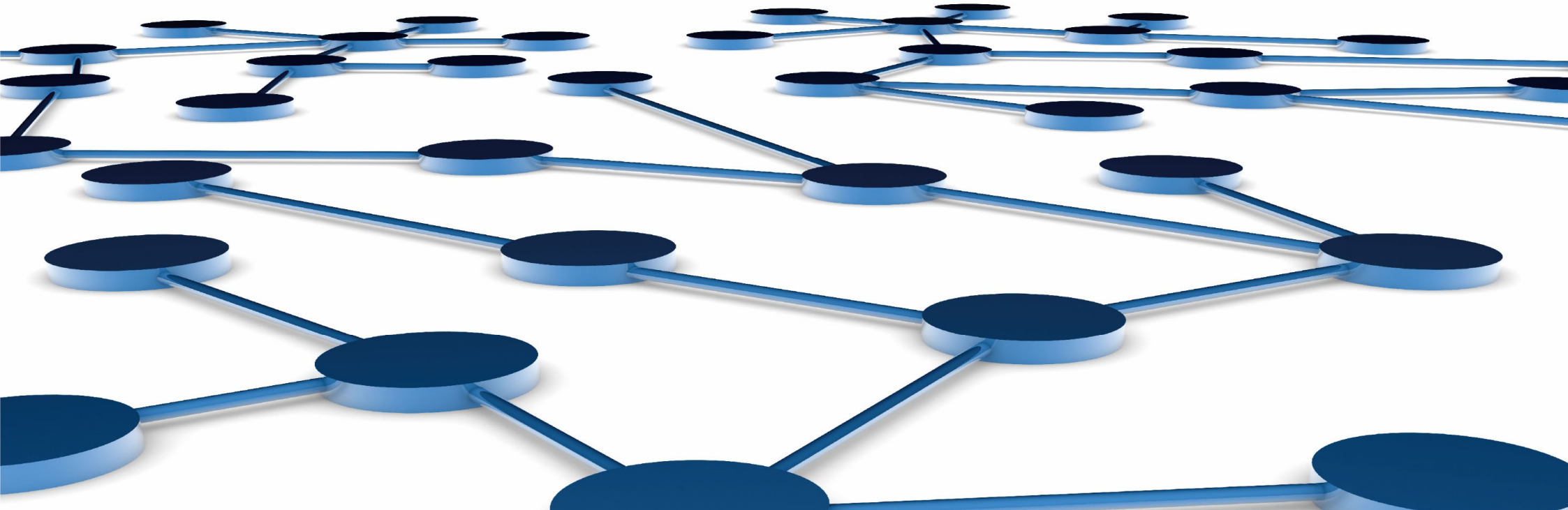


April 15, 2022



Business Results for the Fiscal Year Ended March 31, 2022 (FY2022)



P3 Financial Highlights (Consolidated)
P4 FY2022 Income Statement (Consolidated)
P5 Breakdown by Business Segment

Advertising Business

P6 FY2022 Segment Income
P7 Total Quarterly Transactions
P8 Sales Breakdown
P9 Employees

Real Estate Business

P10 FY2022 Segment Income

P11 FY2022 Balance Sheet (Consolidated)
P12 FY2022 Cash Flow Statement (Consolidated)
P13 FY2023 Consolidated Earnings Forecast
P14 Challenges Ahead
P15 Profit Distribution Basic Policy and Dividends for FY2022 and FY2023
P16 Status and Completion of Purchase of Treasury Stock

Financial Highlights (Consolidated)

