



**An advertising agency sensitive to the specific needs of the amusement industry  
Our role is to contribute to the growth and development of our clients**

Gendai Agency Inc. was founded in April 1995 as an agency specializing in amusement industry advertising. Ever since, as trailblazers in the industry, we have strived as a team toward our goal of building the company into an entirely unique presence in the field. The company listed on the JASDAQ Securities Exchange in September 2004. We define our business domain as “contribution to clients’ business development and enhancement through the provision of support to bolster performance and assistance in the implementation of strategies to attract customers.”

Our services do not only involve the provision of simple one-off advertisements in a certain media category—we provide comprehensive proposals developed based on strategies to attract customers. Our proposals take the form of consumer communications strategies created from optimal mixes of online and mass media advertising, newspaper flyers, sales promotions, and so on, all tailored to clients’ circumstances, the regions they operate in, and their particular business category. To ensure successful implementation of communications strategies that feature a high degree of originality, we provide a one-stop service with full oversight covering everything from planning and production to execution.

**Achieving greater efficiency through concentration of business resources  
We aim to become a driving force behind the creation of next-generation business models and services**

Our sustained focus on a single field over the more than 20 years since our founding has allowed us to develop concepts and mechanisms that facilitate a high level of efficiency, and our speed, precision, creativity, and superior capabilities in the fields of planning and production are largely a result of these.

Over the years, we have worked to further polish and enhance our systems to enable us to deliver customer attraction strategies that exceed clients’ expectations in terms of both speed and quality .

Now we are leveraging this foundation of expertise we have built up to develop a large number of new business models and tools to meet the needs of clients operating in a diverse range of industries.

**We see this area of change as an opportunity for us to break into new fields**

In recent years we have seen far-reaching changes in our business environment. To respond flexibly to these changes and achieve sustainable growth we have proactively pushed forward with structural reorganization, pursuing M&A and the development of new business, and working proactively to diversify the range of industries and business categories we cover.

While maintaining our focus on advertising, we will continue to work on tackling new fields, expanding into a diverse range of new industries leveraging the concepts and mechanisms that enable to us to achieve superior levels of efficiency. We are now aiming to grow in tandem with an expanding roster of clients, helping them to achieve ever-better results.

April 2020  
CEO Masataka Yamamoto

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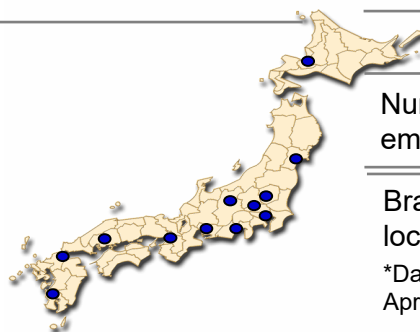
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## **Corporate Outline**

- Company Profile
- History
- Stock-related Information
- Overview of the Gendai Agency Group
- Corporate Philosophy and Vision
- Financial Highlights (Consolidated)

Company name	GENDAI AGENCY INC. <a href="http://www.gendai-a.co.jp">http://www.gendai-a.co.jp</a>
Location of head offices	29 Fl., Tokyo Opera City Bldg., 3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1429 Japan
Capital	¥751.59 million
Shares issued & outstanding	15,050,000 shares
Business activities	Planning and production of advertising and promotions
Consolidated subsidiaries	Land Support Inc. (Leasing of real estate and office brokerage) U&U Inc. ( Planning and production of advertising) Julia Japan Co., Ltd. (Video and Web content production) Zealnet Inc. (Advertising-related systems development) ARC Inc. (Research and development for new service and new business model)

Directors and auditors	
Representative director and CEO	Masataka Yamamoto
Representative director and COO.CCO	Yuzuru Kamikawana
Director and CFO	Shuichi Ko
Director and CIO	Tomoharu Kitou
Outside Director	Yasushi Kobayashi (President of Market Enterprise Co., Ltd.)
Outside Director	Kasumi Kanemoto (Mint'z Planning co.,ltd)
Standing Auditor	Yoshiaki Adachi
Auditor	Toru Azuma
Auditor	Kenji Takano
Auditor	Koujiro Tanaka
*Data current as of June 26, 2020	



