



April 19, 2024

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Business Results for the Fiscal Year Ended  
March 31, 2024 (FY2024)

# Key Financial Results for FY2024

- ◆ Net sales decreased slightly YoY, and gross profit and items below it decreased significantly
- ◆ A reversal in the performance of the pachinko parlor advertising field was expected at the beginning of the year, but it has been retreating from the scenario of returning to a growth trajectory since last October
- ◆ In the pachinko parlor advertising field, demand for online advertising decreased sharply due to stealth marketing regulation enacted last October, etc.
- ◆ Advertising fields other than pachinko parlors continued to grow steadily
- ◆ SG&A expenses remained higher YoY mainly due to an increase in personnel expenses as a result of investment in human capital

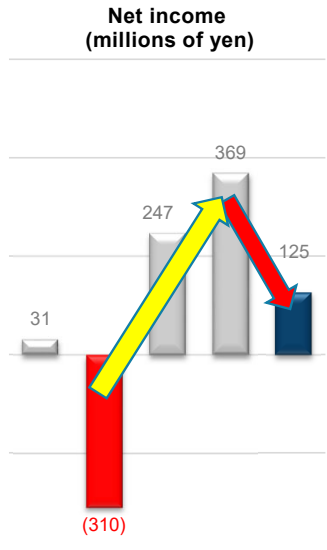
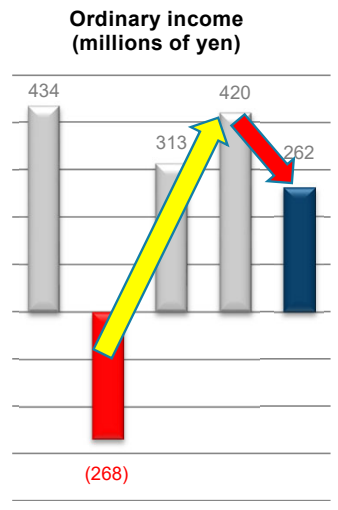
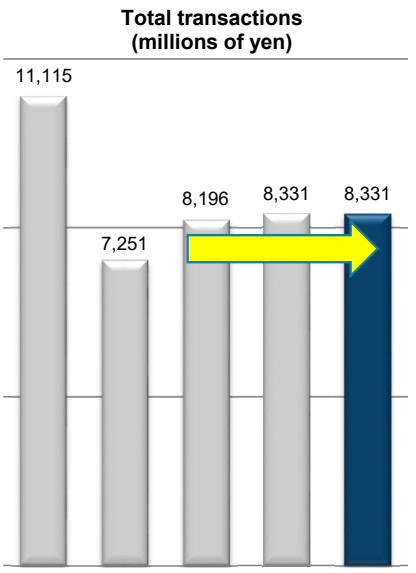
# Consolidated Earnings Highlights



(millions of yen)

	FY2020	FY2021	FY2022	FY2023	FY2024
Net Sales	11,115	7,251	7,426	7,545	7,419
(Ref.) Total transactions*	11,115	7,251	8,196	8,331	8,331
Operating income	460	-290	296	401	249
Ordinary income	434	-268	313	420	262
Net income attributable to parent company's shareholders	31	-310	247	369	125

\*Total transactions are the gross amount of agent transactions.



- ◆ Transaction volume remained flat
- ◆ Ordinary income retreated significantly from the performance reversal scenario
- ◆ Net income decreased significantly due in part to the reversal of deferred tax assets

# FY2024 Business Performance (YoY)

	FY2023		FY2024		(millions of yen) YoY comparison	
	Amount	% of total	Amount	% of total	Change	% of Change
Net Sales	7,545	100.0%	7,419	100.0%	-126	-1.7%
(Ref.) Total transactions*	(8,331)	-	(8,331)	-	0	0.0%
Gross Profit	2,276	30.2%	2,192	29.5%	-84	-3.7%
Operating income	401	5.3%	249	3.4%	-152	-38.0%
Ordinary income	420	5.6%	262	3.5%	-158	-37.6%
Net income attributable to parent company's shareholders	369	4.9%	125	1.7%	-243	-66.0%

\*Total transactions are the gross amount of agent transactions.

