



Briefing on the Financial Results for the Fiscal Year Ended March 31, 2019

GEO HOLDINGS CORPORATION (2681)

May 14, 2019



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Consolidated Results

- Profit increased despite of the decline in sales compared to the previous year.
- We achieved gross profit due to growth in sales for reuse (non-media) merchandise.

Our Emphasis

- The sales for existing reuse stores grew solidly.
- The plans for opening new stores progressed soundly.
- We made continuous efforts to control SG&A.
- EC-related sales grew.

Financial Summary for the Fiscal Year Ended March 31, 2019

Profit increased despite of the decline in sales compared to the previous year

• Consolidated income statement

Gross profit and operating profit increased from the previous year due to growth in sales for reuse merchandise although sales were 97.8% compared to the previous year. Ordinary profit was 115.6% compared to the previous year from receiving compensation for redevelopment project and natural disaster.

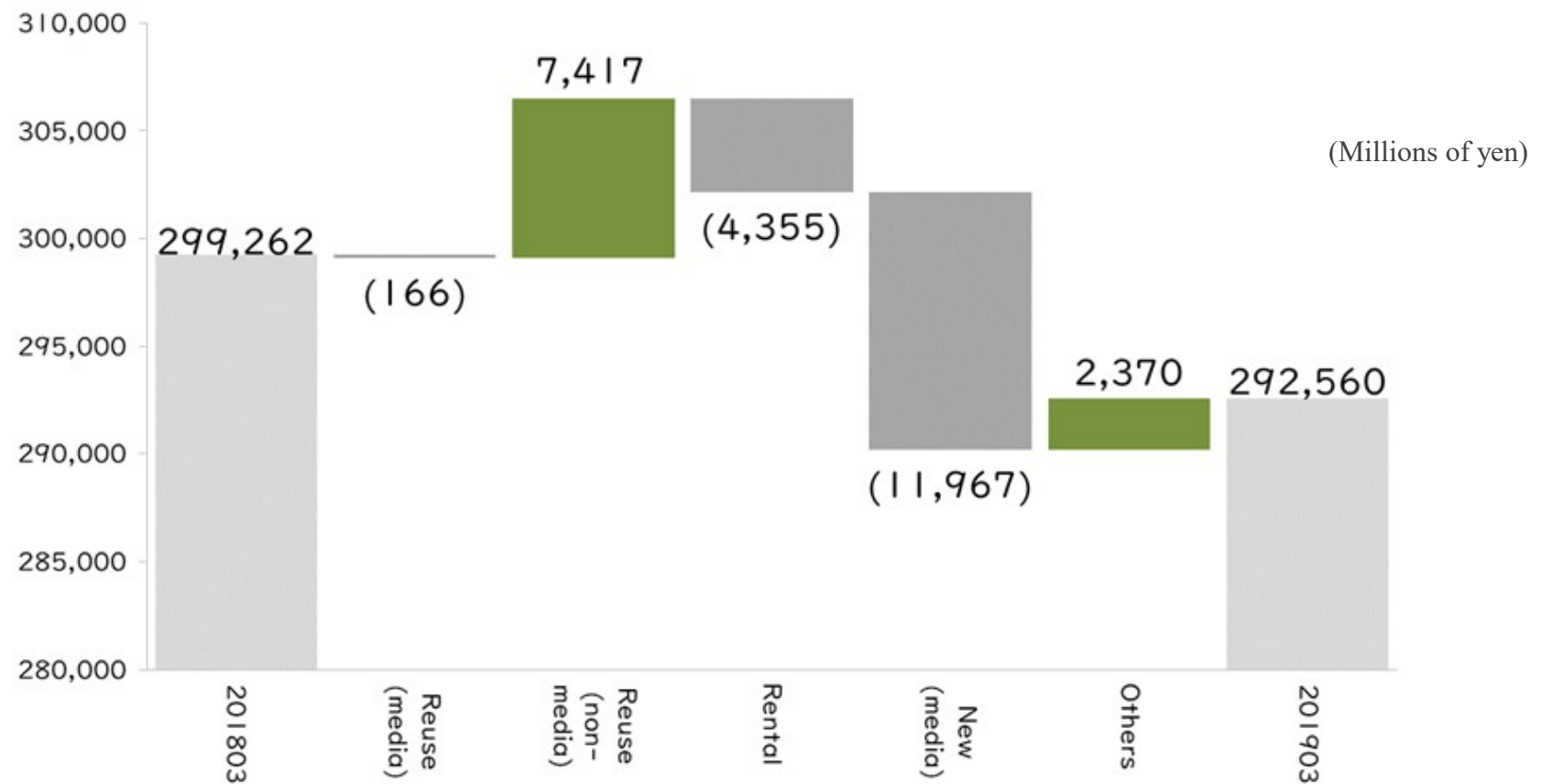
(Millions of yen)	2019/3 Results	2018/3 Results	Increase/ decrease	Change
Net sales	292,560	299,262	(6,702)	97.8%
Gross profit	121,772	119,583	2,188	101.8%
(Gross profit ratio)	41.6%	40.0%		
SG&A	106,104	104,915	1,188	101.1%
Operating profit	15,668	14,668	999	106.8%
(Operating profit ratio)	5.4%	4.9%		
Ordinary profit	17,632	15,248	2,384	115.6%
Profit	10,301	6,614	3,687	155.7%

1

Growth in sales for reuse (non-media) merchandise

- Increase/decrease in sales from the previous year

Sales grew for “reuse (non-media)” merchandise although the falling trends in rental continued and demands for hit new model game device, etc. calmed.

