

April 14, 2023



Business Results for the Fiscal Year Ended March 31, 2023 (FY2023)

Key Financial Results for FY2023

- ◆ Net sales rose slightly by 1.6% YoY
Ordinary income rose 34.4% YoY to ¥420 million
Net income rose 49.4% YoY to ¥369 million
- ◆ Shift from paper-based advertising to online advertising
Sales promotions in advertising other than pachinko parlors drove continued improvement in profitability
- ◆ Pachinko parlor advertising demand sluggish due to the impact of investment funding in next-generation machines
From the next fiscal year onward, improved profitability and increased advertising demand are expected from parlor companies
- ◆ Advertising other than pachinko parlors grew significantly, approaching a 40% share of the total transactions
- ◆ Continuous purchase of treasury stock → EPS growth through improved capital efficiency
(Growth rate: +64.8%)
- ◆ In the next fiscal year (FY2024), operating profit increases (+24.5% compared to FY2023) are planned

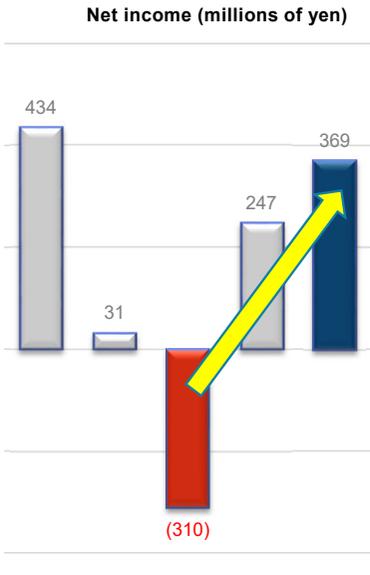
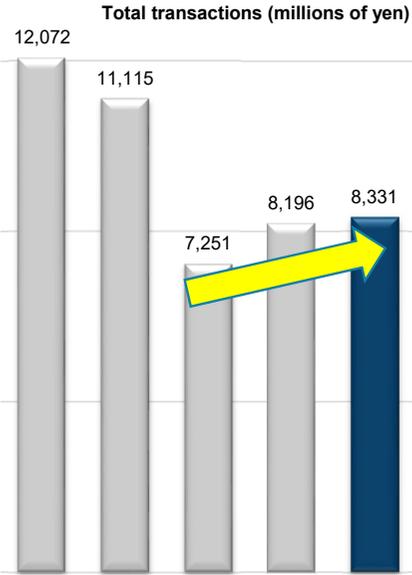
Consolidated Earnings Highlights



(millions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023
Net Sales	12,072	11,115	7,251	7,426	7,545
(Ref.) Total transactions*	12,072	11,115	7,251	8,196	8,331
Operating income	704	460	-290	296	401
Ordinary income	700	434	-268	313	420
Net income attributable to parent company shareholders	434	31	-310	247	369

*Total transactions are the gross amount of agent transactions.



- ◆ Performance shifted to a recovery trend post-corona
- ◆ Transaction volume on a slightly upward trend
- ◆ Trend toward significant improvement in ordinary income
- ◆ Net income improvement due in part to tax effects (temporary)

FY2023 Business Performance (YoY)

	FY2020		FY2023		YoY comparison	
	Amount	% of total	Amount	% of total	Change	% of Change
	(millions of yen)					
Net Sales	7,426	100.0%	7,545	100.0%	119	1.6%
(Ref.) Total transactions*	(8,196)	–	(8,331)	–	135	1.7%
Gross Profit	2,127	28.6%	2,276	30.2%	149	7.0%
Operating income	296	4.0%	401	5.3%	105	35.4%
Ordinary income	313	4.2%	420	5.6%	107	34.4%
Net income attributable to parent company shareholders	247	3.3%	369	4.9%	122	49.4%

*Total transactions are the gross amount of agent transactions.

