
Net sales	198,381		197,964		(416)	99.8%
Cost of sales	111,041	56.8%	113,485	57.3%	2,443	102.2%
Gross profit	87,339	43.2%	84,479	42.7%	(2,860)	96.7%
SG&A	73,552	39.0%	77,461	39.1%	3,909	105.3%
Operating income	13,787	4.2%	7,017	3.5%	(6,769)	50.9%
Non-operating income	1,856	0.8%	1,382	0.7%	(474)	74.5%
Non-operating expenses	798	0.4%	900	0.5%	101	112.8%
Ordinary income	14,844	4.6%	7,499	3.8%	(7,345)	50.5%
Extraordinary losses	332	0.8%	922	0.5%	590	277.5%
Profit before income taxes	14,512	3.9%	6,624	3.3%	(7,888)	45.6%
Total income taxes	5,331	2.7%	2,499	1.3%	(2,832)	46.9%
Profit	9,181	2.3%	4,125	2.1%	(5,055)	44.9%



Income statement: Three months results

(Millions of yen)	Results for three months ended December 31, 2015	Sales ratio	Results for three months ended December 31, 2016	Sales ratio	Increase/decrease	Change
Net sales	73,834		75,057		(1,222)	101.7%
Cost of sales	43,334	58.7%	45,679	60.9%	2,344	105.4%
Gross profit	30,500	41.3%	29,378	39.1%	(1,122)	96.3%
SG&A	24,815	33.6%	26,502	35.3%	1,686	106.8%
Operating income	5,685	7.7%	2,876	3.8%	(2,809)	50.6%
Ordinary income	6,079	8.2%	3,031	4.0%	(3,048)	49.9%
Profit before income taxes	5,880	8.0%	2,689	3.6%	(3,191)	55.0%
Profit	3,763	5.1%	1,708	2.3%	(2,054)	45.4%



Notice concerning forward-looking statements

All indications made in this document concerning forecasts of performance, policies, management strategies, targets, plans, understanding and assessment of facts, as well as outlook on performance and dividends with respect to the Group, excluding historical facts, only reflect our current expectations, predictions, plans, understanding, assessments and others based on information available to the Group. These indications, facts or preconditions (assumptions) by their nature may be inaccurate from an objective perspective and they are exposed to potential risks of being affected by changes in general business environment, weather, economic trends, consumer trends, and consumer preferences. Therefore, no guarantee is made that the indications in this document will be realized in the future as projected.

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