



October 18, 2024

Business Results for the First Half of the Fiscal Year Ending March 31, 2025 (FY2025)



Key Financial Results for 1H FY2025

- ◆ Net sales and gross profit regained the levels of two years ago (1H FY2023)
- ◆ Online advertising, which declined sharply in October 2023, has recovered significantly
- ◆ The trend of reducing advertising expenses in the pachinko parlor advertising field persists
- ◆ Advertising fields other than pachinko parlors continued to grow steadily
- ◆ Net sales, gross profit and various incomes decreased YoY
(*There was a particular demand for highly anticipated models of smart pachinko machines in the same period of the previous year.)
- ◆ SG&A expenses remained higher YoY mainly due to an increase in personnel expenses

1H FY2025 Business Performance (YoY)



	1H FY2024		1H FY2025		(millions of yen) YoY comparison	
	Amount	% of total	Amount	% of total	Change	% of Change
	Net Sales	3,913	100.0%	3,829	100.0%	-83
(Ref.) Total transactions*	4,394	–	4,187	–	-206	-4.7%
Gross Profit	1,173	30.0%	1,146	30.0%	-26	-2.2%
Operating income	203	5.2%	150	3.9%	-52	-25.9%
Ordinary income	208	5.3%	146	3.8%	-62	-29.7%
Net income attributable to parent company's shareholders	159	4.1%	108	2.8%	-50	-32.0%

*Total transactions are the gross amount of agent transactions.

> Result

- ◆ Net sales, gross profit and various incomes decreased YoY
(*There was a particular demand for highly anticipated models of smart pachinko machines in the same period of the previous year.)
- ◆ Showing recovery from the slump in 2H FY2024, with both net sales and gross profit returning to the levels of 1H FY2023

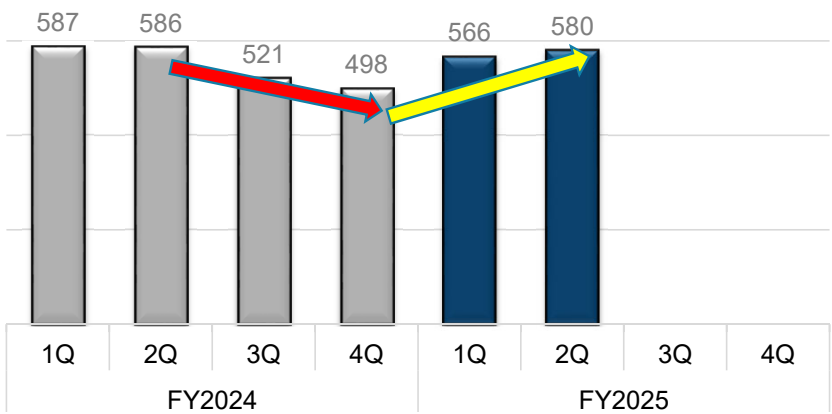
> Factors

- ◆ The trend of reducing advertising expenses for pachinko parlor facilities continues, with a particular decrease in paper-based advertising
- ◆ Advertising fields other than pachinko parlors remained strong
- ◆ Personnel expenses increased due to higher wages, etc.

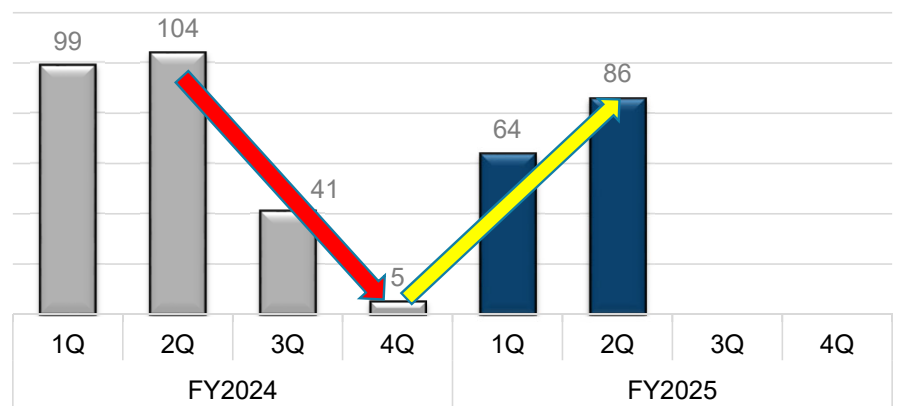
Quarterly Gross Profit and Operating Income (YoY)