## > Result

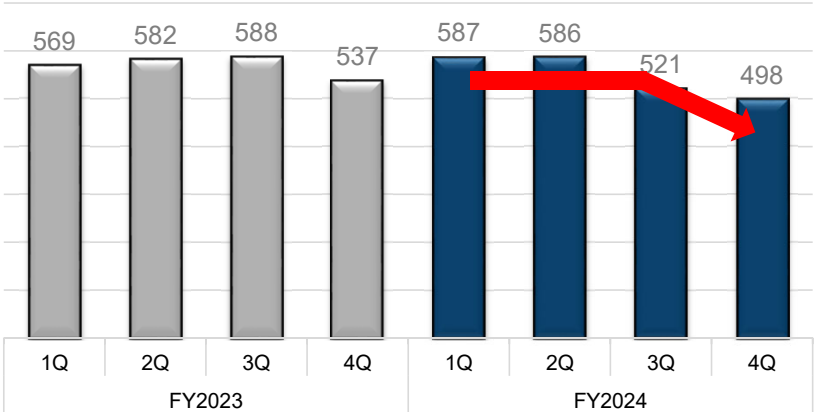
- ◆ Net sales decreased slightly, and gross profit and items below it decreased

## > Factors

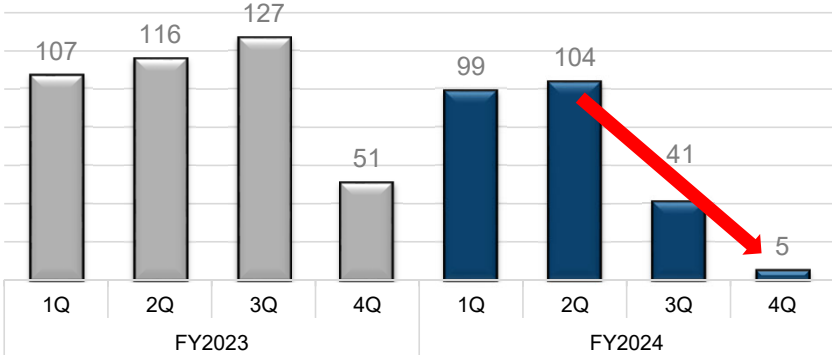
- ◆ Orders in the pachinko parlor advertising field decreased sharply due to the impact of stealth marketing regulation enacted in October 2023, etc.
- ◆ An increase in personnel expenses mainly due to an increase in personnel and wages at the beginning of the year
- ◆ Net income decreased significantly due to lower operating income and the reversal of deferred tax assets

# Quarterly Gross Profit and Operating Income (YoY)

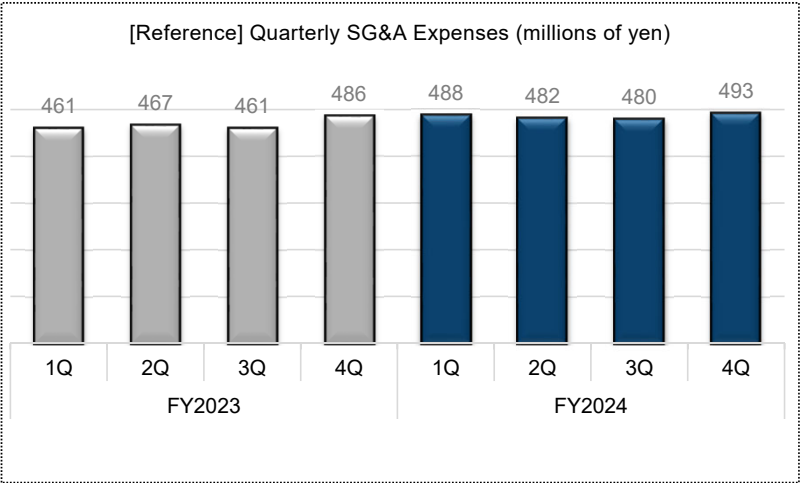
Quarterly Gross Profit (millions of yen)



Quarterly Operating Income (millions of yen)



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



- ◆ Gross profit has decreased significantly YoY since the third quarter
- ◆ SG&A expenses grew due to an increase in personnel and wages at the beginning of the year and other factors
- ◆ As a result, operating income decreased significantly YoY