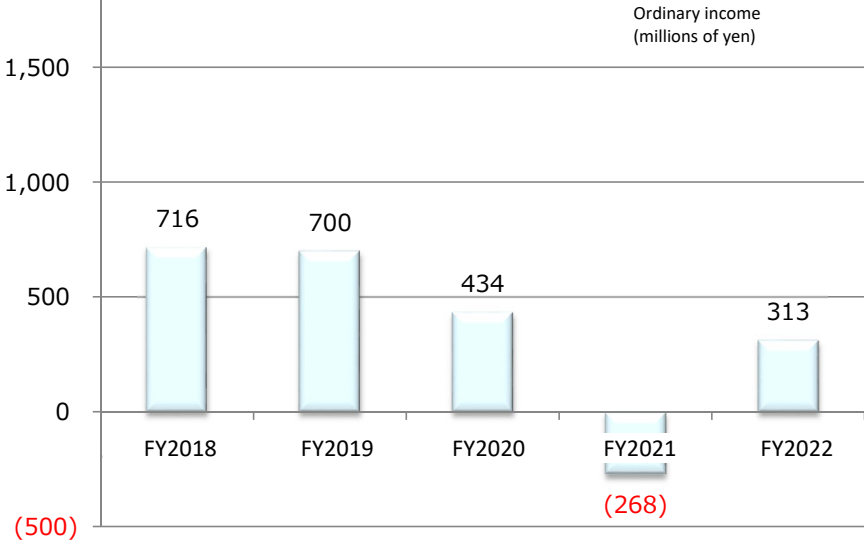
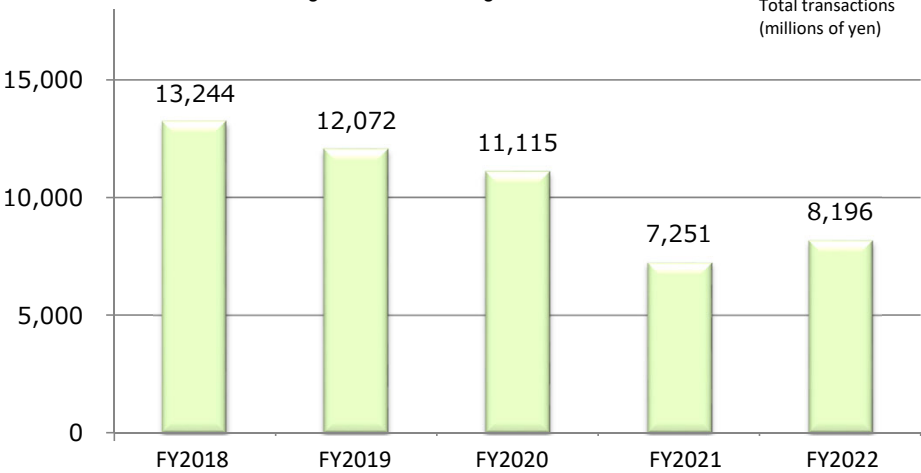


◆ Consolidated net sales for FY2022 came to ¥7,426 million, an increase compared with the previous fiscal year, when the business was significantly impacted by the COVID-19 pandemic. This increase was the result of initiatives implemented by the Group to boost revenue levels including pursuing the acquisition of clients other than pachinko parlors and cultivating deeper relations with existing clients. Profits at all levels also returned to the black, and net income attributable to parent company shareholders totaled 247 million yen.

(millions of yen)

	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales	13,244	12,072	11,115	7,251	7,426
Ref. Total transactions*	13,244	12,072	11,115	7,251	8,196
Operating income (loss)	743	704	460	-290	296
Ordinary income (loss)	716	700	434	-268	313
Net income (loss) attributable to parent company shareholders	504	434	31	-310	247

*Total transactions are the gross amount of agent transactions



FY2022 Income Statement (Consolidated)

(millions of yen)

	FY2022	% of total	FY2021	% of total	YoY comparison
Net sales	7,426	100.0%	7,251	100.0%	—
Ref. Total transactions*	-8,196	—	-7,251	100.0%	113.0%
Operating income (loss)	296	4.0%	-290	—	—
Ordinary income (loss)	313	4.2%	-268	—	—
Net income (loss) attributable to parent company shareholders	247	3.3%	-310	—	—

*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. Following the lifting of the state of emergency at the end of September, pachinko parlor customer numbers showed a gradual recovery trend.

◆ 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 FY2022 totaled ¥7,426 million, operating income came to ¥296 million (compared with a loss of ¥290 million in the same period a year earlier), ordinary income was ¥313 million (compared with a loss of ¥268 million in the same period a year earlier), and net income attributable to parent company shareholders was ¥247 million (compared with a loss of ¥310 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 gross transaction amount to net amount.** As a result, net sales for FY2022 are **¥769 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 previous fiscal year.

Breakdown by Business Segment

■ FY2022

(millions of yen)

	Advertising	Real Estate	Other	Adjustment	Consolidated
Net sales	7,356	59	10	—	7,426
Ref. Total transactions*	8,126	59	10	—	8,196
Segment income	534	28	-0	-265	296

■ Compared to FY2021

(millions of yen)

	Advertising	Real Estate	Other	Adjustment	Consolidated
Ref. Total transactions*	+938	+1	+3	—	+944
Segment income	+516	+12	+9	+49	+587

◆ 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 that 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.

