



## Briefing on the Financial Results for the Fiscal Year Ended March 31, 2021

GEO HOLDINGS CORPORATION (2681)

May 17, 2021



# Contents

---

- 1 Group Profile
- 2 Consolidated Results for the Fiscal Year Ended  
March 31, 2021
- 3 Results Based on Merchandise for the Fiscal Year  
Ended March 31, 2021
- 4 Our Emphasis
- 5 Forecast for the Fiscal Year Ending March 31,  
2022 and Dividends
- 6 Appendix

# Group Profile

---






## Corporate philosophy: To offer joy to your everyday life

• Company name	GEO HOLDINGS CORPORATION
• Date of incorporation	January 1989
• Head office	8-8 Fujimi-cho, Naka-ku, Nagoya-shi, Aichi Prefecture 460-0014
Tokyo office	Imai Mitsubishi Bldg. 3-53-11 Minamitsuka, Toshima-ku, Tokyo 170-0005
• Representative director	Yuzo Endo
• Common Stock	8,975 million yen*
• Listed exchange	Tokyo Stock Exchange 1st Section

\*As of March 31, 2021

# 1

## GEO Group's major shops and their major merchandise

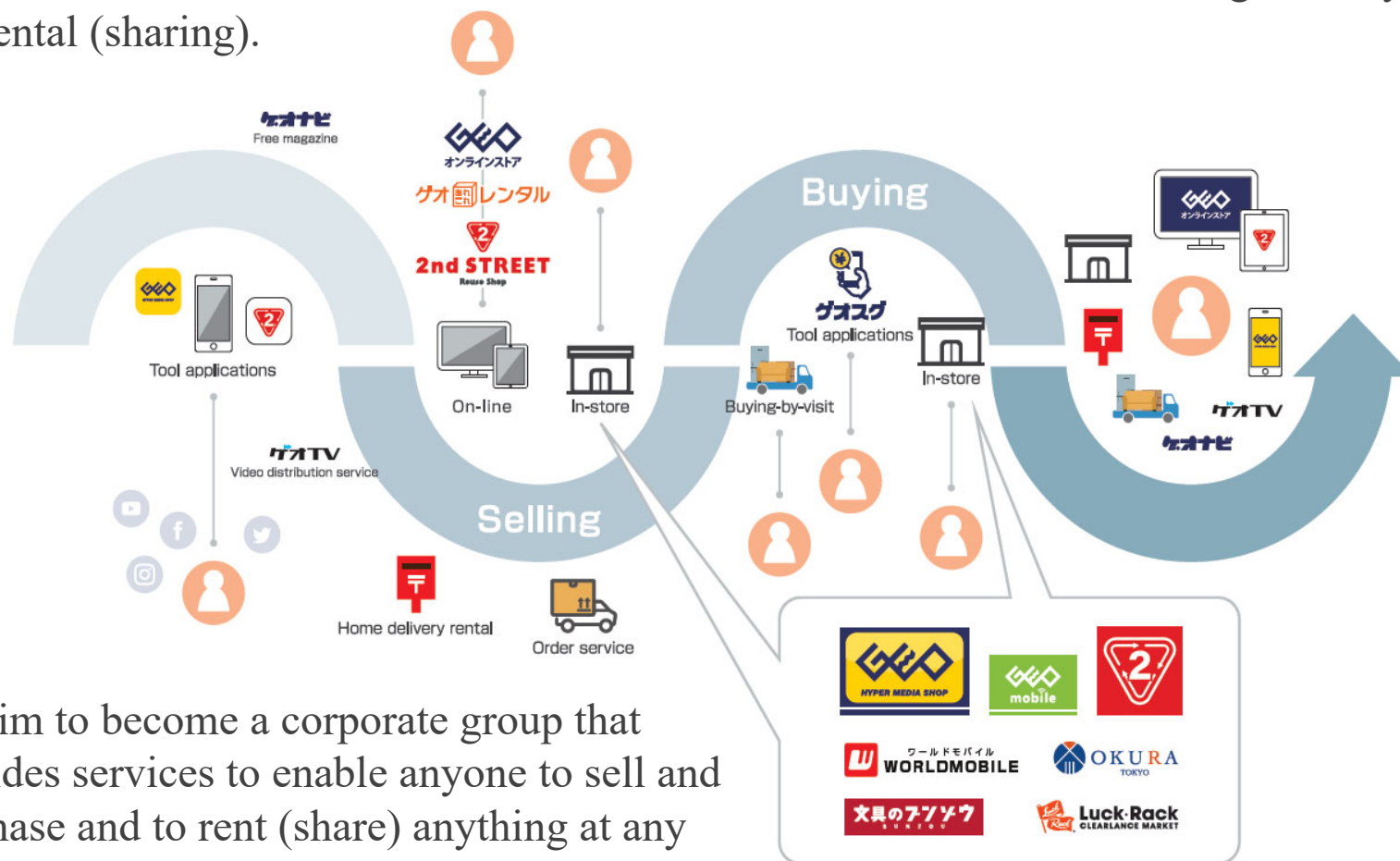
		Reuse						Rental		New goods			Number of stores (As of 3/31/2021)
		Clothing and accessories	Luxury brand items	Furniture and home appliances	Game device and game software	Mobile and smart-phones	AV home appliances and PC	DVD and Blu-ray	BOOK CD	Clothing and accessories	AV home appliances	Game device and game software	
GEO shops GEO mobile shops	 	●	●	●	●	●	●	●	●	●	●	●	1,167
2nd STREET shops		●	●	●	●	●	●	●	●	●	●	●	726
OKURA TOKYO	 (watches and bags)	●	●	●	●	●	●	●	●	●	●	●	15
Luck・Rack		●	●	●	●	●	●	●	●	●	●	●	10

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

# 1

## GEO Group

We aim to make our services and products known to as many customers as possible, and to eliminate the border between in-store and on-line environment for selling and buying, and rental (sharing).



We aim to become a corporate group that provides services to enable anyone to sell and purchase and to rent (share) anything at any time, at anywhere.

# Consolidated Results for the Fiscal Year Ended March 31, 2021

---

## 2

## Income statement for the fiscal year ended March 31, 2021

The consumers continued refraining from going out to avoid the spread of COVID-19 infection and sales increased from the solid sales for unused game merchandise. However, due to decrease in gross profit ratio, increase in SG&A from expenses incurred for opening new stores and others, and accounting of impairment loss of 1,932 million yen, operating profit, ordinary profit and profit fell sharply from the previous fiscal year.

(Millions of yen)	2020/3 Results	2021/3 Results	Increase/ decrease	Change
Net sales	305,057	328,358	23,301	107.6%
Gross profit	123,800	125,223	1,423	101.1%
(Gross profit ratio)	40.6%	38.1%		
SG&A	113,778	120,911	7,133	106.3%
Operating profit	10,022	4,311	(5,710)	43.0%
(Operating profit ratio)	3.3%	1.3%		
Ordinary profit	10,765	4,795	(5,969)	44.5%
Profit	3,844	(752)	(4,596)	-

※ Profit is profit attributable to owners parent.