# FY2024 Business Performance (Compared with Forecast)



FY2024	Revised performance forecast*		Result		(millions of yen) Change	
	Amount	YoY	Amount	YoY	Amount	% of Change
	Net Sales	7,500	-0.6%	7,419	-1.7%	-80
Operating income	280	-30.3%	249	-38.0%	-30	-11.1%
Ordinary income	280	-33.5%	262	-37.6%	-17	-6.2%
Net income attributable to parent company's shareholders	180	-51.3%	125	-66.0%	-54	-30.1%

\*Revised forecast announced on January 19, 2024

- ◆ Net Sales, operating income, ordinary income:  
Slightly below the forecast
  
- ◆ Net income:  
Decreased significantly compared with the forecast due to the reversal of deferred tax assets

# Breakdown by Business Segment

[Cumulative Period]

	Advertising	Real Estate	Other	Adjusted Amount	(millions of yen)	
					Consolidated	
Net Sales	7,342	69	7	—	7,419	
Segment income	504	30	-5	-279	249	

[YoY comparison]

	Advertising	Real Estate	Other	Adjusted Amount	(millions of yen)	
					Consolidated	
Net Sales	-140	+16	-2	—	-126	
Segment income	-128	+7	-3	-28	-152	

- ◆ In the advertising business, the pachinko parlor field was very weak
- ◆ The real estate business increased significantly YoY due to brokerage commission revenue
- ◆ Segment profit fell mainly due to a decrease in gross profit and an increase in personnel expenses

# Segment Income (Advertising)

Advertising	(millions of yen)			
	FY2023	FY2024	YoY comparison	
			Change	% of Change
Net Sales	7,482	7,342	-140	-1.9%
(Ref.) Total transactions*	8,268	8,254	-14	-0.2%
Segment income	632	504	-128	-20.3%

\*Total transactions are the gross amount of agent transactions.

## External Environment >

- ◆ Pachinko parlor facilities:  
Orders for influencer advertising dropped sharply due to the impact of stealth marketing regulation enacted in October 2023, etc.  
Advertising expenses continued to be curbed to secure investment funds
- ◆ Advertising fields other than pachinko parlors:  
Advertising orders remained strong, including mainstay fitness facility advertising and housing-related advertising

