GENDAI AGENCY Inc.

# Business Results for the First Half of the Fiscal Year Ending March 31, 2027 (FY2027)

October 16, 2026

# Key Financial Results for 1H FY2027

GENDAI AGENCY Inc.

- Gross profit for the second quarter of FY2027 amounted to ¥715 million, exceeding the level in each quarter of the previous fiscal year and demonstrating improved profitability
- High-margin services, such as online advertising and store promotion planning, continued to grow, while demand for pachinko parlor advertising remained firm
- In advertising fields other than pachinko parlors, although efforts to acquire new clients in the fitness field, etc. are underway, demand for housing-related advertising has declined due to factors such as the naphtha shortage
- Due to a decline in paper-based advertising, such as newspaper flyers, net sales and profits at each level decreased YoY
- In light of the sharp rise in restoration costs, the Company revised its estimates for asset retirement obligations and recorded a one-time depreciation expense of ¥61 million
- The full-year consolidated earnings forecast remains unchanged. In the second half, the Company plans to achieve its targets by maximizing revenue from large-scale real estate projects and year-end seasonal demand

# 1H FY2027 Business Performance (YoY)

(millions of yen)

| | 1H FY2026 | | 1H FY2027 | | YoY comparison | |
|---|---|---|---|---|---|---|
| | Amount | % of total | Amount | % of total | Change | % of Change |
| Net Sales | 3,921 | 100.0% | 3,645 | 100.0% | -276 | -7.0% |
| Gross Profit | 1,385 | 35.3% | 1,384 | 38.0% | -0 | -0.1% |
| Operating income | 398 | 10.2% | 266 | 7.3% | -132 | -33.1% |
| Ordinary income | 398 | 10.2% | 267 | 7.4% | -130 | -32.7% |
| Net income attributable to parent company's shareholders | 261 | 6.7% | 154 | 4.2% | -107 | -41.2% |

## > Result

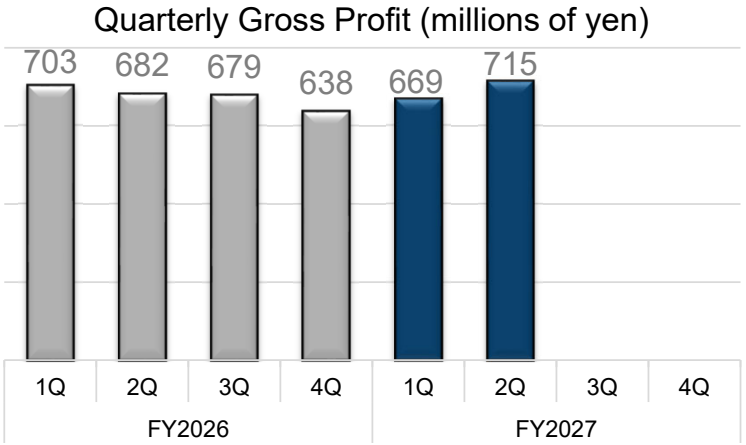
- Net sales fell 7.0% YoY. Although gross profit remained on par with the same period of the previous year, operating income fell sharply by 33.1% YoY due to an increase in SG&A expenses