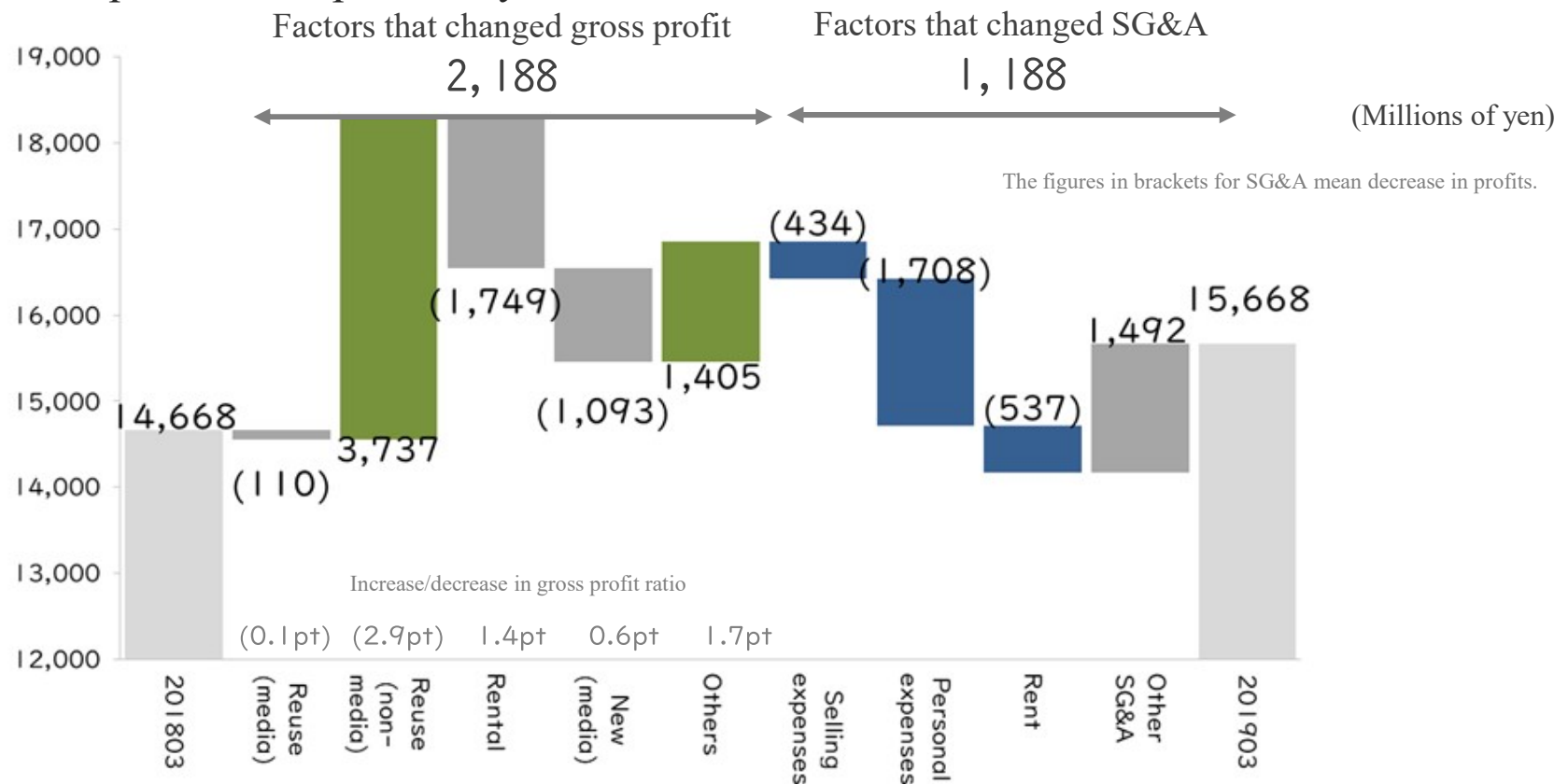


1

Operating profit increased from the previous year

- Increase/decrease in operating profit from the previous year

We achieved gross profit due to unexpected growth in sales for “reuse (non-media)” merchandise. While personnel expenses and rent, etc. increased due to opening new stores, we cut down on running cost such as utilities expenses thereby resulting in operating profit of 106.8% compared to the previous year.



1

Continuous efforts to control SG&A

While SG&A increased due to opening new stores, we are making continuous efforts to pursue efficiency in operations at our existing stores.

(Millions of yen)	2019/3 Full year results	(Ratio to sales)	2018/3 Full year results	(Ratio to sales)	Increase/ decrease	(Change)
Total selling expenses	9,861	3.4%	9,426	3.2%	434	104.6%
Advertising	3,443	1.2%	2,968	1.0%	475	116.0%
Sales promotion	443	0.2%	630	0.2%	(186)	70.5%
Total personnel expenses	53,298	18.2%	51,589	17.2%	1,708	103.3%
Total other expenses	42,944	14.7%	43,898	14.7%	(954)	97.8%
Utilities	4,186	1.4%	4,608	1.5%	(422)	90.8%
Rent	21,907	7.5%	21,369	7.1%	537	102.5%
Depreciation and amortization	3,723	1.3%	4,599	1.5%	(876)	81.0%
Consumables	1,828	0.6%	1,602	0.5%	225	114.1%
Maintenance	1,157	0.4%	1,690	0.6%	(532)	68.5%
Total SG&A	106,104	36.3%	104,915	35.1%	1,188	101.1%

The figures in brackets for SG&A mean increase in profits.

Results Based on Merchandise for the Fiscal Year Ended March 31, 2019

2

Sales for reuse merchandise grew for the existing stores

- Sales based on merchandise (12 months)

The demand for new model game device, etc. calmed and the sales for “new (media)” merchandise was 88.2% compared to the previous year. While sales for rental merchandise continue to shrink, this decline was covered with strong growth in sales for reuse (non-media) merchandise at existing stores.

Millions of yen	2019/3 Results	2018/3 Results	Change	Increase/ decrease
Reuse	106,666	99,415	107.3%	7,250
Media	54,173	54,340	99.7%	(166)
Non-media	52,493	45,075	116.5%	7,417
Rental	62,288	66,644	93.5%	(4,355)
New (media)	89,218	101,186	88.2%	(11,967)
Others	34,387	32,016	107.4%	2,370
Total	292,560	299,262	97.8%	(6,702)

2

We achieved gross profit due to change in composition of merchandise

- Gross profit based on merchandise (12 months)

The effect of decline in sales for new (media) merchandise overall had no material impact on profit and we achieved gross profit that exceeded the previous year due to growth in sales for “reuse (non-media)” merchandise that has high gross profit ration and also due to change in the composition of merchandise.

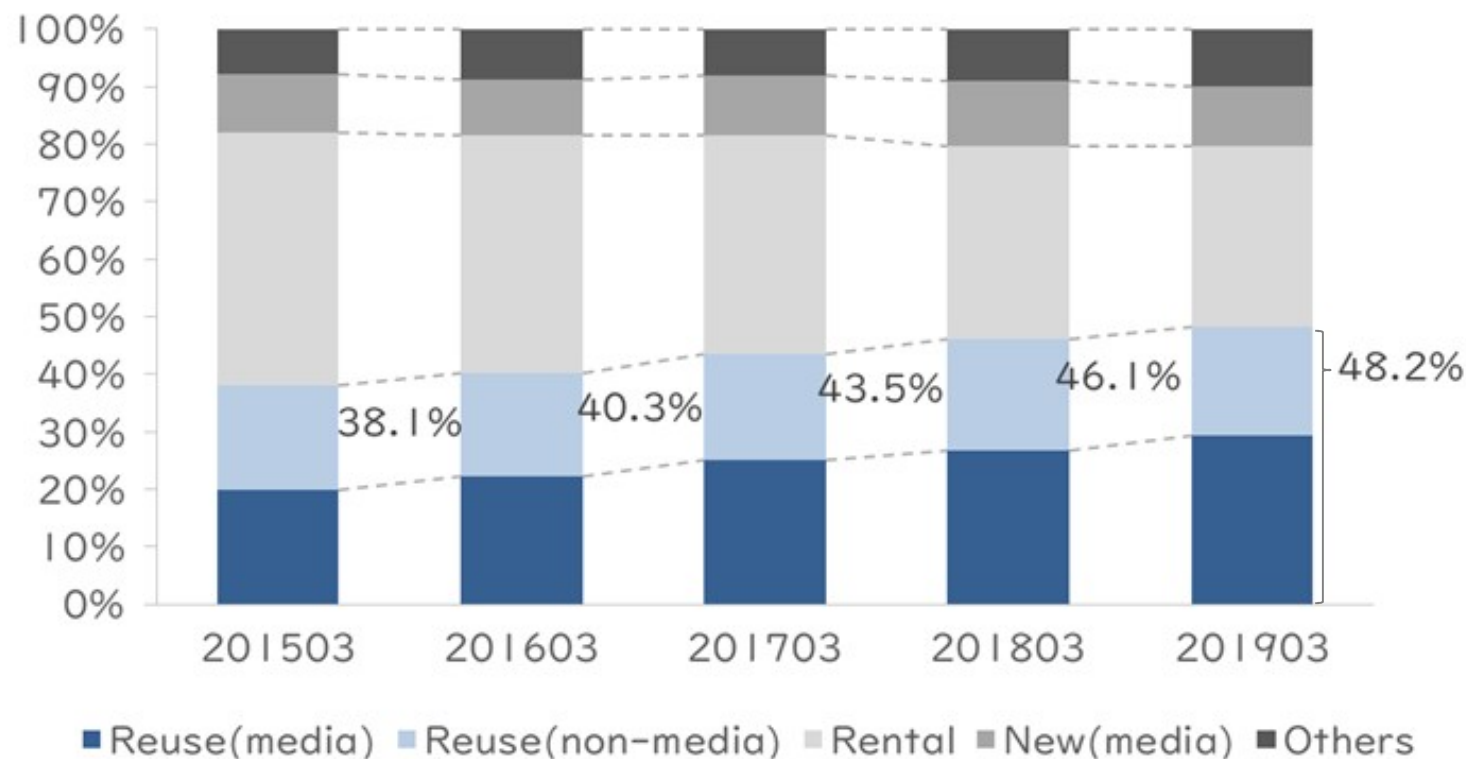
Millions of yen	2019/3 Results	2018/3 Results	Change	Increase/ decrease
Reuse	58,751	55,124	106.6%	3,626
Media	22,954	23,064	99.5%	(110)
Non-media	35,797	32,059	111.7%	3,737
Rental	38,287	40,036	95.6%	(1,749)
New (media)	12,446	13,540	91.9%	(1,093)
Others	12,287	10,882	112.9%	1,405
Total	121,772	119,583	101.8%	2,188

