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Annual Securities Report

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

The 38th fiscal year

From April 1, 2025 to March 31, 2026

GEO HOLDINGS CORPORATION

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

(E03367)

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Place of filing	Director-General of the Kanto Local Finance Bureau
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Fiscal year	The 38th fiscal year (From April 1, 2025 to March 31, 2026)
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
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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		34th fiscal year	35th fiscal year	36th fiscal year	37th fiscal year	38th fiscal year
Fiscal year ended		March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Net sales	(Millions of yen)	334,788	377,300	433,848	427,669	481,249
Ordinary profit	(Millions of yen)	9,662	11,926	18,749	12,224	15,348
Profit attributable to owners of parent	(Millions of yen)	5,985	5,681	10,902	4,537	8,738
Comprehensive income	(Millions of yen)	5,746	5,669	10,893	4,537	9,121
Net assets	(Millions of yen)	77,193	77,212	87,349	90,469	98,190
Total assets	(Millions of yen)	174,375	201,804	231,125	252,807	295,211
Net assets per share	(Yen)	1,811.83	1,946.46	2,194.58	2,272.11	2,463.88
Basic earnings per share	(Yen)	141.15	135.93	275.31	114.27	219.77
Diluted earnings per share	(Yen)	140.92	135.35	273.43	113.81	219.36
Equity-to-asset ratio	(%)	44.1	38.1	37.7	35.7	33.2
Rate of return on equity	(%)	8.0	7.4	13.3	5.1	9.3
Price-earnings ratio	(Times)	8.9	11.8	7.0	15.9	7.7
Net cash provided by (used in) operating activities	(Millions of yen)	(5,731)	4,283	9,296	8,012	19,475
Net cash provided by (used in) investing activities	(Millions of yen)	(6,694)	(9,589)	(10,401)	(12,494)	(15,339)
Net cash provided by (used in) financing activities	(Millions of yen)	5,595	3,938	12,396	10,778	22,489
Cash and cash equivalents at end of period	(Millions of yen)	47,851	46,564	58,556	64,760	91,747
Number of employees		5,459	5,602	5,912	6,681	7,249
[Separately, average number of temporary employees]	(Persons)	[8,128]	[7,967]	[8,422]	[8,875]	[9,617]

(2) Key financial data of reporting company

Fiscal year		34th fiscal year	35th fiscal year	36th fiscal year	37th fiscal year	38th fiscal year
Fiscal year ended		March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Operating revenue	(Millions of yen)	11,715	13,448	16,623	18,598	27,536
Ordinary profit (loss)	(Millions of yen)	2,515	(1,253)	3,076	(3,729)	15,130
Profit (loss)	(Millions of yen)	2,165	(1,892)	1,756	(3,553)	12,368
Share capital	(Millions of yen)	8,975	9,081	9,251	9,263	9,317
Total number of issued shares	(Shares)	42,405,952	39,505,152	39,702,552	39,718,052	39,783,552
Net assets	(Millions of yen)	27,204	19,674	20,692	15,792	26,848
Total assets	(Millions of yen)	98,054	107,178	121,636	131,545	159,270
Net assets per share	(Yen)	633.01	489.99	516.64	393.58	673.68
Dividend paid per share	(Yen)	24	24	29	34	34
[Interim dividends per share]		[12]	[12]	[12]	[17]	[17]
Basic earnings (loss) per share	(Yen)	51.07	(45.29)	44.36	(89.49)	311.06
Diluted earnings per share	(Yen)	50.99	–	44.06	–	310.48
Equity-to-asset ratio	(%)	27.4	18.1	16.9	11.9	16.8
Rate of return on equity	(%)	8.2	(8.2)	8.8	(19.7)	58.3
Price-earnings ratio	(Times)	24.5	–	43.4	–	5.4
Payout ratio	(%)	47.0	–	65.4	–	10.9
Number of employees		408	388	524	576	641
[Separately, average number of temporary employees]	(Persons)	[45]	[52]	[80]	[92]	[95]
Total shareholder return	(%)	107.4	138.9	168.7	162.0	154.8
[Comparison benchmark: Dividend-included TOPIX]	(%)	[102.0]	[107.9]	[152.5]	[150.2]	[202.2]
Highest share price	(Yen)	1,564	2,322	2,735	2,025	1,988
Lowest share price	(Yen)	1,079	1,152	1,580	1,271	1,522

- 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 and the payout ratio for the 35th and 37th fiscal years 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.
 - Of the dividend paid per share of 34 yen for the fiscal year ended March 31, 2026, 17 yen for the year-end dividend is to be resolved at the Annual General Meeting of Shareholders scheduled to be held on June 26, 2026.

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 2nd STREET Business overseas.
June 2018	Opened 2nd STREET SS13, our first 2nd STREET 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 2nd STREET 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 2nd STREET Business in Thailand.
April 2025	Opened 2nd STREET 313@somerset, our first 2nd STREET Business in Singapore.
April 2025	Crossed the 1,000-store mark globally in our 2nd STREET Business.
May 2025	Opened 2nd STREET MOKO New Century Plaza, our first 2nd STREET Business in Hong Kong.
November 2025	Acquired SEKAIZ Co., Ltd. as a wholly-owned subsidiary.
January 2026	GEO CORPORATION conducted an absorption-type merger with Chelsea International Co., Ltd. and GEO CLEAR CORPORATION.

3. Description of business

The GEO Group comprises GEO HOLDINGS CORPORATION, 33 consolidated subsidiaries, one subsidiary excluded from the scope of consolidation and one company accounted for by the equity method. The Group mainly operates stores that buy and sell used clothes, accessories, home electronics, and others (the “2nd STREET Business”) and stores that buy and sell games, smartphones, and home electronics, sell brand-new games, and rent DVDs, CDs, and comics (the “GEO Business”).

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, 2026

Type of company	Business	Operating company
Holding company	Planning and administration of Group management	GEO HOLDINGS CORPORATION (the Company)
Operating company	Store operational support	GEO CORPORATION
	2nd STREET Business	GEO CORPORATION 2ND STREET CORPORATION 2nd STREET USA, Inc. 2nd STREET TRADING MALAYSIA Sdn. Bhd. 2nd STREET TAIWAN Co., Ltd. 2nd STREET (THAILAND) Company Limited and 3 others
	GEO Business	GEO CORPORATION GEO STORE CORPORATION World Mobile Corporation and 3 others
	Luxury Business	OKURA CO., Ltd. Ookura Investments Limited BANK OKURA CO., Ltd. and 4 others
	Others	GEO CORPORATION viviON Inc EISYS Inc and 12 others

Companies accounted for by the equity method:

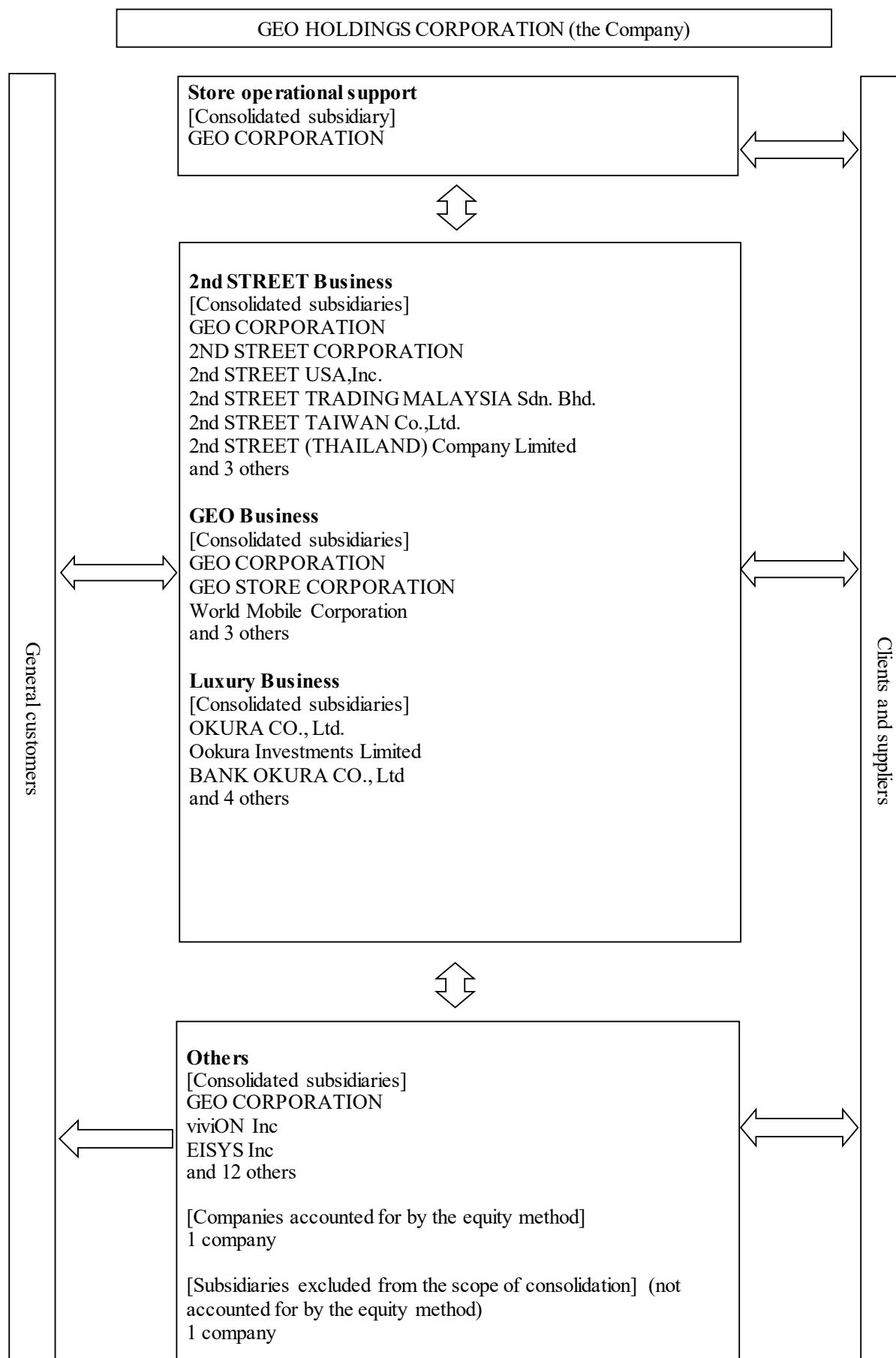
One company

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

One company

An organizational chart of the businesses in the Group is as follows.