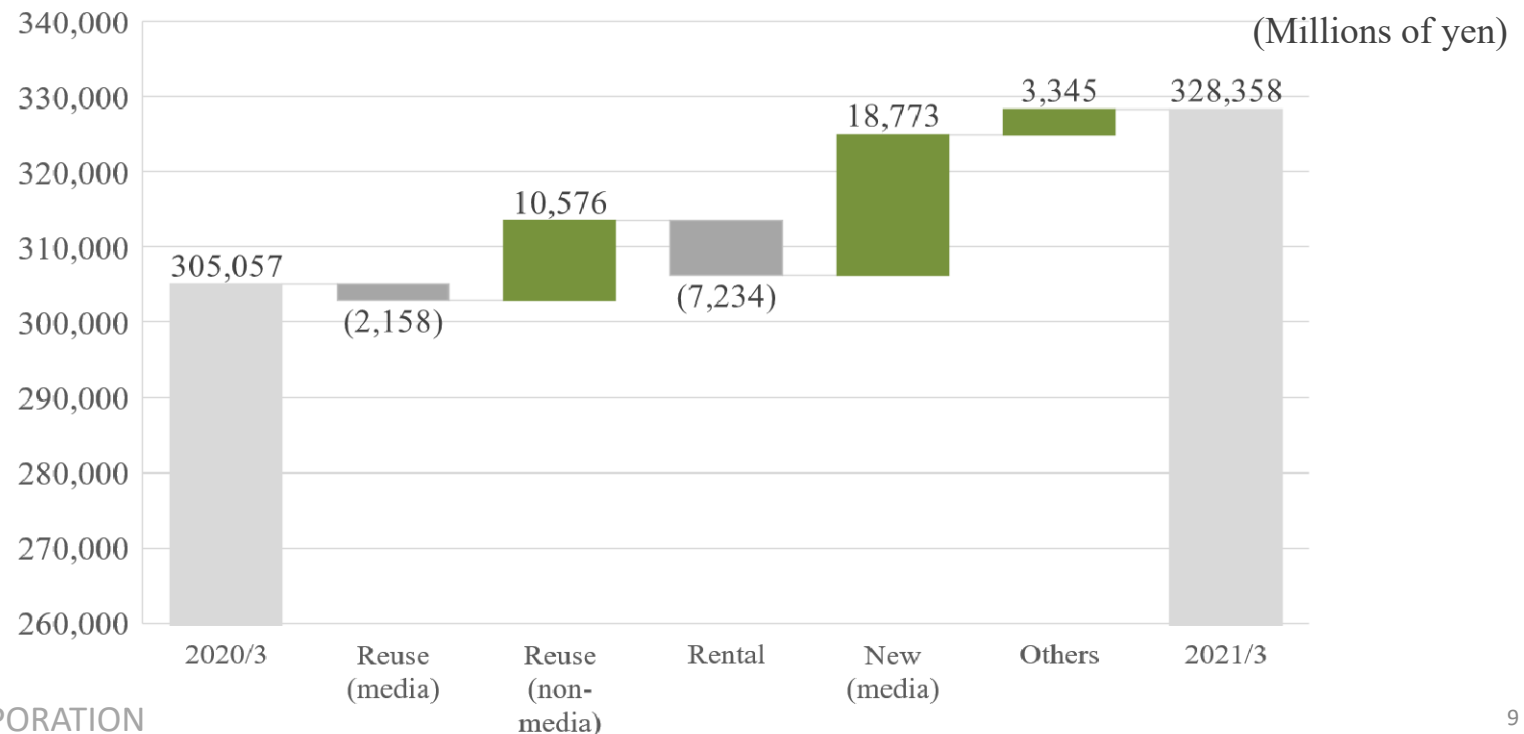


## 2

## Change in sales from the previous fiscal year

- Sales increased due to continued solid sales for new (media) merchandise mainly for games

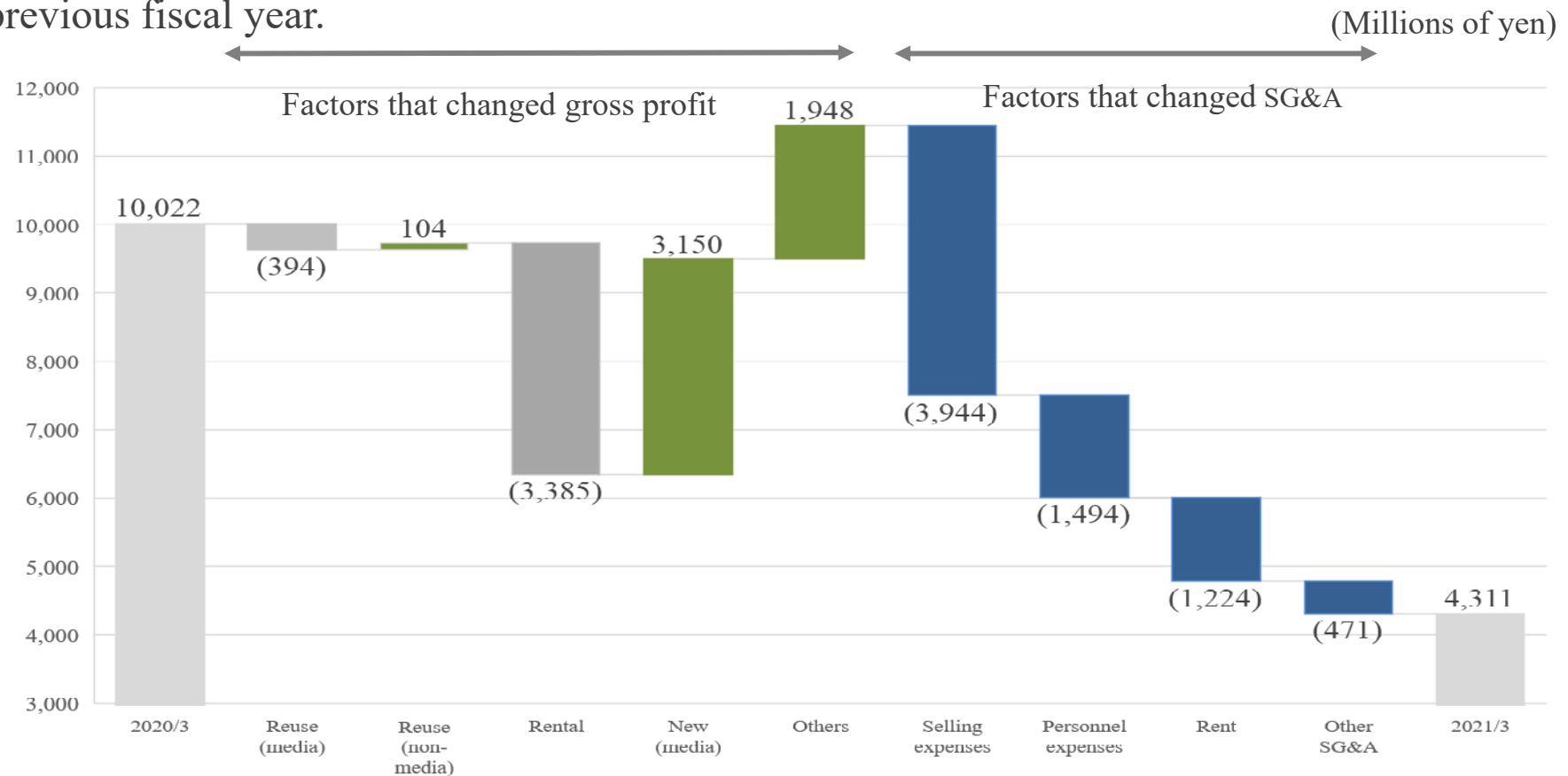
The downtrend in sales for rental continued further on a larger scale in part due to shortage in supply of new releases in rental videos due to the effect of COVID-19, and sales for reuse (media) merchandise was sluggish due to shortage in stock of game device. On the other hand, because the sales for new (media) merchandise mainly for game device which tended to post strong sales hit the ceiling but remained solid through this fiscal year, sales increased by 7.6% compared to the previous fiscal year.