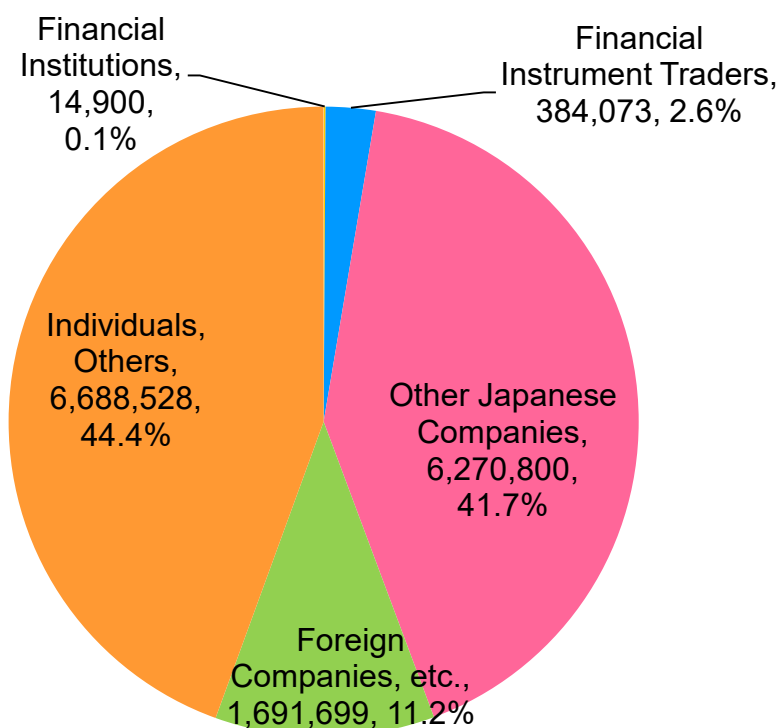
Number of employees	164 (non-consolidated) Avg. age: 38.3 *Data current as of March 31, 2020
Branch office locations *Data current as of April 1st, 2021	Sapporo, Sendai, Tokyo, Utsunomiya, Saitama, Matsumoto, Nagoya, Shizuoka, Osaka, Hiroshima, Fukuoka, Kagoshima (12 locations nationwide)

- Feb. 1994. Launched advertisement business with a private company named Gendai koukokusha. (founded by Masataka Yamamoto)
- Apr. 1995. Established an advertisement firm, Gendai koukokusha, with capital of 10 million yen and opened an office at Hachioji cit., Tokyo.
- Aug. 2003. Changed the trade name to GENDAI AGENCY INC.
- Sep. 2004. Listed on JASDAQ
- Apr. 2005. Exceeded target of 10 billion, achieving net sales of 10.6 billion yen for the fiscal year ended March 31, 2005.
- Feb. 2006. Established Land Support Inc. to offer a support service for clients' seeking to acquire land to open pachinko parlor sites.
- Oct. 2006. Opened branch office in North Kyushu city and 2 other locations, resulting in a grand total of 20 branch offices.
- Apr. 2010. Earned net sales of 20.5 billion yen for the fiscal year ended March 31, 2010.
- Jul. 2010. Acquired 100% of issued shares of Julia Japan Co., Ltd. and made it a subsidiary company.
- Jan. 2012. Established Zealnet Inc. a company providing an advertising-related systems development Exceeded target of 10 billion, achieving net sales of 10.6 billion yen for the fiscal year ended March 31, 2005. service.
- Mar.2014. Acquired all the shares issued and outstanding of U&U Co., Ltd. (currently a consolidated subsidiary) to make it a wholly owned subsidiary with the aim of offering advertising services in the health food mail order industry, etc.
- Oct. 2016. The head office was relocated to Shinjuku-ku, Tokyo (3-20-2, Nishi-Shinjuku, Shinjuku-ku), from Hachioji, Tokyo (Azumacho 9-8, Hachioji).
- Nov. 2016. Established ARC Inc. (currently a consolidated subsidiary).

## Stock-related Information

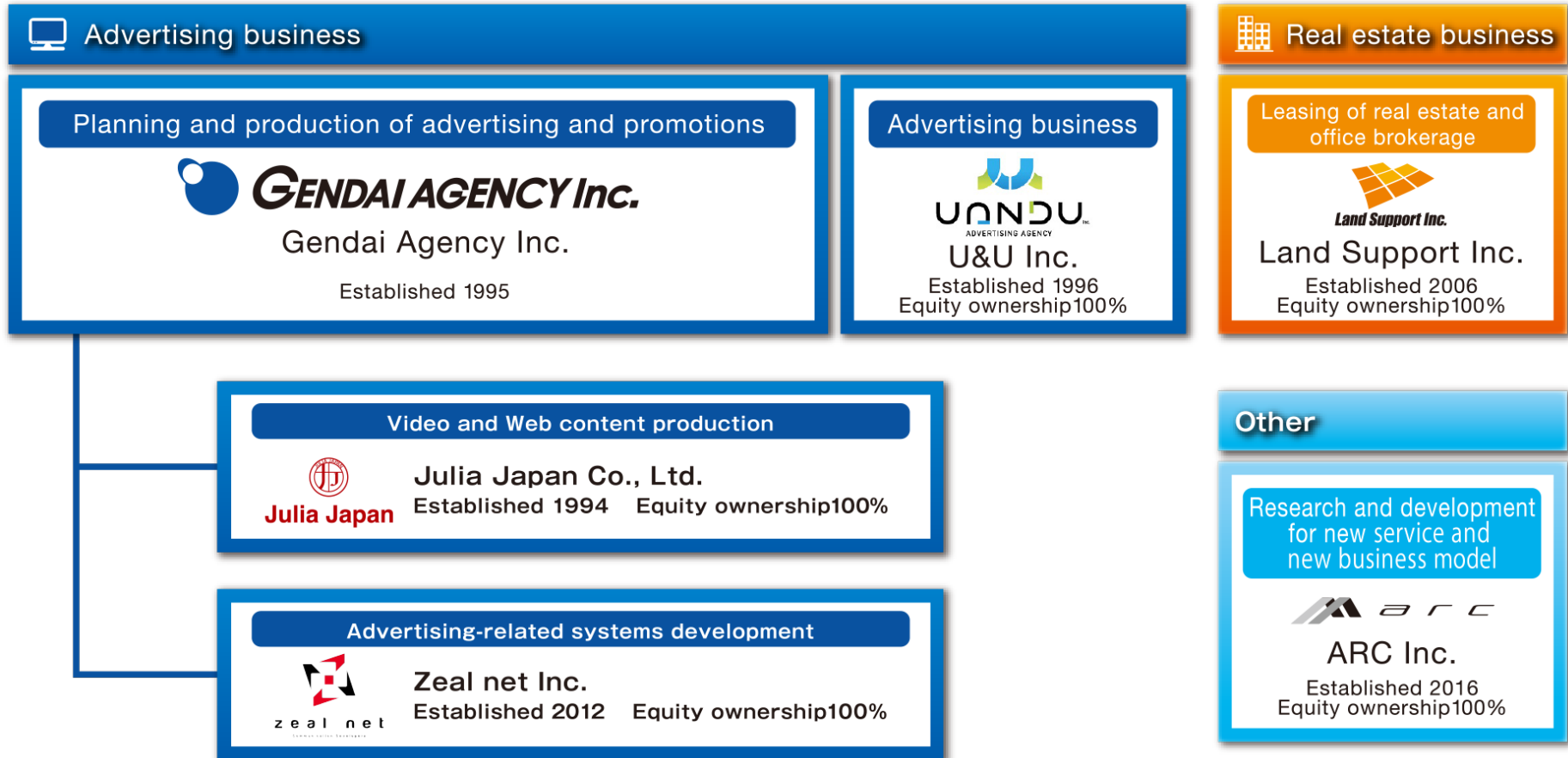
Total number of shares issued and outstanding	15,050,000
Number of shareholders	7,033

