A network diagram consisting of numerous grey circular nodes connected by thin grey lines, forming a complex web-like structure. The nodes are distributed across the upper right portion of the slide, with some nodes highlighted in light blue. The background features abstract blue geometric shapes and a white-to-blue gradient.

Business Results for the Fiscal Year Ended March 31, 2018 (FY2018)

April 13, 2018

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Advertising Business

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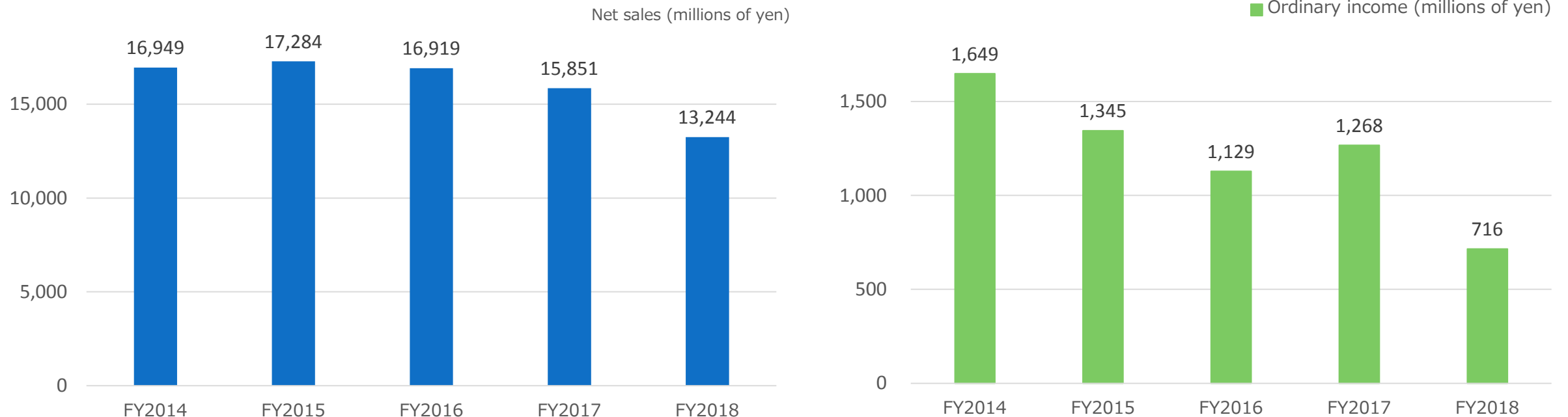
P17-22 Progress in Various Services

Financial Highlights (Consolidated)

○ Consolidated net sales for FY2018 came to ¥13,244 million, a significant decline of ¥2,606 million compared with the previous fiscal year. Income at each level declined due to shrinking profit margin resulting from net sales decline, showing extremely difficult results.

(millions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018
Net sales	16,949	17,284	16,919	15,851	13,244
Operating income	1,631	1,300	1,142	1,269	743
Ordinary income	1,649	1,345	1,129	1,268	716
Net income attributable to parent company shareholders	1,031	805	490	831	504



FY2018 Income Statement (consolidated)

(millions of yen)

	FY2018	% of total	FY2017	% of total	YoY comparisn
Net sales	13,244	100.0%	15,851	100.0%	83.6%
Operating income	743	5.6%	1,269	8.0%	58.6%
Ordinary income	716	5.4%	1,268	8.0%	56.5%
Net income attributable to parent company shareholders	504	3.8%	831	5.2%	60.6%

○ The pachinko parlor industry continues to face a severe situation in terms of earnings as a result of declining users' play frequency and investment. Given the recent measures to prevent dependence and the trend of tightening industry restrictions aimed at curbing the gambling properties, investment motivation such as new parlor openings and proactive purchase of new machines appears to be significantly declining compared with the past.

○ In the mainstay advertising business, the Group, with the aim of transforming its earnings structure, strived to boost revenue by expanding sales of the Internet media and strengthening sales activities for the printing business targeting companies in other industries. At the same time, it worked on controlling fixed costs to improve profitability.

○ As a result, net sales for FY2018 totaled ¥13,244 million (down 16.4% year on year), operating income came to ¥743 million (down 41.4%), ordinary income amounted to ¥716 million (down 43.5%) and net income attributable to parent company shareholders totaled ¥504 million (down 39.4%).

