



Supplementary Materials on the Financial Results

for the First Six Months of the Fiscal Year Ending March 31, 2024

GEO HOLDINGS CORPORATION

Prime Market of the Tokyo Stock Exchange (2681)



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1. Group Profile

Corporate philosophy:

To offer joy to your everyday life

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
Common stock	9,198 million yen (As of September 30, 2023)
Listed exchange	Tokyo Stock Exchange Prime Market

GEO Group's major shops and their major merchandise

					
Number of stores (As of September 30, 2023)	1,086 (including 39 GEO mobile stand-alone stores)		823 stores in Japan 71 stores overseas	22	18
Clothing and accessories			Reuse		Brand new
Household goods, furniture, and home appliances			Reuse		
Luxury brand items			Reuse	Reuse	
Game device and game software	Reuse merchandise and brand-new products				
Audio-visual equipment	Reuse merchandise and brand-new products	Brand new	Reuse		
Smartphones, tablet terminals, and PCs	Reuse	Reuse	Reuse		
DVD, Blu-ray, CD and comic book	Rental services and brand-new products				
Features	GEO has top market shares for reuse game devices and software, reuse smartphones, and video and music rental services. It offers brand-new audio-visual equipment and smartphone accessories in addition to brand-new game devices and software.	We have opened stand-alone stores in addition to stores attached to GEO. GEO mobile has the leading market share for reuse mobile devices and it provides services by staff specialized in smartphones.	2nd STREET has top market shares for reuse clothing and accessories. We also operate buying-only stores and specialty stores offering outdoor goods, musical instruments, and other.	OKURA mainly offers watches and bags as luxury brand items. Auctions by OKURA ensure stable merchandise supply.	Luck Rack is a chain of off-price stores (OPS), which procure surplus stock from manufacturers and offer them at low prices.

* Some stores may not be handling the above merchandise.

Group strategy: Become a network retailer

- We will understand consumers' behaviors, eliminate the barrier between online and offline (stores) and bidirectionally build a “network retailer” structure enabling customers to freely select goods and services. Through recycling-oriented distribution characterized by reuse, rentals and retailing (the sale of brand-new products), we strive to be a global platform business that continues to enable people around the world to live happy lives every day.
- The mission-critical system which the Group has produced in-house since its founding is able to centralize the management and operation of sales, purchases and rental business. Going forward, our business management will seek to add to our product categories and expand the interface with customers (on and off/global).



2. Consolidated Results for Six Months Ended September 30, 2023

Summary of the first six months of the fiscal year ending March 31, 2024

Highlights

Net sales

Against the backdrop of rising awareness of reuse and the continued demand for reuse merchandise among consumers seeking to maintain their standard of living in the face of higher prices, 2nd STREET enjoyed good sales in Japan and overseas. Meanwhile, luxury merchandise for reuse, brand-new products led by games and reused smartphones via GEO mobile also sold well. As a consequence, our net sales surged to 215.7 billion yen, up 25.0% YoY.

Operating profit, ordinary profit and profit

Despite continued falls in sales of rental merchandise and ongoing increases SG&A expenses, sales of reused clothing and accessories went well. This is the main reason for a 16.1% increase in operating profit, a 14.5% increase in ordinary profit and a 26.3% increase in profit YoY.

Gross profit

Because of a gradual decrease in sales of rental merchandise and an increase in the proportion of luxury merchandise for reuse and brand-new products to net sales, the gross profit rate fell 4.6 points YoY.

Topics

Topic (1)



(Japan)

The number of stores stood at 823 at the end of September, a net increase of 20. Sales of reuse (comprehensive) merchandise rose 133.4% YoY.

Topic (2)



(Overseas)

Number of stores that opened in the period
Seven stores in the United States
Eight stores in Taiwan
Four stores in Malaysia
Number of overseas stores as of the end of September 2023 71

Topic (3)



Implementing a plan for priority goods to increase customers' motivation to visit GEO stores.
GEO mobile expanded

Consolidated statement of income for the first six months of the fiscal year ending March 31, 2024

■ Sales and profit increased. As in the first quarter, net sales in the Q2 accounting period exceeded 100 billion yen, which is a record-high net sales for a cumulative period. An increase in net sales, attributable to factors such as solid sales of reused clothing and accessories, which are 2nd STREET's core merchandise, absorbed the increase in the SG&A ratio, which fell 4.3 points YoY. Meanwhile, a gradual decrease in sales of rental merchandise and the increased proportion of luxury merchandise for reuse and brand-new products to net sales led to a decline in the gross profit rate. For this reason, the operating profit rate dropped 0.2 point. Nonetheless, operating profit rose 16.1% YoY.

(Million yen)	2023/3 Six Month Results	2024/3 Six Month Results	Change	Increase/decrease
Net sales	172,562	215,761	125.0%	43,198
Gross profit	68,659	75,886	110.5%	7,227
(Gross profit ratio)	39.8%	35.2%		
SG&A	62,367	68,579	110.0%	6,212
Operating profit	6,292	7,307	116.1%	1,014
(Operating profit ratio)	3.6%	3.4%		
Ordinary profit	7,574	8,675	114.5%	1,101
Profit	4,525	5,717	126.3%	1,191

* Profit is profit attributable to owners of parent.

Net sales by merchandise for six months ended September 30, 2023

(Million yen)	2023/3 Six Month Results	2024/3 Six Month Results	Change	Increase/decrease
Reuse	93,213	112,793	121.0%	19,579
Comprehensive	59,269	79,082	133.4%	19,813
Clothing and accessories	29,282	38,678	132.1%	9,395
Furniture and home appliances	4,422	5,184	117.2%	762
Luxury	18,444	27,270	147.8%	8,825
Others	7,120	7,950	111.7%	829
Media	33,944	33,710	99.3%	(233)
Games	15,832	15,813	99.9%	(19)
Smartphones and tablets	15,117	15,574	103.0%	456
Others	2,994	2,323	77.6%	(671)
Brand new	49,674	74,276	149.5%	24,602
Others	29,674	28,691	96.7%	(983)
Digital content	6,635	7,939	119.7%	1,304
Rental	19,401	16,591	85.5%	(2,809)
Others	3,637	4,160	114.4%	522
Total	172,562	215,761	125.0%	43,198

In terms of sales and purchases, 2nd STREET has been doing well in both Japan and overseas.

Store sales increased partly because of the positive impact of inbound tourism.

The solid wholesale performance in the first half was followed by a downturn. On the other hand, GEO mobile sold well.

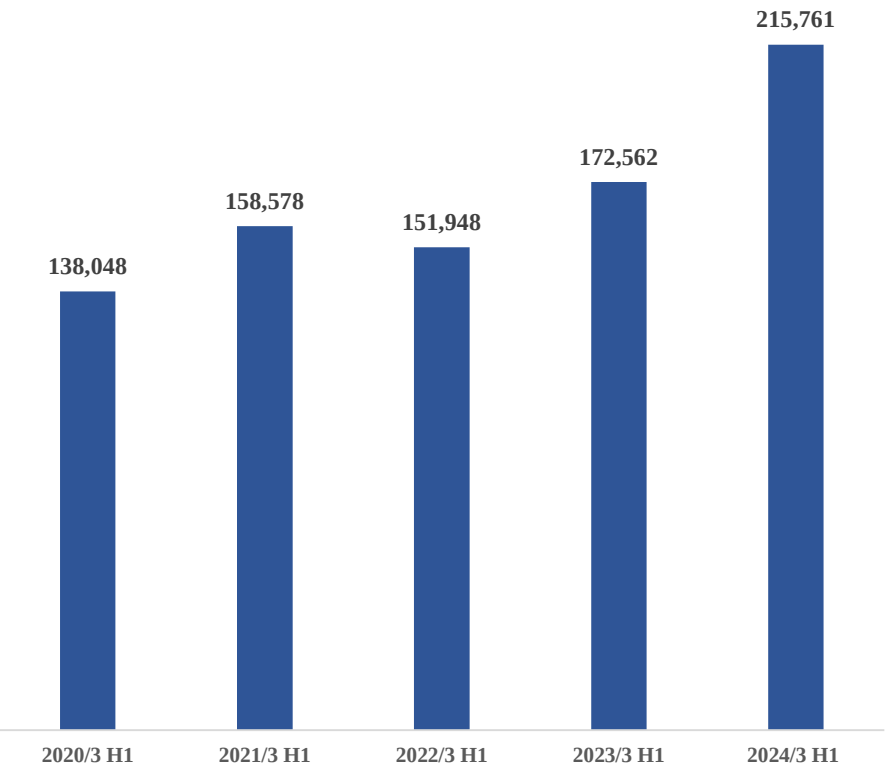
Sales increased mainly in downloadable content.

Net sales-related data for the first six months of the fiscal year ending March 31, 2024

Against the backdrop of rising awareness of reuse and the continued demand for reuse merchandise among consumers seeking to maintain their standard of living in the face of higher prices, 2nd STREET enjoyed good sales in Japan and overseas. Meanwhile, luxury merchandise for reuse, brand-new products led by games and reused smartphones via GEO mobile also sold well. As a consequence, our net sales surged to 215.7 billion yen, up 25.0% versus the first half.

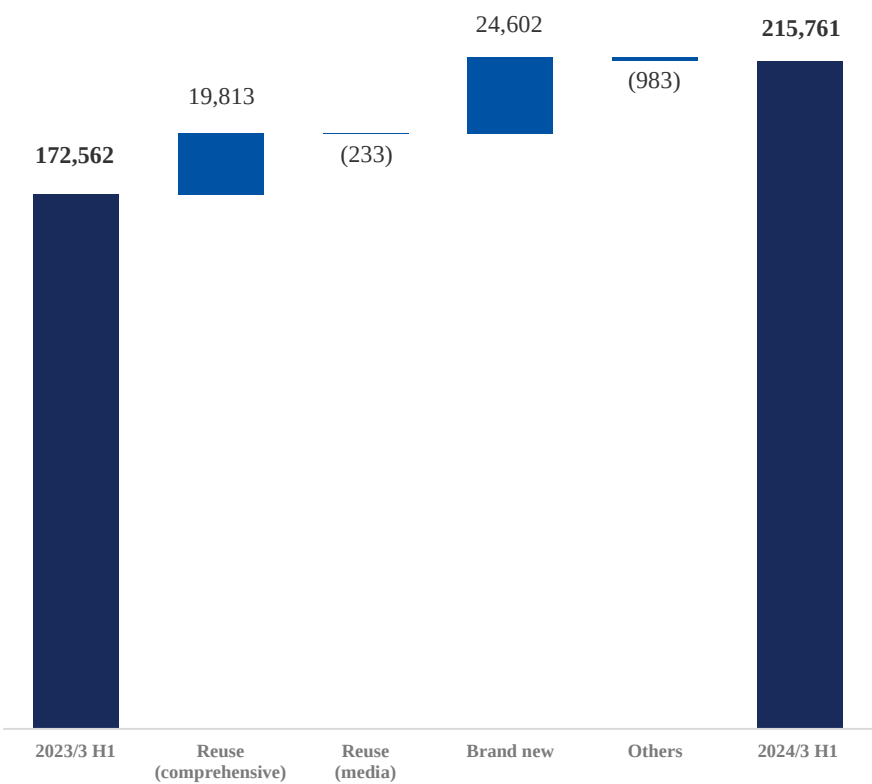
Change in sales for six months over five years

(Million yen)



Year-on-year change in net sales for six months ended September 30, 2023

(Million yen)



* The Accounting Standard for Revenue Recognition started applying at the beginning of the fiscal year ended March 31, 2022.

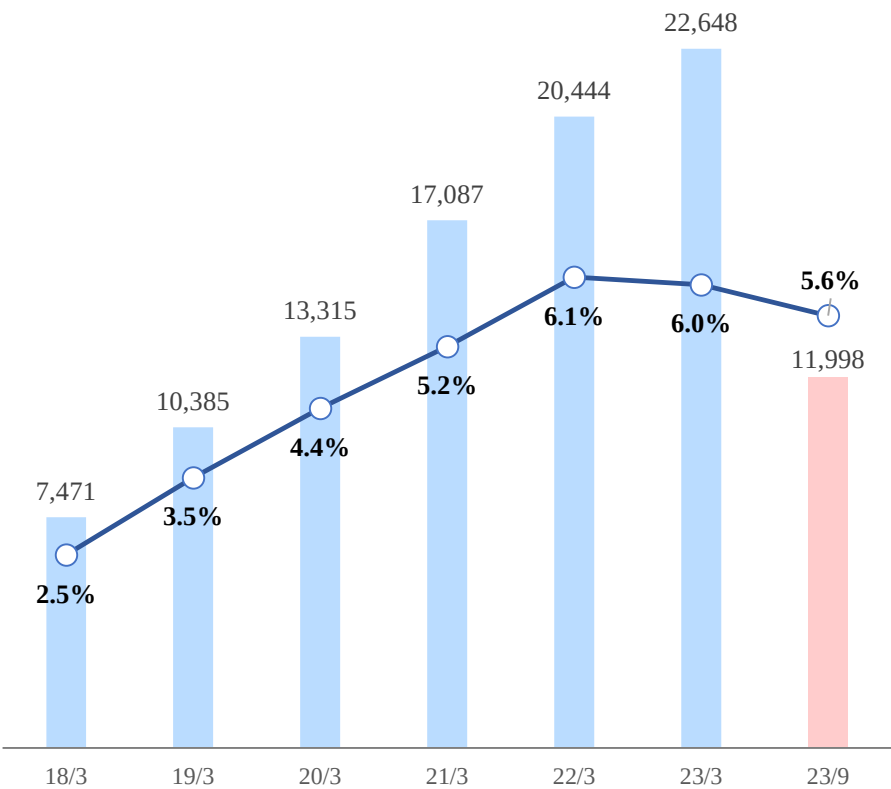


Changes in e-commerce-involving net sales for the first six months ended September 30, 2023

- E-commerce-involving net sales* continued to increase. However, the proportion of e-commerce involvement has remained low due to an increase in overall net sales.
- The back order service charges users no postage or commissions and is convenient as it enables users to see and try a product at a specified store before purchasing it. The service leverages the advantages of focusing on directly managed stores.