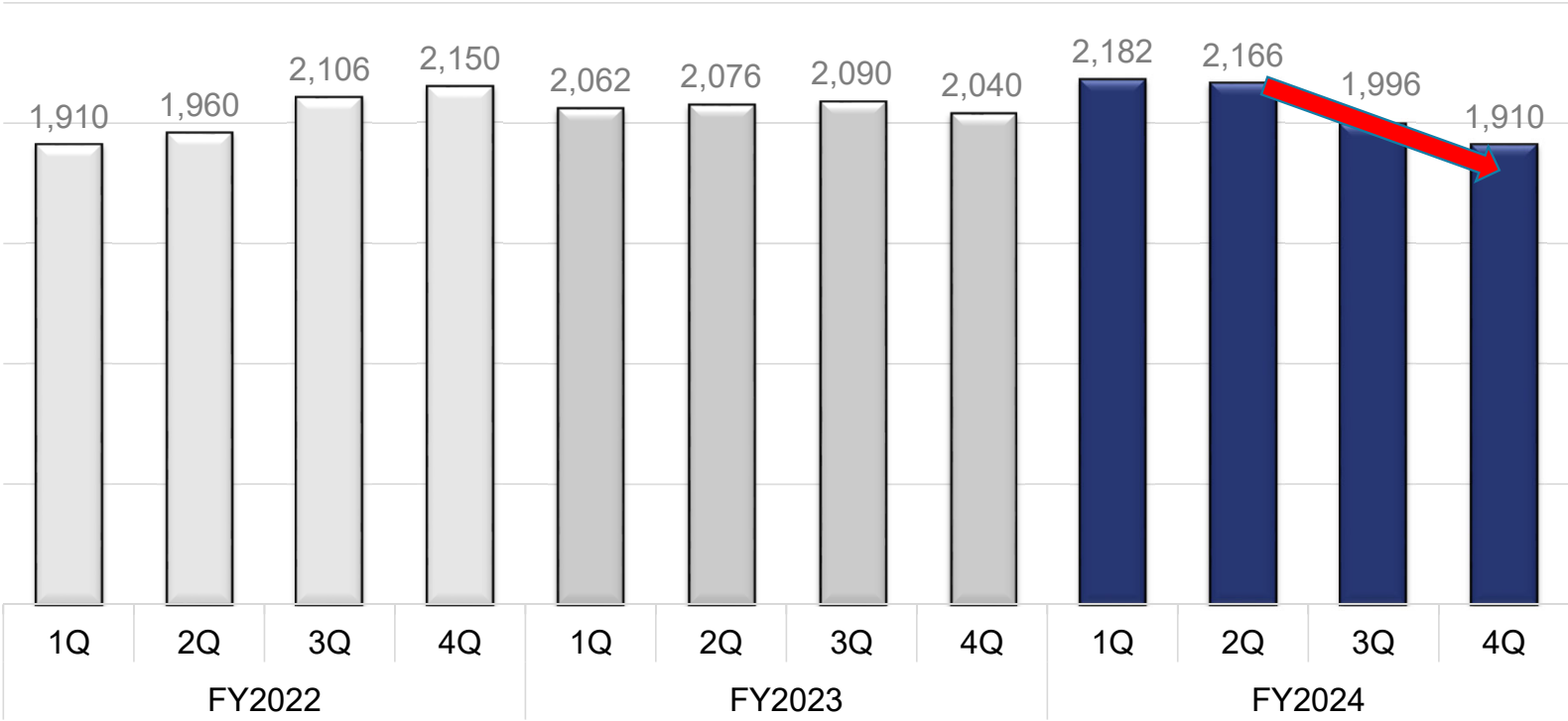
## Group Initiatives >

- ◆ Pursuing the acquisition of new clients in sectors with expected growth in advertising demand



# [Reference] Total Quarterly Transactions (Advertising)

Advertising: Total Quarterly Transactions (millions of yen)



\*Total transactions are the gross amount of agent transactions.

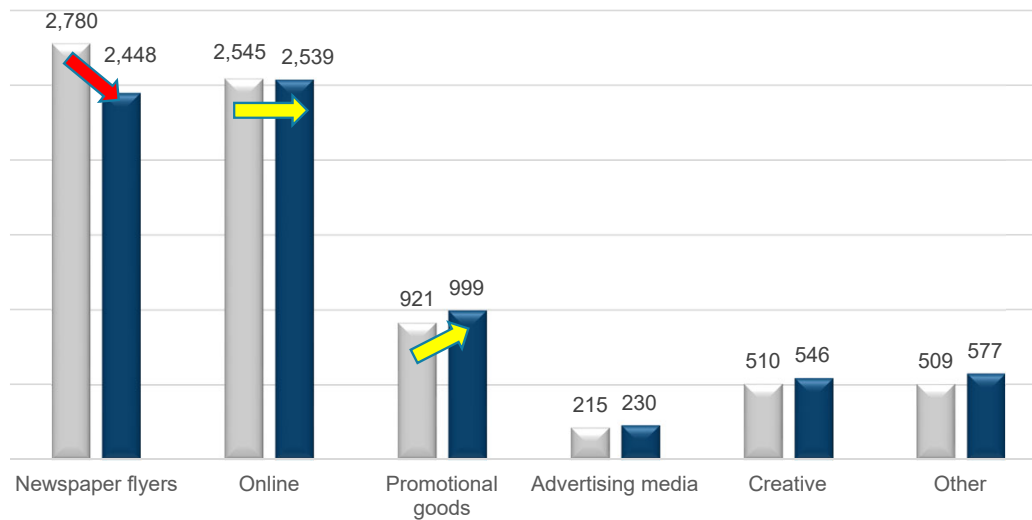
- ◆ The pachinko parlor advertising field was weak
- ◆ Advertising fields other than pachinko parlors were steady

# Sales Breakdown (Advertising)

(millions of yen)

