

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

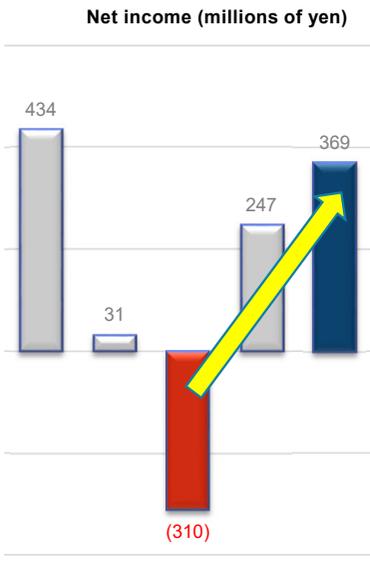
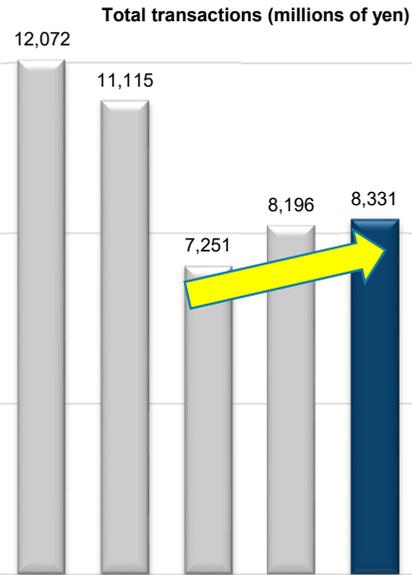
Consolidated Earnings Highlights



(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 | | (millions of yen) YoY comparison | |
|--|-----------|------------|---------|------------|-------------------------------------|-------------|
| | Amount | % of total | Amount | % of total | Change | % of Change |
| | Net Sales | 7,426 | 100.0% | 7,545 | 100.0% | 119 |
| (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

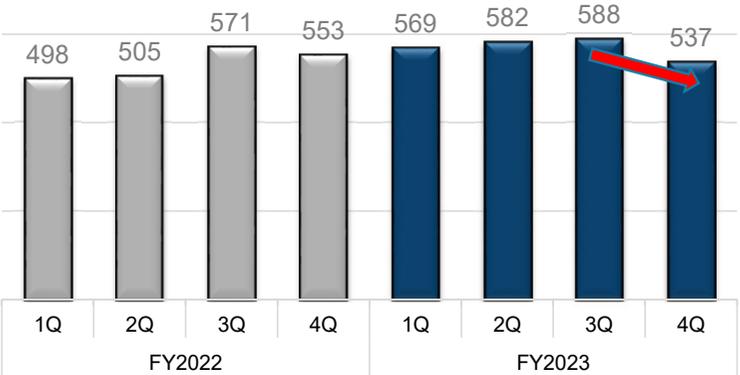
- ◆ Net sales increased slightly and profit at each level increased significantly

> Factors

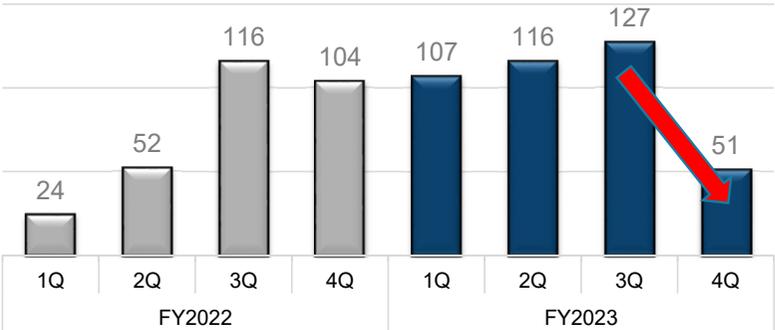
- ◆ Decrease in paper-based advertising with high transaction volume
Increase in online advertising with low transaction volume but high profit margin
- ◆ Pursuing the acquisition of clients in advertising fields other than pachinko parlors and the cultivation of deeper relations with existing clients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

Quarterly Gross Profit and Operating Income (YoY)

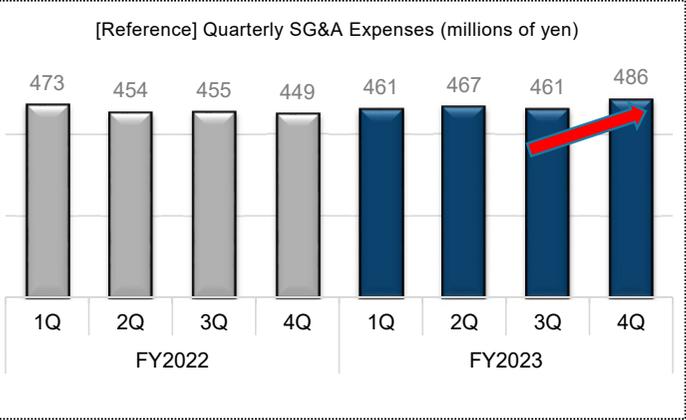
Quarterly Gross Profit (millions of yen)



