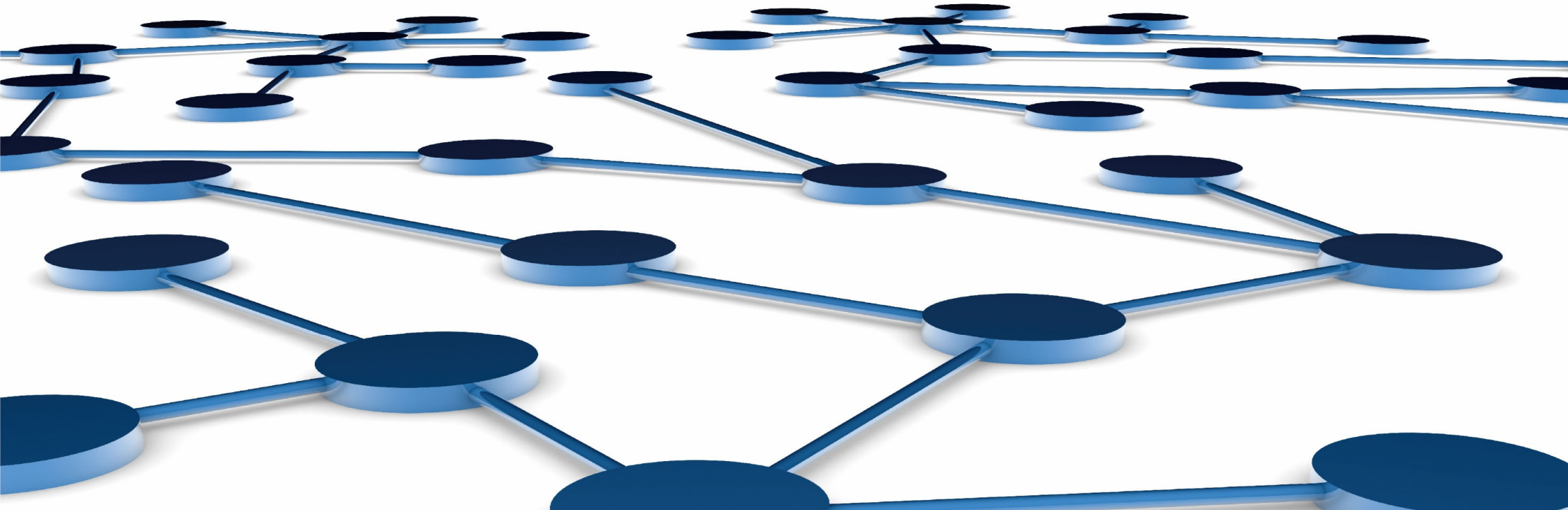


October 15, 2021



Business Results for the First Half of the Fiscal Year Ending March 31, 2022 (FY2022)



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1H FY2022 Income Statement (Consolidated)

(millions of yen)

	1H FY2022	% of total	1H FY2021	% of total	YoY comparison
Net sales	3,536	100.0%	3,131	100.0%	—
Ref: Total transactions*	(3,907)	—	(3,131)	100.0%	124.8%
Operating income (loss)	76	2.2%	-344	—	—
Ordinary income (loss)	85	2.4%	-344	—	—
Net income (loss) attributable to parent company shareholders	36	1.0%	-362	—	—

*Total transactions are the gross amount of agent transactions

◆ Advertisement demand remained sluggish due to the impact of the COVID-19 pandemic. Pachinko parlors and fitness facilities, which are the Group's main customers, tended to refrain from advertising aimed at attracting customers in response to the intermittently declared states of emergency and priority COVID-19 countermeasures, and users refrained from visiting client's facilities.

◆ The Group, in its mainstay advertising business, implemented initiatives to raise revenue levels including pursuing the acquisition of clients other than pachinko parlors and cultivating deeper relations with existing clients.

◆ These initiatives delivered a certain level of success. Net sales for the first half of FY2022 totaled ¥3,536 million, operating income came to ¥76 million (compared with a loss of ¥344 million in the same period a year earlier), ordinary income was ¥85 million (compared with a loss of ¥344 million in the same period a year earlier), and net income attributable to parent company shareholders was ¥36 million (compared with a loss of ¥362 million in the same period a year earlier).

