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Annual Securities Report

(Report in accordance with Article 24, paragraph (1) of the Financial Instruments and Exchange Act)

The 37th fiscal year

From April 1, 2024 to March 31, 2025

GEO HOLDINGS CORPORATION

8-8 Fujimi-cho, Naka-ku, Nagoya-shi, Aichi

(E03367)

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Filing date	June 27, 2025
Fiscal year	The 37th fiscal year (From April 1, 2024 to March 31, 2025)
Company name	株式会社ゲオホールディングス (<i>Kabushiki Kaisha GEO HOLDINGS</i>)
Company name in English	GEO HOLDINGS CORPORATION
Title and name of representative	Yuzo Endo, Representative Director President Operating Officer / CEO
Address of registered head office	8-8 Fujimi-cho, Naka-ku, Nagoya-shi, Aichi
Telephone number	+81 52 350 5711
Name of contact person	Yukimasa Murakami, Executive Director, Senior Managing Operating Officer
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Telephone number	+81 52 350 5711
Name of contact person	Yukimasa Murakami, Executive Director, Senior Managing Operating Officer
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I. Company Information

I. Overview of Company

1. Key financial data

(1) Key financial data of group

Fiscal year		33rd fiscal year	34th fiscal year	35th fiscal year	36th fiscal year	37th fiscal year
Fiscal year ended		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Net sales	(Millions of yen)	328,358	334,788	377,300	433,848	427,669
Ordinary profit	(Millions of yen)	4,795	9,662	11,926	18,749	12,224
Profit (loss) attributable to owners of parent	(Millions of yen)	(752)	5,985	5,681	10,902	4,537
Comprehensive income	(Millions of yen)	(676)	5,746	5,669	10,893	4,537
Net assets	(Millions of yen)	72,982	77,193	77,212	87,349	90,469
Total assets	(Millions of yen)	169,738	174,375	201,804	231,125	252,807
Net assets per share	(Yen)	1,711.37	1,811.83	1,946.46	2,194.58	2,272.11
Basic earnings (loss) per share	(Yen)	(17.75)	141.15	135.93	275.31	114.27
Diluted earnings per share	(Yen)	—	140.92	135.35	273.43	113.81
Equity-to-asset ratio	(%)	42.8	44.1	38.1	37.7	35.7
Rate of return on equity	(%)	(1.0)	8.0	7.4	13.3	5.1
Price-earnings ratio	(Times)	—	8.9	11.8	7.0	15.9
Net cash provided by (used in) operating activities	(Millions of yen)	12,428	(5,731)	4,283	9,296	8,012
Net cash provided by (used in) investing activities	(Millions of yen)	(8,225)	(6,694)	(9,589)	(10,401)	(12,494)
Net cash provided by (used in) financing activities	(Millions of yen)	14,683	5,595	3,938	12,396	10,778
Cash and cash equivalents at end of period	(Millions of yen)	54,576	47,851	46,564	58,556	64,760
Number of employees		5,304	5,459	5,602	5,912	6,512
[Separately, average number of temporary employees]	(Persons)	[9,201]	[8,128]	[7,967]	[8,422]	[8,805]

- Notes:
- Information on diluted earnings per share for the 33rd fiscal year is omitted because, although there are potential shares, basic loss per share was recorded.
 - The price-earnings ratio for the 33rd fiscal year has not been disclosed since loss attributable to owners of parent was recorded.
 - The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the 34th fiscal year, and key financial indicators for the 34th fiscal year onward are those after applying the accounting standard and relevant revised ASBJ regulations.

(2) Key financial data of reporting company

Fiscal year		33rd fiscal year	34th fiscal year	35th fiscal year	36th fiscal year	37th fiscal year
Fiscal year ended		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Operating revenue	(Millions of yen)	11,136	11,715	13,448	16,623	18,598
Ordinary profit (loss)	(Millions of yen)	(388)	2,515	(1,253)	3,076	(3,729)
Profit (loss)	(Millions of yen)	5,051	2,165	(1,892)	1,756	(3,553)
Share capital	(Millions of yen)	8,975	8,975	9,081	9,251	9,263
Total number of issued shares	(Shares)	42,405,952	42,405,952	39,505,152	39,702,552	39,718,052
Net assets	(Millions of yen)	26,527	27,204	19,674	20,692	15,792
Total assets	(Millions of yen)	95,469	98,054	107,178	121,636	131,545
Net assets per share	(Yen)	615.88	633.01	489.99	516.64	393.58
Dividend paid per share	(Yen)	34	24	24	29	34
[Interim dividends per share]		[17]	[12]	[12]	[12]	[17]
Basic earnings (loss) per share	(Yen)	119.14	51.07	(45.29)	44.36	(89.49)
Diluted earnings per share	(Yen)	118.95	50.99	–	44.06	–
Equity-to-asset ratio	(%)	27.4	27.4	18.1	16.9	11.9
Rate of return on equity	(%)	20.8	8.2	(8.2)	8.8	(19.7)
Price-earnings ratio	(Times)	10.0	24.5	–	43.4	–
Payout ratio	(%)	28.5	47.0	–	65.4	–
Number of employees		419	408	388	524	576
[Separately, average number of temporary employees]	(Persons)	[44]	[45]	[52]	[80]	[92]
Total shareholder return	(%)	93.4	100.2	128.7	155.8	149.8
[Comparison benchmark: Dividend-included TOPIX]	(%)	[142.1]	[145.0]	[153.4]	[216.8]	[213.4]
Highest share price	(Yen)	1,781	1,564	2,322	2,735	2,025
Lowest share price	(Yen)	1,157	1,079	1,152	1,580	1,271

- Notes:
- Information on diluted earnings per share for the 35th and 37th fiscal years is omitted because, although there are potential shares, basic loss per share was recorded.
 - The price-earnings ratio for the 35th and 37th fiscal years and the payout ratio have not been disclosed since loss was recorded.
 - The highest and lowest share prices are those quoted on the Tokyo Stock Exchange Prime Market on or after April 4, 2022, and on the Tokyo Stock Exchange 1st Section before April 4, 2022.
 - The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the 34th fiscal year, and key financial indicators for the 34th fiscal year onward are those after applying the accounting standard and relevant revised ASBJ regulations.

2. History

June 1986	Founder Yuki Endo started operating a video rental shop (Video Roadshow, Misato branch) in Toyota City, Aichi Prefecture.
April 1988	Reorganized the private business into a corporate entity.
December 1989	Renamed the company GEO Milda Co., Ltd., beginning use of the store name GEO.
May 1992	Formed a capital alliance with Tape-Do Co., Ltd. and renamed the company GEO STATION Co., Ltd.
April 1996	GEO CORPORATION and GEO Milda Co., Ltd. conducted an absorption-type merger, with GEO CORPORATION as the surviving company.
December 1999	Acquired Japan Blockbuster Co., Ltd. from Fujita Shoten Co., Ltd. and made it a wholly-owned subsidiary (company renamed GEO Global Co., Ltd. and absorbed into GEO CORPORATION in October 2010).
November 2000	Listed on Osaka Securities Exchange's NASDAQ Japan Market (delisted on March 24, 2004).
October 2002	Acquired Sogo Denki Co., Ltd. in Hokkaido as a wholly-owned subsidiary through court-led rehabilitation proceedings (company renamed GEO YES Co., Ltd. and absorbed into GEO CORPORATION in October 2010).
July 2003	Acquired Rocky Co., Ltd. in Shikoku as a subsidiary and expanded into the Shikoku area (company renamed GEO STATION Co., Ltd. and absorbed into GEO CORPORATION in October 2010).
August 2003	Acquired Takarabune Co., Ltd. as a wholly-owned subsidiary through court-led rehabilitation proceedings (company renamed GEO ACTIVE Co., Ltd. and absorbed into GEO CORPORATION in October 2010).
January 2004	Listed on the First Section of the Tokyo Stock Exchange. Listed on the First Section of the Nagoya Stock Exchange (delisted on March 15, 2014).
June 2004	Acquired Matsumoto Denki Co., Ltd., as a wholly-owned subsidiary through court-led rehabilitation proceedings (company renamed GEO REACLE Co., Ltd. and absorbed into GEO CORPORATION in October 2010).
December 2005	Opened a GEO Store in Shimanto City, Kochi Prefecture, achieving the management target of opening GEO Stores in all 47 prefectures.
June 2008	Made a tender offer for FOR YOU Co., Ltd. and accepted third-party allotment of shares to make the company a consolidated subsidiary (company renamed 2nd STREET CORPORATION and absorbed into GEO CORPORATION in April 2013).
July 2008	Made Posren Co., Ltd. (now GEO NETWORKS CORPORATION) a wholly-owned subsidiary.
May 2010	Acquired EISYS, Inc. as a wholly-owned subsidiary.
July 2010	Acquired WAREHOUSE Co., Ltd. as a consolidated subsidiary through a tender offer bid (company absorbed into GEO CORPORATION in April 2014).
October 2010	Absorbed and merged with 11 consolidated subsidiaries involved with operation of GEO Stores and took over the retail service business.
November 2011	Transferred the retail service business to new company GEO CORPORATION established via corporate split and renamed the Company GEO HOLDINGS CORPORATION.
April 2013	Transferred the Reuse Store administration business of 2nd STREET CORPORATION to GEO CORPORATION.
July 2013	Relocated the head office to Naka-ku, Nagoya City, Aichi Prefecture.
November 2013	Acquired shares in Family Book Co., Ltd. to make it a consolidated subsidiary (company made into a wholly-owned subsidiary in December 2013 by acquiring additional shares).
April 2014	Launched retail stores specializing in mobile devices.

December 2014	Acquired Gramolux Inc. as a wholly-owned subsidiary.
February 2017	Acquired World Mobile Corporation as a consolidated subsidiary.
June 2017	Acquired Chelsea International Co., Ltd. as a consolidated subsidiary.
January 2018	Opened 2nd STREET Melrose in the United States, our first reuse business overseas.
June 2018	Opened 2nd STREET SS13, our first reuse business in Malaysia.
April 2019	Acquired OKURA Co., Ltd. as a wholly-owned subsidiary (company made into a consolidated subsidiary in June 2019).
April 2020	Businesses of GEO CORPORATION (renamed GEO Asset Co., Ltd. in April 2020) were absorbed and split off to four companies.
August 2020	Opened 2nd STREET Taipei Ximen, our first reuse business in Taiwan.
September 2020	Absorbed and merged with Geo Asset Co., Ltd. and Family Book Co., Ltd.
April 2022	Shifted to the Tokyo Stock Exchange Prime Market following a review of the market classification of the Tokyo Stock Exchange.
December 2023	Opened 2nd STREET Big-C Rama4, our first reuse business in Thailand.

3. Description of business

The GEO Group comprises GEO HOLDINGS CORPORATION, 31 consolidated subsidiaries, one subsidiary excluded from the scope of consolidation and two companies accounted for by the equity method. The Group mainly operates stores that buy and sell used clothes, accessories, home electronics, and others (“Reuse Stores”) and stores that buy and sell games, smartphones, and home electronics, sell brand-new games, and rent DVDs, CDs, and comics (“Media Stores”).

In addition, the Group is also advancing into the wholesale business of these types of merchandise, and the operation of online services and EC sites.

The Company falls under the category of a specified listed company, etc. as stipulated in Article 49, paragraph (2) of the Cabinet Office Order on Restrictions on Securities Transactions. Accordingly, the Company uses consolidated figures for the criteria for considering a material fact to be of minor importance under insider trading regulations.

The Group companies and their businesses

As of March 31, 2025

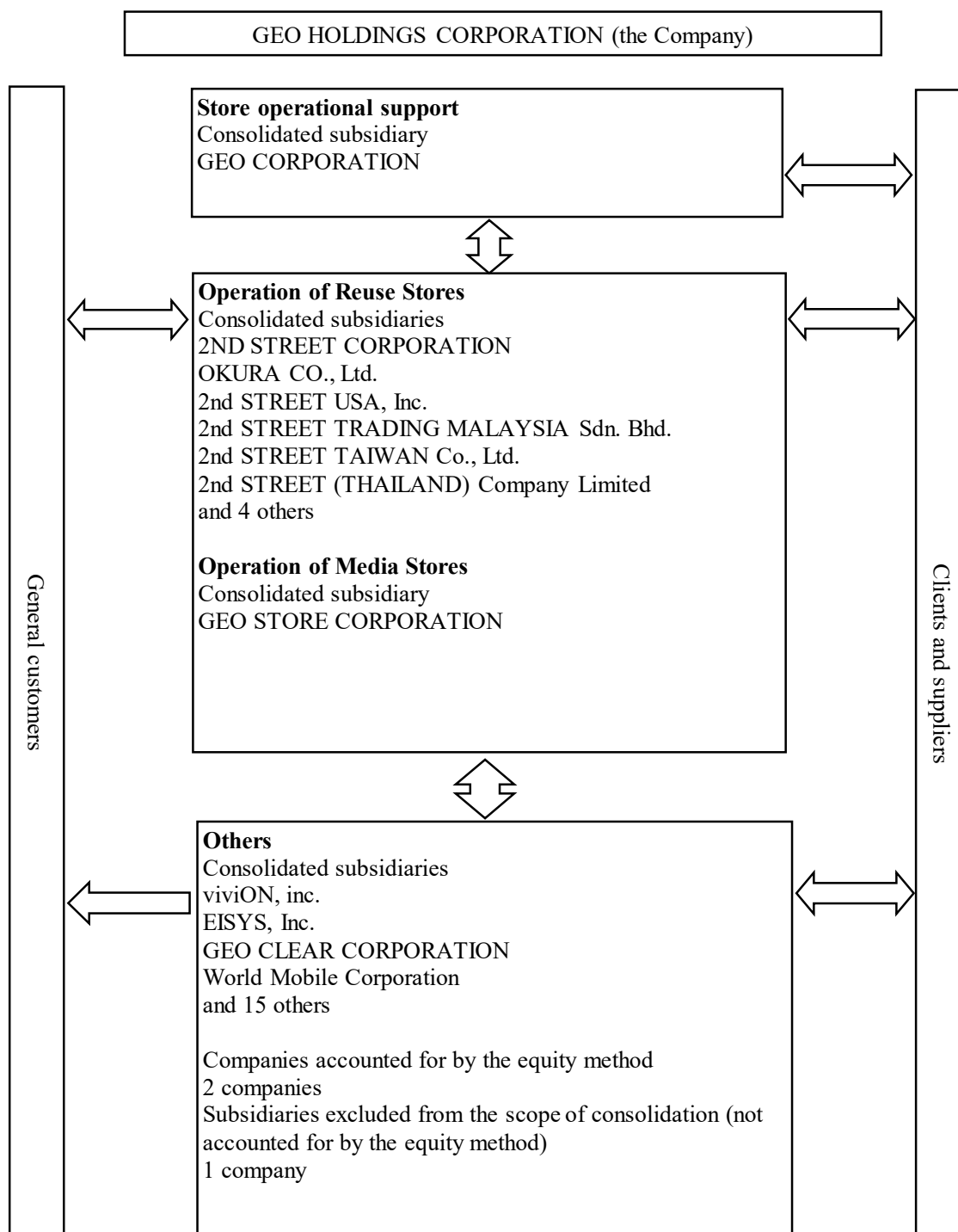
Type of company	Business	Operating company
Holding company	Planning and administration of Group management	GEO HOLDINGS CORPORATION (the Company)
Operating companies	Store operational support	GEO CORPORATION
	Operation of Reuse Stores	2ND STREET CORPORATION OKURA CO., Ltd. 2nd STREET USA, Inc. 2nd STREET TRADING MALAYSIA Sdn. Bhd. 2nd STREET TAIWAN Co., Ltd. 2nd STREET (THAILAND) Company Limited and 4 others
	Operation of Media Stores	GEO STORE CORPORATION
	Others	viviON, inc. EISYS, Inc. GEO CLEAR CORPORATION World Mobile Corporation and 15 others

Companies accounted for by the equity method:

Two companies

Subsidiaries excluded from the scope of consolidation (not accounted for by the equity method):

One company



4. Overview of subsidiaries and associates

Name	Address	Share capital (Millions of yen)	Principal contents of business	Ratio of voting rights holding (held) (%)	Relationship
Consolidated subsidiaries					
GEO CORPORATION (Note) 2	Naka-ku, Nagoya-shi, Aichi	30	Store operational support	100.0	Concurrent officers, guarantee of obligation, and lending and borrowing of funds
GEO STORE CORPORATION (Notes) 1, 2, and 3	Naka-ku, Nagoya-shi, Aichi	10	Operation of Media Stores	100.0 (100.0)	Lending and borrowing of funds
2ND STREET CORPORATION (Notes) 1, 2, and 3	Naka-ku, Nagoya-shi, Aichi	10	Operation of Reuse Stores	100.0 (100.0)	Lending and borrowing of funds
OKURA CO., Ltd. (Note) 3	Toshima-ku, Tokyo	10	Operation of Reuse Stores	100.0 (100.0)	Concurrent officers and lending and borrowing of funds
viviON, inc.	Chiyoda-ku, Tokyo	9	Others	100.0	Lending and borrowing of funds
EISYS, Inc. (Note) 3	Chiyoda-ku, Tokyo	9	Others	100.0 (100.0)	Lending and borrowing of funds
GEO CLEAR CORPORATION (Note) 3	Naka-ku, Nagoya-shi, Aichi	10	Others	100.0 (100.0)	Lending and borrowing of funds
World Mobile Corporation (Note) 3	Naka-ku, Nagoya-shi, Aichi	10	Others	100.0 (100.0)	Lending and borrowing of funds and guarantee of obligation
2nd STREET USA, Inc.	Dover, Delaware, United States	U.S. dollars 300	Operation of Reuse Stores	100.0	Concurrent officers, guarantee of obligation, lending and borrowing of funds
2nd STREET TRADING MALAYSIA Sdn. Bhd.	Subang Jaya, Selangor, Malaysia	Thousands of Malaysia Ringgit 1,000	Operation of Reuse Stores	100.0	Concurrent officers
2nd STREET TAIWAN Co., Ltd.	Taipei, Taiwan	Thousands of New Taiwan Dollars 28,000	Operation of Reuse Stores	100.0	Concurrent officers and lending and borrowing of funds
2nd STREET (THAILAND) Company Limited (Notes) 3 and 4	Bangkok, Thailand	Thousands of Thai Bahts 20,000	Operation of Reuse Stores	49.0 [72.52]	Concurrent officers and lending and borrowing of funds
and 19 others	—	—	—	—	—

- Notes: 1. GEO STORE CORPORATION and 2ND STREET CORPORATION posted net sales that accounted for more than 10% of consolidated net sales (excluding intragroup net sales of the companies under consolidation). (Millions of yen)

GEO STORE CORPORATION

Key profit and loss information	(1) Net sales	187,200
	(2) Ordinary profit	2,018
	(3) Profit	1,253
	(4) Net assets	8,281
	(5) Total assets	21,853

2ND STREET CORPORATION

Key profit and loss information	(1) Net sales	116,184
	(2) Ordinary profit	2,449
	(3) Profit	1,635
	(4) Net assets	7,990
	(5) Total assets	22,766

2. These companies fall under the category of “specified subsidiary.”
3. The number in parentheses of the ratio of voting rights held is the ratio of voting rights which are indirectly held, while the number in square brackets is the ratio of voting rights held by those who are close to or agree with the Company, which is given separately.
4. Although our ownership is 50% or less, the company is considered a subsidiary because we exert effective control.

