

October 14, 2022



Business Results for the First Half of the Fiscal Year Ending March 31, 2023 (FY2023)

1H FY2023 Highlights

- Consolidated operating results in 1H were mostly inline with our initial forecast, with net sales up 7.6% YoY. **Operating income drastically increased 192.6% YoY** (see p.4)
- Made steady progress with the priority issue of cultivating advertising clients in fields other than pachinko parlors. **The share of transactions of clients other than pachinko parlors increased to 38% of the total.** (see p. 9)
- **The share of online ads increased to 33% of the total** (see p. 8) amid the shift from print media to online advertising.
- Made a resolution to pay an interim dividend of ¥7 per share (see p. 14).

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1H FY2023 Income Statement (Consolidated)



(millions of yen)

	1H FY2023	% of total	1H FY2022	% of total	YoY comparison
Net sales	3,805	100.0%	3,536	100.0%	107.6%
Ref: Total transactions*	(4,170)		(3,907)		106.7%
Operating income	223	5.9%	76	2.2%	292.6%
Ordinary income	251	6.6%	85	2.4%	294.2%
Net income attributable to parent company shareholders	202	5.3%	36	1.0%	560.5%

*Total transactions are the gross amount of agent transactions.

■ External Environment

- Revenue from pachinko parlors, which are the Group's main clients, remained weak despite user numbers starting to recover due to fewer COVID 19-related restrictions on social activities, because user numbers are still below pre-pandemic levels.
- Pachinko parlors are reluctant to invest in store remodeling and in the purchase of new machines in anticipation of investment in machines that comply with new regulations.
- In advertising fields other than pachinko parlors, advertising demand is recovering YoY among fitness facilities where efforts are currently being focused.

■ Group Initiatives

The Group implemented initiatives to raise revenue levels, such as pursuing the acquisition of clients other than pachinko parlors and cultivating deeper relationships with existing clients, as well as reducing SG&A expenses. As a result, in 1H FY2023, net sales totaled ¥3,805 million (+7.6% YoY), operating income was ¥223 million (+192.6% YoY), ordinary income was ¥251 million (+194.2% YoY), and net income attributable to parent company shareholders was ¥202 million (+460.5% YoY).

Breakdown by Business Segment

■ 1H FY2023

(millions of yen)

	Advertising	Real Estate	Other	Adjustment	Consolidated
Net sales	3,773	25	6	—	3,805
Segment income	336	10	1	-124	223

■ Compared to 1H FY2022

(millions of yen)

	Advertising	Real Estate	Other	Adjustment	Consolidated
Net sales	+273	-5	+0	—	+268
Segment income	+135	-5	+0	+15	+146

- Net sales increased significantly YoY in the advertising business due to restrictions on travel, etc., under the states of emergency a year earlier.
- The adjustment amount (company-wide expenses) was significantly reduced due to controlling SG&A expenses

1H FY2023 Segment Income (Advertising)

(millions of yen)

Advertising	1H FY2023	1H FY2022	YoY comparison
Net sales	3,773	3,499	107.8%
Segment income	336	200	167.5%

■ External Environment of Pachinko Parlor Advertising

- Revenue remains weak despite user numbers starting to recover, because numbers are still below pre-pandemic levels.
- Pachinko parlors are reluctant to invest in store remodeling and purchase of new machines in anticipation of investment in machines that comply with new regulations.
- Reduced demand for advertising to announce new machines due to longer replacement cycle

■ External Environment of Advertising Other than Pachinko Parlors

- Advertising demand among fitness facilities is recovering
- COVID-19 impact is gradually fading in other areas

■ Group Initiatives

- Pursued the acquisition of clients in new industries
- Promoted the shift from print media to online advertising
- Steady increase in advertising orders in new housing-related industries at consolidated subsidiary UandU Inc.