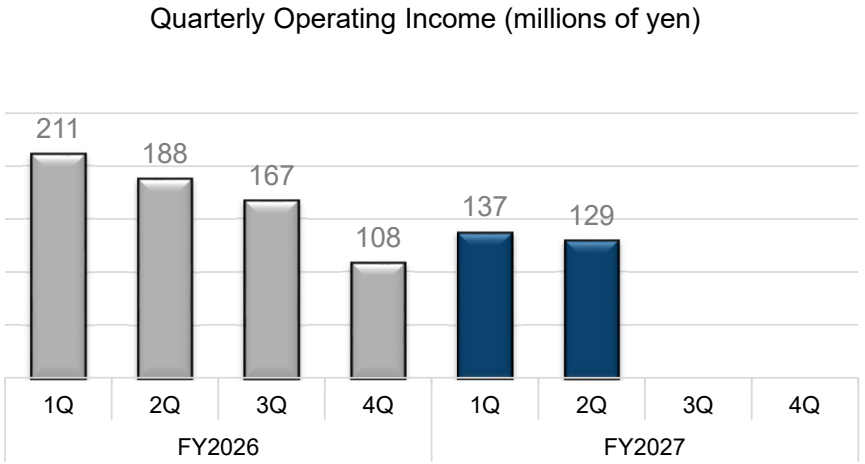
## > Factors

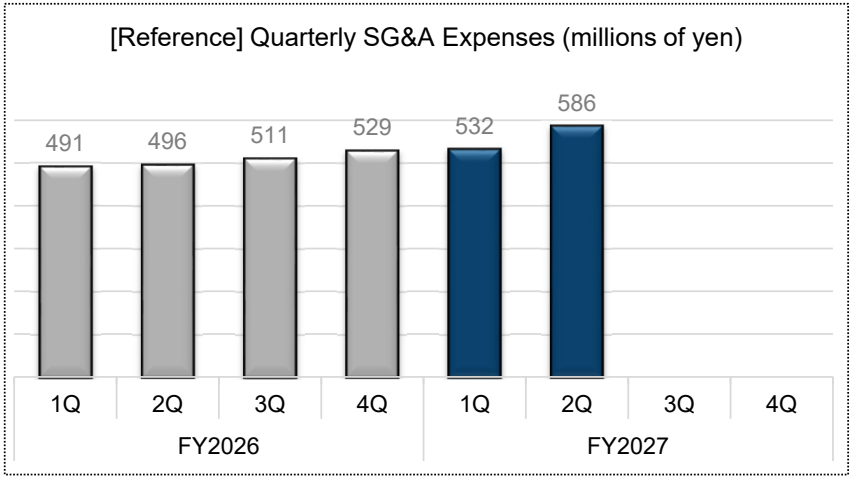
- Reduced demand for housing-related advertising due to factors such as the decline in paper-based advertising, the naphtha shortage, etc.
- Recording of ¥61 million in depreciation expense resulting from a revision of estimates for asset retirement obligations
- Impact of fees for large-scale real estate transactions in the Real Estate Business recorded during the same period of the previous year

# Quarterly Gross Profit and Operating Income (YoY)

GENDAI AGENCY Inc.




- Gross profit for the second quarter of FY2027 was ¥715 million, up 4.8% YoY, and exceeded the level in each quarter of the previous fiscal year
- SG&A expenses increased due to investments in human capital and the recording of depreciation expenses resulting from a revision of estimates for asset retirement obligations

# Breakdown by Business Segment

GENDAI AGENCY Inc.

[Cumulative Period]

(millions of yen)

| | Advertising | Real Estate | Adjusted Amount | Consolidated |
|---|---|---|---|---|
| Net Sales | 3,606 | 38 | | 3,645 |
| Segment income | 393 | 17 | -143 | 266 |

[YoY comparison]

(millions of yen)

| | Advertising | Real Estate | Adjusted Amount | Consolidated |
|---|---|---|---|---|
| Net Sales | -244 | -31 | - | -276 |
| Segment income | -108 | -19 | -3 | -132 |

- The Advertising Business was unable to fully offset the impact of a significant decline in paper-based advertising, resulting in YoY decreases in both net sales and segment income
- In the Real Estate Business, both net sales and segment income decreased due to the recording of fees for large-scale real estate transactions in the same period of the previous fiscal year

# Segment Income (Advertising)

(millions of yen)

| Advertising | 1H FY2026 | 1H FY2027 | YoY comparison Change | YoY comparison % of Change |
|---|---|---|---|---|
| Net Sales | 3,851 | 3,606 | -244 | -6.4% |
| Segment income | 501 | 393 | -108 | -21.6% |

**External Environment >**

- Pachinko parlor facilities:
  - The industry is expected to be revitalized by the widespread adoption of smart pachinko machines and diversification of game features
  - Demand for store promotion planning and online advertising featuring industry personalities is on the rise
  - Ongoing decline in high-volume paper-based advertising, such as newspaper flyers, due to the shift to digitalization
- Advertising fields other than pachinko parlors:
  - Advertising demand from fitness facilities, secondhand shop businesses, and other sectors is on the rise
  - Demand for advertising in the housing-related field has declined due to prolonged instability in paint procurement resulting from the naphtha shortage