5. Information about employees

(1) Consolidated companies

As segment information is omitted, the number of employees by business division is as follows.

As of March 31, 2025

Name of business division	Numbers of employees (Persons)	
Operation of Reuse Stores	2,834	[5,038]
Operation of Media Stores	1,261	[3,006]
Store operational support	565	[476]
Planning and administration of Group management	576	[92]
Others	1,276	[193]
Total	6,512	[8,805]

- Notes:
1. The number of employees indicates the number of working employees, and the number of temporary employees (calculated on an 8-hour workday) is given in parentheses separately.
 2. The numbers of employees and temporary employees involved in the operation of Reuse Stores increased by 368 and 528, respectively, from the end of the previous fiscal year. The increases are mainly attributable to recruitment of new employees associated with the opening of stores.
- The numbers of employees and temporary employees in others increased by 201 and 41, respectively, from the end of the previous fiscal year. The increases are mainly attributable to recruitment associated with business expansion.

(2) Reporting company

As of March 31, 2025

Numbers of employees (Persons)	Average age (Years)	Average length of service (Years)	Average annual salary (Yen)
576 [92]	42.51	13.34	5,447,001

- Notes:
1. Average annual salary includes bonuses and extra wages.
 2. The number of employees indicates the number of working employees, and the number of temporary employees (calculated on an 8-hour workday) is given in parentheses separately.
 3. All the employees of the reporting company are engaged in the planning and administration of Group management.

(3) Status of labor union

The Group has the GEO Group Labor Union and the GEO Union, with the former belonging to the Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers' Unions (UA ZENSEN) and the latter belonging to the Japanese Association of Metal, Machinery, and Manufacturing Workers (JAM). Labor-management relations proceed smoothly and there are no matters requiring special mention.

(4) Ratio of female employees in management positions, ratio of male employees taking childcare leave, and differences in wages between male and female employees

(i) Reporting company

Fiscal year ended March 31, 2025				
Ratio of female employees in management positions (%) (Note) 1	Ratio of male employees taking childcare leave (%) (Note) 2	Differences in wages between male and female employees (%) (Note) 1		
		All employees	Regular employees	Part-time and fixed-term workers
15.1	31.3	57.2	63.9	94.1

- Notes:
1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
 2. Childcare leave uptake, etc. calculated as in Article 71-6, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

(ii) Major consolidated subsidiaries

Fiscal year ended March 31, 2025					
Name	Ratio of female employees in management positions (%) (Note) 1	Ratio of male employees taking childcare leave (%) (Note) 2	Differences in wages between male and female employees (%) (Note) 1		
			All employees	Regular employees	Part-time and fixed-term workers
GEO CORPORATION	9.1	58.3	53.8	81.8	97.9
GEO STORE CORPORATION	0.0	107.7	78.0	84.3	99.9
2ND STREET CORPORATION	3.8	49.1	76.5	87.9	100.0
GEO CLEAR CORPORATION	20.0	66.7	62.1	73.8	98.3
OKURA HOLDINGS CORPORATION	26.1	42.9	71.9	71.1	94.0
GEO NETWORKS CORPORATION	9.7	85.7	74.4	74.7	107.6
viviON, inc.	6.9	100.0	76.1	75.4	87.8

- Notes: 1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2. Childcare leave uptake, etc. calculated as in Article 71-6, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

Supplementary explanation on differences in wages between male and female employees

"Differences in wages between male and female employees" shows the percentage of female wages compared to male wages.

Our job grade, evaluation, and wage systems clearly define requirements for each job grade, and we conduct evaluation and promotion based on individual capabilities, independent of specific attributes such as gender.

However, female representation in senior job grades, such as managerial positions, remains low, and the percentage of part-time and fixed-term workers among all female employees is high. These are the main factors behind the differences in wages between male and female employees.

Going forward, we will continuously monitor the composition of personnel by job grade and the status of those promoted, while implementing measures to promote active engagement of women, establishing systems to appoint female employees to managerial positions and support their development, and actively converting part-time and fixed-term workers to regular employees, with the aim of eliminating the differences in wages between male and female employees.

II. Overview of Business

1. Management policy, management environment, issues to be addressed, etc.

The Group's management policy, management environment, and issues to be addressed, etc. are as follows.

Please note that matters concerning the future in this article were determined by the Group as of the end of the fiscal year ended March 31, 2025.

(1) Management policy

The Group's basic corporate policy is "to offer joy to your everyday life."

Based on this policy, we are committed to achieving long-term growth by offering a wide range of high value-added services and securing profits through proper and compliance-oriented corporate activities.

(2) Objective indicators to enable assessment of achievement of management objectives

The Group, which is engaged in business centered on the nationwide expansion of directly operated stores, has set operating profit margin, which clearly reflects the profitability of store operations, as a key management indicator to be prioritized. We will also place importance on rate of return on equity, which is becoming increasingly important from a perspective of capital efficiency.

The Group's medium- to long-term targets are an operating profit margin of 5.0% and a rate of return on equity of 8.0%.

(3) Management environment and priority issues to be addressed

The Group's business environment is being influenced by the spread of flea market apps and online auctions, as well as growing concern for environmental issues, which has led to a shift toward a recycling-oriented society. As a result, the reuse market is expected to see further growth.

In this environment, the Group has adopted "to offer joy to your everyday life" as its corporate philosophy, and we are striving to better understand our customers' consumption patterns and build a "network retailer" system that allows customers to freely choose and access products and services across both online and offline channels. Through a circular distribution system for reuse and rental, together with retail operations, we are committed to becoming a global platform provider that continues to deliver joy to the everyday lives of people around the world, and with this mission in mind, we will focus on the following. Please note that financial issues are described in "II. Overview of Business, 3. Business risks, (6) Dependency on interest-bearing debt" as indicated.

(i) Further cultivating the reuse market

As the reuse market continues to grow, we will speed up the expansion of our multi-store network, which serves as a direct point of contact with customers, in order to achieve sustainable growth. At the same time, we will enhance convenience by increasing our purchasing services with a view to strengthening our position in the reuse market.

We will develop new types of stores suited to regional characteristics, build sales networks including overseas expansion, and strengthen our product procurement by establishing purchasing-only stores, home visit purchase services, and purchasing lockers, creating an environment where customers can easily access reuse merchandise.

(ii) Rebuilding and strengthening the revenue base

We aim to develop new business formats by combining a wide range of products with the Group's core functions of buying, renting, selling, and providing diverse customer touchpoints through integrated platforms.

With the continued decline in the rental market for video and music software, we will continue to enhance the appeal of our stores by leveraging our nationwide network of approximately 1,000 GEO Stores to deliver experiences exclusive to physical stores.

Even in oligopolistic markets, we will strive to increase the market share of our products and maximize profits from media products by expanding our store network and conducting customer-focused promotional activities.

In addition to our off-price store format and luxury goods offerings, we will develop new stores and formats to offer products that cater to customer needs. To this end, we will leverage the Group's store network to conduct marketing activities and cultivate and acquire products.

Additionally, we will explore M&A and other methods as effective means of acquiring new business areas that will serve as new pillars for our business.

(iii) Proactive use of IT and enhancement of online services

As the use of smartphones and other devices to access and search for information online becomes increasingly common, we will strive to improve the searchability of product information and diversify payment methods. By doing so, we will enhance convenience for customers through the simultaneous sale of products on e-commerce sites and in stores, and promote the development of a more seamless purchasing environment by investing in logistics systems and IT and e-commerce capabilities.

(iv) Building global management

As we aim to become a global leader in the reuse industry, we will build a management system that enhances our competitiveness against overseas companies by acquiring global information to an even greater extent and making quick and flexible management decisions.

We will continue to advance the consolidation of functions and division of labor overseas, and build systems designed to streamline the Group as a whole.

(v) Recruitment and training investment

In order to put into practice the strategies outlined in each section, we will continue to promote the effective utilization of human resources through recruitment and investment in training.

Furthermore, to achieve sustainable growth and development, it is crucial to respect the individuality and values of each employee and allow them to fulfill their potential to the fullest. We will, therefore, establish an environment that supports a diverse workforce and rebuild our global education and qualification systems.

2. Approach and initiatives for sustainability

The Group's approach and initiatives for sustainability are as follows.

Please note that matters concerning the future in this article were determined by the Group as of the end of the fiscal year ended March 31, 2025.

Creation of a recycling-oriented society

Moving goods from where they are no longer needed to where they are needed—Contributing to achieving SDGs with business growth



Through various recycling businesses, the Group suppresses waste generation and contributes to SDG Goal 12: “Responsible Consumption and Production.”

■ GEO Group Basic Sustainability Policy

The Geo Group aims to achieve a sustainable society through business growth and adaptation to change, based on its corporate philosophy, “to offer joy to your everyday life.”

The Group has identified materiality issues based on this policy, and promotes sustainability management by implementing individual policies regarding topics such as the environment and human rights.

■ Implementation structure

(i) Governance

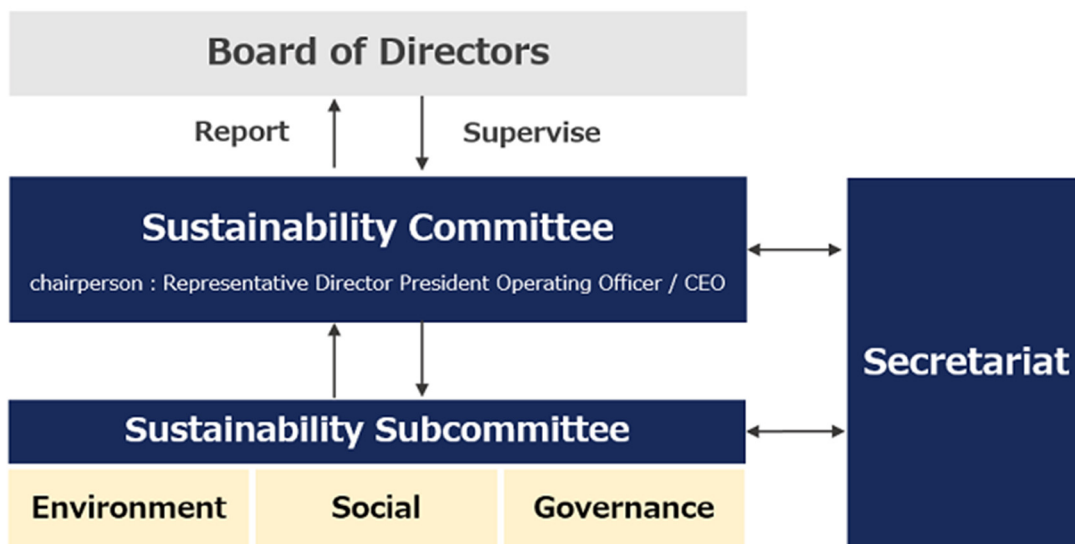
The Group established a Sustainability Committee in August 2024. This Committee has the function of helping realize its corporate philosophy, “to offer joy to your everyday life,” and is tasked with advancing its efforts to help realize a sustainable society.

The Sustainability Committee is chaired by the Representative Director President Operating Officer / CEO and comprises full-time officers, operating officers, and the chairperson. The Sustainability Committee's Action Guidelines stipulate that we give full consideration to the environment and society in order to comply with relevant laws and regulations and conduct sustainable corporate activities, and that we will respect diverse values and promote the creation of a working environment where every person can express their individuality.

The Committee functions as a decision-making body for sustainability-related initiatives, and the matters it discusses are submitted for resolution to the Board of Directors.

In addition, subcommittees comprising personnel from each division have been established as subordinate organizations to discuss important issues pertaining to the environment, social, and governance.

Under this organizational framework, we are pursuing initiatives to find solutions to environmental and social issues in collaboration with the related departments and committees and through a secretariat headed by an operating officer in charge.



(ii) Risk management

The Group categorizes sustainability-related risks into physical risks (acute and chronic), transition risks (policy and legal regulations, markets), and opportunities (products and services, markets), and analyzes the timing of their onset and the magnitude of their impact.

The subcommittees, which are subordinate organizations of the Sustainability Committee, formulate action plans and indicators for important environment, social, and governance topics, monitor the initiatives of each department, and submit the results compiled by the secretariat to the Sustainability Committee.

The Sustainability Committee approves action plans, deliberates on important issues, evaluates progress and achievement, and reports and proposes back to the Board of Directors.

The Board of Directors passes resolutions on the GEO Group's sustainability policy based on reports and proposals from the Committee.

In addition, the OKURA Group (OKURA HOLDINGS CORPORATION and OKURA Co., Ltd.) and the viviON Group (viviON inc., EISYS, Inc., trisys, Inc., and forcs, inc.) have bottom-up reporting systems, while the Group's other operating companies have top-down risk management systems to manage risks relating to sustainability.

(1) Materiality

(i) GEO Group's top priorities

Under the theme of "moving goods from where they are no longer needed to where they are needed," the Group is working to realize a sustainable society through a variety of recycling-oriented businesses.

To facilitate long-term value creation and sustainable growth amid ever-changing social issues and surrounding environment, the Group has identified 17 ESG issues and among those, the Group's six top priority issues.

<The GEO Group's six top priority issues> (E: Environment, S: Social, G: Governance)

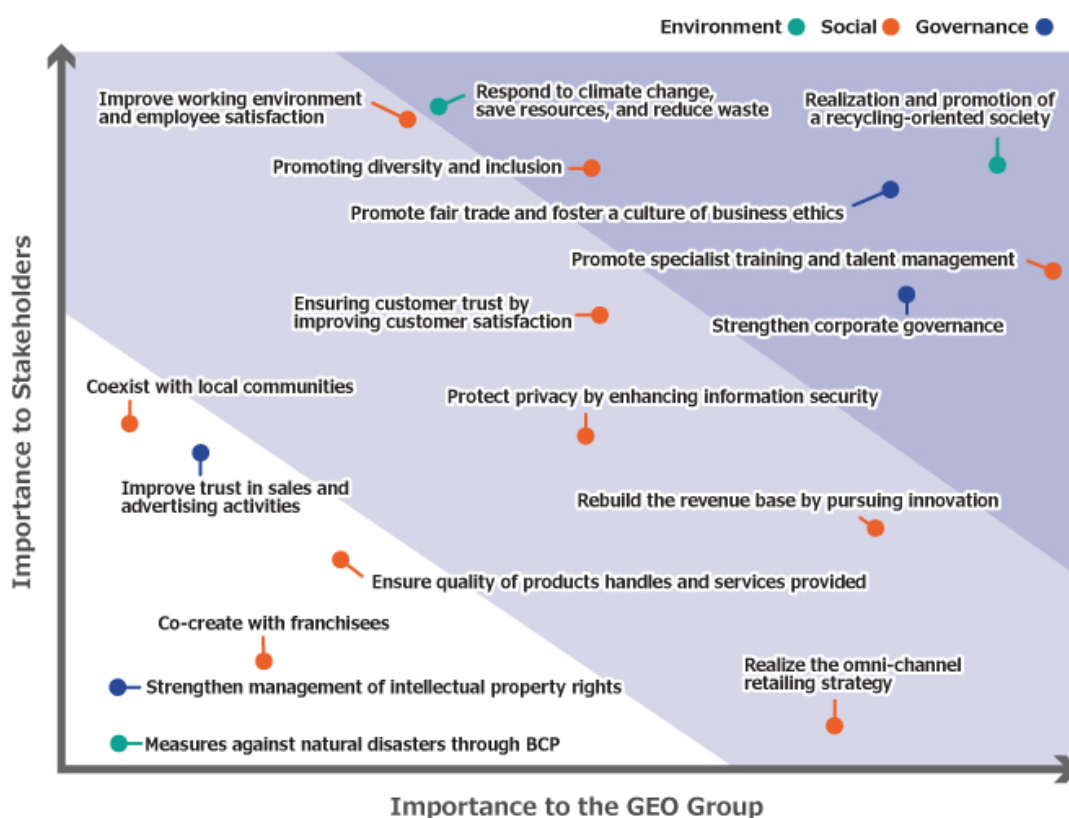
E: Realization and promotion of a recycling-oriented society

E: Respond to climate change, save resources, and reduce waste

- S: Promoting diversity and inclusion
- S: Promote specialist training and talent management
- G: Strengthen corporate governance
- G: Promote fair trade and foster a culture of business ethics

By proactively and continuously focusing on these top priority issues, the Group will aim to contribute to a sustainable society and improve our corporate value in the medium to long term.

■ Materiality map



■ Vision and KGI for top priority issues

The Group has set a vision and KGI for the critical issues we have identified. By proactively and continuously focusing on these issues, we aim to contribute to a sustainable society and improve our corporate value in the medium to long term.

Vision and KGI for GEO Group's top priority issues

<https://www.geonet.co.jp/csr/materiality/>

(2) Human capital

(i) Strategy

The Group aims to allow each one of our employees to find their daily work fun and rewarding through policies on human resource development with a focus on ensuring diversity, and policies on improving the internal environment. Our goal is to build a company where diverse people respect each other's diverse values, and which fully considers the lives of all employees. As an example, we have introduced a "same-sex partnership system" that allows same-sex partners to receive company benefits such as congratulatory or condolence leave and congratulatory or condolence payments in the same way as married couples.

We are also actively working to support the career development of female employees, establishing a system that permits them to balance life events, such as childbirth and childcare, with career development, enabling each one of them to choose flexible workstyles.

By proactively focusing on human resource investment to enhance employee engagement and further improve productivity, we are aiming to provide sustainable returns to our employees. Specifically, we have launched a career website for employees with the aim of encouraging self-awareness and an understanding of the company and its programs, and we have established a career counseling office to help employees shape their own careers.

We have also established a “self-declaration system” that allows employees to declare their career aspirations, and an “internal recruitment system” that allows employees to apply for positions within the company at any time, thereby fostering opportunities for employees to develop their careers independently. In addition, we promote the growth of both the company and its individuals through job reassignments, provide training and education tailored to each employee’s stage of development, and foster a comfortable working environment that allows employees to achieve a good work-life balance. In this way, we are committed to creating an environment where each and every employee can work for many years in a healthy state of mind and body. In addition, we promote health and productivity management by carrying out stress checks and restricting overtime work.