Breakdown by Business Segment

□ FY2018

(millions of yen)

	Advertising	Real Estate	Other	Adjustment	Consolidated
Net sales	13,112	63	69	—	13,244
Segment income	1,204	27	(134)	(354)	743

□ Changes versus FY2017

(millions of yen)

	Advertising	Real Estate	Other	Adjustment	Consolidated
Net sales	(2,531)	(57)	(18)	—	(2,606)
Segment income	(377)	(32)	(115)	(3)	(526)

○ Consolidated net sales declined ¥2,531 million as pachinko parlor advertisements were significantly below the previous year's level. Segment income declined ¥377 million although the Group promoted reduction of fixed costs.

○ In the Other Business, segment loss came to ¥134 million primarily due to the impact of initial investment of the casino business operated by the consolidated subsidiary GDLH Pte. Ltd.

FY2018 Segment Income (Advertising)

(millions of yen)

Advertising	FY2018	FY2017	YoY comparison
Net sales	13,112	15,643	83.8%
Operating income	11,908	14,062	84.7%
Segment income	1,204	1,581	76.2%

External environment>

- In the pachinko parlor advertising market, pachinko parlor operators continued to cut back advertising spending due to worsening profitability
- Advertising demand is significantly sluggish also due to decline in demand for advertisement of new machines given low frequency of replacement with new machines.

The Group's approach>

- Expanded sales of Internet media primarily of its own "Pachi 7" media and DSP advertisement "Pachi Ad"
- Strengthened sales of the printing business for other industries
- Drove forward streamlining and labor-saving through review of order process and focused on controlling fixed costs

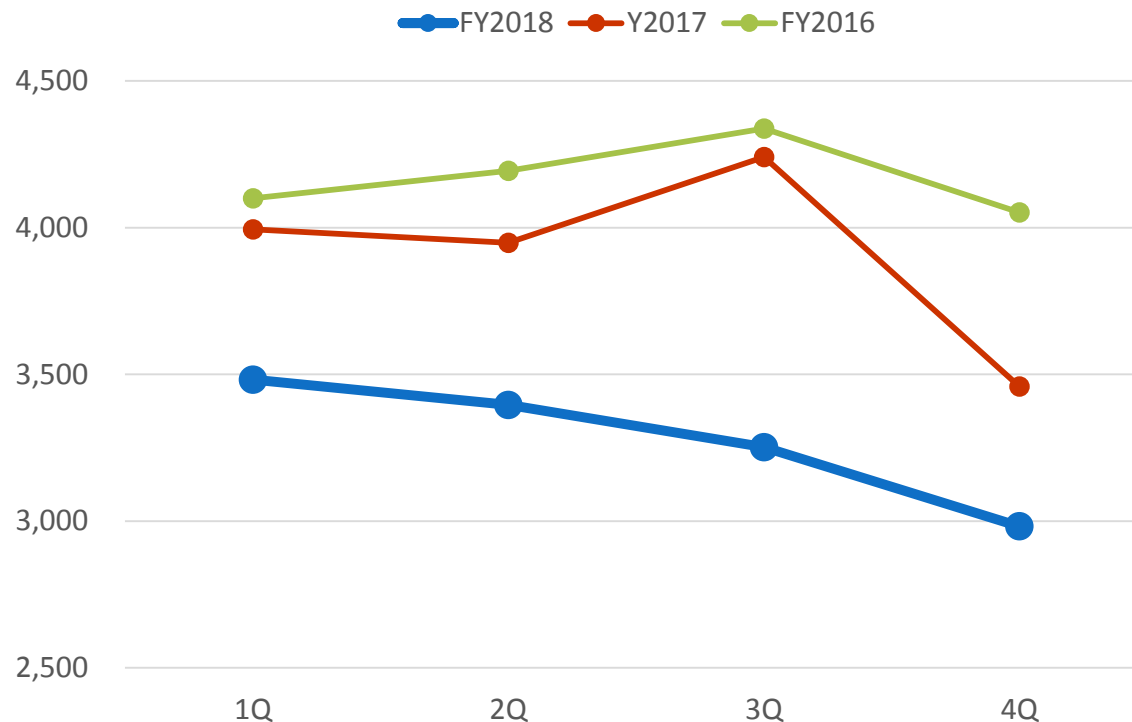
Result>

- While the efforts had certain impacts, they were not enough to offset the impact of rapid decline in demand. Segment income declined 23.8% year on year to ¥1,204 million on net sales of ¥13,112 million, down 16.2%.