■ Result

- Net sales increased by only 7.8% YoY to ¥3,773 million due to declining print media demand
- Segment income was ¥336 million (+67.5% YoY) on strong performance of profitable online advertising

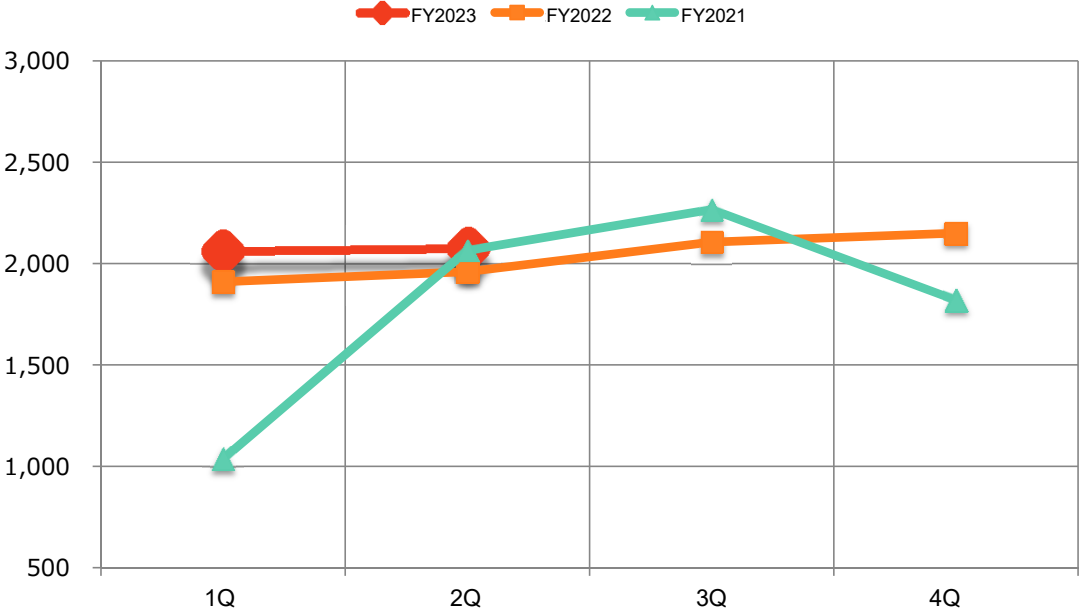
Reference: Total Quarterly Transactions (Advertising)



(millions of yen)

	1Q	2Q	3Q	4Q	Full year
FY2023	2,062	2,076			
FY2022	1,910	1,960	2,106	2,150	8,126
FY2021	1,036	2,065	2,267	1,819	7,187

*Total transactions are the gross amount of agency transactions.



○ Total advertisement transactions in 1H FY2023 increased ¥116 million compared with the previous fiscal year.

○ Advertisement demand was weak a year earlier because of travel and other restrictions on social and business activity under the states of emergency.

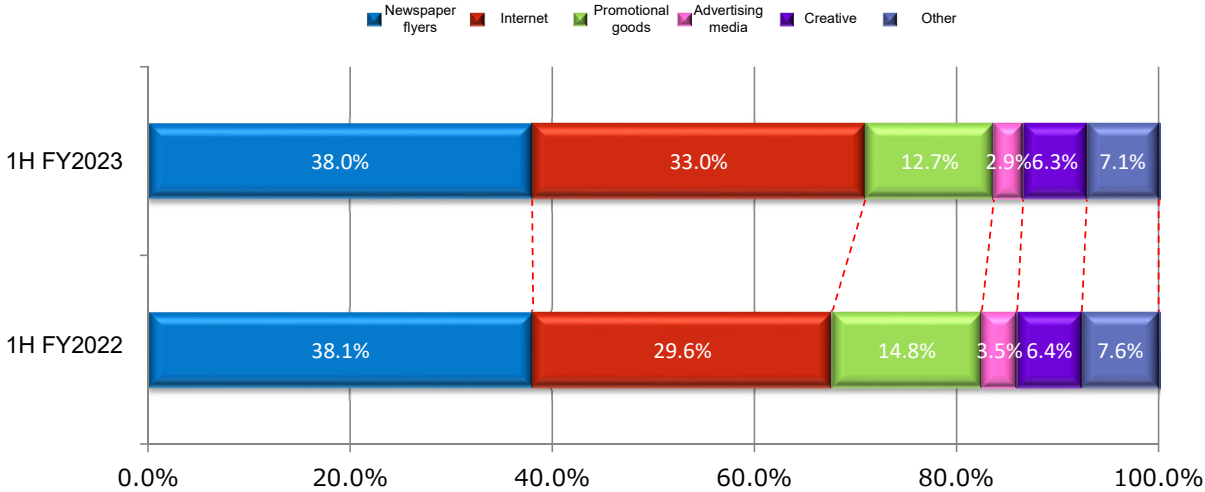
Sales Breakdown (Advertising)