(ii) Metrics and targets

The Group calculates performance using the following indicators and targets based on the policies outlined in “(1) Strategy” above regarding human resource development, including ensuring diversity, and policies regarding the improvement of the internal environment. These indicators apply to group businesses, excluding overseas corporations, and include the main consolidated companies. As other initiatives, we are currently considering specific goals for promoting understanding and support for the LGBTQ community.

Indicators	Definitions	Estimated time to achieve target / Targets	Results (As of March 31, 2025)
Percentage of female employees in management positions (section chief or higher)	Ratio of female employees among general managers (manager level) and managers (section chief level)	March 31, 2030 30% or more	11.0%
Percentage of female employees	Ratio of female employees among total employees	March 31, 2030 30% or more	21.6%
Disability employment rate	Ratio of employees with disabilities among total employees	Achieved statutory employment rate 2.5% or more	2.87%
Percentage of male employees taking childcare leave	Percentage of male employees whose spouses gave birth during the fiscal year who took new paternity leave	Achieved and continued thereafter 50% or more	56.6%
Percentage of female employees taking childcare leave	Percentage of new mothers taking maternity leave among employees who gave birth during the fiscal year	Achieved and continued thereafter 80% or more	117.9%
Percentage of employees who receive regular health checkups	Ratio of the number of completed examinations to the number of persons eligible for periodic health examinations during the fiscal year	March 31, 2026 100%	99.0%
Percentage of employees who receive stress checks	Ratio of the number of completed examinations to the number of persons subject to stress checks during the fiscal year	March 31, 2026 100%	95.2%
Overtime hours (average)	Average overtime hours per month for the fiscal year by total employees	March 31, 2026 Less than 10 hours	12.5 hours

(3) Climate change (Information disclosure based on TCFD Recommendation)

The Group recognizes that climate change is a crucial issue that affects its business, and one that the entire Group is taking proactive measures to address. The Task Force on Climate-related Financial Disclosures (TCFD) has recommended that all companies make disclosures based on four themes: governance, strategy, risk management, and metrics and targets. The Group will disclose climate-related information in line with the four themes of the TCFD recommendations.

(i) Governance

The Group established a Sustainability Committee in August 2024. This Committee has the function of helping realize its corporate philosophy, “to offer joy to your everyday life,” and is tasked with advancing its efforts to help realize a sustainable society.

The Sustainability Committee is chaired by the Representative Director President Operating Officer / CEO and comprises full-time officers, operating officers, and the chairperson. The Sustainability Committee’s Action Guidelines stipulate that we give full consideration to the environment and society in order to comply with relevant laws and regulations and conduct sustainable corporate activities, and that we will respect diverse values and promote the creation of a working environment where every person can express their individuality.

The Committee functions as a decision-making body for sustainability-related initiatives, and the matters it discusses are submitted for resolution to the Board of Directors.

In addition, subcommittees comprising personnel from each division have been established as subordinate organizations to discuss important issues pertaining to the environment, social, and governance.

Under this organizational framework, we are pursuing initiatives to find solutions to environmental and social issues in collaboration with the related departments and committees and through a secretariat headed by an operating officer in charge.

(ii) Strategy

To identify climate change-related risks and opportunities that could affect the Group’s fiscal performance, we analyzed two potential climate-related scenarios based on data from the IEA, IPCC: and other sources, using two scenarios: (1) the 1.5°C temperature increase scenario under which progress is made in decarbonizing and (2) the 4°C temperature increase scenario in which global warming progresses.

Scenario definitions

Target period:

Envisioning a global scenario focusing on 2030

Scope:

The GEO Group’s major operating companies

GEO HOLDINGS CORPORATION, GEO CORPORATION, GEO STORE CORPORATION, 2ND STREET CORPORATION, GEO CLEAR CORPORATION, OKURA HOLDINGS CORPORATION, OKURA Co., Ltd.

Reference scenarios:

IEA NZE, IPCC RCP1.9, etc. for 1.5°C temperature rise;

IEA STEPS, IPCC RCP8.5, etc. for 4°C temperature rise

Scenario worldview

[1.5°C] (Scenario in which progress is made in decarbonizing)

- Increased frequency of torrential rains and floods, albeit to a more moderate extent than in the 4°C scenario
- Significant increase in carbon costs due to implementation of a carbon pricing scheme to achieve a decarbonized society
- Global tightening of regulations on GHG emissions and energy conservation leading to increase in cost of countermeasures associated with the transition
- Increased environmental awareness leading to expansion of the circular economy
- Increased interest in climate action leading to considerable increases in ESG-related investments and financing opportunities

[4°C] (Scenario in which global warming progresses)

- Significant increase in frequency of torrential rains and floods and amount of precipitation leading to increased costs of responding to major disasters
- Carbon pricing is more restrained than in the 1.5°C scenario but the unit price of fossil fuel-derived energy is increased
- Changes in consumer behaviors due to higher average temperatures leading to decreased sales of winter clothing and appliances
- Changes in consumer behaviors due to higher average temperatures leading to increased e-commerce sales of summer appliances
- Increased interest in climate action is more subdued than in the 1.5°C scenario but opportunities for ESG-related investment and financing increase

Based on the results of this scenario analysis, the GEO Group recognizes the identified risks and opportunities and will pursue the following countermeasures.

In the 1.5°C scenario, we anticipate that greater environmental awareness will lead to expansion of the circular economy and an increased customer base due to the dissemination of second-hand goods and ease of purchase. On the other hand, we anticipate that the unit price of energy will rise as the proportion of renewable energies increases in step with the transition toward decarbonization, leading to increased utility costs for individual stores within our store-based business, which in turn may have a significant impact on the Group's finances. We recognize that the 4°C scenario will also have a significant impact on the Group's financial position owing to an increase in the unit price of energy, although we anticipate that it will be more subdued than in the 1.5°C scenario.

In response to these risks of increased utility costs, the Group will pursue appropriate measures by installing equipment and raising awareness to conserve power, such as installing energy-saving equipment including LED lighting, insulated windows, and energy-efficient air conditioning equipment, reviewing the temperature settings of air conditioners, and switching to alternative power sources. Our analysis of the 1.5°C scenario suggests that proactive environmental initiatives and appropriate information disclosures may have a considerable positive impact on the Group's finances in terms of enhancing our corporate value and enabling preferential financing conditions. We recognize that such initiatives may also have considerable positive impact on our financial position in the 4°C scenario as well, albeit to a lesser extent than the 1.5°C scenario, and that such measures are also important from the perspective of corporate social responsibility (CSR).

Pursuant to this approach, the Group will actively disclose corporate information in line with the ESG information disclosure frameworks, express support for initiatives that address environmental issues, and obtain third-party assurance for non-financial information and sustainability certifications.

Climate change-related risks and opportunities anticipated by the Group

Climate change risks and opportunities			Timing	Impact		Countermeasures
				1.5°C	4°C	
Physical risks	Acute	Increase in store repair/refurbishment expenses and inventory damages due to more frequent and severe natural disasters	Long term	Minor	Minor	- Review and improve disaster prevention measures, such as disaster manuals - Procurement of general/non-life insurance
		Decrease in sales due to store closures and supply chain disruptions caused by more frequent and severe natural disasters	Long term	Minor	Minor	- Formulate and regularly review BCP for in-house stores, such as responses to POS cash registers outages - Review and improve disaster prevention measures, such as disaster manuals - Procurement of general/non-life insurance - Strengthen cooperation with suppliers and other business partners - Formulate and regularly review BCP for supply chains
	Chronic	Increase in energy consumption for air conditioning due to rise in the average summer temperatures	Medium term	Minor	Minor	- Introduce energy-saving equipment such as energy-efficient air conditioners and insulated windows - Raise awareness about energy conservation by reviewing the temperatures settings of air conditioners
Transition risks	Policies and regulations	Increases in our store operating costs and delivery costs due to introduction and intensification of carbon taxes and emissions trading scheme	Medium term	Moderate	Minor	- Promote reduction and recycling of waste materials - Select sustainable suppliers implementing environmentally-friendly operations
		Rise unit energy costs due to changes in power supply mix of electricity companies	Medium term	Major	Major	- Introduce energy-saving equipment such as LED lighting, insulated windows, energy-efficient air conditioners - Improve awareness of energy conservation such as switching off unused equipment
	Markets	Decrease in sales of winter clothing, home appliances, etc. due to rising average temperatures	Long term	Minor	Minor	Analyze seasonal and best-selling products and review product stock volumes and inventory/ordering methods
Opportunities	Products and services	Expansion of the circular economy and increased customer base due to the dissemination of second-hand goods and ease of purchase resulting from greater environment awareness	Long term	Moderate	Minor	- Improve communications about the affinity between our business and the circular economy - Increase messaging that enhances our brand recognition and brand power as a second-hand goods company - Improve efficiency by introducing AI in authenticity checks and appraisals of second-hand goods
		Increase in sales of specific products (e.g., furniture, home appliances, outdoor goods) and e-commerce due to the rise in average temperatures	Long term	Minor	Minor	Analyze seasonal and best-selling products and review product stock volumes and inventory/ordering methods
		Increased sales of second-hand luxury goods made from rare resources due to increasing scarcity and depletion of resources as a result of climate change	Long term	Minor	Minor	- Analyze seasonal and best-selling products and review product stock volumes and inventory/ordering methods - Improve efficiency by introducing AI in authenticity checks and appraisals of second-hand goods

Climate change risks and opportunities		Timing	Impact		Countermeasures
			1.5°C	4°C	
Markets	Proactive environmental initiatives, appropriate information disclosure to enhance corporate value and preferential financing	Short term	Major	Minor	- Proactively disclose corporate information in line with the ESG information disclosure frameworks - Express support for initiatives that address environmental issues - Obtain assurance from third-party organizations for non-financial information and acquire sustainability certifications - Enhance proactive dialogue with banks and investors

- Notes:
1. Definition of timing: Short-term = up to 2027, medium-term = up to 2030, long-term = 2031 onwards
 2. Estimation of impact: Classification of minor, moderate, and major impacts is based on qualitative assessment using external documents from the IEA and IPCC, and other sources, as well as our own data, while also considering quantitative impacts

(iii) Risk management

The Group categorizes sustainability-related risks into physical risks (acute and chronic), transition risks (policy and legal regulations, markets), and opportunities (products and services, markets), and analyzes the timing of their onset and the magnitude of their impact.

The subcommittees, which are subordinate organizations of the Sustainability Committee, formulate action plans and indicators for important environment, social, and governance topics, monitor the initiatives of each department, and submit the results compiled by the secretariat to the Sustainability Committee.

The Sustainability Committee approves action plans, deliberates on important issues, evaluates progress and achievement, and reports and proposes back to the Board of Directors.

The Board of Directors passes resolutions on the GEO Group's sustainability policy based on reports and proposals from the Committee.

In addition, the OKURA Group (OKURA HOLDINGS CORPORATION and OKURA Co., Ltd.) and the viviON Group (viviON inc., EISYS, Inc., trisys, Inc., and fors, inc.) have bottom-up reporting systems, while the Group's other operating companies have a top-down risk management system to manage risks relating to sustainability.

(iv) Metrics and targets

As our Group's founding business, our rental business allows customers to rent and return the same media product such as video, music, and comics so that multiple users can enjoy content without the need to manufacture new media. We, therefore, consider that the rental business, which the Group has expanded and continues to maintain, has been a fundamental business for a recycling-oriented society even before the recent focus on GHG emissions.

In addition, our reuse business, which is the Group's core business, also contributes to reducing waste and mitigating environmental impact by delivering unneeded items to those who need them based on our stated mission of promoting the shift from throwaway living. As such, we believe that the reuse business contributes to the reduction of GHG emissions generated by product manufacturing.

Climate change is now regarded as a crucial issue that must be addressed through the concerted efforts of the international community. The Paris Agreement was adopted at the 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2015 and came into effect in 2016.

The Japanese government has also made clear its intent to move the nation towards a decarbonized society, as signified by its 2020 declaration to make Japan carbon neutral by 2050.

In keeping with global frameworks on climate change and the Japanese government's policy for a decarbonized society, the Group is aiming to achieve net zero GHG emissions by the year 2050.

(4) Environment

Environment initiatives

At the Group, we facilitate the circulation of goods through our business activities, not only reducing CO2 emissions but also enabling initiatives to build a sustainable society in the areas of energy efficiency improvement, overseas business, and community activities.

We will address climate change and other environmental problems, so that our businesses lead to a better future.

■ Net Zero Declaration

Climate change is seen as a critical challenge that the international community must immediately work together to tackle. In light of this, the Japanese government has announced efforts for achieving a decarbonized society, such as its declaration of carbon neutrality by the year 2050, which was made in 2020.

In keeping with global frameworks on climate change and the Japanese government's policy for a decarbonized society, the GEO Group declares its intent to achieve net zero GHG emissions by the year 2050.

We will continue to contribute to achieving a sustainable society via group-wide efforts for achieving reduction targets, such as expanding the number of our stores using electricity derived from renewable energy, installing LED lighting, and switching to paper-free operations.

	Medium-term goal (FY2035)	Long-term goal (FY2050)
GHG emissions compared to FY2019	50% reduction* ¹	Achieving net zero emissions* ²

*1 Ratio of reduction to Scope 1 + 2 emissions in main domestic businesses

Scope 1: Calculated based on emission coefficients for different fuel types released by the Ministry of the Environment according to the amount of gasoline and diesel oil purchased by GEO HOLDINGS CORPORATION in billing statements

Scope 2: Calculated based on data from sites where electricity consumption can be calculated (including stores, offices, and warehouses)

*2 Total emissions of GEO HOLDINGS CORPORATION and its consolidated and non-consolidated subsidiaries

Net zero: A state in which the balance between anthropogenic greenhouse gas emissions and removals is maintained, resulting in net zero greenhouse gas releases into the atmosphere

Initiatives for decarbonization

Introduction of PPA

From 2024, we have adopted off-site PPAs and on-site PPAs at some of our stores, based on solar power generation. A power purchase agreement (PPA) is a contract whereby a business directly purchases electricity generated with renewable energy from an operator. With an off-site PPA, the operator supplies electricity from a remote facility located away from the site. With an on-site PPA, the operator installs a solar power generation facility at the site and supplies the generated electricity to the business.

We will continue to expand the number of stores adopting electricity derived from renewable energy as we strive to reduce our CO2 emissions.

Installation of LED lighting, etc.

We have completed the installation of LED lighting in approximately 1,600 stores within the Group. We are also working to reduce CO2 emissions by installing energy-efficient air conditioning equipment in some of our stores.

Paperless operation at our stores

At our cash registers, we have adopted tablet devices to eliminate paper use for purchase slips and other documents. This enables us to save paper and make our work more efficient.

GHG reduction in reuse business

Through businesses such as reuse and off-price retailing, which give new value to unneeded or unsold items so that they can be passed on to the next owner, we help to reduce waste, which in turn reduces GHG emissions.

Creation of a recycling-oriented society

<https://www.geonet.co.jp/csr/recycle/>

(5) Social

Promotion of diversity

The Group aims to allow each one of our employees to find their daily work fun and rewarding. Our goal is to build a company where diverse people respect each other's diverse values, instead of assuming the style they should follow, and which fully considers the lives of all employees.

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. The rate of acquisition of childcare leave for fiscal 2024 was 117.9%.

At the 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.

We update and disclose the General Employers Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace and the General Employers Action Plan under the Act on Advancement of Measures to Support Raising Next-Generation Children on our corporate website, as necessary, via the following link.

GEO Group's social initiatives: <https://www.geonet.co.jp/csr/social/>

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 Group, the rate of employment of persons with disabilities is 2.87% (as of March 31, 2025), exceeding the statutory rate in Japan from April, 2024 (2.5%).

In 2010, we established GEO BUSINESS SUPPORT Co., Ltd., a subsidiary for promoting the employment of people with disabilities. Employees of this company perform cleaning duties at stores and group offices. In January 2020, GEO BUSINESS SUPPORT received an award from the

Governor of Aichi Prefecture as an excellent company in terms of employment of people with disabilities.

Revision of the dress code

For the purpose of establishing an environment where each employee respects diversity, we revised the dress code to abolish gender specific descriptions and unify the rules. Going forward, we aim to create an environment where employees feel comfortable as they are, regardless of race, age or gender.

Health & Productivity Management at the GEO Group

The GEO Group believes that the sound physical and mental health of our employees is crucial to realizing its corporate philosophy of “to offer joy to your everyday life” for its customers.

Based on this belief, we will promote initiatives to maintain and promote better health in order to create a positive cycle that starts with the health of our employees.

Health & Productivity Management at the GEO Group

<https://www.geonet.co.jp/csr/social/health/>

Initiatives in work-life balance and career development support

Work-life balance

We have introduced flexible working hours, which allows employees to start and finish their workday whenever they want, and a local employee program that permits employees to work close to home in a specific area, without being transferred. With this, we have established an environment that permits diverse workstyles. We have also operated a work-from-home program that allows employees to work from home as well as from the office. We also encourage male employees to acquire childcare leave. While the duration of the leave is one to two weeks in most cases, some employees take six months or one year of leave. We have been encouraging employees to take childcare leave, for instance by sharing stories of male employees who have taken childcare leave in the past. As a result, the level of recognition within the company has been rising.

Diverse programs that support employees' lifestyles

Program	Description
Childcare leave	A program that permits employees to take childcare leave when living with and raising children under one year of age
Shorter working hours for childcare	A program that permits employees caring for children until the start of elementary school to shorten their regular working hours to six or seven hours per day, in principle
Caregiving leave	A program that permits employees to take care leave to provide care and other assistance to family members who require nursing care
Shorter working hours for caregiving	A program that permits employees caring for family members requiring nursing care to shorten their regular working hours to six or seven hours per day, in principle
Local employee program	A program that permits employees to continue working without having to relocate
Annual paid leave by the hour	A program that permits employees to take annual paid leave in hourly increments for up to five days a year
Continuous leave program	A program that encourages employees with 10 or more days of annual paid leave to take five or more consecutive days of leave
Continued employment after retirement	A program that permits employees desiring to be re-employed after retirement to renew their employment contracts

* The table above shows our major programs related to employment and leave. We have a number of other support programs in addition to the above.

Career development support

For career development support, we implement training programs internally and externally in accordance with the career of each employee. They are aimed at developing human resources unique to GEO, who can contribute to our growth strategy by considering the evolution of the Group. We provide training for improving comprehensive human abilities as the basis, so as to enable the efficient acquisition of the specialized skills needed to execute business.

<Training programs for new employees>

We provide new employees with new employee training and on-the-job training, through which they gain understanding of the company and merchandise knowledge and learn store management, among others. We also offer a curriculum that teaches the basics of being a working member of society.