2

Change in gross profit (composition ratio) for the Group

- Composition of gross profit based on merchandise (12 months)

The composition ratio of the “reuse (non-media)” merchandise is increasing each year and this increased by 2.1 points compared to the previous year. Overall, this was 48.2%.



Our Emphasis for the Fiscal Year Ended March 31, 2019

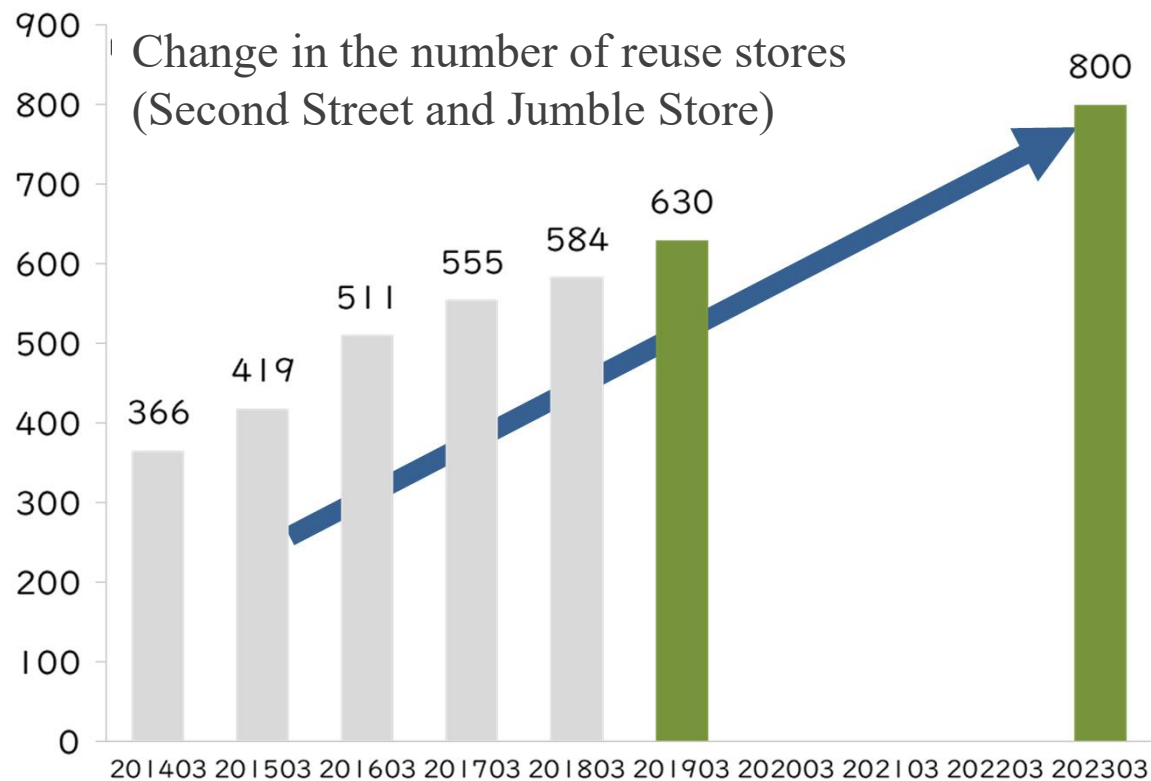


3

Deep focus on reuse <Japan> (1)

- We will continue to open new stores in the continuously growing reuse market

We will focus deeply on the reuse market by opening new stores including developing retail formats for specialized stores that respond to the feature of each region. We will aim to have 800 stores for reuse stores by the year ending in March 2023 including the stores overseas and not only in Japan.



Second Street
Kurume Aikawa Store
(Kurume-shi,
Fukuoka)