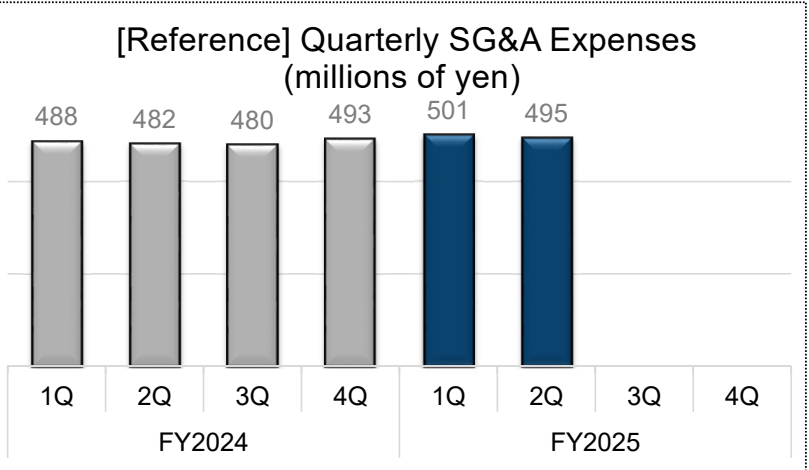
Quarterly Gross Profit (millions of yen)



Quarterly Operating Income (millions of yen)



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



- ◆ Gross profit and operating income declined YoY, but they are recovering from the slump in 3Q and 4Q FY2024
- ◆ SG&A expenses grew due to increased wages and other factors

Breakdown by Business Segment

[Cumulative Period]

	Advertising	Real Estate	Other	Adjusted Amount	(millions of yen)	
					Consolidated	
Net Sales	3,799	26	3	0	3,829	
Segment income	280	7	-1	-136	150	

[YoY comparison]

	Advertising	Real Estate	Other	Adjusted Amount	(millions of yen)	
					Consolidated	
Net Sales	-68	-15	-0	—	-83	
Segment income	-42	-11	1	0	-52	

- ◆ In the advertising business, the pachinko parlor advertising field experienced a decline
- ◆ Segment profit fell mainly due to a decrease in net sales and an increase in personnel expenses
- ◆ The test operations of the RV rental and storage businesses, which are included in Other, were discontinued at the end of 1H FY2025

Segment Income (Advertising)

Advertising	(millions of yen)			
	1H FY2024	1H FY2025	YoY comparison	
			Change	% of Change
Net Sales	3,867	3,799	-68	-1.8%
(Ref.) Total transactions*	4,348	4,157	-191	-4.4%
Segment income	322	280	-42	-13.1%

*Total transactions are the gross amount of agent transactions.

External Environment >

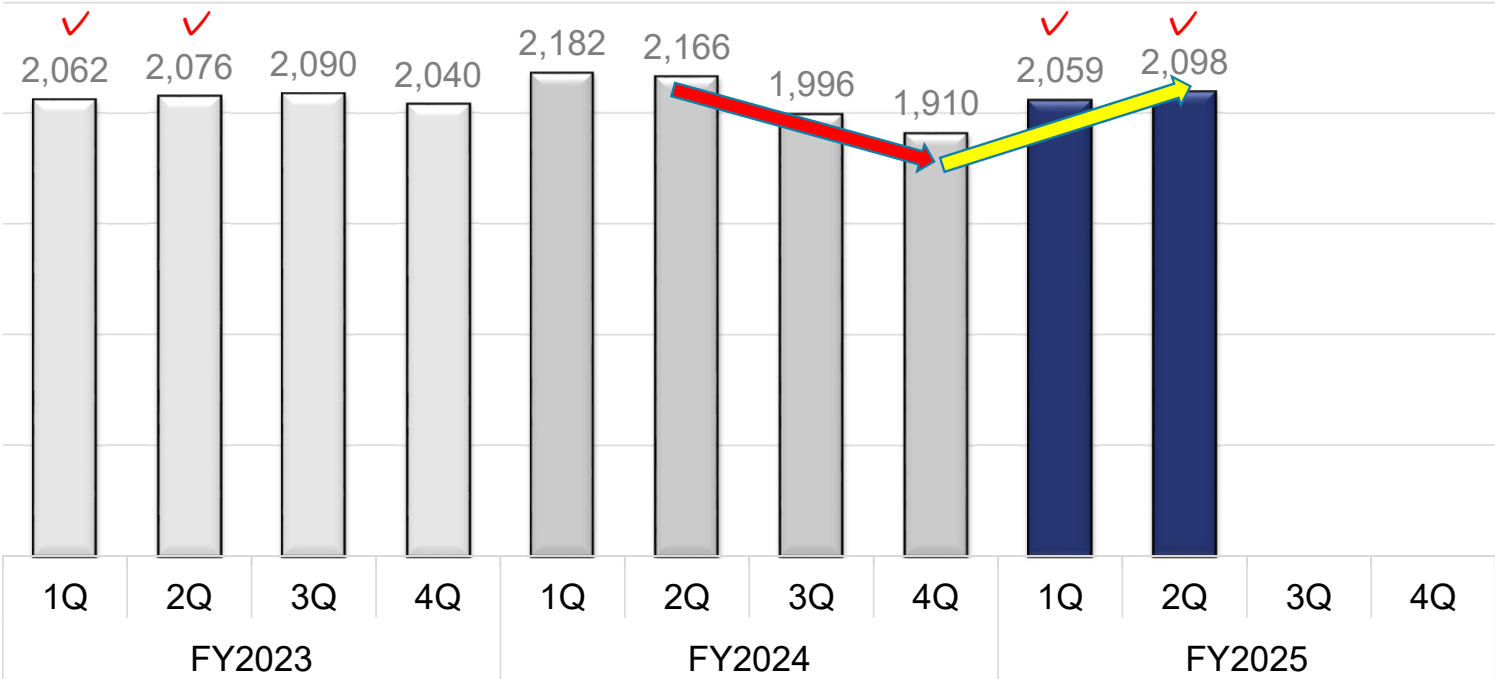
- ◆ Pachinko parlor facilities:
 - Smart pachinko and other machines are becoming more prevalent, raising hopes for the industry's revitalization
 - "Advertising and Promotion Guidelines" issued by four pachinko industry groups in February 2024 have clarified the scope of advertising methods and customer attraction support that can be implemented
 - Clients remain cautious about advertising spending
- ◆ Advertising fields other than pachinko parlors:
 - Demand for advertising is growing