As of March 31, 2026



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 *2	Naka-ku, Nagoya-shi, Aichi	30	Store operational support, 2nd STREET Business, GEO Business, and others	100.0	Concurrent officers, guarantee of obligation, and lending and borrowing of funds
GEO STORE CORPORATION *1, *2, *3	Naka-ku, Nagoya-shi, Aichi	10	GEO Business	100.0 (100.0)	Lending and borrowing of funds
2ND STREET CORPORATION *1, *2, *3	Naka-ku, Nagoya-shi, Aichi	10	2nd STREET Business	100.0 (100.0)	Lending and borrowing of funds
OKURA CO., Ltd. *3	Toshima-ku, Tokyo	10	Luxury Business	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 *3	Chiyoda-ku, Tokyo	9	Others	100.0 (100.0)	—
World Mobile Corporation *3	Naka-ku, Nagoya-shi, Aichi	10	GEO Business	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	2nd STREET Business	100.0	Concurrent officers and lending and borrowing of funds
2nd STREET TRADING MALAYSIA Sdn. Bhd.	Subang Jaya, Selangor, Malaysia	Thousands of Malaysia Ringgit 1,000	2nd STREET Business	100.0	Concurrent officers and lending and borrowing of funds
2nd STREET TAIWAN Co., Ltd.	Taipei, Taiwan	Thousands of New Taiwan Dollars 28,000	2nd STREET Business	100.0	Concurrent officers and lending and borrowing of funds
2nd STREET (THAILAND) Company Limited *3, *4	Bangkok, Thailand	Thousands of Thai Bahts 20,000	2nd STREET Business	49.0 [72.52]	Concurrent officers and lending and borrowing of funds
and 22 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 / loss and financial position	(1) Net sales	212,635
	(2) Ordinary profit	234
	(3) Profit	80
	(4) Net assets	4,362
	(5) Total assets	17,423

2ND STREET CORPORATION

Key profit / loss and financial position	(1) Net sales	129,901
	(2) Ordinary profit	3,885
	(3) Profit	2,674
	(4) Net assets	6,664
	(5) Total assets	24,394

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.

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, 2026.

(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 expand our purchasing infrastructure by establishing purchasing-only stores, offering home visit purchase services, and installing purchasing lockers, thereby reducing missed purchasing opportunities. In addition, by linking purchasing with sales, maximizing inventory turnover and liquidity, and promoting efficient management of merchandise and inventories, we will strengthen our position in the reuse market.

We will develop new types of stores suited to regional characteristics, and build sales networks including overseas expansion, 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 Business, 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 establish a global revenue model at an early stage, particularly for overseas 2nd STREET operations, by strengthening our system, improving the precision of new store openings, and thoroughly enhancing operational efficiency.

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, 2026.

(1) GEO Group sustainability

The Group's corporate philosophy is "to offer joy to your everyday life," and we are striving to realize this philosophy on a daily basis. The Group's challenge of "seeking to enrich our customers' lives by recycling and redistributing valuable items in society" is embodied in the rental business that has provided the Group's foundation since its beginnings, as well as in the reuse business that drives the Group's current growth.

Today, as environmental changes intensify and calls for sustainable growth are rising on a global scale, it is essential for companies to pursue not only business growth but also the creation of social value. Based on this background, the Group has set "the realization and promotion of a recycling-oriented society" as one of its key management issues. The Group believes that the growth of the reuse and rental businesses, which are the recycling-oriented businesses, will contribute to the realization of a sustainable society by creating customer experience value that delivers limited "goods" to where they are needed by recycling them.

Furthermore, the Group has established the "Basic Sustainability Policy." Based on the materiality identified in accordance with this policy, the Group promotes sustainability management by implementing individual policies regarding topics such as the environment and human rights.



(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.

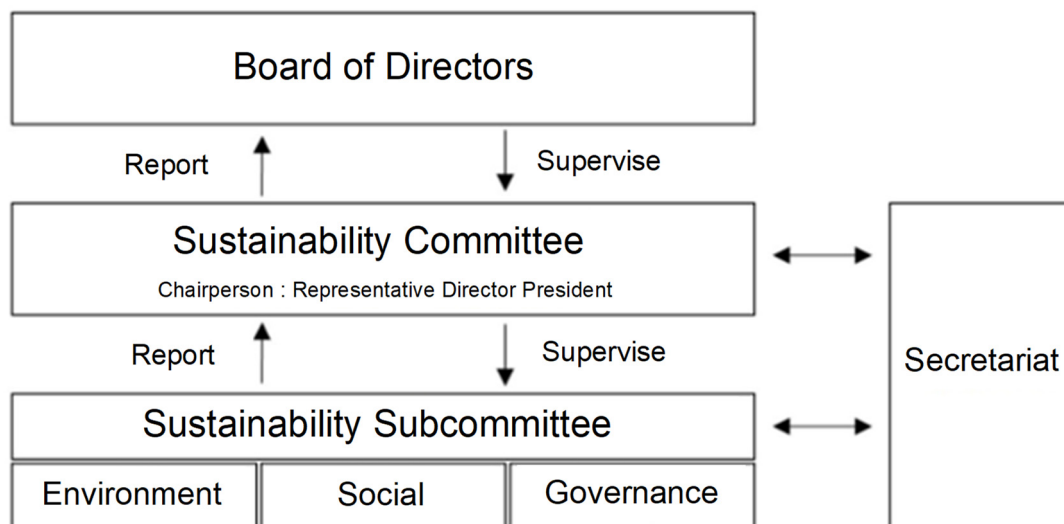
The purpose of this Committee is to promote sustainable business activities within our Group. In addition to establishing a code of conduct that sets forth various principles, such as environmental and social responsibility and respect for diversity, the Committee is chaired by the Representative Director President, and consists of full-time officers, operating officers, and members appointed by the chairperson.

This Committee meets four times a year, in principle, and functions as the decision-making body for the Group's sustainability initiatives, including monitoring progress toward materiality targets (KGI and KPI) and assessing the level of environmental risks.

The Committee also cooperates closely with the Board of Directors to support management's decision-making by discussing, reporting on, and proposing recommendations on key issues related to our Group's sustainability management.

Moreover, several subcommittees have been established as subordinate organizations to this Committee, and the secretariat formulates policies and indicators related to environmental, social, and governance issues, compiles the results on monitoring the initiatives tackled by each department, and carries out regular reporting and progress management.

In addition, our subsidiaries and affiliates have established a comprehensive sustainability framework by performing flexible management in accordance with the risk characteristics of the entire Group.



(ii) Strategy

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 balance medium- to long-term corporate value creation and sustainable growth amid ever-changing social issues and surrounding environment, the Group has identified materiality issues on sustainability through the following process and is promoting strategies to address them.

■ GEO Group’s top priorities

The Group has selected 17 ESG issues, six of which have been identified as top priority issues. The six top priority issues identified are as follows. By proactively and continuously focusing on these issues, the Group aims to contribute to a sustainable society and improve its corporate value in the medium to long term.

<E: Environment>

- Realization and promotion of a recycling-oriented society
- Respond to climate change, saving resources, and reducing waste

<S: Social>

- Promoting diversity and inclusion
- Promote specialist training and talent management

<G: Governance>

- Promote fair trade and foster sound corporate culture
- Strengthen corporate governance

■ Process for identification of materiality

The Group's materiality has been identified through the following steps.

Step 1.

As part of identifying these issues, we conducted a wide range of surveys and verification of candidate issues and initiatives from other companies based on global standards for evaluation items of ESG rating organizations (MSCI, FTSE, SASB, GRI, etc.), identifying candidate issues based on the opinions of management and the Group's key divisions.

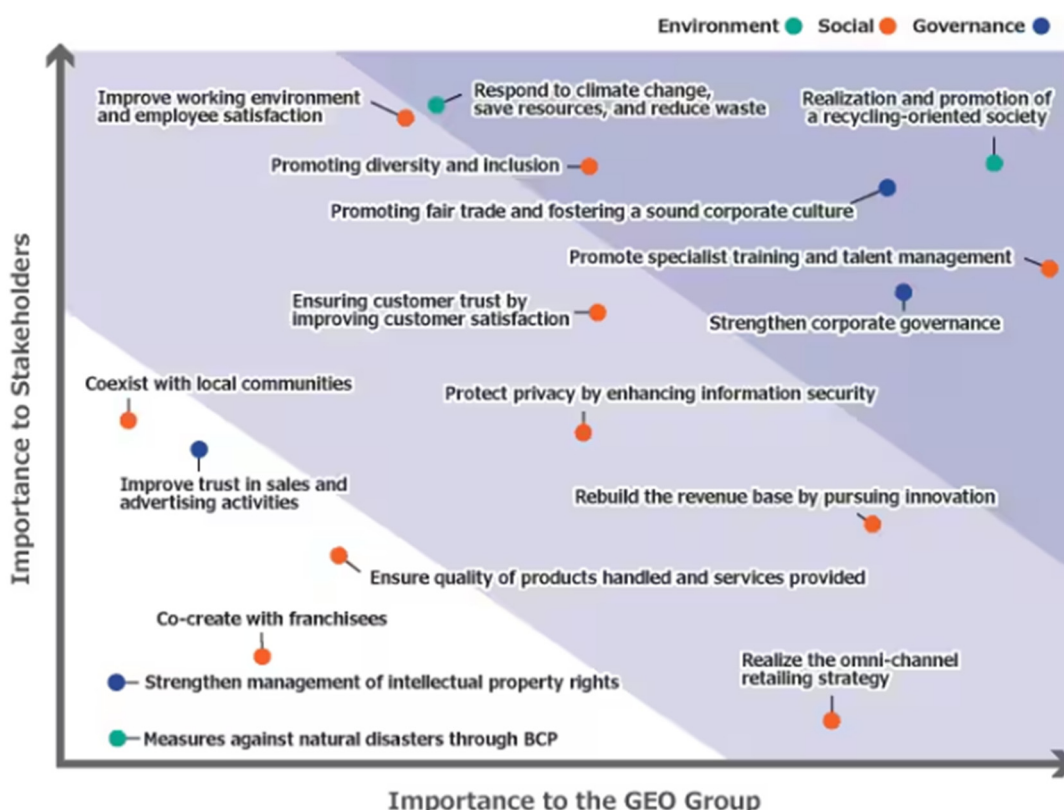
Step 2.

The department in charge of sustainability, heads of key divisions, and management deliberated on the potential issues selected. Based on the principle of double materiality, they analyzed and prioritized these issues from the dual perspectives of "importance to stakeholders" (impact of our activities on the environment and society) and "importance to the GEO Group" (financial impact of environmental and social issues on the Group). As a result, the Group has selected 17 ESG issues and developed a materiality map.

Step 3.

The 17 selected ESG issues and the materiality map were deliberated on and approved by the Board of Directors, and were officially identified as the Group's materiality.

Materiality map



(iii) Risk management

The Group has built a company-wide sustainability management system and is committed to properly evaluating and controlling related risks and opportunities.