Quarterly Sales Trends (Advertising)

(millions of yen)

	1Q	2Q	3Q	4Q	Full year
FY2018	3,482	3,396	3,252	2,982	13,112
FY2017	3,994	3,949	4,241	3,459	15,643
FY2016	4,100	4,194	4,338	4,052	16,684



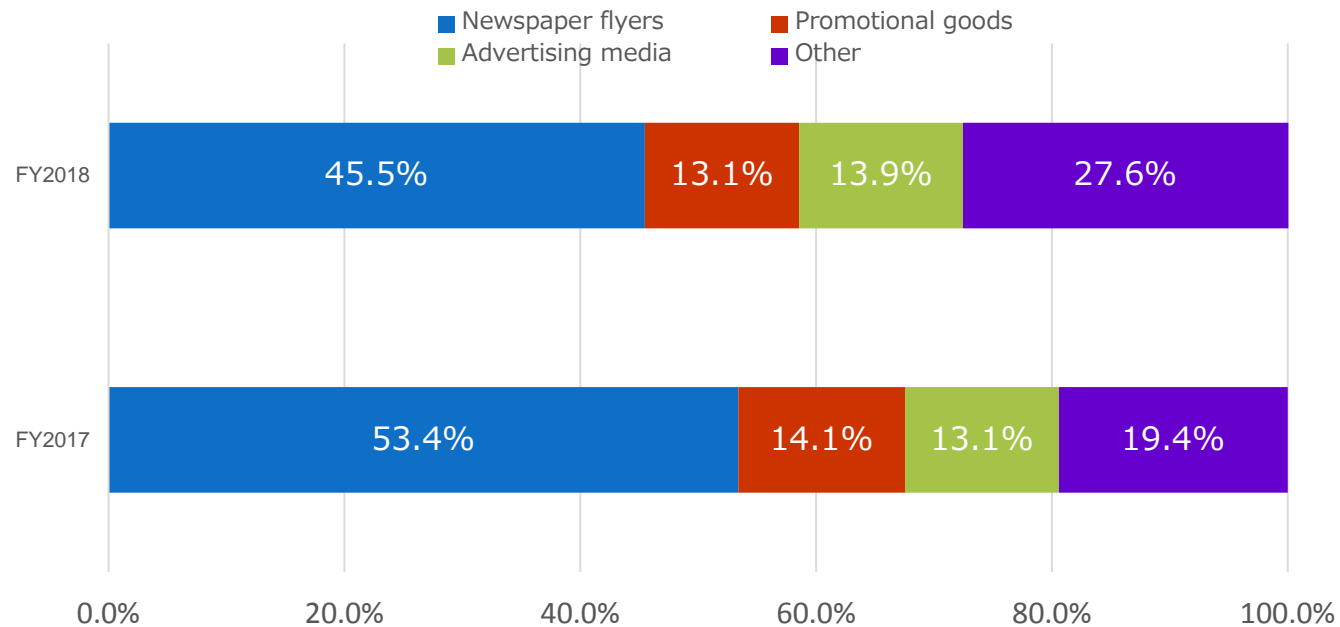
○ Net sales of the Advertising Business declined ¥477 million in 4Q compared with the same period a year earlier.

○ The decline was due to a fall in advertising demand resulting from falling frequency of replacement with new machines, cut-back of advertising budget and extreme decline in large-scale advertising demand for new parlor openings etc. compared with regular years.

Sales Breakdown (Advertising)

(millions of yen)

	FY2018	% of total	FY2017	% of total	YoY comparison
Newspaper flyers	5,964	45.5%	8,354	53.4%	71.4%
Promotional goods	1,716	13.1%	2,211	14.1%	77.6%
Advertising media	1,819	13.9%	2,042	13.1%	89.1%
Other	3,612	27.6%	3,035	19.4%	119.0%
	13,112	100.0%	15,643	100.0%	83.8%



○ Sales of the newspaper flyers category, which is the mainstay media of the Pachinko advertising business, declined drastically by 28.6% primarily as demand for advertising new machine replacements fell. The category share also declined 7.9 percentage points.