(millions of yen)

	1H FY2023 Net sales	% of total	1H FY2022 Net sales	% of total	YoY comparison
Newspaper flyers	1,432	38.0%	1,334	38.1%	107.3%
Internet	1,244	33.0%	1,035	29.6%	120.2%
Promotional goods	479	12.7%	518	14.8%	92.6%
Advertising media	110	2.9%	122	3.5%	89.5%
Creative	237	6.3%	223	6.4%	106.1%
Other	269	7.1%	264	7.6%	101.8%
	3,773	100.0%	3,499	100.0%	107.8%

Net sales breakdown



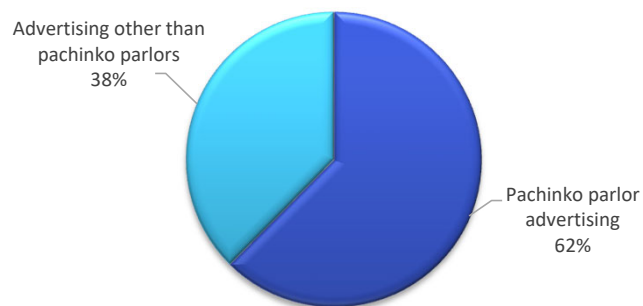
- Share of “Newspaper flyers” and “Promotional goods” declined and share of “Internet” increased amid a shift from print media to online advertising.
- Share of other categories was flat.

Transactions Breakdown (Advertising)

(millions of yen)

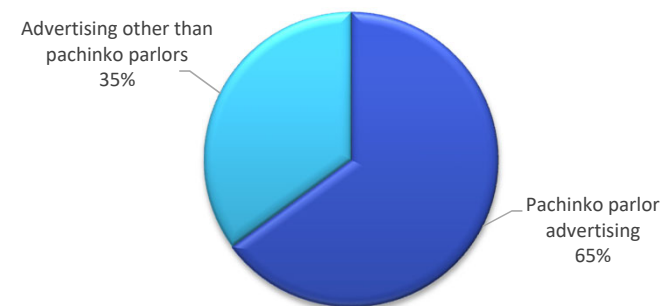
	Transactions in 1H FY2023	Transactions in 1H FY2022
Pachinko parlor advertising	2,583	2,513
Advertising other than pachinko parlors	1,555	1,356
Total	4,138	3,870

1H FY2023



- Pachinko parlor advertising
- Advertising other than pachinko parlors

1H FY2022



- Pachinko parlor advertising
- Advertising other than pachinko parlors

- Pachinko parlor advertising transaction volume was weak.
- Advertising other than pachinko parlors was brisk, approaching a 40% share of the total.

1H FY2023 Segment Income (Real Estate)

(millions of yen)

Real Estate	1H FY2023	1H FY2022	YoY comparison
Net sales	25	30	82.3%
Operating expense	15	15	100.0%
Segment income	10	15	65.8%

- Rent revenue on the land owned in Kashiwa, Chiba Prefecture, is in line with forecast.
- No brokerage commission revenue was recorded from the transfer of lease brokerage properties.
- As a result, net sales were ¥25 million (-17.7% YoY) and segment income was ¥10 million (-34.2% YoY).

1H FY2023 Balance Sheet (Consolidated)

(millions of yen)

	End of FY2022 (A)	End of 1H FY2023 (B)	Change (B) - (A)
Cash and cash equivalents	3,984	3,592	-391
Accounts receivable	1,048	983	-64
Income taxes receivable	5	40	34
Other current assets	68	65	-2
Tangible fixed assets	583	594	10
Intangible fixed assets	111	120	8
Investments and other assets	451	448	-3
Total assets	6,254	5,845	-408
Accounts payable	568	522	-45
Short-term borrowings (incl. long-term borrowings due within a year)	487	187	-300
Accrued income taxes	54	48	-5
Other current liabilities	179	166	-12
Long-term borrowings	450	356	-93
Other fixed liabilities	38	38	0
Total liabilities	1,777	1,319	-458
Shareholders' equity	4,475	4,525	50
Other	1	1	-0
Total net assets	4,476	4,526	50
Total liabilities and net assets	6,254	5,845	-408

○ Cash and cash equivalents declined ¥391 million due to repayment of borrowings, etc.