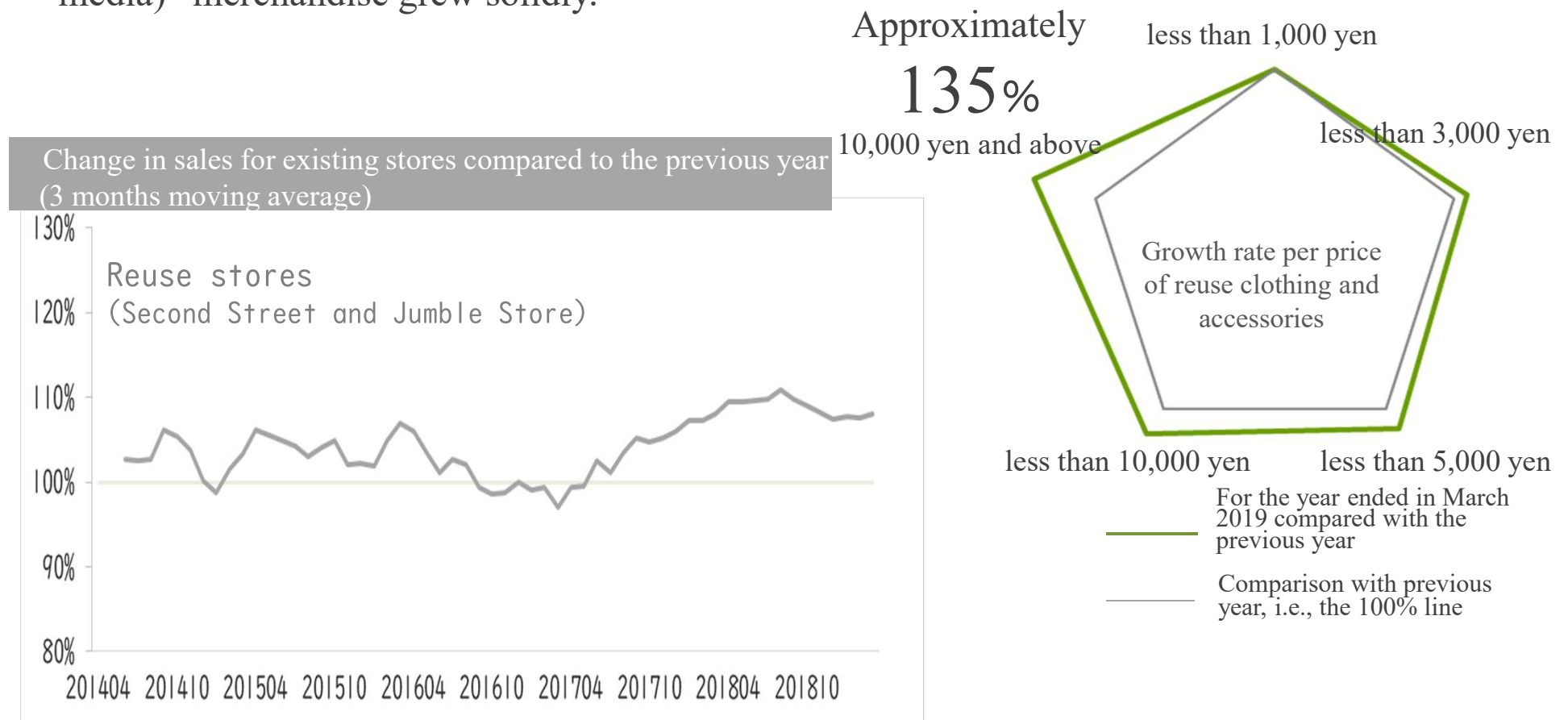
Second Street
Higashiosaka Hoji Store
(Higashiosaka, Osaka)



Deep focus on reuse <Japan> (2)

- Sales for reuse merchandise grew solidly at existing stores

The existing stores performed solidly reflecting the expanding reuse market. In particular, the growth rate was high in sales for high priced merchandise and sales for “reuse (non-media)” merchandise grew solidly.



3

Deep focus on reuse <Japan> (3)

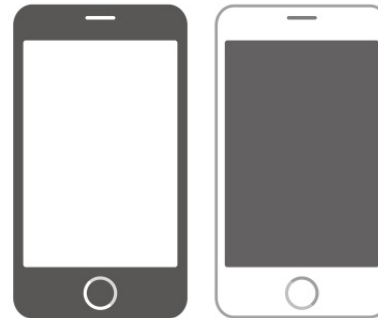
- Organize the access base for used mobile (smartphones and tablets)

Our store network (mainly GEO mobile) and the EC site provides used mobiles which are gaining more attention.

We will lead the used mobile market by educating and expanding more locations for allocation of our personnel.

Sales compared to
the previous year
(12 months)

119.4%



Number of stores where our
specialized staff allocated.

153 ◀ 101

As of March 2019

As of March 2018

Number of specialized staff

625 ◀ 336

As of March 2019

As of March 2018

※Specialized staff means our employees who satisfy our requirements who have knowledge concerning mobiles, who could suggest mobile products that best suit the needs of each customer, and who could explain the fee structure such as for low cost SIM.



- Development of overseas marketing research locations

Following the Second Street Store opened in January 2018 in North America (California), we opened two more stores in the same state. In Malaysia, we began to concurrently engage in wholesale business.

We will continue conducting market research to develop our business abroad and seek to expand sales channels by closely watching opportunities.



Second Street Malaysia



Second Street USA

- We will engage in promotional activities by using our store network

We exploit our media shop network spread nationwide (1,203 stores as of March 31, 2019) where we provide products attached with GEO's limited benefits and host experience-oriented events.

We aim to maximize profits in media merchandise through our store network which is the point of contact with customers.

■ 1,203 GEO shops spread nationwide



• GEO's limited color
PlayStation®4 (DUALSHOCK®4)
Wireless controller (Berry Blue Edition)
©2018 Sony Interactive Entertainment Inc.



• e-Sport event
“Winning Eleven GEO CUP 2019”
GEO CUP 2019 logo image



• Product with GEO's
limited “Original steel book”

• ©2019 FromSoftware, Inc. All rights reserved. ACTIVISION is a trademark of Activision Publishing Inc. All other trademarks and trade names are the properties of their respective owners.

• Provide a more convenient shopping environment

We will continue challenging to develop applications, operate EC site, and develop new retail format. We will provide services that are responsive to the changing consumption behavior and develop seamless retailing services between in-store and on-line.



• Released in August 2018

Immediate cashing application (GEO Sugu): This is a service in response to the needs of users who want quicker appraisals without tedious procedures or taking time, and who want quicker payment.



• Commenced in December 2018

Sale of drugs and cosmetics through EC: Supplements and cosmetics are sold through this site. We are conducting market research regarding what kind of products has high affinity with our business.



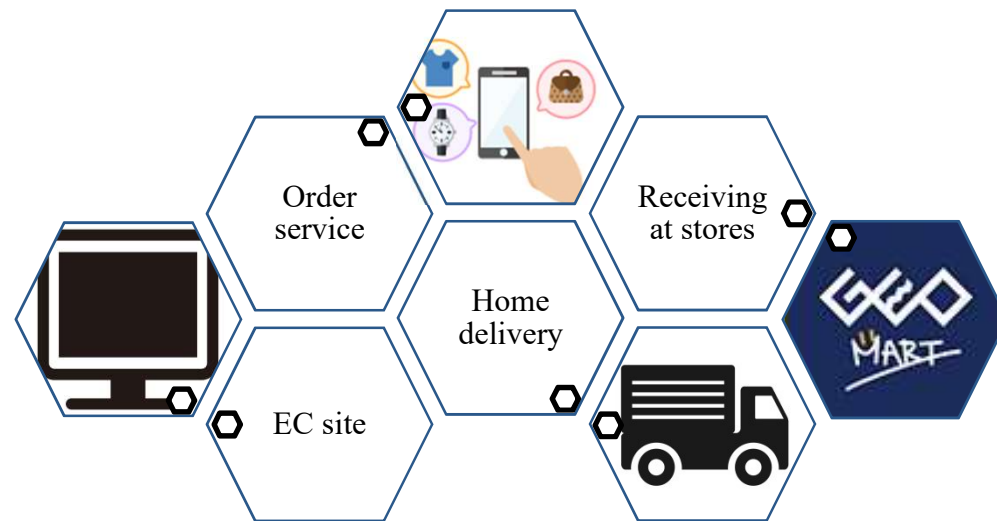
• Opened in March 2019 Bunzo Kitamoto (stationery store)

This is a national brand stationery discount shop. We continue to explore merchandise that have the potential to grow at store outlets and develop new retail format.

3

Proactive use of IT and reinforce on-line

The below is a comparison of sales involving electronic commerce in retail services among our services.



