



October 13, 2023

Business Results for the First Half of
the Fiscal Year Ending March 31, 2024 (FY2024)

Key Financial Results for 1H FY2024

- ◆ Net sales and gross profit increased slightly YoY
- ◆ Operating income decreased YoY due to an increase in SG&A expenses as a result of investment in human capital and the enhancement of sales activities in anticipation of a recovery in demand
- ◆ The decrease in ordinary income was mainly attributable to a (temporary) foreign exchange gain recorded in the same period of the previous year
- ◆ Shift from paper-based advertising to online advertising
Online advertising exceeded newspaper flyers in the breakdown of net sales
- ◆ • In the pachinko parlor advertising field, demand remained flat since it was still in the stage of capital investment
• Advertising fields other than pachinko parlors were steady

1H FY2024 Business Performance (YoY)



	1H FY2023		1H FY2024		(millions of yen) YoY comparison	
	Amount	% of total	Amount	% of total	Change	% of Change
	Net sales	3,805	100.0%	3,913	100.0%	107
(Ref.) Total transactions*	4,170	–	4,394	–	223	5.4%
Gross Profit	1,151	30.3%	1,173	30.0%	21	1.9%
Operating income	223	5.9%	203	5.2%	-20	-9.0%
Ordinary income	251	6.6%	208	5.3%	-42	-16.8%
Net income attributable to parent company shareholders	202	5.3%	159	4.1%	-43	-21.5%

*Total transactions are the gross amount of agent transactions.

> Result

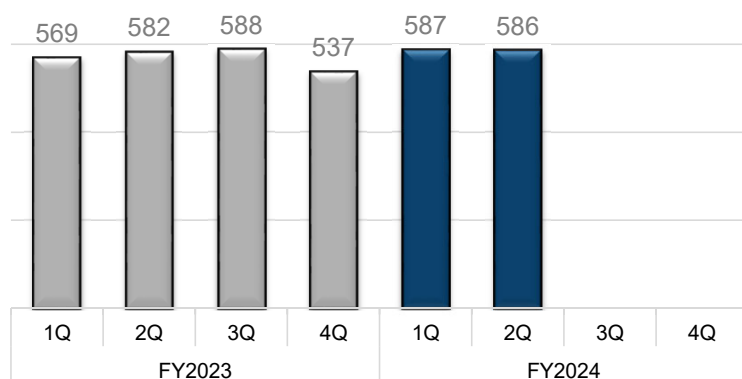
- ◆ Net sales and gross profit increased slightly
- ◆ Operating income and items below it decreased

> Factors

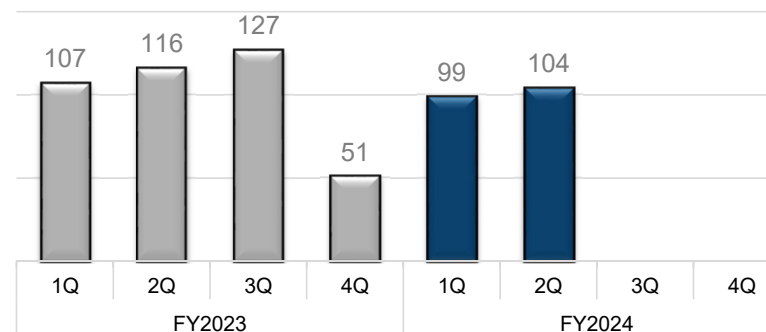
- ◆ With pachinko parlor advertising nearly flat, pursuing the acquisition of clients in advertising fields other than pachinko parlors and the cultivation of deeper relations with existing clients
- ◆ An increase in personnel expenses mainly due to an increase in personnel and wages at the beginning of the year, and an increase in selling expenses due to the enhancement of sales activities
- ◆ The decrease in ordinary income was mainly attributable to a (temporary) foreign exchange gain recorded in the same period of the previous year

Quarterly Gross Profit and Operating Income (YoY)