FY2022 Segment Income (Advertising)

(millions of yen)

Advertising	FY2022	FY2021	YoY comparison
Net sales	7,356	7,187	—
Ref. Total transactions*	8,126	7,187	113.1%
Segment income	534	18	2952.0%

*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 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.
- ◆ Following the lifting of the state of emergency at the end of September, pachinko parlor customer numbers showed a gradual recovery trend.

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>

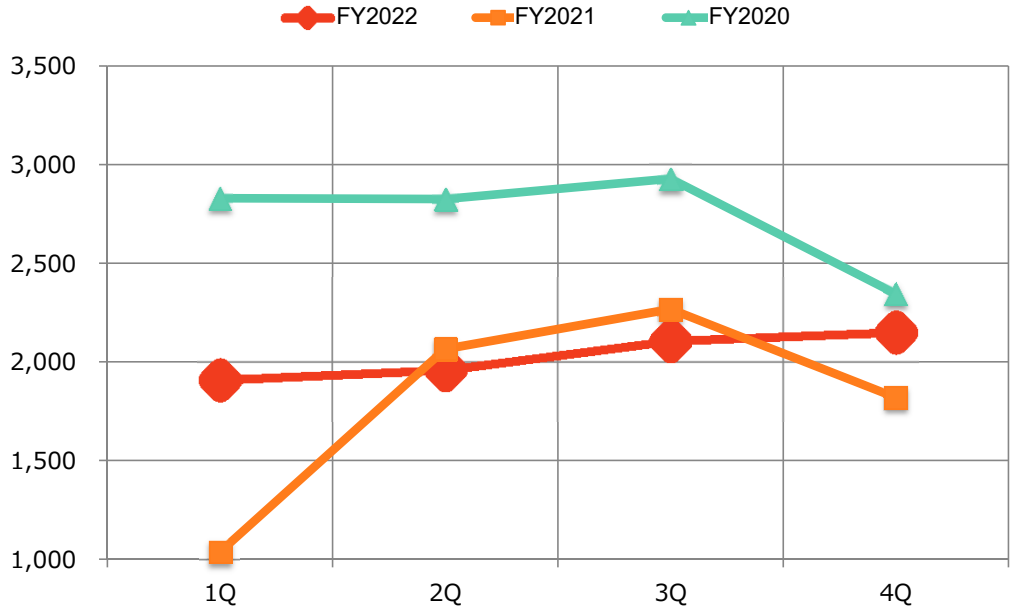
- ◆ Net sales of the segment totaled ¥7,356 million and segment income came to ¥534 million (compared with a profit of ¥18 million in the previous fiscal year).

[Reference] Total Quarterly Transactions (Advertising)



(millions of yen)

	1Q	2Q	3Q	4Q	Full year
FY2022	1,910	1,960	2,106	2,150	8,126
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 FY2022 increased ¥938 million compared with the previous fiscal year.
- ◆ In the fourth quarter of FY2022, advertising demand declined following the implementation of priority COVID-19 countermeasures from the end of January, but the impact was limited and transactions were up year on year.
- ◆ Compared with FY2020 (when demand was at normal levels prior to the pandemic), the business environment remains adverse.

Sales Breakdown (Advertising)

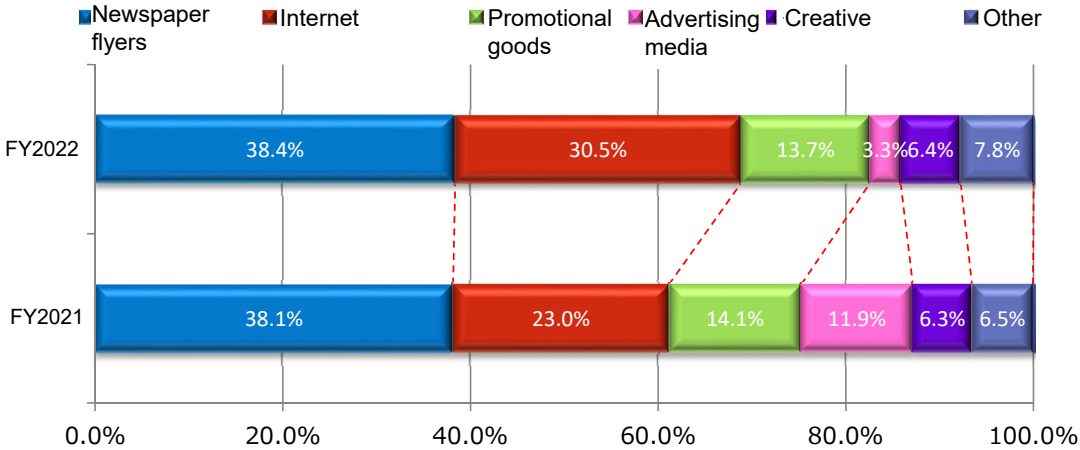


(millions of yen)