## 2

## Change in operating profit from the previous fiscal year

While demand for rental continued to decline, gross profit increased by 1.1% from the from the previous fiscal year due to strong sales for new (media) merchandise but this increase could not cover the increase in SG&A and operating profit decreased by 43.0% from the previous fiscal year.



Selling expenses increased from increased sales commission accompanying increase in cashless payments. Advertising expenses also increased due to proactive promotional activities on TV and Web. Personnel expenses and rent also increased from continuous opening of new stores mainly for 2nd STREET .

	2020/3		2021/3			
(Millions of yen)	Results	(Ratio to sales)	Results	(Ratio to sales)	Increase/decrease	(Change)
Total selling expenses	10,697	3.5%	14,641	4.5%	3,944	136.9%
Advertising	3,572	1.2%	6,016	1.8%	2,443	168.4%
Sales promotion	483	0.2%	642	0.2%	159	132.9%
Sales commission	2,979	1.0%	4,113	1.3%	1,133	138.0%
Total personnel expenses	56,822	18.6%	58,316	17.8%	1,494	102.6%
Total other expenses	46,257	15.2%	47,953	14.6%	1,695	103.7%
Utilities	3,862	1.3%	3,608	1.1%	(254)	93.4%
Rent	22,988	7.5%	24,213	7.4%	1,224	105.3%
Depreciation and amortization	4,318	1.4%	4,614	1.4%	295	106.8%
Consumables	2,332	0.8%	2,659	0.8%	327	114.0%
Maintenance	796	0.3%	655	0.2%	(141)	82.3%
Total SG&A	113,778	37.3%	120,911	36.8%	7,133	106.3%

## Results Based on Merchandise for the Fiscal Year Ended March 31, 2021

---

## 3

## Sales based on merchandise for the fiscal year

- Sales for new (media) merchandise for games remained solid

The sales for rental for which downtrend in market is continuing, the range of reduction in sales expanded through the fiscal year although there arose a special demand for rental that emerged from the public staying home in the first quarter. The sales for reuse (media) was solid, with contribution from sales for game software for which demand arose from the public staying home, but sales for game device was sluggish due to shortage in stock, and overall sales for reuse (media) merchandise was 96.1% compared to the previous fiscal year.

(Millions of yen)	2020/3 Results	2021/3 Results	Change	Increase/ decrease
Reuse	122,317	130,735	106.9%	8,418
Media	56,048	53,889	96.1%	(2,158)
Non-media	66,269	76,845	116.0%	10,576
Rental	57,962	50,727	87.5%	(7,234)
New (media)	84,129	102,902	122.3%	18,773
Others	40,648	43,994	108.2%	3,345
Total	305,057	328,358	107.6%	23,301

## 3

## Gross profit based on merchandise for the fiscal year

- We achieved gross profit from solid sales in new (media) game merchandise

The solid sales for new (media) merchandise mainly for game merchandise covered the reduced gross income ratio for sluggish rental and reuse merchandise. However, because the gross income ratio for rental merchandise and reuse merchandise is higher than new (media) merchandise, the ratio of increase in gross profit resulted in being less than the ratio of increase in sales due to increase in the composition ratio of sales for new (media) merchandise.

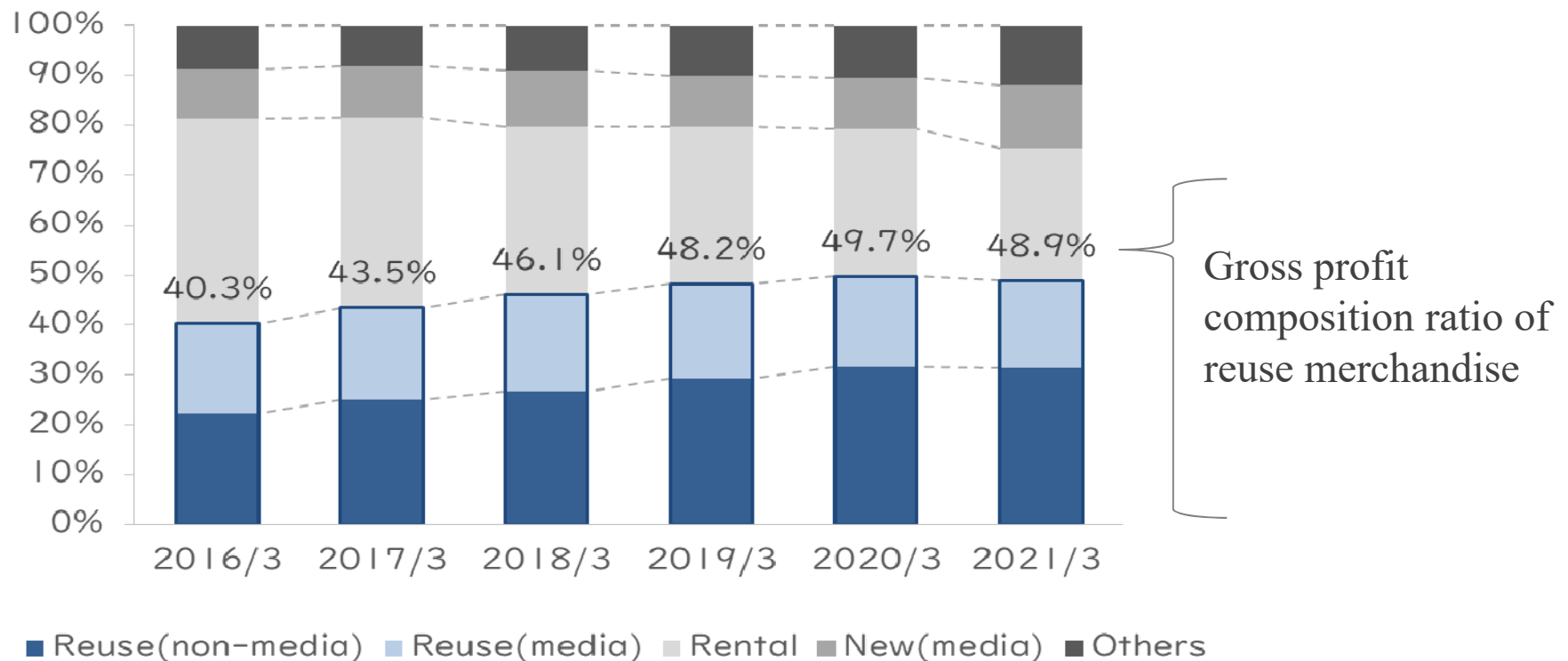
(Millions of yen)	2020/3 Results	2021/3 Results	Change	Increase/ decrease
Reuse	61,567	61,277	99.5%	(289)
Media	22,354	21,959	98.2%	(394)
Non-media	39,213	39,318	100.3%	104
Rental	36,443	33,057	90.7%	(3,385)
New (media)	12,817	15,967	124.6%	3,150
Others	12,972	14,921	115.0%	1,948
Total	123,800	125,223	101.1%	1,423

### 3

## Change in gross profit (composition ratio) for the Group

- Composition of gross profit based on merchandise

We are currently focusing on reducing the ratio of rental for which downtrend in the market is continuing and increasing the gross profit composition ratio of reuse (non-media) merchandise by opening new stores, mainly 2nd STREET. However, for this fiscal year, gross profit composition ratio for reuse merchandise fell because sales for new (media) game-related merchandise grew and sales for reuse at stores was sluggish due to the impact of COVID-19.