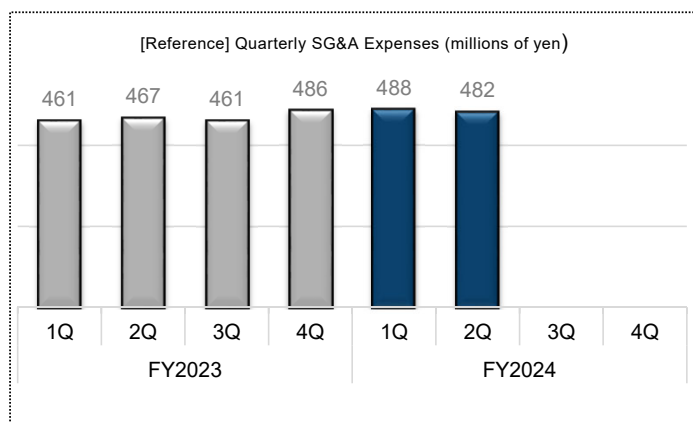
Quarterly Gross Profit (millions of yen)



Quarterly Operating Income (millions of yen)



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



- ◆ Gross profit remained nearly flat YoY
- ◆ SG&A expenses increased due to an increase in selling expenses as a result of the enhancement of sales activities, in addition to an increase in personnel expenses on account of an increase in personnel and wages
- ◆ As a result, operating income decreased YoY

Breakdown by Business Segment

[Cumulative Period]

	Advertising	Real Estate	Other	Adjusted Amount	(millions of yen) Consolidated
Net sales	3,867	41	4	0	3,913
Segment income	322	19	-2	-136	203

[YoY comparison]

	Advertising	Real Estate	Other	Adjusted Amount	(millions of yen) Consolidated
Net sales	+94	+15	-2	—	+107
Segment income	-13	+9	-3	-12	-20

- ◆ In the advertising business, advertising other than pachinko parlors increased
- ◆ The real estate business grew significantly YoY due to brokerage commission revenue from brokering the sale of a pachinko parlor site
- ◆ Segment income decreased due to an increase in SG&A expenses

Segment Income (Advertising)

Advertising	1H FY2023	1H FY2024	(millions of yen)	
			YoY comparison	
			Change	% of Change
Net sales	3,773	3,867	94	2.5%
(Ref.) Total transactions*	4,138	4,348	210	5.1%
Segment income	336	322	-13	-3.9%

*Total transactions are the gross amount of agent transactions.