> Result

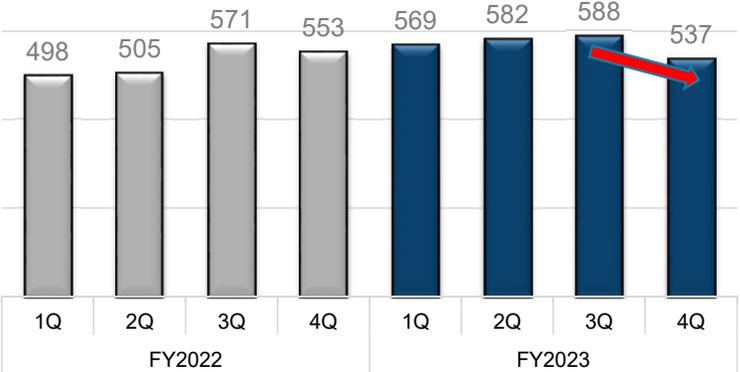
- ◆ Net sales increased slightly and profit at each level increased significantly

> Factors

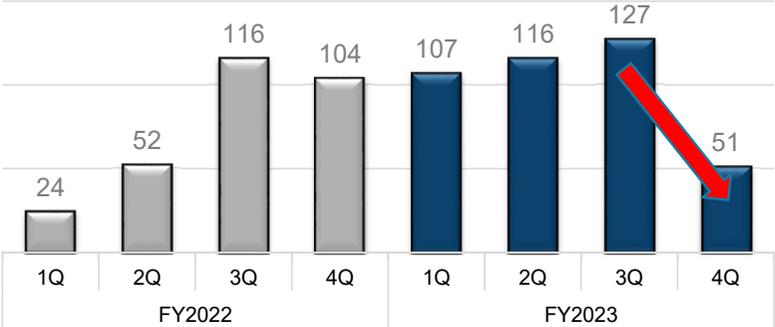
- ◆ Decrease in paper-based advertising with high transaction volume
Increase in online advertising with low transaction volume but high profit margin
- ◆ Pursuing the acquisition of clients in advertising fields other than pachinko parlors and the cultivation of deeper relations with existing clients
- ◆ Control of SG&A expenses continued from last fiscal year

Quarterly Gross Profit and Operating Income (YoY)

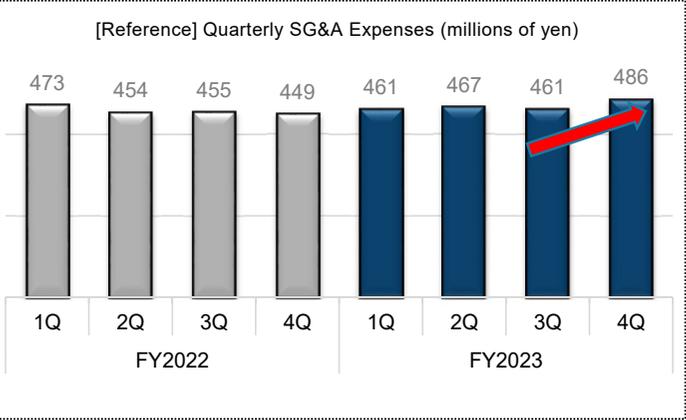
Quarterly Gross Profit (millions of yen)



Quarterly Operating Income (millions of yen)



[Reference] Quarterly SG&A Expenses (millions of yen)



- ◆ Fourth quarter gross profit decreased due to sluggish demand for pachinko parlor advertising
- ◆ An inflation allowance (approximately ¥20 million total) paid to all group employees during the fourth quarter increased fourth quarter SG&A expenses temporarily
- ◆ As a result, fourth quarter operating income plummeted

FY2023 Business Performance (Compared to Forecast)

FY2023	Performance Forecast*		Result		(millions of yen) Change	
	Amount	YoY	Amount	YoY	Amount	% of Change
Net Sales	8,000	+7.7%	7,545	+1.6%	-455	-6.0%
Operating income	400	+34.8%	401	+35.4%	1	0.3%
Ordinary income	400	+27.7%	420	+34.4%	20	5.0%
Net income attributable to parent company shareholders	320	+29.3%	369	+49.4%	49	15.3%

*Forecast announced on April 15, 2022

- ◆ Paper-based advertising was lower than expected, leading to net sales being lower than the forecast
- ◆ An increase in online advertising with high profit margins puts operating income generally in line with the forecast
- ◆ Excess net income due in part to tax effects (temporary)

Breakdown by Business Segment

[Cumulative Period]

	Advertising	Real Estate	Other	Adjusted Amount	(millions of yen) Consolidated
Net sales	7,482	53	10	—	7,545
Segment income	632	22	-1	-250	401

[YoY comparison]

