



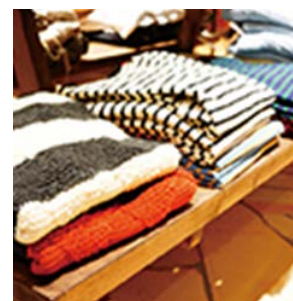
GEO HOLDINGS CORPORATION

(Tokyo 1st Section: 2681)

February 2018

Supplementary Materials on Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2018

To offer joy to your everyday life



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Summary of Results

Second Street and GEO Shizuoka Tokyo Square Store
(Shizuoka-shi, Shizuoka Prefecture)



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Nine months results

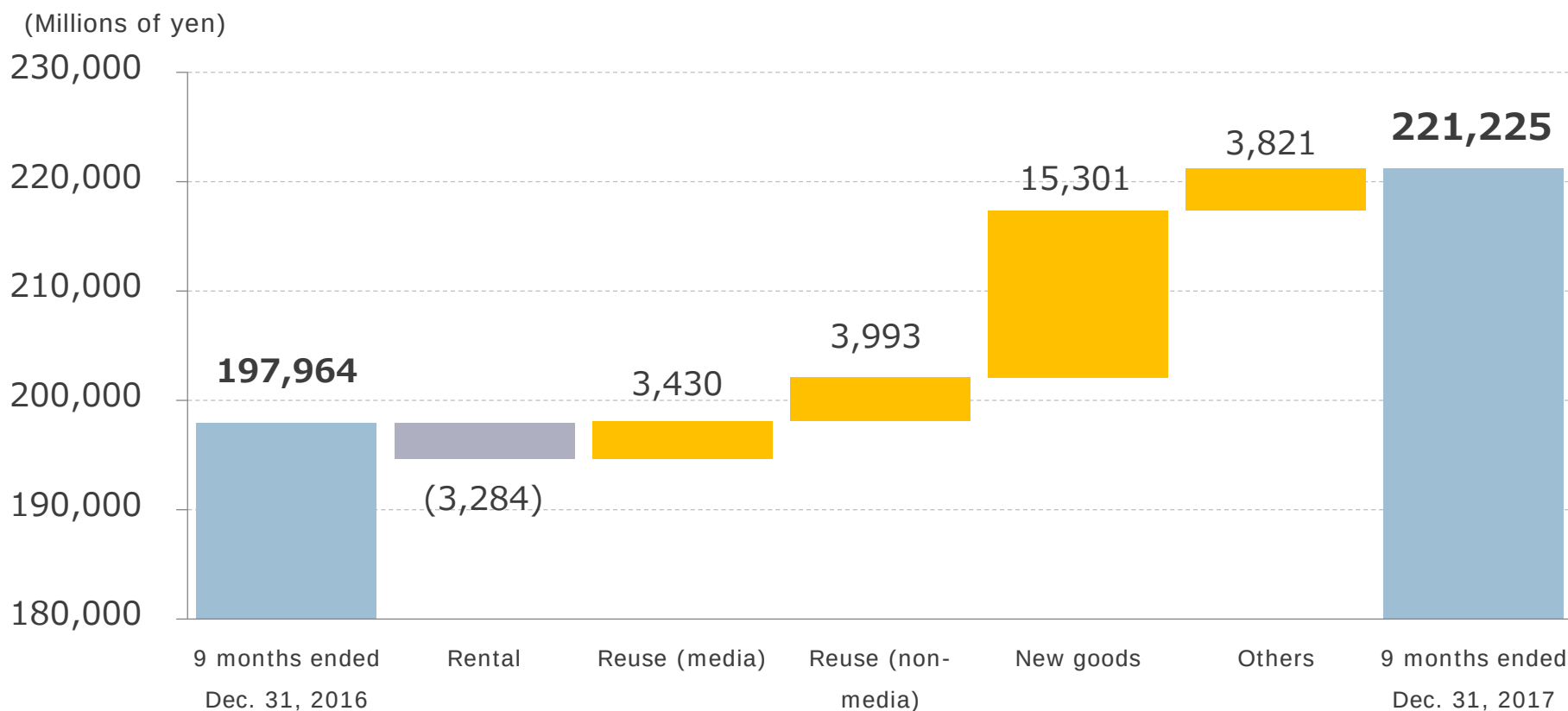
- Rental sales decreased due to continued sluggish trends in rental, however, because the sales for game device related goods (new goods) and reuse merchandise supplemented the declined sales for rental, sales reached record high of 221.2 billion yen for this period(111.8% compared to the same period of the previous year). Also, operating profit was 185.0% of that of the same period of the previous year due to our efforts to cut down on SG&A such as consumables.

