

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2025 (Japanese GAAP)

February 7, 2025

GEO HOLDINGS CORPORATION

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 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Amounts less than million yen are discarded)

1. Consolidated Financial Results for the First Nine Months (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate changes from the previous corresponding period)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	316,156	(3.4)	9,819	(26.4)	10,987	(23.7)	6,443	(30.8)
December 31, 2023	327,401	17.1	13,343	17.5	14,399	17.6	9,308	28.7

(Note) Comprehensive income: 6,652 million yen (decrease of 28.3%) for nine months ended December 31, 2024
 9,282 million yen (increase of 27.9%) for nine months ended December 31, 2023

	Earnings per share	Fully diluted earnings per share
Nine months ended:	Yen	Yen
December 31, 2024	162.26	161.62
December 31, 2023	235.21	233.57

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	257,780	92,593	35.8
March 31, 2024	231,125	87,349	37.7

(Reference) Shareholders' equity: As of December 31, 2024: 92,363 million yen
 As of March 31, 2024: 87,130 million yen

2. Dividends

	Annual dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2024	–	12.00	–	17.00	29.00
Fiscal Year ending March 31, 2025	–	17.00	–		
Fiscal Year ending March 31, 2025 (Forecast)				17.00	34.00

(Note) Change in dividends forecast from the most recent announcement: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2025	436,000	0.5	12,000	(28.6)	12,000	(36.0)	6,000	(45.0)	151.10

(Note) Change in earnings forecast from the most recent announcement: None

Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
 - 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - 2) Changes in accounting principles other than 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2024	39,710,552 shares
As of March 31, 2024	39,702,552 shares
 - 2) Number of treasury shares at the end of the period

As of December 31, 2024	41 shares
As of March 31, 2024	41 shares
 - 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

During nine months ended December 31, 2024	39,709,216 shares
During nine months ended December 31, 2023	39,575,220 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Explanation regarding appropriate use of financial forecasts and other special remarks

The forward-looking statements included in this summary, such as financial forecasts, are based on currently available information and certain assumptions, which we deem to be reasonable as of the date of this summary. There is no guarantee that we will achieve those financial forecasts. Actual results may significantly differ from these forecasts due to various factors. Please see “1. Overview of Results of Operations, etc.,” “(3) Explanation of forward-looking information including consolidated earnings forecast” on page 3 of the Attachments for the basis of forecasts and notes on reliance on forecasts.

<Supplementary Information for English Translation>

Our business named “2nd STREET,” which mainly sells and purchases second-hand clothing and household items, is hereinafter referred to as “Reuse Store(s),” and our businesses named “GEO,” “GEO Store” and “GEO mobile,” which mainly handle video games, DVDs, CDs and smartphones, are hereinafter collectively referred to as “Media Store(s)” in this document.

Both our Reuse Store(s) and Media Store(s) use the term “reuse” to refer to second-hand items, and “brand-new” to refer to non-secondhand items that are procured from manufacturers or through conventional commercial distribution channels.

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1. Overview of Results of Operations, etc.

(1) Overview of operating results for the period under review

Consolidated financial results (from April 1, 2024 to December 31, 2024)

In the nine months ended December 31, 2024, the economy showed a gradual recovery with improvement in the employment situation and personal consumption environment amid rising consumer prices. On the other hand, it is crucial that we pay attention to impacts from factors, such as a downturn in economies overseas, U.S. policy trends, and volatility in financial capital markets.

In the reuse industry, in addition to increasing awareness of the concept of the SDGs and demand as a lifestyle defense measure in response to inflation, the reuse concept has been transformed into a familiar lifestyle choice due to improved access to reuse-related activities, such as transactions between consumers and collection of unused items as part of the corporate environmental activities. As a result of various factors, the reuse market continues to grow.

Under this environment, through aiming “to offer joy to your everyday life,” the Group is working to open new reuse stores, with a focus on 2nd STREET stores, both in Japan and overseas, and to achieve sustainable growth and profitability improvements.