The subcommittees, which are subordinate organizations of the Sustainability Committee, meet in principle four times a year to formulate action plans and indicators for important environmental, social, and governance topics, monitor the initiatives of each department, and report 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. Based on these, the Board of Directors makes the final decision on the entire Group's sustainability policy.

Based on the established policy, each operating company continuously manages the identified sustainability-related risks and opportunities through both bottom-up and top-down approaches tailored to their business characteristics.

Furthermore, moving forward, the Group will promote the construction of a more comprehensive and centralized management framework that oversees overall risk management activities by integrating and aligning the evaluation and management of these sustainability-related risks with the Group's company-wide risk management process.

(iv) Metrics and targets

The Group has set a vision and KGI for the top priority issues identified in “(ii) Strategy,” and continuously monitors their progress. By promoting proactive initiatives on each issue, the Group will aim to realize a sustainable society and improve its corporate value in the medium to long term.

KGI and results for top priority issues

Category	Top priority issues	KGI	Target fiscal year	Results (As of March 31, 2026)
E (Environment)	Realization and promotion of a recycling-oriented society	Consolidated net sales 1 trillion yen (1,000,000 million yen) *1	2035	523,450 million yen *1
	Responding to climate change, saving resources, and reducing waste	Contribution to GHG reduction through reuse business activities (Avoided Emissions) 102,649 t-CO2e	2035	61,647 t-CO2e
		Target GHG emissions to be achieved by reducing and reusing electricity and resources 38,780 t-CO2e (50% reduction compared to FY2019) *2	2035	76,525 t-CO2e
S (Social)	Promoting diversity and inclusion	Employee engagement Total score of 70 or higher	2028	66
	Promoting specialist training and talent management *3	Number of specialists Increase by 200 (compared to FY2023)	2030	Increase by 116
G (Governance)	Promoting fair trade and sound corporate culture	Compliance with laws and internal regulations for all Group companies Zero administrative penalties	Every year	0 penalties *4
	Strengthening corporate governance	Effectiveness evaluation of Board of Directors and related bodies Achievement rate of 100%	Every year	100%

- Notes:
1. viviON Group regards NMV (Net Merchandise Value) as net sales.
 2. Covers the following four major domestic businesses of the GEO Group used as benchmarks at the time of target setting:
GEO HOLDINGS CORPORATION, GEO CORPORATION, GEO STORE CORPORATION, 2ND STREET CORPORATION
 3. Specialists: Employees corresponding to Grade S or Grade M under the Company's grading system
 4. On June 11, 2026, subsequent to the end of this reporting period, the Company received an administrative order for action from the Consumer Affairs Agency pursuant to Article 5, Paragraph 2 of the Act against Unjustifiable Premiums and Misleading Representations, regarding the purchase prices displayed for mobile devices from May to November 2025.

(2) Efforts regarding climate change

At the Group, through the circulation of various goods from our business activities, we are reducing GHG emissions, improving energy efficiency, and implementing initiatives to build a sustainable society. We will address climate change and other environmental problems, so that our businesses lead to a better future.

Furthermore, based on the belief that our Group's business is to rediscover the value of goods while at the same time reducing the impact on the environment and promoting a circular economy, we established the "GEO Group Environmental Policy" in February 2025. This policy sets forth a number of goals including "promoting and achieving a recycling-oriented society" as well as "addressing climate change," and we are striving to implement measures through our businesses.

(i) Governance

Please refer to "(1) GEO Group sustainability, (i) Governance."

(ii) Strategy

■ Climate-related scenario analysis

To identify climate change-related risks and opportunities that may affect the Group's fiscal performance, we analyzed two potential climate-related scenarios based on data from the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC): (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. The analysis focuses on the major climate change-related risks and opportunities the impact of which are likely to become more apparent under each scenario. In the 1.5°C temperature increase scenario, the assessment focuses on transition risks and opportunities associated with changes in policy and the market, whereas the assessment of the 4°C temperature increase scenario is based on the assumption that the impact of transition risks will be limited or nil.

Scenario definitions

Target period:

Envisioning a global scenario focusing on 2035

Scope:

The GEO Group's major operating companies

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

Weather-related disasters: While the impact is more moderate than the 4°C scenario, the severity will increase compared to current levels

Carbon prices: Carbon prices are rising due to stricter GHG emission regulations

Regulatory compliance: As emissions and energy efficiency regulations tighten globally, investment costs for plans to transition to low-carbon are rising

Market changes: The circular economy is becoming mainstream thanks to the maturing of environmental awareness

Financial markets: Investment and lending to companies actively pursuing decarbonization are accelerating due to the expansion of ESG investing

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

Weather-related disasters: The frequency of heavy rain and flooding, as well as precipitation levels, will increase significantly, leading to higher costs for facility-based mitigation measures and business continuity planning (BCP) measures

Operating costs: The demand for air conditioning during the summer will increase due to the rise in average temperatures, leading to a significant rise in utility costs for store operations

Resource prices: While the impact of the carbon tax is limited, energy costs are rising due to supply instability and the deteriorating environment for mining

Shifting demand: Seasonal demand for winter clothing and winter appliances has stagnated due to shorter winters and rising average temperatures

Financial markets: Although awareness of social mitigation measures is lower than under the 1.5°C scenario, selective investment in corporate resilience is accelerating

Climate change-related risks and opportunities anticipated by the Group

Climate change risks and opportunities			Timing	Impact		Main 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 - Risk assessment of store expansion strategies leveraging hazard maps - Review of inventory storage methods in disaster-prone areas
		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 - Strengthen cooperation with business partners (suppliers, etc.) - Formulate and regularly review business continuity plans (BCPs) for the supply chain - Risk assessment of store expansion strategies leveraging hazard maps
	Chronic	Increase in energy consumption for air conditioning due to rise in the average summer temperatures	Medium term	Minor	Moderate	- Introduce energy-saving equipment such as LED lighting, insulated facilities, energy-efficient air conditioners - Improve awareness of energy conservation such as adjusting air conditioning settings and switching off unused equipment - Expand demand-controlled air conditioning management systems - Expand procurement of electricity generated in-house, including on-site PPAs
		Increase in insurance premiums due to the increasing frequency and severity of natural disasters	Long term	Minor	Moderate	- Risk assessment of store expansion strategies leveraging hazard maps - Optimize insurance premiums by reviewing coverage details
		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 - Increase sales of year-round products

Climate change risks and opportunities			Timing	Impact		Main countermeasures
				1.5°C	4°C	
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 • Expand procurement of electricity generated in-house, including on-site PPAs • Streamline delivery through group chains and joint deliveries in cooperation with other companies
		Increase in packaging material costs due to the use of alternative materials in response to stricter plastic regulations	Medium term	Minor	—	• Pass through costs to product and packaging material prices • Optimize packaging forms • Reduce packaging material costs through negotiation
		Increase in unit energy costs due to changes in power supply mix of electricity companies	Medium term	Major	—	• Introduce energy-saving equipment such as LED lighting, insulated facilities, energy-efficient air conditioners • Improve awareness of energy conservation such as adjusting air conditioning settings and switching off unused equipment • Expand demand-controlled air conditioning management systems • Expand procurement of electricity generated in-house, including on-site PPAs
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	Minor	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 • Expand touchpoints for the reuse experience
	Reputation	Proactive environmental initiatives, appropriate information disclosure to enhance corporate value and preferential financing	Medium term	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

- Notes: 1. Definition of timing: Short term = up to FY2030, medium term = up to FY2035, long term = FY2036 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

Financial impacts for climate change-related risks and opportunities are disclosed on our website.
https://www.geonet.co.jp/pdf/2026/260624_climate-change.pdf

■ Measures to address risks and opportunities

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

Responding to rising energy costs

We recognize that the rise in the unit price of energy associated with the transition to decarbonization under the 1.5°C scenario as well as the increase in demand for air conditioning resulting from rising temperatures under the 4°C scenario are significant risks common to our

Group, which operates a store-based business. To address these risks, our Group will gradually install LED lighting in our stores, introduce high-efficiency air conditioning equipment, and adopt insulation measures to improve thermal performance, thereby accelerating our energy-saving investments in facilities. Furthermore, we will promote the optimization of air conditioning settings, the fostering of a strong culture of energy conservation, and other operational initiatives while striving to maximize energy efficiency through both hardware and software measures.

Additionally, by expanding the scope of stores covered by the on-site and off-site PPAs, which we began introducing to some locations in 2024, we aim to balance business growth with GHG emissions reductions while mitigating the risk of power price fluctuations.

Growing the business and strengthening trust

The transition to a circular economy, which is accelerating primarily under the 1.5°C scenario, represents a major growth opportunity for our Group, which operates in the second-hand and off-price sectors. We will improve our strategic communications about the strong affinity between our business model and the circular economy; specifically how our business activities, which give new value to unwanted things and put them back into circulation, directly contribute to reducing GHG emissions across society as a whole, and proactively work to raise awareness of this.

Moving forward, in addition to expanding our customer base through the promotion of reuse, we will raise our brand recognition and brand power as a second-hand goods company by communicating our unique environmental contributions, thereby leading to sustainable business growth.

At the same time, we will promote the proactive disclosure of and obtain assurances from third-party organizations in regard to non-financial information, and secure external certifications to build a management system that has high objectivity and transparency, thereby earning even greater social trust from our stakeholders.

(iii) Risk management

The Environmental Subcommittee, a subordinate organization of the Sustainability Committee, will assess risks and opportunities related to climate change and monitor the initiatives tackled by each department. This Subcommittee will regularly assess whether it is necessary to review environmental risks and opportunities, such as those related to climate change and legal regulations, and, based on the results, share its findings and discuss response strategies. Furthermore, we will analyze and evaluate the degree of impact on our business and the timing of occurrence to identify risks.

For information on the management of identified climate change risks, as well as the system and policies for integrating and aligning them with the Group-wide risk management process, please refer to “(1) GEO Group sustainability, (iii) Risk management.”

(iv) Metrics and targets

Our Group contributes to reducing society’s overall GHG emissions through its recycling-oriented businesses, such as our reuse business, and to mitigate the impact of our own business activities on climate change, we have set and manage GHG emission reduction as a key performance indicator.

■ Net Zero Declaration and reduction targets

In keeping with addressing climate change as a key management priority, the GEO Group declares its intent to achieve net zero GHG emissions by the year 2050. As milestones toward this long-term goal, we have set the following interim targets with a deadline of FY2035, and the entire Group is working to achieve these reductions.