(Millions of yen)	Nine months ended December 31, 2016		(Ratio to sales)	Nine months ended December 31, 2017		(Ratio to sales)	Increase / decrease		(Change)	Forecast for full year ending March 31, 2018		(Achievement)
Net sales	197,964			221,225			23,260	111.7%		285,000	77.6%	
Gross profit	84,479	42.7%		90,231	40.8%		5,752	106.8%		117,700	76.7%	
SG&A	77,461	39.1%		77,247	34.9%		(214)	99.7%		104,700	73.8%	
Operating profit	7,017		3.5%	12,984		5.9%	5,967	185.0%		13,000	99.9%	
Ordinary profit	7,499		3.8%	13,619		6.2%	6,119	181.6%		13,500	100.9%	
Profit	4,125		2.1%	7,916		3.6%	3,790	191.9%		7,000	113.1%	



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

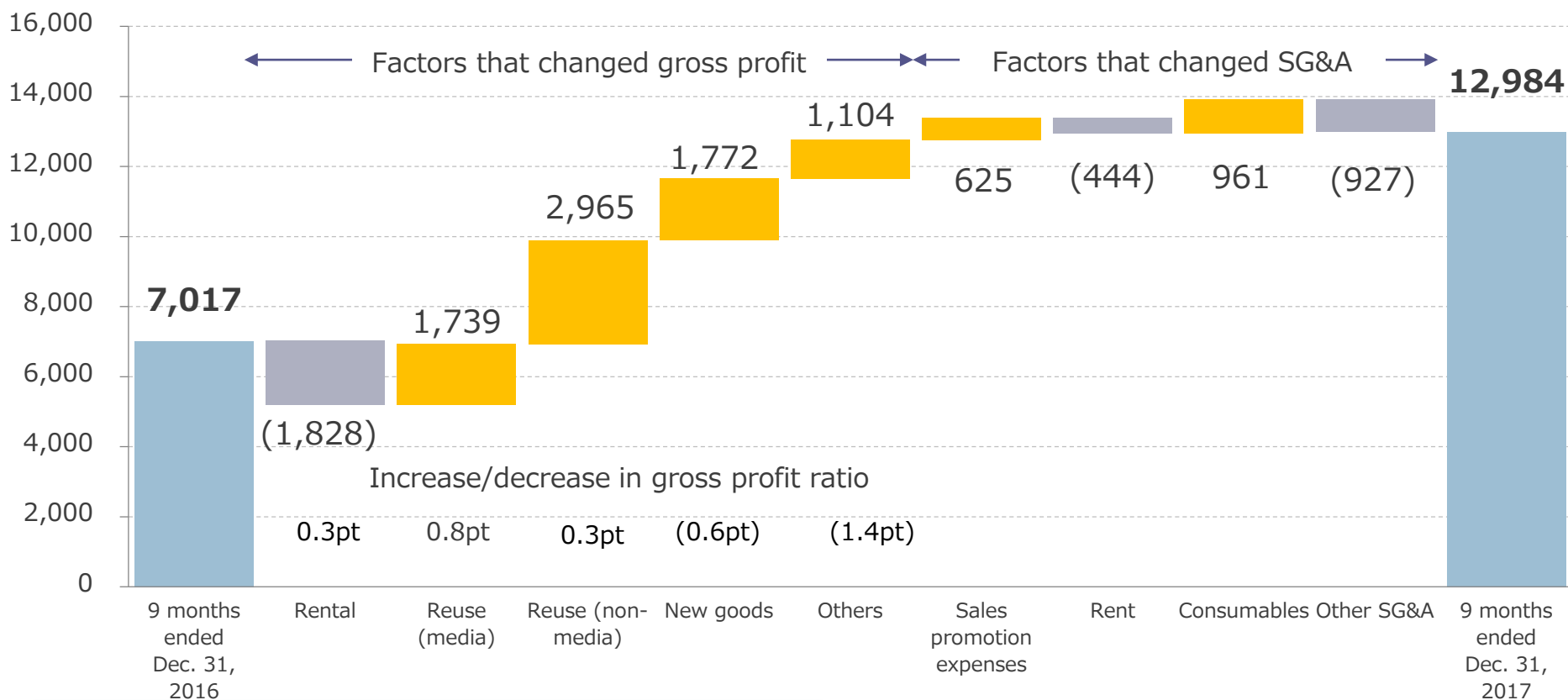
- Rental sales continued to fall and decreased by 3.28 billion yen (94.1% compared to the previous period).
- Sales for reuse (media) merchandise increased by 3.43 billion yen (110.7% compared to the previous period) due to continuous solid increase in sales for used mobiles and used games.
- Sales for reuse (non-media) merchandise increased by 3.99 billion yen (113.4% increase compared to the previous period) reflecting increased sales from opening new stores and solid sales for clothing and accessories.
- Sales for merchandise (new goods) increased by 15.3 billion yen (126.6% compared to the previous period) led by the sales for game devices and peripheral devices such as Nintendo Switch.



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

- For rental, gross profit decreased by 1.82 billion yen due to decrease in rental sales.
- For reuse, gross profit increased by 4.7 billion yen due to increase in sales for reuse (media and non-media) merchandise and point increase in gross profit ratio.
- For merchandise (new goods), gross profit increased by 1.77 billion yen due to increase in game related sales although gross profit ratio decreased by 0.6 points.
- SG&A is a similar level to that of the same period of the previous year (99.7% compared to the previous period) due to continuous cut down in sales promotion expenses and consumables.