(Millions of yen)	2019/3 Results	2018/3 Results	Change
Sales involving EC	10,385	7,471	139.0%
Number of items sold involving EC	2,300,078	1,640,895	140.2%

3

GEO Group's stores

- Total number of stores for the Group: 1,878

	As of March 31, 2019	As of March 31, 2018	Increase/ decrease
GEO Group's stores and facilities	1,878	1,843	35
Retail service stores	1,866	1,833	33
 GEO shops	1,203	1,220	(17)
Directly managed stores	1,026	1,037	(11)
Distributors and franchise stores	177	183	(6)
 GEO mobile shop	17	17	0
 Second Street	630	584	46
Jumble Store※			
Directly managed stores	578	535	43
Franchise stores	52	49	3
Others	16	12	4
 Amusement facilities	12	10	2



Second Street Samukawa Kurami Store (Samukawa-machi, Koza-gun, Kanagawa)



Second Street Shinjuku Store (Shinjuku-ku, Tokyo)



Second Street Osaka Namba Store (Naniwa-ku, Osaka-shi, Osaka)



Second Street/GEO Moriyama Kikko Store (Nagoya-shi, Aichi)

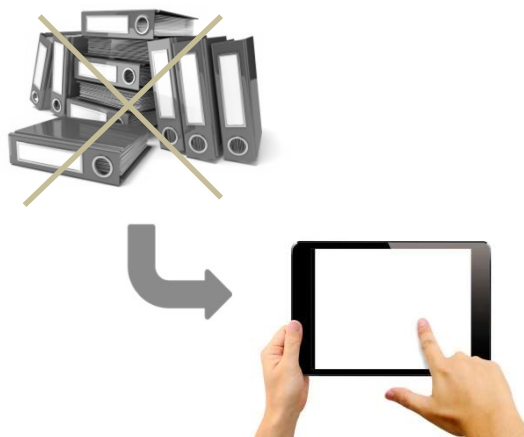
※ Including Super Second Street and buying-only stores

Energy saving efforts: We completed introducing LED in nearly 80% of our stores

We began introducing LED lighting in our stores to reduce CO2 emission and to promote efficient use of energy. As of March 31, 2019, 1,488 of our stores had LED and we are giving ongoing consideration to the environment. We will continue proactively introducing LED in our stores, reduce paper by digitalizing, and aim to become a clean company that is friendly to the environment.



LED introduced in
1,488 stores



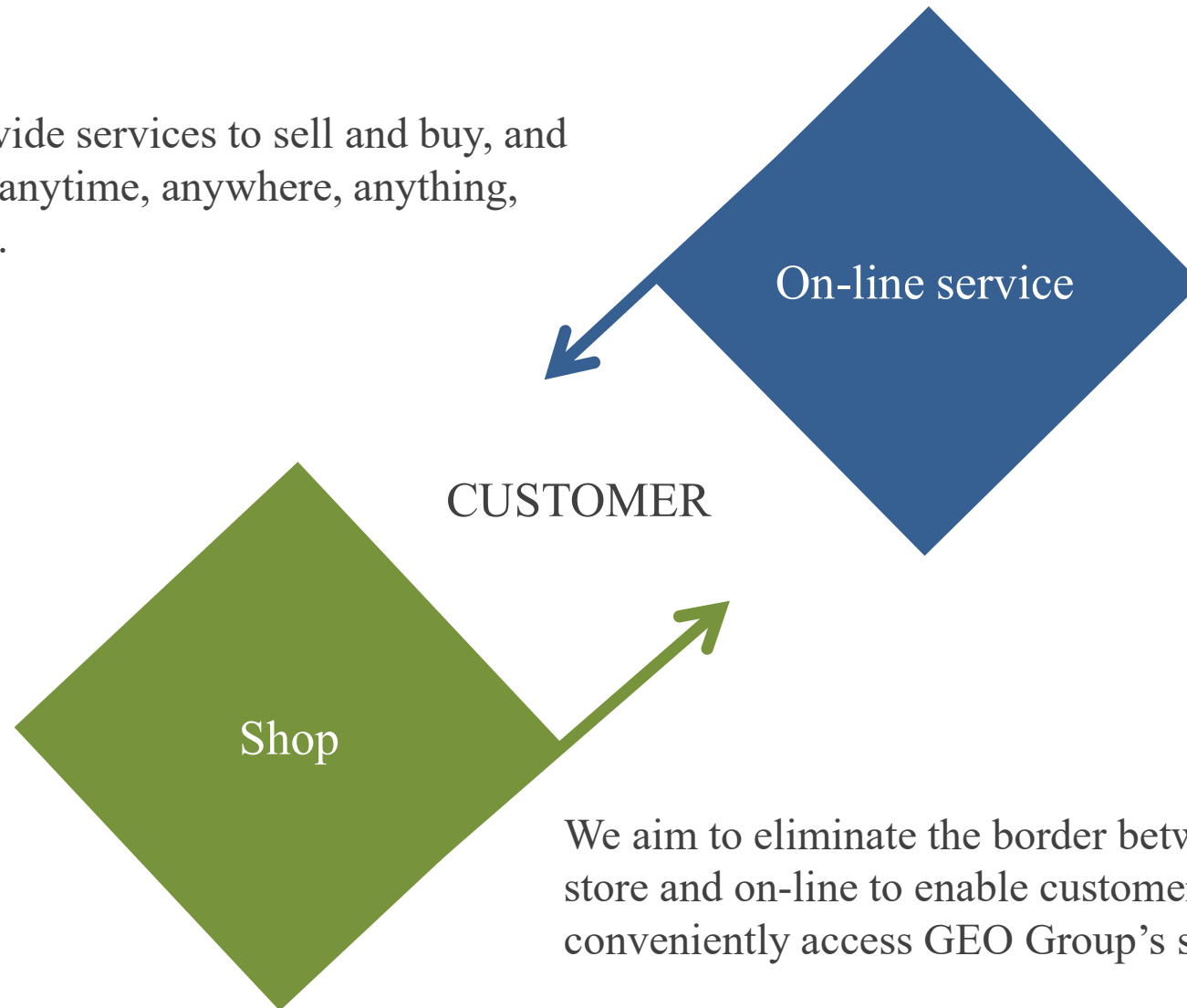
Tablets introduced in all
stores to promote
paperless



Over 2,000 units of self-
checkout terminals
introduced
(As of March 31, 2019)

Our Future Emphasis

We aim to provide services to sell and buy, and rent (to share) anytime, anywhere, anything, and by anyone.



We aim to eliminate the border between in-store and on-line to enable customers to conveniently access GEO Group's services.

4

Plans to open new stores

	Plans for new stores	
	Number of stores	Description
GEO shop 	25	Open stores by relocating and integrating existing stores Develop new merchandise by exploiting the media shop's ability to attract customers and maximize profits for the media business
Geo mobile shop 	5	Organize the system to specialize in sale and purchase of used mobile
Second Street shop 	45	Plan to achieve 800 stores by March 2023
Second Street shop USA 	7	Expand overseas store network in furtherance to the West Coast of USA
New retail format	20	Exploring new business and merchandise

4

Expand luxury brand shop

ÖKURÄ (Ookura)

GEO acquired the shares of “Ookura” in April 2019

Ookura is engaged in wholesale business in luxury watches and luxury brand bags, etc., operates auction market, and operates buying and selling stores at two stores, i.e., Shinjuku Kabuki-cho Store and Ueno Okachimachi Store.