Group Initiatives >

- ◆ The pachinko parlor advertising field: Developing advertising and services to attract customers according to the guidelines and expanding sales
- ◆ Advertising fields other than pachinko parlors: More actively promoting client acquisition in sectors where advertising demand is expected to grow

[Reference] Total Quarterly Transactions (Advertising)

Advertising Business Total Quarterly Transactions (millions of yen)



*Total transactions are the gross amount of agent transactions.

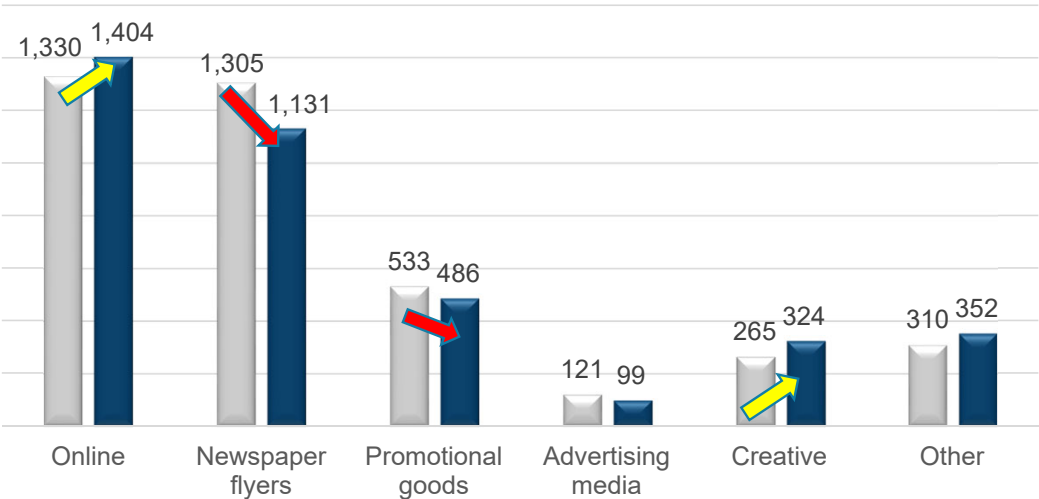
- ◆ Recovery from the sluggish 3Q and 4Q FY2024
- ◆ Total transactions regained the level of two years ago (FY2023)
- ◆ Advertising fields other than pachinko parlors remained strong

Sales Breakdown (Advertising)

(millions of yen)

	1H FY2024		1H FY2025		YoY comparison		
	Amount	% of total	Amount	% of total	Change	% of Change	Change in % of total
Online	1,330	34.4%	1,404	37.0%	74	5.6%	2.6 pt
Newspaper flyers	1,305	33.8%	1,131	29.8%	-173	-13.3%	-4.0 pt
Promotional goods	533	13.8%	486	12.8%	-47	-8.8%	-1.0 pt
Advertising media	121	3.2%	99	2.6%	-22	-18.6%	-0.6 pt
Creative	265	6.9%	324	8.5%	58	22.1%	1.6 pt
Other	310	8.0%	352	9.3%	42	13.7%	1.3 pt
Total	3,867	100.0%	3,799	100.0%	-68	-1.8%	