<Training programs for existing employees>

We offer job-class-specific training programs. Employees learn management skills, leadership skills, analytical thinking, and other skills through these programs. They make effective use of those skills in operating our stores. We also provide external training programs including America Seminar, allowing employees to learn the mechanism of chain stores through overseas visits.

<Online internal training>

We offer tools for acquiring the knowledge that is needed to operate stores. Classes for understanding laws and regulations related to store operation and deepening product knowledge are included in our online courses.

Job categories and career paths

The basis of career development within our group is “educational transfer.” New employees start by experiencing operations at our stores, which are located all over Japan.

After acquiring knowledge and experience in store operations, they are transferred for training purposes to experience work at various departments, aiming to be specialists in fields that match their aptitudes.

3. Business risks

The matters recorded in the annual securities report concerning the overview of business, financial information, etc. include the following key risks that are recognized by the management as having the potential to exert a material impact on the financial position, operating results, and cash flows of consolidated companies.

Please note that matters concerning the future in this article were determined by the Group as of the filing date of this Annual Securities Report (June 27, 2025) and do not cover all risks. There is a possibility that the Group may be exposed to the impacts of risks that are unforeseeable or not considered significant at this time. However, in terms of risks and their impacts, both the timing and likelihood of materialization are uncertain.

(1) Policy on opening new stores

The Group has been actively opening new stores, mainly Media Stores and Reuse Stores, and expanding its franchise network through new store openings and business alliances with other companies. As part of our store expansion policy, we plan to speed up the growth of our store network by opening new stores, conducting M&As, and acquiring stores. As a result, the success or failure of our store expansion efforts could have a major impact on our growth potential.

Therefore, there is no guarantee that new store openings, M&A, store acquisitions, and other transactions will continue to be concluded in the future. If such transactions are not concluded, the growth momentum of the Group may slow down. Furthermore, even if such transactions are concluded, temporary expenses are expected to arise, which may affect the operating results and financial position of the Group.

(2) Purchasing reuse goods

Most of the reuse goods sold at our group stores are purchased from general customers at our stores. In addition, with growing awareness of environmental issues in society, competition with other companies is intensifying due to new entrants in the reuse field. Therefore, ensuring the quantity and quality of merchandise purchases may affect business performance.

(3) Legal restrictions, etc.

A. Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment

Some of the Group's current stores are subject to regulations under the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment, as their retail sales floor area (excluding rental floor area) is 1,000 square meters or more. In addition, as part of our future store expansion policy, we plan to open large-format stores with retail floor areas exceeding 1,000 square meters by diversifying our product lineup.

The Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment stipulates that when opening new stores or expanding existing stores with a floor area of 1,000 square meters or more, retailers must implement measures to ensure the convenience of residents in the surrounding area and the convenience of commercial and other businesses. These include the provision of adequate parking and other means (number of parking spaces required, location, structure, bicycle parking, traffic safety measures, etc.), and measures to prevent the deterioration of the living environment in the surrounding area due to noise and other factors (noise control, waste disposal, etc.).

B. Secondhand Goods Business Act

The purchase and sale of reuse goods conducted by the Group is regulated by the Secondhand Goods Business Act, and the supervisory authorities are the prefectural public safety commissions with jurisdiction over the location of the principal place of business of each corporation. The main points of the regulations under the Act and related laws and ordinances are as follows.

- (i) When starting a business, it is necessary to obtain permission from the prefectural public safety commission with jurisdiction over the location of the corporation's principal sales office.

- (ii) When purchasing secondhand DVDs, CDs, games, books, smartphones, clothing, fashion accessories, electrical appliances, etc., it is necessary to obtain a document stating the address, name, occupation, and age of the seller. In addition, the date of transaction, type and quantity of secondhand goods, features of secondhand goods, and the address, name, occupation, and age of the seller must be recorded in the ledger.

C. Act on Control and Improvement of Amusement Business

The operation of amusement facilities within the Group that install and operate game machines is subject to regulations under the Act on Control and Improvement of Amusement Business, as well as other relevant laws, regulations, and ordinances. Its contents include the licensing system for facility establishment and operation, business hour restrictions, visitor age restrictions, regulations on game fees, restrictions on the area where stores can be opened, and regulations on facility structure, content, lighting, noise, etc.

D. Copyright Act

Among the DVD and CD rental businesses operated by the Group, the CD (referred to as “phonograms” under the Copyright Act) rental business is subject to the provisions of the Copyright Act concerning lending rights. The purpose of this law is to enable “rental phonogram dealers” as defined by the law to obtain permission from copyright holders (such as lyricists and composers) and neighboring rights owners (such as producers of phonograms and performers) who exclusively hold the right to rent commercial CDs, and to pay them royalties. Copyright fees, rental prohibition periods, and other matters are stipulated in accordance with the provisions of the law. Please note that DVD rentals are subject to the provisions of the same law concerning distribution rights.

In addition, the Group rents adult DVDs at its DVD rental stores, but this business is conducted in compliance with the Aichi Prefecture Youth Protection and Development Ordinance and similar ordinances of each prefecture. Specifically, we ask for identification when members join, and we have a system in place at the register that uses membership cards to prevent the rental of adult DVDs, etc. to persons under the age of 18. Furthermore, adult DVDs and other adult-oriented items are located in a separate area of the store and are clearly marked with a “No entry for persons under 18 years of age” sign at the entrance.

E. Resale price maintenance

New CDs and books handled by the Group are exempt from the provisions of Article 23 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, which stipulates that the resale price of copyrighted works shall be determined and maintained.

This is something that is essential to promoting our country’s culture and maintaining cultural standards, and as such, fixed prices are allowed as an exception in order to maintain a system whereby the product is widely distributed nationwide at the same price.

The Fair Trade Commission stated in its March 23, 2001, “Resale Price Maintenance System for Copyrighted Works” that “from the perspective of competition policy, we believe that the system should be abolished and competition in the distribution of copyrighted works should be promoted,” but also pointed out that “there is not yet a national consensus on the abolition of the system” and concluded that “it is appropriate to maintain the system for the time being.” However, the Fair Trade Commission has stated that it will “continue to make every effort to achieve national consensus on the abolition of the resale price maintenance system for copyrighted works,” and it is expected that discussions on the abolition of this system will continue. In such a case, it is likely that the Group’s operating results would be affected, but it is difficult to predict the extent of such impact at this time.

(4) Information security

The Group holds and manages a large amount of information (personal information) about its customers. In addition, dependence on information systems has become more prevalent for the smooth and efficient conduct of business activities. To ensure the proper protection of personal information and the stable operation of various systems, we have established internal regulations and standards (manuals, etc.) for

handling personal information, conducted employee training, enhanced information system security, and established a group-wide framework for swift response to security incidents. However, in the event of system failures or human errors resulting in the leakage or loss of important information, system failures, or other incidents, this could lead to liability claims, damage to our social reputation, reduced sales, or temporary system shutdowns, which may have an impact on the business performance and financial position of the Group.

(5) Occurrence of disasters

The Group has formulated a business continuity plan (BCP) and is working to establish, maintain, and verify business continuity systems in preparation for emergencies such as wide-area earthquakes, storms, floods, and other natural disasters. However, if smooth business operations are disrupted in the future, this could have an impact on the Group's business performance and financial position.

(6) Dependency on interest-bearing debt

The Group has mainly financed its business activities through borrowings from financial institutions, resulting in a high ratio of interest-bearing debt to total assets. Going forward, we plan to continue opening new stores to enhance corporate value and strengthen profitability. To this end, we are diversifying our financing methods by issuing corporate bonds in addition to bank loans to reduce liquidity risk. However, if interest rates rise significantly due to changes in financial conditions or other factors, financing costs may increase, which may have an impact on the business performance and financial position of the Group.

(7) Development of overseas business

The Group is expanding its overseas operations and plans to promote overseas expansion, also targeting regions where we have not yet entered. To mitigate risks, we continuously monitor and respond to information regarding changes in international political conditions and revisions to laws and regulations in various countries. However, changes in political and economic conditions in countries or regions where the Group operates, unforeseen changes in laws and regulations, natural disasters, riots, terrorism, war, or other factors may cause social or economic disruption or unpredictable situations arising from customs and practices, which may have an impact on the business performance and financial position of the Group.

(8) Exchange rate fluctuations

The Group prepares consolidated financial statements by converting the foreign currency financial statements of its overseas consolidated subsidiaries into Japanese yen. Therefore, fluctuations in exchange rates may have an impact on the business performance and financial position of the Group. In addition, foreign exchange costs and gains arising from foreign currency transactions conducted by the Group, as well as the yen conversion amounts of foreign currency receivables and payables, may have an impact on the Group's business performance and financial position due to fluctuations in exchange rates.

(9) Accounting estimates

The Group estimates items requiring accounting estimates in the preparation of its financial statements based on reasonable criteria. However, due to the inherent uncertainty of estimates, the amounts may be revised or differ from actual results, which may have an impact on the business performance and financial position of the Group.

Inventories

The Group calculates the value of its inventories primarily using the cost method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability). If, in the future, the conditions surrounding our reuse business, media business, etc. deteriorate, or the market prices of our assets decline significantly, etc., and further write-downs become necessary, this could have an impact on the business performance and financial position of the Group.

Allowance for doubtful accounts

The Group records allowance for doubtful accounts based on the status of borrowers and the value of collateral. However, due to changes in credit conditions, declines in collateral value, or other unexpected reasons, it may be necessary to increase the allowance for doubtful accounts.

Impairment of non-current assets

The Group applies impairment accounting to its non-current assets. If, in the future, the profitability of stores, etc. deteriorates, or the market prices of our assets decline significantly, etc., and further impairment becomes necessary, this could have an impact on the business performance and financial position of the Group.

Asset retirement obligations

The Group recognizes asset retirement obligations for the disposal of property, plant and equipment. Changes in external factors such as new laws and regulations, contracts, and market fluctuations may necessitate an increase in asset retirement obligations, which could impact the Group's business performance and financial position.

Deferred tax assets

The Group records deferred tax assets based on estimates of future taxable income and the scheduling of temporary differences. If, in the future, the estimated taxable income is reduced due to a deterioration in the business environment or other factors, it may become necessary to reverse deferred tax assets, which could have an impact on the Group's business performance and financial position.

The management system for identifying, evaluating, and addressing the above risks is described in "IV. Information About Reporting Company, 4. Corporate governance, (1) Overview of corporate governance."

4. Management analysis of financial position, operating results and cash flows

(1) Overview of operating results, etc.

(i) Overview of operating results

During the fiscal year under review, the Japanese economy continued its gradual recovery, thanks to ongoing strong corporate performance and an increase in real income in the household sector. On the other hand, downturns in overseas economies, policy trends in the US, and fluctuations in financial and capital markets require comprehensive and careful response.

In the reuse industry, market growth is expanding due to rising demand for reuse goods as a lifestyle defense measure to counter soaring prices. Moreover, amid growing awareness of and respect for diversity throughout society, consumers are seeing the appeal and taste of one-of-a-kind products and choosing to shop in a people-, society-, and environment-friendly behavior to play their parts in addressing social challenges.

In this environment, aiming “to offer joy to your everyday life,” the Group is working to increase choices and to improve convenience for customers by expanding its e-commerce services and opening new reuse stores centered around 2nd STREET both in Japan and overseas and to achieve sustainable growth.

Looking at trends in reuse merchandise (comprehensive), OKURA TOKYO, which handles reuse luxury merchandise with a focus on luxury watches, continued to perform strongly by conducting risk management through increasing product liquidity amid weak market conditions. In reuse clothing and accessories, which is the core of the merchandise mix, its growth was steady in proportion to overall reuse market growth despite negative impacts from unusual weather patterns including record high temperatures and a mild winter and from unmet store opening targets. The Company has expanded the scope of its activity with openings of directly-managed stores in overseas regions, improved its visibility in the global reuse market, steadily gained local support in every region, and increased both store numbers and sales. As a result, overall sales of reuse merchandise (comprehensive) significantly increased and net sales amounted to 190,246 million yen (up 12.1% year over year (YoY)).

In terms of trends in reuse merchandise (media), sale of reuse game-related products fell marginally due to low demand from latest game software releases despite a sharp rise in demand for home video game consoles prior to price increases. Moreover, in line with the expansion of the reuse market for communication devices, such as smartphones, tablets, and other mobile devices, the Company opened “GEO mobile” stores with in-store support staff at shopping malls and other facilities and focused on improving its share of the reuse mobile product market through strategic advertisements aimed at improving visibility. As a result, overall sales of reuse merchandise (media) increased by 12.4% YoY to 83,669 million yen.

Looking at trends in brand-new merchandise, although sales of trading cards and capsule toys performed strongly, sales decreased 25.1% YoY to 99,100 million yen. This was due to the absence of factors that contributed to sales increases in the previous fiscal year, namely sales increases in home video game consoles and major game releases, which were driven by improvements in the supply-demand balance.

Due to a deterioration in profitability, impairment losses of 3,138 million yen were recorded for non-current assets related to stores, etc.

As a result, net sales for the fiscal year under review were 427,669 million yen (down 1.4% YoY), operating profit was 11,250 million yen (down 33.1% YoY), ordinary profit was 12,224 million yen (down 34.8% YoY), and profit attributable to owners of parent was 4,537 million yen (down 58.4% YoY).

The number of the Group's stores and facilities as of the end of the fiscal year under review are as follows.

The figures in parentheses under the "Total" column indicate changes from the end of the previous fiscal year.

	Directly-managed stores			FC stores and distributors			Total	
	Newly opened	Closed		Newly opened	Closed			
The number of GEO Group stores	2,043	160	65	143	1	19	2,186	[+77]
GEO	966	39	50	88	0	19	1,054	[-30]
2nd STREET (Japan)	825	52	11	55	1	0	880	[+42]
2nd STREET (USA)	47	12	0	0	0	0	47	[+12]
2nd STREET (Taiwan)	39	11	0	0	0	0	39	[+11]
2nd STREET (Malaysia)	23	6	0	0	0	0	23	[+6]
2nd STREET (Thailand)	4	3	0	0	0	0	4	[+3]
OKURA TOKYO	24	3	2	0	0	0	24	[+1]
LuckRack	27	9	0	0	0	0	27	[+9]
Others	88	25	2	0	0	0	88	[+23]

- Notes:
1. The number of stores is counted per each store brand.
 2. "GEO" includes stores that sell and purchase home game-related items, mobile phones and smartphones, and rent DVDs where they operate under the store names of "GEO" and "GEO mobile."
 3. "2nd STREET" includes stores that sell and purchase clothing and accessories, home appliances, and other items where they operate under the names of "2nd STREET," "Super 2nd STREET," "2nd OUTDOOR," "JUMBLE STORE," etc.

(ii) Sales status

Sales results

Sales results for the fiscal year under review are as follows.

Name		Fiscal year ended March 31, 2025 (Millions of yen)	YoY Change
Reuse goods	Comprehensive	190,246	112.1%
	Media	83,669	112.4%
Brand new		99,100	74.9%
Others		54,653	95.3%
Rental included in others		28,647	87.4%

(iii) Financial position

Current assets

Current assets as of the end of the fiscal year under review were 165,072 million yen, which increased 10,764 million yen from 154,308 million yen as of the end of the previous fiscal year. This was mainly attributable to increases of 5,112 million yen in cash and deposits, 2,916 million yen in merchandise, and 703 million yen in accounts receivable - trade.

Non-current assets

Non-current assets as of the end of the fiscal year under review were 87,735 million yen, which increased 10,918 million yen from 76,817 million yen as of the end of the previous fiscal year. This was mainly attributable to increases of 5,838 million yen in right-of-use assets, net, 2,451 million yen in buildings and structures, net, and 1,119 million yen in leasehold and guarantee deposits.

Current liabilities

Current liabilities as of the end of the fiscal year under review were 46,603 million yen, which decreased 884 million yen from 47,487 million yen as of the end of the previous fiscal year. This was largely due to decreases of 2,005 million yen in accounts payable - trade, 2,000 million yen in short-term borrowings, and 875 million yen in income taxes payable, despite increases of 2,112 million yen in current portion of long-term borrowings and 1,628 million yen in other under current liabilities.

Non-current liabilities

Non-current liabilities as of the end of the fiscal year under review were 115,734 million yen, which increased 19,447 million yen from 96,287 million yen as of the end of the previous fiscal year. This was mainly attributable to increases of 7,150 million yen in long-term borrowings, 6,423 million yen in lease liabilities, and 5,575 million yen in bonds payable.

Net assets

Net assets as of the end of the fiscal year under review were 90,469 million yen, which increased 3,119 million yen from 87,349 million yen as of the end of the previous fiscal year. This primarily reflected an increase in retained earnings due to the profit attributable to owners of parent of 4,537 million yen, offsetting a decrease in retained earnings due to dividends of surplus of 1,350 million yen.

(iv) Cash flows

Cash and cash equivalents ("cash") at the end of the fiscal year under review increased by 6,204 million yen from the end of the previous fiscal year to 64,760 million yen.

The situations of each cash flow and their main factors for the fiscal year under review are as follows.

Cash flows from operating activities

As a result of operating activities, cash increased by 8,012 million yen (where this increased by 9,296 million yen in the previous fiscal year).

This increase was mainly attributable to profit before income taxes of 8,912 million yen and depreciation of 6,667 million yen, which offset income tax paid of 5,423 million yen.

Cash flows from investing activities

As a result of investing activities, cash decreased by 12,494 million yen (where this decreased by 10,401 million yen in the previous fiscal year).

This decrease was mainly due to purchase of property, plant and equipment of 11,121 million yen.

Cash flows from financing activities

As a result of financing activities, cash increased by 10,778 million yen (where this increased by 12,396 million yen in the previous fiscal year).

This was mainly attributable to proceeds from long-term borrowings of 18,000 million yen and proceeds from the issuance of corporate bonds of 5,547 million yen, which more than offset repayments of long-term borrowings of 8,737 million yen and a net decrease in short-term borrowings of 2,000 million yen.

- (2) Details of analysis and considerations regarding the status of operating results etc., from management's perspective

The details of recognition as well as analysis and considerations regarding the status of operating results etc. of the Group, from management's perspective are as follows.

Please note that matters concerning the future in this article were determined as of the end of the fiscal year ended March 31, 2025.

- (i) Details of recognition, analysis and considerations regarding the financial position and operating results

- Details of analysis and considerations regarding the financial position and operating results for the fiscal year ended March 31, 2025

As stated in "(1) Overview of operating results, etc., (i) Overview of operating results."

- Major factors impacting operating results

As stated in "II. Overview of Business, 3. Business risks."

- (ii) Analysis and considerations of cash flow, together with sources of capital and liquidity of funds

- Details of analysis and considerations of cash flows

As stated in "(1) Overview of operating results, etc., (iv) Cash flows."