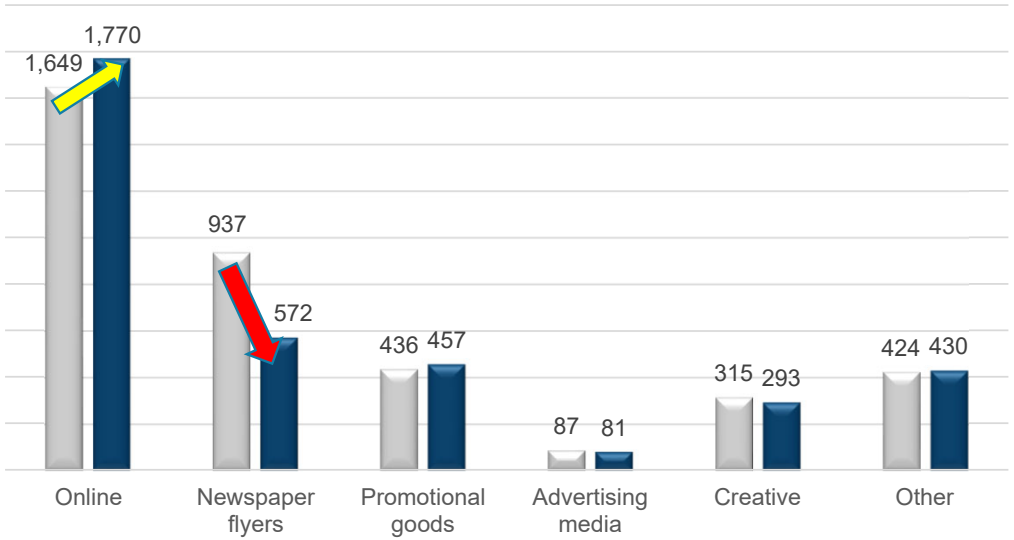
**Group Initiatives >**

- Development of client acquisition measures and sales promotion efforts in accordance with the latest guidelines
- Expanding sales of high-value-added DSP advertising and original services offered on our proprietary website, “Pachi 7,” to address the decline in paper-based advertising
- More actively pursuing the acquisition of new clients in sectors with expected growth in advertising demand

# Sales Breakdown (Advertising)

(millions of yen)

| | 1H FY2026 | | 1H FY2027 | | YoY comparison | | |
|---|---|---|---|---|---|---|---|
| | Amount | % of total | Amount | % of total | Change | % of Change | Change in % of total |
| Online | 1,649 | 42.8% | 1,770 | 49.1% | 120 | 7.3% | 6.3 pt |
| Newspaper flyers | 937 | 24.3% | 572 | 15.9% | -365 | -39.0% | -8.4 pt |
| Promotional goods | 436 | 11.3% | 457 | 12.7% | 21 | 5.0% | 1.4 pt |
| Advertising media | 87 | 2.3% | 81 | 2.3% | -5 | -6.8% | 0.0 pt |
| Creative | 315 | 8.2% | 293 | 8.1% | -21 | -6.9% | -0.1 pt |
| Other | 424 | 11.0% | 430 | 11.9% | 6 | 1.5% | 0.9 pt |
| **Total** | **3,851** | **100.0%** | **3,606** | **100.0%** | **-244** | **-6.4%** | |