Changes in net sales* involving e-commerce and size of e-commerce's involvement (versus net sales)

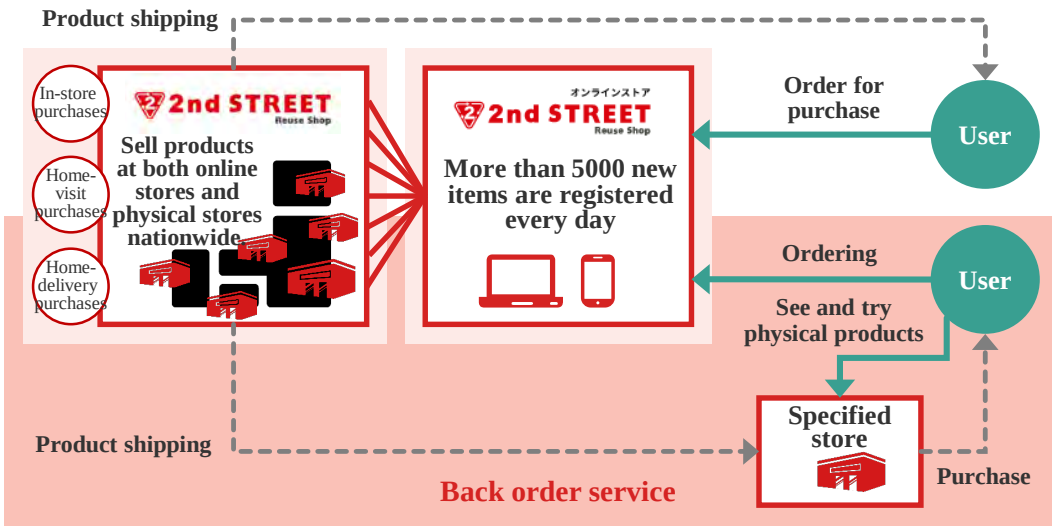
(Million yen)



* Including sales through e-commerce sites (2nd STREET online and GEO online), official apps, etc., and sales from the back order service at 2nd STREET stores

	2023/3 Six Month Results	2024/3 Six Month Results	Change
Sales involving EC (Million yen)	10,500	11,998	114.3%
Number of items sold involving EC (Thousand items)	1,754	1,947	111.0%

Overview of 2nd STREET online store



Gross profit by merchandise for six months ended September 30, 2023

(Million yen)	2023/3 H1 Results	2024/3 H1 Results	Change	Increase/decrease
Reuse	40,775	48,721	119.5%	7,946
Comprehensive	29,101	36,907	126.8%	7,806
Clothing and accessories	19,175	25,161	131.2%	5,986
Furniture and home appliances	2,810	3,125	111.2%	315
Luxury	2,226	3,250	146.0%	1,023
Others	4,888	5,370	109.9%	481
Media	11,674	11,814	101.2%	140
Games	5,150	5,007	97.2%	(143)
Smartphones and tablets	3,915	4,398	112.3%	483
Others	2,608	2,408	92.3%	(200)
Brand new	8,254	7,591	92.0%	(662)
Others	19,629	19,573	99.7%	(56)
Digital content	5,967	7,077	118.6%	1,110
Rental	12,230	10,446	85.4%	(1,784)
Others	1,431	2,049	143.1%	617
Total	68,659	75,886	110.5%	7,227

SG&A for six months ended September 30, 2023

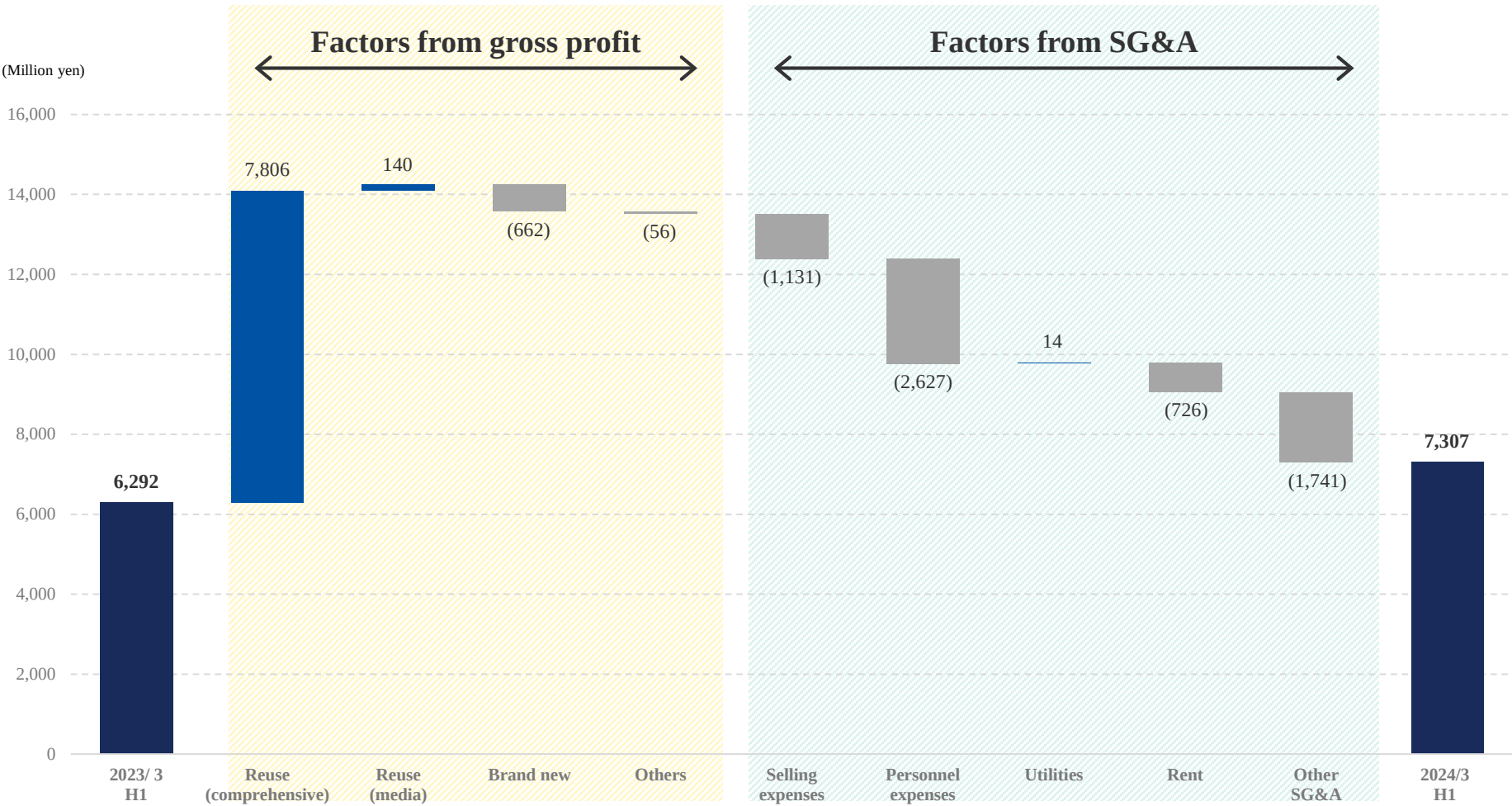
■ Sales commissions increased with the growing use of cashless payment in parallel with sales. Strategic expenditure for advertising was introduced. Personnel expenses, rent, consumables increased due to an increase in the number of stores. They led to a 10.0% increase in total SG&A expenses YoY.

(Million yen)	2023/3 H1 Results	Ratio to net sales	2024/3 H1 Results	Ratio to net sales	Change	Increase/decrease
Total selling expenses	8,669	5.0%	9,800	4.5%	113.1%	1,131
Advertising	3,891	2.3%	4,462	2.1%	114.7%	571
Sales promotion	166	0.1%	162	0.1%	98.0%	(3)
Sales commission	2,748	1.6%	3,204	1.5%	116.6%	455
Total personnel expenses	28,739	16.7%	31,366	14.5%	109.1%	2,627
Total other expenses	24,958	14.5%	27,412	12.7%	109.8%	2,453
Utilities	2,353	1.4%	2,338	1.1%	99.4%	(14)
Rent	13,003	7.5%	13,729	6.4%	105.6%	726
Depreciation and amortization	1,899	1.1%	2,318	1.1%	122.0%	418
Consumables	749	0.4%	1,328	0.6%	177.3%	579
Maintenance	311	0.2%	354	0.2%	113.9%	43
Total SG&A	62,367	36.1%	68,579	31.8%	110.0%	6,212

* Regarding increases and decreases in SG&A, minus figures represent factors positively impacting our operating profit.

Change in operating profit for six months ended September 30, 2023

Due mainly to an increase in gross profit from reuse merchandise, it was possible to absorb the decrease in gross profit from rental services, which is included in "Other," and the increase in SG&A expenses. As a consequence, operating profit rose 16.1% YoY.



* Regarding the amount of the increase or decrease of SG&A, minus figures represent factors decreasing profit.



Consolidated balance sheets for six months ended September 30, 2023

(Million yen)	As of Mar. 31, 2023	Composition	As of Sep. 30, 2023	Composition	Increase/ decrease
Current assets	131,311	65.1%	136,364	64.5%	5,052
Cash and deposits	44,286		44,436		149
Merchandise	64,241		66,680		2,438
Non-current assets	70,492	34.9%	75,019	35.5%	4,526
Property, plant and equipment	40,847		44,801		3,954
Intangible assets	3,264		4,066		802
Investments and other assets	26,380		26,150		(230)
Total assets	201,804	-	211,383	-	9,578
Current liabilities	49,225	24.4%	42,341	20.0%	(6,884)
Accounts payable trade	16,034		14,521		(1,512)
Short-term borrowings	6,000		-		(6,000)
Current portion of long-term borrowings	7,487		8,175		687
Non-current liabilities	75,366	37.3%	86,500	40.9%	11,134
Long-term borrowings	54,462		63,537		9,075
Total liabilities	124,592	61.7%	128,842	61.0%	4,249
Total net assets	77,212	38.3%	82,541	39.0%	5,329
Total liabilities and net assets	201,804	-	211,383	-	9,578

Increased with the presence in stock of secured reused clothing and accessories, luxury merchandise for reuse and reused smartphones

Thirteen billion and two hundred million yen was procured from financial institutions we transact with.

Consolidated statement of cash flow for six months ended September 30, 2023

(Million yen)	2022/3 H1	2023/3 H1	Increase/decrease
Profit before income taxes	7,554	8,546	992
Decrease (increase) in trade receivables	(1,806)	(1,045)	760
Decrease (increase) in inventories	(6,535)	(2,285)	4,249
Increase (decrease) in trade payables	3,178	(1,847)	(5,025)
Cash flows from operating activities subtotal	3,266	5,030	1,763
Income taxes paid	(358)	(2,488)	(2,130)
Net cash provided by (used in) operating activities	2,822	2,453	(369)
Purchase of property, plant and equipment	(2,414)	(3,177)	(762)
Net cash provided by (used in) investing activities	(3,369)	(5,524)	(2,155)
Net increase (decrease) in short-term borrowings	—	(6,000)	(6,000)
Proceeds from long-term borrowings	9,900	13,200	3,300
Repayments of long-term borrowings	(2,937)	(3,477)	(540)
Dividends paid	(510)	(473)	37
Net cash provided by (used in) financing activities	6,362	3,160	(3,201)
Net increase (decrease) in cash and cash equivalents	6,123	354	(5,768)
Cash and cash equivalents at end of period	53,974	46,919	7,054

Stock of reused clothing and accessories, luxury merchandise for reuse and reused smartphones increased

Sales of major game software titles had an impact in the previous second quarter

The tax burden increased with the higher profit in the first half

GEO Group's stores

■ Total number of stores for the Group as of September 30, 2023: 2,065

	GEO*1  	2nd STREET*2  Japan USA Taiwan Malaysia				OKURA TOKYO 	Luck Rack 	Others*3	Total
Directly-managed stores	971	768	30	26	15	22	18	45	1,895
(Opened during this fiscal year)	24	25	7	8	4	2	3	11	84
(Closed during this fiscal year)	(17)	(5)	0	0	0	(3)	(6)	(1)	(32)
Franchise stores and distributors	115	55	0	0	0	0	0	0	170
Total	1,086	823	30	26	15	22	18	45	2,065

*1: Includes GEO mobile (mobile dedicated stores).

*2: Includes Super 2nd STREET, JUMBLE STORE, 2nd OUTDOOR, and buying-only stores.



3. Full-year Forecast for Fiscal Year Ending March 31, 2024

Full-year Forecast for Fiscal Year Ending March 31, 2024

- Based on recent trends of our performance, the forecast announced in May 2023 was revised on November 10, 2023.
- Mainly dealing in reused clothing and accessories, 2nd STREET continued to enjoy an increase in existing stores' sales, with the result that the increase in sales exceeded expectations. This reflected users' ethical consumption, driven by greater recognition of the reuse market and growing interest in a recycling-oriented society. Meanwhile, sales of rental merchandise fell as expected, reflecting the contracting market. Despite this, luxury merchandise for reuse, including brand-new products, reused communication devices and upmarket watches sold well. Consequently, our consolidated net sales was 125.0% YoY, absorbing the increase in SG&A expenses. Moreover, operating profit, ordinary profit and profit attributable to owners of parent outgrew initial forecasts. Consequently, our full-year earnings forecast was revised upwards.

(Million yen)	Previous forecast	Revised forecast	Increase/decrease	Change	(Reference) 2022/3 Full-year Results	(Reference) Revised forecast Increase/decrease versus the first half	(Reference) Revised forecast Change versus the first half
Net sales	400,000	428,000	28,000	7.0%	377,300	50,699	13.4%
Operating profit	13,000	17,000	4,000	30.8%	10,620	6,379	60.1%
Ordinary profit	13,500	18,000	4,500	33.3%	11,926	6,073	50.9%
Profit	7,000	9,000	2,000	28.6%	5,681	3,318	58.4%

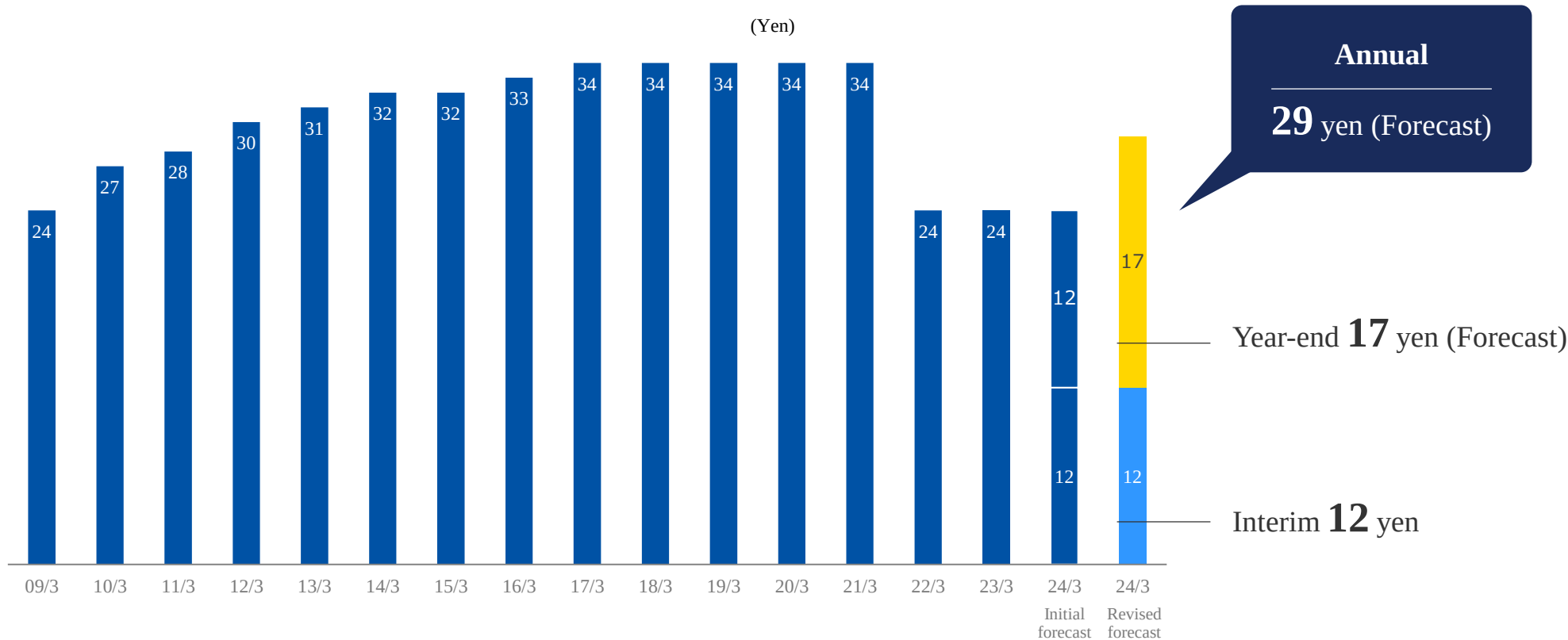
Store opening plan for the fiscal year ending Mar. 31, 2024

	Store opening plan			
	Number of stores	Summary		
	65 stores in Japan	Store openings will concentrate on comprehensive reuse stores as we seek to open the 1,000th 2nd STREET store.		
	31 stores in overseas	USA	15 stores	Besides opening stores in states we have already expanded to, we seek to open stores in more states.
		Taiwan	10 stores	We will continue to open stores and expand the area more than now.
		Malaysia	6 stores	We will open stores mainly in Kuala Lumpur and the surrounding area.
	60 stores	Besides aggressively opening GEO mobile dedicated stores, we are planning to open GEO stores with a new format.		
	4 stores	Aside from downtown locations, buying-only stores are also planned to be open.		
	8 stores	In addition to stores in commercial buildings in front of train stations, we also plan to open suburban roadside stores.		