From the first quarter of FY2022, the Group began applying the Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). With this change, **the recorded net sales amount of those transactions deemed to be agent transactions were changed from the gross transaction amount to the net amount.** As a result, net sales for the first half of FY2022 are **¥370 million lower** than when calculated using the former method (gross transaction amount). For this reason, the Group has omitted, from the explanation of operating results, the amounts and percentages of increase or decrease in net sales compared to the first half of the previous fiscal year.

Breakdown by Business Segment

■ 1H FY2022

(millions of yen)

	Advertising	Real Estate	Other	Adjustment	Consolidated
Net sales	3,499	30	6	—	3,536
Ref. Total transactions*	(3,870)	(30)	(6)	—	3,907
Segment income	200	15	0	-140	76

■ Compared to 1H FY2021

	Advertising	Real Estate	Other	Adjustment	Consolidated
Ref. Total transactions*	+768	+5	+2	—	+776
Segment income	+375	+10	+5	+29	+421

*Total transactions are the gross amount of agent transactions

◆ Clients tended to refrain from proactive advertising due to the states of emergency etc. declared in response to COVID-19. However, the decline in advertisement demand was milder than the decline during the state of emergency in the previous year, and total transactions and segment income both significantly increased compared with the same period a year earlier.

1H FY2022 Segment Income (Advertising)

(millions of yen)

Advertising	1H FY2022	1H FY2021	YoY comparison
Net sales	3,499	3,101	—
Ref. Total transactions*	(3,870)	(3,101)	124.8%
Segment income (loss)	200	-174	—

*Total transactions are the gross amount of agent transactions

External environment>

- ◆ Users refrained from visiting pachinko parlors and clients tended to refrain from proactive advertising in response to the intermittently declared states of emergency and priority COVID-19 countermeasures.
- ◆ Unlike in the first half of FY2021, the state of emergency did not include requests for closure of pachinko parlors, and they were able to continue operating. This meant that we were able to receive a certain baseline number of orders.
- ◆ Advertising demand is still far from recovering to pre-pandemic levels and the business environment continues to be difficult.
- ◆ Advertising demand in the fitness facility field also remained low.

Group Initiatives>

- ◆ Pursued the acquisition of clients in new industries.
- ◆ Consolidated subsidiary U&U Co., Ltd. continued to see a steady increase in advertisement orders in new areas other than their mainstay mail order advertisement field.
- ◆ IDEAL, the fitness information website operated by Press A Inc. (whose shares the Group acquired in March 2021), performed solidly.

Result>

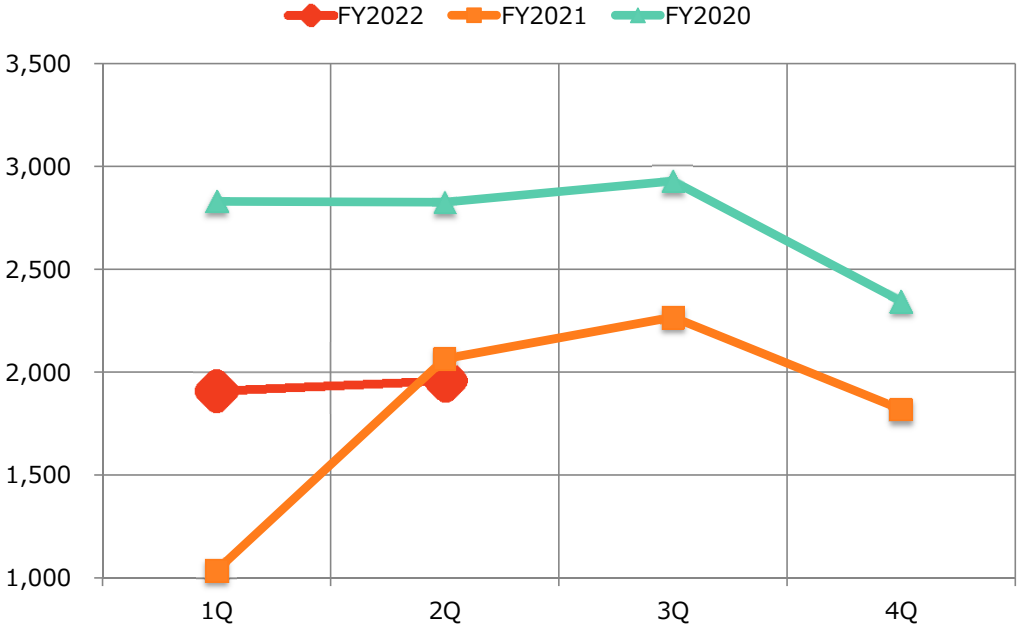
- ◆ Net sales of the segment totaled ¥3,499 million and segment income came to ¥200 million (compared with a loss of ¥174 million in the same period a year earlier).