Reduction targets toward net zero

GHG emissions *	Medium-term goal	Target fiscal year	Results (As of March 31, 2026)
	38,780 t-CO ₂ e 50% reduction compared to FY2019	2035	76,525 t-CO ₂ e

Note: Scope 1 + 2 emissions of our main domestic businesses

Covers the following four major domestic businesses of the GEO Group used as benchmarks at the time of target setting:
GEO HOLDINGS CORPORATION, GEO CORPORATION, GEO STORE CORPORATION, 2ND STREET CORPORATION

■ Trends in actual GHG emissions

To manage our progress in addressing climate change, we disclose the actual trends of our most recent GHG emissions (Scope 1, Scope 2, and Scope 3) on our website.

GEO Group ESG data:

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

(3) Initiatives on human capital management and diversity

Based on its corporate philosophy, “to offer joy to your everyday life,” the Group believes that “people” are the very foundation of its business that supports the realization of this vision. In a world where individual definitions of “affluence” and “joy” diversify, spreading these values to the world requires to continuously pursue “what we should do now” while embracing the diverse perspectives of each person living in society. The Group believes it is precisely within this pursuit that the fun of working at the Group exists.

Driven by this pursuit to consistently create new services, it is crucial to acknowledge that every individual has their own diverse values, and to be a collective that develops each other’s individuality. Amid continuous shifts in our surrounding environment, the Group believes that as each employee exercises their intellectual curiosity and pursues their strengths to become a specialist, their individuality will multiply to forge a unique value that stands undefeated against any other company.

Based on these principles, the Group has established the “GEO Group Human Rights Policy” and is committed to building a safe, comfortable workplace environment where the human rights and individuality of each employee are respected so that they can unleash their full potential, and to promoting diverse workstyles.

(i) Governance

Regarding initiatives for human capital utilization and diversity promotion, the Group has established a system where the Global Organizational Development Office and the GGU (GEO Group University) Personnel Training Department jointly serve as the core and work in cooperation.

The Global Organizational Development Office is responsible for medium- to long-term organizational design based on the management strategy, as well as the development and optimal placement of future executive and specialist candidates. Meanwhile, the GGU Personnel Training Department is responsible for supporting employees’ autonomous learning and career development as the internal university.

The progress of various human capital strategy initiatives and metrics planned and executed by these human resource departments is regularly reported and shared with management and the Board of Directors on a quarterly basis, ensuring highly effective supervision by the Board of Directors.

(ii) Strategy

Under its long-term vision of “achieving 1 trillion yen in consolidated net sales for the Group and 5,000 stores by FY2035,” the Group has positioned securing and developing human resources who will drive domestic and international business expansion as its highest priority. To enhance

sustainable corporate value, the Group is promoting human capital management focused on expanding talent diversity and expertise, as well as fostering an organizational culture where employees can maximize their capabilities.

As specific priority initiatives, the Group is working to develop next-generation leaders and specialists, while focusing on maximizing frontline strengths by elevating individual proficiency into organizational execution ability, alongside promoting diverse work styles.

(iii) Risk management

The Global Organizational Development Office and the GGU Personnel Training Department, which lead the Group's human capital strategy, work in cooperation to manage talent-related risks and opportunities associated with the Group's business operations. Under a human resources strategy aligned with its management strategy, the Group promotes initiatives to secure the talent necessary for domestic and international business expansion, put the right person in the right place through "Rotation Education," and develop specialists, thereby enabling rapid decision-making. In addition, the Group has established a framework to monitor employees' job satisfaction and the organizational culture status by conducting engagement surveys on a semi-annual basis.

(iv) Metrics and targets

The Group has set the following metrics and targets to enhance the effectiveness of its policies for human resource development and internal environment improvement described in "(ii) Strategy" above. The Group has designated the development status of next-generation leaders and specialists who create unique value, along with employee engagement—the foundation for a diverse workforce to maximize its capabilities—as priority KGIs, and monitors the results.

Metrics and targets on human capital management

Indicators	Metrics	Target fiscal year	Targets	Results (As of March 31, 2026)
Promotion status of management candidates	Number of employees promoted	Every year	150	293
	Average years of service at the time of promotion		5 years	5 years and 11 months
Number of specialists	Number of specialists Increase by 200 [compared to FY2023]	2030	Increase by 200 [467]	Increase by 116 [383]
Engagement score	Employee engagement Total score	2030	70 or more	66

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 25, 2026) 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 centered on the 2nd STREET and GEO Businesses, 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.

F. Act against Unjustifiable Premiums and Misleading Representations

The Group’s business activities, including the sale, purchase, advertising, and various promotional activities of goods and services, are subject to the regulations of the Act against Unjustifiable Premiums and Misleading Representations (Premiums and Representations Act). The Act prohibits misleading representations that cause consumers to misunderstand that the quality, standards, prices,

etc. of goods or services are significantly superior or more advantageous than they actually are. It also prohibits or restricts the provision of excessive premiums.

While the Group has striven to comply with the Act by preventing misleading representations and ensuring the appropriate provision of premiums, it received an administrative order from the Consumer Affairs Agency on June 11, 2026, pursuant to Article 5, Paragraph 2 of the Act, regarding the representations of mobile product purchases conducted from May to November 2025. As a response to this matter, expenses resulting from education, reviews of sales measures, and other response costs may have an impact on the business performance and financial position of the Group.

(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 the 2nd STREET and GEO Businesses, 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.

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, Japan's economic environment showed a gradual recovery trend, supported by improvements in employment and income conditions. However, the outlook remains uncertain due to surging raw material prices driven by geopolitical risks, changes in overseas tariff policies, and the impact of exchange rate fluctuations.

In the reuse industry, the market continued to grow, driven by growing consumer thriftiness amid soaring prices and the spread of values such as the appeal of one-of-a-kind items and a reduced environmental impact.

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.

As for trends in 2nd STREET's Japan operations, sales of reuse clothing and accessories, the core of the merchandise mix, remained strong throughout the fiscal year under review. In addition, the opening of 64 new stores ahead of schedule, against an initial plan of 60, contributed to the growth in net sales.

As for trends in 2nd STREET overseas, net sales expanded through the opening of directly-managed stores in Singapore and Hong Kong, where the Group launched operations during the fiscal year under review. As a result, net sales of clothing, accessories, furniture, home electronics, etc. amounted to 155,250 million yen (up 17.6% YoY).

Regarding trends in the GEO Business reuse merchandise, demand for secondhand software and peripherals remained firm, despite a decline in demand for home video game consoles due to the shift to next-generation consoles and the impact of the market environment's ongoing shift to download sales. In addition, sales of second-hand telecommunications equipment, including smartphones and tablets, exceeded the high level of the same period of the previous fiscal year, thanks to the continued expansion of GEO mobile store openings. As a result, net sales of reuse merchandise, mainly such as games, smartphones, and tablets totaled 87,759 million yen (up 4.9% YoY).

As for trends in the Luxury Business, distribution of mainstay merchandise stagnated mainly in the first half of the year due to the impact of tariff policies in the US. As a result, net sales in the Luxury Business were 57,595 million yen (down 1.1% YoY).

As for brand-new products, sales were driven by the new home video game console Nintendo Switch 2 and hit trading cards. As a result, net sales of brand-new products amounted to 124,333 million yen (up 25.5% YoY).

In selling, general and administrative expenses, the growth in operating profit exceeded the increase in expenses due to the curbing of advertising expenses through in-house production and unsent system development, operating, and distribution expenses.

In non-operating income, the Company recorded foreign exchange gains of 762 million yen due to fluctuations in the foreign exchange market. In extraordinary income, a 1,592 million yen gain on bargain purchase resulting from the acquisition of shares of SEKAIZ Co., Ltd. on November 28, 2025 was recorded, while in extraordinary losses, 4,277 million yen in impairment losses were recorded for non-current assets of stores whose profitability had declined.

As a result, the Group's financial results for the fiscal year under review were as follows: net sales of 481,249 million yen (up 12.5% YoY), operating profit of 14,239 million yen (up 26.6% YoY), ordinary profit of 15,348 million yen (up 25.6% YoY) and profit attributable to owners of parent of 8,738 million yen (up 92.6% 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	2,153	183	73	121	2	24	2,274	88
2nd STREET (Japan)	875	64	14	56	1	0	931	51
2nd STREET (USA)	55	9	1	0	0	0	55	8
2nd STREET (Taiwan)	50	11	0	0	0	0	50	11
2nd STREET (Malaysia)	30	7	0	0	0	0	30	7
2nd STREET (Thailand)	9	5	0	0	0	0	9	5
2nd STREET (Singapore)	2	2	0	0	0	0	2	2
2nd STREET (Hong Kong)	2	2	0	0	0	0	2	2
GEO	963	31	34	64	0	24	1,027	(27)
OKURA TOKYO	23	1	2	0	0	0	23	(1)
LuckRack	45	21	3	0	0	0	45	18
CAPSULE RAKKYOKU	61	27	8	0	0	0	61	19
Others	38	3	11	1	1	0	39	(7)

- Notes:
1. The number of stores is counted per each store brand.
 2. "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.
 3. "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."

(ii) Sales status

Sales results

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

Name		Fiscal year ended March 31, 2026 (Millions of yen)	YoY
Reuse	Clothing, accessories, furniture, home electronics, etc.	155,250	117.6%
	Games, smartphones, tablets, etc.	87,759	104.9%
	Luxury	57,595	98.9%
Brand new		124,333	125.5%
Others		56,310	103.0%
Rental included in others		25,131	87.7%

Note: To more clearly reflect the characteristics and actual business conditions of each business, the names have been changed from the fiscal year under review. The category previously classified as "Reuse (Comprehensive)" has been split and renamed to "Clothing, accessories, furniture, home electronics, etc." and "Luxury," and the financial figures for both categories are presented separately. In addition, the category previously classified as "Reuse (Media)" has been renamed to "Games, smartphones, tablets, etc."

(iii) Financial position

Current assets

Current assets as of the end of the fiscal year under review were 196,393 million yen, which increased 31,320 million yen from 165,072 million yen as of the end of the previous fiscal year. This was mainly attributable to increases of 26,566 million yen in cash and deposits, 3,175 million yen in merchandise, and 2,862 million yen in accounts receivable - trade.

Non-current assets

Non-current assets as of the end of the fiscal year under review were 98,817 million yen, which increased 11,082 million yen from 87,735 million yen as of the end of the previous fiscal year. This was mainly attributable to increases of 3,993 million yen in other, net under property, plant and equipment, 2,161 million yen in land, 1,343 million yen in leasehold and guarantee deposits, 1,178 million yen in buildings and structures, net, 983 million yen in deferred tax assets, and 880 million yen in right-of-use assets, net.

Current liabilities

Current liabilities as of the end of the fiscal year under review were 54,899 million yen, which increased 8,295 million yen from 46,603 million yen as of the end of the previous fiscal year. This was largely due to increases of 4,462 million yen in other under current liabilities, 2,571 million yen in current portion of long-term borrowings, and 751 million yen in income taxes payable.