○ Liabilities declined ¥458 million due to repayment of borrowings, etc.

○ Recorded ¥202 million in net income. Recorded profit distribution of ¥54 million and purchase of treasury stock worth ¥97 million as part of shareholder returns.

1H FY2023 Cash Flow Statement (Consolidated)



(millions of yen)

	1H FY2022	1H FY2023
Net income before income taxes	80	251
Cash flow from operations	146	164
Cash from from investing activities	-12	-32
Cash flow from financing activities	-295	-545
Cash and cash equivalents at beginning of period	3,802	3,978
Cash and cash equivalents at end of period	3,642	3,586

○ Cash and cash equivalents decreased ¥391 million in the first half to ¥3,586 million.

+ Net income before income taxes	251	
+ Depreciation and amortization	19	
+ Increase in accounts receivable	64	
+ Other	8	
		– Decline in accounts payable 45
		– Income taxes paid 96
		– Other 37
Cash flow from operations	164	
		– Payment for purchase of tangible/intangible fixed assets 31
		– Other 1
		Cash flow from investing activities 32
		– Repayment of borrowings 393
		– Payment of purchase of treasury stock 97
		– Payment of dividends 54
		Cash flow from financing activities 545

Progress Toward Full-Year Forecast Levels

(millions of yen)

	1H FY2023 result	FY2023 forecast	Progress
Net sales	3,805	8,000	47.6%
Operating income	223	400	55.8%
Ordinary income	251	400	62.8%
Net income attributable to parent company shareholders	202	320	63.4%

- Progress in 1H FY2023 was in line with the initial forecast.
- The Company has not revised its full-year consolidated earnings forecast.

Profit Distribution Basic Policy and Dividend for FY2023

	FY2021	FY2022	FY2023 forecast
Operating margin	–	4.0%	5.0%
EPS	-20.63 yen	16.9 yen	23.36 yen
Dividend <i>(of which, interim dividend)</i>	– yen (– yen)	7.00 yen (3.00 yen)	15.00 yen (7.00 yen)

○ The Company's target consolidated dividend payout ratio will be 50% for now, in view of its cash flow situation. The Company will purchase treasury stock at the appropriate time with a focus on improving capital efficiency.

○ The FY2023 dividend forecast is ¥15 per share (the forecast dividend payout ratio is 64.2%) in view of the above basic policy and the consolidated dividend payout ratio target.

At the board of directors meeting on October 14, the Company made a resolution to pay an interim dividend of ¥7 per share.

Decisions Regarding Matters Relating to Purchase of Treasury Stock and Purchase Status

◆ The Board of Directors, at a meeting held on June 17, 2022, made a resolution concerning the details of the purchase of treasury stock in accordance with the stipulations of the Company's Articles of Incorporation and pursuant to Article 459, paragraph 1, of the Companies Act.

1. Reasons for the purchase

The Company has decided to purchase treasury stock, because it believes that improving capital efficiency will contribute toward maximizing shareholder value.

2. Details of the purchase

- (1) Type of shares to be purchased: Common shares of the Company
- (2) Total number of shares to be purchased: 900,000 shares (maximum)
[percentage of total number of issued shares (excl. treasury stock): 6.57%]
- (3) Total cost of share purchase: ¥350,000,000 (maximum)
- (4) Purchase period: June 20, 2022 through March 24, 2023
- (5) Purchase method: Open market purchase on the Tokyo Stock Exchange

3. Total number of treasury shares purchased in accordance with the above (as of September 30, 2022)

- Number of shares purchased: 280,900 shares
- Total cost of share purchase: ¥97,365,400

Retirement of Treasury Stock

○ The Company completed the retirement of treasury stock on September 30, 2022, in accordance with a resolution by the Board of Directors at a meeting held on September 16, 2022.

Details of resolution (reference)

- (1) Type of retired shares: Common shares of the Company
- (2) Total number of retired shares: 1,350,000 shares
- (3) Completion date of retirement of shares: September 30, 2022

(Reference)

Total number of issued shares after retirement: 13,700,000 shares

Total number of treasury stock after retirement: 281,200 shares

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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