Dividends

- We recognize that return of profits to shareholders is one of management priorities. We have a basic policy to secure a stable management foundation, improve profitability, and pay stable dividends.
- In overall consideration of profit levels, financial conditions and other facts for the fiscal year ending March 2024, the Company decided to pay a dividend from surplus (interim dividend) in the fiscal year ending March 2024 of 12.00 yen per share, as announced on May 12, 2023. The year-end dividend forecast is 17.00 yen per share, up five yen from the previous forecast. The annual dividend will be 29.00 yen per share. We will continue our endeavors to improve capital efficiency and to pay stable dividends while ensuring financial soundness.

Changes in dividends per share as adjusted to reflect stock split



Notice of abolition of the shareholder benefit plan

It was decided to abolish the shareholder benefit plan at the Board of Directors' meeting held on November 10, 2023.

● Reasons for the abolishment

The Company has been implementing a shareholder special benefit program in order to show gratitude to its shareholders for their ongoing support, and to increase the investment attractiveness and encourage more shareholders to hold its shares over the medium to long term.

However, after careful consideration from the viewpoint of fair return of profits to our shareholders, the Company has decided to abolish the shareholder special benefit program. Instead of this system, the Company aim to focus on using fund to invest and expand the business for future growth, enhance its profitability and competitiveness, and generate mid long term corporate value, as part of its returning profit strategy for all shareholders.

The Company appreciate shareholders' understanding as it continues to position the return of profits to its shareholders as an important management issue and enhance corporate value for stable dividends.

● Timing of the abolishment

The company will abolish the shareholder benefit plan after providing the final shareholder benefit items to shareholders (scheduled to be sent in late June 2024) who can be confirmed to hold one unit (100 shares) or more in our shareholder registry as of March 31, 2024.

4. Growth-Oriented Initiatives

Matrix of growth-oriented initiatives for investing management resources in a focused manner

Initiatives for investing management resources in a focused manner

		Opening stores proactively	Attracting more visitors through priority goods	Expansion of operations
2nd STREET (Japan)	Growth domain	●		
2nd STREET (Overseas)	Development domain	●		
OKURA TOKYO	Development domain			●
Luck Rack	Development domain	●		
GEO	Maturing domain	●	●	
Digital contents business	Development domain			●

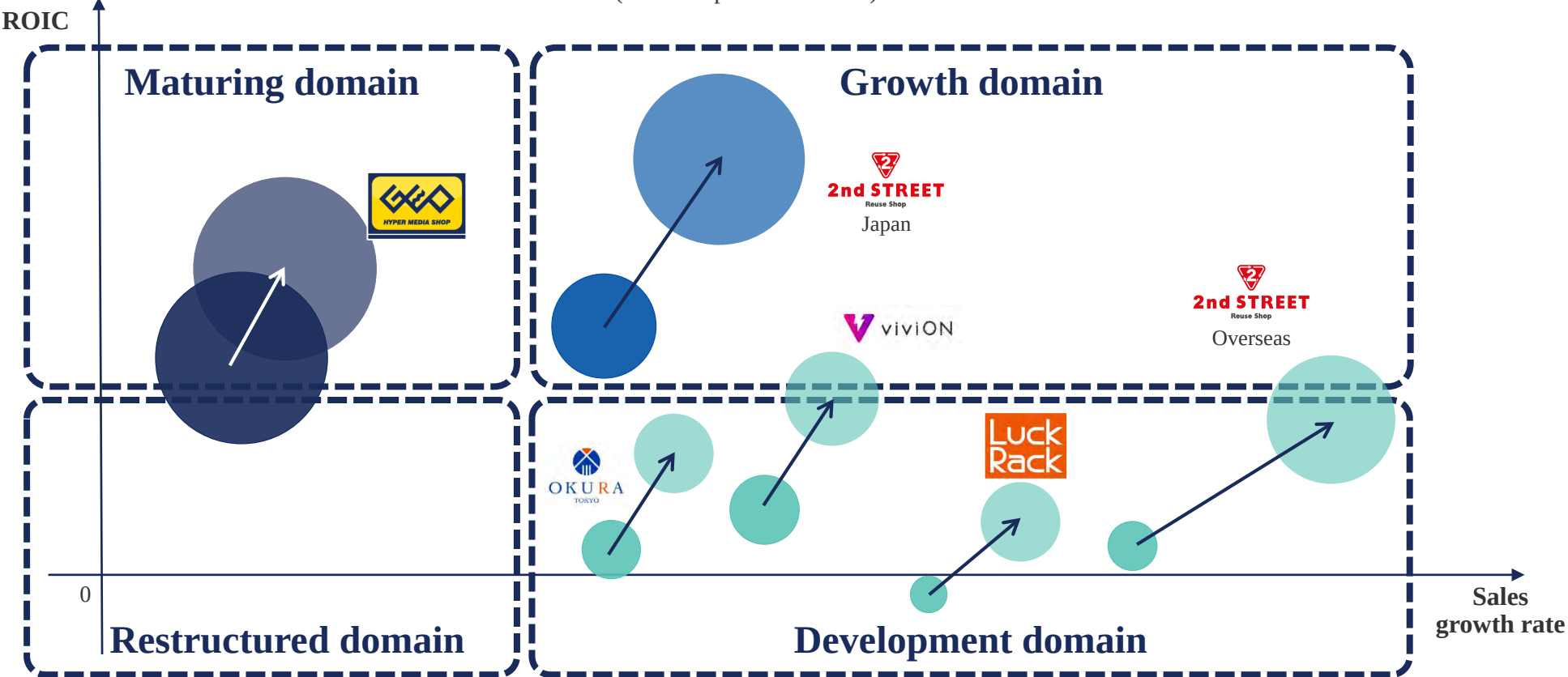
* The initiatives for investing management resources in a focused manner are highlighted.

Business growth by Segment

■ We will seek to increase revenue in existing industries with our multi-store platform for offline and online businesses. Also, monetization is ongoing in new trade areas and new businesses. A platform has been established in the online digital content business and its monetization is in sight.

Growth image of our businesses over the next few years

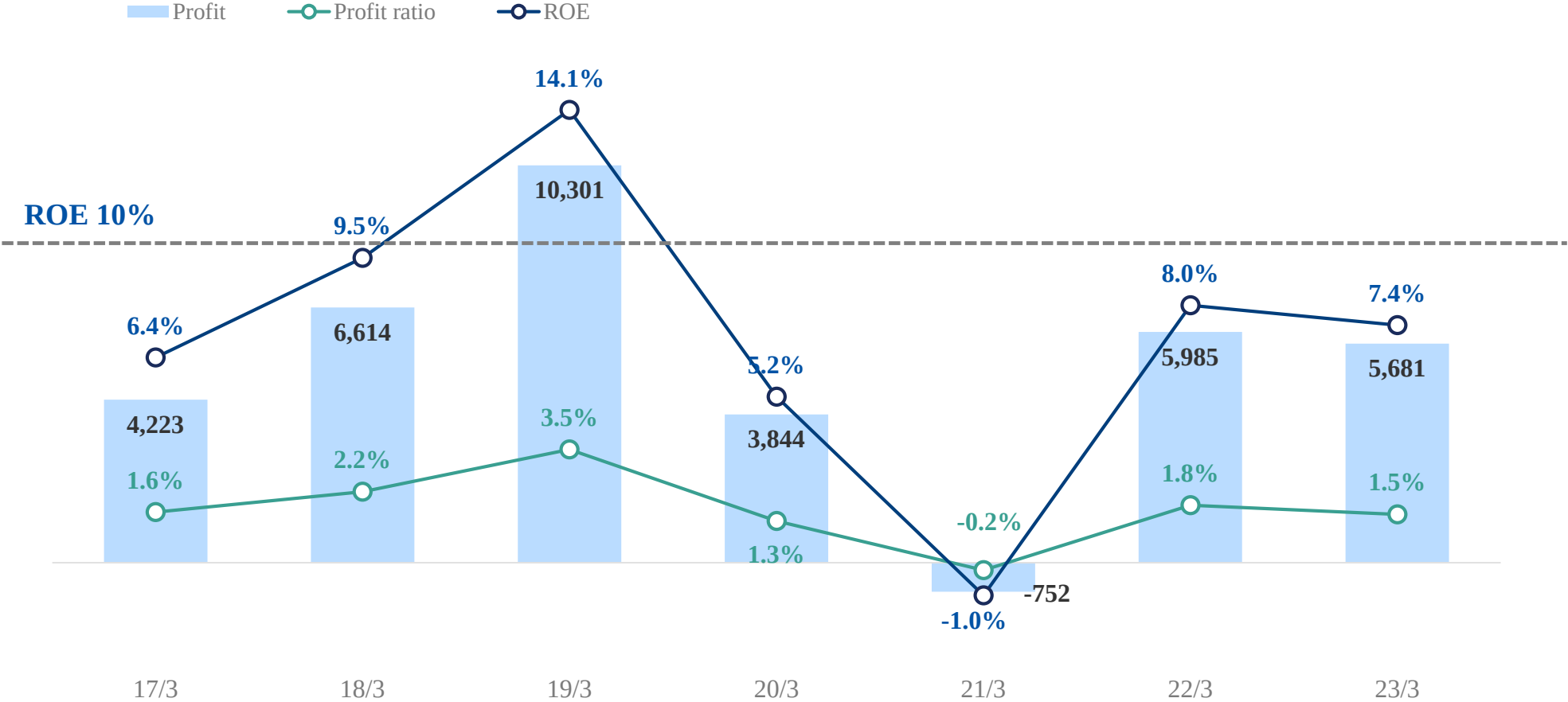
(Circles represent net sales)



* viviON data consider the impact of revenue recognition standards

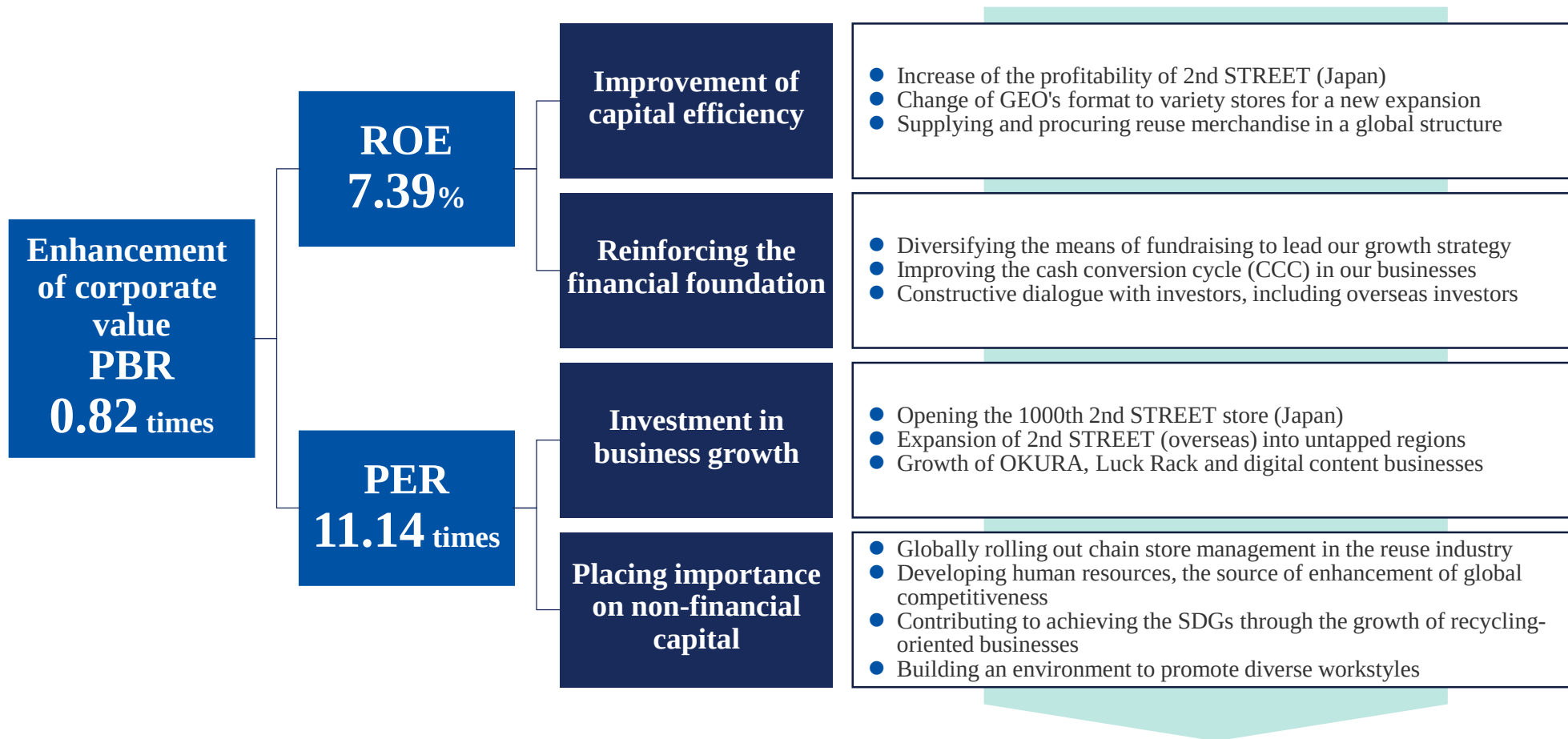
ROE target

The ROE 10% standard can be achieved by refraining from active investment. But an ROE 8% or greater remains our target for the time being.



Towards improving corporate value

As we work to become an outstanding company without peer in the world's reuse industry, we will continue to improve capital efficiency, reinforcing our financial foundation, investing in business growth and placing importance on non-financial capital and sustainably to achieve a PBR greater than 1.0 and enhance our corporate value.



Be an outstandingly peerless company in the world's reuse industry

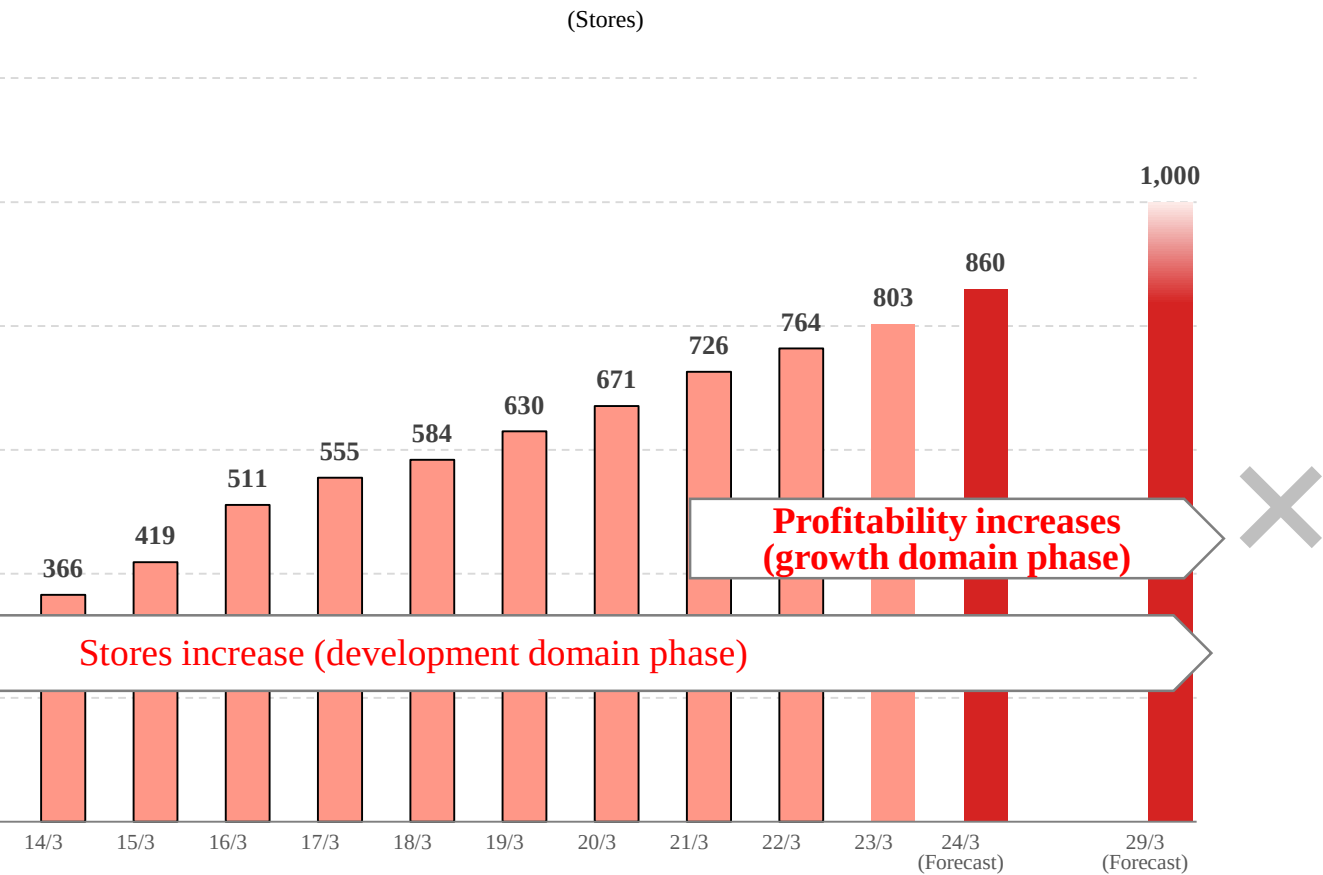
* PBR, ROE and PER shown above are as of March 2023

Change in the number of domestic 2nd STREET stores and the medium-term target



- To be an overwhelmingly peerless company in the reuse market, we achieved an interim target of having 800 2nd STREET stores in Japan by the end of the fiscal year ended March 31, 2023. We will pursue the next target of increasing the number of 2nd STREET stores to 1,000 by the end of the fiscal year ending March 31, 2029.
- 2nd STREET stores in Japan continue their efforts to improve profitability by (1) increasing their operational capabilities, (2) flexibly changing sales floors and making purchases in accordance with inventory status and (3) properly controlling personnel expenses, among other efforts.