## Share Distribution by Shareholder Type



## Principal Shareholders

Shareholder	No. of Shares Held	%
ASSET MANAGEMENT ADVISORS Inc.	5,244,000	34.8
Bbh For Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund Standing Proxy: The Bank of Mitsubishi UFJ, Ltd.	850,000	5.7
Japan Print Co., Ltd.	480,000	3.2
Michiko Umeda	359,400	2.4
State Street Bank and Trust Company 505224 Standing Proxy: Settlement & Clearing Services Division, Mizuho Corporate Bank, Ltd.	350,000	2.3
Masataka Yamamoto	322,400	2.1
Toshisuzu Motoyama	320,000	2.1
SBI SECURITIES Co.,Ltd.	164,638	1.1
Silver Group Co.,Ltd.	120,000	0.8
YOMIURI IS INC.	120,000	0.8





## Basic Philosophy

We engage in activities aimed at supporting the earnings growth and advancement of our client companies through innovation and imagination, through which we hope to contribute to the creation of a richer, fuller society.

## Group Management Principles

- 1 We aim to become a company that client companies can rely on as a partner who helps them to realize their communication strategies.
- 2 We will continue to take on the challenge of developing new business models and tools that go beyond the bounds of the advertising business.
- 3 We will always strive to offer optimal services with sincerity and passion.

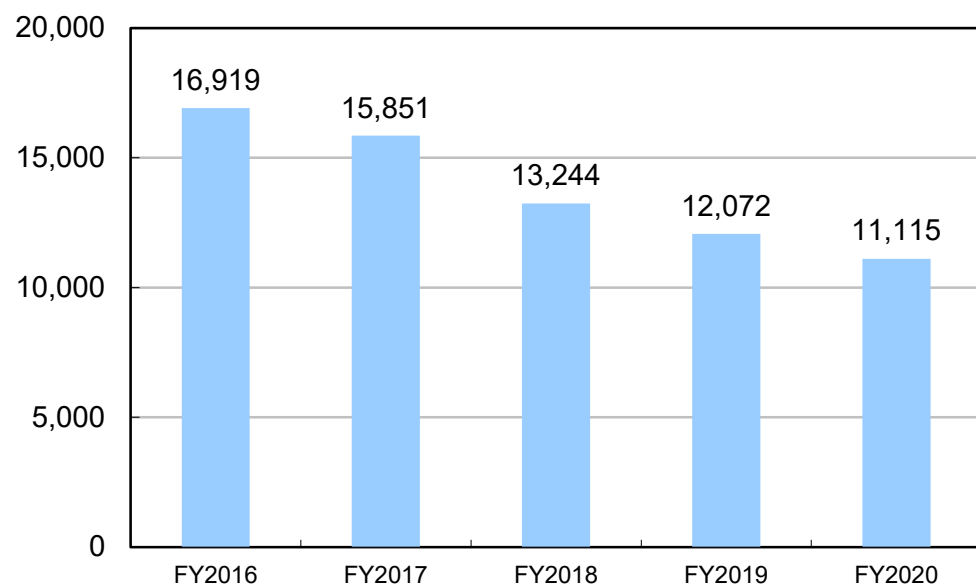
## Code of Conduct

- |   |                       |   |
|---|-----------------------|---|
| 1 | Legal Compliance      | As an integral member of society in the areas where we do business, we engage in business activities that are sound, highly transparent, and in strict compliance with the law. |
| 2 | Focus on Shareholders | Always with shareholder interest in mind, we pursue management policies aimed at raising the enterprise value of our company. and furthering the interests of our shareholders. |
| 3 | Customer Satisfaction | To gain the satisfaction and trust of our clients, we devote ourselves to constant efforts to devise new, high-grade services.  |
| 4 | Respect for Employees | We value the ambitions and capabilities of every one of our employees, and we strive to provide fair working conditions and an environment conducive to doing good work.        |