- Sources of capital and liquidity of funds

The major components of the Group's working capital requirements are purchases of merchandise, mainly software packages, and operating expenses such as selling, general and administrative expenses. The major components of capital expenditures are investments in facilities for store openings.

The Group's basic policy is to ensure liquidity of funds necessary for business operations.

Short-term working capital is primarily funded by internal funds and short-term loans from financial institutions. For capital expenditures and long-term working capital, we utilize long-term loans from financial institutions and the issuance of bonds payable as financing methods. Thus, we are striving to diversify our funding sources.

As of the end of the fiscal year under review, the current portion of long-term borrowings amounted to 10,849 million yen, long-term borrowings 71,475 million yen, bonds payable 12,175 million yen, making a total of 94,500 million yen.

- (iii) Significant accounting estimates and assumptions used in those estimates

The consolidated financial statements of the Group are prepared in accordance with the corporate accounting standards recognized as generally fair and appropriate in Japan.

In preparing the consolidated financial statements, estimates that affect the reported amounts of assets and liabilities as of the end of the fiscal year under review and the reported amounts of revenues and expenses for the fiscal year under review have been recorded using methods deemed reasonable based on past performance and the circumstances surrounding the Group. However, due to the inherent uncertainty of estimates, actual results may differ from these estimates.

The significant accounting policies adopted in the consolidated financial statements of the Group are described in "V. Financial Information, 1. Consolidated financial statements, etc. (1) Notes - Significant accounting policies for preparation of consolidated financial statements in the consolidated financial statements."

The impact on operating results and other matters arising from the uncertainty of significant estimates and assumptions and changes therein is described in "II. Overview of Business, 3. Business risks, (9) Accounting estimates" and "V. Financial Information, 1. Consolidated financial statements, etc. (1) Notes - Significant accounting policies in the consolidated financial statements" below.

- (iv) Objective indicators to enable assessment of achievement of management policies and strategies, or other management objectives

The management indicators targeted by the Group and the results for the fiscal year under review are as follows.

		Fiscal year ended March 31, 2024 (Results)	Fiscal year ended March 31, 2025 (Results)	Fiscal year ending March 31, 2026 (Earnings forecast)
Net sales	(Millions of yen)	433,848	427,669	470,000
Operating profit	(Millions of yen)	16,814	11,250	11,500
Ordinary profit	(Millions of yen)	18,749	12,224	11,000
Profit attributable to owners of parent	(Millions of yen)	10,902	4,537	5,500
Earnings per share	(Yen)	275.31	114.27	138.50

		As of March 31, 2024 (Results)	As of March 31, 2025 (Results)	Medium- to long-term goal
Operating profit margin	(%)	3.9	2.6	5.0
Rate of return on equity	(%)	13.3	5.1	8.0

With regard to net sales, in reuse clothing and accessories, which is the core of the merchandise mix, its growth was steady in proportion to overall reuse market growth despite negative impacts from unusual weather patterns including record high temperatures and a mild winter and from unmet store opening targets. Moreover, in line with the expansion of the reuse market for communication devices, such as smartphones, tablets, and other mobile devices, the Company opened “GEO mobile” stores with in-store support staff at shopping malls and other facilities and focused on improving its share of the reuse mobile product market through strategic advertisements aimed at improving visibility. As a result, reuse merchandise (media) also performed well. On the other hand, in the fiscal year ended March 31 2024, sales of home video game consoles increased due to an improvement in the supply-demand balance and the release of major titles, which contributed to higher sales. However, in the fiscal year under review, sales of brand-new merchandise declined significantly due to the impact of a reactionary decline. Operating profit margin decreased from 3.9% in the previous fiscal year to 2.6%, mainly due to increases in personnel expenses, rent expenses on land and buildings, depreciation, and credit card transaction fees.

With regard to reuse merchandise (comprehensive), the Group will strive to develop stores where customers can enjoy shopping through stores specializing in apparel, mainly clothing and accessories, and through the expansion of concept stores specializing in furniture, home electronics, and lifestyle goods. With regard to reuse merchandise (media), demand for reuse smartphones as secondary devices is growing while the high quality of Japanese reuse smartphones is expected to lead the market growth. As such, the Group will aim to further increase its share in the reuse smartphone market by drawing in customer traffic to its well-recognized stores, providing attentive support through supporting staff, and ensuring peace of mind through quality assurance and products that have been reset and cleaned up. By establishing “GEO mobile” stores alongside existing GEO stores, we will continue to strive to achieve our medium- to long-term operating profit margin target.

Rate of return on equity decreased by 8.2 percentage points from the previous fiscal year to 5.1% due to a decline in the operating profit margin.

In the ever-expanding reuse industry, the Group is leading the way in driving growth by expanding the range of reuse products handled by GEO and 2nd STREET, and opening new reuse stores, focusing mainly on 2nd STREET. We believe that by increasing the sales composition ratio of reuse products and properly controlling costs through chain management, we will be able to converge the rate of return on equity to the medium- to long-term target level.

5. Material contracts, etc.

None

6. Research and development activities

None

III. Information About Facilities

1. Overview of capital expenditures

For the fiscal year under review, the Group (the Company and its consolidated subsidiaries) made capital expenditures worth 13,493 million yen, centering on opening new stores and performing renovation work at existing stores.

There was no retirement, sale, or other disposal of significant facilities in the fiscal year under review.

2. Major facilities

Major facilities of the Group (the Company and its consolidated subsidiaries) as of March 31, 2025 are as follows:

(1) Reporting company

Name (Location)	Details of facilities	Carrying amount (Millions of yen)				Numbers of employees (Persons)
		Buildings and structures	Land value [Area in m ²]	Other	Total	
Head office (Naka-ku, Nagoya-shi, Aichi)	Office	68	49 [598.15]	177	295	576
Real estate for rent (Nagoya-shi, Aichi, and 95 others)	Other facilities	1,570	2,286 [42,488.56]	0	3,856	—

(2) Domestic subsidiaries

Company name	Name (Location)	Details of facilities	Carrying amount (Millions of yen)				Numbers of employees (Persons)
			Buildings and structures	Land value [Area in m ²]	Other	Total	
GEO CORPO- RATION	Tokyo and other 46 prefectures (SS Hamamatsu Shitoro Store, and other 1,852 stores)	Stores	10,246	— [-]	3,863	14,110	565

(3) Foreign subsidiaries

Company name	Name (Location)	Details of facilities	Carrying amount (Millions of yen)					Numbers of employees (Persons)
			Buildings and structures	Land value [Area in m ²]	Right-of- use assets	Other	Total	
2nd STREET USA, Inc.	New York State and other 11 states, United States (SS NoHo, and other 35 stores)	Stores and offices	3,966	— [-]	19,956	895	24,817	26

- Notes:
- Currently, there is no idle major facility.
 - Carrying amount “other” includes machinery, equipment and vehicles, tools, furniture and fixture, and leased assets.
 - We rent some store facilities from parties other than consolidated companies. Annual rent expenses for the fiscal year under review are 32,184 million yen.

3. Planned addition, retirement, and other changes of facilities

The Group formulates capital expenditure plans, by comprehensively taking into consideration economic forecasts, industry trends, investment efficiency, and other factors.

In principle, consolidated companies formulate facility plans individually, and then the reporting company plays a central role in coordination over the plans and finalizes them.

Planned addition, renovation, retirement, and other changes of facilities going forward is as follows.

(1) Addition

Name	Location	Details of facilities	Amount budgeted (Millions of yen)	Amount already paid (Millions of yen)	Method of financing	Commencement	Completion
Reuse Stores, Media Stores, etc.	Japan, etc.	Store facilities	5,443	—	Internally generated funds and borrowings	April 2025	March 2026

(2) Renovation

Name	Location	Details of facilities	Amount budgeted (Millions of yen)	Amount already paid (Millions of yen)	Method of financing	Commencement	Completion
Reuse Stores, Media Stores, etc.	Japan, etc.	Store facilities	1,155	—	Internally generated funds and borrowings	April 2025	March 2026

IV. Financial Information

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; hereinafter the “Regulation on Non-consolidated Financial Statements, etc.”).

As the Company falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulation on Non-consolidated Financial Statements, etc.

2. Auditing and attestation

The consolidated and the non-consolidated financial statements for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025) were audited by Deloitte Touche Tohmatsu LLC, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Particular efforts to secure the appropriateness of the consolidated financial statements

The Company makes particular efforts to secure the appropriateness of its consolidated financial statements. Specifically, in order to properly understand the details of the accounting standards and other regulations, and to develop a system that can accurately respond to changes in accounting standards and other regulations, the Company has joined the Financial Accounting Standards Foundation (FASF) and participates in research carried out by the foundation and other organizations.

1. Consolidated financial statements and other information

(1) Consolidated financial statements

(i) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	54,977	60,090
Accounts receivable - trade	15,226	15,930
Merchandise	70,970	73,887
Other	13,357	15,334
Allowance for doubtful accounts	(223)	(170)
Total current assets	154,308	165,072
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	*1, *2 17,856	*1, *2 20,307
Land	5,117	5,117
Right-of-use assets, net	*1 16,335	*1 22,173
Other, net	*1 7,531	*1 8,684
Total property, plant and equipment	46,840	56,283
Intangible assets	4,341	5,030
Investments and other assets		
Leasehold and guarantee deposits	18,714	19,834
Deferred tax assets	3,380	3,881
Other	*3 4,436	*3 3,532
Allowance for doubtful accounts	(895)	(826)
Total investments and other assets	25,635	26,421
Total non-current assets	76,817	87,735
Total assets	231,125	252,807

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	14,692	12,686
Short-term borrowings	2,000	—
Current portion of long-term borrowings	8,737	10,849
Income taxes payable	3,233	2,358
Provision for bonuses	2,053	2,308
Other	*4 16,771	*4 18,399
Total current liabilities	47,487	46,603
Non-current liabilities		
Bonds payable	6,600	12,175
Long-term borrowings	64,325	71,475
Lease liabilities	17,125	23,549
Deferred tax liabilities	140	73
Asset retirement obligations	7,274	7,655
Other	821	806
Total non-current liabilities	96,287	115,734
Total liabilities	143,775	162,338
Net assets		
Shareholders' equity		
Share capital	9,251	9,263
Capital surplus	3,663	3,676
Retained earnings	74,339	77,527
Treasury shares	(0)	(0)
Total shareholders' equity	87,254	90,467
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10	9
Foreign currency translation adjustment	(134)	(232)
Total accumulated other comprehensive income	(123)	(223)
Share acquisition rights	180	160
Non-controlling interests	38	65
Total net assets	87,349	90,469
Total liabilities and net assets	231,125	252,807

(ii) Consolidated statements of income and Consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Net sales	*1	433,848	*1	427,669
Cost of sales	*2	274,024	*2	256,997
Gross profit		159,824		170,671
Selling, general and administrative expenses	*3	143,009	*3	159,421
Operating profit		16,814		11,250
Non-operating income				
Interest and dividend income		131		139
Foreign exchange gains		1,043		—
Rental income from real estate		1,002		1,193
Income from sale of scrap		242		476
Other		698		532
Total non-operating income		3,117		2,341
Non-operating expenses				
Interest expenses		286		554
Rental expenses on real estate		539		503
Other		356		309
Total non-operating expenses		1,182		1,367
Ordinary profit		18,749		12,224
Extraordinary income				
Gain on sale of non-current assets	*4	345		—
Total extraordinary income		345		—
Extraordinary losses				
Impairment losses	*5	1,611	*5	3,138
Loss on retirement of non-current assets	*6	177	*6	173
Total extraordinary losses		1,788		3,311
Profit before income taxes		17,306		8,912
Income taxes - current		4,880		4,843
Income taxes - deferred		1,475		(567)
Total income taxes		6,356		4,276
Profit		10,950		4,636
Profit attributable to non-controlling interests		47		99
Profit attributable to owners of parent		10,902		4,537

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	10,950	4,636
Other comprehensive income		
Valuation difference on available-for-sale securities	8	(1)
Foreign currency translation adjustment	(65)	(97)
Share of other comprehensive income of entities accounted for using equity method	—	(0)
Total other comprehensive income	* (56)	* (98)
Comprehensive income	10,893	4,537
Comprehensive income attributable to		
Owners of parent	10,845	4,437
Non-controlling interests	47	100

(iii) Consolidated statements of changes in equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,081	3,493	64,386	—	76,962
Changes during period					
Issuance of new shares - exercise of share acquisition rights	169	169			339
Dividends of surplus			(949)		(949)
Profit (loss) attributable to owners of parent			10,902		10,902
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	169	169	9,952	(0)	10,292
Balance at end of period	9,251	3,663	74,339	(0)	87,254

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	2	(69)	(66)	316	—	77,212
Changes during period						
Issuance of new shares - exercise of share acquisition rights						339
Dividends of surplus						(949)
Profit (loss) attributable to owners of parent						10,902
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	8	(65)	(56)	(136)	38	(154)
Total changes during period	8	(65)	(56)	(136)	38	10,137
Balance at end of period	10	(134)	(123)	180	38	87,349

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,251	3,663	74,339	(0)	87,254
Changes during period					
Issuance of new shares - exercise of share acquisition rights	12	12			25
Dividends of surplus			(1,350)		(1,350)
Profit (loss) attributable to owners of parent			4,537		4,537
Purchase of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	12	12	3,187	—	3,213
Balance at end of period	9,263	3,676	77,527	(0)	90,467

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	10	(134)	(123)	180	38	87,349
Changes during period						
Issuance of new shares - exercise of share acquisition rights						25
Dividends of surplus						(1,350)
Profit (loss) attributable to owners of parent						4,537
Purchase of treasury shares						—
Net changes in items other than shareholders' equity	(1)	(98)	(99)	(20)	26	(93)
Total changes during period	(1)	(98)	(99)	(20)	26	3,119
Balance at end of period	9	(232)	(223)	160	65	90,469

(iv) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	17,306	8,912
Depreciation	5,534	6,667
Rental assets depreciation	2,979	2,669
Impairment losses	1,611	3,138
Interest and dividend income	(131)	(139)
Interest expenses	286	554
Decrease (increase) in trade receivables	(2,759)	(746)
Decrease (increase) in inventories	(6,464)	(2,950)
Purchase of rental assets	(2,734)	(2,754)
Increase (decrease) in trade payables	(2,574)	(1,624)
Other, net	930	178
Subtotal	13,983	13,906
Interest and dividends received	103	89
Interest paid	(265)	(559)
Income taxes paid	(4,524)	(5,423)
Net cash provided by (used in) operating activities	9,296	8,012
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	488	1,520
Purchase of property, plant and equipment	(7,151)	(11,121)
Purchase of intangible assets	(1,994)	(2,239)
Other, net	(1,744)	(653)
Net cash provided by (used in) investing activities	(10,401)	(12,494)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,000)	(2,000)
Proceeds from long-term borrowings	18,600	18,000
Repayments of long-term borrowings	(7,527)	(8,737)
Proceeds from issuance of bonds	6,568	5,547
Dividends paid	(948)	(1,349)
Other, net	(295)	(681)
Net cash provided by (used in) financing activities	12,396	10,778
Effect of exchange rate change on cash and cash equivalents	306	(92)
Net increase (decrease) in cash and cash equivalents	11,598	6,204
Cash and cash equivalents at beginning of period	46,564	58,556
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	104	—
Increase in cash and cash equivalents resulting from absorption-type company split	288	—
Cash and cash equivalents at end of period	* 58,556	* 64,760

Notes to consolidated financial statements and other information

Significant matters forming the basis for preparation of consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 31

Major consolidated subsidiaries are omitted as they are stated in “I. Overview of Company, 4. Overview of subsidiaries and associates.”

Two companies were added following their establishment or acquisition, etc. Further, two companies were removed due to their dissolution, etc.

(2) Names, etc. of major non-consolidated subsidiaries

Names of major non-consolidated subsidiaries

Ookura USA Inc.

(Reason for exclusion from the scope of consolidation)

The reason is that non-consolidated subsidiaries are all small in scale, and any total amount in terms of their total assets, net sales and profit or loss (amount corresponding to the Company's ownership interest) as well as retained earnings (amount corresponding to the Company's ownership interest) and others does not significantly affect the consolidated financial statements.

2. Application of the equity method

(1) Number of associates accounted for using equity method: 2

Names of associates

T&G Co., Ltd.

World Watch Auction Limited

One company was added following its establishment.

(2) Names, etc. of non-consolidated subsidiaries and associates not accounted for using equity method

Names of major companies, etc.

Ookura USA Inc.

(Reason for exclusion from the scope of application of equity method)

The reason is that such exclusion of non-consolidated subsidiaries and associates not accounted for using equity method has only an immaterial effect on the consolidated financial statements in terms of each company's profit or loss (amount corresponding to the Company's ownership interest) and retained earnings (amount corresponding to the Company's ownership interest), and the subsidiaries and associates themselves have no significance as a whole.

3. Fiscal year, etc. of consolidated subsidiaries

The fiscal year-end of consolidated subsidiaries is the same as the fiscal year-end date.

4. Accounting policies

(1) Standards and methods for valuation of important assets

(i) Debentures held to maturity

Stated at amortized cost.

(ii) Securities

Available-for-sale securities

(a) Securities other than shares, etc. without market prices

Stated at fair value (valuation differences are directly recorded in net assets, and the cost of sales is computed based on the moving-average method).

(b) Shares, etc. without market prices

Stated at cost using the moving average method.

(iii) Derivatives

Stated at fair value.

(iv) Inventories

(a) Merchandise in reuse business

Individually managed merchandise is stated at cost determined by the identified cost method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability), while other merchandise is mainly stated at cost using the monthly gross average method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

(b) Books

Stated at cost using the retail method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

(c) Other merchandise

Mainly stated at cost using the monthly gross average method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

(2) Depreciation or amortization method for important depreciable or amortizable assets

(i) Property, plant and equipment (excluding leased assets and right-of-use assets)

The declining-balance method is used.

However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016.

Note that the major useful lives are as follows:

Buildings and structures	2 to 60 years
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(ii) Intangible assets (excluding leased assets)

(a) Software for internal use

The straight-line method is used based on the estimated usable period internally (1 to 5 years).

(b) Intangible assets other than the above

The straight-line method is used.

The same standards as those of the methods prescribed in the Corporation Tax Act are applied to useful life.

(iii) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The lease period is set as useful life, and the straight-line method is used with residual value set to zero.

(iv) Right-of-use assets

The lease period is set as useful life, and the straight-line method is used with residual value set to zero.

(3) Standards for recording significant provisions and allowances

(i) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(ii) Provision for bonuses

To provide for payment of bonuses to employees, of the estimated amount of bonuses to be paid, the amount estimated to cover the bonus payment for services rendered by employees during the fiscal year under review is provided.