GEO aims to become a leader also in luxury merchandise in the reuse market by capturing Ookura’s ability to procure luxury brand reuse merchandise.



Ookura Ueno Okachimachi Store (Ueno, Taito-ku, Tokyo)



Ookura Shinjuku Kabuki-cho Store
(Kabuki-cho, Shinjuku-ku, Tokyo)

4

Off price store



GEO opened its first chain-store for Japan's first off price store (OPS) business which is growing in the USA

OPS business is a business to purchase apparel manufacturers' surplus production and off-season goods, etc. and sell all merchandise in the store always at discount price.

Luck Rack is simply not a clothing discount store or an outlet store that handles a single brand but its concept is to provide "a shopping experience like treasure hunting." GEO will take advantage of its know how developed in the reuse business by decorating the floors and walls with colorful graphics and implementing ideas to enable customers to easily find the goods that they want by displaying the same items and taste together.



Kohnan Kohoku Interchange Store
(Tsuzuki-ku, Yokohama-shi, Kanagawa)

Forecast for the Fiscal Year Ending March 31, 2020

5

Forecast for the fiscal year ending March 31, 2020

- We anticipate sales of 310 billion yen, an increased of 6.0%, even if the rental market is anticipated to continue to shrink.
- We anticipate reduced profits due to continuous investment in reuse including opening new stores and exploring new retail formant and new merchandise.
- In addition to continuously opening new stores for reuse mainly for clothing and accessories, we will proactively engage in luxury brand merchandise business and buying-only store business, and organize a seamless sell and buy, and rental environment by investing in economic commerce including logistics.

(Millions of yen)	2020/3 Forecast	Change	2019/3 Results
Net sales	310,000	6.0%	292,560
Operating profit	10,000	(36.2%)	15,668
Ordinary profit	10,500	(40.5%)	17,632
Profit	5,250	(49.0%)	10,301

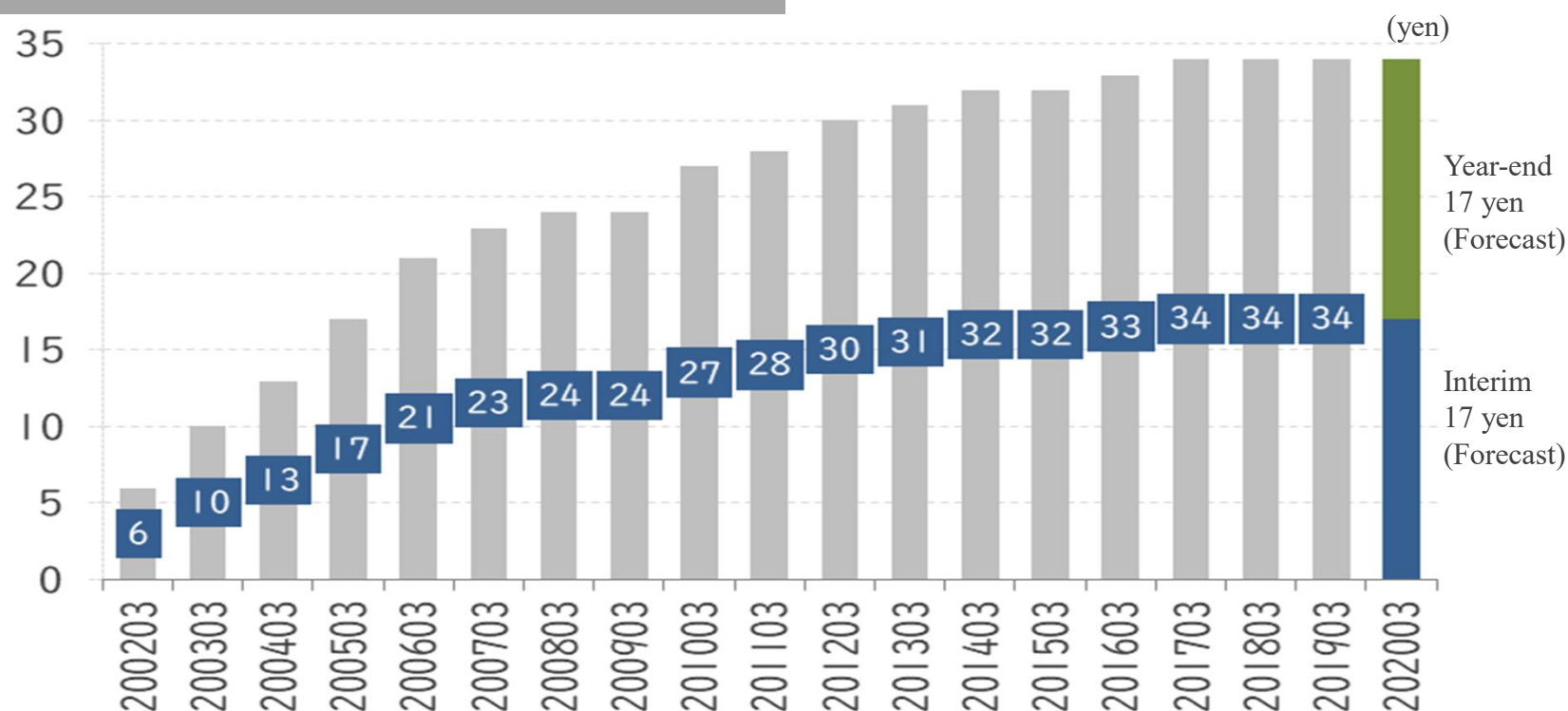
Dividends and Returns to Shareholders

6

Dividend policy

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 sound dividends.

Changes in dividends per share as adjusted to reflect stock split



We issue discount coupon as “Compliments to Shareholders” that may be used at our reuse stores and media stores to shareholders who hold 1 tangen unit (100 shares) or more shares.

Shareholders as of
March 31

2,000 yen discount coupon
exercisable at reuse stores

Let reuse become more closer to living

※Effective until May 31 of the following year.
One discount coupon worth 500 yen will be issued
for every purchase of 1,000 yen (excluding tax).

Shareholders as of September 30
who hold shares continuously for a
period of one year or longer

50% off on rentals
exercisable at media stores

50% off for one year even on hot new titles

※Effective until December 31 of the following
year.
Discount may be given to the maximum of 1
million yen.