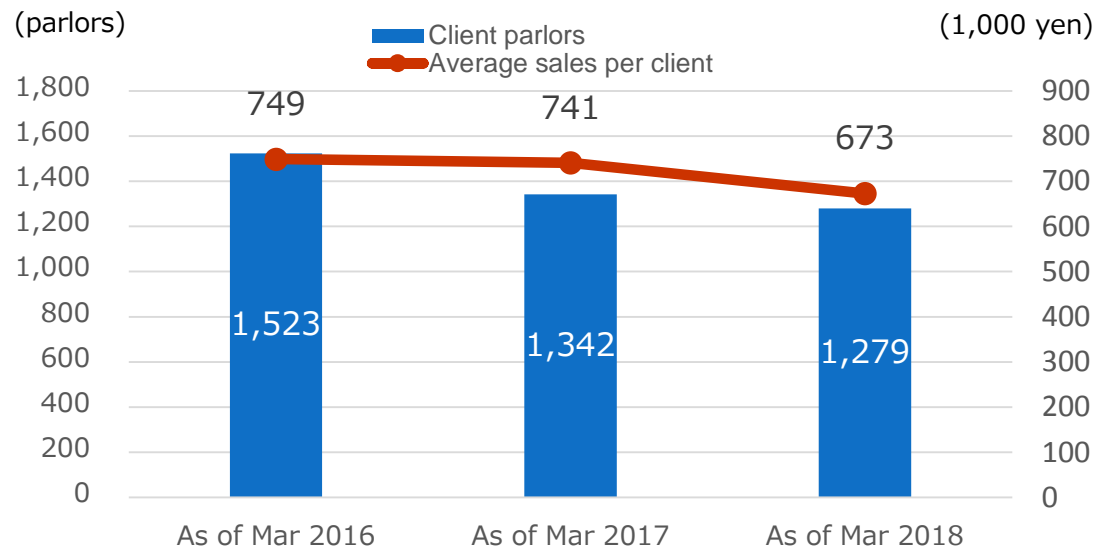
○ Sales of the other category increased 19.0% compared with a year earlier and its share expanded 8.2 percentage points, as sales of Internet advertisements “Pachi 7” and “Pachi Ad,” the company’s own service, expanded.

○ Given the decline in advertising demand due to cut-back of advertising cost and decline in frequency of new machine replacements, average sales per client declined ¥68,000 compared with the end of March 2017. In addition, the number of clients described here declined as the number of clients outside the scope of tabulation increased reflecting falling average sales per client.

Changes in the number of clients and sales per client

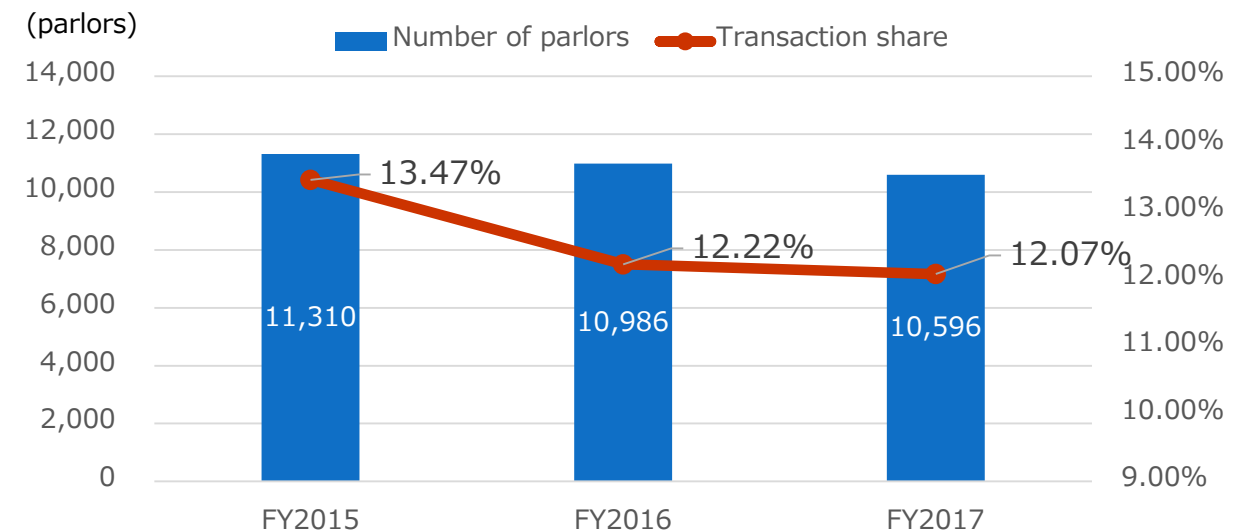
Active clients	As of Mar 2016	As of Mar 2017	As of Mar 2018
Client parlors* ¹	1,523	1,342	1,279
Average sales per client (1,000 yen)* ²	749	741	673