	Advertising	Real Estate	Other	Adjusted Amount	(millions of yen) Consolidated
Net sales	+126	-6	-0	—	+119
Segment income	+98	-6	-1	+15	+105

- ◆ In the advertising business, advertising other than pachinko parlors increased
- ◆ Keeping SG&A expenses under control led to a decrease in the adjusted amounts, a corporate expense

Segment Income (Advertising)

Advertising	FY2022	FY2023	(millions of yen)	
			YoY comparison	
			Change	% of Change
Net sales	7,356	7,482	126	1.7%
(Ref.) Total transactions*	8,126	8,268	142	1.7%
Segment income	534	632	98	18.4%

*Total transactions are the gross amount of agent transactions.

External Environment >

◆ Pachinko parlor facilities:

The number of visitors has not reached pre-pandemic levels and revenue from pachinko parlors remained weak

◆ Advertising field other than pachinko parlors:

Lifting of restrictions led in part to a recovery trend

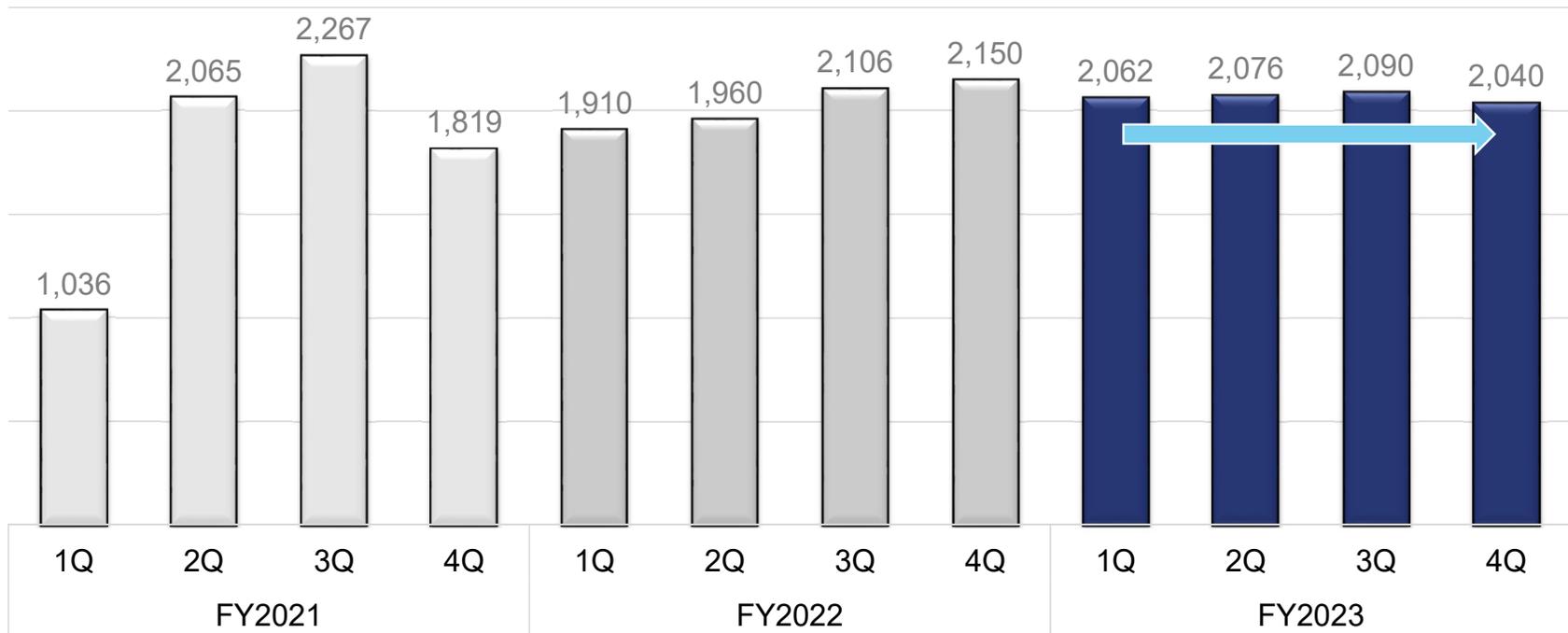
Group Initiatives >

◆ Proactively pursued the acquisition of clients in sectors with expected growth in advertising demand

◆ Pursued shift from paper-based advertising to online advertising

[Reference] Total Quarterly Transactions (Advertising)

Advertising: Total Quarterly Transactions (millions of yen)



*Total transactions are the gross amount of agent transactions.