Change in the number of stores in Japan



Efforts to improve stores' profitability

Increasing their operational capabilities through the standardization and simplification of store operations

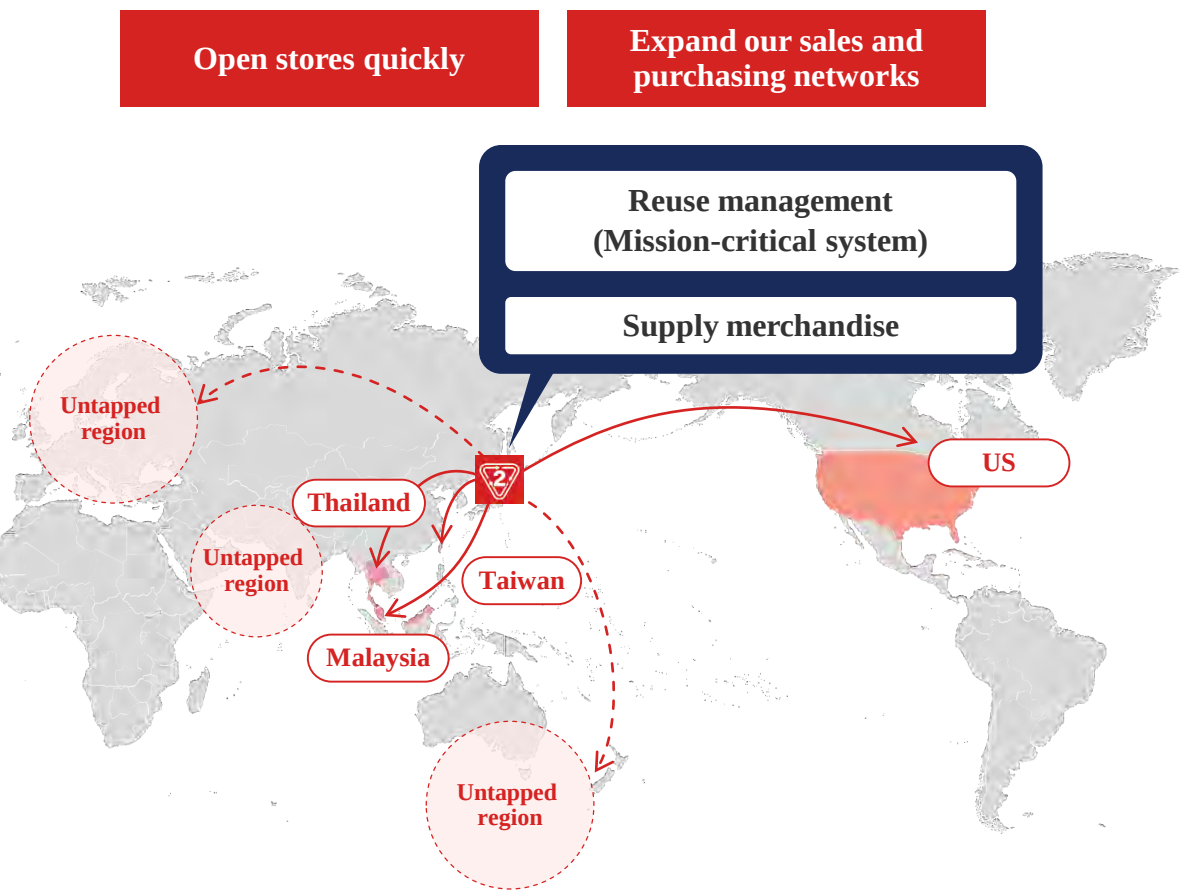
Flexibly changing sales floors and focused on buying from customers in accordance with inventory status

Analyzing store person-hours and properly controlling personnel expenses

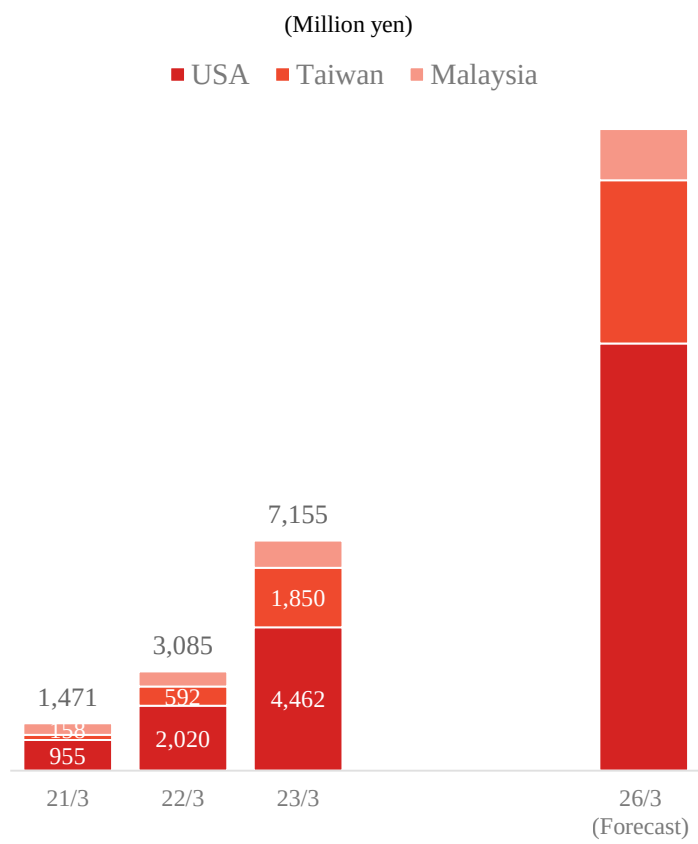


Opening More 2nd STREET Stores Overseas

- By providing reuse management (mission-critical system) and merchandise from Japan, we will achieve multistore expansion in Taiwan, Malaysia and the United States to energize our growth.
- We also consider opening stores in Southeast Asia, including Thailand and other regions.



Change in Overseas Sales



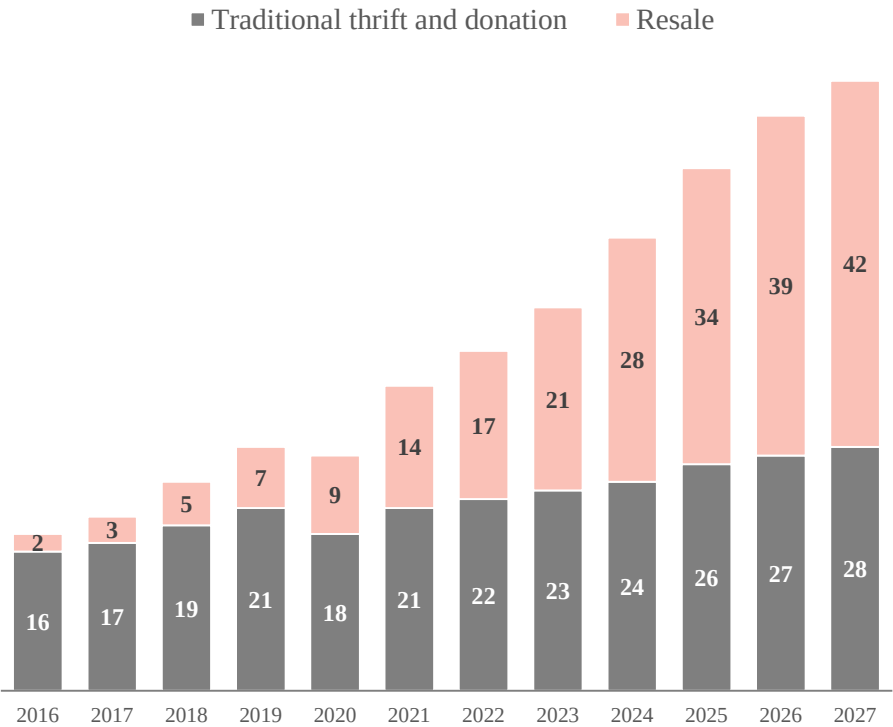
Business strategy in the United States, a country with large potential



- Some people argue that the US reuse market will grow from 39 billion dollars in 2022 to 70 billion dollars by 2027 because it enjoys the support of the different generations of people.
- In the United States, the purchase- or sales-oriented reuse shop markets are expanding in addition to reuse shops where merchandise procurement takes the form of conventional donations. Based on this fact, we are transitioning from the tentative stage of store openings to multi-store management.

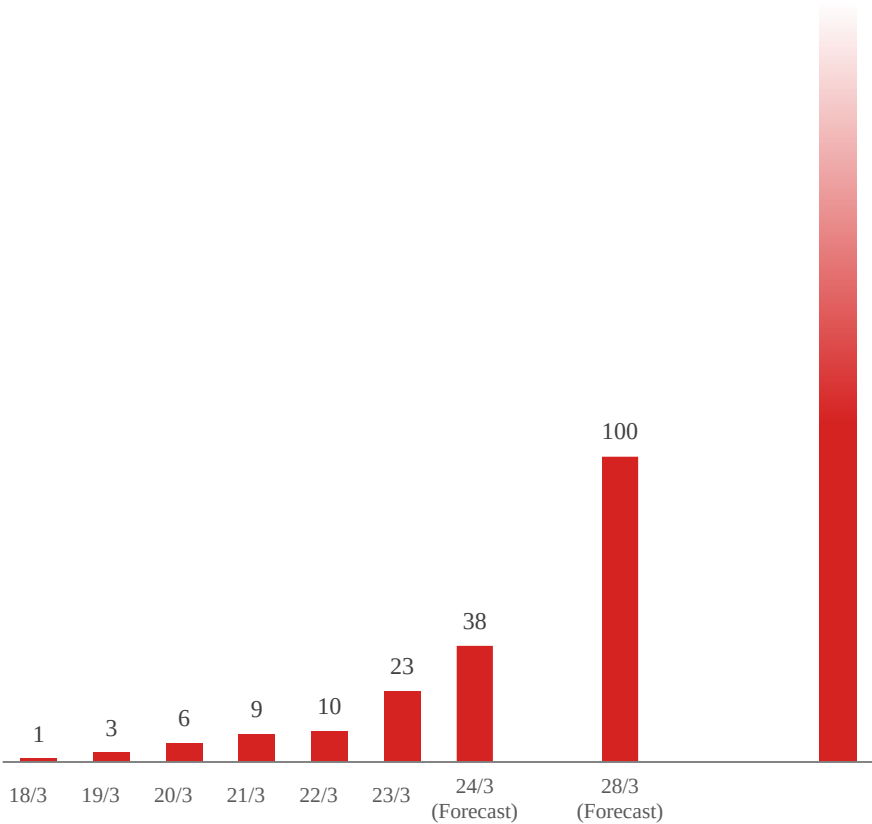
Changes in the size of US reuse market

(Billion USD)



Changes in the number of 2nd STREET stores in the United States

(Stores)



Operating stores in the United States and the advantages of it



- Our expansion into the United States started on the West Coast. The performance of our US stores and the training of local employees have progressed favorably. We will continue actively opening more stores mainly in densely populated cities, with a target of opening 100 2nd STREET stores by March 2028 which will be the stepping stone to our further US expansion.
- Our US stores also have advantages such as (1) offering reuse merchandise shipped from Japan and products that are hard to get in the United States while basing their business on locally purchased products, (2) the ability to quickly adapt to trends and weather conditions and (3) Japanese-style hospitality.

Colorado: South Broadway Store (opened in August 2023)



This is the first 2nd STREET store in Colorado. Rich in nature, the State of Colorado is home to the Rocky Mountains. Denver is the capital of Colorado and the center of the state's politics, economy and culture. The store boasts a rich assortment of products from Japanese designer brands, internationally popular luxury brands and many other brands.

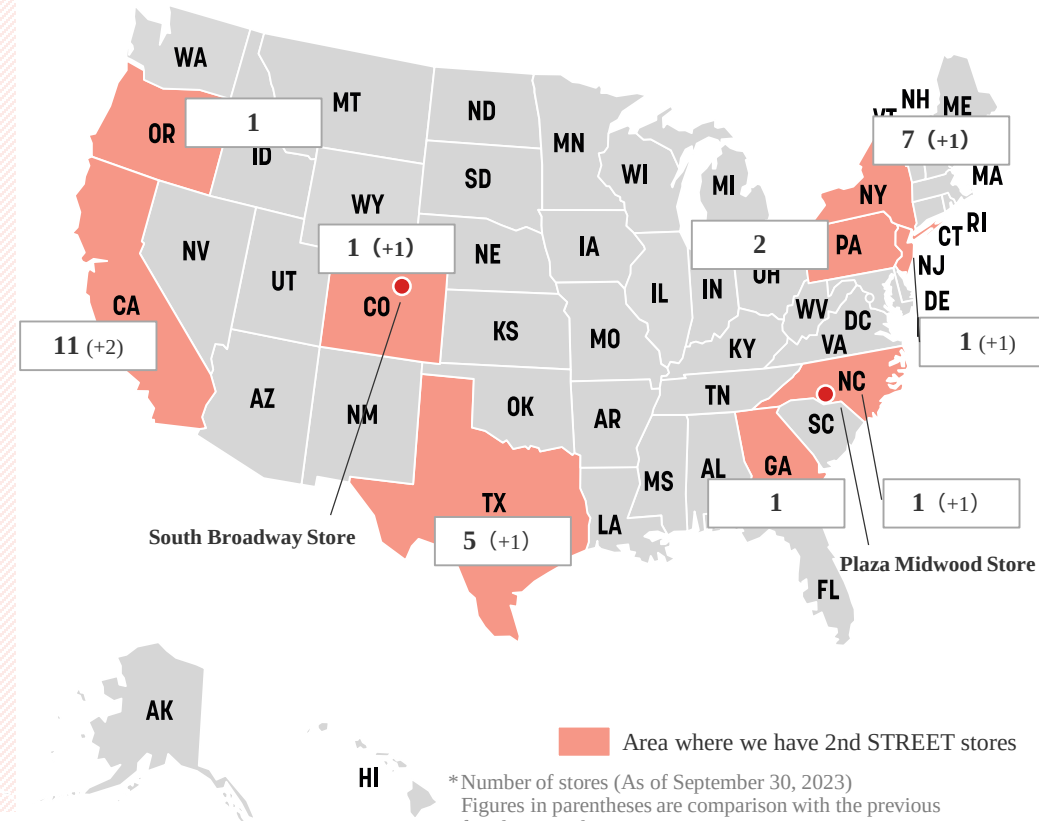
North Carolina: Plaza Midwood Store (opened September 2023)



This is the 30th 2nd STREET US store and the first one in North Carolina. The state is one of the original 13 states of the United States. Charlotte is the biggest city and the center of economy and culture of North Carolina. The store deals in reused clothing, bags, shoes and accessories from a wide variety of brands. This store also provides purchase services.