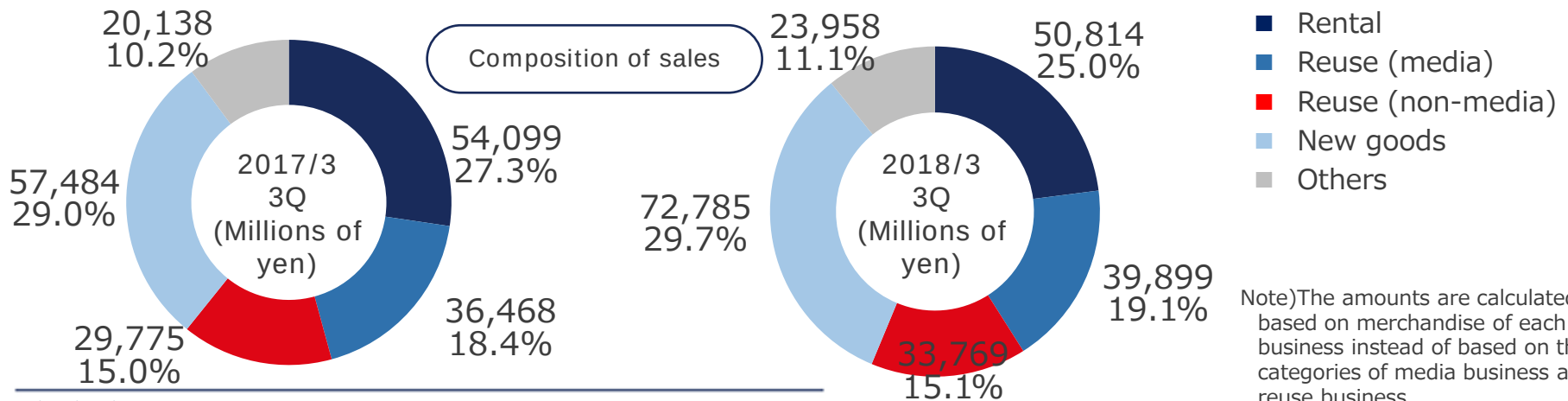
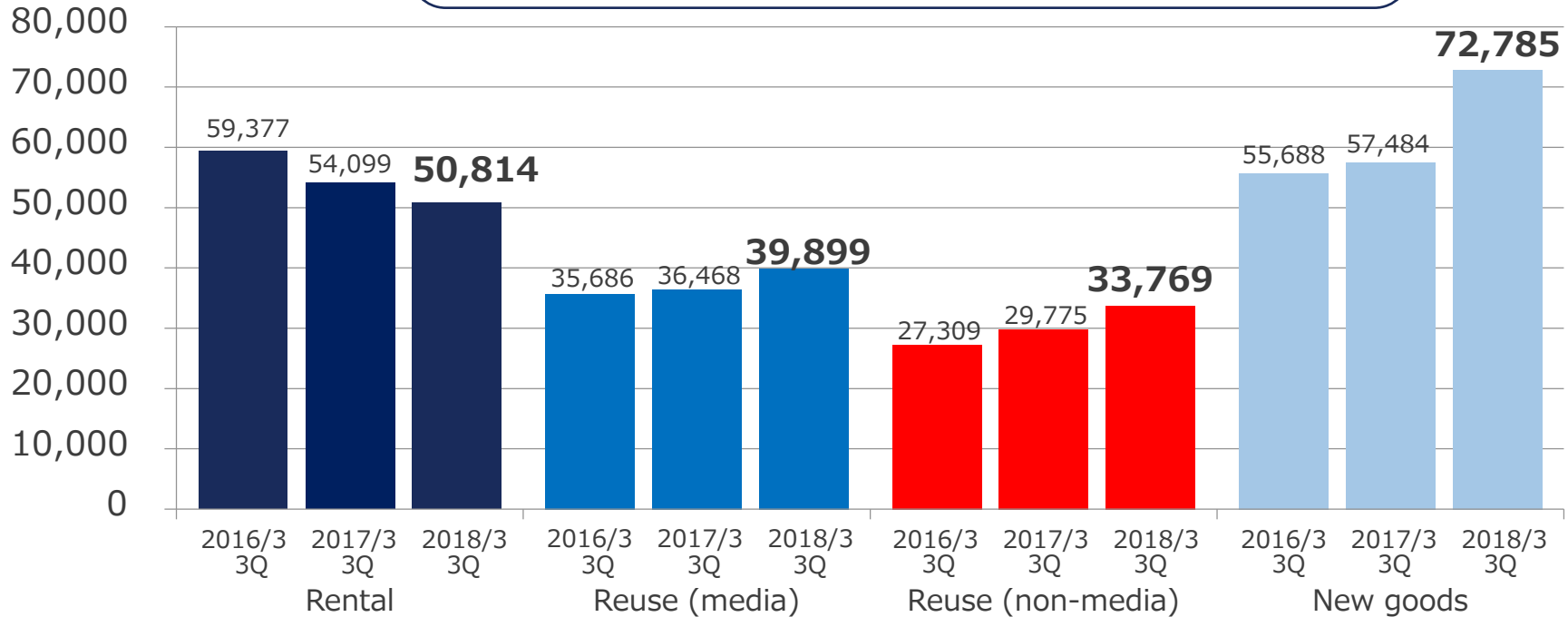
(Millions of yen)



Sales based on merchandise

(Millions of yen)