*1 Client parlors refer to customers with more than ¥50,000 in monthly transactions
*2 Figures are on a single month basis



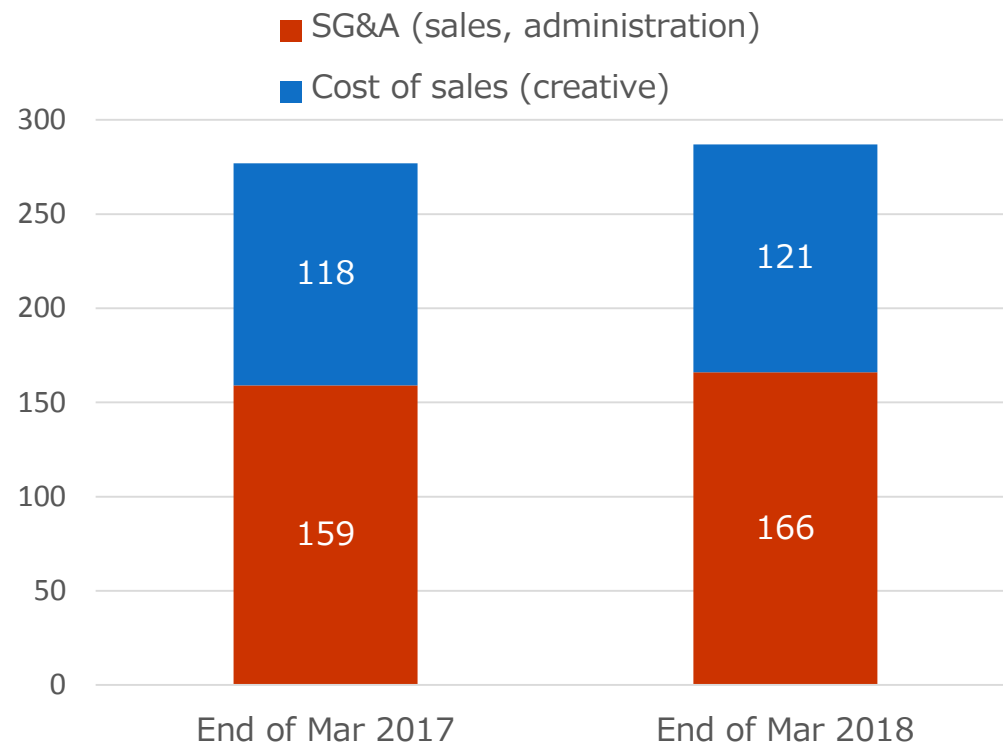
Share in the pachinko parlor advertising market

	FY2015	FY2016	FY2017
Number of pachinko parlors (National Police Agency study)	11,310	10,986	10,596
Number of client parlors (as of March 2017)	1,523	1,342	1,279
Transaction share	13.47%	12.22%	12.07%



(people)

	End of FY2017	End of FY2018
SG&A (sales, administration)	159	166
Cost of sales (creative)	118	121
Subtotal for advertising	277	287



- Sales and administration: Strengthened Internet advertising division and job advertising division
- Creative: Promoted a temporary employee to a full-time position at a consolidated subsidiary
- As a result, the number of employees increased 10 compared with the end of the previous fiscal year.

(millions of yen)

Real Estate	FY2018	FY2017	YoY comparison
Net sales	63	120	52.2%
Operating expenses	35	61	57.4%
Segment income	27	59	46.2%

○ In addition to the land for lease use newly acquired in Kashiwa, Chiba Prefecture, in February 2017, we signed a lease property intermediary project (¥12 million).

○ Due to the impact of the sale of land lease property in Kobe at the end of the previous fiscal year, net sales of the Real Estate Business declined 47.8% year on year to ¥63 million and segment income fell 53.8% to ¥27 million.

FY2018 Balance Sheet (Consolidated)

(millions of yen)