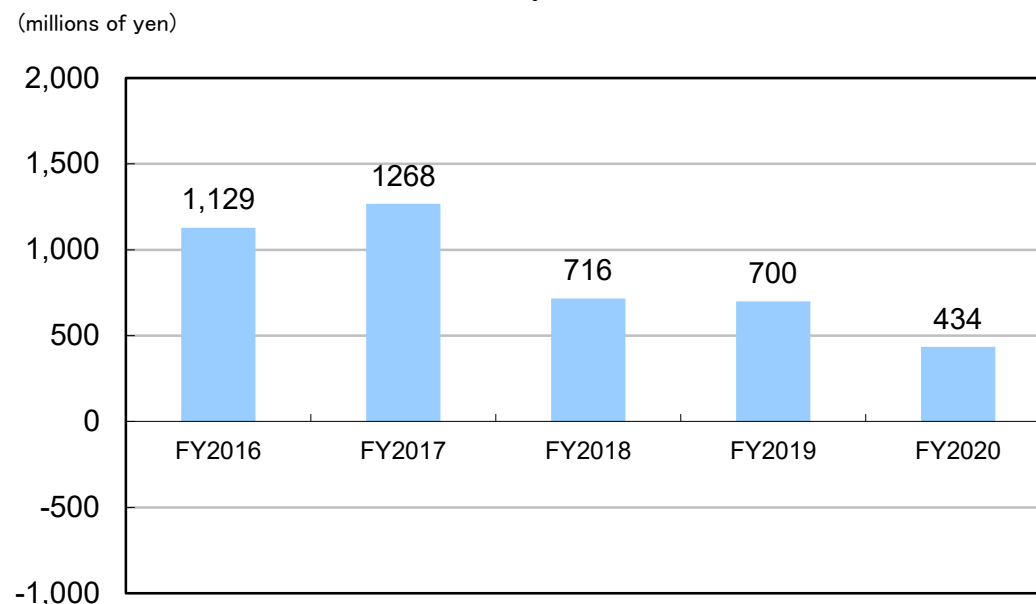
(millions of yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	16,919	15,851	13,244	12,072	11,115
Operating income	1,142	1,269	743	704	460
Ordinary income	1,129	1,268	716	700	434
Net income	490	831	504	434	31

(millions of yen) Net sales



(millions of yen) Ordinary income



## Advertising Business — Business Model and Strengths

- Our Business
- Business Model
- Work Flow
- Branch Office Network
- Strengths and Characteristics
- Current Activities

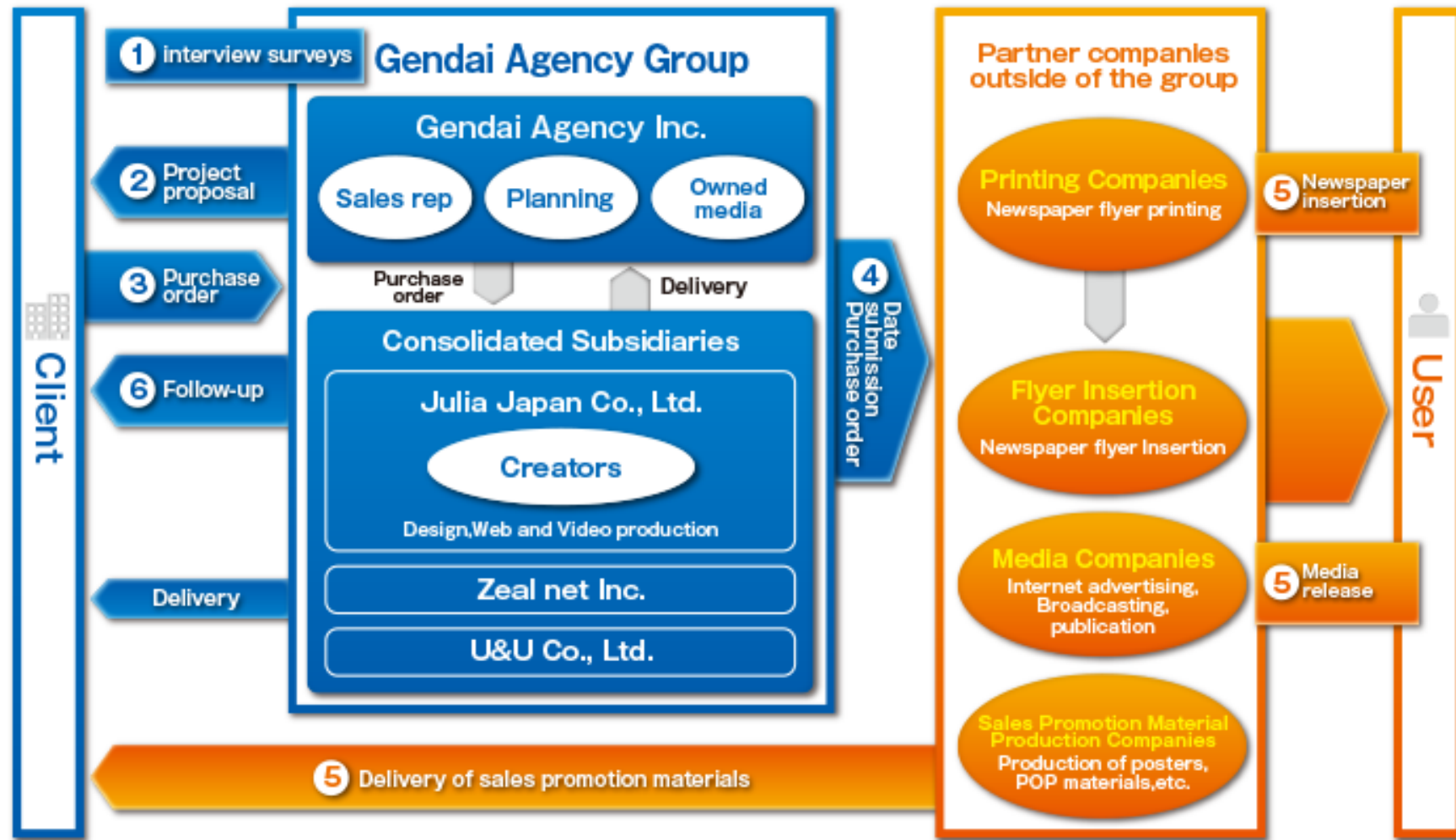
We produce and integrate a comprehensive range of advertisement activities and various kinds of other vehicles for communicating information to stimulate and increase customer participation at pachinko parlors.