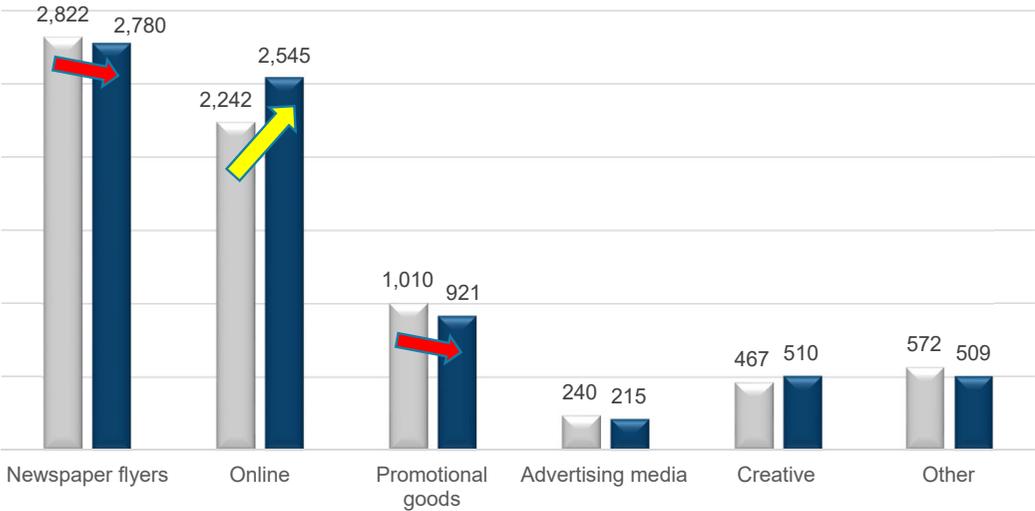
- ◆ Advertising demand fluctuated significantly each quarter until the previous fiscal year in part due to the impact of the COVID-19 pandemic
- ◆ This fiscal year, quarterly advertising demand has generally equalized due to easing of the pandemic and increases in advertising in fields other than pachinko parlors

Sales Breakdown (Advertising)

(millions of yen)

	FY2022		FY2023		YoY comparison		
	Amount	% of total	Amount	% of total	Change	% of Change	Change in % of total
Newspaper flyers	2,822	38.4%	2,780	37.2%	-41	-1.5%	-1.2 pt
Online	2,242	30.5%	2,545	34.0%	302	13.5%	3.5 pt
Promotional goods	1,010	13.7%	921	12.3%	-88	-8.8%	-1.4 pt
Advertising media	240	3.3%	215	2.9%	-25	-10.6%	-0.4 pt
Creative	467	6.4%	510	6.8%	42	9.2%	0.4 pt
Other	572	7.8%	509	6.8%	-63	-11.1%	-1.0 pt
Total	7,356	100.0%	7,482	100.0%	126	1.7%	

Sales Breakdown (millions of yen)

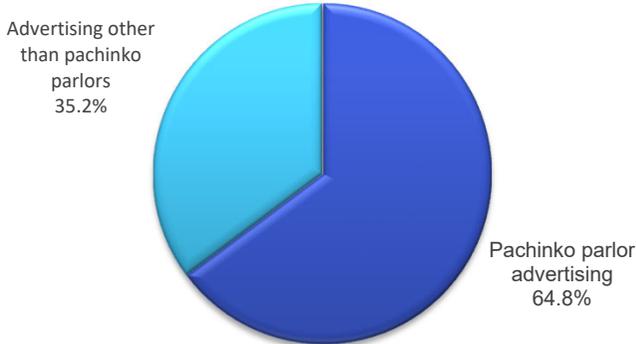


- ◆ Newspaper flyers, promotional goods, and other paper-based advertising decreased from the previous year
- ◆ Online advertising had strong performance

Transaction Breakdown (Advertising)

	FY2022		FY2023		(millions of yen) Change	
	Amount	% of total	Amount	% of total	Amount	% of Change
Pachinko parlor advertising	5,268	64.8%	5,018	60.7%	-250	-4.7%
Advertising other than pachinko parlors	2,857	35.2%	3,250	39.3%	393	13.8%
Total	8,126	100.0%	8,268	100.0%	142	1.7%