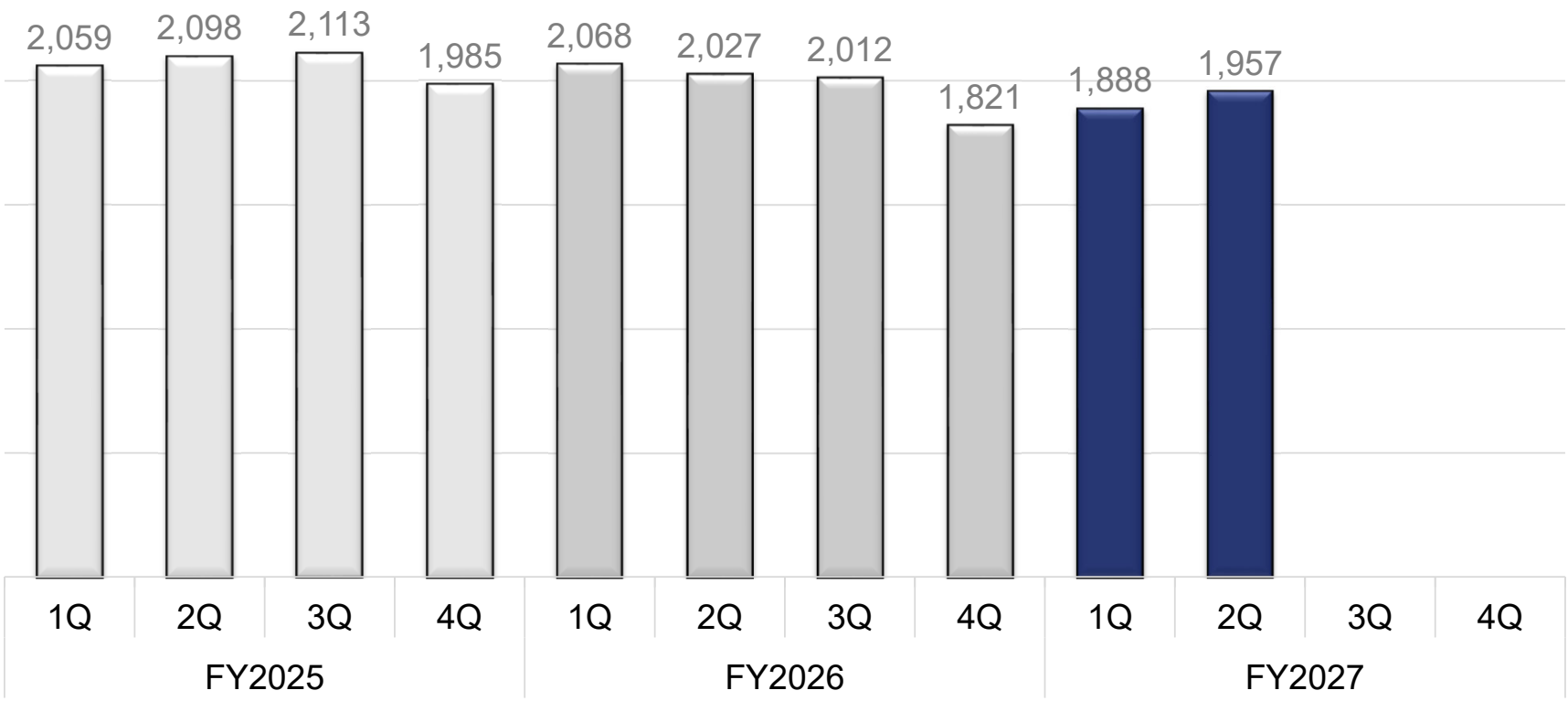



- Online advertising increased steadily to ¥1,770 million (up 7.3% YoY) due to expanding sales of high-value-added DSP advertising and other services, and accounted for 49.1% of total net sales
- Due to the shift to digital, newspaper flyers declined to ¥572 million (down 39.0% YoY), falling significantly more than expected

# [Reference] Total Quarterly Transactions (Advertising)

GENDAI AGENCY Inc.

Advertising Business Total Quarterly Transactions (millions of yen)