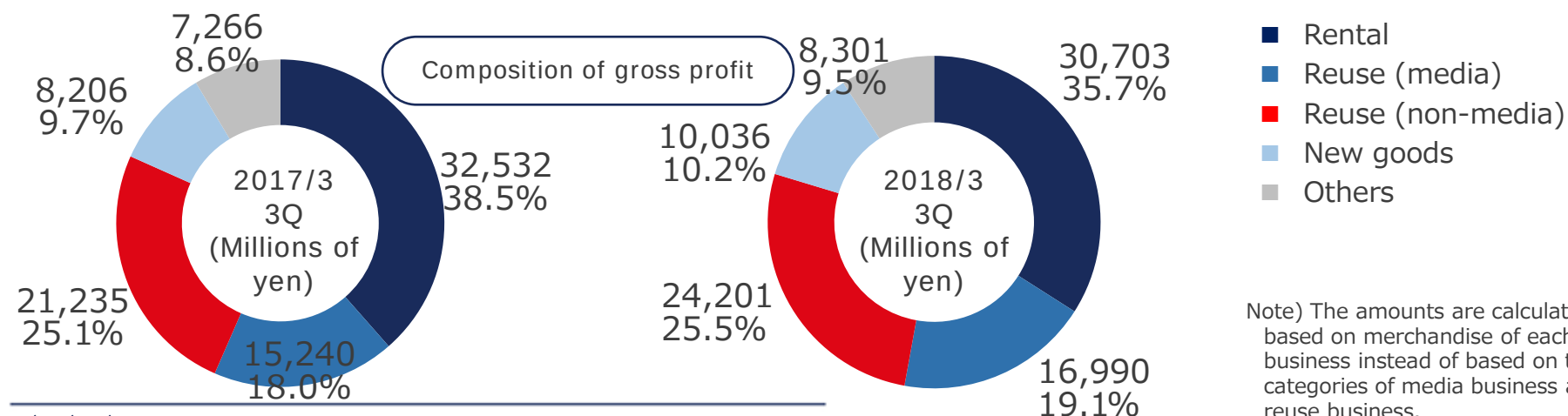
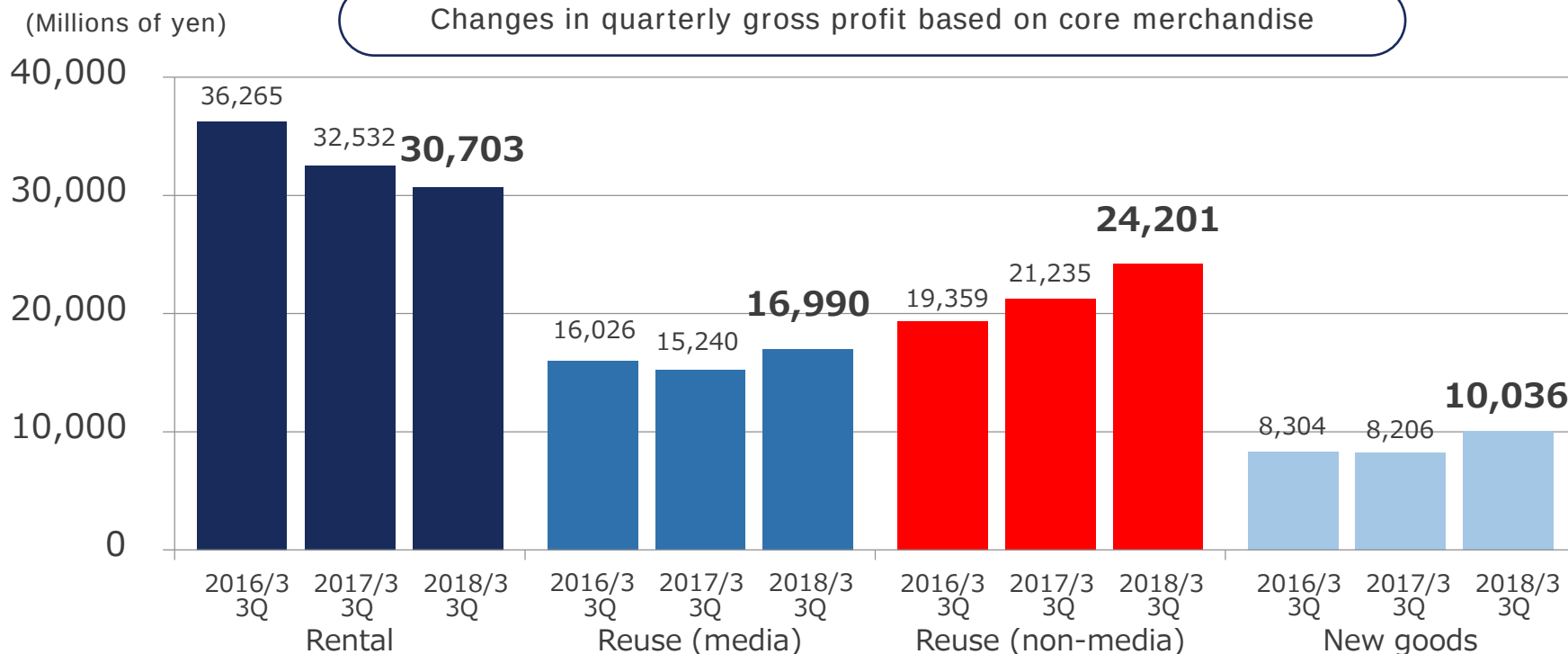
Changes in quarterly sales based on core merchandise



Note) The amounts are calculated based on merchandise of each business instead of based on the categories of media business and reuse business.