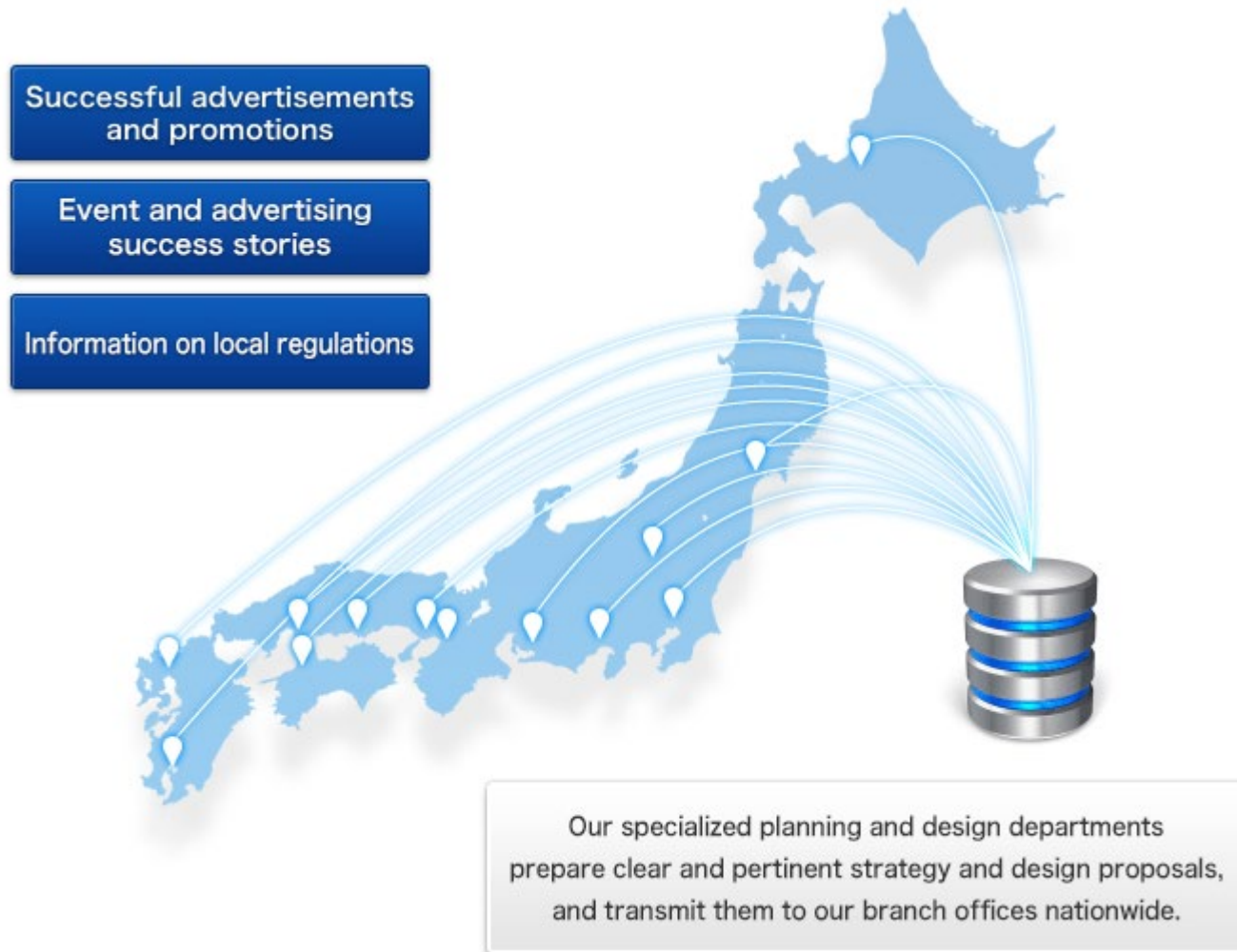
We strengthen relationships with clients and secure continuing business by repeating a cycle of proposal activities designed to more effectively attract customers. We propose appropriate advertising strategies based on a variety of information that reflects a firm grasp of customer needs. We conduct post-project interviews, confirm impact, and apply the findings to future proposals.