	End of FY2017 (A)	End of FY2018 (B)	Change (B) - (A)	
Cash and cash equivalents	4,374	3,955	(418)	(1) Decline in cash and cash equivalents due to tax payment, dividend payment and acquisition of fixed assets, etc.
Notes and accounts receivables	1,870	1,670	(199)	(2) Decline in accounts receivables due to the impact of decline in business volume
Other current assets	515	177	(338)	
Tangible fixed assets	681	913	232	(3) Increase due to acquisition of slot machines by a consolidated subsidiary
Intangible fixed assets	107	122	15	
Investment and other assets	781	891	109	
Total assets	8,330	7,731	(599)	
Notes and accounts payables	1,132	908	(223)	(4) Decline in accounts payables due to the impact of decline in business volume
Short-term borrowings (incl. long-term borrowings due within a year)	540	440	(100)	(5) Decline due to repayment of borrowings
Accrued income taxes	239	14	(225)	
Other current liabilities	188	204	15	
Long-term borrowings	760	520	(240)	(5) Decline due to repayment of borrowings
Other fixed liabilities	33	33	—	
Total liabilities	2,893	2,121	(772)	
Shareholders' equity	5,387	5,515	128	(6) +¥504 million in quarterly net income, -¥376 million in dividend payments
Other	49	94	45	(7) +¥112 million due to capital increase in a consolidated subsidiary by a non-controlling shareholder
Total net assets	5,436	5,610	173	
Total liabilities and net assets	8,330	7,731	(599)	

FY2018 Cash Flow Statement (Consolidated)

(millions of yen)

	FY2017	FY2018
Net income before income taxes	1,230	730
Cash flow from operations	1,031	540
Cash flow from investing activities	79	(323)
Cash flow from financing activities	(251)	(604)
Cash and cash equivalents at the end of the period	4,368	3,949

○ Cash and cash equivalents at the end of the period declined ¥419 million to ¥3,949 million reflecting acquisition of fixed assets and repayment of borrowings.

+ Net income before income taxes	730	
+ Depreciation and amortization	144	
+ Decline in accounts receivable	200	
+ Other (net)	190	
		– Decline in accounts payable 223
		– Income taxes paid 468
		– Other (net) 33
Cash flow from operations	540	
		– Payment for purchase of tangible fixed assets 344
		– Payment for purchase of investment securities 208
		– Other payments 67
Proceeds from sales and redemption of investment securities	290	
+ Other earnings	6	
Cash flow from investing activities		-323
		– Repayment of borrowings 340
		– Dividends paid 376
Proceeds from payment from non-controlling shareholders	112	
Cash flow from financing activities		-604

FY2019 Consolidated Earnings Forecast

	FY2018 result	FY2019 forecast	
	Millions of yen	Millions of yen	YoY comparison
Net sales	13,244	12,000	-9.4%
Operating income	743	800	7.6%
Ordinary income	716	800	11.6%
Net income attributable to parent company shareholders	504	520	3.1%

○ The revised game machine regulations were put in force on February 1, 2018 as part of measures to prevent dependence on gaming in the pachinko industry. This is expected to significantly curb the gambling properties of machines, and the pachinko parlor operators, the Company's main clients, are expecting to see their profitability decline. For this reason, the parlor operators will continue to reduce capital investment such as opening of new parlors and replacement with new machines, and advertising demand, which occurs along with these investments, is likely to continue to stagnate.

○ Under such circumstances, the Group aims to boost overall revenues by continuing to transform its earnings structure in the pachinko parlor advertisement field and also by making full-scale entry into the advertising fields other than pachinko parlors. Further, consolidated subsidiary GDLH in the casino operation business in Southeast Asia will develop new contract-based casino operation projects and build them into the next pillars of earnings.

○ Taking into consideration the above initiatives, the Group expects the business performance described in the above table as of the presentation of this material.

- (1) Continue to improve the earning structure of the pachinko parlor advertising business
 - Further expand sales from Internet media led by the Company's own media of "Pachi 7" and "777" as well as DSP advertisement "Pachi Ad"
 - Further improve efficiency of internal operation and reduce costs

- (2) Expand the advertising business by targeting clients in industries besides pachinko parlors
 - Further expand the printing business for other industries
 - Improve the profitability of the contract-based design business by enhancing functions of design e-commerce site "Adluck!" and boosting awareness of the website
 - Make full entry into the fitness industry advertisement with the fitness search website "@FIT Search" at the core

- (3) Entry into the electronic casino operation business in Southeast Asia to expand the business domain
 - Accumulate knowhow of casino operation business, study the opportunities to enter into the business in the countries in Southeast Asia and develop projects

Profit Distribution Basic Policy and Dividends for FY2018 and FY2019

	FY2017	FY2018	FY2019 forecast
Operating margin	7.8%	5.6%	7.6%
EPS	54.48 yen	33.51 yen	34.60 yen
Total annual dividend <i>(Of which, interim dividend)</i>	25.00 yen (12.00 yen)	25.00 yen (12.00 yen)	25.00 yen (12.00 yen)

○ The Group intends to maintain a dividend payout ratio of 50%, for the time being, taking into account the cash flow position. Furthermore, it plans to purchase treasury stock at appropriate junctures with an emphasis on improving capital efficiency.