	FY2022 Net sales	% of total	FY2021 Net sales*	% of total
Newspaper flyers	2,822	38.4%	2,741	38.1%
Internet	2,242	30.5%	1,655	23.0%
Promotional goods	1,010	13.7%	1,012	14.1%
Advertising media	240	3.3%	855	11.9%
Creative	467	6.4%	454	6.3%
Other	572	7.8%	467	6.5%
	7,356	100.0%	7,187	100.0%

*These figures are total transactions as they pre-date adoption of the Accounting Standards for Revenue Recognition.

<Net sales breakdown>

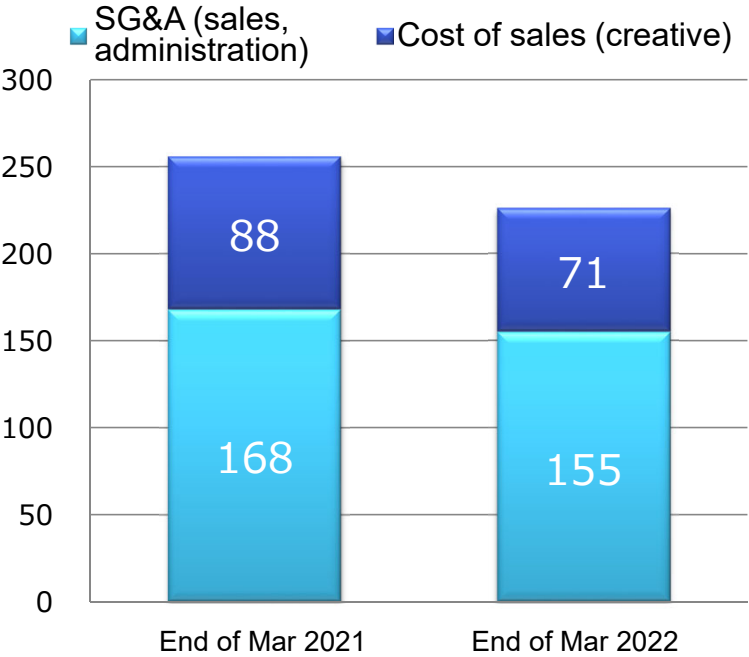


- ◆ “Net sales” and “% of total” of advertising media declined significantly as a result of application of the Accounting Standards for Revenue Recognition at the beginning of the first quarter of FY2022.
- ◆ “Internet” sales drove business performance recovery

Employees (Advertising)

(people)

	End of Mar 2021	End of Mar 2022	Change
SG&A (sales, administration)	168	155	-13
Cost of sales (creative)	88	71	-17
Subtotal for advertising	256	226	-30



- ◆ Sales and administration: A number of employees retired/resigned while hiring of new recruits was curbed
- ◆ Creative: Decreased due to a decline in demand for paper-based advertising
- ◆ As a result, the number of employees declined by 30 compared with the end of FY2021.

FY2022 Segment Income (Real Estate)

(millions of yen)

Real Estate	FY2022	FY2021	YoY comparison
Net sales	59	57	103.4%
Operating expense	31	42	73.8%
Segment income	28	15	179.2%

- ◆ In addition to rent revenue on the land it owns in Kashiwa, Chiba Prefecture, the segment recorded ¥10 million in brokerage commission revenue from the transfer of lease brokerage properties.
- ◆ As a result, net sales of the Real Estate business totaled ¥59 million (compared with 57 million in the same period a year earlier) and segment income came to ¥28 million (compared with 15 million in the previous fiscal year).

FY2022 Balance Sheet (Consolidated)

	End of FY2021 (A)	End of FY2022 (B)	Change (B) - (A)
Cash and cash equivalents	3,808	3,984	175
Accounts receivable	973	1,048	75
Income taxes receivable	13	5	-7
Other current assets	349	68	-281
Tangible fixed assets	599	583	-15
Intangible fixed assets	111	111	0
Investment and other assets	454	451	-3
Total assets	6,310	6,254	-56
Accounts payable	501	568	66
Short-term borrowings (incl. long-term borrowings due within a year)	575	487	-87
Accrued income taxes	39	54	14
Other current liabilities	148	179	30
Long-term borrowings	287	450	162
Other fixed liabilities	35	38	2
Total liabilities	1,588	1,777	189
Shareholders' equity	4,722	4,475	-247
Other	0	1	0
Total net assets	4,722	4,476	-246
Total liabilities and net assets	6,310	6,254	-56

◆ Decrease due to redemption of securities

◆ Although ¥247 million in net income was recorded, net assets decreased ¥246 million mainly due to purchase of treasury stock worth ¥449 million and dividend payments of ¥44 million as part of shareholder returns.