[Reference] Total Quarterly Transactions (Advertising)



(millions of yen)

	1Q	2Q	3Q	4Q	Full year
FY2022	1,910	1,960			
FY2021	1,036	2,065	2,267	1,819	7,187
FY2020	2,830	2,826	2,929	2,345	10,930



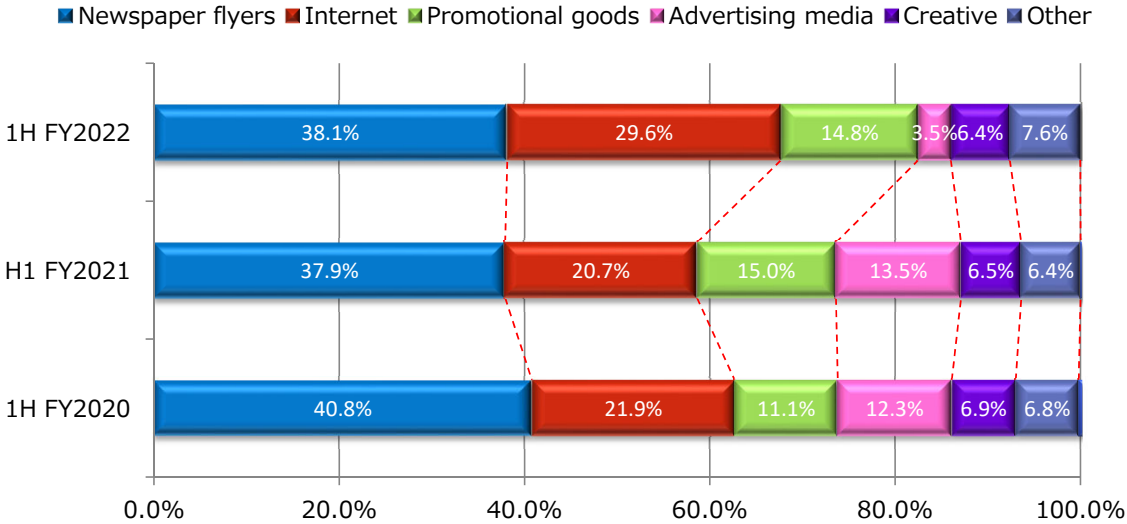
- ◆ Total advertisement transactions in the first half increased ¥768 million compared with the same period a year earlier.
- ◆ The state of emergency was lifted in the first half of FY2021, and advertisement demand was on a recovery trend. On the other hand, states of emergency continued through the first half of FY2022 and advertisement demand remained low.
- ◆ Compared with FY2020 (when demand was at normal levels prior to the pandemic), the business environment remains adverse.

Sales Breakdown (Advertising)

(millions of yen)

	1H FY2022 Net sales	% of total	1H FY2021 Net sales*	% of total
Newspaper flyers	1,334	38.1%	1,174	37.9%
Internet	1,035	29.6%	641	20.7%
Promotional goods	518	14.8%	466	15.0%
Advertising media	122	3.5%	418	13.5%
Creative	223	6.4%	202	6.5%
Other	264	7.6%	197	6.4%
	3,499	100.0%	3,101	100.0%

<Net sales breakdown> *These figures are total transactions as they pre-date adoption of the Accounting Standards for Revenue Recognition



◆ “Net sales” and “% of total” of advertising media declined significantly following application of the Accounting Standards for Revenue Recognition at the beginning of the first quarter of FY2022.

1H FY2022 Segment Income (Real Estate)

(millions of yen)

Real Estate	1H FY2022	1H FY2021	YoY comparison
Net sales	30	25	120.6%
Operating expense	15	20	75.0%
Segment income	15	5	297.7%

◆ In addition to rent revenue on the land it owns in Kashiwa, Chiba Prefecture, the segment recorded ¥5 million in brokerage commission revenue from the transfer of lease brokerage properties.

◆ As a result, net sales of the Real Estate business totaled ¥30 million (compared with 25 million in the same period a year earlier) and segment income came to ¥15 million (compared with 5 million in the same period a year earlier).

