

GEO HOLDINGS CORPORATION

FY2014 Q1

(from April 1, 2014 to June 30, 2014)

Supplement for Consolidated Business Results and Forecasts

GEO HORLDINGS CORPORATION

Aug. 2014

GEO HOLDINGS CORPORATION

Overview of Progress in Priority Issues

Key Management Issues	Progress in this Q1
New concept shop deployment	Opened Super 2nd STREET Omiya Nisshin store Completed introduction of full-lineup Media items at Super 2nd Street Yachiyo store
Organizational restructuring and investments in human resources	Implemented the 1st stage of personnel training system in the Reuse business
Acceleration of store openings in attractive locations and scraping stores	Relocated 6 Media stores Converted 5 stores from Media to Reuse Shortlisted the stores for relocation, conversion and closure in this FY
Fortifying our network strategy	Achieved over 2,000,000 downloads of GEO Appli proposed 1st round of new in-store promotion driven by customer participation through GEO Appli
Implementation of new business model	Opened a new store specializing in mobile phones and information appliances Collaboratively launched an original low priced SIM package

Highlights of First Quarter Results (1)

■New Concept Shop Deployment



An integrated flagship store targeting female and family customers focuses on their experiences and stay time with a kids space, hands-on events and style proposals (May)

Introduction of the largest variety of video line-up in the local prefecture, ranking in variety with top-level Media stores



■Acceleration of store openings in attractive locations and scraping stores

Scrape and build of Media type stores:
31 opened (incl. remodels of 18 Family Book stores)
15 closed
Reuse store openings as planned
(incl. conversion of 4 Media type stores)

Number of Stores	Mar. 31, 2014	Jun. 30, 2014	change
Media type	1,000	1,016	+16
Integration type	91	93	+2
Reuse type	237	256	+19
Family Book	43	25	▲18
WAREHOSE	11	11	
Others	2	6	+4
Total of directly-managed	1,384	1,407	+23
Distributors	99	98	▲1
FCs	123	129	+6
Total	1,606	1,634	+28

※Family Book stores： Number of Family Book stores that have yet to be remodeled as of June 30, 2014

※Franchise stores operating in the same facility where a directly operated stores located are not counted in franchise store numbers.

Highlights of First Quarter Results (2)

■Fortifying Network Strategy

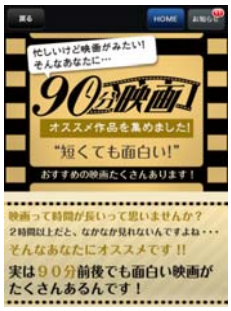
GEO Appli

Achieved over 2 million downloads (June)

A large scale updated version is under development and scheduled to be released in this fall

A new in-store promotion “90 Minutes Movie” has been proposed, driven by customer participation through its review service (June)





Reuse Online Service

The project progress rate marked 50% for the Reuse website renewal and a new smart phone app.

■Implementation of New Business Model

a new store specializing in mobile phones and information appliances



Smart & Collection Nagoya Osu store opened (April)

Facilitation of the utility of used feature & smart phones

Launched original, low-priced SIM package (April)

Smart G-SIM

Appendix

Summary of Consolidated Profit and Loss for FY 2014 Q1

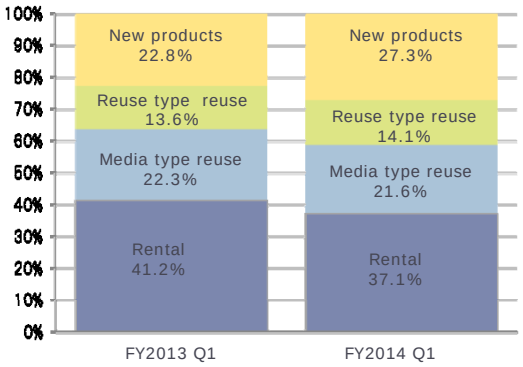
(millions of yen)

	FY13 Q1		FY14 Q1				FY14 1st half		FY14 Full year
	results	sales ratio	results	sales Ratio	YOY Variance	YOY (%)	forecast	Progress rate (%)	forecast
Sales	57,919		59,190		1,271	102.2	125,200	47.3	270,000
Gross profit	26,985	46.6	25,925	43.8	-1,060	96.1			
SG&A	24,019	41.5	25,777	43.5	1,758	107.3			
Operating income	2,966	5.1	147	0.2	-2,818	5.0	2,200	6.7	6,500
Ordinary income	3,076	5.3	360	0.6	-2,715	11.7	2,450	14.7	7,000
Income before income taxes and minority interests	2,896	5.0	27	0.0	-2,869	0.9			
Net income	1,525	2.6	1,641	2.8	116	107.7	2,300	71.4	4,400

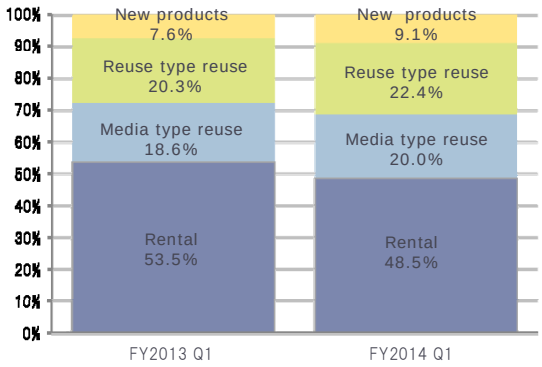
The income tax-deferred arising from the restructuring of subsidiaries during this term allowed net income to grow to 1,641 million yen.

Sales and Gross margin of mainstay products for FY2014 Q1

Sales



Gross Profit



(millions of yen)	FY13 Q1 results	FY14 Q1 results	FY14 Q1 YOY variance	FY14 Q1 YOY(%)	FY13 Q1 results	FY13 Q1 gross margin rate	FY14 Q1 results	FY14 Q1 gross margin rate	FY14 Q1 YOY variance	FY14 Q1 YOY(%)
Rental	20,198	19,750	-447	97.8%	12,278	60.8%	11,533	58.4%	-744	93.9%
Media type	10,942	11,494	551	105.0%	4,268	39.0%	4,755	41.4%	487	111.4%
Reuse type	6,687	7,493	806	112.1%	4,663	69.7%	5,321	71.0%	657	114.1%
Reuse	17,630	18,988	1,357	107.7%	8,932	50.7%	10,077	53.1%	1,144	112.8%
New products	11,183	14,557	3,373	130.2%	1,744	15.6%	2,159	14.8%	415	123.8%

※ Category name, “used products,” a typical product of which is used game software, is renamed as “media type reuse products.”

Note on Forward-looking Statements

All representations other than historical facts, including forward-looking statements such as performance forecasts, policies, management strategies, targets, plans, understanding, and evaluation of data, as well as outlook on performance and dividends, are merely statements of current expectations, assumptions, plans, understanding, evaluations, etc., based on information currently available to the Group. These statements, representations, or hypotheses(assumptions) may be, by their nature, objectively inaccurate and are open to potential risk owing to general conditions, weather, economic climate, or changes in consumer trends, and no guarantee is made that they will be realized in the future.

Please feel free to contact us for more information

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