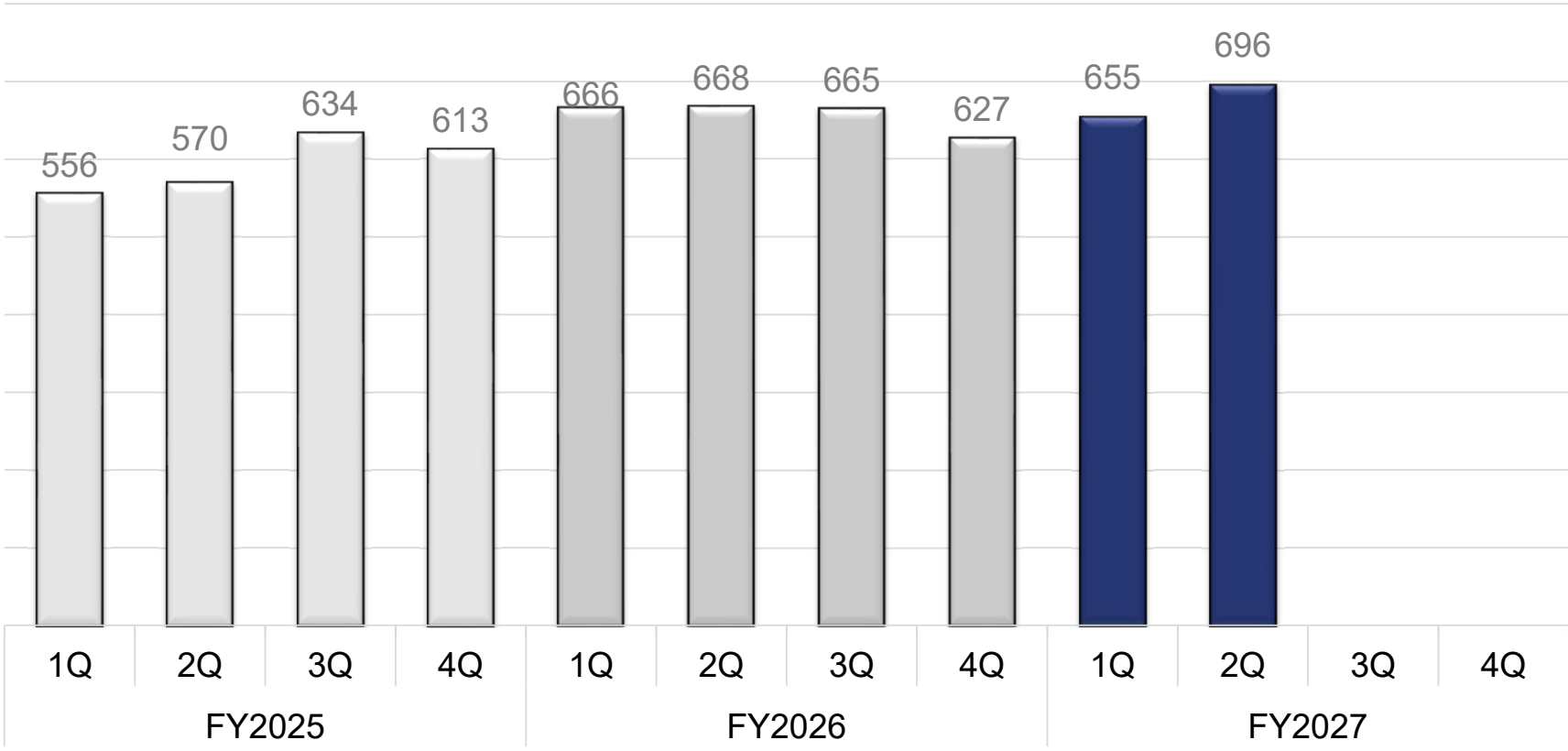

*Total transactions are the gross amount of agent transactions.

◆ Although total transaction volume remained sluggish due to a decline in paper-based advertising, it has recently shown signs of stabilizing

# [Reference] Quarterly Gross Profit (Advertising)

GENDAI AGENCY Inc.

Advertising Business Quarterly Gross Profit (millions of yen)



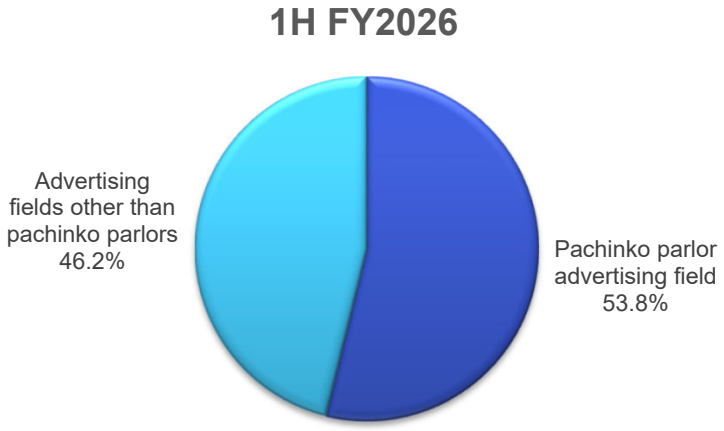

- Gross profit for the second quarter of FY2027 was ¥696 million, up YoY (¥668 million), and exceeded the level in each quarter of the previous fiscal year
- Despite continued declines in revenue from paper-based advertising, profitability has steadily improved due to the expansion of high-margin services such as online advertising