Gross profit based on merchandise



Note) The amounts are calculated based on merchandise of each business instead of based on the categories of media business and reuse business.



Breakdown of SG&A

- Rent increased by 102.9%, personnel expenses increased by 102.1%, and maintenance costs increased by 156.6%, respectively, compared to the previous period due to increase of number of stores, but SG&A decreased by 210 million yen (99.7% compared to the previous period) as a result of further cut down on selling expenses and consumables at stores.

	Nine months ended December 31, 2016		Nine months ended December 31, 2017				(Millions of yen)
	Results	Ratio to sales	Results	Ratio to sales	Increase/decrease	Change	
Advertising	2,088	1.1%	1,924	0.9%	(164)	92.1%	
Sales promotion	1,122	0.6%	496	0.2%	(625)	44.3%	
Total selling expenses	6,943	3.5%	6,790	3.1%	(152)	97.8%	
Total personnel expenses	37,594	19.0%	38,391	17.4%	797	102.1%	
Utilities	3,689	1.9%	3,354	1.5%	(334)	90.9%	
Rent	15,559	7.9%	16,003	7.2%	444	102.9%	
Depreciation and amortization	3,328	1.7%	2,927	1.3%	(401)	87.9%	
Consumables	2,147	1.1%	1,185	0.5%	(961)	55.2%	
Maintenance	792	0.4%	1,241	0.6%	448	156.6%	
Total other expenses	32,924	16.6%	32,065	14.5%	(858)	97.4%	
Total SG&A	77,461	39.1%	77,247	34.9%	(214)	99.7%	



Forecast for full year ending March 31, 2018

■ The sales for Nintendo Switch-related goods also contributed to sales at year-end and sales are solidly growing, however, we anticipate that rental sales will remain sluggish and we will thus maintain our forecast announced on October 27, 2017.

(Millions of yen)	Fiscal year ended March 31, 2017		Forecast for full year ending March 31, 2018	Ratio to sales	Change from fiscal year ended March 31, 2017	Ratio to fiscal year ended March 31, 2017	2018 / 3Q	
	Results	(Ratio to sales)					Results	Achievement
Net sales	268,079		285,000		16,920	106.3%	221,225	77.6%
Gross profit	111,996	41.8%	117,700	41.3%	5,703	105.1%	90,231	76.7%
SG&A	103,334	38.5%	104,700	36.7%	1,365	101.3%	77,247	73.8%
Operating profit	8,662	3.2%	13,000	4.6%	4,337	150.1%	12,984	99.9%
Ordinary profit	9,040	3.4%	13,500	4.7%	4,459	149.3%	13,619	100.9%
Profit	4,223	1.6%	7,000	2.5%	2,776	165.8%	7,916	113.1%



Number of stores

1,607 directly managed stores Total of 1,842 stores

As of December 31, 2017

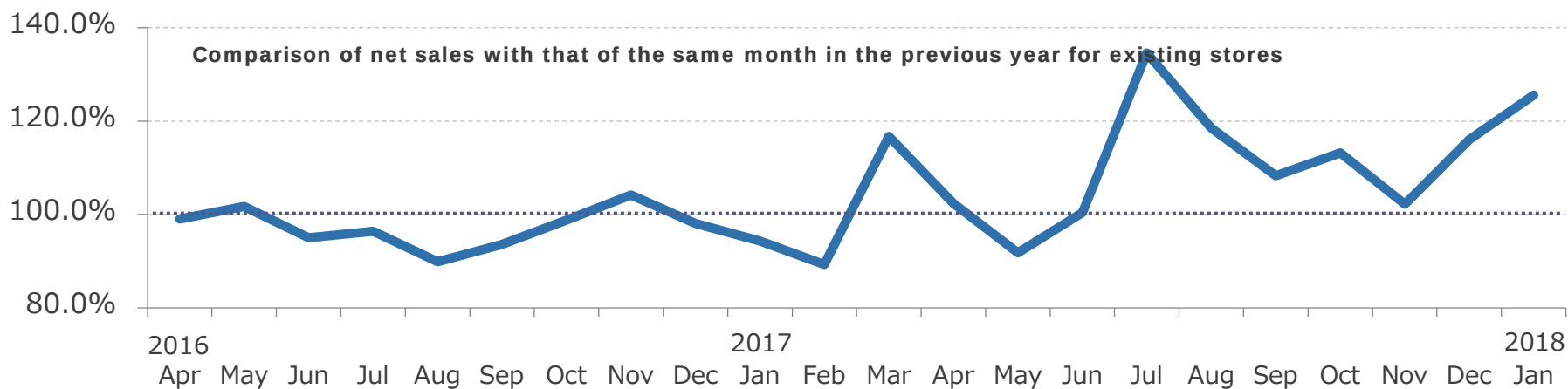
	Numbers of new stores opened		Directly managed stores		Total (including distributors and franchise stores)	
	1st Half	3Q		Increase/ decrease from previous fiscal year end		Increase/ decrease from previous fiscal year end
	8	14	1,038	(8)	1,224	1
	19	10	530※	24	579※	24
	1	1	17	1	17	1
	0	0	10	(1)	10	(1)
Others	11	1	12	12	12	12