Looking at trends in reuse merchandise (comprehensive) in Japan, despite continuing demand for the reuse business due to lifestyle defense in response to inflation and as ethical consumption activities, the continuation of warm weather in autumn and onward this year has resulted in a slow start for the autumn and winter apparel sales. On the other hand, the arrival of wintery cold temperatures in December brought success in the continuation of the growing phase to the Company. Meanwhile, the Company expanded the scope of its activity with the openings of directly-managed stores overseas and steadily increased the number of stores and sales in every region with the aim of gaining recognition in the global reuse market. As a result, overall sales of reuse merchandise (comprehensive) increased by 12.6% year-over-year (YoY) to 140,352 million yen.

In terms of trends in reuse merchandise (media), although downloadable software has become prevalent with game-related products, sales of game-related products were on a par with the prior year’s supported by increased distribution of reuse of PlayStation 5 home video game consoles, the enduring popularity of old game software, and a growing number of game users. In addition, as the expansion of the reuse market with communication device, such as smartphones, tablets, and other mobile devices continued, the Company is opening “GEO mobile” stores with in-store supporting staff at shopping malls and other facilities and focusing on retail sales. Due to aforementioned reasons, overall sales of reuse merchandise (media) increased by 12.5% YoY to 61,513 million yen.

Looking at trends in brand-new merchandise, sales from the nine months ended December 31, 2024 decreased by 30.1% YoY to 73,439 million yen. The absence of the factors that contributed to the sales increase in the previous fiscal year, such as sales growth in home video game consoles and the release of the latest major game series driven by the balanced supply and demand, ended up negatively impacting the sales in the consolidated cumulative position of the nine months ended December 31, 2024.

Foreign exchange gains of 430 million yen was recorded due to the fluctuations in foreign exchange market.

As a result, for the Group’s results for nine months ended December 31, 2024, net sales were 316,156 million yen (down 3.4% YoY), operating profit was 9,819 million yen (down 26.4% YoY), ordinary profit was 10,987 million yen (down 23.7% YoY), and profit attributable to owners of parent was 6,443 million yen (down 30.8% YoY).

The numbers of the Group’s stores and facilities in the nine months ended December 31, 2024 are as follows.

The figures in () 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		
Total number of GEO Group stores	2,031	121	38	148	1	14	2,179	(+70)
GEO	977	28	28	93	0	14	1,070	(-14)
2nd STREET (Japan)	815	39	8	55	1	0	870	(+32)
2nd STREET (USA)	43	8	0	0	0	0	43	(+8)
2nd STREET (Taiwan)	37	9	0	0	0	0	37	(+9)
2nd STREET (Malaysia)	23	6	0	0	0	0	23	(+6)
2nd STREET (Thailand)	3	2	0	0	0	0	3	(+2)
OKURA TOKYO	24	2	1	0	0	0	24	(+1)
LuckRack	25	7	0	0	0	0	25	(+7)
Others	84	20	1	0	0	0	84	(+19)

Notes:

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

(2) Overview of consolidated financial position for the period under review

[Assets]

Current assets as of December 31, 2024 were 170,259 million yen, which increased by 15,950 million yen from the end of the previous fiscal year. This was mainly attributable to increases of 6,948 million yen in merchandise, 3,551 million yen in accounts receivable - trade, and 1,483 million yen in cash and deposits. Non-current assets as of December 31, 2024 were 87,521 million yen, which increased by 10,704 million yen from the end of the previous fiscal year. This was mainly attributable to increases of 5,198 million yen in right-of-use assets included in “other, net” under property, plant and equipment, and 3,673 million yen in buildings and structures, net.

As a result, total assets as of December 31, 2024 were 257,780 million yen, which increased by 26,655 million yen from the end of the previous fiscal year.

[Liabilities]

Current liabilities as of December 31, 2024 were 47,344 million yen, which decreased by 143 million yen from the end of the previous fiscal year. This was mainly attributable to decreases of 2,000 million yen in short-term borrowings, and 1,504 million yen in income taxes payable despite an increase in 1,493 million yen in current portion of long-term borrowings. Non-current liabilities as of December 31, 2024 were 117,842 million yen, which increased by 21,554 million yen from the end of the previous fiscal year. This was mainly attributable to increases of 10,075 million yen in long-term borrowings, 5,645 million yen in long-term lease liabilities included in “other” under non-current liabilities, and 5,575 million yen in bonds payable.