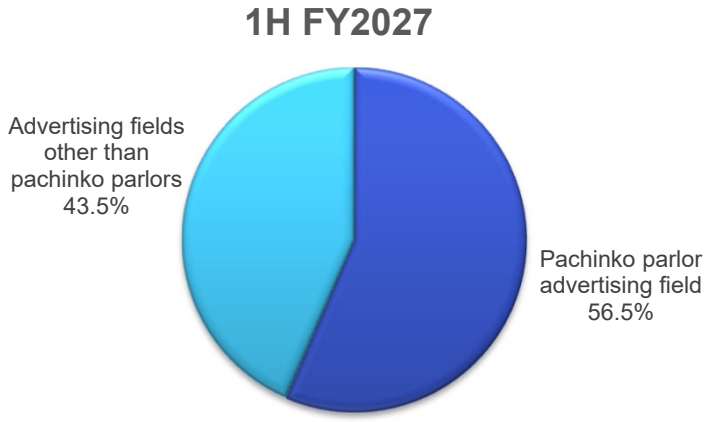
# [Reference] Total Transaction Breakdown (Advertising)

(millions of yen)

| | 1H FY2026 | | 1H FY2027 | | Change | |
|---|---|---|---|---|---|---|
| | Amount | % of total | Amount | % of total | Amount | % of Change |
| Pachinko parlor advertising field | 2,204 | 53.8% | 2,172 | 56.5% | -32 | -1.5% |
| Advertising fields other than pachinko parlors | 1,891 | 46.2% | 1,672 | 43.5% | -219 | -11.6% |
| Total | 4,095 | 100.0% | 3,845 | 100.0% | -250 | -6.1% |

* Total transactions are the gross amount of agent transactions.



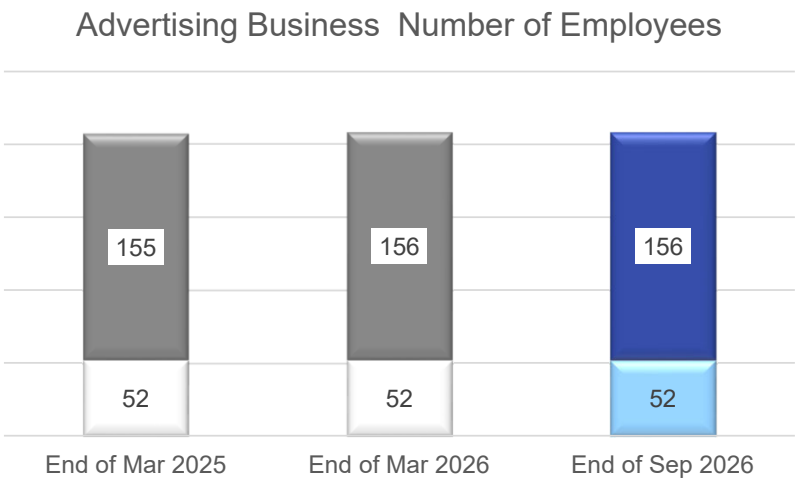




- The pachinko parlor advertising field maintained levels comparable to those of the same period of the previous year due to steady demand for store promotion planning and online advertising
- In advertising fields other than pachinko parlors, although the Company expanded into areas such as fitness facilities and secondhand shops, overall revenue decreased due in part to a decline in housing-related advertising

# Employees

(people)

| | End of Mar 2025 | End of Mar 2026 | End of Sep 2026 | Change |
|---|---|---|---|---|
| Sales, administration (SG&A) | 155 | 156 | 156 | 0 |
| Creative (cost of sales) | 52 | 52 | 52 | 0 |
| **Subtotal for advertising** | **207** | **208** | **208** | 0 |




- The number of employees remained unchanged from the end of the previous fiscal year
- Investment in human capital continued, and personnel and recruitment-related expenses increased

# Segment Income (Real Estate)

(millions of yen)

| Real Estate | 1H FY2026 | 1H FY2027 | YoY comparison Change | YoY comparison % of Change |
|---|---|---|---|---|
| Net Sales | 70 | 38 | -31 | -44.7% |
| Segment income | 36 | 17 | -19 | -53.5% |

- In addition to rental income from the land it owns in Kashiwa, Chiba Prefecture, the segment recorded ¥13 million in commission revenue from brokerage of leased properties
- Net sales decreased to ¥38 million (down 44.7% YoY), and segment income declined to ¥17 million (down 53.5% YoY), due to the recording of fees for large-scale real estate transactions in the same period of the previous fiscal year