External Environment >

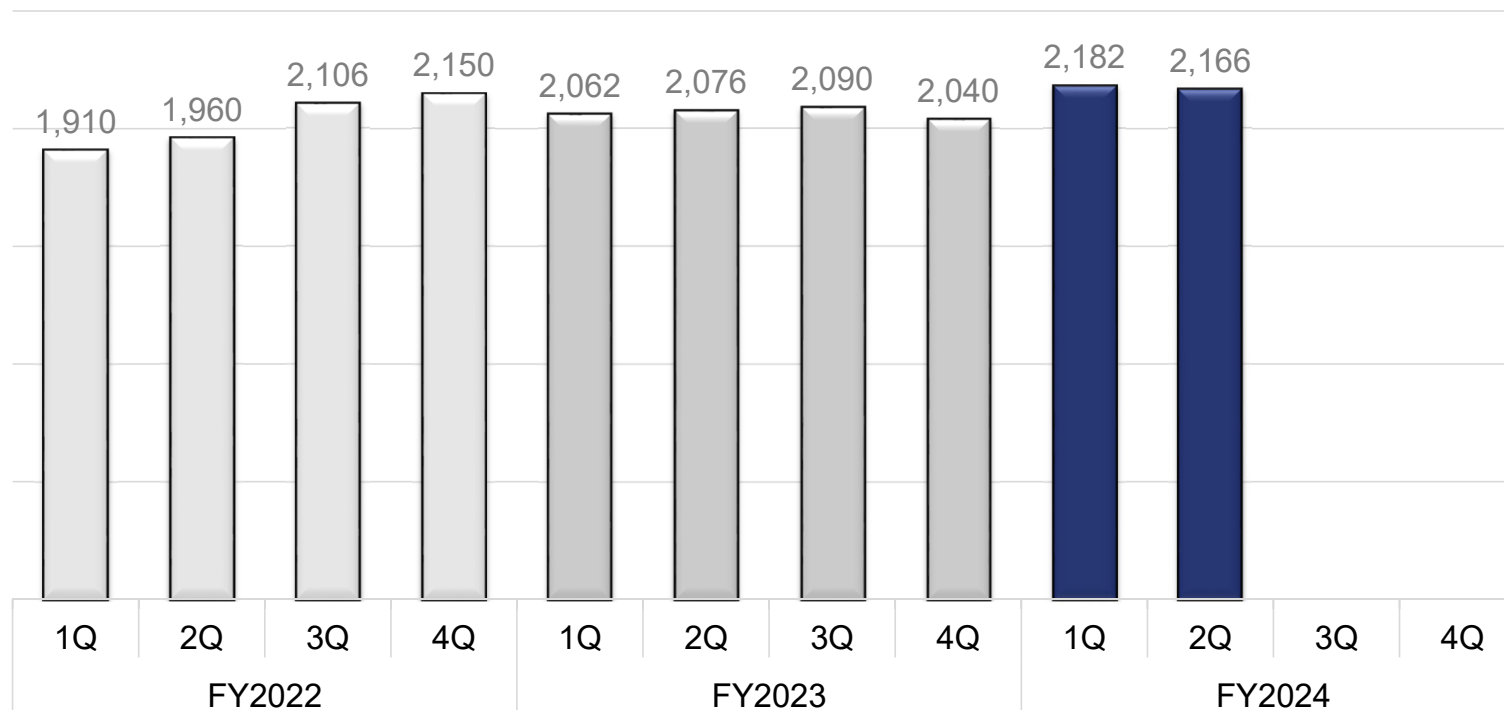
- ◆ Pachinko parlor facilities:
Advertising expenses continued to be curbed to secure investment funds
- ◆ Advertising fields other than pachinko parlors:
Advertising demand is increasing

Group Initiatives >

- ◆ Maximization of pachinko parlor advertising
- ◆ Proactively pursued the acquisition of clients in sectors with expected growth in advertising demand

[Reference] Total Quarterly Transactions (Advertising)

Total Quarterly Transactions in Advertising (millions of yen)



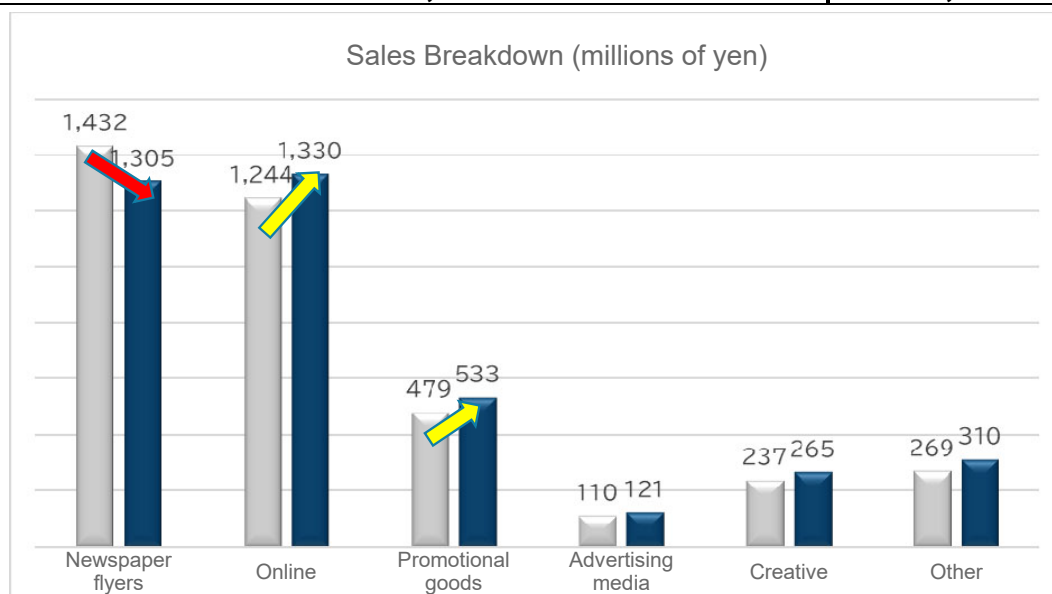
*Total transactions is the gross amount of agent transactions.