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

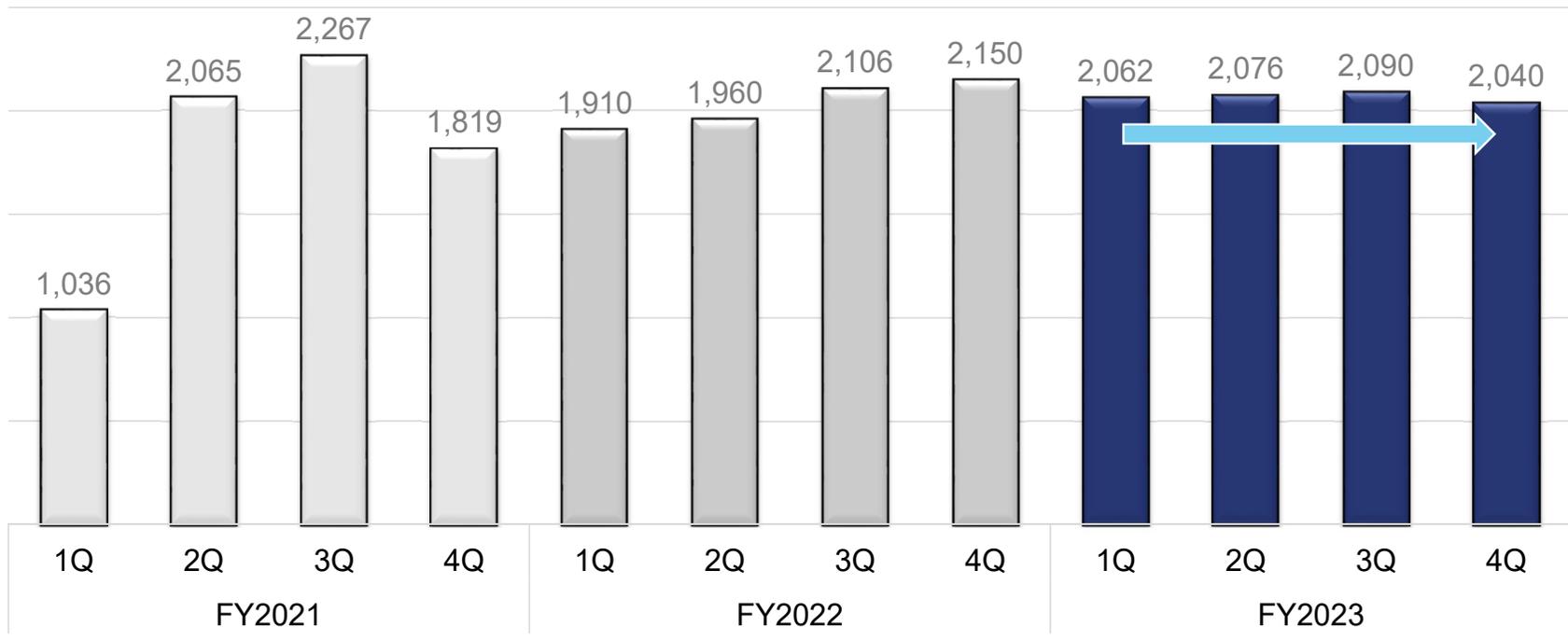
Group Initiatives >

◆ 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.

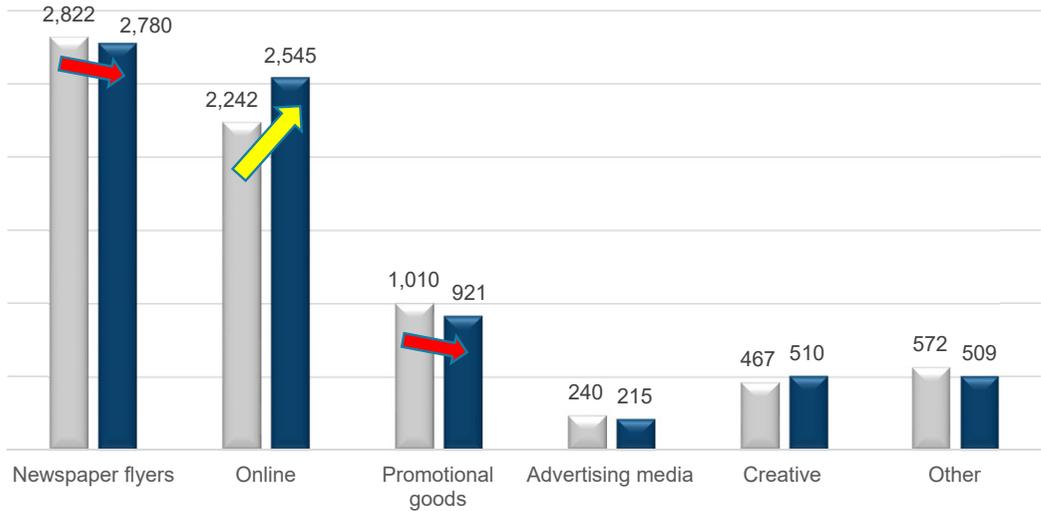
- ◆ Advertising demand fluctuated significantly each quarter until the previous fiscal year in part due to the impact of the COVID-19 pandemic
- ◆ This fiscal year, quarterly advertising demand has generally equalized due to easing of the pandemic and increases in advertising in fields other than pachinko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