Appendix

7

Balance sheets

	As of 3/31/2019	Composi- tion	A of 3/31/2018	Composi- tion	Amount of increase/ decrease
(Millions of yen)					
Current assets	84,406	61.8%	84,566	61.6%	(159)
Cash and deposits	35,789		42,667		(6,878)
Merchandise	35,071		30,007		5,064
Non-current assets	52,183	38.2%	52,769	38.4%	(585)
Total property, plant and equipment	27,978		28,396		(418)
Intangible assets	1,517		1,443		73
Investments and other assets	22,688		22,929		(240)
Total assets	136,590	-	137,335	-	(745)
Current liabilities	31,380	23.0%	35,618	25.9%	(4,237)
Accounts payable-trade	11,484		12,316		(832)
Current portion of long-term loans payable	4,203		5,539		(1,336)
Non-current liabilities	30,599	22.4%	29,526	21.5%	1,073
Long-term loans payable	21,193		19,897		1,296
Total liabilities	61,980	45.4%	65,144	47.4%	(3,163)
Treasury shares	(0)		(525)		525
Total net assets	74,609	54.6%	72,191	52.6%	2,418
Total liabilities and net assets	136,590	-	137,335	-	(745)

7

Income statement

(Millions of yen)	2019/3				2018/3			
	1 Q Results	2 Q Results	3Q Results	4 Q Results	1 Q Results	2 Q Results	3 Q Results	4 Q Results
Net sales	64,425	68,148	84,778	75,208	61,407	74,735	85,082	78,037
(Change from the same period of the previous year)	104.9%	91.2%	99.6%	96.4%	101.1%	120.2%	113.4%	111.3%
Gross profit	29,093	30,360	32,365	29,953	27,848	30,486	31,897	29,352
(Change from the same period of the previous year)	104.5%	99.6%	101.5%	102.0%	101.9%	109.8%	108.6%	106.7%
(Gross profit ratio)	45.2%	44.6%	38.2%	39.8%	45.3%	40.8%	37.5%	37.6%
SG&A	25,368	26,763	26,753	27,218	24,811	26,059	26,375	27,667
(Change from the same period of the previous year)	102.2%	102.7%	101.4%	98.4%	99.4%	100.3%	99.5%	106.9%
Operating profit	3,724	3,596	5,612	2,734	3,036	4,426	5,521	1,684
(Change from the same period of the previous year)	122.7%	81.3%	101.6%	162.4%	128.0%	250.3%	192.0%	102.4%

7

Cash flow

(Millions of yen)		March 31, 2019	March 31, 2018	Amount of increase/ decrease
	Depreciation	4,334	5,449	(1,114)
	Rental asset depreciation and amortization	6,152	7,038	(886)
	Impairment loss	744	2,122	(1,377)
	Purchase of rental assets	(5,881)	(6,429)	547
	Cash flow from operating activities subtotal	14,941	16,142	(1,201)
	Income taxes paid	(7,555)	(1,545)	(6,009)
	Net cash provided by (used in) operating activities	7,903	16,345	(8,442)
	Purchase or property, plant and equipment	(4,184)	(3,248)	(936)
	Net cash provided by (used in) investing activities	(6,318)	(2,969)	(3,349)
	Increase in short-term loans payable	10,100	10,400	(300)
	Decrease in short-term loans payable	(10,100)	(12,040)	1,940
	Proceeds from long-term loans payable	5,500	5,000	500
	Repayments of long-term loans payable	(5,539)	(6,372)	832
	Cash dividends paid	(1,565)	(1,630)	65
	Purchase of treasury shares	(6,308)	(525)	(5,783)
	Net cash provided by (used in) financing activities	(8,052)	(5,253)	(2,799)
	Net increase (decrease) in cash and cash equivalents	(6,468)	8,123	(14,591)
	Cash and cash equivalents at end of period	38,774	45,175	(6,401)
	Free cash flow (simple)	1,584	13,376	(11,791)

7

Sales based on merchandise

(Millions of yen)	2019/3 1Q Results	2019/3 2Q Results	2019/3 3Q Results	2019/3 4Q Results	2018/3 1Q Results	2018/3 2Q Results	2018/3 3Q Results	2018/3 4Q Results
Reuse	25,421	25,071	28,936	27,237	22,731	23,821	27,115	25,747
Media	13,278	13,260	13,651	13,982	12,317	13,696	13,885	14,440
Non-media	12,142	11,810	15,284	13,254	10,414	10,124	13,230	11,306
Rental	15,508	16,782	15,130	14,866	16,459	17,623	16,732	15,829
New (media)	15,575	17,804	31,401	24,437	15,493	24,924	32,368	28,400
Others	7,922	8,491	9,310	8,666	6,725	8,368	8,867	8,062
Total	64,425	68,148	84,778	75,208	61,407	74,735	85,082	78,037

7

Gross profit based on merchandise

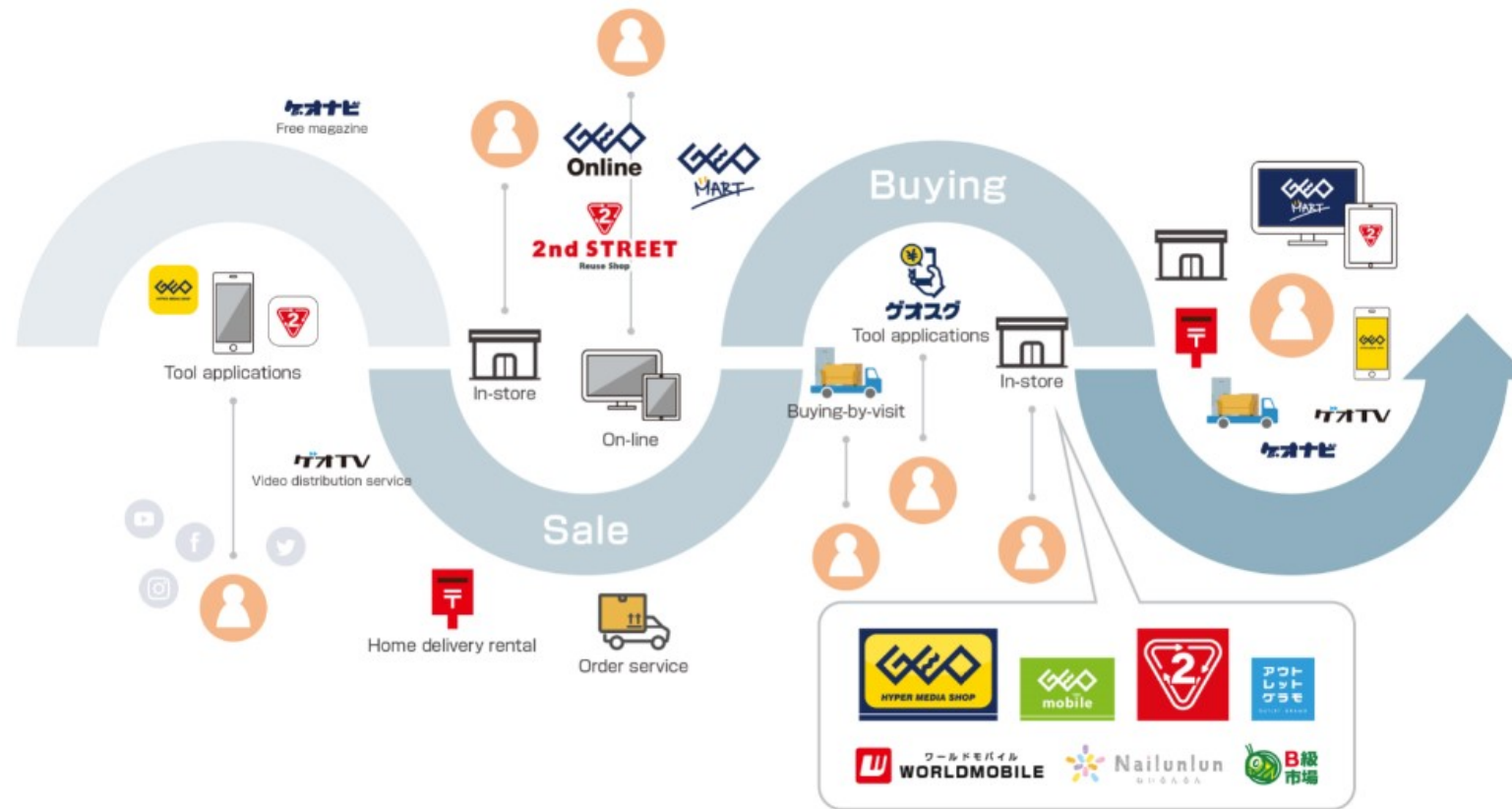
(Millions of yen)	2019/3 1Q Results	2019/3 2Q Results	2019/3 3Q Results	2019/3 4Q Results	2018/3 1Q Results	2018/3 2Q Results	2018/3 3Q Results	2018/3 4Q Results
Reuse	14,198	13,872	16,064	14,615	12,964	13,064	15,163	13,932
Media	5,556	5,781	5,814	5,801	5,323	5,847	5,819	6,074
Non-media	8,641	8,091	10,250	8,813	7,640	7,217	9,344	7,858
Rental	9,420	10,483	9,260	9,122	9,802	11,018	9,882	9,332
New (media)	2,462	2,803	4,014	3,165	2,443	3,507	4,085	3,502
Others	3,014	3,202	3,025	3,049	2,640	2,897	2,767	2,586
Total	29,093	30,360	32,365	29,953	27,848	30,486	31,897	29,352
Gross profit ratio	45.2%	44.6%	38.2%	39.8%	45.3%	40.8%	37.5%	37.6%