- ◆ The pachinko parlor advertising field remained nearly flat
- ◆ Advertising fields other than pachinko parlors were steady

Sales Breakdown (Advertising)

(millions of yen)

	1H FY2023		1H FY2024		YoY comparison		
	Amount	% of total	Amount	% of total	Change	% of Change	Change in % of total
Newspaper flyers	1,432	38.0%	1,305	33.8%	-127	-8.9%	-4.2 pt
Online	1,244	33.0%	1,330	34.4%	86	6.9%	1.4 pt
Promotional goods	479	12.7%	533	13.8%	54	11.2%	1.1 pt
Advertising media	110	2.9%	121	3.2%	11	10.9%	0.3 pt
Creative	237	6.3%	265	6.9%	28	11.7%	0.6 pt
Other	269	7.1%	310	8.0%	41	15.3%	0.9 pt
Total	3,773	100.0%	3,867	100.0%	94	2.5%	

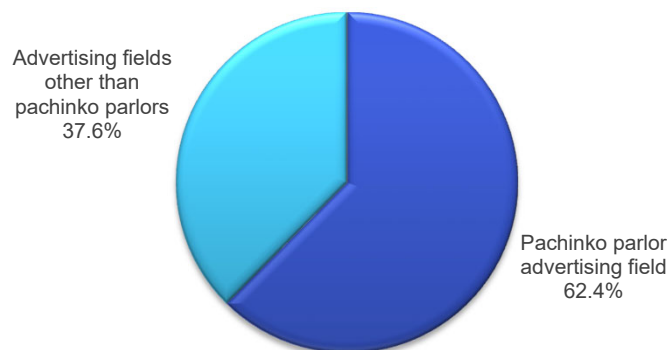


- ◆ Newspaper flyers remained on a downward trend
- ◆ Online advertising had strong performance, exceeding newspaper flyers
- ◆ Promotional goods increased due to the installation of highly-anticipated slot-machine models

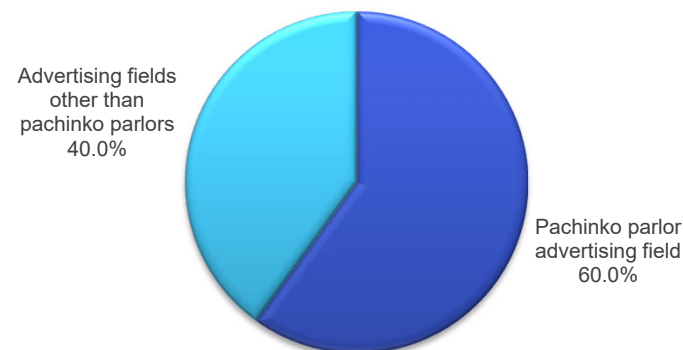
Total Transaction Breakdown (Advertising)

	1H FY2023		1H FY2024		(millions of yen) Change	
	Amount	% of total	Amount	% of total	Amount	% of Change
	Pachinko parlor advertising field	2,583	62.4%	2,607	60.0%	24
Advertising fields other than pachinko parlors	1,555	37.6%	1,741	40.0%	186	12.0%
Total	4,138	100.0%	4,348	100.0%	210	5.1%