2nd STREET store locations in the USA

* The figure in the map below is the number of 2nd STREET stores in that area.



Store opening strategy in Taiwan where the reuse market is developing



- As the reuse market in Taiwan is still developing, we will aggressively open stores in Taiwan in an effort to establish our firm position there.
- We will solidify our position in the Taiwanese market while strengthening the development of human resources and cost management, as our stores in Taiwan also have the advantage of continuously displaying merchandise from Japan in addition to merchandise purchased within Taiwan. We have a target of opening 100 2nd STREET stores in Taiwan by March 2030.

Taipei: Zhongxiao Fuxing Store (opened July 2023)



Following the stores in Wanhua Ximen, Xinyi and Datong Zhongshan in Taipei, this is the first 2nd STREET roadside store in the Eastern District of Taipei. The Eastern District of Taipei has good commercial and transport features and it is where there is a concentration of department stores and luxury fashion brands. The new store has 6000 products shipped from Japan. The merchandise is geared toward typical clientele in the area and luxury brands are more than half of the merchandise.

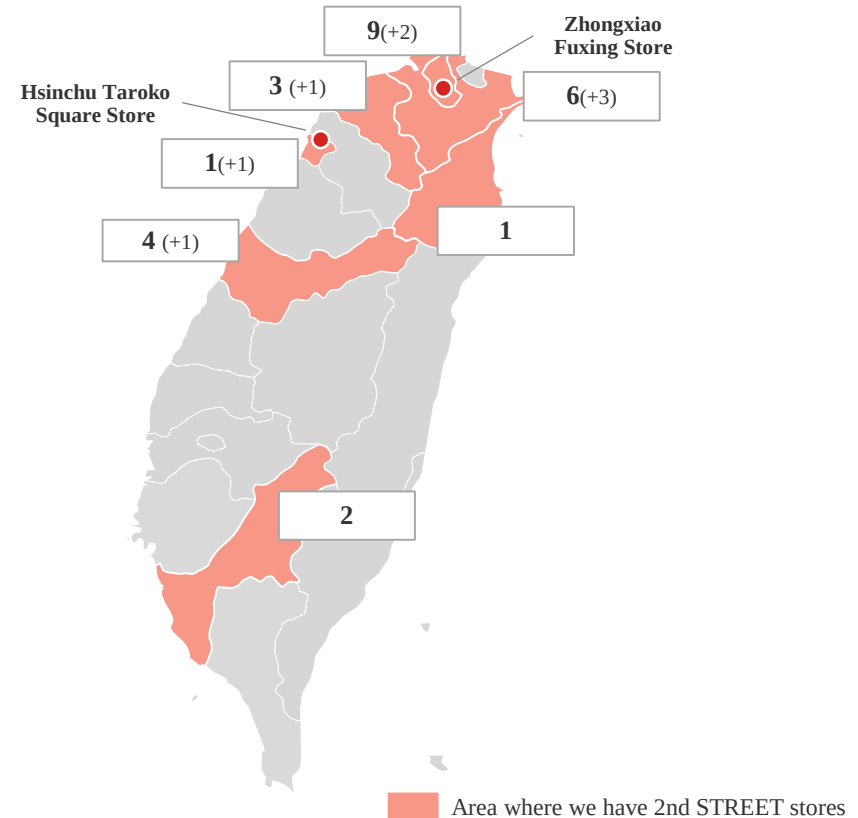
Hsinchu: Hsinchu Taroko Square Store (opened August 2023)



This is the first 2nd STREET store in Hsinchu. It opened in Taroko Square, a large commercial complex. Taroko Square is a shopping center with a total floor area of approx. 6,800 tsubo. (approx. 22,479 square meters). Tenants include many Japanese companies and the complex is also adjacent to a supermarket. This serves as the place for shopping and is indispensable for the daily lives of local residents. The store's reuse merchandise is carefully selected from the abundant stock of products purchased by 2nd STREET stores all over Japan and in Taiwan.

2nd STREET store locations in Taiwan

* The figure in the map below is the number of 2nd STREET stores in that area.



*Number of stores (As of September 30, 2023)
Figures in parentheses are comparison with the previous fiscal year-end.

Store opening strategy in Malaysia



- In Malaysia, wholesale and in-store sale of reuse products imported from Japan are concentrated in Kuala Lumpur and the surrounding area.
- We will continue with marketing research and staff increases in Malaysia while stepping up our operations in the country.



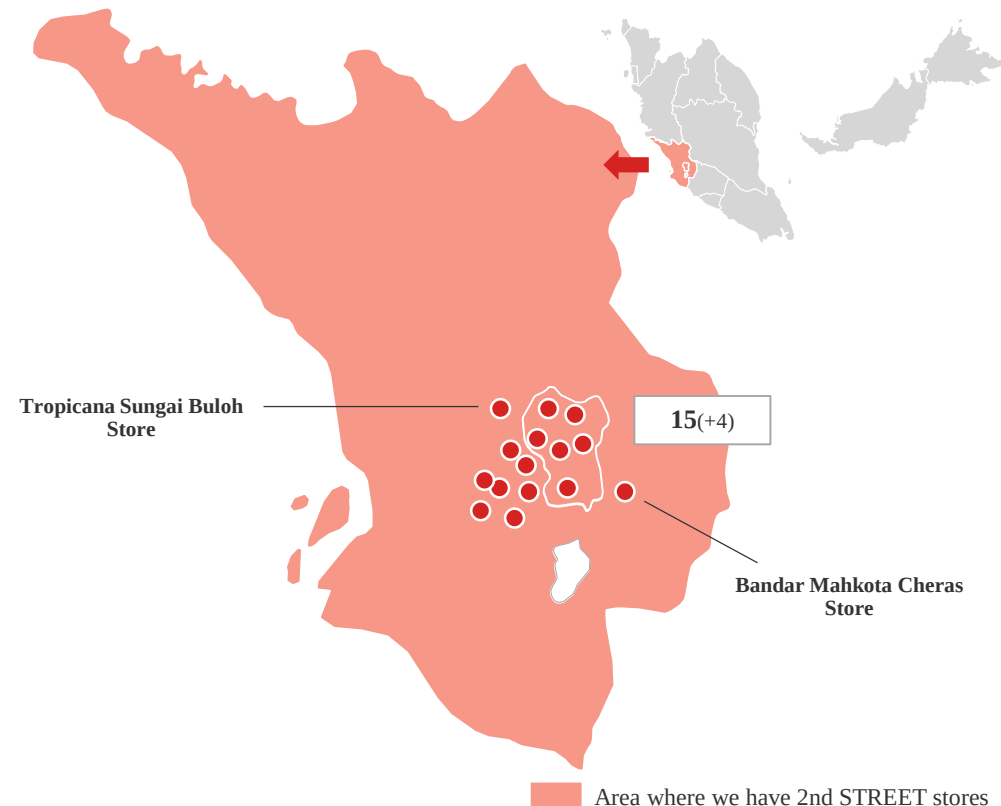
This is the fourteenth 2nd STREET store in Malaysia. The store has items such as Japanese brands' merchandise, bags from internationally popular luxury brands and low-priced items. As is practiced at 2nd STREET stores in Japan, it sorts merchandise by item and category to display the merchandise on the sales floor in an appealing and well-organized manner. This has been well received in Malaysia.



Cheras, Selangor is a city developed in early 2000s. There is a shopping mall and many different stores all in a row along Mahkota Walk in the center of the city. Predominantly white and red, the stylish-looking store has a rich assortment of products from many different brands. This store also provides purchase services in addition to selling products.

2nd STREET store locations in Malaysia

* The figure in the map below is the number of 2nd STREET stores in that area.

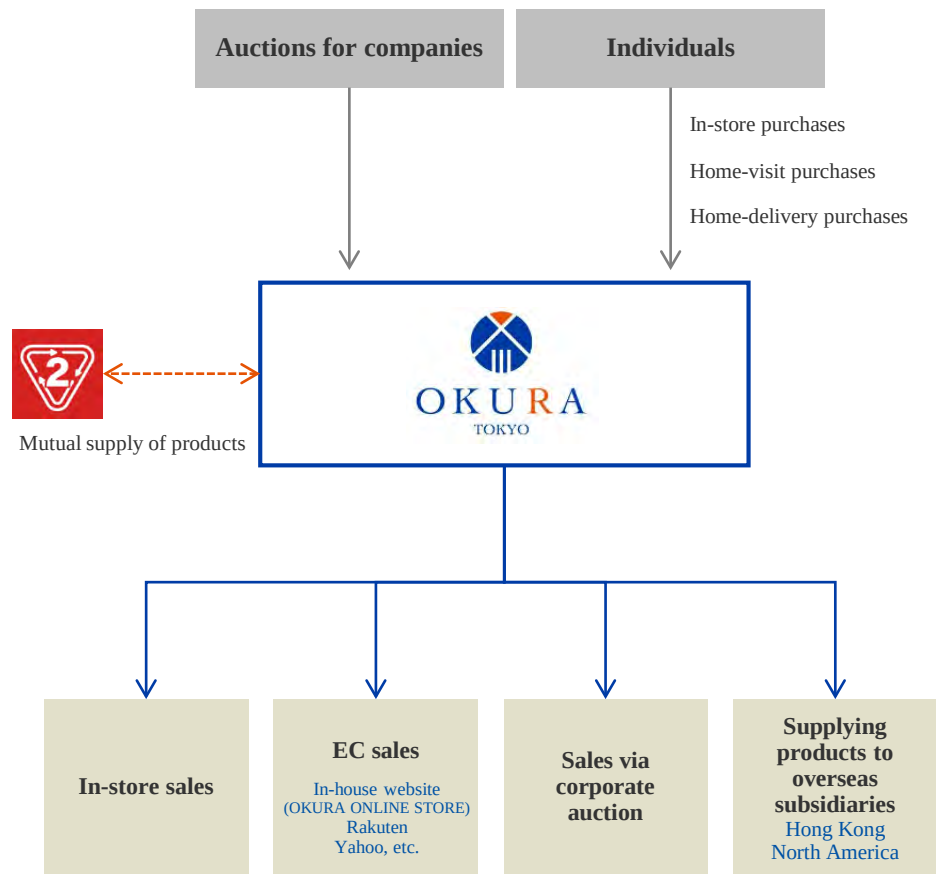


*Number of stores (As of September 30, 2023)
Figures in parentheses are comparison with the previous fiscal year-end.

OKURA plays a core role in luxury merchandise for reuse

- OKURA purchases an extensive range of luxury products from individuals and through auctions for companies and sells these products at its stores, on its e-commerce outlets, at corporate auctions and through its overseas subsidiaries.
- With strength in upmarket watches, OKURA can expect the improvement of the procurement and sale of luxury merchandise after acquiring ownership of Japan Auction Association Inc., one of Japan’s biggest auctions.

Overview of OKURA's business



OKURA utilizes the following core auctions

Japan Auction Association Inc. becomes our consolidated subsidiary		
	Self-organized auctions OKURA 	Self-organized auctions JWA 
Characteristics	OKURA holds self-organized auctions every month. Auctioned items range broadly from watches, bags and jewelry to kimono and various instruments and equipment.	This is one of Japan's biggest auction and it became a subsidiary. The auction house has strengths in upmarket watches and its members can bid at any time and from any place using the dedicated website.
Annual trading volume	Approx. 12.0 billion yen or more	Approx. 21.0 billion yen or more
Main product lines	Watches, jewelry, antiques, and miscellaneous goods	Watches, bags, and jewelry

A pioneer of Japanese off-price stores, Luck Rack aggressively takes on challenges



- As the pioneer in Japanese off-price stores, Luck Rack wishes to provide a new store format for customers to value shop without tarnishing manufacturers' brands.
- Luck Rack aggressively takes on challenges mainly in the Kanto and Kansai areas and it aspires to be the leading Japanese off-price store company.

Off-price store business model



Difference between off-price stores and outlet stores

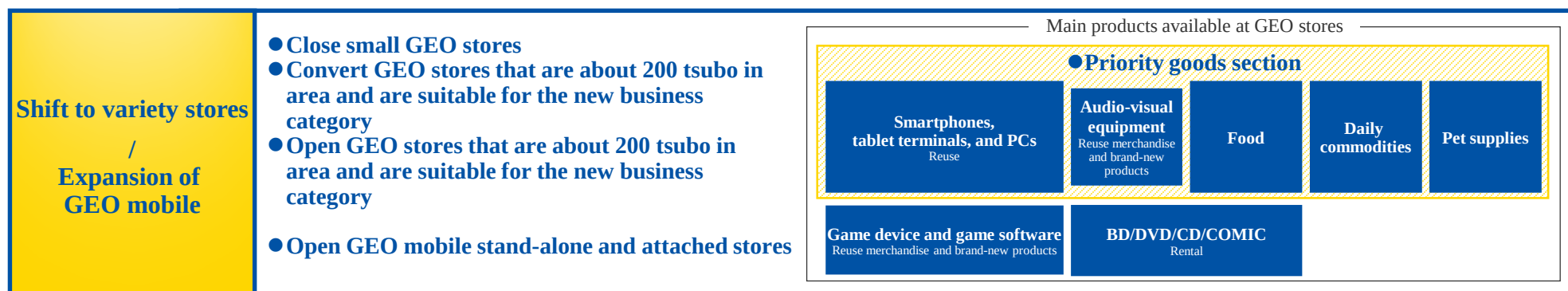
	Off-price stores	Outlet stores
Brands to be dealt in	Multiple brands	Single brand
Product lineup	Combine many different brands	Outlet-only goods are also available
Main form of operation	Operate at shopping centers, etc.	Operate at outlet malls
Access	A location where it can be expected that people will visit very frequently	Mainly accessible by car

Implementing a plan for priority goods to stimulate customers' motivation to visit the stores.



- GEO will increasingly shift to being variety stores and will review its existing stores by, for example, closing small stores as the Company resumes its expansion by opening stores that are approx. 200 tsubo (661 square meters) each and are compatible with the new business category.
- To stimulate customers' motivation to visit the stores, we will implement a plan for priority goods to make more customers associate specific products with GEO.
- Meanwhile, we will also open more GEO mobile stores that are differentiated by their specialized services.

Expanding the priority goods section and establishing a new format of GEO



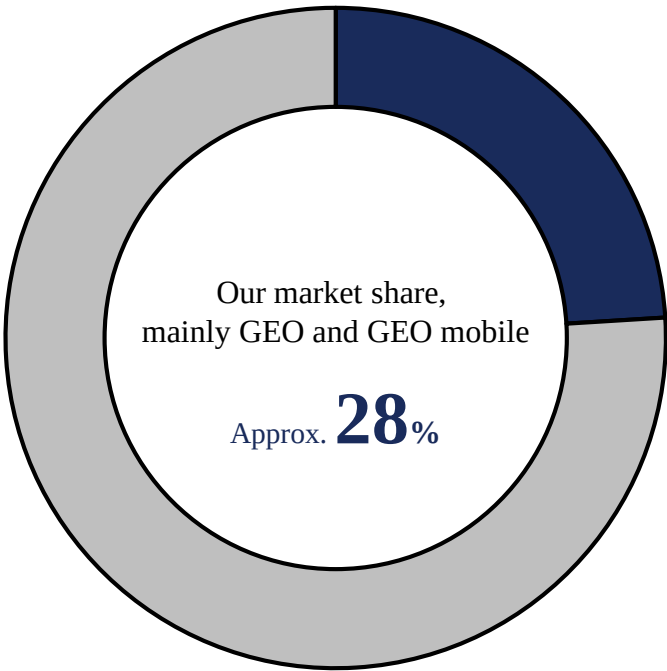
Largest share of the smartphones and tablets for reuse market

- With the focus on GEO and GEO mobile, we have the largest share of the smartphones and tablets for reuse market. We will retain our nearly 28% market share and will continue to increase it.
- GEO and GEO mobile’s advantages include (1) a flexible sales system due to its centralized inventory management, (2) completely initialized and cleaned devices, (3) SIM card sales and (4) specialized counselors providing support at GEO mobile shops.