# Our Emphasis





---



## 4

## GEO Group's stores

- Total number of stores for the Group: 1,956

	As of 3/31/2020	As of 3/31/2021	Increase/ decrease
GEO Group's stores and facilities	1,938	1,956	18
Retail service stores	1,925	1,945	20
 GEO shops	1,185	1,148	(37)
Directly managed stores	1,028	1,001	(27)
Distributors and franchise stores	157	147	(10)
 GEO mobile shop	25	19	(6)
 2nd STREET	671	726	55
Jumble Store※			
Directly managed stores	618	674	56
Franchise stores	53	52	(1)
Others	44	52	8
OKURA TOKYO	7	15	8
Luck・Rack	5	10	5
Overseas stores	9	16	7
 Amusement facilities	13	11	(2)

※ Includes Super 2nd STREET, Jumble Store, 2nd OUTDOOR, and buying-only stores.



Super 2nd STREET Kashiwa Shonan Store (Kashiwa-shi, Chiba)

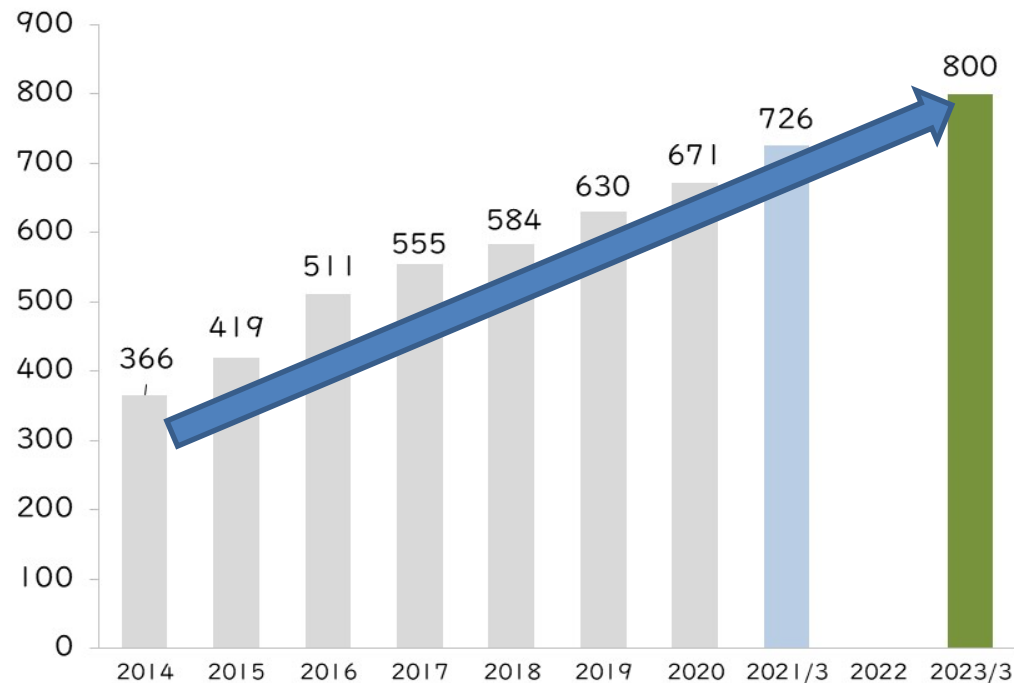
## 4

## Deep focus on the reuse market (1)

- We will continue opening new stores for 2nd STREET

The reuse market is continuously growing reflecting the enhanced recognition of reuse.

We aim to become a peerless company in the reuse market and to have 800 reuse stores by the end of March 2023. Although the effect of COVID-19 is continuing, the number of our directly managed stores in Japan increased by 56 (71 new stores and 15 closed) and we will increase the access point with customers and continue focusing deeply on the reuse market by proactively opening new stores.



Super 2nd STREET Ohmiya Nisshin Store (Saitama-shi, Saitama)

## 4

## Deep focus on the reuse market(2)

- Overseas expansion of 2nd STREET

Regarding overseas stores of 2nd STREET, we opened the first store in Taiwan in September 2020, 3 stores in the USA, 2 stores in Malaysia, and the second store in Taiwan. As of March 31, 2021, we had 9 stores in the USA, 5 stores in Malaysia, and 2 stores in Taiwan. We will continue opening new overseas stores and localize the operation of the store by taking into account the effect of COVID-19 in each country.



2nd STREET Taipei Ximen store (Taipei, Taiwan)



2nd STREET Chelsea Store (New York, USA)



## 4

## Emphasis of GEO shops

While consumers refrained from going out and supply of new releases in video rental decreased, GEO shops stimulated demand by launching campaign such as “extension of rental period for old and semi-new DVD and Blu-ray” and “Hollywood selection.”

We are also changing the merchandise composition on the sales floor by introducing more and to sell more store brand products such as earphones and 4K supporting televisions. We set up “GEO mobile” inside GEO shops (as a shop-in-shop) staffed with specialists who completed education on merchandise knowledge to sell used smart-phones, tablets and low-cost SIM card, etc. In total, we have 412 GEO mobile stores in all prefectures, including 19 stores dedicated to mobile.



Active noise-canceling fully wireless earbuds



Sports wireless earphones



## 4

## Proactive use of IT and reinforce on-line

Among our services, the sales involving EC in our retail grew by 128.3% compared to the previous fiscal year. Particularly in managing our stores in the environment affected by COVID-19, we were able to capture the consumption from the public staying home by selling more items concurrently at the 2nd STREET in-stores and on our EC sites. The sales and the number of items sold on our own 2nd STREET site achieved strong growth of 178.8% and 190.2%, respectively, compared to the previous fiscal year.

We will aim to organize a system to provide seamless services sought by our customers by enhancing our recognition and by organizing logistics.

	2020/3 Results	2021/3 Results	Change
Sales involving EC (Millions of yen)	13,315	17,087	128.3%
Number of items sold involving EC (Thousands items)	3,217	3,831	119.1%

## 4

## Development of new retail format



During this fiscal year, we opened 8 stores of “OKURA TOKYO” (Okura) which sell reuse luxury watches and luxury brand bags, etc. mainly on the busy streets of Tokyo and Osaka on the same site of the 2nd STREET. The Group aims to become number one also in luxury merchandise in the domestic reuse market.



**Luck·Rack**  
CLEARANCE MARKET

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

While the problem of excess inventory in the fashion industry is drawing attention, this business format that effectively utilizes resources is drawing attention.

As a lead runner in OPS business, we will continue developing the OPS chain by establishing a store model and standardizing our operations for this format.



OKURA TOKYO Osaka Main Store & 2nd STREET  
Shinsaibashi Minami Store (Chuo-ku, Osaka)



Luck·Rack Nagoya Station Meitetsu Department Store (Nagoya-shi, Aichi)

## Digital contents business

Our main business area was to provide services and sell at in-stores. However, to respond to progressing digitalization, we are focusing on digital contents business through our subsidiaries, EISYS, inc. and forcs, Inc. (which changed its trade name from GEO INTERACTIVE CORPORATION on April 1, 2021).