○ Based on the above policy, for FY2018, the Group intends to pay a year-end dividend of 13.00 yen per share. Together with the interim dividend of 12.00 yen per share, total annual dividend amounts to 25.00 yen per share (consolidated dividend payout ratio is 74.6%).

○ For FY2019, based on the above basic policy, the Group currently expects to pay an annual dividend of 25.00 yen per share (expected consolidated dividend payout ratio of 72.4%).



<http://pachiseven.jp>

It is a Pachinko/Pachislo portal site based on the concept of offering information beneficial to the user quickly, in an easily understandable and interesting manner, with the aim of energizing the industry.

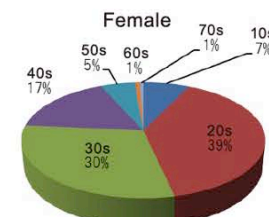
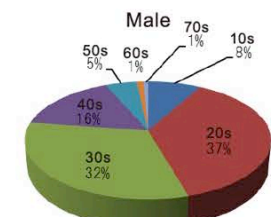
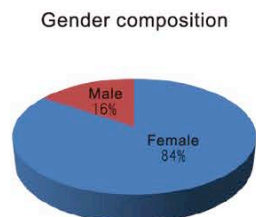


Website established
August 7, 2014
(Pachi 7 Day)

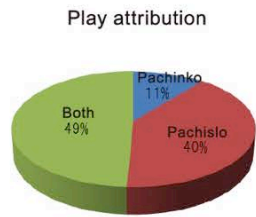
User count
2,100,000 uu/month
*User Local survey of March 2018

Viewer count
4,224,000 PV/Month
*March 2018 Google Analytics survey

Parlors listed
4,860 parlors
*As of March-end 2018



Some 70% of Pachi 7 users are young, in their 20s and 30s.



Almost a half of the users play both pachinko and pachislo and 67% plays them one or more a week.

It has become an influential community website where lots of users gather!

Gendai-operated Website “777 (Three Seven)”



“Three Seven”
– One of the largest Pachinko/Pachislo database website in Japan

Monthly users

860,000

*March 2018 Google Analytics survey

Monthly page views

8.3 million PV

*March 2018 Google Analytics survey

It is a website that shows up high in the related keyword search results list, and is strong in terms of machine-related information

Keyword	Average ranking
New machine	1
Pachinko new machine	1
Pachinko rating	1
Pachinko word of mouth	1

Keyword	Average ranking
Pachislo new machine	1
Pachislo rating	1
Pachislo word of mouth	1
Slot rating	1

*March 2018 Google search results (carried out by Gendai Agency)



Pachinko user specialized pachinko portal site

Accumulates "Pachi 7" and "777" visitor



Holds over 4 million UU accumulated pachinko user data!

Advertisements distributed when the 4 million pachinko user are browsing various other sites



What's more!

The advertisements are distributed simultaneously to users with similar action pattern as "Pachi 7" and "777" users even though they haven't visited "Pachi 7" or "777"

*Anticipated pachinko users

Has 4 million UU data, of those who visited Pachi 7 website, which is managed as action history big data. Along with distributing advertisements to the 4 million pachinko users, the same advertisements are sent simultaneously to those non Pachi7 users with similar action pattern, thus making it an Internet advertising specializing on the pachinko industry with the ability to distribute widely to pachinko users.

- ◆ One of the largest in Japan!! Distributing to a monthly stock of 410 billion mobile advertising slots!!
- Owns one of the largest banner ad stock in Japan
- PC: 150 billion imp/month
- Mobile phones: 260 billion imp/month



- ◆ Distribution using detailed location information made possible





<https://sportsclub.nifty.com/>

@FIT Search is a portal site that introduces sports clubs around Japan and where health-minded people gather.

It provides the details, fees and programs of sports clubs around Japan in an easy to understand manner. We plan to add contents such as information on joy of exercising, healthy food and recipe.