1H FY2023



1H FY2024

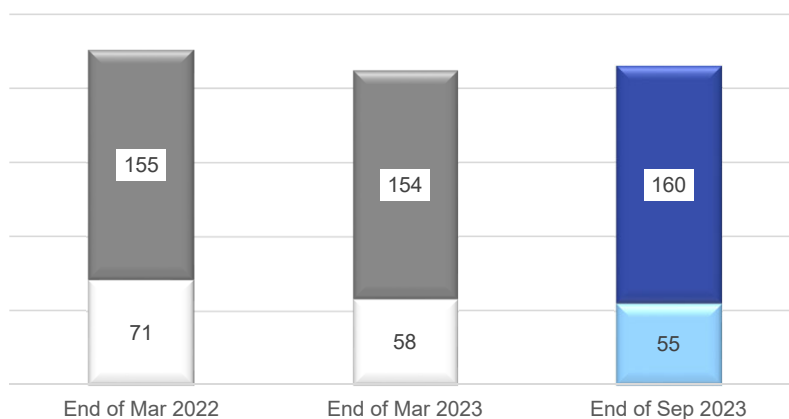


- ◆ The pachinko parlor advertising field remained nearly flat YoY
- ◆ Advertising fields other than pachinko parlors remained steady

Employees

	End of Mar 2022	End of Mar 2023	End of Sep 2023	(people) YoY Change
Sales, administration (SG&A)	155	154	160	6
Creative (Cost of sales)	71	58	55	-3
Subtotal for advertising	226	212	215	3

Number of Employees in Advertising



- ◆ Sales, administration: An increase in personnel to enhance sales in anticipation of a recovery in demand
- ◆ Creative : Hiring of new recruits was curbed due to declining demand for paper-based advertising

Segment Income (Real Estate)

Real Estate	1H FY2023	1H FY2024	(millions of yen)	
			YoY comparison	
			Change	% of Change
Net sales	25	41	15	61.2%
Operating expense	15	22	7	46.7%
Segment income	10	19	9	88.2%

- ◆ In addition to rent revenue on the land it owns in Kashiwa, Chiba Prefecture, the segment recorded ¥14 million in brokerage commission revenue from brokering the sale of a pachinko parlor site
- ◆ As a result, net sales were ¥41 million (up 61.2% YoY), and segment income was ¥19 million (up 88.2% YoY)

Balance Sheet (Consolidated)

	End of Mar 2023 (A)	End of Sep 2023 (B)	(millions of yen) Change (B) - (A)	
Cash and cash equivalents	3,735	3,538	-196→ Decrease due to purchase of treasury stock, etc.
Accounts receivable	988	1,018	30	
Securities	—	60	60	
Other current assets	122	81	-41	
Tangible/intangible fixed assets	714	707	-6	
Investment and other assets	495	308	-186→ Decrease due to return of deposits
Total assets	6,056	5,716	-340	
Accounts payable	555	519	-35	
Short-term/long-term borrowings	850	706	-143→ Decrease due to repayment
Accrued income taxes	59	49	-10	
Other current liabilities	202	204	1	
Total liabilities	1,667	1,479	-187	
Shareholders' equity	4,385	4,224	-161	
Other	3	12	9	
Total net assets	4,389	4,236	-152→ [• Net income: + ¥159 million • Purchase of treasury stock: - ¥218 million • Dividends: - ¥102 million
Total liabilities and net assets	6,056	5,716	-340	

Cash Flow Statement (Consolidated)



	1H FY2023	(millions of yen) 1H FY2024		
Net income before income taxes	251	211	+ Net income before income taxes	211
Cash flow from operations	164	159	+ Depreciation and amortization	25
Cash flow from investing activities	-32	106	+ Income taxes refunded	38
Cash flow from financing activities	-545	-464	+ Other	18
Cash and cash equivalents at beginning of period	3,978	3,729	— Change in accounts receivable	37
Cash and cash equivalents at end of quarter	3,586	3,532	— Change in accounts payable	35
			— Income taxes paid	54
			— Other	9
			Cash flow from operations	159
			+ Income due to return of deposits	176
			+ Other earnings	9
			— Net change in securities	50
			— Payment for purchase of tangible/intangible fixed assets	27
			Cash flow from investing activities	106
			— Repayment of borrowings	143
			— Payment for purchase of treasury stock	218
			— Dividends paid	102
			Cash flow from financing activities	464

Progress Toward Consolidated Forecast Levels

(millions of yen)

	Performance Forecast*	Performance for 1H FY2024	Progress
Net sales	8,000	3,913	48.9%
Operating income	500	203	40.6%
Ordinary income	500	208	41.8%
Net income attributable to parent company shareholders	400	159	39.8%

- ◆ While the performance for 1H FY2024 was slightly lower than initially planned, the Company has not revised its full-year consolidated earnings forecast.