	FY2023		FY2024		YoY comparison		
	Amount	% of total	Amount	% of total	Change	% of Change	Change in % of total
Newspaper flyers	2,780	37.2%	2,448	33.3%	-332	-12.0%	-3.9 pt
Online	2,545	34.0%	2,539	34.6%	-5	-0.2%	0.6 pt
Promotional goods	921	12.3%	999	13.6%	77	8.4%	1.3 pt
Advertising media	215	2.9%	230	3.1%	15	7.2%	0.2 pt
Creative	510	6.8%	546	7.4%	36	7.1%	0.6 pt
Other	509	6.8%	577	7.9%	68	13.5%	1.1 pt
<b>Total</b>	<b>7,482</b>	<b>100.0%</b>	<b>7,342</b>	<b>100.0%</b>	<b>-140</b>	<b>-1.9%</b>	

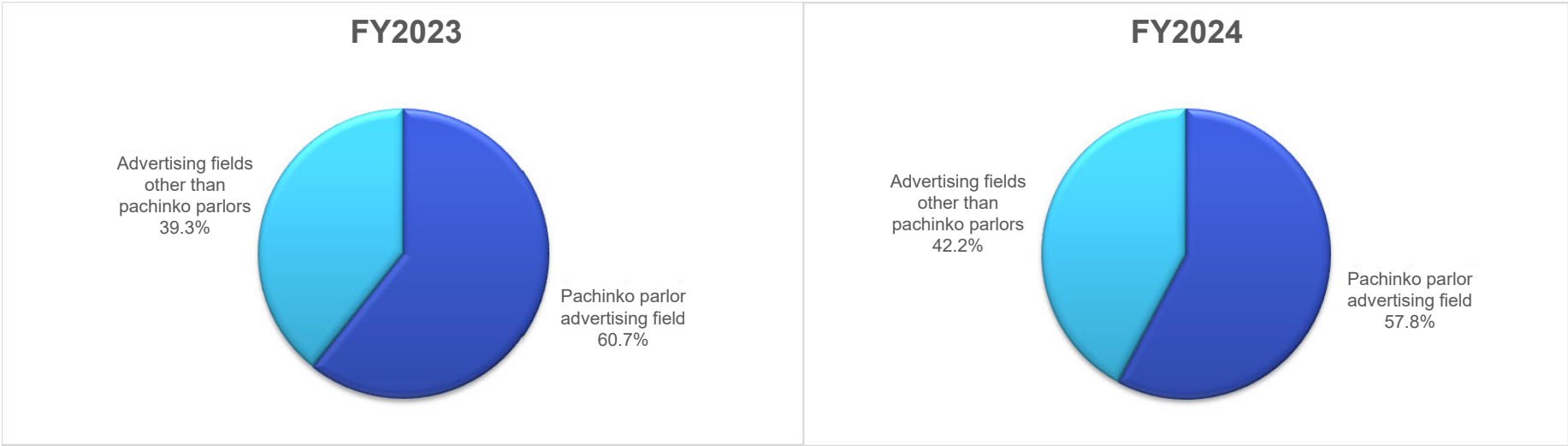
Sales Breakdown (millions of yen)



- ◆ Newspaper flyers remained on a downward trend
- ◆ Growth in online advertising slowed due to a sharp decline in influencer advertising
- ◆ Promotional goods increased due to the installation of next-generation pachinko and slot-machine models

# Total Transaction Breakdown (Advertising)

	FY2023		FY2024		(millions of yen) Change	
	Amount	% of total	Amount	% of total	Amount	% of Change
Pachinko parlor advertising field	5,018	60.7%	4,769	57.8%	-249	-5.0%
Advertising fields other than pachinko parlors	3,250	39.3%	3,484	42.2%	234	7.2%
Total	8,268	100.0%	8,254	100.0%	-14	