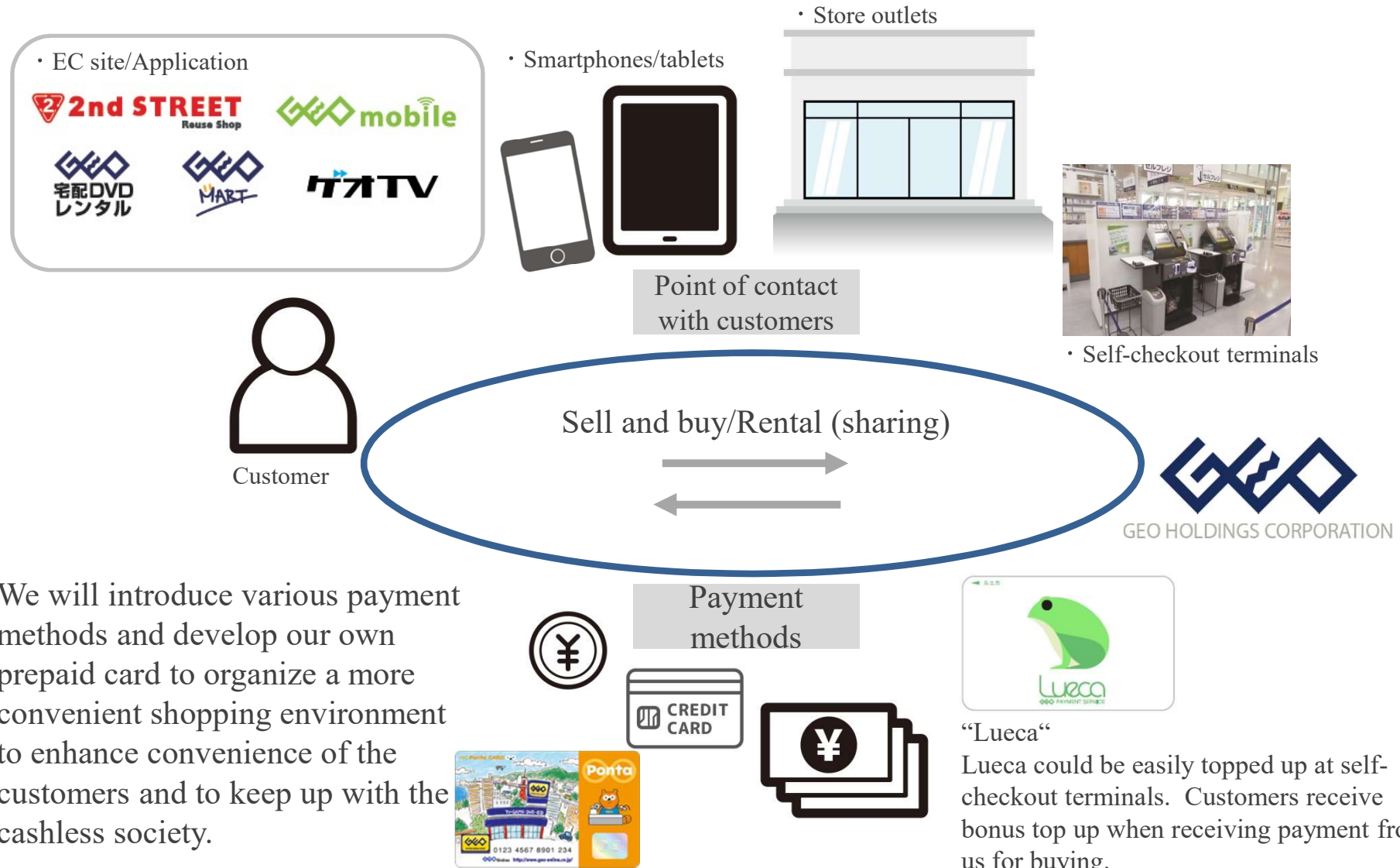
Corporate Profile

• Company name	GEO HOLDINGS CORPORATION
• Date of incorporation	January 1989
• Head office	8-8 Fujimi-cho, Naka-ku, Nagoya-shi, Aichi Prefecture 460-0014
Tokyo office	Imai Mitsubishi Bldg. 3-53-11 Minamitsuka, Toshima-ku, Tokyo 170-0005
• Representative director	Yuzo Endo, President and CEO
• Common Stock	8,944 million yen
• Listed exchange	Tokyo Stock Exchange 1st Section
• Number of employees	4,390 (consolidated)

As of March 31, 2019

We aim to make our services and products known to as many customers as possible, and to eliminate the border between in-store and on-line environment for selling and buying, and rental (sharing) to allow easier access to our services. We will provide convenient and comfortable services through various channels.





8

GEO Group's shops and their major merchandise

		<u>Reuse (non-media)</u>			<u>Reuse (media)</u>		<u>Rental</u>		<u>New goods</u>		<u>Amusement facilities</u>	Number of stores (As of March 31, 2019)
		Clothing	Clothing and accessories	Furniture and home appliances	Game device and game software	Mobile and smartphones	DVD	Books, CD	Clothing	Game device and game software		
GEO shops GEO mobile shops		●	●	●	●	●	●	●	●	●	●	1,220
Second Street shops		●	●	●	●	●	●	●	●	●	●	630
Amusement facilities		●	●	●	●	●	●	●	●	●	●	12

※The above is a list of major merchandise handled by the above stores. Some stores may not be handling the above merchandise.

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.



GEO HOLDINGS CORPORATION

Corporate philosophy: To offer joy to your everyday life

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Corporate Planning Department

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