Non-current liabilities

Non-current liabilities as of the end of the fiscal year under review were 142,121 million yen, which increased 26,386 million yen from 115,734 million yen as of the end of the previous fiscal year. This was mainly attributable to increases of 21,578 million yen in long-term borrowings and 3,063 million yen in lease liabilities.

Net assets

Net assets as of the end of the fiscal year under review were 98,190 million yen, which increased 7,720 million yen from 90,469 million yen as of the end of the previous fiscal year. This primarily reflected an increase in retained earnings due to profit attributable to owners of parent of 8,738 million yen, offsetting a decrease in retained earnings due to dividends of surplus of 1,351 million yen.

(iv) Cash flows

Cash and cash equivalents ("cash") at the end of the fiscal year under review increased by 26,987 million yen from the end of the previous fiscal year to 91,747 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 19,475 million yen (where this increased by 8,012 million yen in the previous fiscal year).

This increase was mainly attributable to profit before income taxes of 12,427 million yen and depreciation of 8,108 million yen, which offset income taxes paid of 4,756 million yen.

Cash flows from investing activities

As a result of investing activities, cash decreased by 15,339 million yen (where this decreased by 12,494 million yen in the previous fiscal year).

This decrease was mainly due to purchase of property, plant and equipment of 13,131 million yen.

Cash flows from financing activities

As a result of financing activities, cash increased by 22,489 million yen (where this increased by 10,778 million yen in the previous fiscal year).

This was mainly attributable to proceeds from long-term borrowings of 35,000 million yen, which more than offset repayments of long-term borrowings of 10,849 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, 2026.

(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, 2026

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, current portion of long-term borrowings amounted to 13,421 million yen, long-term borrowings 93,053 million yen, bonds payable 12,175 million yen, making a total of 118,650 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 "IV. Financial Information, 1. Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to consolidated financial statements and other information, Significant matters forming the basis for preparation of 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 “IV. Financial Information, 1. Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to consolidated financial statements and other information, Significant accounting estimates” 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, 2025 (Results)	Fiscal year ended March 31, 2026 (Results)	Fiscal year ending March 31, 2027 (Earnings forecast)
Net sales	(Millions of yen)	427,669	481,249	510,000
Operating profit	(Millions of yen)	11,250	14,239	13,000
Ordinary profit	(Millions of yen)	12,224	15,348	12,500
Profit attributable to owners of parent	(Millions of yen)	4,537	8,738	6,000
Earnings per share	(Yen)	114.27	219.77	150.90

		As of March 31, 2025 (Results)	As of March 31, 2026 (Results)	Medium- to long-term goal
Operating profit margin	(%)	2.6	3.0	5.0
Rate of return on equity	(%)	5.1	9.3	8.0

With regard to net sales, steady trends in reuse clothing and accessories and aggressive new store openings in Japan within the 2nd STREET Business, as well as strong performance in second-hand telecommunications equipment and hits from the new home video game console, etc. within the GEO Business, contributed thereto. In addition, the growth in operating profit exceeded the increase in expenses due to the curbing of advertising expenses through in-house production and unspent system development, operating, and distribution expenses. As a result of the above, the operating profit margin increased by 0.4 percentage points from the previous fiscal year to 3.0%.

With regard to 2nd STREET Business, 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. In addition, regarding the GEO Business, the Group will focus on expanding the lineup and securing the inventory of reuse merchandise tailored to market needs to maximize earnings. Simultaneously, the Group aims to expand value-added earnings and improve the profit margin through customer service provided by staff with specialized knowledge, thereby continuing its efforts to achieve the medium- to long-term target for the operating profit margin.

Rate of return on equity increased by 4.2 percentage points from the previous fiscal year to 9.3% mainly due to profit attributable to owners of parent of 8,738 million yen.

In the ever-expanding reuse industry, the Group is leading the way in driving growth by expanding the range of reuse merchandise, and opening new reuse stores, focusing mainly on 2nd STREET. The Group will continue to flexibly expand its store network in response to changes in the market environment, balancing the expansion of its business scale with the improvement of asset efficiency in order to maintain a level of 8.0% or higher, which is the medium- to long-term target.

5. Material contracts, etc.

Loan agreements with financial covenants

The main loan agreements with financial covenants concluded by the Company are as follows:

Contract date	Borrowing period	Balance at end of period (Millions of yen)	Counterparty attributes	Collateral	Financial covenants
December 23, 2020	December 25, 2020 to December 25, 2027	6,000	Major commercial banks	None	• Maintain consolidated net assets at or above a certain level • Do not record an ordinary loss for two consecutive periods • Maintain certain financial indicators
December 25, 2020	December 25, 2020 to December 25, 2027	5,000	Major commercial banks	None	• Maintain consolidated net assets at or above a certain level • Do not record an ordinary loss for two consecutive periods

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 16,031 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, 2026 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	69	49 [598.15]	293	412	641
Real estate for rent (Nagoya-shi, Aichi, and 93 others)	Other facilities	1,458	4,398 [41,931.53]	—	5,856	—

(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 (GEO Osaka Nippombashi Store, and other 1,882 stores)	Stores	9,749	— [—]	3,955	13,705	611

(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 13 states, United States (SS NoHo, and other 60 stores)	Stores and offices	4,390	— [—]	19,550	762	24,704	28

- Notes:
1. Currently, there is no idle major facility.
 2. Carrying amount “other” includes machinery, equipment and vehicles, tools, furniture and fixtures, and leased assets.
 3. We rent some store facilities from parties other than consolidated companies. Annual rent expenses for the fiscal year under review are 34,646 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 are 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
2nd STREET Business, GEO Business, etc.	Japan, etc.	Store facilities	7,021	—	Internally generated funds and borrowings	April 2026	March 2027

(2) Renovation

Name	Location	Details of facilities	Amount budgeted (Millions of yen)	Amount already paid (Millions of yen)	Method of financing	Commencement	Completion
2nd STREET Business, GEO Business, etc.	Japan, etc.	Store facilities	1,114	—	Internally generated funds and borrowings	April 2026	March 2027

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, 2026 (from April 1, 2025 to March 31, 2026) 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 training programs 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, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	60,090	86,656
Accounts receivable - trade	15,930	18,792
Merchandise	73,887	77,062
Other	15,334	14,238
Allowance for doubtful accounts	(170)	(357)
Total current assets	165,072	196,393
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	*1, *2 20,307	*1, *2 21,486
Land	5,117	7,279
Right-of-use assets, net	*1 22,173	*1 23,054
Other, net	*1 8,684	*1 12,677
Total property, plant and equipment	56,283	64,498
Intangible assets	5,030	5,447
Investments and other assets		
Leasehold and guarantee deposits	19,834	21,177
Deferred tax assets	3,881	4,865
Other	*3 3,532	*3 3,074
Allowance for doubtful accounts	(826)	(246)
Total investments and other assets	26,421	28,871
Total non-current assets	87,735	98,817
Total assets	252,807	295,211

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	12,686	12,469
Current portion of long-term borrowings	10,849	13,421
Income taxes payable	2,358	3,109
Provision for bonuses	2,308	3,036
Other	*4 18,399	*4 22,862
Total current liabilities	46,603	54,899
Non-current liabilities		
Bonds payable	12,175	12,175
Long-term borrowings	71,475	93,053
Lease liabilities	23,549	26,613
Deferred tax liabilities	73	235
Asset retirement obligations	7,655	7,941
Other	806	2,102
Total non-current liabilities	115,734	142,121
Total liabilities	162,338	197,020
Net assets		
Shareholders' equity		
Share capital	9,263	9,317
Capital surplus	3,676	3,729
Retained earnings	77,527	84,913
Treasury shares	(0)	(0)
Total shareholders' equity	90,467	97,961
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	52
Foreign currency translation adjustment	(232)	7
Total accumulated other comprehensive income	(223)	60
Share acquisition rights	160	47
Non-controlling interests	65	121
Total net assets	90,469	98,190
Total liabilities and net assets	252,807	295,211

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

Consolidated statements of income

(Millions of yen)

		Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026
Net sales	*1	427,669	*1	481,249
Cost of sales	*2	256,997	*2	291,802
Gross profit		170,671		189,446
Selling, general and administrative expenses	*3	159,421	*3	175,207
Operating profit		11,250		14,239
Non-operating income				
Interest and dividend income		139		183
Foreign exchange gains		—		762
Rental income from real estate		1,193		1,150
Insurance claim income		140		219
Other		868		489
Total non-operating income		2,341		2,805
Non-operating expenses				
Interest expenses		554		1,007
Rental expenses on real estate		503		346
Other		309		343
Total non-operating expenses		1,367		1,696
Ordinary profit		12,224		15,348
Extraordinary income				
Gain on bargain purchase		—		1,592
Total extraordinary income		—		1,592
Extraordinary losses				
Impairment losses	*4	3,138	*4	4,277
Loss on retirement of non-current assets	*5	173	*5	235
Total extraordinary losses		3,311		4,513
Profit before income taxes		8,912		12,427
Income taxes - current		4,843		4,496
Income taxes - deferred		(567)		(901)
Total income taxes		4,276		3,595
Profit		4,636		8,831
Profit attributable to non-controlling interests		99		93
Profit attributable to owners of parent		4,537		8,738

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	4,636	8,831
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	43
Foreign currency translation adjustment	(97)	245
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	* (98)	* 289
Comprehensive income	4,537	9,121
Comprehensive income attributable to		
Owners of parent	4,437	9,022
Non-controlling interests	100	98

(iii) Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,263	3,676	77,527	(0)	90,467
Changes during period					
Issuance of new shares - exercise of share acquisition rights	53	53			107
Dividends of surplus			(1,351)		(1,351)
Profit (loss) attributable to owners of parent			8,738		8,738
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					-
Total changes during period	53	53	7,386	(0)	7,493
Balance at end of period	9,317	3,729	84,913	(0)	97,961

	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	9	(232)	(223)	160	65	90,469
Changes during period						
Issuance of new shares - exercise of share acquisition rights			-			107
Dividends of surplus			-			(1,351)
Profit (loss) attributable to owners of parent			-			8,738
Purchase of treasury shares			-			(0)
Net changes in items other than shareholders' equity	43	240	284	(112)	56	227
Total changes during period	43	240	284	(112)	56	7,720
Balance at end of period	52	7	60	47	121	98,190

(iv) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	8,912	12,427
Depreciation	6,667	8,108
Rental assets depreciation	2,669	2,436
Impairment losses	3,138	4,277
Interest and dividend income	(139)	(183)
Interest expenses	554	1,007
Decrease (increase) in trade receivables	(746)	(2,327)
Decrease (increase) in inventories	(2,950)	(2,462)
Purchase of rental assets	(2,754)	(2,019)
Increase (decrease) in trade payables	(1,624)	(647)
Other, net	178	4,563
Subtotal	13,906	25,180
Interest and dividends received	89	58
Interest paid	(559)	(1,007)
Income taxes paid	(5,423)	(4,756)
Net cash provided by (used in) operating activities	8,012	19,475
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,520	60
Purchase of property, plant and equipment	(11,121)	(13,131)
Purchase of intangible assets	(2,239)	(2,741)
Other, net	(653)	472
Net cash provided by (used in) investing activities	(12,494)	(15,339)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,000)	–
Proceeds from long-term borrowings	18,000	35,000
Repayments of long-term borrowings	(8,737)	(10,849)
Proceeds from issuance of bonds	5,547	–
Dividends paid	(1,349)	(1,345)
Other, net	(681)	(315)
Net cash provided by (used in) financing activities	10,778	22,489
Effect of exchange rate change on cash and cash equivalents	(92)	362
Net increase (decrease) in cash and cash equivalents	6,204	26,987
Cash and cash equivalents at beginning of period	58,556	64,760
Cash and cash equivalents at end of period	* 64,760	* 91,747

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: 33

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

Four companies were added following their establishment or acquisition, etc. Further, two companies were removed due to absorption-type merger.