※ Including Super Second Street and buying-only stores

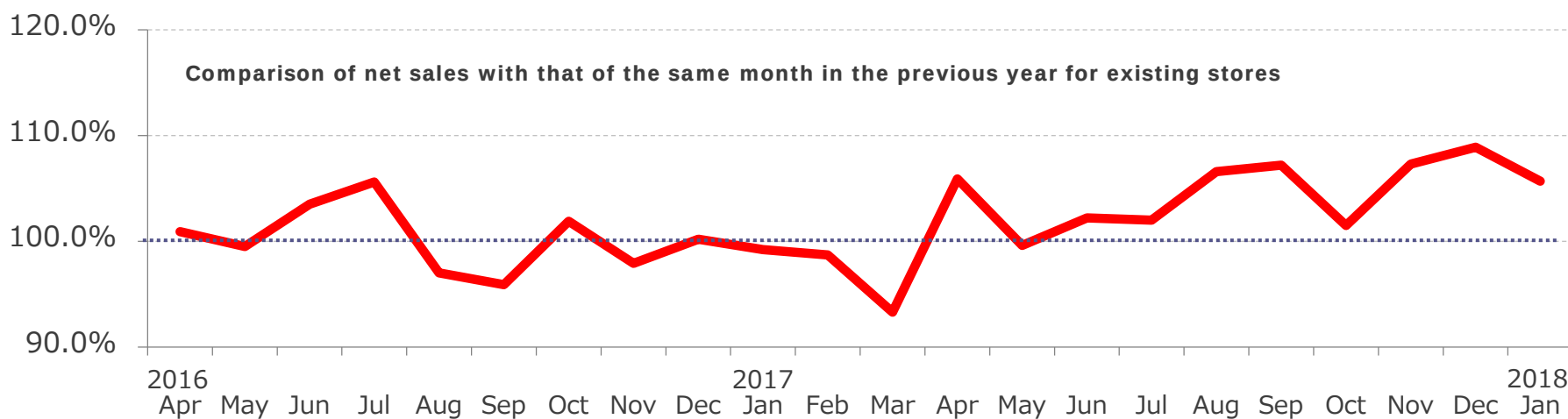


Monthly change in net sales compared with previous year

Media stores



Reuse stores



Topics



- We hosted “GEO Super Sale” which is a daily special price sale of used game software

During November 23rd (Thursday) to 26th (Sunday), we hosted “GEO Super Sale” at approximately 1,300 stores of GEO shop and GEO mobile nationwide where we sold 2 specific titles of used game software each day at a special price, offered 3,000 yen discount for simultaneous purchase of a used game device and a used game, offered a maximum 30% discount on used smartphones and tablets, and made other offers.



- We opened various forms of stores such as stores that focus on game software and stores that target young girls

On December 9, 2017, we opened “GEO Nagoya Ohsu Store” that is our only store that focuses on used game software. On December 16, 2017, we opened “GEO Shizuoka Tokyu Square Store” that has an enhanced line-up of dating games featuring young girls that target game-freak young girls.

We aim to provide services targeting various types of customers by opening stores that meet the needs of each region.



Inside of
GEO Nagoya
Ohsu Store

TOKYU | SQUARE
SHIZUOKA

- We commenced “Second Street Order Service” that allows users to try on the merchandise sold online at the store they choose

In October 2017, we commenced “Second Street Order Service” at approximately 500 reuse stores nationwide.

“Second Street Order Service” is a service that allows users to order clothing and accessories sold on Second Street online store (WEB transaction) to be sent to the real stores chosen by the users to try them on.

- We opened Second Street’s first store (buying-only store) that is located inside a train station

“Second Street JR Yoshizuka Station Buying-Only Store” opened on November 27, 2017 is Second Street’s first store that is located inside a train station, and this is the fourth buying-only store.

This store is open from 8:00 to 22:00 which is a new attempt to open early than other Second Street stores to operate during the same hours as the hours many passengers use the train station in hope of capturing commuting office workers and students.



■ Increase sales through EC

In December 2015, we commenced sale of used mobile devices on Rakuten and yahoo mall. On December 12, 2016, we opened “GEO mobile online” which is an internet shopping site to facilitate the purchase of used mobile devices. As of December 31, 2017, EC sales accounted for 16.2% of the entire sales for used mobiles.

We will continue to expand EC mainly through “GEO mobile online” and aim to achieve EC sales rate of 20%.



■ The number of our stores of low cost SIM “OCN Mobile ONE” that provide the same day service commencement exceeded 100 stores

The number of our stores of low cost “OCN Mobile ONE” by NTT Communication Corporation that provide the same day service commencement, which we began to handle from April 2015, exceeded 100 stores.

GEO boasts the largest number of real stores in Japan that provide the same day service commencement and the number of these stores expanded to 115 as of December 31, 2017.



Topics: Online service

■ GEO opened its official internet shopping site (EC site) "GEO-MART"

On December 13, 2017, GEO's portal site "GEO Online" was renewed and its official internet shopping site (EC) "GEO-MART" was opened.

The sales for one week after this site was opened (from December 13 to 19) achieved 96% of the initial target monthly sales.