We cooperate with partner companies to offer one-stop supply of advertising materials in wide-ranging genres.



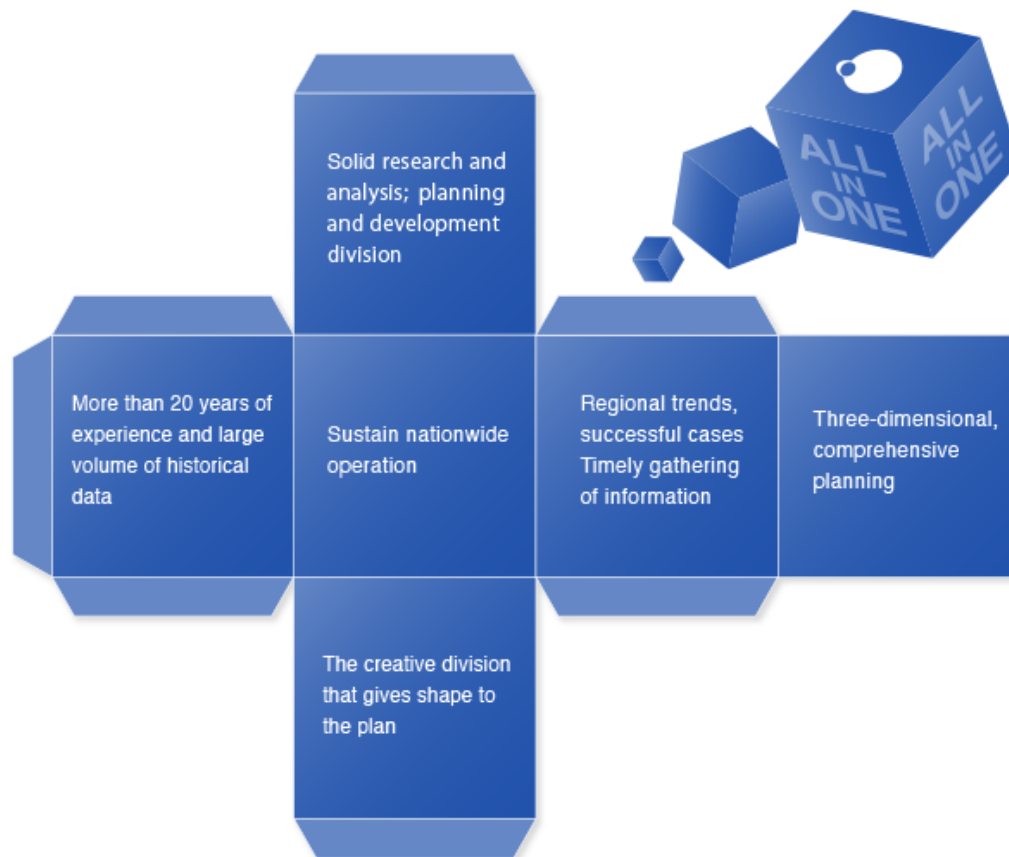
We have the process and system to gather the most recent information on the promotion and operation of pachinko parlors from local offices and to provide data which has been comprehensively analyzed and tailored to meet the needs of our clients.



Gendai Agency Group offers highly value-added services in a swift manner for various scenarios to enable to build the most optimum plan for the client.

## To offer the optimum service to the client

Building communication for making people happy



## Realize strategy to attract customers through “All in one”

From a radius of 50cm to all of Japan, or from one-to-one to mass media, the Company offers comprehensive and three-dimensional plans. By identifying the customer needs starting with thorough interviews to plan proposals, targeting, implementation, and verification of results, backed by large volume of historical data and marketing, we enable clients to attract customers strategically and give a boost to their next move.

## Consolidation and Diffusion

- Local offices: Grasp the trends and unique characteristics and gather successful examples by closely associating with the local communities.
- Planning and development division: Research, analysis and release of new services and products.
- Creative division: A team of directors and creators, well-versed in a wide range of media and design.

In addition to compiling these diverse information and material as database in a timely manner, we will offer the latest and optimum service at all times by building an in-house network system that can be accessed in real time from anywhere in Japan.

## Flexible and Strong Stance

Flexibility to customize and fit for a wide variety of clients, while actively adopting new services. From mass media to SP, we deliver the best results regardless of the industry or field given the strength in evolving and developing based on the experience of over 20 years with respect to the characteristics and impact of existing services.