Advantages of GEO and GEO mobile

Stores	Centralizing the management of GEO and GEO mobile’s inventory nationwide can ensures that sales activities are properly adjusted for demand.
Devices for sale	- The insides of all devices are cleaned, ensuring safety and reliability. - Devices are well cleaned both externally and internally. - Devices have a 30-day warrantee against defective products.   
SIM card	UQ and Y!mobile SIM cards are available at GEO and GEO mobile stores around the country.
In-store support	In-store support reassures customers. Specifically, GEO mobile provides support by specialized consultants.

Our share of the smartphones and tablets for reuse market



Be an outstandingly peerless company in the smartphones and tablets for reuse market



- By adding GEO mobile stand-alone stores and attaching to GEO Group stores, we are aggressively increasing the number of stores and selling merchandise at electronic and home appliance stores and other stores. In addition, we collaborate with electronic and home appliance stores by providing reuse functions.
- We seek to become an outstandingly peerless company in the smartphones and tablets for reuse market by strengthening online purchasing, sales and subscriptions and focusing on the expansion of the BtoB business.

Be an outstandingly peerless company in the smartphones and tablets for reuse market

Brick-and-mortar stores

GEO mobile
Expand stand-alone stores
and attached stores



Sell merchandise at
electronic and
home appliance stores, etc.



Online

Utilize digital means to
strengthen our interface
with customers
(purchases, sales and subscriptions)



B to B

Corporate-brokered
transactions in Japan
Overseas import
and export

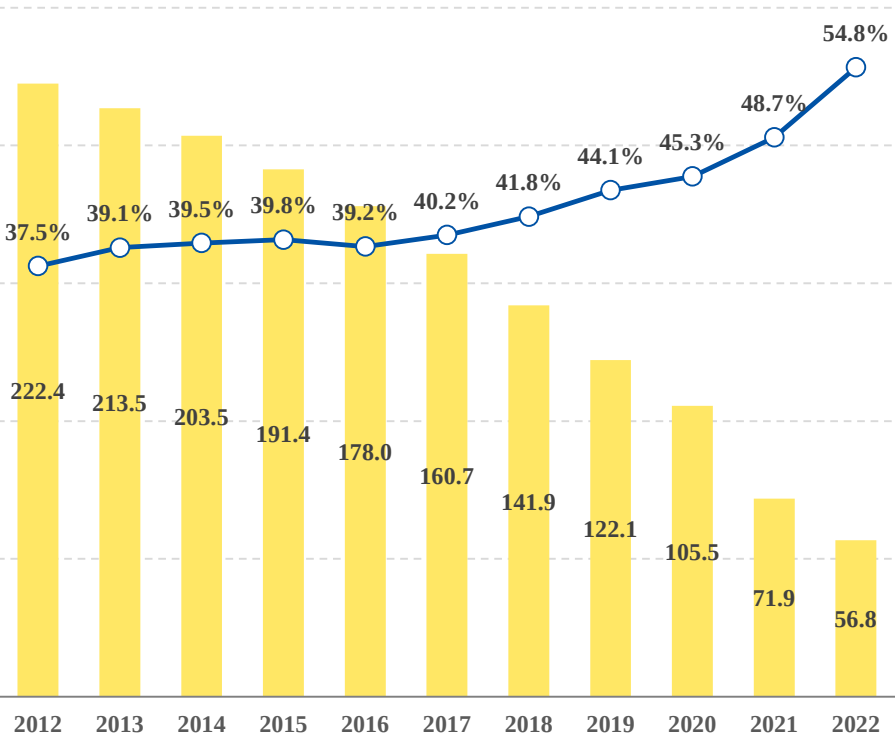


Our rental division streamlines spaces in a rock-solid manner

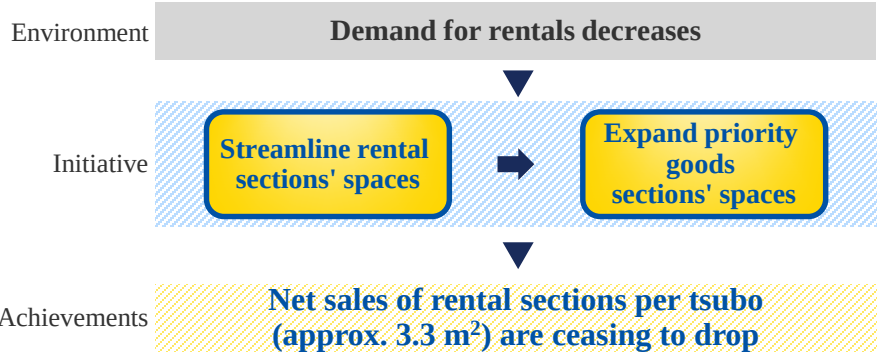
- It is unavoidable that we will be impacted by the shrinkage of the domestic music and video rental market. Nevertheless, we will streamline store spaces and strive to further solidify our position as having the largest share of the domestic music and video rental market, the business the GEO Group originated from.
- As a consequence of working to streamline the rental section spaces in stores, net sales of our rental sections per tsubo (approx. 3.3 m²) are ceasing to drop and the streamlined spaces are being used to sell priority goods.

Change in the music and video rental market in Japan and our share of the market*

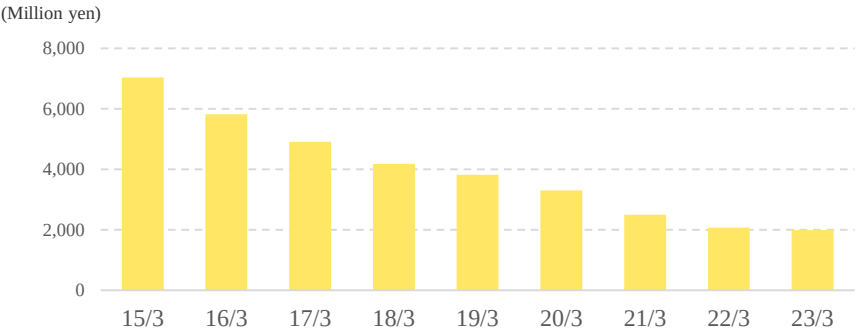
(Billion yen)



Efforts to prevent the drop in demand for rental goods and their outcomes



Change in end-of-term balance of assets in the rental business (after depreciation)



*Source: The graph shows an estimates by GEO HOLDINGS based on the Ministry of Economy, Trade and Industry's Specific Service Industry Statistics.
 Note 1: Market share is an estimate by GEO HOLDINGS. Note 2: Market size is calculated excluding home delivery rental and comic rental.

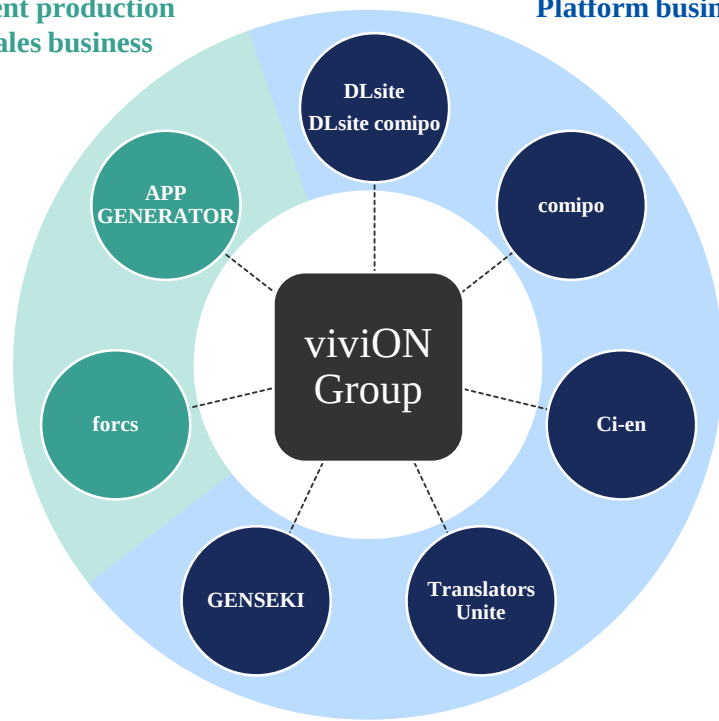
Digital contents business

- viviON operates a digital content platform business and produces and sells content.
- DLsite, a 2-D content website, has one of the largest content portfolios in Japan. comipo offers comics with audio tracks enabling users to enjoy comics with sound. viviON also operates a new business model by engaging in businesses such as Translators Unite and a creator support business named Ci-en.

viviON Group's main digital content businesses

Content production and sales business

Platform business



Main services



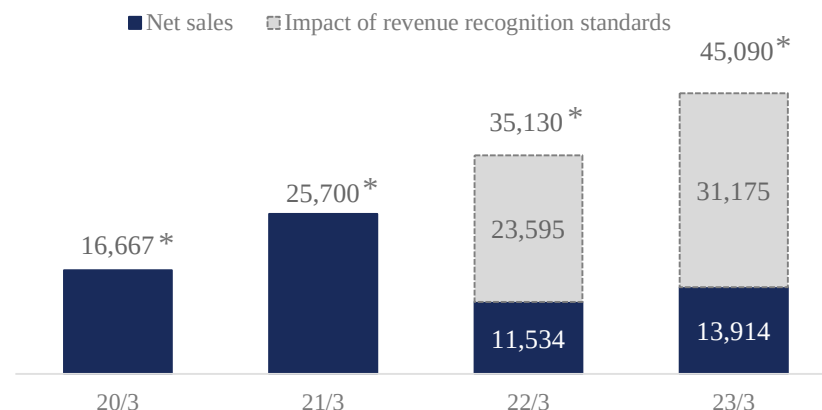
This is the world's largest subculture content download site. The number of titles available for download from the site reached 1.07 million.



Electronic audio comics add sounds such as actor's voices to comics. comipo has more than 17,200 domestic and international comics.

Trend in net sales

(Million yen)



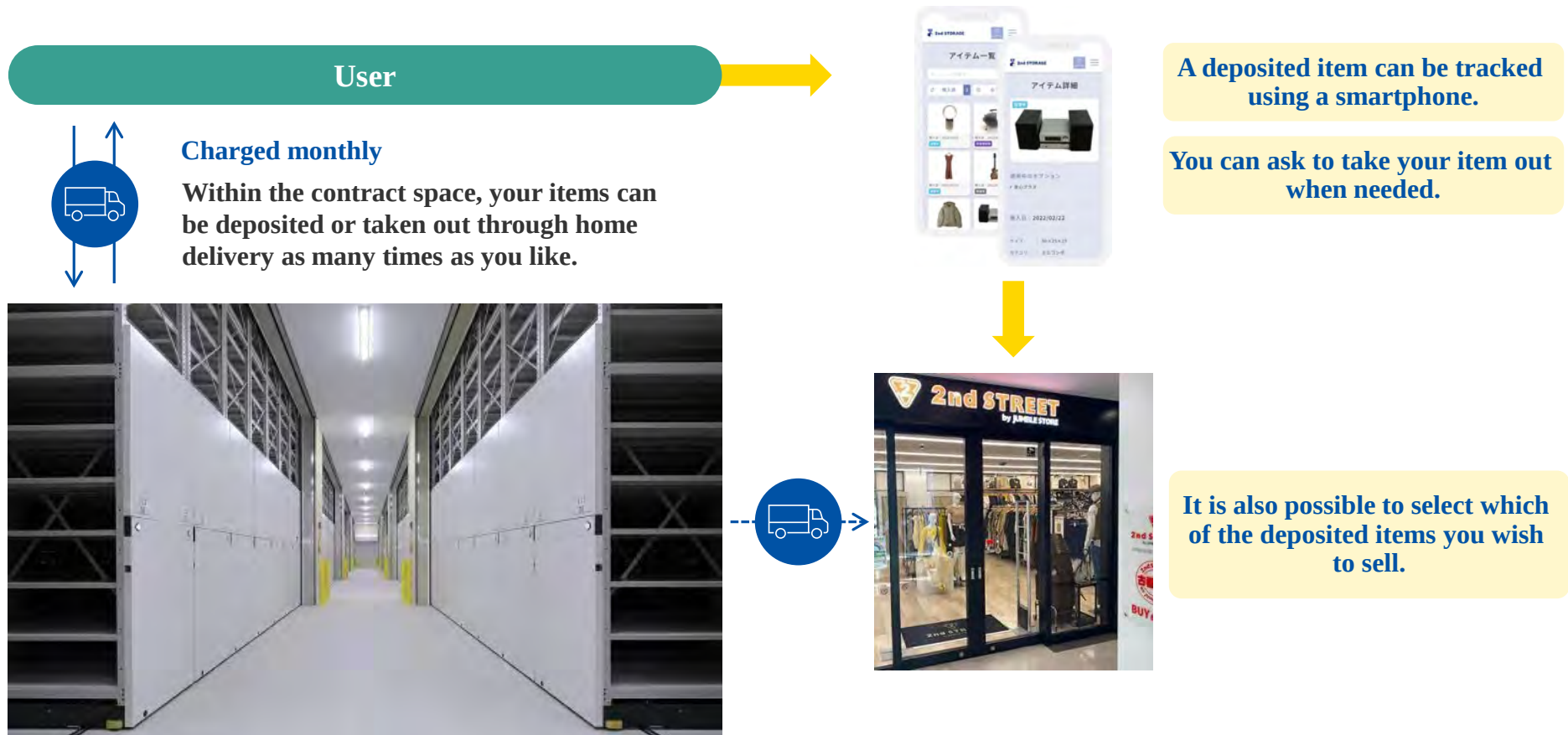
* Amount after offsetting internal transactions

5. New Efforts

Full-Scale Launch of 2nd STORAGE

- 2nd STORAGE, a storage unit service with free home delivery, has been fully launched. The service initially covered 23 wards of Tokyo. We also plan to expand this service to Tokyo metropolitan area by FY 2027.
- We will pursue the reuse business in depth by buying and selling goods in storage that are no longer needed, as well as developing the goods deposit service.

Business model of 2nd STORAGE



Trial introduction of Purchase via Locker



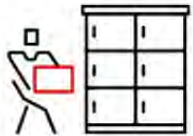
- Purchase via Locker enables you to use our purchase service via a smartphone without meeting anyone. Available round-the-clock, it helps you to use your time efficiently. A trial of the service has begun.
- Based on the results of the trial introduction at some stores, we plan to expand Purchase via Locker during this fiscal year.

Purchase via Locker business model

User



Use a smartphone to offer your item for sale and authenticate yourself



Deposit the item in the locker



Use a smartphone to see the results of appraisals



Use a smartphone to receive the money from the sale

(The money may also be received at a store counter)



Lockers are available in five different sizes: XS, S, M, L and XL.

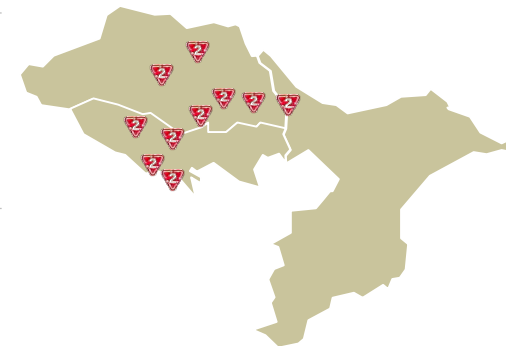
You can deposit clothes, home electric appliances, musical instruments, sports equipment and many other items.