Sales Breakdown (millions of yen)



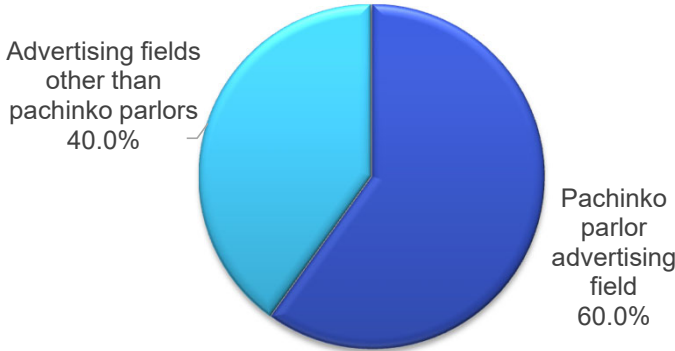
- ◆ Online advertising is on the rebound, outperforming the same period of the previous year
- ◆ Paper-based advertising remained on a downward trend

Total Transaction Breakdown (Advertising)

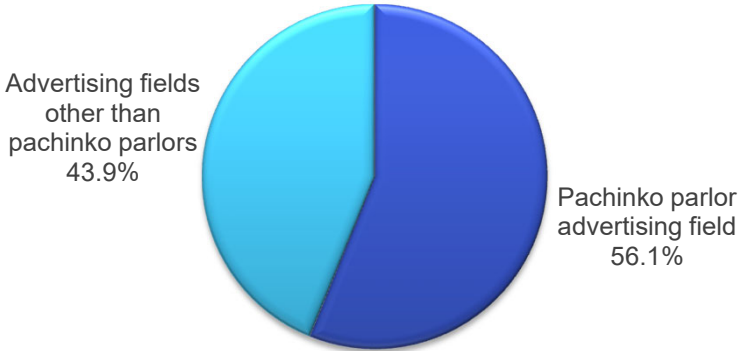
(millions of yen)

	1H FY2024		1H FY2025		Change	
	Amount	% of total	Amount	% of total	Amount	% of Change
Pachinko parlor advertising field	2,607	60.0%	2,334	56.1%	-273	-10.5%
Advertising fields other than pachinko parlors	1,741	40.0%	1,823	43.9%	82	4.7%
Total	4,348	100.0%	4,157	100.0%	-191	-4.4%

1H FY2024



1H FY2025

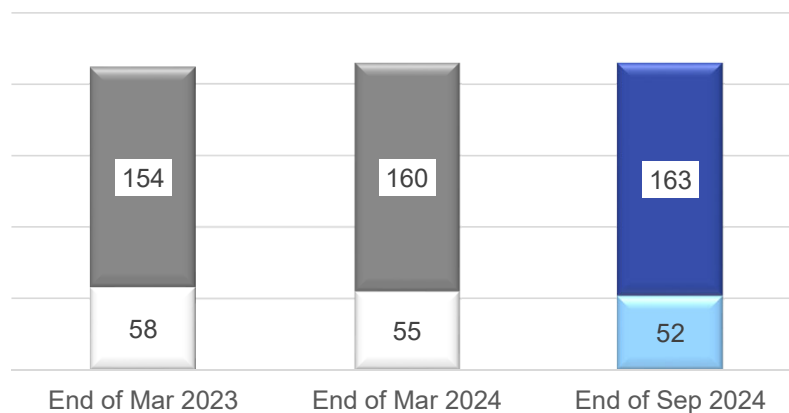


- ◆ The pachinko parlor advertising field experienced a YoY decline after the high demand generated by the release of highly anticipated models last year.
- ◆ Advertising fields other than pachinko parlors remained steady

Employees

	End of Mar 2023	End of Mar 2024	End of Sep 2024	(people) YoY Change
Sales, administration (SG&A)	154	160	163	3
Creative (cost of sales)	58	55	52	-3
Subtotal for advertising	212	215	215	0

Advertising: Number of Employees



- ◆ Sales, administration:
Hiring to strengthen sales

- ◆ Creative:
Hiring of new recruits was curbed due to declining demand for paper-based advertising

Segment Income (Real Estate)

Real Estate	1H FY2024	1H FY2025	(millions of yen) YoY comparison	
			Change	% of Change
Net Sales	41	26	-15	-36.5%
Operating expense	22	19	-3	-13.6%
Segment income	19	7	-11	-60.2%