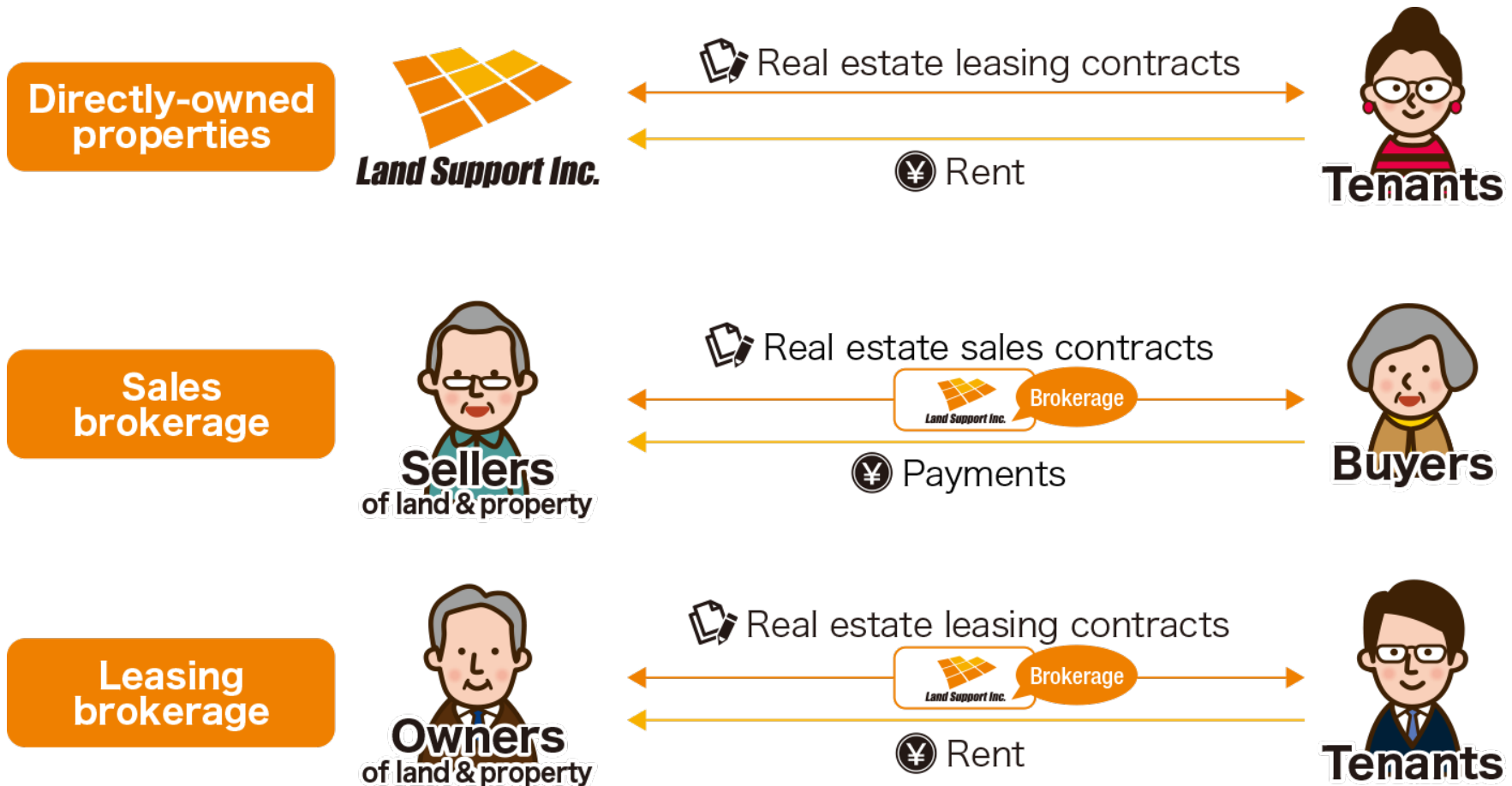


In the advertising industry, to meet client needs accompanying changes in the industry environment, we strive to upgrade and enhance our multifaceted advertising strategies, particularly mobile phone and Web advertising.



## Overview of the Real Estate Business

Land Support Inc. takes full advantage of its nation-wide network to swiftly connect property owners and people seeking properties, providing real estate leasing and brokerage services targeting pachinko halls and general commercial facilities.



## Future Activities

- Medium- to Long-Term Business Strategy
- Challenges Ahead
- Performance Indicators and Basic Policy on Profit Distribution

To realize sustained growth for the Group, we will continuously pursue added value and productivity in services as the market leader in the pachinko parlor advertising market. We will always look for new business opportunities and actively work on business development.



The Group will implement the following measures for realizing its management strategies:

### **Protect employees' health and ensure business continuity while streamlining operations**

- Following the Japanese government's state of emergency declaration, the Group promptly transitioned to telework to lower employee infection risks and business continuity risks.
- Established a flexible business structure that facilitates the transition to telework at all offices even following the incremental lifting of the state of emergency declaration.
- In preparation for prolongation of the risk from the novel coronavirus outbreak, the Group will continue to expand the range of work duties that can be performed through telework, identify the issues to be addressed in order to smoothly and efficiently implement new working styles and then continue to formulate and implement improvement measures.

### **Cultivate new clients and begin preparations for the provision of new services in anticipation of the resumption of economic activities.**

- Diversify revenue sources by developing clients in a wider range of industries
- Focus on developing advertising services capable of adapting to technological advances in the digital advertising field and training employees to provide those services

We will make steady progress toward achievement of the target performance indicators.