EISYS, inc. operates “DLsite,” which is a two dimensional contents download site, and also produces and sells game, voice and ASMR contents. forcs, Inc. creates digital comics and provides digital comics to various comic sites.



# forcs

『楽しさをシェアする』

「フォークス」は新しいアイデアや物語を生み出し、それを分かち合うために生まれたデジタル生まれの出版社です。





## Promotion campaign “Let’s 2nd STREET”

We held a promotion campaign, “Let’s 2nd STREET,” by linking TV commercials, radio time signal, web pages and other media. We will focus on advertising campaigns in order to improve recognition of the 2nd STREET brand in addition to achieving an effect to increase buying (purchasing by us) in a short term period.



## Whistleblowing Compliance Management System

We have registered with the Whistleblowing Compliance Management System administered by Japan’s Consumer Affairs Agency. We believe that it is important for a company to provide safe and trustworthy products and service through risk management by proactively adopting the whistleblowing system in order to fulfill its social responsibility and protect the interests of the entire socio-economy. We will proactively implement this system to gain trust from our stakeholders, enhance our corporate value, and to achieve continued development of our company.

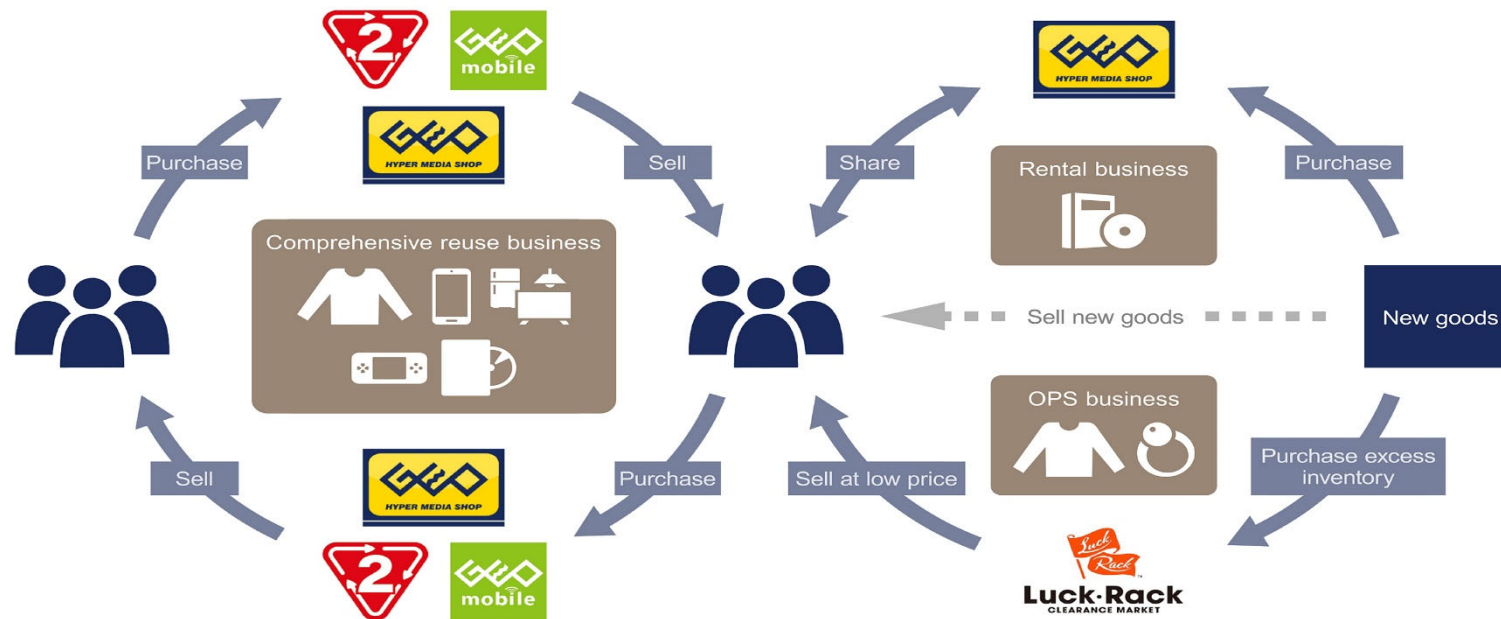




## Contribution to SDGs through business growth (1)

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

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



## Contribution to SDGs through business growth (2)

Our reuse and off price businesses that add new value to things that became unnecessary or left unsold and to hand them to where they are in need helped to reduce over 100,000 ton (※1) of CO2 emission by only with our core merchandise. We are also circulating nearly 70,000,000 goods annually (2020 result).



## Contribution to SDGs by energy efficiency

- We completed installing LED lighting in nearly 1,600 stores. This means that over 90% of our stores are reducing CO2 emission by installing LED lighting.
- We introduced tablets at cash registers of each store to go paperless by reducing purchase slips. This promotes energy efficiency and operational efficiency.



※1) Our calculation is based on Ministry of the Environment's "3R Action Visualization Tool" and "Report by the study group on reuse promotion project for used goods for 2010."

## Forecast for the Fiscal Year Ending March 31, 2022 and Dividends

---

## 5

## Forecast for the fiscal year ending March 31, 2022

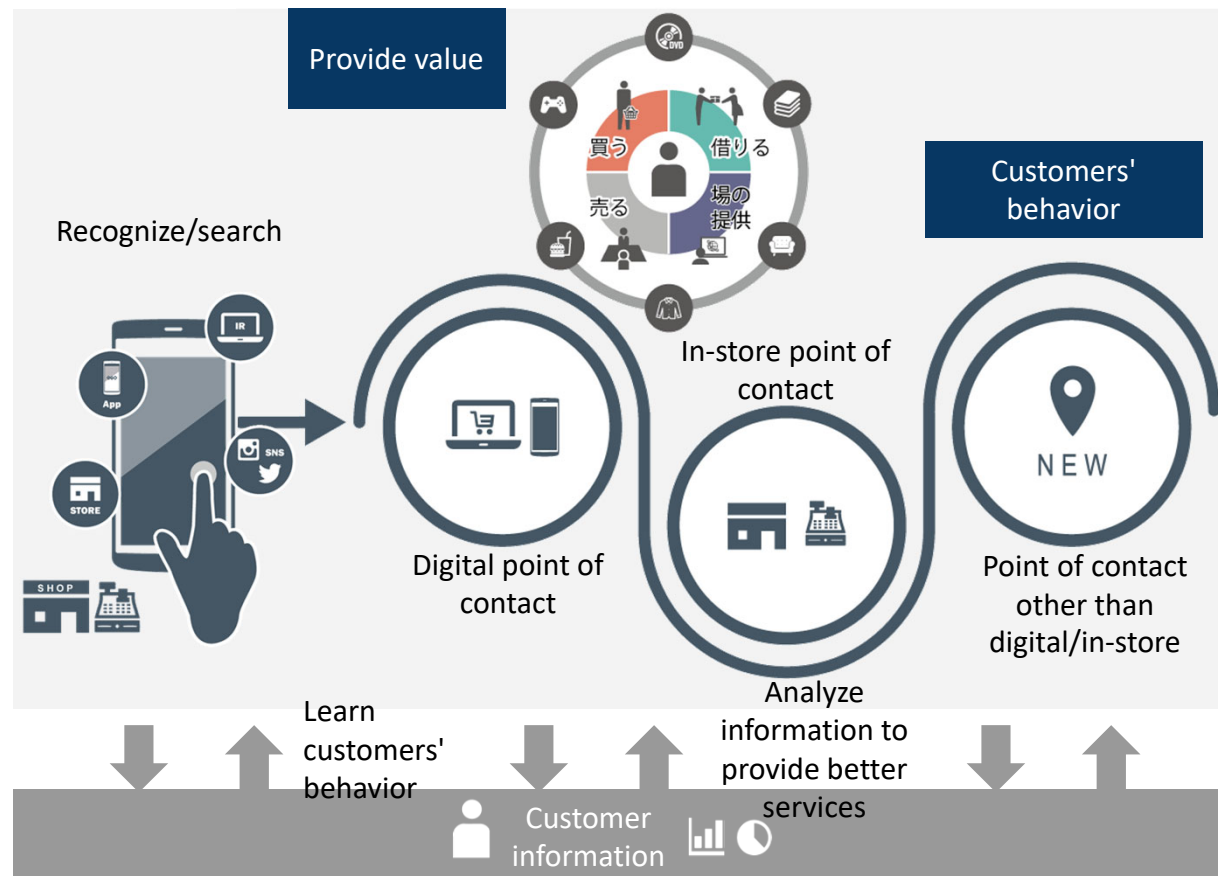
With regard to the effect of COVID-19 on our performance for March 31, 2022, we anticipate that vaccination will progress and the consumers refraining from going out will gradually be relaxed towards the end of the fiscal year.