(4) Basis for recognizing significant revenue and expenses

The Company and its consolidated subsidiaries mainly record merchandise sales (goods sales, other) as revenue from contracts with customers and lease sales (rental sales) as revenue in accordance with lease accounting standards.

Of these, the details of principal performance obligations and the normal timing when those performance obligations are satisfied (normal timing of recognizing revenue) in major businesses related to revenue from contracts with customers are as follows:

- Merchandise sales

The Group is mainly involved in sales of reuse merchandise (comprehensive) and brand-new merchandise (product sales) and sales of digital content (others), etc. Since the customer acquires control over the merchandise at the point where the merchandise is delivered to the customer, the Company determines that its performance obligations are satisfied at the point of delivery, and therefore recognizes revenue from such merchandise sales at that point.

Of the above-mentioned sales, for those for which the Company and its consolidated subsidiaries are considered to be an agent, the net amount calculated by deducting the amount paid to the other party from the amount received in exchange for merchandise that the other party provides is recognized as revenue.

Consideration for transactions is received within one year from the satisfaction of the performance obligation and does not include a significant financial component.

(5) Significant hedge accounting methods

(i) Hedge accounting method

Deferred hedge accounting is used. In respect of interest rate swaps, exceptional accounting is applied to transactions that meet the requirements.

(ii) Hedging instruments and hedged items

Hedging instruments.....Interest rate swaps

Hedged itemsBorrowings

(iii) Hedging policy

The Company hedges interest rate fluctuation risks mainly in accordance with the management rules stipulated in its internal regulations.

(iv) Method of evaluating the effectiveness of hedges

For hedging instruments and hedged items, the Company verifies the hedging effects of individual transactions.

However, evaluations on the effectiveness of transactions that satisfy the requirements of specified accounting with interest rate swaps have been omitted.

(6) Method and period for amortization of goodwill

Amortization of goodwill is carried out using the straight-line method over five years. However, a one-time amortization is carried out on insignificant amounts when they arise.

(7) Scope of cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents in the consolidated statement of cash flows are comprised of cash in hand, deposits withdrawable at any time, and short-term investments from maturities of three months or less from the acquisition date that are readily convertible into cash and are exposed to only an insignificant risk of fluctuations in value.

Significant accounting estimates

1. Impairment of non-current assets

(1) Amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2025

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Property, plant and equipment	46,840	56,283
Intangible assets	4,341	5,030
Impairment losses	1,611	3,138

(2) Other information

(i) Calculation method for amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2025

Non-current assets held by the Group are grouped as follows: store facilities by store, and assets for rent by property. Video contents are grouped by consolidated company.

The carrying amounts of stores that continuously generate losses and are in the negative due to their business activities, and stores that are to be closed or sold have been reduced to their recoverable value, with the reduction amounts recorded as impairment losses under extraordinary losses.

The carrying amounts of the Company's assets for rent that continuously generate leasing losses and are in the negative, and assets for rent that are to be closed or sold have been reduced to their recoverable value, with the reduction amounts recorded in extraordinary losses as impairment losses.

(ii) Major assumptions used for calculating amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2025

The recoverable value of such property, plant and equipment is measured by the higher of value in use or net realizable value. Value in use is calculated by discounting future cash flow based on future plans, while net realizable value is calculated based on posted prices, etc.

(iii) Impacts on consolidated financial statements for the fiscal year ending March 31, 2026

If, in the future, the profitability of stores, etc. deteriorates, or the prices of our assets decline significantly, etc., and further impairment becomes necessary, this could have an impact on the business performance and financial condition of the Group.

2. Recoverability of deferred tax assets

(1) Amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2025

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Deferred tax assets	3,380	3,881
Deferred tax liabilities	140	73

(2) Other information

(i) Calculation method for amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2025

When recording deferred tax assets and deferred tax liabilities, the Group calculates these based on temporary differences between accounting carrying amounts of assets and liabilities and their tax bases. Deferred tax assets are recorded to the extent that the deductible temporary differences are expected to reduce the future tax burden, while deferred tax liabilities are recorded, in principle, for all taxable temporary differences.

Deferred tax assets and deferred tax liabilities are calculated based on tax rates for the period during which the temporary differences are expected to be collected or paid, in accordance with tax laws and tax rates that have been enacted or substantively enacted by the balance sheet date.

- (ii) Major assumptions used for calculating amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2025

The recoverability of such deferred tax assets is evaluated using future business plans approved by management, past taxable income generation, tax planning and other factors.

- (iii) Impacts on consolidated financial statements for the fiscal year ending March 31, 2026

In future, unexpected changes in the economic environment or revisions to tax laws, etc. may cause changes in the recoverable amount of deferred tax assets, thereby impacting profit and loss.

3. Loss on valuation of inventories

- (1) Amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2025

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Merchandise	70,970	73,887
Loss (reversal) on valuation of inventories	(621)	209

Note: Cost of sales includes loss on valuation of inventories or (reversal of) loss on valuation of inventories. The amounts are obtained by offsetting loss on valuation against any gain on reversal.

- (2) Other information

- (i) Calculation method for amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2025 and major assumptions used for calculation

The Group records a loss on valuation of inventories in cases where the net realizable value is lower than its historical cost. Moreover, inventories withheld from the operating cycle process or expected to be disposed of, etc. are regularly subject to the book value reduction method. In determining whether to withhold inventories, the Company assumes that inventories held for a certain period between purchase and sale are in the operating cycle process based on past performance and similar factors.

- (ii) Impacts on consolidated financial statements for the fiscal year ending March 31, 2026

If, in the future, the conditions surrounding our reuse business, media business, etc. deteriorate, or the prices of our assets decline significantly, etc., and further write-downs become necessary, this could have an impact on the business performance and financial condition of the Group.

New accounting standards not yet applied

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024, Accounting Standards Board of Japan (ASBJ))
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024, ASBJ), etc.

- (1) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model

of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee's lease expenses in the lessee's accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

(2) Scheduled date of application

To be applied effective from the beginning of the fiscal year ending March 31, 2028.

(3) Impact from the application of the accounting standards, etc.

The impact from the application of the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently under evaluation.

Changes in presentation

Consolidated statements of cash flows

In the fiscal year ended March 31, 2024, "amortization of goodwill," "foreign exchange losses (gains)," "increase (decrease) in accrued consumption taxes," and "increase (decrease) in accounts payable - other, and accrued expenses" listed individually under "cash flows from operating activities"; "payments into time deposits" listed individually under "cash flows from investing activities"; and "purchase of treasury shares" listed individually under "cash flows from financing activities" became immaterial in terms of amount; accordingly, they are included in "other" for the fiscal year ended March 31, 2025. Moreover, in the fiscal year ended March 31, 2024, "proceeds from withdrawal of time deposits" included in "other" under "cash flows from investing activities" became significant in terms of amount; accordingly, it is listed individually from the fiscal year ended March 31, 2025. To reflect the changes in presentation, the consolidated financial statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, in the consolidated statements of cash flows for the fiscal year ended March 31, 2024, "amortization of goodwill" of 173 million yen, "foreign exchange losses (gains)" of (1,106) million yen, "increase (decrease) in accrued consumption taxes" of 1,417 million yen, "increase (decrease) in accounts payable - other, and accrued expenses" of 854 million yen, and "other" of (407) million yen listed under "cash flows from operating activities" have been reclassified as "other" of 930 million yen. "Payments into time deposits" of (947) million yen and "other" of (308) million yen listed under "cash flows from investing activities" have been reclassified as "payments into time deposits" of 488 million yen and "other" of (1,744) million yen. "Purchase of treasury shares" of (0) million yen and "other" of (295) million yen listed under "cash flows from financing activities" have been reclassified as "other" of (295) million yen.

Consolidated balance sheets

*1 Accumulated depreciation of property, plant and equipment

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Accumulated depreciation of property, plant and equipment	110,627	103,728

*2 Amount of tax purpose reduction entry

The amount of tax purpose reduction entry directly deducted from the acquisition cost of property, plant and equipment due to government subsidies is as follows:

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Amount of tax purpose reduction entry	115	90

*3 Figures related to non-consolidated subsidiaries and associates are as follows:

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Investment securities (shares)	191	153

- *4 Contract liabilities are included in “other” under “current liabilities.” The amounts of contract liabilities are stated in “Notes - Revenue recognition, 3. Information on the relationship between the satisfaction of performance obligations based on contracts with customers and cash flow arising from these contracts, and information on the amount and timing of revenue expected to be recognized in future fiscal years from contracts existing at the end of the fiscal year under review” in the consolidated financial statements.

Consolidated statements of income

*1 Revenue from contracts with customers

Net sales have not been categorized into “revenue from contracts with customers” and “other revenue.” The amount of revenue from contracts with customers is listed in “Notes - Revenue recognition, 1. Breakdown of revenue from contracts with customers” in the consolidated financial statements.

- *2 Ending inventory is the amount after book value reduction based on decreased profitability, and cost of sales includes loss on valuation of inventories or (reversal of) loss on valuation of inventories.

(Millions of yen)

Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
(621)	209

*3 Main items and amounts of selling, general and administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Salaries and allowances	51,416	58,533
Rent expenses on land and buildings	28,417	30,726

*4 Details of gain on sales of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Buildings and structures	10	—
Land	333	—
Other (property, plant and equipment)	1	—
Total	345	—

*5 Impairment losses

The Group recorded impairment losses for the following asset groups.

Fiscal year ended March 31, 2024

Location	Used for	Category	Impairment losses (Millions of yen)
14-18 Omachi, Tsuchiura-shi, Ibaraki, and 233 others	Stores	Buildings and structures, etc.	1,371
300 Kanda-Neribeicho, Chiyoda-ku, Tokyo, and others	Other	Intangible assets, etc.	239
Total			1,611

Assets are grouped mainly by store, while assets for rent are grouped by property. Video contents are grouped by consolidated company.

The carrying amounts of stores that continuously generate losses and are in the negative due to their business activities, and stores that are to be closed or sold have been reduced to their recoverable value, with the reduction amounts recorded in extraordinary losses as impairment losses of 1,371 million yen. The breakdown is 1,219 million yen for buildings and structures and 152 million yen for other.

The recoverable value of such property, plant and equipment is measured by the higher of value in use or net realizable value. Value in use is calculated by discounting future cash flow by 9.25%, while net realizable value is calculated based on posted prices, etc.

Fiscal year ended March 31, 2025

Location	Used for	Category	Impairment losses (Millions of yen)
689-1 Kosenba, Kawagoe-shi, Saitama, and 408 others	Stores	Buildings and structures, etc.	3,119
300 Kanda-Neribeicho, Chiyoda-ku, Tokyo, and others	Other	Intangible assets, etc.	18
Total			3,138

Assets are grouped mainly by store, while assets for rent are grouped by property. Video contents are grouped by consolidated company.

The carrying amounts of stores that continuously generate losses and are in the negative due to their business activities, and stores that are to be closed or sold have been reduced to their recoverable value, with the reduction amounts recorded in extraordinary losses as impairment losses of 3,119 million yen. The breakdown is 2,414 million yen for buildings and structures and 704 million yen for other.

The recoverable value of such property, plant and equipment is measured by the higher of value in use or net realizable value. Value in use is calculated by discounting future cash flow by 10.21%, while net realizable value is calculated based on posted prices, etc.

*6 Details of loss on retirement of non-current assets are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Buildings and structures	85	111
Software	86	39
Other (property, plant and equipment)	5	22
Total	177	173

Consolidated statements of comprehensive income

* Reclassification adjustments, income taxes and tax effects relating to other comprehensive income

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities:		
Amount accrued in the fiscal year under review	5	(2)
Reclassification adjustment	—	—
Income taxes and tax effects prior to reclassification	5	(2)
Income taxes and tax effects	2	0
Valuation difference on available-for-sale securities	8	(1)
Foreign currency translation adjustment:		
Amount accrued in the fiscal year under review	(65)	(97)
Foreign currency translation adjustment	(65)	(97)
Share of other comprehensive income of entities accounted for using equity method:		
Amount accrued in the fiscal year under review	—	(0)
Share of other comprehensive income of entities accounted for using equity method	—	(0)
Total other comprehensive income	(56)	(98)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2024

1. Class and total number of issued shares, and class and number of treasury shares

	Number of shares at beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	Number of shares at end of the fiscal year (shares)
Issued shares				
Common shares (Note) 1	39,505,152	197,400	—	39,702,552
Total	39,505,152	197,400	—	39,702,552
Treasury shares				
Common shares (Note) 2	—	41	—	41
Total	—	41	—	41

- Notes: 1. The increase of 197,400 shares in the number of issued common shares is due to the exercise of share options.
2. The increase of 41 shares in the number of common treasury shares is due to the purchase of shares less than one unit.

2. Share acquisition rights and treasury share acquisition rights

Category	Breakdown	Class of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (shares)				Balance at end of the fiscal year (Millions of yen)
			At beginning of the fiscal year	Increase	Decrease	At end of the fiscal year	
Reporting company (parent company)	Share acquisition rights as share options	—	—	—	—	—	180
Total		—	—	—	—	—	180

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends paid per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 29, 2023	Common shares	474	12	March 31, 2023	June 30, 2023
Board of Directors meeting on November 10, 2023	Common shares	475	12	September 30, 2023	December 8, 2023

(2) Dividends with an effective date falling in the following fiscal year, among distributions with record dates belonging to the fiscal year under review

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends paid per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 27, 2024	Common shares	674	Retained earnings	17	March 31, 2024	June 28, 2024

Fiscal year ended March 31, 2025

1. Class and total number of issued shares, and class and number of treasury shares

	Number of shares at beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	Number of shares at end of the fiscal year (shares)
Issued shares				
Common shares (Note)	39,702,552	15,500	—	39,718,052
Total	39,702,552	15,500	—	39,718,052
Treasury shares				
Common shares	41	—	—	41
Total	41	—	—	41

Note: The increase of 15,500 shares in the number of issued common shares is due to the exercise of share options.

2. Share acquisition rights and treasury share acquisition rights

Category	Breakdown	Class of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (shares)				Balance at end of the fiscal year (Millions of yen)
			At beginning of the fiscal year	Increase	Decrease	At end of the fiscal year	
Reporting company (parent company)	Share acquisition rights as share options	—	—	—	—	—	160
Total		—	—	—	—	—	160

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends paid per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 27, 2024	Common shares	674	17	March 31, 2024	June 28, 2024
Board of Directors meeting on November 7, 2024	Common shares	675	17	September 30, 2024	December 10, 2024

(2) Dividends with an effective date falling in the following fiscal year, among distributions with record dates belonging to the fiscal year under review

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends paid per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 26, 2025	Common shares	675	Retained earnings	17	March 31, 2025	June 27, 2025

Consolidated statements of cash flows

* Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheets are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash and deposits	54,977	60,090
Other current assets (deposits paid)	5,092	4,719
Time deposits with maturity over three months	(1,514)	(50)
Cash and cash equivalents	58,556	64,760

Leases

Operating lease transactions (as lessee)

Future lease payments under non-cancellable leases of operating lease transactions

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Due within one year	3,218	3,867
Due after one year	8,428	8,414
Total	11,646	12,281

Financial instruments

1. Status of financial instruments

(1) Policy on financial instruments

The Group carries out necessary financing (mainly through bank loans and issuance of bonds payable) in consideration of its planned capital expenditures. Moreover, the Group uses bank loans to finance short-term working capital.

(2) Details and risks of financial instruments

Accounts receivable - trade, which are trade receivables, are subject to customer credit risk, while leasehold and guarantee deposits are subject to the credit risk of the deposit destination.

Almost all accounts payable - trade, which are trade payables, fall due within several months.

Bonds payable, borrowings and lease liabilities are mainly for the purpose of financing related to capital expenditures. The longest redemption date is 20 years and 4 months after the balance sheet date.

(3) Risk management framework for financial instruments

(i) Management of credit risk (the risk of contractual counterparty default, etc.)

In respect of trade receivables and leasehold and guarantee deposits, sales management departments in each business division periodically monitor the status of major customers and manage due dates and remaining balances by transaction party. In addition, the Company ensures early identification and mitigation of concerns regarding collection due to worsening financial conditions and other factors. The same is also carried out at consolidated subsidiaries.

(ii) Management of liquidity risk associated with financing (the risk that the Group will be unable to pay by the due date)

The Company manages liquidity risk by having departments in charge prepare and update cash flow plans in a timely manner based on reports from each department, as well as by maintaining cash on hand, etc. The same is also carried out at consolidated subsidiaries.

(4) Supplementary explanation of fair value, etc. of financial instruments

The calculation of fair value of financial instruments incorporates variable factors, and as such, these values may vary due to the adoption of different assumptions, etc.

2. Fair value, etc. of financial instruments

The amounts recorded on the consolidated balance sheets, fair values and the differences between them are as follows: “Cash and deposits,” “accounts receivable - trade,” “accounts payable - trade,” “short-term borrowings,” and “income taxes payable” have been omitted, as these are cash-based and settled in a short period of time, and the carrying amounts therefore approximate fair value.

As of March 31, 2024

(Millions of yen)

	Amount recorded on the consolidated balance sheets	Fair value	Difference
Leasehold and guarantee deposits	18,714		
Allowance for doubtful accounts*	(65)		
	18,648	16,877	(1,770)
Total assets	18,648	16,877	(1,770)
(1) Bonds payable			
Bonds payable	6,600		
Total bonds payable	6,600	6,455	(144)
(2) Long-term borrowings			
Current portion of long-term borrowings	8,737		
Long-term borrowings	64,325		
Total long-term borrowings	73,062	72,674	(388)
(3) Lease liabilities			
Lease liabilities (current liabilities)	1,258		
Lease liabilities (non-current liabilities)	17,125		
Total lease liabilities	18,384	17,490	(893)
Total liabilities	98,046	96,620	(1,426)

* Allowance for doubtful accounts, which is individually recorded in leasehold and guarantee deposits, has been deducted.

As of March 31, 2025

(Millions of yen)

	Amount recorded on the consolidated balance sheets	Fair value	Difference
Leasehold and guarantee deposits	19,834		
Allowance for doubtful accounts*	(64)		
	19,769	16,714	(3,055)
Total assets	19,769	16,714	(3,055)
(1) Bonds payable			
Bonds payable	12,175		
Total bonds payable	12,175	11,358	(816)
(2) Long-term borrowings			
Current portion of long-term borrowings	10,849		
Long-term borrowings	71,475		
Total long-term borrowings	82,325	81,258	(1,067)
(3) Lease liabilities			
Lease liabilities (current liabilities)	1,894		
Lease liabilities (non-current liabilities)	23,549		
Total lease liabilities	25,443	24,326	(1,117)
Total liabilities	119,943	116,942	(3,001)

* Allowance for doubtful accounts, which is individually recorded in leasehold and guarantee deposits, has been deducted.