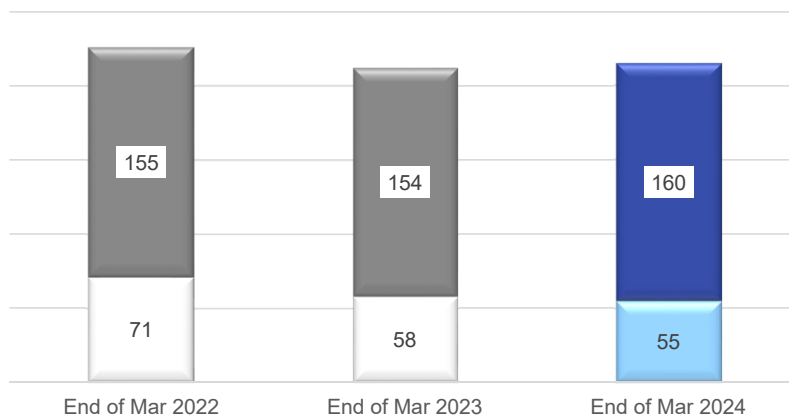


- ◆ The pachinko parlor advertising field decreased significantly YoY due to a sharp decline in orders since 2H FY2024
- ◆ Advertising fields other than pachinko parlors remained steady

# Employees

	End of Mar 2022	End of Mar 2023	End of Mar 2024	(people) YoY Change
Sales, administration (SG&A)	155	154	160	6
Creative (cost of sales)	71	58	55	-3
<b>Subtotal for advertising</b>	<b>226</b>	<b>212</b>	<b>215</b>	<b>3</b>

Advertising: Number of Employees



- ◆ Sales, administration : An increase in personnel to enhance sales in anticipation of a recovery in demand
- ◆ Creative : Hiring of new recruits was curbed due to declining demand for paper-based advertising

# Segment Income (Real Estate)

Real Estate	FY2023	FY2024	(millions of yen) YoY comparison	
			Change	% of Change
Net Sales	53	69	16	30.6%
Operating expense	31	39	8	25.8%
Segment income	22	30	7	36.0%

- ◆ In addition to rent revenue on the land it owns in Kashiwa, Chiba Prefecture, the segment recorded ¥17 million in brokerage commission revenue from brokering the sale of a pachinko parlor site
- ◆ As a result, net sales were ¥69 million (up 30.6% YoY), and segment income came to ¥30 million (up 36.0% YoY)

# Balance Sheet (Consolidated)

	End of Mar 2023	End of Mar 2024	(millions of yen) Change (B)-(A)	
	(A)	(B)		
Cash and cash equivalents	3,735	3,438	-297	.....→ Decrease due to purchase of treasury stock, etc.
Accounts receivable	988	976	-12	
Other current assets	122	75	-47	
Tangible/intangible fixed assets	714	720	5	
Investments and other assets	495	218	-277	.....→ Decrease due to return of deposits
<b>Total assets</b>	<b>6,056</b>	<b>5,428</b>	<b>-628</b>	
Accounts payable	555	534	-20	
Short-term/long-term borrowings	850	562	-287	.....→ Decrease due to repayment
Accrued income taxes	59	42	-17	
Other liabilities	202	203	0	
<b>Total liabilities</b>	<b>1,667</b>	<b>1,342</b>	<b>-324</b>	
Shareholders' equity	4,385	4,080	-305	
Other	3	5	2	
<b>Total net assets</b>	<b>4,389</b>	<b>4,085</b>	<b>-303</b>	.....→ [ <ul style="list-style-type: none"> <li>• Net income: +¥125 million</li> <li>• Purchase of treasury stock: -¥218 million</li> <li>• Dividends: -¥213 million</li> </ul>
<b>Total liabilities and net assets</b>	<b>6,056</b>	<b>5,428</b>	<b>-628</b>	

# Cash Flow Statement (Consolidated)



	(millions of yen)	
	FY2023	FY2024
Net income before income taxes	415	265
Cash flow from operations	372	260
Cash flow from investing activities	-86	156
Cash flow from financing activities	-546	-719
Cash and cash equivalents at end of period	3,729	3,431

+ Net income before income taxes	265		
+ Depreciation and amortization	54		
+ Change in accounts receivable	5		
+ Other	70		
			- Change in accounts payable 20
			- Income taxes paid 98
			- Other 17
<b>Cash flow from operations</b>	<b>260</b>		
+ Proceeds due to return of deposits	176		
+ Proceeds from sale and redemption of investment securities	49		
+ Other earnings	9		
			- Payment for purchase of tangible/intangible assets 76
			- Other 1
<b>Cash flow from investing activities</b>	<b>156</b>		
			- Repayment of borrowings 287
			- Payment for purchase of treasury stock 218
			- Dividends paid 213
<b>Cash flow from financing activities</b>			<b>719</b>