We will continue to open new stores to have 800 reuse stores in Japan by the end of March 2023. To address the downtrend in the rental market, we will reform the sales floor by reducing space for rental and introducing new merchandise.

	2022/3 Forecast	Change	2021/3 Results
(Millions of yen)			
Net sales	320,000	(2.5%)	328,358
Operating profit	4,000	(7.2%)	4,311
Ordinary profit	4,500	(6.2%)	4,795
Profit	2,000	-	(752)




### Challenge to become a network retailer

We will aim to understand the customers' consumption behavior in more detail and establish a system to enable the customers to freely select and use merchandise and service at both on-line and off-line (in-store).



## 5

## Plans to open new stores

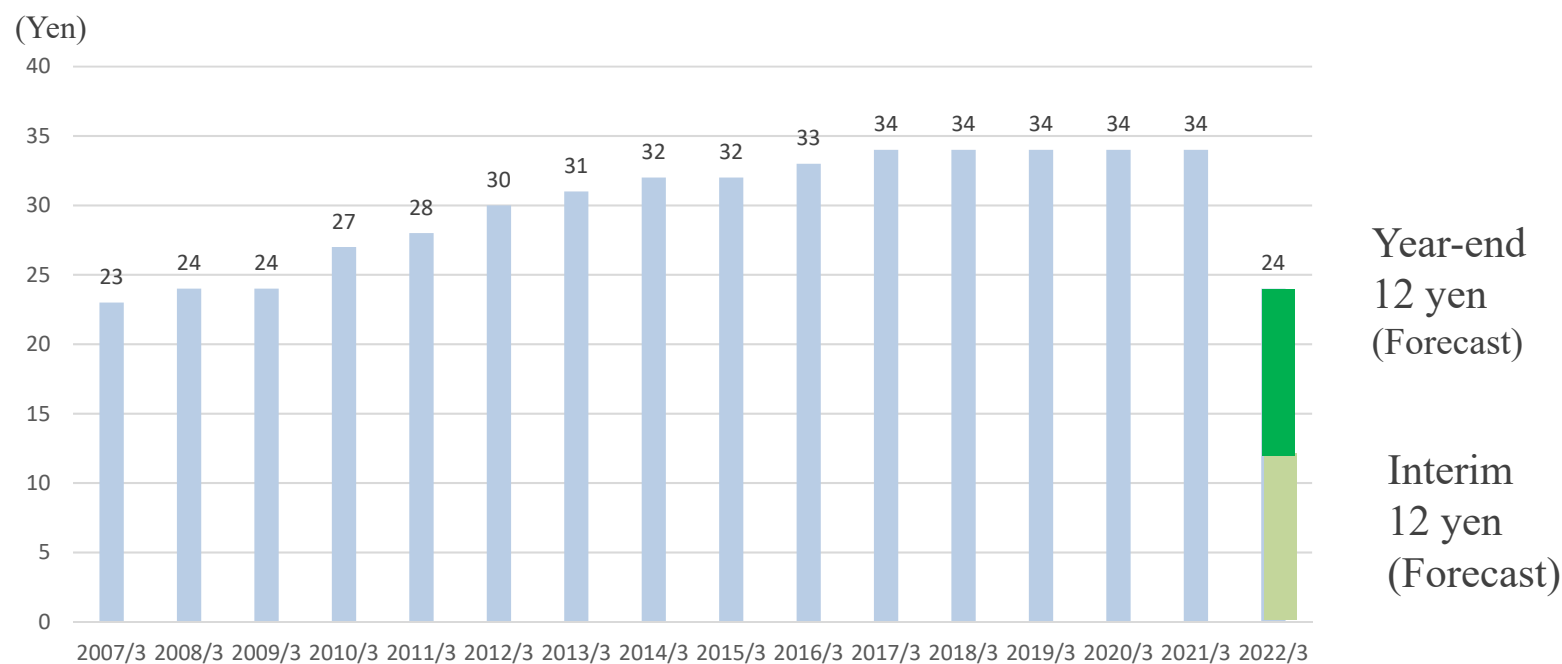
Plans for new stores		
	Number of stores	Description
GEO shop 	20	Open stores by relocating and integrating existing stores, Renew existing stores to reduce floor space for rental, operate together with mobile stores, and introduce new merchandise such as reuse consumer electronics
2nd STREET shop 	60	Continue the plan to achieve 800 stores by March 31, 2023
2nd STREET shop  Overseas	24	Expand overseas network, Commence opening new stores in Taiwan 14 stores in USA, 3 stores in Malaysia, and 7 stores in Taiwan
Luck•Rack shop 	10	In addition to suburban roadside shop, open new stores in commercial buildings near train stations

## 5

# Dividends

We recognize that returning profit to shareholders is one of management priorities and our basic policy is to create a sound managerial base, improve profitability, and pay sound dividends. For fiscal year ending March 31, 2022, we anticipate that our profits will remain at low level, and, regretfully, we plan to reduce annual dividends to 24 yen.

## Changes in dividends per share as adjusted to reflect stock split



# Appendix

---



## 6

## Balance sheet

	As of 3/31/2020	Composi- tion	As of 3/31/2021	Composi- tion	Amount of increase/ decrease
(Millions of yen)					
Current assets	89,658	62.0%	113,687	67.0%	24,029
Cash and deposits	32,598		51,865		19,267
Merchandise	38,186		42,218		4,032
Non-current assets	55,044	38.0%	56,050	33.0%	1,006
Property, plant and equipment	29,532		28,177		(1,355)
Intangible assets	1,885		2,349		464
Investments and other assets	23,626		25,524		1,898
Total assets	144,702	-	169,738	-	25,036
Current liabilities	34,233	23.7%	41,038	24.2%	6,805
Accounts payable-trade	11,039		15,108		4,069
Short-term borrowings	5,000		-		(5,000)
Current portion of long-term borrowings	3,737		5,012		1,275
Non-current liabilities	35,453	24.5%	55,717	32.8%	20,264
Long-term borrowings	25,956		45,943		19,987
Total liabilities	69,686	48.2%	96,755	57.0%	27,069
Treasury shares	(1,999)		-		1,999
Total net assets	75,016	51.8%	72,982	43.0%	(2,034)
Total liabilities and net assets	144,702	-	169,738	-	25,036

