

As an advertising agency specialized in the pachinko business, we support the development of our client companies.

Gendai Agency Inc. (former company name: Gendai Kokokusha) was established in April 1995 as an advertising agency specialized in the pachinko business. In September 2004, the year of our tenth anniversary, with the support of our shareholders and other stakeholders we became listed on the JASDAQ exchange. Our business domain consists of providing back-up support to help our clients attract customers as well as contribute to client business development and performance improvement, as we aim to be a business that provides business performance development support. Through our comprehensive range of services that span from strategy proposals to the planning and production of newspaper flyers, sales promotions, and mass media advertising, we provide highly-original complete advertising packages so as to attract customers to pachinko parlors, create new client bases, and improve customer satisfaction.

In the pachinko business, it is now the fans that select where they want to play. In our aim for an outstanding reputation, we provide proposals and a system based on the demands of our clients.

With polarization in the industry and changes in the inclinations of users, it is now the fans that select where they want to play. In response to these conditions, we have provided back-up support to help our clients through fine-tuned promotion support services based on an understanding of the psychology of fans, as well as proposals of marketing plans aimed at retaining fans. In addition, to ensure that proposals can be quickly achieved and to respond effectively to the

requests of clients, we connect sales representatives and creators online through a system that can promptly and efficiently provide only the required services when they are necessary.

Exposing needs through the gathering of real-time information, we operate in the 21st century based on the concept of steady progress with big dreams.

We have gained confidence in the success of our advertising business specialized in pachinko parlors as it has become possible to use this system to gather large volumes of real-time information from clients. We have worked to generate new demand by using this information to expose latent client needs. Our goal for the future is to further develop and expand the scope of the support services we can provide so that we can grow together and build-up new fields with even more clients. As part of these efforts, we will work towards further fine-tuned expansion in new regions while we take on new business domains, based on the themes of steady progress with big dreams.

April 2017
CEO Masataka Yamamoto



Corporate Outline

- P5 Company Profile
- P6 History
- P7 Stock-related Information
- P8 Overview of the Gendai Agency Group
- P9 Corporate Philosophy and Vision
- P10 Financial Highlights (Consolidated)

Outlook for the Pachinko Parlor Industry

- P12 Outlook for the Pachinko Parlor Industry 1
 - ~ Pachinko Industry Market Size

Advertising Business — Business Model and Strengths

- P14 Our Business
- P15 Business Model
- P16 Work Flow 1
- P17 Work Flow 2
- P18 Branch Office Network
- P19 Position and strengths
- P20 Market Share Trend in the Pachinko Parlor Advertising Business
- P21 Current Activities
 - ~ Enhancement of the Cross-Media Marketing Support Function

Overview of the Real Estate Business

- P23 Real Estate Business Overview

Future Activities

- P25 Future Management Strategy...Medium- to Long-Term Business Strategy
- P26 Future Management Strategy...Challenges Ahead
- P27 Future Management Strategy...Performance Indicators and Basic Policy on Profit Distribution

Corporate Governance, CSR Activities

- P29 Corporate Governance
- P30 CSR Activities

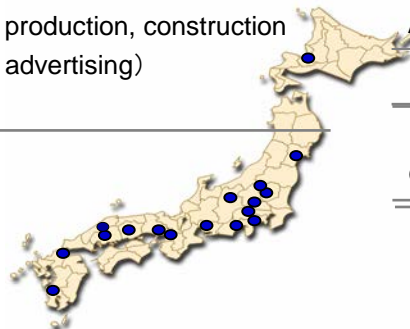
Supplemental Information

- P32 Number of Pachinko Parlors, Number of Installed Game Machines per Pachinko Parlor
- P33 Number of Installed Game Machines
- P34 Number of Pachinko Parlors by Number of Installed Game Machines