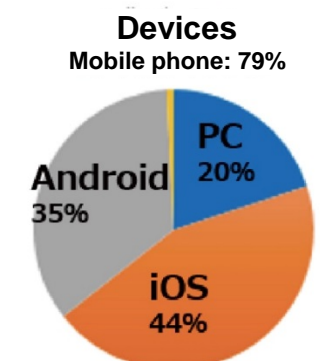
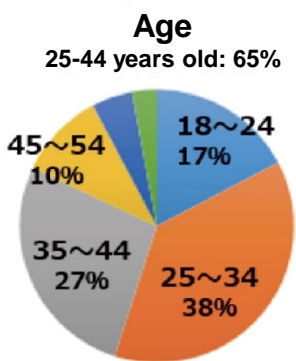
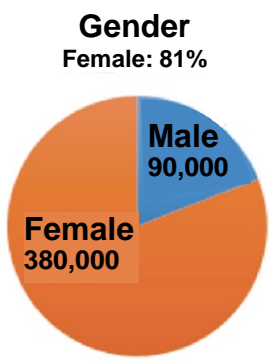
Website established
December 1, 2017
 *@nifty sports club
 (from Apr 2, 2014 to Nov. 30, 2017)

User count
330,000uu/month
 *As of March 2018

Number of facilities listed
6,718
 *As of March 2018
Largest in Japan

Member count
2,885
 *As of March 2018
Largest in Japan

User attribution



Smartphone version

Service overview

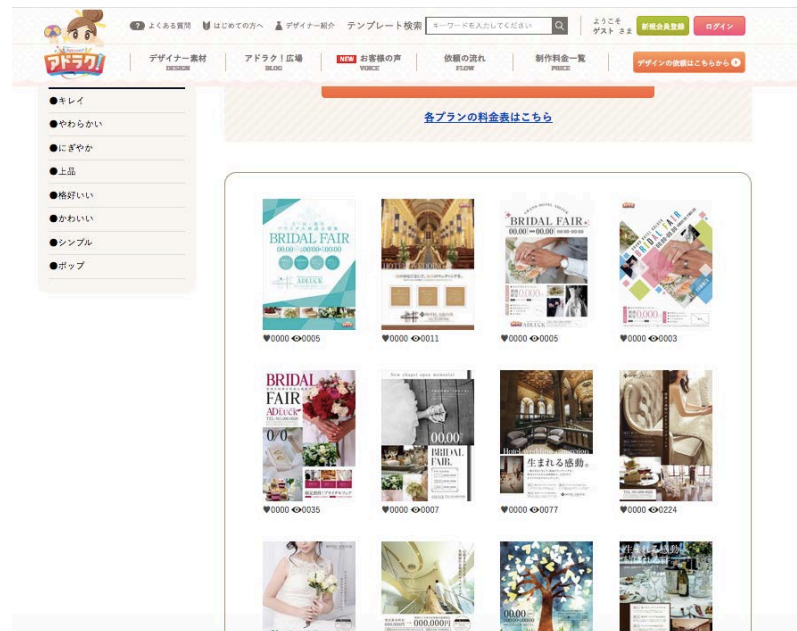
- You can search facilities throughout Japan based on railway stations, railway lines or area!
- We use a standard format for introduction pages and it is easy to understand!
- Perks upon becoming a member are listed for each facility!
- No charge for posting information (performance-based fee at the time a facility gets a new member)

Contract-based Design Site Adluck!



It is a design portal site that comprehensively handles the requirements of individual business owners and companies. It produces semi- and fully made-to-order designs and sells design templates over the Internet leveraging its main contents made up of 23,000 template materials, which are the largest among websites offering similar services, and designer blogs that convey design knowhow.

▼ Adluck! website top page



○ Monthly PV count – 120,000PV ○ User count – 60,000 users

Some 23,000 templates available on the website.

From its re-launch in February, it began offering member registration function and API for companies.

Going forward, we will expand sales by further expanding contracts from individual business owners and transactions with companies based on API collaboration.

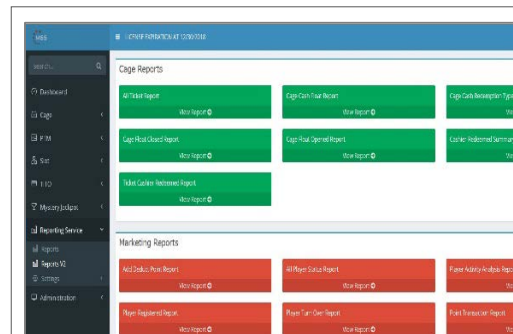
Consolidated Subsidiary GDLH: Research and Study of Casino Operation Business

The company has begun promotion and marketing tests using the casino management system (CMS) to accumulate casino operation expertise in preparation for future business expansion.



■ Tests of various events

■ CMS analysis and activities to acquire players



■ Became the first to install slot machine models in the region

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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