## 6

## Income statement

(Millions of yen)	2020/3				2021/3			
	1Q Results	2Q Results	3Q Results	4Q Results	1Q Results	2Q Results	3Q Results	4Q Results
Net sales	63,918	74,130	83,992	83,016	82,860	75,718	84,817	84,961
(Change from the same period of the previous year)	99.2%	108.8%	99.1%	110.4%	129.6%	102.1%	101.0%	102.3%
Gross profit	29,728	30,236	31,838	31,997	33,230	30,286	31,428	30,278
(Change from the same period of the previous year)	102.2%	99.6%	98.4%	106.8%	111.8%	100.2%	98.7%	94.6%
(Gross profit ratio)	46.5%	40.8%	37.9%	38.5%	40.1%	40.0%	37.1%	35.6%
SG&A	27,126	28,256	29,320	29,075	29,673	30,219	30,594	30,424
(Change from the same period of the previous year)	106.9%	105.6%	109.6%	106.8%	109.4%	106.9%	104.3%	104.6%
Operating profit	2,602	1,979	2,517	2,923	3,557	66	834	(145)
(Change from the same period of the previous year)	69.9%	55.0%	44.9%	106.9%	136.7%	3.4%	33.1%	-

## 6

## Cash flow

		March 31,	March 31,	Amount of
		2020	2021	increase/decrease
(Millions of yen)				
	Depreciation	4,992	5,289	297
	Rental asset depreciation and amortization	5,544	4,710	(834)
	Purchase of rental assets	(5,099)	(4,004)	1,095
	Cash flow from operating activities subtotal	11,271	14,909	3,638
	Income tax (paid) or refund	(6,026)	(1,859)	4,167
Net cash provided by (used in) operating activities		5,108	12,428	7,320
	Purchase of property, plant and equipment	(7,014)	(5,783)	1,231
Net cash provided by (used in) investing activities		(11,342)	(8,225)	3,117
	Net increase (decrease) in short-term loans payable	2,850	(5,000)	(7,850)
	Proceeds from long-term loans payable	8,500	25,000	16,500
	Repayments of long-term loans payable	(4,610)	(3,737)	873
	Cash dividends paid	(1,470)	(1,443)	27
	Purchase of treasury shares	(1,999)	-	1,999
Net cash provided by (used in) financing activities		3,037	14,683	11,646
Net increase (decrease) in cash and cash equivalents		(3,189)	18,909	22,098
Cash and cash equivalents at end of period		35,666	54,576	18,910
Free cash flow (simple)		(6,234)	4,203	10,437

## 6

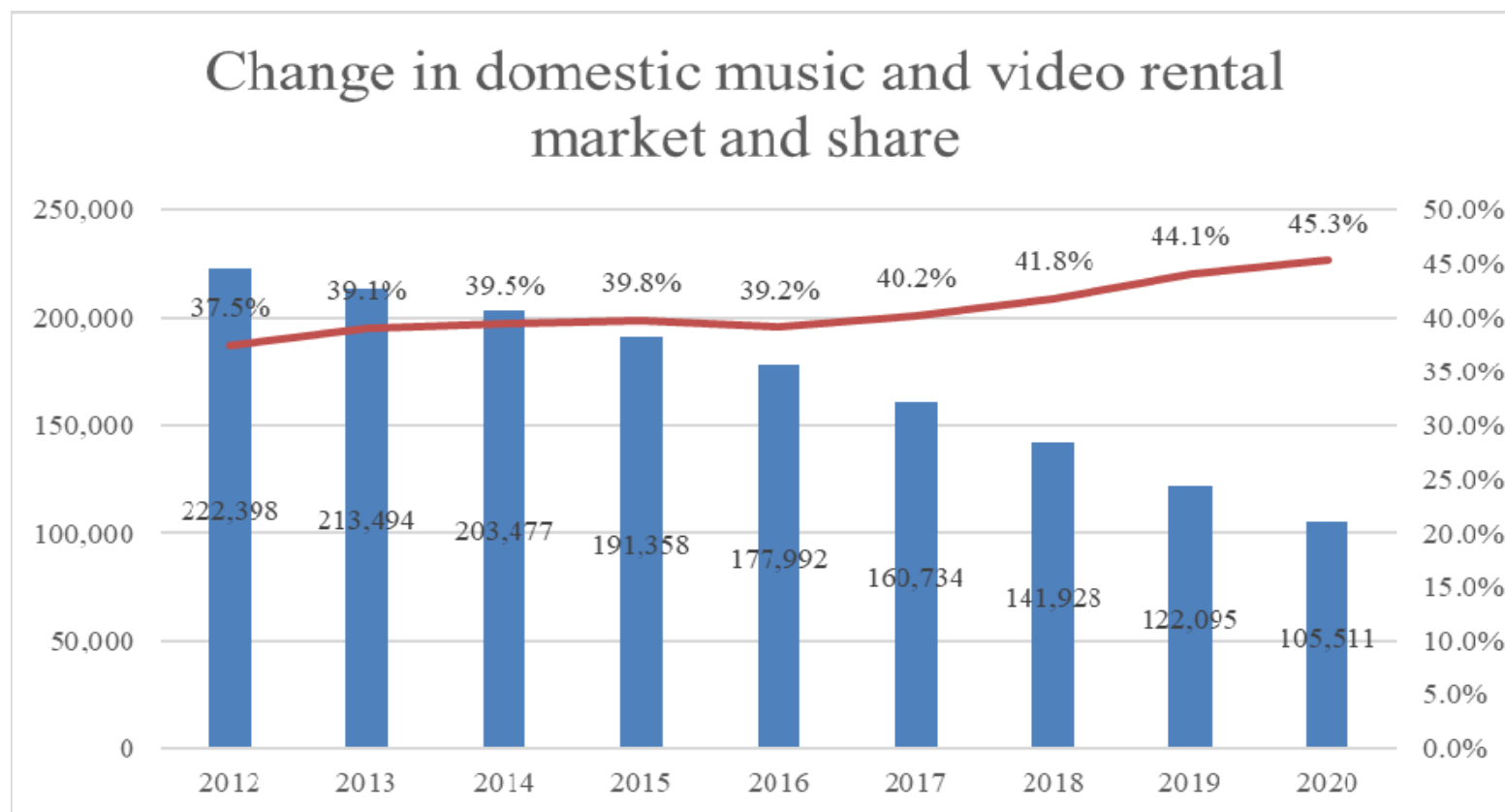
## Sales based on merchandise

(Millions of yen)	2020/3 1Q Results	2020/3 2Q Results	2020/3 3Q Results	2020/3 4Q Results	2021/3 1Q Results	2021/3 2Q Results	2021/3 3Q Results	2021/3 4Q Results
Reuse	26,530	31,063	31,441	33,281	31,420	29,894	33,850	35,569
Media	12,914	14,008	13,679	15,444	15,405	12,242	12,478	13,763
Non-media	13,615	17,055	17,762	17,837	16,014	17,652	21,372	21,806
Rental	14,784	14,826	13,880	14,472	14,957	13,232	11,366	11,171
New (media)	13,736	19,094	26,273	25,025	26,502	21,331	28,203	26,865
Others	8,867	9,147	12,399	10,237	9,981	11,258	11,398	11,355
Total	63,918	74,130	83,993	83,015	82,860	75,717	84,818	84,961