Note: 1. Expected redemption amounts of monetary claims after the fiscal year-end date

As of March 31, 2024

(Millions of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	After 10 years
Cash and deposits	49,477	—	—	—
Accounts receivable - trade	15,226	—	—	—
Total	64,704	—	—	—

Leasehold and guarantee deposits are not included in the expected redemption amounts as the return date cannot be clearly ascertained.

As of March 31, 2025

(Millions of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	After 10 years
Cash and deposits	52,986	—	—	—
Accounts receivable - trade	15,930	—	—	—
Total	68,917	—	—	—

Leasehold and guarantee deposits are not included in the expected redemption amounts as the return date cannot be clearly ascertained.

Note: 2. Expected redemption amounts after the fiscal year-end date of interest-bearing debts in bonds payable, long-term borrowings, lease liabilities and other

As of March 31, 2024

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years
Short-term borrowings	2,000	—	—	—	—	—
Bonds payable	—	—	—	—	6,600	—
Long-term borrowings	8,737	10,849	13,421	22,992	9,267	7,793
Lease liabilities	1,258	1,223	1,102	1,123	1,064	12,612
Total	11,995	12,073	14,523	24,116	16,932	20,405

As of March 31, 2025

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years
Bonds payable	—	—	—	6,600	5,575	—
Long-term borrowings	10,849	13,421	26,242	13,767	10,380	7,663
Lease liabilities	1,894	1,686	1,629	1,529	1,468	17,236
Total	12,744	15,107	27,872	21,897	17,423	24,899

3. Breakdown of financial instruments by level of fair value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1 fair value: Fair values measured using observable inputs that are market prices formed in active markets for the assets or liabilities for which fair value is to be measured

Level 2 fair value: Fair values measured using observable inputs other than those used to calculate Level 1 fair value

Level 3 fair value: Fair values measured using unobservable inputs

When multiple inputs that have a significant impact on the measurement of fair value are used, the fair value is categorized to the level with the lowest priority in the measurement of fair value among the levels to which each input belongs.

(1) Financial instruments carried on the consolidated balance sheets at fair value

None

(2) Financial instruments apart from those carried on the consolidated balance sheets at fair value

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	—	16,877	—	16,877
Total assets	—	16,877	—	16,877
Bonds payable	—	6,455	—	6,455
Long-term borrowings	—	72,674	—	72,674
Lease liabilities	—	17,490	—	17,490
Total liabilities	—	96,620	—	96,620

As of March 31, 2025

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	—	16,714	—	16,714
Total assets	—	16,714	—	16,714
Bonds payable	—	11,358	—	11,358
Long-term borrowings	—	81,258	—	81,258
Lease liabilities	—	24,326	—	24,326
Total liabilities	—	116,942	—	116,942

Note: Explanation of the valuation techniques and inputs used to calculate fair value

Leasehold and guarantee deposits

Fair values of leasehold and guarantee deposits are calculated using the discounted present value method based on their future cash flow and the interest rate obtained by adding credit spread to an appropriate index such as the yield of government bonds, etc., for each credit risk category under credit management, classified by specific time period. They are classified as Level 2. Fair values of highly doubtful receivables are calculated using the discounted present value method, which is based on the discounted present value of estimated cash flow using similar discount rates, or the estimated collection amount from collateral and guarantees, etc. They are classified as Level 3 if the impact of unobservable inputs on the fair value is significant, and Level 2 if not.

Bonds payable, long-term borrowings and lease liabilities

Fair values are calculated using the discounted present value method based on the total amount of principal and interest and an interest rate that takes into account the remaining term and credit risk of the liabilities. They are classified as Level 2.

Retirement benefits

1. Overview of retirement benefit plans adopted

The Company and its consolidated subsidiaries have mainly adopted defined contribution pension plans.

2. Defined contribution pension plans

The amounts of required contributions to defined contribution plans of the Company and consolidated subsidiaries were 620 million yen as of the fiscal year ended March 31, 2024 and 680 million yen as of the fiscal year ended March 31, 2025.

Share options, etc.

1. Amount of expenses related to share options and account name

Not applicable.

2. Amounts recorded as profit due to the forfeiture of unexercised rights

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Gain on reversal of share acquisition rights	87	16

3. Details, volume and changes of share options

(1) Details of share options

	2009 share awards
Category and number of grantees	Directors of the Company: 2 Operating Officers of the Company: 3
Number of share options by class of shares (Note)	Common shares: 135,000
Grant date	August 20, 2009
Vesting conditions	There are no specific vesting conditions.
Target service period	There is no specific target service period.
Exercise period	August 21, 2009 to August 20, 2039

	2018 share options	2019 share options
Category and number of grantees	Directors of Company subsidiaries and associates: 3 Employees of the Company and its subsidiaries and associates: 80	Directors of the Company: 5 Directors of Company subsidiaries and associates: 16 Employees of the Company and its subsidiaries and associates: 478
Number of share options by class of shares (Note)	Common shares: 83,500	Common shares: 721,500
Grant date	September 14, 2018	September 13, 2019
Vesting conditions	Continuous service from the grant date to the vesting date.	Continuous service from the grant date to the vesting date.
Target service period	September 14, 2018 to August 29, 2020	September 13, 2019 to August 28, 2021
Exercise period	August 30, 2020 to August 29, 2024	August 29, 2021 to August 28, 2025

Note: The number of share options is shown as the number of shares. The figures shown are the number of shares after the October 1, 2013 share split (100-for-1 share split).

(2) Volume and changes of share options

Share options existing during the fiscal year ended March 31, 2025 are included. The number of share options is shown as the number of shares.

(i) Number of share options

	2009 share awards	2018 share options	2019 share options
Before vesting (shares)			
End of the fiscal year ended March 31, 2024	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Unvested balance	—	—	—
After vesting (shares)			
End of the fiscal year ended March 31, 2024	70,000	52,500	533,000
Vested	—	—	—
Exercised	—	1,000	14,500
Forfeited	—	51,500	10,000
Unexercised balance	70,000	—	508,500

Note: The figures shown are the number of shares after the October 1, 2013 share split (100-for-1 share split).

(ii) Unit price information

	2009 share awards	2018 share options	2019 share options
Exercised value (Yen)	1	1,631	1,412
Average share price upon exercise (Yen)	—	1,732	1,749
Fair value unit price on grant date (Yen)	678.81	285.00	222.00

Note: The figures shown are the number of shares after the October 1, 2013 share split (100-for-1 share split).

4. Method of estimating fair value unit price of share options

Share options were not granted in the fiscal year under review.

5. Method for estimating the number of share options vested

As it is difficult, in principle, to reasonably estimate the number of share options that will be forfeited in the future, the number here reflects only share options that have actually been forfeited.

Tax effect accounting

1. Major components of deferred tax assets and liabilities

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Allowance for doubtful accounts	372	342
Depreciation	747	764
Impairment losses	3,109	3,456
Loss on valuation of investment securities	215	157
Asset retirement obligations	2,417	2,539
Loss on valuation of goods	396	471
Provision for bonuses	696	784
Gains from expropriation, etc.	364	368
Tax loss carryforwards (Note) 2	3,437	4,074
Other	2,125	3,183
Subtotal of deferred tax assets	13,881	16,143
Valuation allowance related to tax loss carryforwards (Note) 2	(3,334)	(3,915)
Valuation allowance related to total deductible temporary differences, etc.	(6,622)	(7,812)
Subtotal of valuation allowance (Note) 1	(9,957)	(11,728)
Total of deferred tax assets	3,924	4,415
Deferred tax liabilities		
Asset retirement expenses for asset retirement obligations	(472)	(437)
Other	(212)	(168)
Total of deferred tax liabilities	(684)	(606)
Net of deferred tax assets (liabilities)	3,239	3,808

Notes: 1. In the fiscal year ended March 31, 2024, valuation allowance increased by 874 million yen. This increase is mainly due to the loss brought forward at a consolidated subsidiary and an increase in temporary differences. In the fiscal year ended March 31, 2025, valuation allowance increased by 1,771 million yen. This increase is mainly due to the loss brought forward at a consolidated subsidiary and an increase in temporary differences.

2. Tax loss carryforwards and their amount of deferred tax assets by due date

As of March 31, 2024

	(Millions of yen)						
	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Tax loss carryforwards (*1)	—	—	—	80	203	3,152	3,437
Valuation allowance	—	—	—	(51)	(190)	(3,092)	(3,334)
Deferred tax assets	—	—	—	28	13	60	(*2) 102

(*1) Tax loss carryforwards are the amount obtained by multiplying with the statutory effective tax rate.

(*2) Deferred tax assets of 102 million yen were recorded in respect of tax loss carryforwards (amount obtained by multiplying with the statutory effective tax rate) of 3,437 million yen. Valuation allowance is not recognized for the portion of the tax loss carryforwards deemed collectible based on estimated future taxable income.

As of March 31, 2025

	(Millions of yen)						
	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Tax loss carryforwards (*3)	—	—	49	208	128	3,688	4,074
Valuation allowance	—	—	(4)	(117)	(124)	(3,669)	(3,915)
Deferred tax assets	—	—	45	90	3	19	(*4) 158

(*3) Tax loss carryforwards are the amount obtained by multiplying with the statutory effective tax rate.

(*4) Deferred tax assets of 158 million yen were recorded in respect of tax loss carryforwards (amount obtained by multiplying with the statutory effective tax rate) of 4,074 million yen. Valuation allowance is not recognized for the portion of the tax loss carryforwards deemed collectible based on estimated future taxable income.

3. Net deferred tax assets for the previous fiscal year and the fiscal year under review are included in the following items in the consolidated balance sheets.

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Non-current assets—Deferred tax assets	3,380	3,881
Non-current liabilities—Deferred tax liabilities	(140)	(73)

2. Main components of the difference when there is a significant difference between the statutory effective tax rate and the effective income tax rate after application of tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Inhabitant per capita taxes	1.4	2.9
Amortization of goodwill	0.3	0.5
Increase (decrease) in valuation allowance	5.0	19.1
Differences in tax rates of consolidated subsidiaries	1.4	2.9
Adjustments to increase in year-end deferred tax assets due to change in tax rate	—	(0.5)
Tax credits	—	(4.6)
Other	(1.9)	(2.9)
Effective income tax rate after application of tax effect accounting	36.7	48.0

3. Amendments to the amounts of deferred tax assets and deferred tax liabilities due to changes in tax rate of current taxes

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences, etc. expected to be reversed from the fiscal year beginning April 1, 2026 are calculated by changing the statutory effective tax rate from 30.6% to 31.5%.

The impact of this change on tax rate is immaterial.

Asset retirement obligations

Of asset retirement obligations, those recorded in the consolidated balance sheets

1. Overview of relevant asset retirement obligations

The Group is obligated to restore stores, offices and other properties to their original condition in accordance with their lease contracts; accordingly, asset retirement obligations are recorded in relation to the obligation to restore properties to their original condition at the end of the lease term in the contract.

2. Calculating the amount of the asset retirement obligations

The amount of asset retirement obligations is calculated using a discount rate of 0.0% to 2.4%, with the estimated usage period set at 2 to 39 years in accordance with the term of the relevant contract and the useful life of the building.

3. Increase (decrease) in total amount of the asset retirement obligations

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at beginning of period	7,067	7,300
Increase from acquisition of property, plant and equipment	369	565
Increase due to new consolidated subsidiary	4	—
Adjustment due to passing of time	25	27
Decrease due to performance of asset retirement obligations	(163)	(204)
Other increase (decrease)	(2)	(6)
Balance at end of period	7,300	7,682

Rental and other investment property

The Company and certain consolidated subsidiaries have office buildings and commercial facilities (including land) for rent in Tokyo and other regions. Rental income from such real estate for lease, etc. in the fiscal year ended March 31, 2024 was 463 million yen (rental income of 1,002 million yen was recorded in non-operating income, and major rental expenses of 539 million yen were recorded in non-operating expenses). Rental income from such real estate for lease, etc. in the fiscal year ended March 31, 2025 was 690 million yen (rental income of 1,193 million yen was recorded in non-operating income, and major rental expenses of 503 million yen were recorded in non-operating expenses).

Carrying amounts in the consolidated balance sheets, increase or decrease during period and fair values of the rental and other investment property are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Amount recorded on the consolidated balance sheets		
Balance at beginning of period	4,740	5,449
Increase (decrease) during period	708	72
Balance at end of period	5,449	5,521
Fair value at end of period	15,006	14,297

- Notes:
1. The amount recorded on the consolidated balance sheets is the acquisition cost less accumulated depreciation and impairment.
 2. Of increase (decrease) during period, the main increase in the fiscal year ended March 31, 2024 was 815 million yen due to an increase in real estate for rent, while the main decrease was 107 million yen due to depreciation. The main increase in the fiscal year ended March 31, 2025 was 179 million yen due to an increase in real estate for rent, while the main decrease was 107 million yen due to depreciation.
 3. The fair value at the end of period represents the amount based on real estate appraisal, etc. by external real estate appraisers for major properties, and for other properties, the amount internally calculated based on certain valuations or indicators that are considered to appropriately reflect market prices.

Revenue recognition

1. Breakdown of revenue from contracts with customers

Revenue recognized as being from contracts with customers and from other sources is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue recognized as being from contracts with customers		
Goods sales	376,481	373,016
Other	24,572	26,005
Total	401,054	399,021
Revenue recognized as being from other sources		
Lease sales (rental sales)	32,794	28,647
Total	32,794	28,647
Total	433,848	427,669

2. Information that provides a basis for understanding revenue from contracts with customers

This is as stated in “Notes - Significant accounting policies for preparation of consolidated financial statements, 4. Accounting policies (4) Basis for recognizing significant revenue and expenses” in the consolidated financial statements.

3. Information on the relationship between the satisfaction of performance obligations based on contracts with customers and cash flow arising from these contracts, and information on the amount and timing of revenue expected to be recognized in future fiscal years from contracts existing at the end of the fiscal year under review

Contract liabilities are mainly the balance of guarantees (extended warranties), such as the cost of repair or replacement in the event of merchandise failure, and points granted by the Group for which the performance obligation has not been satisfied as of the end of the period. They are included in “other” under “current liabilities” in the consolidated balance sheets.

Receivables from contracts with customers and contract liabilities are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Receivables from contracts with customers (balance at beginning of period)	11,712	15,226
Receivables from contracts with customers (balance at end of period)	15,226	15,930
Contract liabilities (balance at beginning of period)	1,377	1,092
Contract liabilities (balance at end of period)	1,092	1,336

Of revenue recognized during the fiscal year ended March 31, 2024, the amount that includes the balance of contract liabilities at beginning of period was not significant. In the fiscal year ended March 31, 2024, the amount of revenue recognized as being from the performance obligations satisfied in the past period was not significant.

Of revenue recognized during the fiscal year ended March 31, 2025, the amount that includes the balance of contract liabilities at beginning of period was not significant. In the fiscal year ended March 31, 2025, the amount of revenue recognized as being from the performance obligations satisfied in the past period was not significant.

Segment information, etc.

Segment information

For the fiscal years ended March 31, 2024 and 2025:

Segment information is omitted because the Group has only one segment, retail services.

Related information

Fiscal year ended March 31, 2024

1. Information based on products and services

Segment information based on products and services is omitted because the Group has only one segment, retail services.

2. Information based on geographical areas

(1) Net sales

Segment information based on geographical areas is omitted because the net sales toward external customers in Japan exceed 90% of the net sales indicated in the consolidated statements of income.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Asia	Total
25,610	19,503	1,726	46,840

- Notes: 1. Indicated by country or region in which the Company or its consolidated subsidiaries are located.
2. The major countries or regions in each category are as follows.

North America:US

Asia:Malaysia, Hong Kong, Taiwan, Thailand

Fiscal year ended March 31, 2025

1. Information based on products and services

Segment information based on products and services is omitted because the Group has only one segment, retail services.

2. Information based on geographical areas

(1) Net sales

(Millions of yen)

Japan	North America	Asia	Others	Total
377,832	24,149	25,622	64	427,669

- Notes: 1. Indicated by country or region in which the Company or its consolidated subsidiaries are located.
2. The major countries or regions in each category are as follows.

North America:US

Asia:Malaysia, Hong Kong, Taiwan, Thailand, Singapore, Dubai, South Korea

Others:.....Europe, Oceania, South America, Africa

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Asia	Total
27,721	25,377	3,184	56,283

- Notes: 1. Indicated by country or region in which the Company or its consolidated subsidiaries are located.
2. The major countries or regions in each category are as follows.

North America:US

Asia:Malaysia, Hong Kong, Taiwan, Thailand, Singapore

Information about impairment loss of non-current assets by reportable segment

For the fiscal years ended March 31, 2024 and 2025:

Segment information is omitted because the Group has only one segment, retail services.

Information about amortization and unamortized balance of goodwill by reportable segment

For the fiscal years ended March 31, 2024 and 2025:

Segment information is omitted because the Group has only one segment, retail services.

Information about gain on bargain purchase by reportable segment

For the fiscal years ended March 31, 2024 and 2025:

Segment information is omitted because the Group has only one segment, retail services.

Related party information

Fiscal year ended March 31, 2024

Officers and major shareholders, etc. of the company filing the consolidated financial statements

Category	Name	Location	Share capital or investments in capital (Millions of yen)	Business or occupation	Ratio of owning (owned) voting rights, etc. (%)	Relationship with related parties	Detail of transactions	Transaction amount (Millions of yen)	Account items	Balance at end of period (Millions of yen)
Officers and close relatives	Daisuke Hamaguchi	—	—	Director of consolidated subsidiaries of the Company (Note) 1	—	Company consultant	Consulting on management and supervision operations and operation improvements (Note) 2	19	—	—
Companies in which majority voting rights are held by officers and their close relatives	Ever Green Co., Ltd. (Note) 3	Fukuoka-shi, Fukuoka	10	Real estate management, leasing, trading and brokerage services	—	Consolidated subsidiary of the Company Office rental	Payment of rent expenses, etc. (Note) 4	51	—	—

- Notes:
1. Director at E-NET FRONTIER, Inc. and Chelsea International Co., Ltd., which are consolidated subsidiaries of the Company.
 2. Transaction conditions and policy, etc. on determining transaction conditions
Fees for consulting on management and supervision operations and operation improvements are determined in accordance with contracts.
 3. Representative director Kiyohiko Koga of OKURA HOLDINGS CORPORATION, a consolidated subsidiary of the Company, holds majority voting rights.
 4. Transaction conditions and policy, etc. on determining transaction conditions
Transaction conditions for rent, etc. associated with the management of leased buildings are determined in accordance with contracts.