(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: one

Names of associates

World Watch Auction Limited

One company was removed due to its dissolution, etc.

(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

(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 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 hedging effects for each transaction.

However, evaluations on the effectiveness of transactions that satisfy the requirements of exceptional 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 statements of cash flows are comprised of cash on hand, deposits withdrawable at any time, and short-term investments with 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, 2026

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Property, plant and equipment	56,283	64,498
Intangible assets	5,030	5,447
Impairment losses	3,138	4,277

(2) Other information

(i) Calculation method for amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2026

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, 2026

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, 2027

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, 2026

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Deferred tax assets	3,881	4,865
Deferred tax liabilities	73	235

(2) Other information

(i) Calculation method for amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2026

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, 2026

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, 2027

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, 2026

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Merchandise	73,887	77,062
Loss (reversal) on valuation of inventories	209	(477)

Note: Cost of sales includes loss on valuation of inventories or reversal thereof under the reversal method, with any reversal shown as a negative amount. 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, 2026 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 that fall outside the operating cycle and are slow-moving or are expected to be disposed of, etc., are subject to a systematic book value reduction method. In determining whether inventories are slow-moving, the Company assumes, based on past performance and similar factors, that inventories held for a certain period required from purchase to sale are within the operating cycle.

- (ii) Impacts on consolidated financial statements for the fiscal year ending March 31, 2027

If, in the future, the conditions surrounding our 2nd STREET Business, GEO 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 standard, etc.

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

- "Accounting Standard for Subsequent Events" (ASBJ Statement No. 41, January 9, 2026, ASBJ)
- "Implementation Guidance on Accounting Standard for Subsequent Events" (ASBJ Guidance No. 35, January 9, 2026, ASBJ)

(1) Overview

The "Accounting Standard for Subsequent Events," etc. were developed with the priority objective of establishing comprehensive accounting standards addressing the definition, accounting treatment, and disclosure of subsequent events, as well as other related issues. As a basic policy, the accounting-related content presented in Auditing Standards Report No. 560, Practical Guideline No. 1, "Audit Treatment of Subsequent Events," issued by the Auditing and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants, has, in principle, been carried over and incorporated into the accounting standards issued by the ASBJ. The standards revise the wording and reorganize the period for evaluating subsequent events, while also introducing new requirements, such as notes regarding the approval for disclosure of financial statements. Accordingly, these standards prescribe the accounting treatment and disclosure of subsequent events.

(2) Scheduled date of application

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

Consolidated balance sheets

*1 Accumulated depreciation of property, plant and equipment

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Accumulated depreciation of property, plant and equipment	103,728	102,045

*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, 2025	As of March 31, 2026
Amount of tax purpose reduction entry	90	69

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

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Investment securities (shares)	153	4

*4 Contract liabilities are included in "other" under "current liabilities." The amounts of contract liabilities are stated in "Notes to consolidated financial statements and other information, 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.”

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 to consolidated financial statements and other information, Revenue recognition, 1. Breakdown of revenue from contracts with customers.”

*2 Ending inventory is stated at the amount after book value reduction based on decreased profitability, and cost of sales includes the amount shown below, representing loss on valuation of inventories or reversal thereof under the reversal method, with any reversal shown as a negative amount.

(Millions of yen)

Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
209	(477)

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Salaries and allowances	58,533	66,475
Rent expenses on land and buildings	30,726	32,671

*4 Impairment losses

The Group recorded impairment losses for the following asset groups.

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.

Fiscal year ended March 31, 2026

Location	Used for	Category	Impairment losses (Millions of yen)
2519 Broadway, New York, NY 10025, and 376 others	Stores	Buildings and structures, etc.	4,269
300 Kanda-Neribeicho, Chiyoda-ku, Tokyo, and others	Other	Intangible assets, etc.	8
Total			4,277

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 4,269 million yen. The breakdown is 2,806 million yen for buildings and structures and 1,463 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 8.84%, while net realizable value is calculated based on posted prices, etc.

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

	(Millions of yen)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Buildings and structures	111	34
Software	39	197
Other (property, plant and equipment)	22	4
Total	173	235

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, 2025	Fiscal year ended March 31, 2026
Valuation difference on available-for-sale securities:		
Amount accrued in the fiscal year under review	(2)	64
Reclassification adjustment	—	(1)
Before income taxes and tax-effect adjustments	(2)	63
Income taxes and tax effect adjustments	0	(19)
Valuation difference on available-for-sale securities	(1)	43
Foreign currency translation adjustment:		
Amount accrued in the fiscal year under review	(97)	245
Foreign currency translation adjustment	(97)	245
Share of other comprehensive income of entities accounted for using equity method:		
Amount accrued in the fiscal year under review	(0)	0
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(98)	289

Consolidated statements of changes in equity

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 *	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

Fiscal year ended March 31, 2026

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 *1	39,718,052	65,500	—	39,783,552
Total	39,718,052	65,500	—	39,783,552
Treasury shares				
Common shares *2	41	40	—	81
Total	41	40	—	81

- Notes: 1. The increase of 65,500 shares in the number of issued common shares is due to the exercise of share options.
2. The increase of 40 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	—	—	—	—	—	47
Total		—	—	—	—	—	47

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 26, 2025	Common shares	675	17	March 31, 2025	June 27, 2025
Board of Directors meeting on November 7, 2025	Common shares	676	17	September 30, 2025	December 10, 2025

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

The following proposal is to be submitted to the Annual General Meeting of Shareholders to be held on June 26, 2026.

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, 2026	Common shares	676	Retained earnings	17	March 31, 2026	June 29, 2026

Consolidated statements of cash flows

* Reconciliation of Cash and cash equivalents at end of period and the related account balances on the consolidated balance sheets is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash and deposits	60,090	86,656
Other current assets (deposits paid)	4,719	5,130
Time deposits with maturity over three months	(50)	(40)
Cash and cash equivalents	64,760	91,747

Leases

Operating lease transactions (as lessee)

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

	(Millions of yen)	
	As of March 31, 2025	As of March 31, 2026
Due within one year	3,867	4,903
Due after one year	8,414	10,426
Total	12,281	15,330

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 one month 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," 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, 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 for leasehold and guarantee deposits, has been deducted.

As of March 31, 2026

(Millions of yen)

	Amount recorded on the consolidated balance sheets	Fair value	Difference
Leasehold and guarantee deposits	21,177		
Allowance for doubtful accounts*	(1)		
	21,176	16,719	(4,457)
Total assets	21,176	16,719	(4,457)
(1) Bonds payable			
Bonds payable	12,175		
Total bonds payable	12,175	11,162	(1,012)
(2) Long-term borrowings			
Current portion of long-term borrowings	13,421		
Long-term borrowings	93,053		
Total long-term borrowings	106,475	103,892	(2,583)
(3) Lease liabilities			
Lease liabilities (current liabilities)	2,613		
Lease liabilities (non-current liabilities)	26,613		
Total lease liabilities	29,226	27,755	(1,470)
Total liabilities	147,876	142,810	(5,065)

* Allowance for doubtful accounts, which is individually recorded for 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, 2025

(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 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.

As of March 31, 2026

(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Cash and deposits	79,689	—	—	—
Accounts receivable - trade	18,792	—	—	—
Total	98,481	—	—	—

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

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

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

As of March 31, 2026

(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	13,421	26,242	19,455	19,130	15,163	13,062
Lease liabilities	2,613	3,258	2,509	2,188	1,712	16,944
Total	16,034	29,501	28,564	26,893	16,875	30,006

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, 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

As of March 31, 2026

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	—	16,719	—	16,719
Total assets	—	16,719	—	16,719
Bonds payable	—	11,162	—	11,162
Long-term borrowings	—	103,892	—	103,892
Lease liabilities	—	27,755	—	27,755
Total liabilities	—	142,810	—	142,810

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 by grouping them by maturity and, for each credit risk category used in credit management, discounting their future cash flows at a rate obtained by adding a credit spread to an appropriate benchmark, such as government bond yields. 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 flows 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 a 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.

Although some consolidated subsidiaries have defined benefit plans, notes regarding these plans have been omitted because the amounts are immaterial.

2. Defined contribution pension plans

The amounts of required contributions to the defined contribution plans of the Company and its consolidated subsidiaries were 680 million yen and 736 million yen for the fiscal years ended March 31, 2025 and 2026, respectively.

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, 2025	Fiscal year ended March 31, 2026
Gain on reversal of share acquisition rights	16	98

3. Details, volume and changes of share options

(1) Details of share options

	2009 share awards	2019 share options
Category and number of grantees	Directors of the Company: 2 Operating Officers of the Company: 3	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 *	Common shares: 135,000	Common shares: 721,500
Grant date	August 20, 2009	September 13, 2019
Vesting conditions	There are no specific vesting conditions.	Continuous service from the grant date to the vesting date.
Target service period	There is no specific target service period.	September 13, 2019 to August 28, 2021
Exercise period	August 21, 2009 to August 20, 2039	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, 2026 are included. The number of share options is shown as the number of shares.