As a result, total liabilities as of December 31, 2024 were 165,187 million yen, which increased by 21,411 million yen from the end of the previous fiscal year.

[Net assets]

Net assets as of December 31, 2024 were 92,593 million yen, which increased by 5,243 million yen from the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent of 6,443 million yen and dividends from surplus of 674 million yen.

As a result, the shareholders' equity ratio stood at 35.8% (compared to 37.7% at the end of the previous fiscal year).

(3) Explanation of forward-looking information including consolidated earnings forecast

With respect to consolidated earnings forecast, there were no changes from the full year forecast presented on May 10, 2024.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	54,977	56,461
Accounts receivable - trade	15,226	18,777
Merchandise	70,970	77,919
Other	13,357	17,298
Allowance for doubtful accounts	(223)	(198)
Total current assets	154,308	170,259
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,856	21,529
Other, net	28,984	35,725
Total property, plant and equipment	46,840	57,255
Intangible assets	4,341	4,927
Investments and other assets		
Leasehold and guarantee deposits	18,714	19,649
Other	7,817	6,581
Allowance for doubtful accounts	(895)	(892)
Total investments and other assets	25,635	25,339
Total non-current assets	76,817	87,521
Total assets	231,125	257,780
Liabilities		
Current liabilities		
Accounts payable - trade	14,692	15,543
Current portion of long-term borrowings	8,737	10,231
Income taxes payable	3,233	1,728
Other	20,824	19,841
Total current liabilities	47,487	47,344
Non-current liabilities		
Bonds payable	6,600	12,175
Long-term borrowings	64,325	74,400
Asset retirement obligations	7,274	7,531
Other	18,088	23,735
Total non-current liabilities	96,287	117,842
Total liabilities	143,775	165,187
Net assets		
Shareholders' equity		
Share capital	9,251	9,257
Capital surplus	3,663	3,670
Retained earnings	74,339	79,432
Treasury shares	(0)	(0)
Total shareholders' equity	87,254	92,360
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10	4
Foreign currency translation adjustment	(134)	(2)
Total accumulated other comprehensive income	(123)	2
Share acquisition rights	180	164
Non-controlling interests	38	66
Total net assets	87,349	92,593
Total liabilities and net assets	231,125	257,780

(2) Quarterly consolidated income statement and statement of comprehensive income
Quarterly consolidated income statement

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	327,401	316,156
Cost of sales	208,433	188,877
Gross profit	118,968	127,278
Selling, general and administrative expenses	105,624	117,459
Operating profit	13,343	9,819
Non-operating income		
Foreign exchange gains	412	430
Rental income from real estate	698	904
Other	840	770
Total non-operating income	1,951	2,105
Non-operating expenses		
Interest expenses	204	387
Rental expenses on real estate	418	405
Other	271	144
Total non-operating expenses	894	937
Ordinary profit	14,399	10,987
Extraordinary income		
Gain on sale of non-current assets	344	—
Total extraordinary income	344	—
Extraordinary losses		
Impairment losses	194	31
Total extraordinary losses	194	31
Profit before income taxes	14,550	10,955
Income taxes - current	3,854	4,039
Income taxes - deferred	1,366	392
Total income taxes	5,221	4,432
Profit	9,328	6,523
Profit attributable to non-controlling interests	20	80
Profit attributable to owners of parent	9,308	6,443

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	9,328	6,523
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	(5)
Foreign currency translation adjustment	(41)	134
Total other comprehensive income	(46)	128
Comprehensive income	9,282	6,652
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,261	6,569
Comprehensive income attributable to non-controlling interests	20	83

(3) Notes to quarterly consolidated financial statements

(Notes on segment information, etc.)

For the nine months ended December 31, 2023 and the nine months ended December 31, 2024:

Segment information is omitted because the Group operates in a single segment as a retail service business.

(Notes on significant change in shareholders' equity)

None

(Notes on going concern assumptions)

None

(Notes on quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows for the nine months ended December 31, 2024 is not prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31, 2023 and 2024 are as follows.

	(Millions of yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	3,991	4,719
Rental assets depreciation	2,253	2,002
Amortization of goodwill	124	102