## 6

## Gross profit based on merchandise

(Millions of yen)	2020/3 1Q Results	2020/3 2Q Results	2020/3 3Q Results	2020/3 4Q Results	2021/3 1Q Results	2021/3 2Q Results	2021/3 3Q Results	2021/3 4Q Results
Reuse	14,827	14,958	16,106	15,674	15,820	14,270	16,009	15,175
Media	5,427	5,503	5,377	6,044	6,677	5,123	4,949	5,209
Non-media	9,400	9,454	10,729	9,630	9,143	9,147	11,059	9,967
Rental	9,361	9,333	8,498	9,250	10,021	8,725	7,300	7,010
New (media)	2,379	2,986	3,634	3,816	4,278	3,469	4,106	4,112
Others	3,160	2,959	1,731	5,125	3,110	3,820	4,011	3,978
Total	29,728	30,236	29,969	33,865	33,230	30,286	31,428	30,278
Gross income ratio	46.5%	40.8%	35.7%	40.8%	40.1%	40.0%	37.1%	35.6%



(Millions of yen)

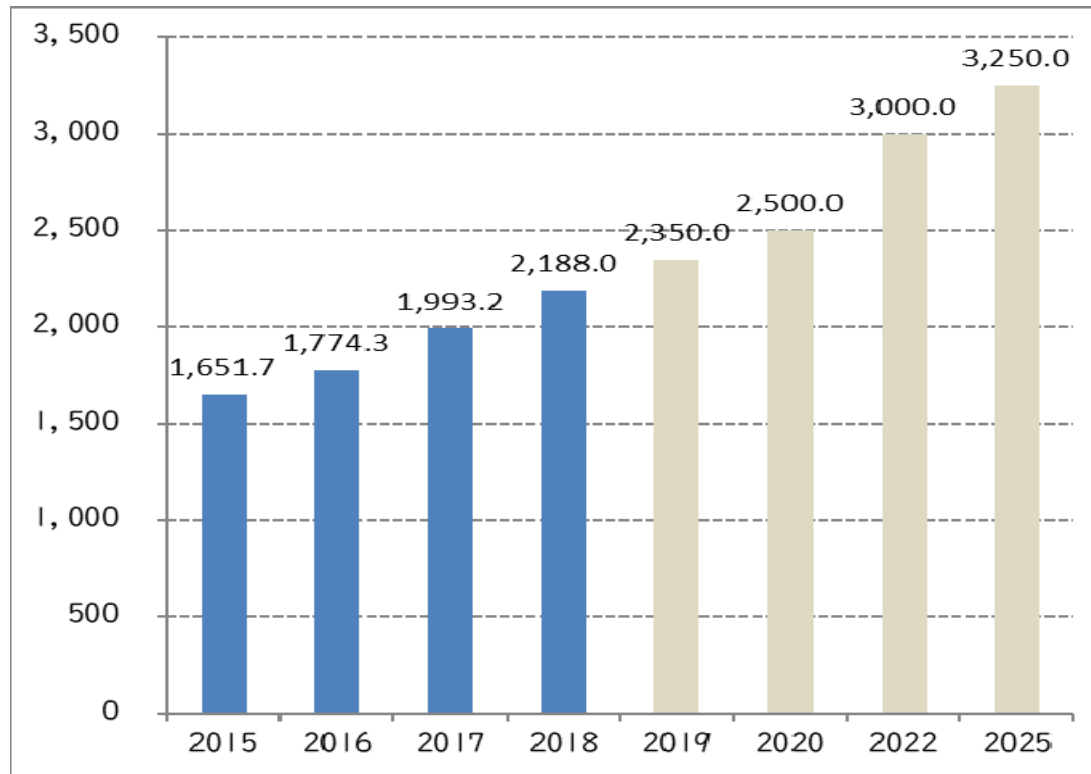
(Source: Ministry of Economy, Trade and Industry, Survey of Certain Service Industries)

\*Our estimation is based on Survey on Certain Service Industries.

\*Home delivery rental and comic rental are excluded.

## 6

## Market trends (reuse)



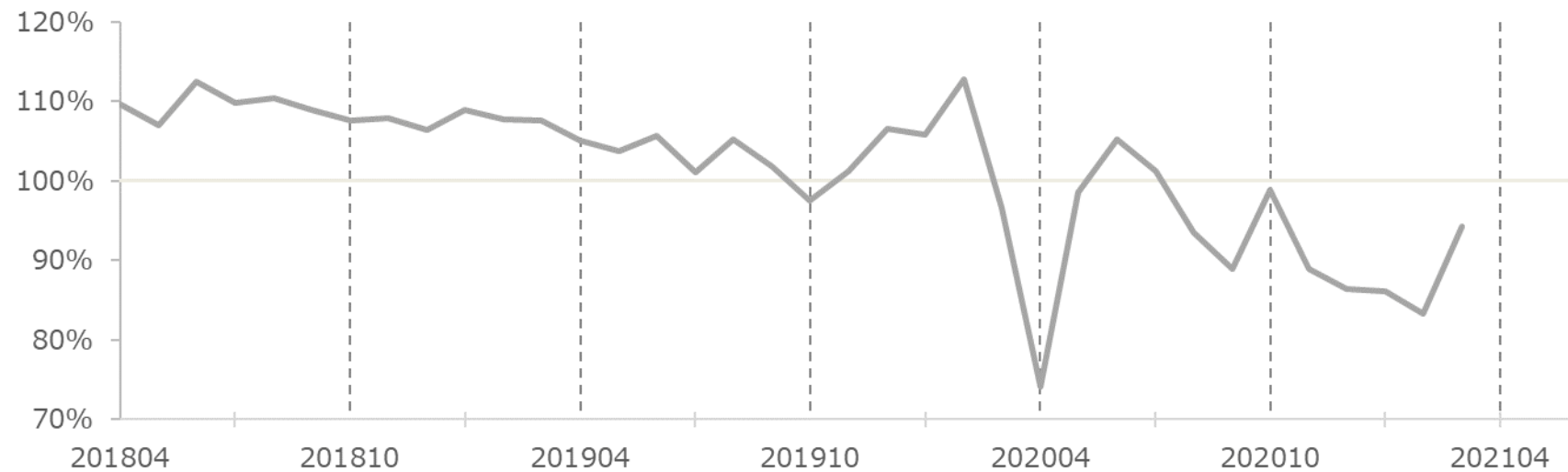
(Billions of yen)

(Source : The Reuse Business Journal “Secondhand Market Databook 2020”)

## 6

## Change in sales for existing 2nd STREET stores

Change in sales for existing 2nd STREET stores





## Notice concerning forward-looking statements

---

All indications made in this document concerning forecasts of performance, policies, management strategies, targets, plans, understanding and assessment of facts, as well as outlook on performance and dividends with respect to the Group, excluding historical facts, only reflect our current expectations, predictions, plans, understanding, assessments and others based on information available to the Group. These indications, facts or preconditions (assumptions) by their nature may be inaccurate from an objective perspective and they are exposed to potential risks of being affected by changes in general business environment, weather, economic trends, consumer trends, and consumer preferences. Therefore, no guarantee is made that the indications in this document will be realized in the future as projected.

---



GEO HOLDINGS CORPORATION

Corporate philosophy: To offer joy to your everyday life

Contact information    GEO Holdings Corporation  
Accounting and Finance Department  
TEL : 052-350-5711  
Email : [info@geonet.co.jp](mailto:info@geonet.co.jp)