# Balance Sheet (Consolidated)

(millions of yen)

| | End of Mar 2026 (A) | End of Sep 2026 (B) | Change (B)-(A) |
|---|---|---|---|
| Cash and cash equivalents | 3,226 | 2,603 | -623 |
| Accounts receivable | 895 | 876 | -19 |
| Marketable securities | - | 500 | 500 |
| Other current assets | 54 | 96 | 42 |
| Tangible/intangible fixed assets | 705 | 688 | -17 |
| Investment securities | 363 | 369 | 5 |
| Deferred tax assets | 26 | 17 | -9 |
| Investments and other assets | 137 | 258 | 121 |
| **Total assets** | **5,409** | **5,409** | **0** |
| Accounts payable | 443 | 416 | -27 |
| Short-term/long-term borrowings | 587 | 612 | 25 |
| Accrued income taxes | 209 | 119 | -90 |
| Other liabilities | 277 | 377 | 100 |
| **Total liabilities** | **1,518** | **1,525** | **7** |
| Shareholders' equity | 3,897 | 3,887 | -10 |
| Other | -6 | -2 | 3 |
| **Total net assets** | **3,891** | **3,884** | **-6** |
| **Total liabilities and net assets** | **5,409** | **5,409** | **0** |

Decrease due to dividends as well as the purchase of treasury stock and marketable securities

Mainly recorded asset retirement obligations

- Net income: +¥154 million
- Disposal of treasury stock as restricted stock compensation: +¥160 million
- Purchase of treasury stock: -¥193 million
- Year-end dividend for the previous fiscal year: -¥132 million

# Cash Flow Statement (Consolidated)

(millions of yen)

| | 1H FY2026 | 1H FY2027 |
|---|---|---|
| Net income before income taxes | 400 | 267 |
| Cash flow from operations | 289 | 216 |
| Cash flow from investing activities | -129 | -537 |
| Cash flow from financing activities | -730 | -300 |
| Cash and cash equivalents at beginning of period | 3,687 | 3,220 |
| Cash and cash equivalents at end of quarter | 3,116 | 2,597 |

| | | | |
|---|---|---|---|
| + Net income before income taxes | 267 | | |
| + Depreciation and amortization | 90 | | |
| + Change in accounts receivable | 23 | | |
| + Change in deposits and security deposits | 78 | | |
| + Other | 22 | | |
| | | - Change in accounts payable | 27 |
| | | - Income taxes paid | 197 |
| | | - Other | 41 |
| **Cash flow from operations** | **216** | | |
| + Other earnings | 0 | | |
| | | - Payment for purchase of marketable securities | 500 |
| | | - Payment for purchase of tangible/intangible assets | 36 |
| | | - Other | 0 |
| | | **Cash flow from investing activities** | **537** |
| + Proceeds from long-term borrowings | 200 | | |
| | | - Repayment of borrowings | 175 |
| | | - Purchase of treasury stock | 193 |
| | | - Dividends paid | 132 |
| | | **Cash flow from financing activities** | **300** |

- The primary reason for expenditures from investing activities was the purchase of marketable securities totaling ¥500 million for the purpose of investing cash on hand
- Cash and cash equivalents decreased by ¥622 million in 1H FY2027

# Progress Toward Consolidated Forecast Levels

(millions of yen)

| | Performance Forecast* | Performance for 1H FY2027 | Progress |
|---|---|---|---|
| **Net Sales** | 8,000 | 3,645 | 45.6% |
| **Operating income** | 800 | 266 | 33.3% |
| **Ordinary income** | 800 | 267 | 33.5% |
| **Net income attributable to parent company's shareholders** | 520 | 154 | 29.6% |

* Forecast announced on April 17, 2026

- Financial results for the interim consolidated cumulative period under review fell short of initial projections due to the impact of a decline in paper-based advertising, a decrease in advertising demand in the housing-related field, and the recording of expenses resulting from a revision of estimates for asset retirement obligations.

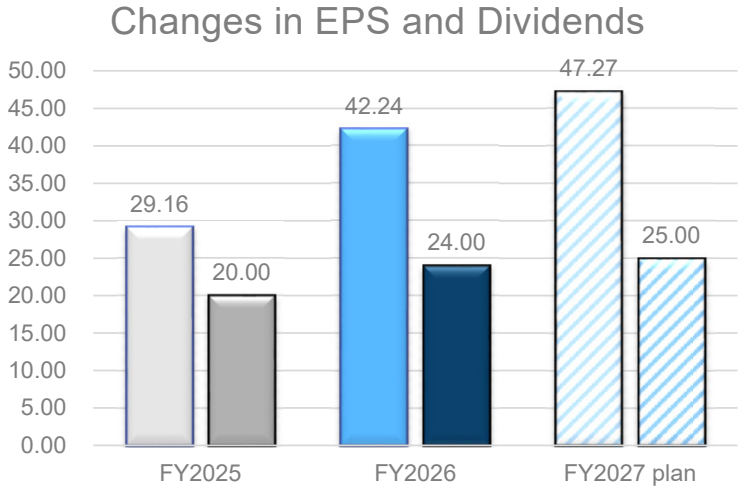
  We will aim to achieve our full-year targets by securing large-scale real estate projects in the second half of the fiscal year, capitalizing on advertising demand leading up to the year-end shopping season, further expanding sales of high-value-added services, and strengthening our sales activities.