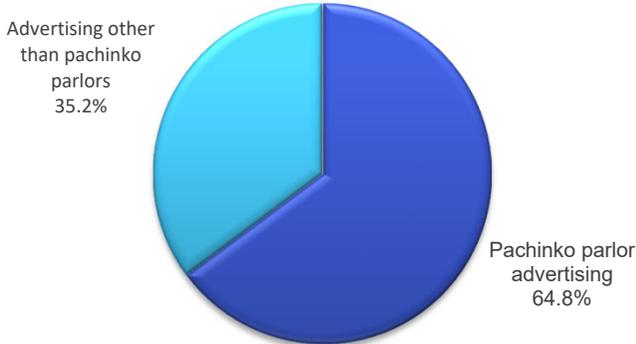


- ◆ Newspaper flyers, promotional goods, and other paper-based advertising decreased from the previous year
- ◆ Online advertising had strong performance

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

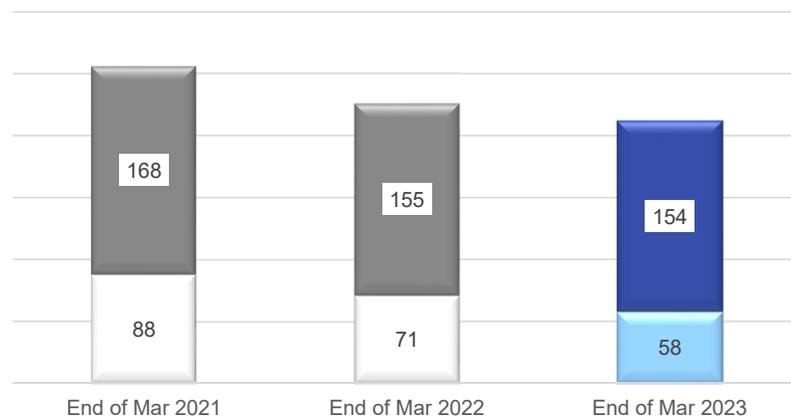


- ◆ Pachinko parlor advertising was down from the previous year in part due to the sluggish fourth quarter
- ◆ Advertising other than pachinko parlors increased steadily, approaching a 40% share of the total

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% |

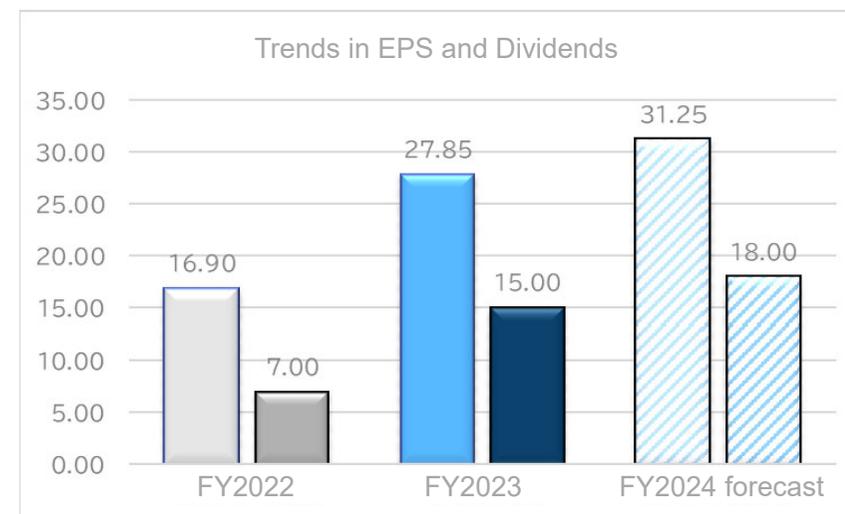
- ◆ Pachinko parlor advertising field
 - Installation of highly-anticipated new models
 - Movements toward reviewing advertising regulations
 - ⇒ A reversal in advertising demand is expected
- ◆ Advertising field other than pachinko parlors
 - ⇒ Pursue the acquisition of clients in sectors where demand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