Fiscal year ended March 31, 2025

Officers and major shareholders, etc. of the company filing the consolidated financial statements

Category	Name	Location	Share capital or investments in capital (Millions of yen)	Business or occupation	Ratio of owning (owned) voting rights, etc. (%)	Relationship with related parties	Detail of transactions	Transaction amount (Millions of yen)	Account items	Balance at end of period (Millions of yen)
Officers and close relatives	Daisuke Hamaguchi	—	—	Director of consolidated subsidiary of the Company (Note) 1	—	Company consultant	Consulting on management and supervision operations and operation improvements (Note) 2	19	—	—
							Transfer of E-NET FRONTIER, Inc. shares (Note) 3	13	—	—
Companies in which majority voting rights are held by officers and their close relatives	Ever Green Co., Ltd. (Note) 4	Fukuoka-shi, Fukuoka	10	Real estate management, leasing, trading and brokerage services	—	Consolidated subsidiary of the Company Office rental	Payment of rent expenses, etc. (Note) 5	51	Other current assets (prepaid expenses)	4

- Notes:
1. Director at Chelsea International Co., Ltd., which is a consolidated subsidiary of the Company.
 2. Transaction conditions and policy, etc. on determining transaction conditions
Fees for consulting on management and supervision operations and operation improvements are determined by mutual consultation, taking into consideration the details of the operations.
 3. Share transfer value is determined by mutual consultation based on the value calculated in accordance with the book value net asset method.
 4. Representative director Kiyohiko Koga of OKURA HOLDINGS CORPORATION, a consolidated subsidiary of the Company, holds majority voting rights.
 5. Transaction conditions and policy, etc. on determining transaction conditions
Transaction conditions for rent, etc. associated with the management of leased buildings are determined based on the market price of neighboring properties.

Per share information

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	2,194.58	2,272.11
Earnings per share	275.31	114.27
Diluted earnings per share	273.43	113.81

Notes: 1. The basis for calculating the net assets per share is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Total net assets (Millions of yen)	87,349	90,469
Amount to be deducted from total net assets (Millions of yen)	219	225
(Stock acquisition rights in the above (Millions of yen))	[180]	[160]
(Non-controlling interests in the above (Millions of yen))	[38]	[65]
Net assets at the end of the fiscal year attributable to common shares (Millions of yen)	87,130	90,243
Number of common shares at the end of the fiscal year used for calculating the net assets per share (shares)	39,702,511	39,718,011

2. The basis for calculating the earnings per share and diluted earnings per share is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	10,902	4,537
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent for common shares (Millions of yen)	10,902	4,537
Average number of shares outstanding during the fiscal year (shares)	39,601,555	39,709,801
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of common shares (shares)	272,117	160,217
(Subscription rights to shares included in the above as number of shares)	[272,117]	[160,217]
Description of potential shares that were not included in calculating the diluted earnings per share due to them having no dilutive effect	—	—

Significant subsequent events

None

(v) Annexed consolidated detailed schedules

Detailed schedule of corporate bonds

Company name	Issue name	Date of issuance	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Collateral	Date of redemption
GEO HOLDINGS CORPORATION	First unsecured bonds (with limited inter-bond pari passu clause)	March 7, 2024	6,600	6,600	1.087	None	March 7, 2029
GEO HOLDINGS CORPORATION	Second unsecured bonds (with limited inter-bond pari passu clause)	September 9, 2024	—	5,500	1.270	None	September 7, 2029
Japan Auction Association Inc.	First series unsecured convertible-bond-type bonds with share acquisition rights (Note) 1	November 30, 2024	—	150	—	None	November 30, 2029
Subtotal	—	—	6,600	12,250	—	—	—
Elimination of internal transactions	—	—	—	(75)	—	—	—
Total	—	—	6,600	12,175	—	—	—

Notes: 1. Information in respect of convertible-bond-type bonds with share acquisition rights is as follows:

Issue	First series unsecured convertible-bond-type bonds with share acquisition rights
Shares to be issued	Common shares
Price of issue of share acquisition rights (Yen)	No value
Price of issue of shares (Yen)	1,000,000
Total amount of issue (Millions of yen)	150
Total amount of issue of shares issued by exercise of share acquisition rights (Millions of yen)	—
Allocation ratio of share acquisition rights (%)	100%
Exercise period	From November 30, 2024 to November 30, 2029

Note: Upon the exercise of each share acquisition right, each bond pertaining to each respective right shall be contributed, and the value of the property to be contributed upon the exercise of each share acquisition right shall be the same amount as the amount to be paid in for each bond.

2. The expected redemption amounts of bonds in the five-year period after the fiscal year-end date are as follows:

(Millions of yen)				
Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
—	—	—	6,600	5,575

Detailed schedule of borrowings

Category	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Payment due
Short-term borrowings	2,000	–	–	–
Current portion of long-term borrowings	8,737	10,849	0.2	–
Other current liabilities (current portion of lease liabilities)	1,258	1,894	4.9	–
Long-term borrowings (excluding current portion)	64,325	71,475	0.4	2026 to 2031
Lease liabilities (excluding current portion)	17,125	23,549	4.3	2026 to 2045
Other interest-bearing debts	–	–	–	–
Total	93,446	107,768	–	–

- Notes: 1. Average interest rate represents weighted average interest rate with respect to the year-end balance of borrowings.
2. The expected redemption amounts of long-term borrowings and lease liabilities (excluding current portion) in the five-year period after the fiscal year-end date is as follows:

	(Millions of yen)			
	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
Long-term borrowings	13,421	26,242	13,767	10,380
Lease liabilities	1,686	1,629	1,529	1,468

Detailed schedule of asset retirement obligations

This has been omitted as it is included in Notes - Asset retirement obligations.

(2) Other

(i) Semi-annual information for the fiscal year ended March 31, 2025

	Six months ended September 30, 2024	Fiscal year ended March 31, 2025
Net sales (Millions of yen)	199,724	427,669
Profit before tax (Millions of yen)	5,169	8,912
Profit attributable to owners of parent (Millions of yen)	2,825	4,537
Basic earnings per share (Yen)	71.15	114.27

(ii) Status after the fiscal year-end

Not applicable.

2. Non-consolidated financial statements and other information

(1) Non-consolidated financial statements

(i) Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	17,738	19,775
Accounts receivable - trade	*1 1,917	*1 1,914
Prepaid expenses	3,016	3,242
Short-term loans receivable from subsidiaries and associates	15,103	18,479
Other	*1 8,832	*1 10,066
Total current assets	46,609	53,478
Non-current assets		
Property, plant and equipment		
Buildings	4,036	3,955
Tools, furniture and fixtures	233	184
Land	5,117	5,117
Other	76	204
Total property, plant and equipment	9,464	9,462
Intangible assets		
Software	2,243	2,944
Other	823	742
Total intangible assets	3,066	3,686
Investments and other assets		
Investment securities	1,194	194
Shares of subsidiaries and associates	9,735	10,907
Long-term loans receivable	1,673	1,670
Long-term loans receivable from subsidiaries and associates	41,267	43,989
Leasehold and guarantee deposits	16,209	16,992
Deferred tax assets	215	67
Other	*1 1,646	*1 1,572
Allowance for doubtful accounts	(9,447)	(10,476)
Total investments and other assets	62,495	64,917
Total non-current assets	75,026	78,067
Total assets	121,636	131,545

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Short-term borrowings	2,000	—
Short-term borrowings from subsidiaries and associates	11,000	13,457
Current portion of long-term borrowings	8,737	10,849
Lease liabilities	116	105
Accounts payable - other	*1 2,244	*1 2,227
Accrued expenses	253	615
Income taxes payable	1,168	441
Deposits received	134	147
Unearned revenue	89	88
Provision for bonuses	249	265
Other	401	321
Total current liabilities	26,396	28,520
Non-current liabilities		
Bonds payable	6,600	12,100
Long-term borrowings	64,325	71,475
Lease liabilities	713	607
Long-term guarantee deposits	*1 1,273	*1 1,359
Other	1,635	1,689
Total non-current liabilities	74,547	87,232
Total liabilities	100,943	115,752
Net assets		
Shareholders' equity		
Share capital	9,251	9,263
Capital surplus		
Legal capital surplus	169	182
Other capital surplus	2,689	2,689
Total capital surplus	2,859	2,871
Retained earnings		
Legal retained earnings	100	235
Other retained earnings		
General reserve	100	100
Retained earnings brought forward	8,190	3,151
Total retained earnings	8,390	3,487
Treasury shares	(0)	(0)
Total shareholders' equity	20,501	15,623
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10	9
Total valuation and translation adjustments	10	9
Share acquisition rights	180	160
Total net assets	20,692	15,792
Total liabilities and net assets	121,636	131,545

(ii) Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operating revenue	*1, *2 16,623	*1, *2 18,598
Operating expenses	*1, *2, *3 14,003	*1, *2, *3 15,934
Operating profit	2,620	2,663
Non-operating income		
Interest and dividend income	*1 869	*1 1,115
Other	*1 1,471	*1 180
Total non-operating income	2,341	1,296
Non-operating expenses		
Interest expenses	*1 215	*1 427
Provision of allowance for doubtful accounts	1,613	7,069
Other	*1 57	*1 191
Total non-operating expenses	1,886	7,689
Ordinary profit (loss)	3,076	(3,729)
Extraordinary income		
Gain on sale of non-current assets	343	—
Gain on sale of shares of subsidiaries and associates	—	1,314
Other	—	14
Total extraordinary income	343	1,329
Extraordinary losses		
Loss on retirement of non-current assets	154	—
Loss on valuation of shares of subsidiaries and associates	132	53
Total extraordinary losses	287	53
Profit (loss) before income taxes	3,132	(2,453)
Income taxes - current	1,114	951
Income taxes - deferred	261	148
Total income taxes	1,375	1,099
Profit (loss)	1,756	(3,553)

(iii) Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	9,081	2,689	–	2,689	53	100	7,430	7,583
Changes during period								
Issuance of new shares - exercise of share acquisition rights	169	169		169				
Dividends of surplus							(949)	(949)
Provision of legal retained earnings					47		(47)	–
Transfer from legal capital surplus to other capital surplus		(2,689)	2,689	–				
Profit							1,756	1,756
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	169	(2,519)	2,689	169	47	–	759	807
Balance at end of period	9,251	169	2,689	2,859	100	100	8,190	8,390

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	–	19,354	2	2	316	19,674
Changes during period						
Issuance of new shares - exercise of share acquisition rights		339				339
Dividends of surplus		(949)				(949)
Provision of legal retained earnings		–				–
Transfer from legal capital surplus to other capital surplus		–				–
Profit		1,756				1,756
Purchase of treasury shares	(0)	(0)				(0)
Net changes in items other than shareholders' equity			8	8	(136)	(127)
Total changes during period	(0)	1,146	8	8	(136)	1,018
Balance at end of period	(0)	20,501	10	10	180	20,692

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	9,251	169	2,689	2,859	100	100	8,190	8,390
Changes during period								
Issuance of new shares - exercise of share acquisition rights	12	12		12				
Dividends of surplus							(1,350)	(1,350)
Provision of legal retained earnings					135		(135)	—
Transfer from legal capital surplus to other capital surplus								
Loss							(3,553)	(3,553)
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	12	12	—	12	135	—	(5,038)	(4,903)
Balance at end of period	9,263	182	2,689	2,871	235	100	3,151	3,487

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(0)	20,501	10	10	180	20,692
Changes during period						
Issuance of new shares - exercise of share acquisition rights		25				25
Dividends of surplus		(1,350)				(1,350)
Provision of legal retained earnings		—				—
Transfer from legal capital surplus to other capital surplus		—				—
Loss		(3,553)				(3,553)
Purchase of treasury shares		—				—
Net changes in items other than shareholders' equity			(1)	(1)	(20)	(22)
Total changes during period	—	(4,877)	(1)	(1)	(20)	(4,899)
Balance at end of period	(0)	15,623	9	9	160	15,792

Notes to non-consolidated financial statements and other information

Significant accounting policies

1. Standards and methods for valuation of assets

(1) Standards and methods for valuation of securities

Shares of subsidiaries and associates

Stated at cost using the moving average method

Debentures held to maturity

Stated at amortized cost

Available-for-sale securities

Securities other than shares, etc. without market prices

Stated at fair value (valuation differences are directly recorded in net assets, and the cost of sales is computed based on the moving-average method)

Shares, etc. without market prices

Stated at cost using the moving average method

(2) Standards and methods for valuation of derivatives

Derivatives

Stated at fair value

2. Depreciation or amortization method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

The declining-balance method is used.

However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016.

Note that the major useful lives are as follows:

Buildings	2 to 60 years
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(2) Intangible assets (excluding leased assets)

(i) Software for internal use

The straight-line method is used based on the estimated usable period internally (1 to 5 years).

(ii) Intangible assets other than the above

The straight-line method is used.

The same standards as those of the methods prescribed in the Corporation Tax Act are applied to useful life.

(3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The lease period is set as useful life, and the straight-line method is used with residual value set to zero.

3. Standards for recording provisions and allowances

(1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(2) Provision for bonuses

To provide for payment of bonuses to employees, of the estimated amount of bonuses to be paid, the amount estimated to cover the bonus payment for services rendered by employees during the fiscal year under review is provided.

4. Basis for recognizing revenue and expenses

Revenue is recognized at the point where control of the promised goods or services is transferred to the customer and at the amount expected to be received in exchange for such goods or services.

Revenue from contracts with customers of the Company is mainly management fee income from the Company's subsidiaries, and is identified as performance obligations to provide guidance, advice, etc. to those subsidiaries. Since such performance obligations are satisfied over time, revenue is recognized at the point where the performance obligations are satisfied over a period of time.

5. Significant hedge accounting methods

(1) Hedge accounting method

Deferred hedge accounting is used. In respect of interest rate swaps, exceptional accounting is applied to transactions that meet the requirements.

(2) Hedging instruments and hedged items

Hedging instruments Interest rate swaps

Hedged items Borrowings

(3) Hedging policy

The Company hedges interest rate fluctuation risks mainly in accordance with the management rules stipulated in its internal regulations.

(4) Method of evaluating the effectiveness of hedges

For hedging instruments and hedged items, the Company verifies hedging effects for each transaction.

However, evaluations on the effectiveness of transactions that satisfy the requirements of specified accounting with interest rate swaps have been omitted.

Non-consolidated balance sheets

*1 Monetary claims and obligations with subsidiaries and associates (excluding those stated under a separate category)

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Short-term monetary claims	5,338	5,590
Long-term monetary claims	713	607
Short-term monetary obligations	489	772
Long-term monetary obligations	684	742

2. Guarantee obligations

The Company guarantees purchase liabilities of subsidiaries and associates to their customers.

(Millions of yen)			
As of March 31, 2024		As of March 31, 2025	
World Mobile Corporation	–	World Mobile Corporation	380
GEO CORPORATION	386	GEO CORPORATION	227
2nd STREET USA, Inc.	30	2nd STREET USA, Inc.	15
Total	417	Total	623

Non-consolidated statements of income

*1 Transactions with subsidiaries and associates

(Millions of yen)			
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
Amount of operating transactions			
Operating revenue	15,621	17,404	
Operating expenses	209	319	
Transactions from non-operating transactions	776	1,139	

*2 Operating revenue and operating expenses

As the Company is a holding company, it presents “dividends from subsidiaries and associates” and “commissions from subsidiaries and associates” as “operating revenue” since these are major revenues, and “operating expenses” as expenses corresponding to operating revenues.

*3 Of operating expenses, main items and amounts

(Millions of yen)			
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	
Real estate lease expenses	1,714	1,816	
Salaries and allowances	3,739	4,329	
Provision for bonuses	249	265	
Depreciation	892	1,033	
Commission expenses	3,492	3,621	

Securities

Shares of subsidiaries and associates

As of March 31, 2024

Amount of shares, etc. without market prices recorded on the consolidated balance sheets

(Millions of yen)	
Category	As of March 31, 2024
Shares of subsidiaries	9,655
Shares of associates	80

As of March 31, 2025

Amount of shares, etc. without market prices recorded on the consolidated balance sheets

(Millions of yen)	
Category	As of March 31, 2025
Shares of subsidiaries	10,827
Shares of associates	80

Tax effect accounting

1. Major components of deferred tax assets and liabilities

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Allowance for doubtful accounts	2,909	3,319
Loss on valuation of investment securities	1,425	3,247
Gains from expropriation, etc.	364	368
Impairment losses	1,108	1,131
Asset retirement obligations	500	532
Deemed dividend	406	418
Other	921	1,203
Subtotal of deferred tax assets	7,636	10,221
Valuation allowance	(7,178)	(9,527)
Total of deferred tax assets	457	693
Deferred tax liabilities		
Other	(242)	(626)
Total of deferred tax liabilities	(242)	(626)
Net of deferred tax assets (liabilities)	215	67

2. Main components of the difference when there is a significant difference between the statutory effective tax rate and the effective income tax rate after application of tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Statutory effective tax rate	30.6%	—
(Adjustments)		
Inhabitant per capita taxes	0.5	—
Increase (decrease) in valuation allowance	25.1	—
Income not taxable permanently, such as dividend income	(13.0)	—
Other	0.7	—
Effective income tax rate after application of tax-effect accounting	43.9	—

Note: The information is omitted for the fiscal year under review since loss before income taxes was recorded.

3. Amendments to the amounts of deferred tax assets and deferred tax liabilities due to changes in tax rate of current taxes

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed from the fiscal year beginning April 1, 2026 are calculated by changing the statutory effective tax rate from 30.6% to 31.5%.

The impact of this change on tax rate is immaterial.

Revenue recognition

Information that forms the basis for understanding revenues from contracts with customers has been omitted as it is similar to the information in “Notes - Significant accounting policies, 4. Basis for recognizing revenue and expenses” in the non-consolidated financial statements.

Significant subsequent events

None

(iv) Annexed detailed schedules

Detailed schedule of property, plant and equipment, etc.

(Millions of yen)

Category	Type of assets	Balance at beginning of period	Increase	Decrease	Amortization	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	4,036	200	6	274	3,955	8,965
	Tools, furniture and fixtures	233	133	0	182	184	3,385
	Land	5,117	—	—	—	5,117	—
	Other	76	190	52	9	204	201
	Total	9,464	524	59	466	9,462	12,552
Intangible assets	Software	2,243	1,532	24	807	2,944	2,352
	Other	823	1,622	1,702	1	742	13
	Total	3,066	3,155	1,726	809	3,686	2,365

Note: Major increases in “other” under intangible assets in the fiscal year under review are as follows:

Software in progress 1,603 million yen

Detailed schedule of provisions

(Millions of yen)

Account items	Balance at beginning of period	Increase	Decrease	Balance at end of period
Allowance for doubtful accounts	9,447	7,069	6,040	10,476
Provision for bonuses	249	265	249	265

(2) Details of major assets and liabilities

This information is omitted because the Company prepares the consolidated financial statements.

(3) Other

None