- ◆ In addition to rental income from the land it owns in Kashiwa, Chiba Prefecture, the segment recorded ¥0 million in commission revenue from the delivery of rental brokerage properties
- ◆ As a result, net sales were ¥26 million (down 36.5% YoY), and segment income came to ¥7 million (down 60.2% YoY)

Balance Sheet (Consolidated)

	End of Mar 2024	End of Sep 2024	(millions of yen) Change
	(A)	(B)	(B)-(A)
Cash and cash equivalents	3,438	3,517	78
Accounts receivable	976	921	-55
Other current assets	75	74	-1
Tangible/intangible fixed assets	720	698	-21
Investments and other assets	218	196	-21
Total assets	5,428	5,406	-21
Accounts payable	534	510	-24
Short-term/long-term borrowings	562	568	6
Accrued income taxes	42	46	4
Other liabilities	203	204	1
Total liabilities	1,342	1,330	-11
Shareholders' equity	4,080	4,077	-2
Other	5	-1	-6
Total net assets	4,085	4,076	-9
Total liabilities and net assets	5,428	5,406	-21

No significant changes in assets and liabilities

- Net income: +¥108 million
- Year-end dividend for the previous fiscal year: -¥110 million

Cash Flow Statement (Consolidated)



	(millions of yen)	
	1H FY2024	1H FY2025
Net income before income taxes	211	146
Cash flow from operations	159	195
Cash flow from investing activities	106	-11
Cash flow from financing activities	-464	-104
Cash and cash equivalents at beginning of period	3,729	3,431
Cash and cash equivalents at end of quarter	3,532	3,510

+ Net income before income taxes	146		
+ Depreciation and amortization	27		
+ Change in accounts receivable	55		
+ Loss (gain) on valuation of investment securities	13		
+ Other	18		
			— Change in accounts payable 24
			— Income taxes paid 36
			— Other 4
Cash flow from operations	195		
+ Proceeds from sale of tangible fixed assets	19		
+ Other earnings	1		
			— Payment for purchase of tangible/intangible assets 27
			— Net change in securities 4
			— Other 0
			Cash flow from investing activities 11
+ Proceeds from long-term borrowings	150		
			— Repayment of borrowings 143
			— Dividends paid 110
			Cash flow from financing activities 104

Progress Toward Consolidated Forecast Levels

(millions of yen)

	Performance Forecast*	Performance for 1H FY2025	Progress
Net Sales	7,500	3,829	51.1%
Operating income	300	150	50.2%
Ordinary income	300	146	49.0%
Net income attributable to parent company's shareholders	220	108	49.2%

* Forecast announced on April 19, 2024

- ◆ Performance for 1H FY2025 is largely in line with the initial plan. As a result, the Company has not revised its full-year consolidated earnings forecast.

Shareholder Returns

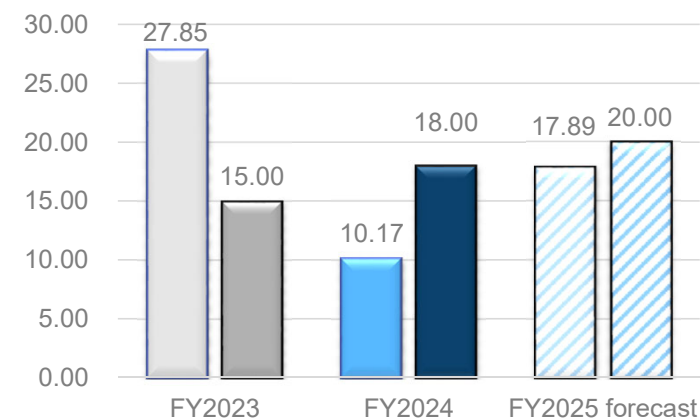
[Basic Policy on Shareholder Returns]

- Target dividend payout ratio of 50%
- Target DOE of around 6%
 - * Dividends will be paid based on the higher of the two figures above as a general guideline
- Focus on improving capital efficiency and purchase treasury stock at the right time

		FY2023	FY2024	FY2025 forecast
Consolidated EPS	yen	27.85	10.17	17.89
Annual dividends	yen	15.00	18.00	20.00
(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% (forecast)
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.

Changes in EPS and Dividends



◆ Shareholder returns for FY2025

At the Board of Directors meeting held on October 18, the Company resolved to pay an interim dividend of ¥10

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.

Investor relations contact:

URL. <https://www.gendai-a.co.jp/ir/contact/index.php>

Tel. 03-5358-3334