  Therefore, there are no changes to the full-year consolidated earnings forecast announced on April 17, 2026.

# Shareholder Returns

| | | FY2025 | FY2026 | FY2027 plan |
|---|---|---|---|---|
| **Consolidated EPS** | **yen** | **29.16** | **42.24** | **47.27** |
| **Annual dividends** | **yen** | **20.00** | **24.00** | **25.00** |
| (of which, interim dividend) | yen | (10.00) | (12.00) | (12.00) |
| Dividend payout ratio | % | 68.6% | 56.8% | 52.9% |
| DOE (Dividend on equity ratio) | % | 5.9% | **6.9%** | About 6.4% (forecast) |
| Total dividend amount | millions of yen | 233 | 255 | 264 |

* Total dividend amount is the amount paid during the period




[Basic Policy on Shareholder Returns]

- Pay dividends in an amount as determined based on the higher of DOE of 6% and dividend payout ratio of 50%
- Focus on improving capital efficiency and purchase treasury stock at the right time

◆ Shareholder returns for FY2027

- At the Board of Directors meeting held on October 16, the Company resolved to pay an interim dividend of ¥12
- Acquisition of treasury stock in 1H FY2027: ¥193 million * As of the end of September

# Cancellation of Treasury Stock

GENDAI AGENCY Inc.

◆ At the Board of Directors meeting held on July 17, 2026, the Company resolved to cancel its treasury stock in accordance with the provisions of Article 178 of the Companies Act

Details of the cancellation

| | | |
|---|---|---|
| (1) | Class of shares to be cancelled | Common stock of the Company |
| (2) | Number of shares to be cancelled | 940,000<br>(7.64% of the total number of issued shares prior to the cancellation) |
| (3) | Cancellation date | July 24, 2026 |

(Reference)

| | |
|---|---|
| Total number of issued shares after the cancellation | 11,360,000 |
| Number of treasury stock after the cancellation | 0 |

* The number of shares reflects the disposal of treasury stock (360,000 shares; payment due July 24, 2026) pursuant to the “Notice Regarding the Disposal of Treasury Stock as Restricted Stock Compensation” disclosed on June 26, 2026.
* Pursuant to the “Notice Regarding the Decision on Matters Related to the Repurchase of Treasury Stock,” which was separately disclosed on July 17, 2026, the Company launched a new treasury stock repurchase program on July 21, 2026.

# Status of Share Repurchase

GENDAI AGENCY Inc.

◆ At the Board of Directors meeting held on July 17, 2026, the Company resolved on matters related to the purchase of treasury stock in accordance with the provisions of the Articles of Incorporation of the Company based on Article 459, paragraph 1 of the Companies Act

1. Reason for the purchase of treasury stock

   The Company decided to purchase treasury stock because it believes that improving capital efficiency will contribute to increasing shareholder value.

2. Details of matters related to the purchase

| | | |
|---|---|---|
| (1) | Class of shares to be purchased | Common stock of the Company |
| (2) | Total number of shares that can be purchased | 700,000 (maximum)<br>(6.36% of the total number of shares issued (excluding treasury stock)) |
| (3) | Total purchase cost of shares | ¥350,000,000 (maximum) |
| (4) | Purchase period | From July 21, 2026, to March 24, 2027 |
| (5) | Purchase method | Market purchase, including Off-Auction Own Share Repurchase Transaction (ToSTNeT-3) of the Tokyo Stock Exchange |

3. Cumulative total of treasury stock repurchased based on the above resolution (as of September 30, 2026)

| | | |
|---|---|---|
| (1) | Number of shares repurchased | 418,700 |
| (2) | Total purchase price | ¥193,331,900 |

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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