FY2022 Cash Flow Statement (Consolidated)



(millions of yen)

	FY2021	FY2022
Net income (loss) before income taxes	-268	308
Cash flow from operations	-114	359
Cash flow from investing activities	11	224
Cash flow from financing activities	-140	-419
Cash and cash equivalents at end of period	3,802	3,978

+ Net income before income taxes	308	
+ Depreciation and amortization	46	
+ Increase in accounts payable	66	
+ Other	86	
		– Increase in accounts receivable 75
		– Income taxes paid 51
		– Other 22
Cash flow from operations	359	
+ Proceeds from redemption of securities	253	
+ Other earnings	20	
		Payment for purchase of
		– tangible/intangible fixed assets 45
		– Other 6
Cash flow from investing activities	224	
+ Proceeds from borrowings	650	
		– Repayment of borrowings 575
		– Payment for purchase of treasury stock 449
		– Dividends paid 44
Cash flow from financing activities	419	

FY2023 Consolidated Earnings Forecast

(millions of yen)

	FY2023 forecast	FY2022 result	(%)
Net sales	8,000	7,426	107.7%
Operating income	400	296	134.8%
Ordinary income	400	313	127.7%
Net income attributable to parent company shareholders	320	247	129.3%

◆ The various restrictions on people's movement imposed following the rapid spread of COVID-19, which had a significant impact on the activities of the Group's clients to attract customers, are expected to continue to be relaxed. We also expect advertising demand, which began to see a rapid decline prior to the start of FY2022, to gradually recover.

◆ Making any predictions regarding trends relating to the COVID-19 pandemic or future restrictions on people's movement is difficult as many uncertainties are involved. Therefore, if the actual situation differs from the hypothetical conditions assumed by the Group, the results for FY2023 could deviate considerably from the forecast.

- ◆ **Acquiring new customers in sectors other than the mainstay pachinko parlor and fitness-related advertising**
 - Pursue collaborative projects with partner firms such as community-rooted agencies
 - Develop markets in various franchise fields by leveraging the Group's knowhow relating to marketing support for client facilities
- ◆ **Enhancing service lineup in the digital advertising field**
 - Further develop the various internet services that have been introduced thus far
 - Develop advertising services that are responsive to rapid technological advances
- ◆ **Promoting personnel training and utilization aimed at ensuring sustained growth**
 - Establish nurturing work environments to maximize the potential of employees
 - Create work environments that are conducive to innovation and proactively appoint personnel who will go on to underpin the Group's future

Profit Distribution Basic Policy and Dividends for FY2022 and FY2023



	FY2021	FY2022	FY2023 forecast
Operating margin	–	4.0%	5.0%
EPS	-20.63 yen	16.90 yen	23.36 yen
Total annual dividend	– yen	7.00 yen	15.00 yen
<i>(of which, interim dividend)</i>	<i>(– yen)</i>	<i>(3.00 yen)</i>	<i>(7.00 yen)</i>

- ◆ The Group intends to maintain a consolidated 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 emphasis on enhancing capital efficiency.
- ◆ The dividend for FY2022 has been set at ¥4 per share taking into account the above basic policy. The annual dividend is thus ¥7 per share including the interim dividend of ¥3 per share (a consolidated dividend payout ratio of 41.4%). Further, as the Group purchased treasury stock worth 449 million yen in FY2022, the total shareholder return ratio came to 199.7%.
- ◆ For FY2023, the Group, taking into account the above basic policy and target dividend payout ratio, **is planning on an annual dividend of ¥15 per share (the forecast dividend payout ratio is 64.2%).**

◆ 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 implemented said purchase.

1. Details of the purchase

- (1) Type of shares to be purchased: Common shares of the Company
- (2) Total number of shares to be purchased: 1,500,000 shares (maximum)
[percentage of total number 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 March 24, 2022):

- Number of shares purchased: 1,350,300
- Total cost of share purchase: ¥449,976,900

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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