- ◆ Pachinko parlor advertising field
 - The significant decline in the number of stores (reduction in market size) is a cause for concern
 - A moderate recovery in demand is expected at major stores
 - Demand relating to the installation and announcement of highly-anticipated models are expected, in addition to the usual demand during the year-end holiday shopping season

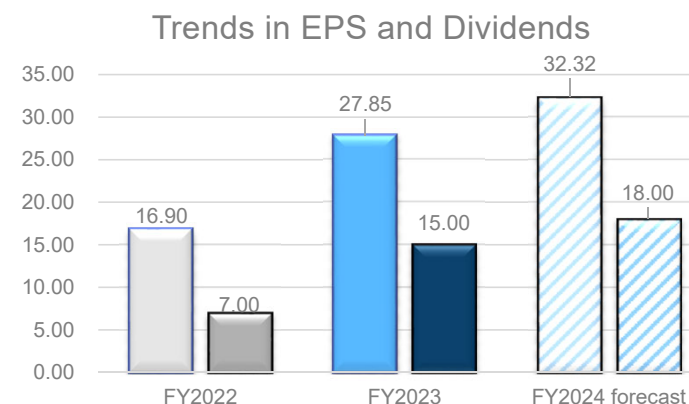
- ◆ Advertising field other than pachinko parlors
 - Focus on specific sectors such as fitness, housing-related, public gaming, and cram schools
 - Continue promoting the enhancement of sales activities, acquisition of new business partners and expansion of sales to existing business partners

- ◆ Sales strategy
 - (Past) Respond to clients' shift to online advertising
 - Online advertising transactions finally exceeded newspaper flyers, which have been our core business
 - (Future) Optimization of advertising services by combining online and paper-based advertising
 - Online: Increase in prices per keyword, intensified competition, and tightening of various regulations
 - Paper-based: Identify business opportunities in advertising by putting flyers in mailboxes, etc., leverage expertise in paper-based advertising

Shareholder Returns

		FY2022	FY2023	FY2024 forecast
Consolidated EPS	yen	16.90	27.85	32.32
Annual dividends	yen	7.00	15.00	18.00
(of which, interim dividend)	yen	(3.00)	(7.00)	(9.00)
Dividend payout ratio	%	41.4%	53.9%	55.7%
Total dividend amount*1	millions of yen	44	148	—
*1 Total dividend amount is the amount paid during the period				
Amount of treasury stock purchased during the period	millions of yen	449	310	218
Number of treasury stock purchased during the period	shares	1,350,300	900,000	499,700
Total number of shares issued at the end of the period*2	shares	13,699,700	12,799,700	12,300,000

*2 Total number of shares issued at the end of the period excludes the number of treasury stocks.



[Basic Policy on Shareholder Returns]

- Target dividend payout ratio is 50% for the time being
- Focus on improving capital efficiency and purchase treasury stock at the right time

- ◆ Shareholder returns for FY2024
 - The FY2024 interim dividend was determined at ¥9 per share (A total of ¥18 is planned for the full year)
 - Total amount of treasury stock purchased up to 1H FY2024 ¥218 million

Retirement of treasury stocks

- ◆ At the Board of Directors meeting held on August 25, 2023, the Company resolved the retirement of treasury stock in accordance with Article 178 of the Companies Act.

Details of retirement

- | | |
|------------------------------------|---|
| (1) Type of retired shares | Common shares of the Company |
| (2) Total number of retired shares | 499,700 shares (Percentage of the total number of issued shares before retirement: 3.90%) |
| (3) Retirement date | September 8, 2023 |

(Reference)

- | | |
|---|-------------------|
| Total number of issued shares after retirement | 12,300,000 shares |
| Total number of treasury stock after retirement | - 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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