FY2022



FY2023

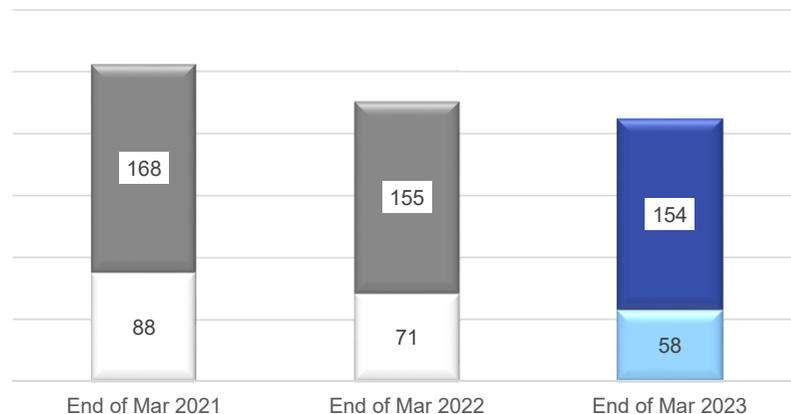


- ◆ Pachinko parlor advertising was down from the previous year in part due to the sluggish fourth quarter
- ◆ Advertising other than pachinko parlors increased steadily, approaching a 40% share of the total

Employees

	End of Mar 2021	End of Mar 2022	End of Mar 2023	(people) YoY Change
Sales, administration (SG&A)	168	155	154	-1
Creative (Cost of sales)	88	71	58	-13
Subtotal for advertising	256	226	212	-14

Advertising: Number of Employees



- ◆ Sales and administration: Number of employees maintained
- ◆ Creative: Hiring of new recruits was curbed due to declining demand for paper-based advertising

Segment Income (Real Estate)

Real Estate	FY2022	FY2023	(millions of yen) YoY comparison	
			Change	% of Change
Net sales	59	53	-6	-10.5%
Operating expense	31	31	0	0.0%
Segment income	28	22	-6	-21.0%

- ◆ In addition to rent revenue on the land it owns in Kashiwa, Chiba Prefecture, the segment recorded ¥2 million in brokerage commission revenue
- ◆ As a result, net sales totaled ¥53 million (-10.5% YoY)
Segment income came to ¥22 million (-21.0% YoY)

Balance Sheet (Consolidated)

	End of FY2022 (A)	End of FY2023 (B)	(millions of yen) Change (B)-(A)
Cash and cash equivalents	3,984	3,735	-249
Accounts receivable	1,048	988	-59
Other current assets	74	122	48
Tangible/intangible fixed assets	695	714	19
Investment and other assets	451	495	43
Total assets	6,254	6,056	-197
Accounts payable	568	555	-12
Short-term/long-term borrowings	937	850	-87
Accrued income taxes	54	59	5
Other current liabilities	217	202	-14
Total liabilities	1,777	1,667	-109
Shareholders' equity	4,475	4,385	-91
Other	1	3	1
Total net assets	4,476	4,389	-87
Total liabilities and net assets	6,254	6,056	-197

.....→ Decrease due to purchase of treasury stock and repayment of borrowings

.....→ Decrease due to repayment

.....→ [- Net income: + ¥369 million
- Purchase of treasury stock: - ¥310 million
- Dividends: - ¥148 million

Cash Flow Statement (Consolidated)

	(millions of yen)	
	FY2022	FY2023
Net income before income taxes	308	415
Cash flow from operations	359	372
Cash flow from investing activities	224	-86
Cash flow from financing activities	-419	-546
Cash and cash equivalents at end of period	3,978	3,729

◆ Cash and cash equivalents decreased ¥249 million in the current consolidated fiscal year

+ Net income before income taxes	415		
+ Depreciation and amortization	44		
+ Change in accounts receivable	59		
+ Other	46		
			- Change in accounts payable 12
			- Income taxes paid 130
			- Other 48
Cash flow from operations	372		
+ Other earnings	0		
			- Payment for purchase of tangible/intangible fixed assets 83
			- Other 3
			Cash flow from investing activities 86
+ Proceeds from borrowings	400		
			- Repayment of borrowings 487
			- Payment for purchase of treasury stock 310
			- Dividends paid 148
			Cash flow from financing activities 546