GEO-MART's grand-opening is scheduled in March 2018, and CDs, DVDs and home electronics are anticipated to be sold on this site. Goods purchased on this site may be received at GEO shop stores to meet customer's needs to receive them outside of their homes due to diversification of life styles. Customers may also make purchase reservations for goods with GEO's special benefits attached.



GEO-MART's Top page

Appendix



中古ゲーム ゲオ最大級！
見つからないタイトルは無い！?



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ゲオ大須店（愛知県名古屋市）

Balance sheets

(Millions of yen)		As of March 31, 2017	As of December 31, 2017	Increase / decrease
	Current assets	76,081	87,375	11,294
	Cash and deposits	34,087	37,772	3,684
	Merchandise	25,773	32,219	6,445
	Non-current assets	54,687	53,276	(1,410)
	Property, plant and equipment	31,097	29,284	(1,812)
	Intangible assets	2,049	2,076	26
	Investments and other assets	21,539	21,916	376
	Total assets	130,768	140,652	9,884
	Current liabilities	33,980	39,261	5,281
	Accounts payable-trade	16,322	18,948	2,625
	Current portion of long-term loans payable	6,072	5,756	(316)
	Non-current liabilities	29,076	27,983	(1,092)
	Long-term loans payable	20,437	19,049	(1,387)
	Total liabilities	63,056	67,245	4,189
	Total net assets	67,711	73,406	5,695
	Total liabilities and net assets	130,768	140,652	9,884



Income statements

(Millions of yen)	2017/3				2018/3		
	1Q Results	2Q Results	3Q Results	4Q Results	1Q Results	2Q Results	3Q Results
Net sales	60,748	62,159	75,057	70,114	61,407	74,735	85,082
(Change from the same period of the previous year)	101.9%	95.8%	101.7%	100.8%	101.1%	120.2%	113.4%
Gross profit	27,339	27,761	29,378	27,517	27,848	30,486	31,897
(Change from the same period of the previous year)	98.6%	95.3%	96.3%	95.6%	101.9%	109.8%	108.6%
(Gross profit ratio)	45.0%	44.7%	39.1%	39.2%	45.4%	40.8%	37.5%
SG&A	24,966	25,993	26,502	25,872	24,811	26,059	26,375
(Change from the same period of the previous year)	104.5%	104.6%	106.8%	99.5%	99.4%	100.3%	99.5%
Operating profit	2,372	1,768	2,876	1,644	3,036	4,426	5,521
(Change from the same period of the previous year)	61.9%	41.4%	50.6%	59.5%	128.0%	250.3%	192.0%



Sales based on merchandise

(Millions of yen)	2017/3				2018/3		
	1Q Results	2Q Results	3Q Results	4Q Results	1Q Results	2Q Results	3Q Results
Net sales	60,748	62,159	75,057	70,114	61,407	74,735	85,082
Rental	17,809	18,510	17,778	17,151	16,459	17,623	16,732
Reuse (media)	11,676	12,245	12,546	13,108	12,317	13,696	13,885
Reuse (non-media)	9,241	8,786	11,747	9,845	10,414	10,124	13,230
New goods	15,430	15,880	26,173	23,935	15,493	24,924	32,368
Others	6,592	6,738	6,813	6,075	6,725	8,368	8,867

Note) The amounts are calculated based on merchandise of each business instead of based on the categories of media business and reuse business.



Gross profit based on merchandise

(Millions of yen)	2017/3				2018/3		
	1Q Results	2Q Results	3Q Results	4Q Results	1Q Results	2Q Results	3Q Results
Gross profit (Gross profit ratio)	27,339 45.0%	27,761 44.7%	29,378 39.1%	27,517 39.2%	27,848 45.4%	30,486 40.8%	31,897 37.5%
Rental	10,837 60.8%	11,448 61.8%	10,247 57.6%	10,160 59.2%	9,802 59.6%	11,018 62.5%	9,882 59.1%
Reuse (media)	4,963 42.5%	5,204 42.5%	5,082 40.5%	5,295 40.4%	5,323 43.2%	5,847 42.7%	5,819 41.9%
Reuse (non-media)	6,765 73.2%	6,218 70.8%	8,252 70.2%	6,915 70.2%	7,640 73.4%	7,217 71.3%	9,344 70.6%
New goods	2,372 15.4%	2,388 15.0%	3,502 13.4%	3,267 13.7%	2,443 15.8%	3,507 14.1%	4,085 12.6%
Others	2,402 36.4%	2,503 37.1%	2,295 33.7%	1,880 30.9%	2,640 39.3%	2,897 34.6%	2,767 31.2%

Note) The amounts are calculated based on merchandise of each business instead of based on the categories of media business and reuse business.