# FY2025 Consolidated Earnings Forecast

	FY2024 result	FY2025 forecast	(millions of yen) (%)
<b>Net Sales</b>	7,419	7,500	1.1%
<b>Operating income</b>	249	300	20.5%
<b>Ordinary income</b>	262	300	14.3%
<b>Net income attributable to parent company's shareholders</b>	125	220	74.8%

- ◆ Pachinko parlor advertising field
  - “Advertising and Promotion Guidelines” issued by four pachinko industry groups have clarified the contents of advertising regulations
  - Developing and offering advertising and services that contribute to attracting customers  
=> Improvement in profitability
- ◆ Advertising fields other than pachinko parlors  
=> Promote the acquisition of clients in sectors with promising demand
- ◆ Plan to increase sales and profits compared with FY2024



## ◆ Pursuing sustainable growth under the new structure

- Shifted to a new management structure, including a change of Representative Director, in order to adapt to changes in the surrounding business environment and make prompt and appropriate management decisions and promote decision results
- Under the new structure, create a corporate culture that dispels existing stereotypes and takes on challenges
- Continue to actively promote the next-generation of talented people who will be in charge of the Group's future as senior management

## ◆ Improving the profitability of pachinko parlor advertising

- Develop and offer advertising and services that contribute to attracting customers, pursuant to the “Advertising and Promotion Guidelines Ver. 2”
- Create demand by reactivating dormant clients
- Consolidate sales bases and optimize costs with the aim of improving productivity

## ◆ Pursuing the acquisition of clients in sectors with expected growth in demand

- Further expand sales for and deepen transactions with tutoring schools, secondhand shop businesses, public professional sports, etc., in addition to the mainstay fitness facility and housing-related fields

# Shareholder Returns

		FY2023	FY2024	FY2025 forecast
<b>Consolidated EPS</b>	<b>yen</b>	<b>27.85</b>	<b>10.17</b>	<b>17.89</b>
<b>Annual dividends</b>	<b>yen</b>	<b>15.00</b>	<b>18.00</b>	<b>20.00</b>
(of which, interim dividend)	yen	(7.00)	(9.00)	(10.00)
Dividend payout ratio	%	53.9%	177.0%	111.8%
DOE (Dividend on equity ratio)	%	3.4%	5.2%	About 6.0%
Total dividend amount* 1	millions of yen	148	213	246
*1 Total dividend amount is the amount paid during the period				
Amount of treasury stock purchased during the period	millions of yen	310	218	-
Number of treasury stock purchased during the period	shares	900,000	499,700	-
Total number of shares issued at the end of the period*2	shares	12,799,700	12,300,000	12,300,000

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

## [Changes in the Basic Policy on Shareholder Returns]

- Target dividend payout ratio had been 50%
- **Added a new target of DOE of around 6%**
- **Pay dividends in an amount as determined based on the higher of DOE of 6% and dividend payout ratio of 50%**
- Focus on improving capital efficiency and purchase treasury stock at the right time

### ◆ Shareholder returns for FY2024

- Dividends at the end of Mar 2024: ¥9 (¥18 annually) DOE: 5.2% Dividend payout ratio: 177.0%
- Total amount of treasury stock purchased for FY2024: ¥218 million

### ◆ Dividend forecast for next fiscal year (FY2025): ¥20 annually DOE forecast: About 6.0%

# Change of Representative Director

◆ We tentatively decided on a change of Representative Director at the Board of Directors meeting held on April 19, 2024, as follows. This change is planned to be formally decided at the 29th Annual General Meeting of Shareholders and the Board of Directors meeting scheduled to be held on June 21, 2024.

1. Details of the change (scheduled to take effect on June 21, 2024)

New Representative Director

New title	Current title	Name
Representative Director and CEO	Director and CMO	Katsutoshi Oshima

Retiring Representative Director

New title	Current title	Name
Director	Representative Director and CEO	Masataka Yamamoto

(Note) Current Representative Director and COO Yuzuru Kamikawana is planned to be reappointed as Representative Director and COO.

◆ Reason for the change:

To adapt to changes in the business environment surrounding the Group and make prompt and appropriate management decisions and act on decisions, under the new structure.

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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