(i) Number of share options

	2009 share awards	2019 share options
Before vesting (shares)		
As of March 31, 2025	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Unvested balance	—	—
After vesting (shares)		
As of March 31, 2025	70,000	508,500
Vested	—	—
Exercised	—	65,500
Forfeited	—	443,000
Unexercised balance	70,000	—

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	2019 share options
Exercised value (Yen)	1	1,412
Average share price upon exercise (Yen)	—	1,664
Fair value per share option on grant date (Yen)	678.81	222.00

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

4. Method of estimating fair value per share option

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, 2025	As of March 31, 2026
Deferred tax assets		
Allowance for doubtful accounts	342	222
Depreciation	764	1,147
Impairment losses	3,456	3,390
Loss on valuation of investment securities	157	157
Asset retirement obligations	2,539	2,560
Loss on valuation of goods	471	309
Provision for bonuses	784	1,043
Gains from expropriation, etc.	368	362
Tax loss carryforwards *2	4,074	4,172
Accounts payable – other	703	1,167
Other	2,479	1,186
Subtotal of deferred tax assets	16,143	15,722
Valuation allowance related to tax loss carryforwards * 2	(3,915)	(3,128)
Valuation allowance related to total deductible temporary differences, etc.	(7,812)	(7,463)
Subtotal of valuation allowance *1	(11,728)	(10,591)
Total of deferred tax assets	4,415	5,131
Deferred tax liabilities		
Asset retirement expenses for asset retirement obligations	(437)	(183)
Other	(168)	(318)
Total of deferred tax liabilities	(606)	(501)
Net of deferred tax assets (liabilities)	3,808	4,630

Notes: 1. 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. In the fiscal year ended March 31, 2026, valuation allowance decreased by 1,136 million yen. This decrease is mainly due to the fact that it has become likely that the loss brought forward will be recovered at a consolidated subsidiary following reorganization, as well as a decrease in temporary differences.

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

As of March 31, 2025

	(Millions of yen)						
	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years	Total
Tax loss carryforwards (*1)	–	–	49	208	128	3,688	4,074
Valuation allowance	–	–	(4)	(117)	(124)	(3,669)	(3,915)
Deferred tax assets	–	–	45	90	3	19	(*2) 158

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

(*2) 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.

As of March 31, 2026

(Millions of yen)

	Within one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years	Total
Tax loss carryforwards (*3)	726	181	192	112	178	2,781	4,172
Valuation allowance	—	(1)	(114)	(108)	(177)	(2,727)	(3,128)
Deferred tax assets	726	179	78	3	1	54	(*4) 1,044

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

(*4) Deferred tax assets of 1,044 million yen were recorded in respect of tax loss carryforwards (amount obtained by multiplying with the statutory effective tax rate) of 4,172 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, 2025	As of March 31, 2026
Deferred tax assets under non-current assets	3,881	4,865
Deferred tax liabilities under non-current liabilities	(73)	(235)

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, 2025	As of March 31, 2026
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Inhabitant per capita taxes	2.9	2.2
Gain on bargain purchase	—	(3.9)
Permanent difference	(0.9)	2.3
Increase (decrease) in valuation allowance	19.1	(6.2)
Differences in tax rates of consolidated subsidiaries	2.9	5.6
Adjustments to increase in year-end deferred tax assets due to change in tax rate	(0.5)	(1.0)
Tax credits	(4.6)	(3.9)
Other	(1.5)	3.4
Effective income tax rate after application of tax effect accounting	48.0	28.9

Business combinations

Business combination by acquisition

1. Overview of business combination

(1) Name of acquired company and its business content

Name of acquired company: SEKAIZ Co., Ltd.

Description of business: Business engaged in the sale of both reuse and brand-new furniture and home appliances to corporate customers

(2) Main reason for business combination

The reuse market for furniture and home appliances continues to grow, driven not only by the business expansion of various reuse companies but also by rising prices and the continued entry of primary distributors into the reuse sector. The strength of SEKAIZ Co., Ltd. lies in its “reuse supply system,” which involves refurbishing secondhand furniture and home appliances and reselling them in near-new condition.

Through this share acquisition, the Company aims to further expand its reuse business within the Group by creating synergies across the process from procurement to sales of furniture and home appliances.

(3) Date of business combination

November 28, 2025 (share acquisition date)

December 31, 2025 (deemed acquisition date)

(4) Legal form of business combination

Share acquisition for cash consideration

(5) Name of company after combination

No change.

(6) Ratio of voting rights acquired

100.0%

(7) Main basis for determining the acquirer

The Company is the acquirer as it acquired the shares in SEKAIZ Co., Ltd. for cash consideration.

2. Period of performance of acquired company included in consolidated financial statements

From January 1, 2026 to March 31, 2026

3. Acquisition cost of acquired company and breakdown by type of consideration

		(Millions of yen)
Consideration for acquisition	Cash	1,086
Acquisition cost		1,086

4. Details and amounts of major acquisition-related expenses

Advisory fees, etc.: 8 million yen

5. Amount of negative goodwill recognized, the reason for recognition, and the method and period of amortization

(1) Amount of gain on bargain purchase

1,592 million yen

(2) Reason for recognition

Because the net amount of assets received and liabilities assumed in the business combination exceeded the acquisition cost, the difference has been recognized as a gain on bargain purchase.

6. Amounts of assets received and liabilities assumed on the date of the business combination and the major components thereof

	(Millions of yen)
Current assets	3,402
Non-current assets	3,883
Total assets	7,286
Current liabilities	2,763
Non-current liabilities	1,844
Total liabilities	4,607

7. Approximate amounts of the impact of the business combination on the consolidated statements of income for the fiscal year under review, assuming that the business combination had been completed at the beginning of the fiscal year, and the calculation method thereof

The information is omitted as it 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 the properties to their original condition at the end of the lease terms in the contracts.

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 two 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, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	7,300	7,682
Increase from acquisition of property, plant and equipment	565	509
Adjustment due to passing of time	27	33
Decrease due to performance of asset retirement obligations	(204)	(248)
Other increase (decrease)	(6)	(20)
Balance at end of period	7,682	7,956

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 profit 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). Rental profit from such real estate for lease, etc. in the fiscal year ended March 31, 2026 was 804 million yen (rental income of 1,150 million yen was recorded in non-operating income, and major rental expenses of 346 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, 2025	Fiscal year ended March 31, 2026
Amount recorded on the consolidated balance sheets		
Balance at beginning of period	5,449	5,521
Increase (decrease) during period	72	(27)
Balance at end of period	5,521	5,494
Fair value at end of period	10,494	10,137

- Notes:
- The amount recorded on the consolidated balance sheets is the acquisition cost less accumulated depreciation and impairment.
 - Of increase (decrease) during period, 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. The main increase in the fiscal year ended March 31, 2026 was 95 million yen due to an increase in real estate for rent, while the main decrease was 108 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, 2025	Fiscal year ended March 31, 2026
Revenue recognized as being from contracts with customers		
Goods sales	373,016	422,426
Other	26,005	33,692
Total	399,021	456,118
Revenue recognized as being from other sources		
Lease sales (rental sales)	28,647	25,131
Total	28,647	25,131
Total	427,669	481,249

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

This is as stated in “Notes to consolidated financial statements and other information, Significant matters forming the basis for preparation of consolidated financial statements, 4. Accounting policies, (4) Basis for recognizing significant revenue and expenses.”

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

(1) Balance of contract assets and contract liabilities

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, 2025	As of March 31, 2026
Receivables from contracts with customers (balance at beginning of period)	15,226	15,930
Receivables from contracts with customers (balance at end of period)	15,930	18,792
Contract liabilities (balance at beginning of period)	1,092	1,336
Contract liabilities (balance at end of period)	1,336	1,806

Of the revenue recognized during the fiscal year ended March 31, 2025, the amount included in the balance of contract liabilities at the beginning of the 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.

Of the revenue recognized during the fiscal year ended March 31, 2026, the amount included in the balance of contract liabilities at the beginning of the period was not significant. In the fiscal year ended March 31, 2026, the amount of revenue recognized as being from the performance obligations satisfied in the past period was not significant.

(2) Transaction prices allocated to remaining performance obligations

The Group does not include contracts with an initially expected term of one year or less in the notes. Unsatisfied performance obligations amounted to 384 million yen and 790 million yen as of March 31, 2025 and 2026, respectively. These performance obligations relate to warranty services, and we expect to recognize them as revenue primarily over a three-year period following the end of the fiscal year.

Segment information, etc.

Segment information

For the fiscal years ended March 31, 2025 and 2026:

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

Related information

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, and South Korea

Others:Europe, Oceania, South America, and 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, and Singapore

Fiscal year ended March 31, 2026

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
433,023	15,839	31,166	1,220	481,249

- 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, and United Arab Emirates

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

- (2) Property, plant and equipment

(Millions of yen)

Japan	North America	Asia	Total
33,134	25,399	5,964	64,498

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, Taiwan, Hong Kong, Thailand, and Singapore

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

For the fiscal years ended March 31, 2025 and 2026:

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, 2025 and 2026:

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, 2025 and 2026:

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

Related party information

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 *1	—	Company consultant	Consulting on management and supervision operations and operation improvements *2	19	—	—
							Transfer of E-NET FRONTIER, Inc. shares *3	13	—	—
Companies in which majority voting rights are held by officers and their close relatives	Ever Green Co., Ltd. *4	Fukuoka-shi, Fukuoka	10	Real estate management, leasing, trading and brokerage services	—	Office rental for consolidated subsidiaries of the Company	Payment of rent expenses, etc. *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.

Fiscal year ended March 31, 2026

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	—	—	Representative Director, Chairman of SEKAIZ Co., Ltd., a consolidated subsidiary of the Company	—	Company consultant	Consulting on management and supervision operations and operation improvements *1	19	—	—
Companies in which majority voting rights are held by officers and their close relatives	Ever Green Co., Ltd. *2	Fukuoka-shi, Fukuoka	10	Real estate management, leasing, trading and brokerage services	—	Office rental for consolidated subsidiaries of the Company	Payment of rent expenses, etc. *3	50	Other current assets (prepaid expenses)	4

- Notes: 1. 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.
2. Representative Director Kiyohiko Koga of OKURA HOLDINGS CORPORATION, a consolidated subsidiary of the Company, holds majority voting rights.
3. 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, 2025	Fiscal year ended March 31, 2026
Net assets per share	2,272.11	2,463.88
Earnings per share	114.27	219.77
Diluted earnings per share	113.81	219.36

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

	As of March 31, 2025	As of March 31, 2026
Total net assets (Millions of yen)	90,469	98,190
Amount to be deducted from total net assets (Millions of yen)	225	169
(Share acquisition rights in the above (Millions of yen))	[160]	[47]
(Non-controlling interests in the above (Millions of yen))	[65]	[121]
Net assets at the end of the fiscal year attributable to common shares (Millions of yen)	90,243	98,021
Number of common shares at the end of the fiscal year used for calculating the net assets per share (shares)	39,718,011	39,783,471

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

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	4,537	8,738
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent for common shares (Millions of yen)	4,537	8,738
Average number of shares outstanding during the fiscal year (shares)	39,709,801	39,761,376
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of common shares (shares)	160,217	73,934
(Share acquisition rights in the above (shares))	[160,217]	[73,934]
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

Not applicable.