1H FY2022 Balance Sheet (Consolidated)

(millions of yen)

	End of FY2021 (A)	End of 1H FY2022 (B)	Change (B) - (A)
Cash and cash equivalents	3,808	3,648	-160
Accounts receivable	973	875	-97
Income taxes receivable	13	-	-13
Other current assets	349	347	-2
Tangible fixed assets	599	593	-5
Intangible fixed assets	111	106	-4
Investment and other assets	454	446	-8
Total assets	6,310	6,018	-292
Accounts payable	501	447	-53
Short-term borrowings (incl. long-term borrowings due within a year)	575	525	-50
Accrued income taxes	39	56	16
Other current liabilities	148	151	2
Long-term borrowings	287	150	-137
Other fixed liabilities	35	36	0
Total liabilities	1,588	1,365	-222
Shareholders' equity	4,722	4,649	-73
Other	0	2	2
Total net assets	4,722	4,652	-69
Total liabilities and net assets	6,310	6,018	-292

◆ Liabilities declined ¥222 million due to repayment of borrowings, etc.

◆ Although ¥36 million in net income was recorded, net assets decreased ¥69 million due to purchase of treasury stock worth ¥108 million as part of shareholder returns.

1H FY2022 Cash Flow Statement (Consolidated)

(millions of yen)

	1H FY2021	1H FY2022
Net income before income taxes	-344	80
Cash flow from operations	-273	146
Cash flow from investing activities	-37	-12
Cash flow from financing activities	1,347	-295
Cash and cash equivalents at beginning of period	4,046	3,802
Cash and cash equivalents at end of period	5,076	3,642

❑ Cash and cash equivalents decreased ¥160 million in the first half to ¥3,642 million.

+ Net income before income taxes	80	
+ Depreciation and amortization	22	
+ Increase in accounts receivable	97	
+ Other	40	
		– Decline in accounts payable
		– Income taxes paid
		– Other
Cash flow from operations	146	
		Payment for purchase of
		– tangible/intangible fixed assets
		– Other
+ Other earnings	14	
		Cash flow from investing activities
		– Repayment of borrowings
		– Payment for purchase of treasury stock
		Cash flow from financing activities

Progress Toward Full-Year Forecast Levels

(millions of yen)

	1H FY2022 result	FY2022 forecast	Progress
Net sales	3,536	8,100	43.7%
Operating income	76	300	25.4%
Ordinary income	85	300	28.4%
Net income attributable to parent company shareholders	36	225	16.1%

◆ The earnings forecast for FY2022 disclosed on April 16 in the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2021, was calculated based on the assumption that there would be no states of emergency (or similarly strict restrictions on business or on outings) declared throughout the year.

◆ The majority of the first half of FY2022 was under states of emergency, and demand for our mainstay pachinko parlor advertisement business remained low. The Company's non-consolidated business performance has been underperforming the estimates made at the beginning of the fiscal year. Meanwhile, the performance of the consolidated subsidiaries engaged in businesses other than pachinko parlor advertisements propped up overall consolidated performance. As a result, consolidated business results for the first half of FY2022 were only slightly below the initial estimates.

A gradual recovery in pachinko parlor advertisement demand is expected in the second half of FY2022 following the lifting of the state of emergency and the businesses of the consolidated subsidiaries are also expected to continue their strong performance from the first half. The Company has therefore opted not to revise the initial April 16 earnings forecast.

◆ As for the dividend forecast, the Board of Directors resolved, at a meeting held on October 15, to pay an interim dividend of 3 yen per share. This is in line with the Company's announcement, in the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2021, that it forecast an interim dividend of 3 yen per share and a year-end dividend of 4 yen per share.

◆ The Board of Directors, at a meeting held on July 16, 2021, 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, and the Company is implementing said purchase.

1. Details of the purchase

- (1) Type of shares to be purchased: Common shares of the Company
- (2) Total No. of shares to be purchased: 1,500,000 shares (maximum)
[percentage of total No. of issued shares (excl. treasury stock): 9.97%]
- (3) Total cost of share purchase: ¥450,000,000 (maximum)
- (4) Purchase period: July 19, 2021 through March 24, 2022
- (5) Purchase method: Open market purchase on the Tokyo Stock Exchange

2. Total No. of treasury shares purchased in accordance with the above (as of Sept. 30, 2021):

- No. of shares purchased: 321,000 shares (21.40%)
- Total cost of share purchase: ¥108,382,600 (24.09%)

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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