FY2024 Consolidated Earnings Forecast

	FY2023 result	FY2024 forecast	(millions of yen) (%)
Net sales	7,545	8,000	6.0%
Operating income	401	500	24.5%
Ordinary income	420	500	18.8%
Net income attributable to parent company shareholders	369	400	8.2%

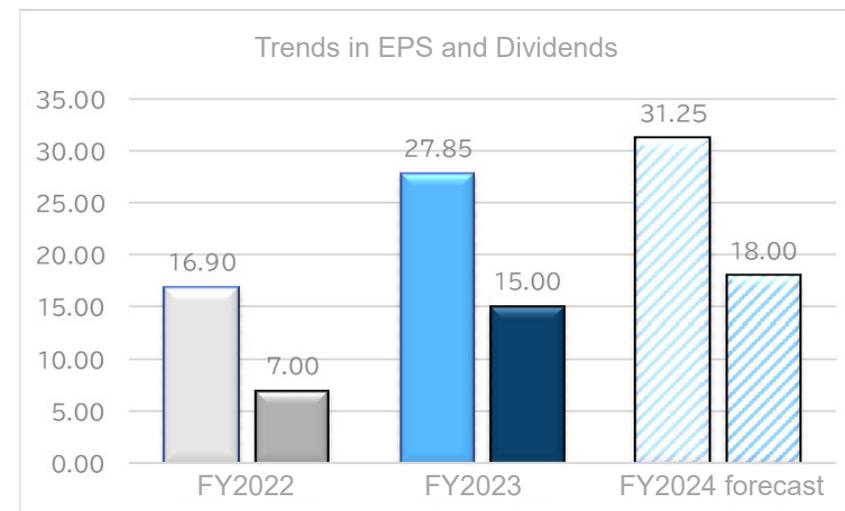
- ◆ Pachinko parlor advertising field
 - Installation of highly-anticipated new models
 - Movements toward reviewing advertising regulations
 - ⇒ A reversal in advertising demand is expected
- ◆ Advertising field other than pachinko parlors
 - ⇒ Pursue the acquisition of clients in sectors where demand is expected
- ◆ Plan to increase sales and profits compared to FY2023

- ◆ Recovering revenue levels in pachinko parlor advertising
 - Leverage expertise in attracting customers to provide high value-added services
- ◆ Pursuing the acquisition of clients in sectors with expected growth in advertising demand
 - Further expand sales for fitness and housing-related advertising
 - Provide support services to draw customers to public gaming and other large-scale facilities
 - Pursue collaborative projects with partner firms such as community-rooted advertising agencies
- ◆ Enhancing service lineup in the digital advertising field
 - Further develop the various online services that have been introduced thus far
 - Develop advertising services responsive to technological advances

Shareholder Returns

		FY2022	FY2023	FY2024 forecast
Consolidated EPS	yen	16.90	27.85	31.25
Annual dividends	yen	7.00	15.00	18.00
(of which, interim dividend)	yen	(3.00)	(7.00)	(9.00)
Dividend payout ratio	%	41.4%	53.9%	57.6%
Total dividend amount*¹	millions of yen	44	148	217
* ₁ : Total dividend amount is the amount paid during the period				
Amount of treasury stock purchased during the period	millions of yen	449	310	
Number of treasury stock purchased during the period	shares	1,350,300	900,000	
Total number of shares issued at the end of the period* ²	shares	13,699,700	12,799,700	12,799,700

*₂: Total number of shares issued at the end of the period excludes the number of treasury stocks not yet retired.



[Basic Policy on Shareholder Returns]

- Target dividend payout ratio is 50% for the time being
- Focus on improving capital efficiency and purchase treasury stock at the right time

◆ Shareholder returns for FY2023

- Dividends at the end of Mar 2023: ¥8 (¥15 annually)
Dividend payout ratio: 53.9%
- Total amount of treasury stock purchased for FY2023: ¥310 million

- ◆ Dividend forecast for next fiscal year (FY2024): ¥18 annually
Dividend payout ratio forecast: 57.6%

These materials, which contain earnings forecasts and other forward-looking statements, are based on information available to the Company at the time of preparation and on certain other information the Company believes to be reasonable. Actual business results may differ materially from those expressed or implied herein due to a range of factors.

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