Introduced to the following stores

Saitama 2nd STREET Koshgaiya LakeTown Store
2nd STREET Higashimatsuyama Store
2nd STREET Misato Store
2nd STREET Kounosu Store
2nd STREET Kawaguchi JU-MALL
Purchase-only Store

Tokyo 2nd STREET Tamasakai Store
2nd STREET Ome Store
2nd STREET Machida Kanamori Store
2nd STREET Tachikawa Sakae-cho Store

Chiba 2nd STREET Minami-kashiwa Store



GEO Arekore Rental is a web service that allows users to rent many different items such as cameras, smartphones and home appliances whenever and as long as necessary. You can also use it for pre-purchase trials.

GEO Arekore Rental's business model

User

Has approx. 120,000 subscribers and deals in more than 1,800 products



Subscription can easily be completed on the Internet

Subscription is free of charge.

*Some products require submission of a document to authenticate the buyer



Rental

Types of rental period

Short-term rental (four days and longer), **monthly rental** (a monthly basis) and **purchasable rental***

* Available at prices calculated by deducting the paid rental fee from the selling price



Return or purchase

Product returns can be entrusted to a convenience store (A delivery form and adhesive tape for packing are provided)

	
Paid rental fee JPY 7,000	Purchase price JPY 13,000
Sales price JPY 20,000	



Cameras



Drones



Smartphones and tablets



Smart watches and wearable devices



PC and peripherals



Audio and visual devices



Home appliances and commodities



Beauty and healthcare



Travel goods



Telescopes and binoculars



DIY



Business and learning

An example of rental products provided through collaboration with manufacturers



DENKI BARI BRUSH®



Liquid-crystal graphics tablet Artist Pro 16



Ultrasonic haircare SonoRepro



Document scanner Scan Snap



Happy Hacking Keyboard

After rent, a brand-new item can be purchased on the manufacturer's site at a bargain price.

An Aogiri Vtuber High School/ Clock over ORQUESTA

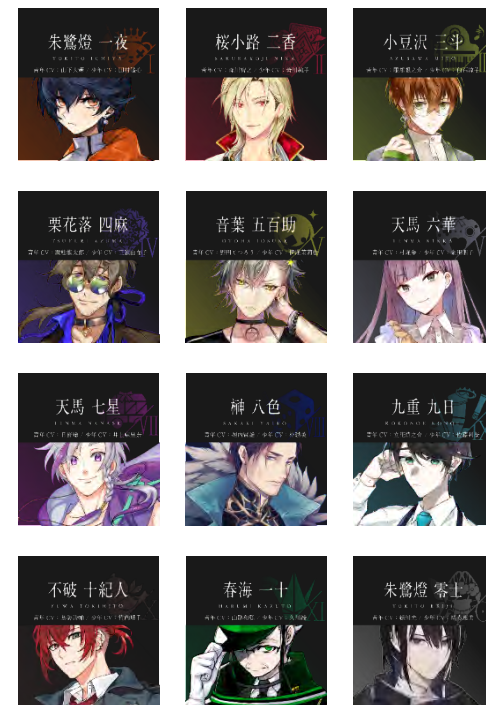
- Aogiri VTuber High School, a group of virtual YouTubers active in the viviON Group, celebrated its fifth anniversary on October 27, 2023. Based on the motto, "We'll do anything if it's fun," the group of VTubers operates by trying anything, including events and offline activities, that is fun or exciting and that has not been done by others.
- Clock over ORQUESTA (officially abbreviated as #CLOQUESTA) is a project linking social media, audio dramas and music with one another. How the story unfolds depends on the results of polls conducted on X (formerly Twitter). The ending is decided in a multi-ending manner, based on the total points obtained via the poll tickets that come with the compact disc.

Aogiri High School



The number of subscribers to their YouTube channel exceeds two million.

Clock over ORQUESTA



The second season of BATTLE starts in February 2024.

Capsule toy stores “Kapuseru Rakkyoku” opened in succession

- Kapuseru Rakkyoku is a brand of stores specializing in capsule toys. It is based on the concept that “having fun is the medicine for energy”. We believe that providing these capsules will make our customers who casually visiting the stores on their way home from work, school or shopping, or who seeks something photogenic, fun and exciting to smile many times a day.
- We run nine stores in Itabashi-ku, Nerima-ku, Shinagawa-ku, Katsushika-ku, Toshima-ku, Nakano-ku and Suginami-ku in Tokyo. More stores will be successfully opened.



6. Appendix

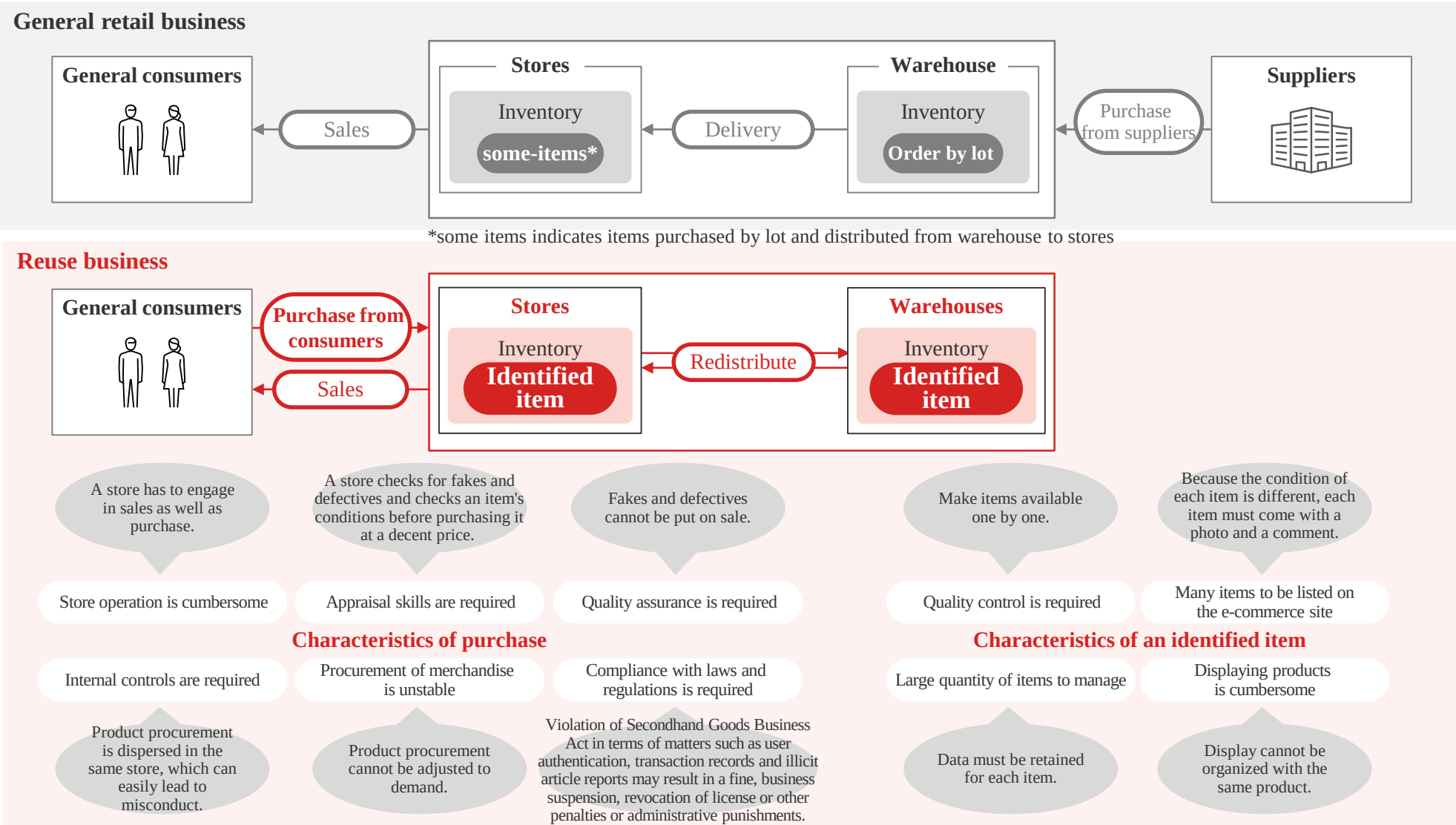
Consolidated statement of income for the first Six months Ended September 30, 2023

(Million yen)	2023/3				2024/3			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	Results	Results	Results	Results	Results	Results		
Net sales	81,377	91,185	107,134	97,603	106,725	109,036		
(Change)	107.0%	120.2%	115.1%	108.7%	131.1%	119.6%		
Gross profit	34,194	34,464	39,315	34,507	39,289	36,597		
(Change)	110.3%	110.6%	112.4%	102.6%	114.9%	106.2%		
(Gross profit ratio)	42.0%	37.8%	36.7%	35.4%	36.8%	33.6%		
SG&A	30,167	32,199	34,251	35,244	33,498	35,081		
(Change)	101.0%	104.4%	111.2%	113.2%	111.0%	108.9%		
Operating profit	4,027	2,265	5,064	(736)	5,790	1,517		
(Change)	348.4%	693.9%	121.2%	—	143.8%	67.0%		



Characteristics of the reuse business

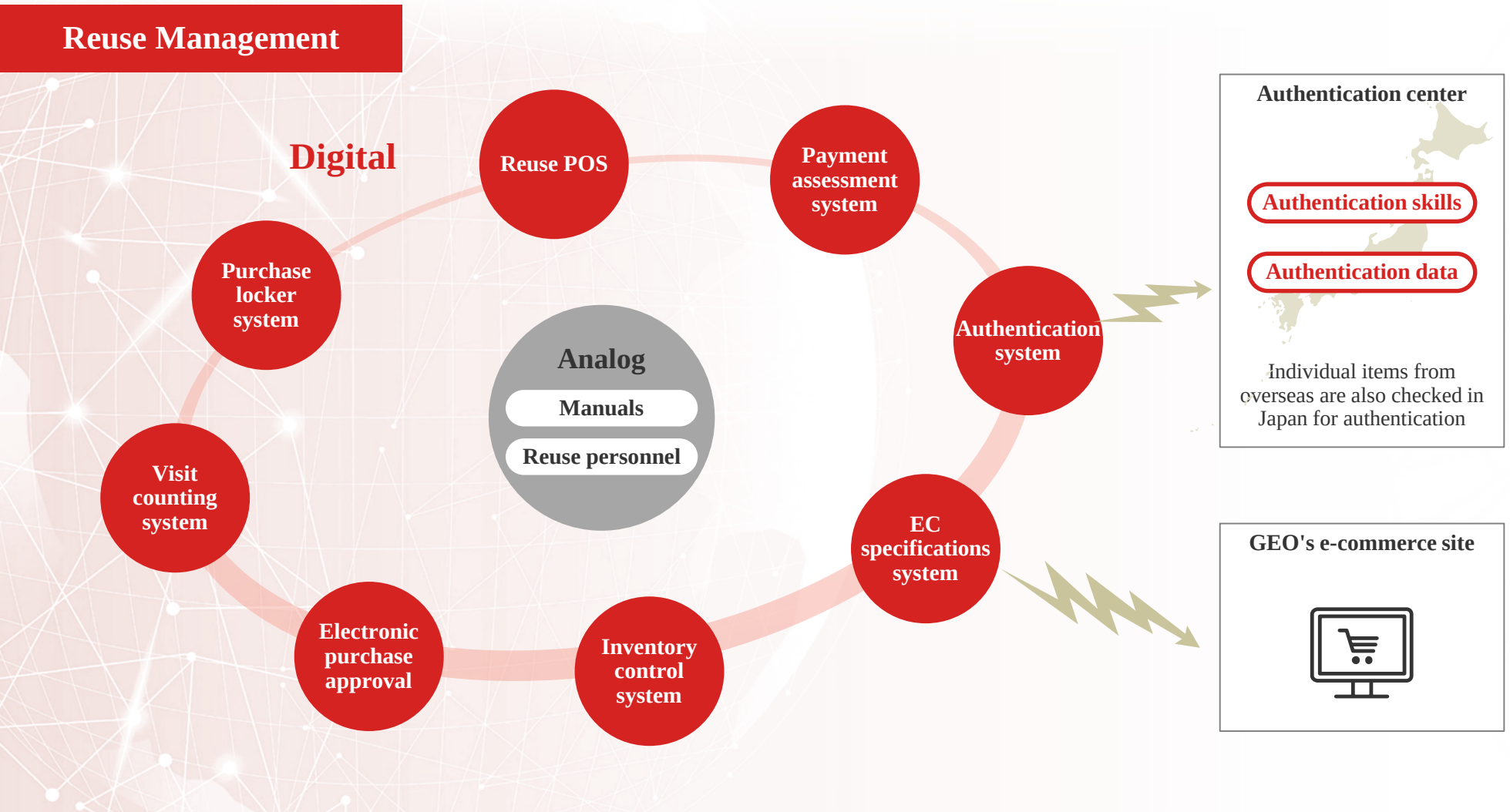
The reuse business is easy to enter but, unlike the general retail business, requires special actions involving purchase and individual items. Multistore operation of the reuse business requires unique management of the business.



Digital transformation of the reuse business (digital reform)

Chain store management of our reuse business, which has been accumulated within the GEO Group, has been transitioned to digital and we have changed our business operations and organization both in Japan and overseas.

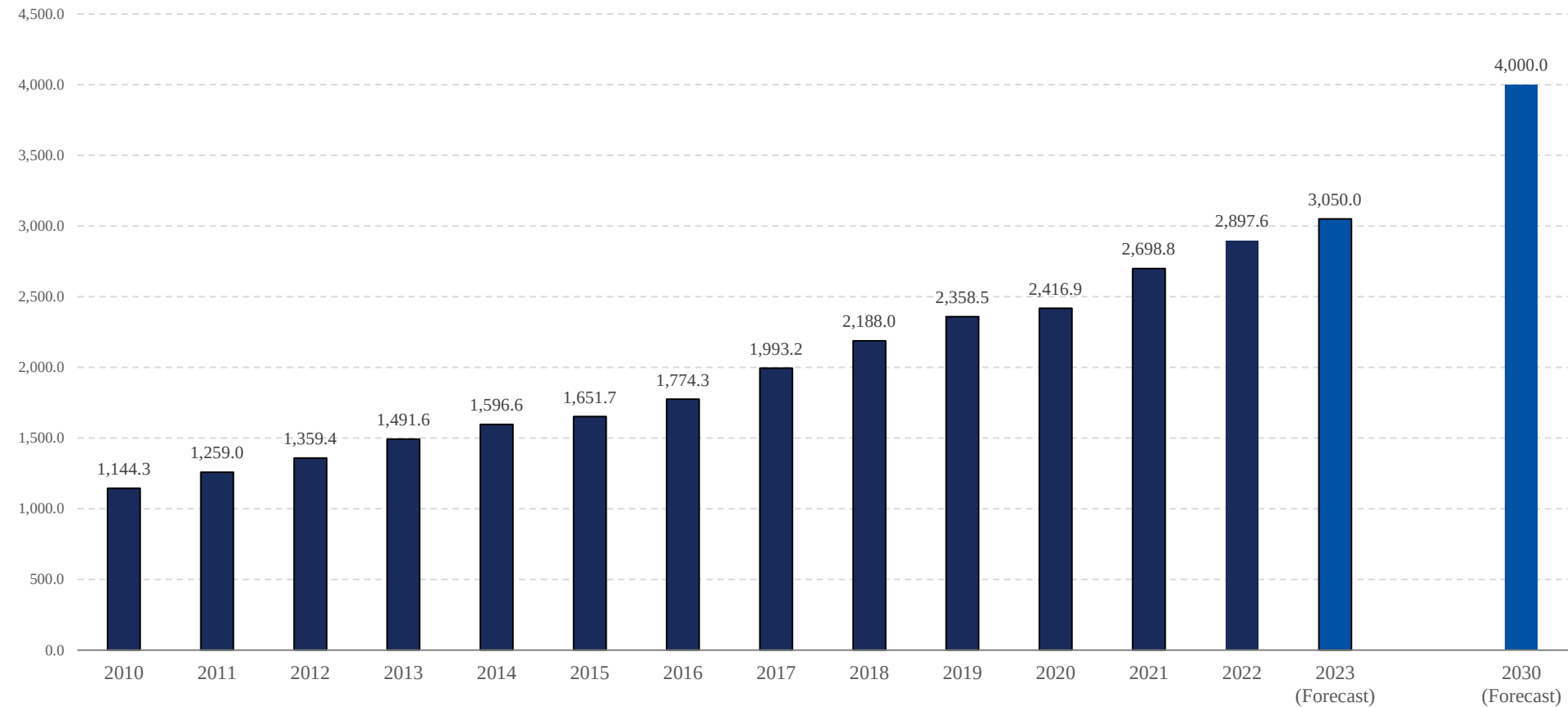
Reuse Management



Trends in the domestic reuse market

- The size of the domestic reuse market in 2022 is 2.8976 trillion yen, up 7.4% YoY. The growing awareness among consumers seeking to maintain their standard of living in the face of higher prices expanded the market in such a way that reuse items, which are less expensive than brand-new ones, draw more attention.
- It can be expected that the domestic reuse market will continue to grow against the backdrop of trends such as soaring prices due to the rise in the price of materials, the decreased impact of COVID and the shift to SDG-oriented lifestyles.