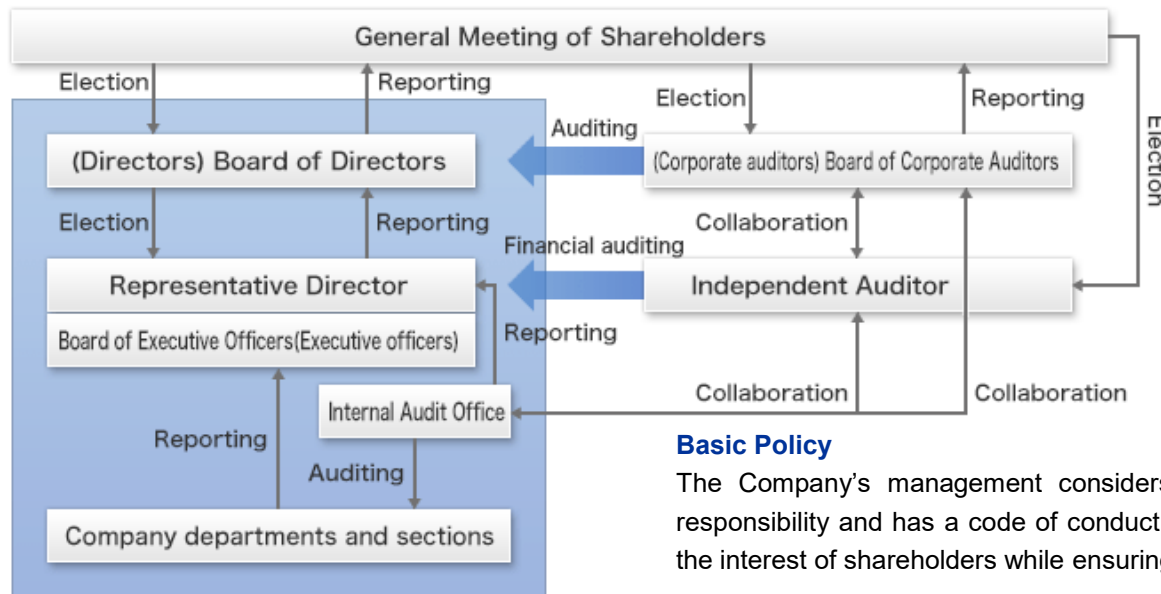
	FY2018	FY2019	FY2020
Operating margin	5.6%	5.8%	4.1%
EPS	33.51yen	28.89yen	2.06yen
ROE	9.2%	7.9%	0.6%
Total annual dividend (Of which, interim dividend)	25.00 yen (12.00 yen)	25.00 yen (12.00 yen)	25.00 yen (12.00 yen)
Expected consolidated dividend payout ratio	74.6%	86.5%	1,213.3%

- We will engage in management that emphasizes productivity, added value, and capital efficiency to achieve an operating margin of 10% or higher and ROE of 10% or higher.
- We will maintain a target dividend payout ratio of 50% under a basic policy of maximizing shareholder value.
- We will emphasize capital efficiency improvement and purchase treasury stock when the timing is appropriate.

## Corporate Governance, CSR Activities

- Corporate Governance
- CSR Activities





## Basic Policy

The Company's management considers sustained growth in shareholder value to be its most important responsibility and has a code of conduct that calls for the practice of corporate activities constantly focused on the interest of shareholders while ensuring management soundness (compliance) and transparency (disclosure).

## Board of Directors

The Company decides matters prescribed in laws and regulations and the Articles of Incorporation and important matters of company management prescribed in the Board of Directors Regulations at meetings of the Board of Directors held at least once a month. Since the Company has a small number of full-time directors, routine, frequent communication is possible, and the Company believes the management system makes possible checks and effective oversight of business execution by means of the election of outside directors. The Company has introduced an executive officer system for the purpose of segregating decision making and management oversight from business execution and clearly defining responsibilities. The Board of Executive Officers, consisting of executive officers elected by the Board of Directors, engages in rigorous deliberations and realizes agile business execution.

## Board of Corporate Auditors

The corporate auditors regularly attend meetings of the Board of Directors, actively participate in meetings of the Board of Executive Officers and other important internal meetings, and focus on conducting audits to detect violations of the law or the Articles of Incorporation or matters that infringe the interest of shareholders. The Board of Corporate Auditors meets periodically to discuss important matters concerning auditing.

GENDAI AGENCY INC. will endeavor to implement initiatives to promote a sustainable society and economic development, taking into consideration the environment, social responsibility, and corporate governance.

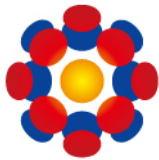


### For the Environment

**We strive to preserve the natural environment and contribute to the development of society through our business activities.**

- For the environment

To conserve resources and energy, we strive for paperless operation in our offices and use eco-cars for company vehicles.



### Together with Society

**We will engage in activities to ensure development together with our many stakeholders.**

- Together with society
- Together with customers
- Together with business partners
- Together with our employees

We participate in the Ecocap Movement to fund vaccines for children around the world, and the introduction of employee assistance programs to promote the mental and physical health of employees.



### As a Responsible Company

**We engage in various CSR activities as an ongoing concern trusted by society.**

- Corporate governance
- Compliance
- Information security
- Risk management

We engage in activities such as the development of a system for the early detection of compliance violations by employees.

**Investor relations contact:**  
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URL: <http://www.gendai-a.co.jp/>