(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	5,500	1.270	None	September 7, 2029
Japan Auction Association Inc.	First series unsecured convertible-bond-type bonds with share acquisition rights *1	November 30, 2024	150	150	—	None	November 30, 2029
Subtotal	—	—	12,250	12,250	—	—	—
Elimination of internal transactions	—	—	(75)	(75)	—	—	—
Total	—	—	12,175	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 one year	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five 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	–	–	–	–
Current portion of long-term borrowings	10,849	13,421	0.3	–
Other current liabilities (current portion of lease liabilities)	1,894	2,613	3.3	–
Long-term borrowings (excluding current portion)	71,475	93,053	0.8	2027 to 2032
Lease liabilities (excluding current portion)	23,549	26,613	4.4	2027 to 2045
Other interest-bearing debts	–	–	–	–
Total	107,768	135,701	–	–

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

(Millions of yen)

	Over one year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years
Long-term borrowings	26,242	19,455	19,130	15,163
Lease liabilities	3,258	2,509	2,188	1,712

Detailed schedule of asset retirement obligations

This has been omitted as it is included in Notes to consolidated financial statements and other information, Asset retirement obligations.

(2) Other

(i) Semi-annual information for the fiscal year ended March 31, 2026

	Six months ended September 30, 2025	Fiscal year ended March 31, 2026
Net sales (Millions of yen)	216,943	481,249
Profit before tax (Millions of yen)	5,530	12,427
Profit attributable to owners of parent (Millions of yen)	3,227	8,738
Basic earnings per share (Yen)	81.22	219.77

(ii) Status after the fiscal year-end

Not applicable.

2. Non-consolidated financial statements and other information

(1) Non-consolidated financial statements

(i) Balance sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	19,775	34,177
Accounts receivable - trade	*1 1,914	*1 1,985
Prepaid expenses	3,242	3,316
Short-term loans receivable from subsidiaries and associates	18,479	33,995
Other	*1 10,066	*1 9,884
Total current assets	53,478	83,358
Non-current assets		
Property, plant and equipment		
Buildings	3,955	3,727
Tools, furniture and fixtures	184	297
Land	5,117	7,279
Other	204	141
Total property, plant and equipment	9,462	11,446
Intangible assets		
Software	2,944	2,793
Other	742	1,234
Total intangible assets	3,686	4,027
Investments and other assets		
Investment securities	194	205
Shares of subsidiaries and associates	10,907	12,719
Long-term loans receivable	1,670	1,795
Long-term loans receivable from subsidiaries and associates	43,989	32,464
Leasehold and guarantee deposits	16,992	17,844
Other	*1 1,639	*1 984
Allowance for doubtful accounts	(10,476)	(5,577)
Total investments and other assets	64,917	60,437
Total non-current assets	78,067	75,911
Total assets	131,545	159,270

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Short-term borrowings from subsidiaries and associates	13,457	6,503
Current portion of long-term borrowings	10,849	13,421
Lease liabilities	105	107
Accounts payable - other	*1 2,227	*1 2,306
Accrued expenses	615	289
Income taxes payable	441	268
Deposits received	147	156
Unearned revenue	88	87
Provision for bonuses	265	360
Other	321	288
Total current liabilities	28,520	23,788
Non-current liabilities		
Bonds payable	12,100	12,100
Long-term borrowings	71,475	93,053
Lease liabilities	607	477
Long-term guarantee deposits	*1 1,359	*1 1,155
Deferred tax liabilities	—	174
Other	1,689	1,672
Total non-current liabilities	87,232	108,633
Total liabilities	115,752	132,422
Net assets		
Shareholders' equity		
Share capital	9,263	9,317
Capital surplus		
Legal capital surplus	182	236
Other capital surplus	2,689	2,689
Total capital surplus	2,871	2,925
Retained earnings		
Legal retained earnings	235	370
Other retained earnings		
General reserve	100	100
Retained earnings brought forward	3,151	14,033
Total retained earnings	3,487	14,504
Treasury shares	(0)	(0)
Total shareholders' equity	15,623	26,746
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9	54
Total valuation and translation adjustments	9	54
Share acquisition rights	160	47
Total net assets	15,792	26,848
Total liabilities and net assets	131,545	159,270

(ii) Statements of income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Operating revenue	*1, *2 18,598	*1, *2 27,536
Operating expenses	*1, *2, *3 15,934	*1, *2, *3 16,824
Operating profit	2,663	10,712
Non-operating income		
Interest and dividend income	*1 1,115	*1 1,358
Reversal of allowance for doubtful accounts	—	3,261
Other	*1 180	*1 838
Total non-operating income	1,296	5,457
Non-operating expenses		
Interest expenses	*1 427	*1 839
Interest expenses on bonds	111	141
Provision of allowance for doubtful accounts	7,069	—
Other	*1 80	*1 57
Total non-operating expenses	7,689	1,039
Ordinary profit (loss)	(3,729)	15,130
Extraordinary income		
Gain on sale of investment securities	14	1
Gain on sale of shares of subsidiaries and associates	1,314	—
Total extraordinary income	1,329	1
Extraordinary losses		
Impairment losses	—	26
Loss on retirement of non-current assets	—	210
Loss on valuation of shares of subsidiaries and associates	53	1,618
Total extraordinary losses	53	1,855
Profit (loss) before income taxes	(2,453)	13,276
Income taxes - current	951	687
Income taxes - deferred	148	220
Total income taxes	1,099	908
Profit (loss)	(3,553)	12,368

(iii) Statements of changes in equity
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)	-
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		-				-
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

Fiscal year ended March 31, 2026

(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	9,263	182	2,689	2,871	235	100	3,151	3,487
Changes during period								
Issuance of new shares - exercise of share acquisition rights	53	53		53				
Dividends of surplus							(1,351)	(1,351)
Provision of legal retained earnings					135		(135)	
Profit							12,368	12,368
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	53	53	-	53	135	-	10,881	11,016
Balance at end of period	9,317	236	2,689	2,925	370	100	14,033	14,504

	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)	15,623	9	9	160	15,792
Changes during period						
Issuance of new shares - exercise of share acquisition rights		107				107
Dividends of surplus		(1,351)				(1,351)
Provision of legal retained earnings		-				-
Profit		12,368				12,368
Purchase of treasury shares	(0)	(0)				(0)
Net changes in items other than shareholders' equity			45	45	(112)	(67)
Total changes during period	(0)	11,123	45	45	(112)	11,055
Balance at end of period	(0)	26,746	54	54	47	26,848

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

(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 exceptional accounting with interest rate swaps have been omitted.

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, 2025	As of March 31, 2026
Short-term monetary claims	5,590	6,201
Long-term monetary claims	607	480
Short-term monetary obligations	772	886
Long-term monetary obligations	742	565

2. Guarantee obligations

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

(Millions of yen)

As of March 31, 2025		As of March 31, 2026	
World Mobile Corporation	380	World Mobile Corporation	—
GEO CORPORATION	227	GEO CORPORATION	—
2nd STREET USA, Inc.	15	2nd STREET USA, Inc.	—
Total	623	Total	—

Statements of income

*1 Transactions with subsidiaries and associates

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Amount of operating transactions		
Operating revenue	17,404	26,400
Operating expenses	319	271
Amount of non-operating transactions	1,139	1,430

*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 its major revenues, and expenses corresponding to operating revenue as “operating expenses.”

*3 Of operating expenses, main items and amounts

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Real estate lease expenses	1,816	1,651
Salaries and allowances	4,329	4,856
Provision for bonuses	265	360
Depreciation	1,033	1,206
Commission expenses	3,621	3,899

Securities

Shares of subsidiaries and associates

As of March 31, 2025

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

(Millions of yen)

Category	As of March 31, 2025
Shares of subsidiaries	10,827
Shares of associates	80

As of March 31, 2026

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

(Millions of yen)

Category	As of March 31, 2026
Shares of subsidiaries	12,719

Tax effect accounting

1. Major components of deferred tax assets and liabilities

	(Millions of yen)	
	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Allowance for doubtful accounts	3,319	1,775
Loss on valuation of investment securities	3,247	4,140
Gains from expropriation, etc.	368	362
Impairment losses	1,131	1,045
Asset retirement obligations	532	526
Deemed dividend	418	418
Other	1,203	1,182
Subtotal of deferred tax assets	10,221	9,452
Valuation allowance	(9,527)	(8,881)
Total of deferred tax assets	693	571
Deferred tax liabilities		
Valuation difference on available-for-sale securities	—	(14)
Other	(626)	(730)
Total of deferred tax liabilities	(626)	(745)
Net of deferred tax assets (liabilities)	67	(174)

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, 2025	As of March 31, 2026
Statutory effective tax rate	—	30.6%
(Adjustments)		
Inhabitant per capita taxes	—	0.2
Increase (decrease) in valuation allowance	—	(4.7)
Dividend income and other permanently non-taxable items	—	(19.3)
Promotional expenses and other permanently non-deductible items	—	0.1
Non-deductible donations	—	0.0
Tax credits	—	(1.1)
Other	—	1.1
Effective income tax rate after application of tax effect accounting	—	6.8

Note: The information is omitted for the fiscal year ended March 31, 2025 since loss before income taxes was recorded.

Business combinations

Notes have been omitted as they are presented in “Notes to consolidated financial statements and other information, Business combinations.”

Revenue recognition

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

Significant subsequent events

Not applicable.

(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	Depreciation and amortization	Balance at end of period	Accumulated depreciation and amortization
Property, plant and equipment	Buildings	3,955	115	65 [26]	278	3,727	8,938
	Tools, furniture and fixtures	184	288	0	175	297	3,495
	Land	5,117	2,263	102	—	7,279	—
	Other	204	87	131 [0]	19	141	215
	Total	9,462	2,756	299 [26]	473	11,446	12,649
Intangible assets	Software	2,944	1,018	197	972	2,793	3,127
	Other	742	1,604	1,109	2	1,234	12
	Total	3,686	2,623	1,307	975	4,027	3,140

- Notes:
1. The increase in “land” under property, plant and equipment in the fiscal year under review is as follows:
Acquisition of land in Naha Shintoshin: 2,263 million yen
 2. Major increases in “other” under intangible assets in the fiscal year under review are as follows:
Software in progress: 1,584 million yen
 3. The figures shown in parentheses under “Decrease” represent impairment losses recognized and are included in the total.

Detailed schedule of provisions and allowances

(Millions of yen)

Account items	Balance at beginning of period	Increase	Decrease	Balance at end of period
Allowance for doubtful accounts	10,476	1,540	6,439	5,577
Provision for bonuses	265	360	265	360

(2) Details of major assets and liabilities

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

(3) Other

None.