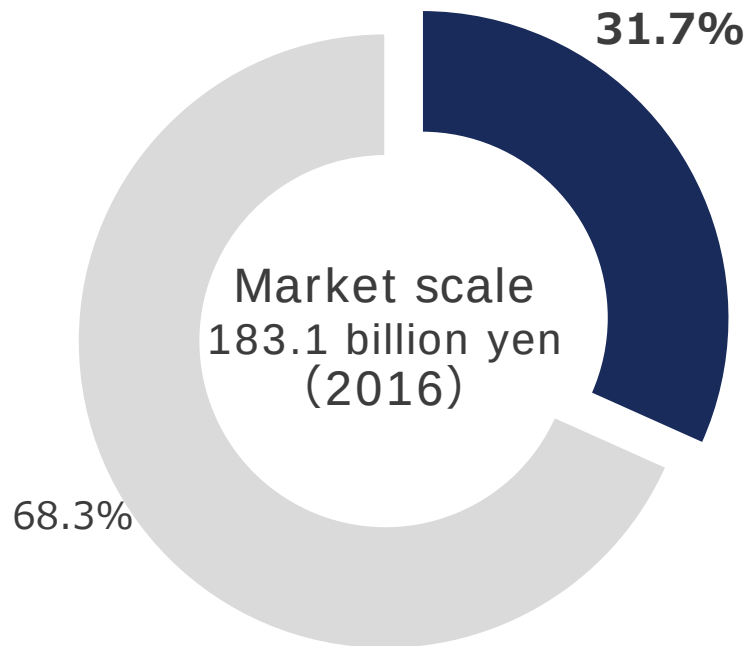
Our market share (media)



Packaged video rental market share

■ GEO

■ Others



Reuse (media and games) market share

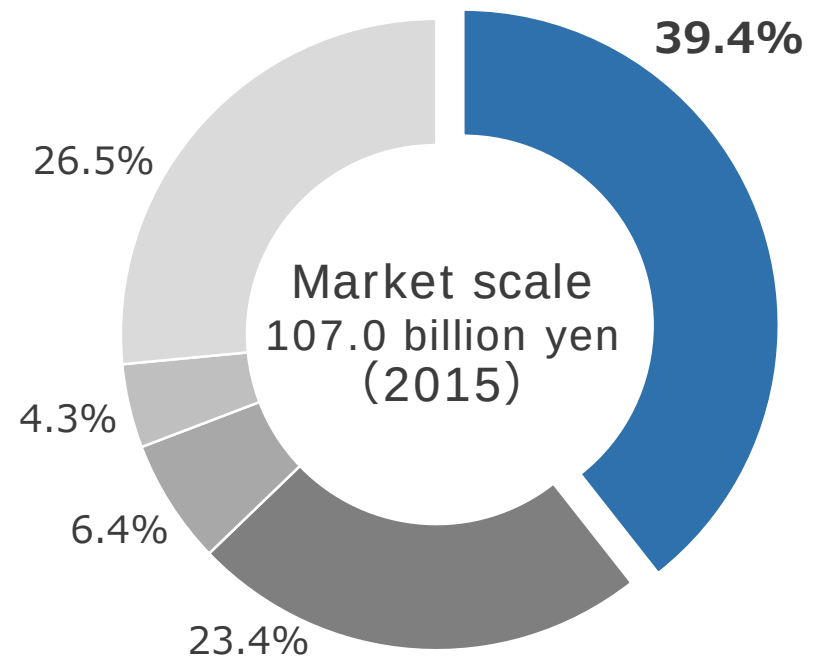
■ GEO

■ Company B

■ Company T

■ Company W

■ Others



Reference: Digital Content White Paper 2017

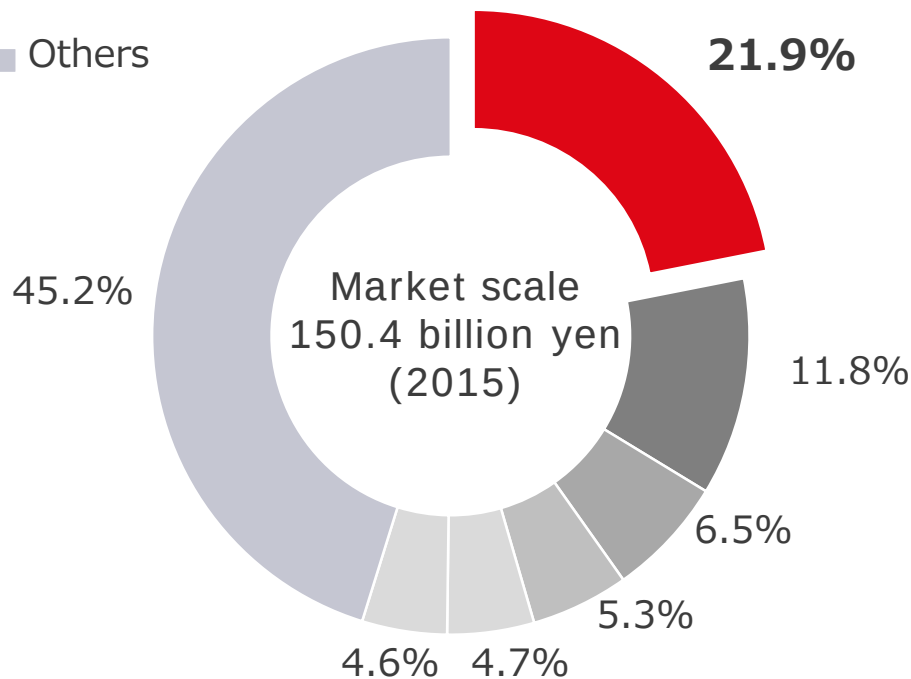
The Reuse Business Journal
"Secondhand Market Databook 2017"



Our market share (reuse)



Reuse (clothes and accessories) market share



The Reuse Business Journal
"Secondhand Market Databook 2017"



Notice concerning forward-looking statements

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