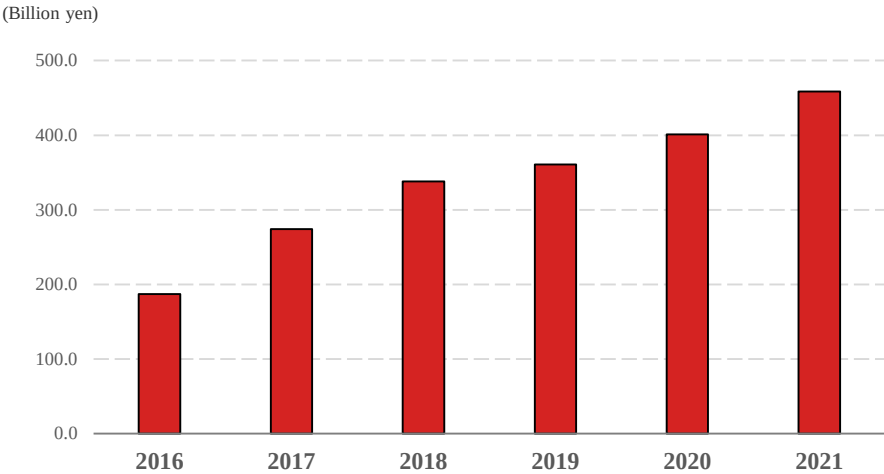
(Billion yen)



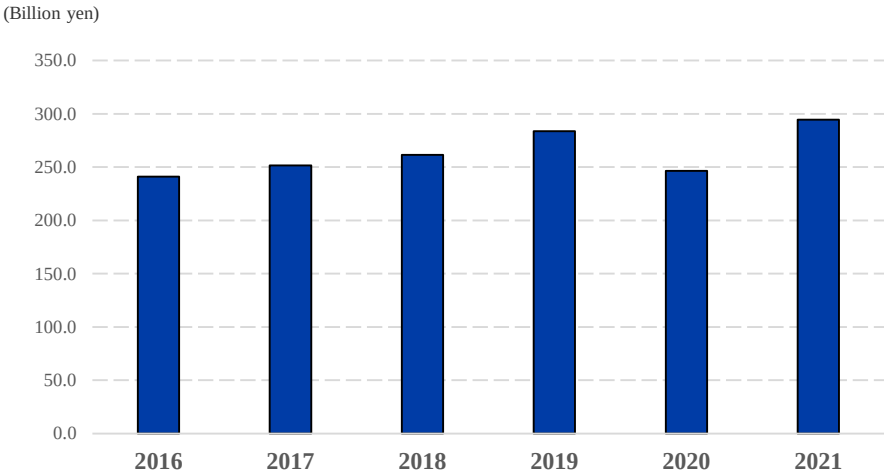
* Reference: Reuse Business Journal “Secondhand Market Databook 2023” The market forecast is excerpted from The Reuse Business Journal.

Change in the size of the domestic reuse market by type of merchandise

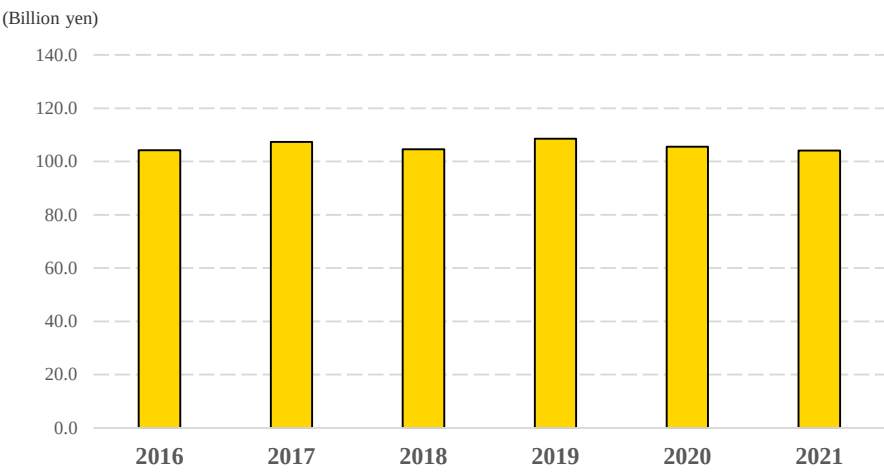
Clothing and accessories



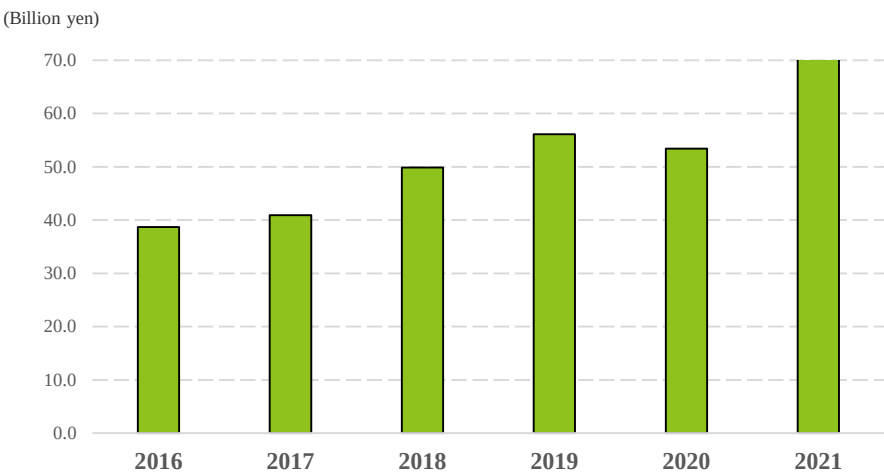
Luxury brand items



Games and media (excluding books)

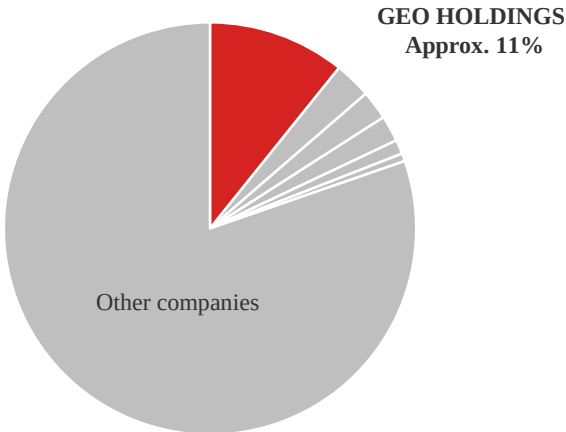


Mobile phone and smartphone

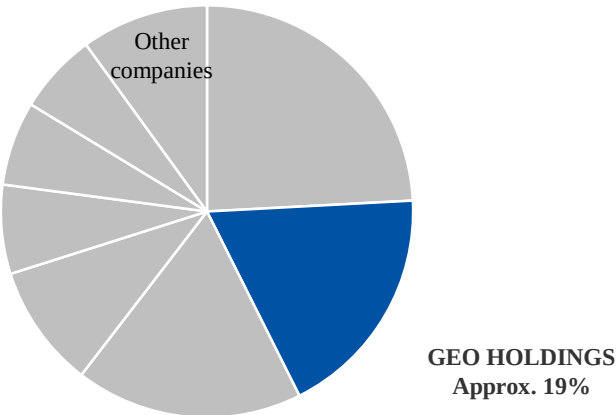


Our market share by major product categories for reuse

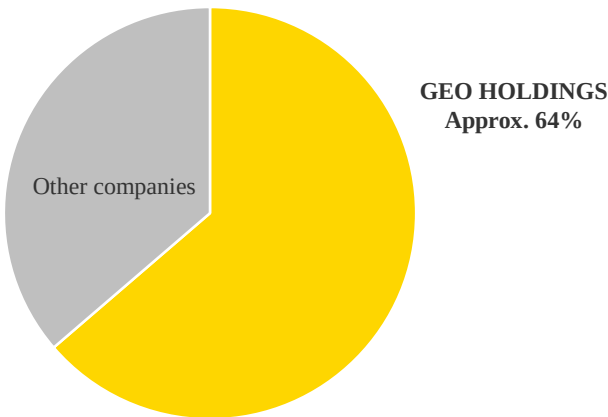
Clothing and accessories



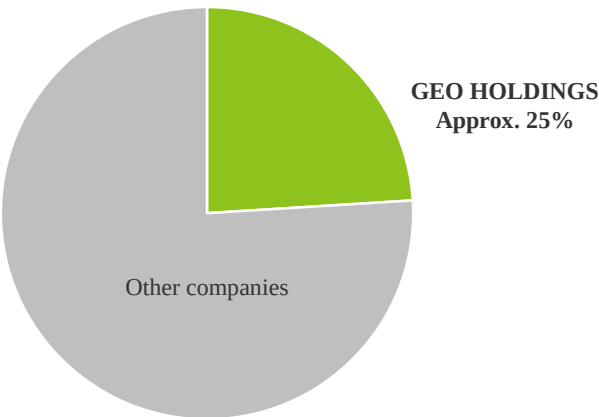
Luxury brand items



Games



Mobile phone and smartphone



Strengthening non-financial capital

Emphasizing non-financial capital which is not written in financial statements, we actively invest in intellectual capital, fixed capital, human capital, social capital and natural capital from medium and long-term perspectives.

Non-financial Capital	Intellectual Capital	● Chain store management in the reuse business, which we have built over many years, is the source of our corporate competitiveness. ● Chain store management in the reuse business the GEO Group has built will spread globally.
	Fixed Capital	● Our sales locations, which include about 1800 domestic stores and about 100 stores overseas, function as our management foundation. ● We will invest in digital transformation in a way that solidifies our reuse management.
	Human Capital	● We actively invest in human resource development, encouraging our people to take on challenges. ● We will remain committed to producing specialists and female managerial-level employees, the source of enhancement of our global competitiveness.
	Social Capital	● We respect diverse values and drive initiatives to create an environment in which the individuality of each employee is demonstrated to the full. We have also introduced programs that support diverse workstyles. ● We co-sponsor community activities and engage in social contribution activities. We will thus continue to make contributions as a company that grows together with society.
	Natural Capital	● Through the growth of our recycling-oriented business, we are committed to enhancing our economic and social value and contributing to the achievement of the SDGs. ● We promote energy saving at our stores nationwide in pursuit of a sustainable society.

Contributing to achieving SDGs with business growth



We shall transfer things from where it became unnecessary to where it is necessary.

Through various recycling-oriented business, we will reduce generation of wastes and contribute to "Responsible Consumption and Production," i.e., SDG 12.



Contribution to achieving the SDGs



CO2 emissions from our business activities

At the GEO Group, we disclose numerical values for CO2 emissions from our business activities.

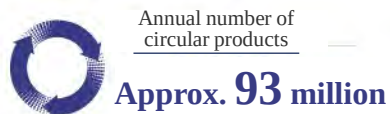
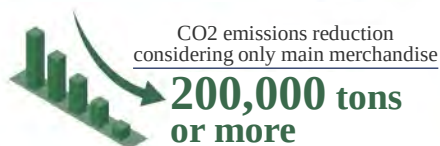
We aim to balance our business activities and the reduction of CO2 emissions in consideration of the environmental impact of corporate activities.

We will be the driving force in building a recycling-oriented society by creating the circulation of various goods and thereby reducing waste through our activities. In doing so, we will seek to reduce our environmental impact and take steps to mitigate climate change.

At the GEO Group, we will continue to help build a sustainable society.

Reduction of CO2 emissions achieved through Reuse Business

	Type	Reduction in CO2 emissions (tons)
Reduction in CO2 emissions Unit t-CO2	Clothing	135,364
	Home appliances	31,490
	Gaming electric appliances	20,455
	Furniture	8,506
	Mobile phone	4,462
	DVD/CD	3,548
	Total	203,826



* Calculated by GEO Holdings Corporation based on the 3R Kodo Mieru-ka Tool (tool visualizing 3R activities), Heisei 22-nen-do Shiyo Zumi Reuse Sokushin Kenkyukai Houkoku-sho (FY2010 report from the group studying promotion of reuse of used products, etc.), and Hikari Disc (CD/DVD tou) no Keisan Houhou ni Tsuite (method of calculation for optical discs, including CDs and DVDs) from the Ministry of the Environment

CO2 emissions from business operations

	Item	CO2 emissions (tons)
CO2 emissions Unit t-CO2	scope1	1,543
	scope2	62,781
	Total	64,324

* Scope 1: Greenhouse gas emissions emitted directly from operations that are owned or controlled by the reporting company such as emissions from the combustion of fuel and process emissions
Calculated by aggregating the amount of purchased gasoline by type based on fuel bills issued to GEO Holdings Corporation in FY2022 and by applying to them emission factors by type of fuel announced by the Ministry of the Environment

* Scope 2: Greenhouse gas emissions emitted indirectly from operations that are owned or controlled by the reporting company such as emissions resulting from the purchase of electricity, heat and steam
Calculated by aggregating electricity consumption based on electricity bills issued to GEO Holdings Corporation in FY2022 and on a location basis based on emission factors shown by the Ministry of the Environment

* Scope 2 emissions were calculated based on data from 1,220 locations where the amount of electricity consumption could be calculated (including stores, offices, and warehouses).

Contribution to achieving the SDGs



Contributing to achieving SDGs by energy efficiency

We have installed LED lights at approximately 1,600 stores. This means that we are reducing CO2 with LED lights at more than 90% of our stores.

We have introduced tablet terminals at the cash register counter of each store and we stopped using paper for purchase slips and other documents. We will thus improve energy efficiency and business efficiency.

Building an environment to promote diverse workstyles



Active participation of female employees	We have established a system that permits female employees to balance life events, such as childbirth and childcare, with career development and that enables each one of them to choose flexible workstyles. At the GEO Group, we have formulated action plans with the aim of facilitating the active participation of women and building a work environment that is comfortable for all employees.
LGBTQ	We have introduced a same-sex partnership system. Employees who have registered with this system are regarded as having partners in the same way as married couples. They are entitled to benefits from the company, such as congratulatory or condolence leave and congratulatory or condolence payments.
Employment of persons with disabilities	At the GEO Group, the rate of employment of persons with disabilities is 2.60% (as of June 2023), exceeding the statutory rate in Japan (2.3%). In 2010, we established GEO BUSINESS SUPPORT Co., Ltd., a subsidiary promoting the employment of people with disabilities. The company engages in the cleaning of the Group's stores and offices, the operation of centers to support people with disabilities to employment, and other activities.

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.



To offer joy to your everyday life

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