Corporate Outline

- Company Profile
- History
- Stock-related Information
- Overview of the Gendai Agency Group
- Corporate Philosophy and Vision
- Financial Highlights (Consolidated)

| | |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company name | GENDAI AGENCY INC. http://www.gendai-a.co.jp |
| Location of head offices | 29 Fl., Tokyo Opera City Bldg., 3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1429 Japan |
| Capital | ¥751.59 million |
| Shares issued & outstanding | 15,050,000 shares |
| Business activities | Planning and production of advertising and promotions |
| Consolidated subsidiaries | Land Support Inc. (Leasing of real estate and office brokerage) U&U Inc. (Planning and production of advertising) Julia Japan Co., Ltd. (Video and Web content production) Zealnet Inc. (Advertising-related systems development) ARC Inc. (Research and development for new service and new business model) Ensign Ad Inc. (Planning, production, construction and management of outdoor advertising) GDLH Pte.Ltd. |



| | |
|-------------------------------------|---------------------------------------------------------------------------|
| Directors and auditors | |
| Representative director and CEO | Masataka Yamamoto |
| Representative director and COO.CCO | Yuzuru Kamikawana |
| Director and CFO | Shuichi Ko |
| Director and CIO | Tomoharu Kitou |
| Director | Sekishin Sakamoto |
| Outside Director | Takeshi Ue (Representative director of Happy Terrace Co., Ltd.) |
| Outside Director | Misa Matsuzaki (Representative director of People Worldwide Co., Ltd.) |
| Standing Auditor | Yoshiaki Adachi |
| Auditor | Kouki Terada |
| Auditor | Toru Azuma |
| Auditor | Kenji Takano |

*Data current as of June 29, 2017

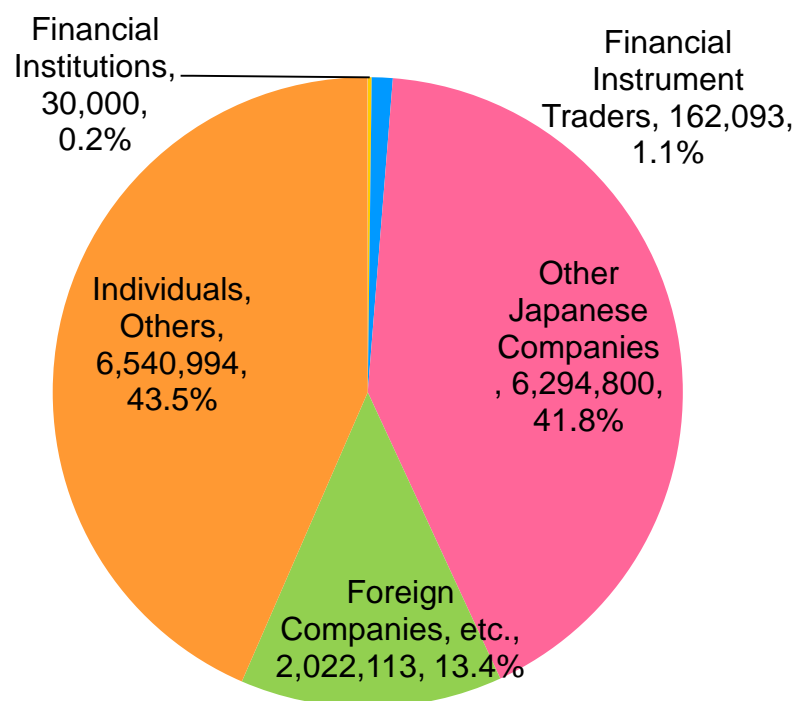
| | |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of employees | 195 (non-consolidated) Avg. age: 36.6 *Data current as of March 31, 2017 |
| Branch office locations *Data current as of April 1st, 2017 | Sapporo, Sendai, Tokyo, Utsunomiya, Saitama, Yokohama, Matsumoto, Nagoya, Shizuoka, Osaka, Kobe, Hiroshima, Okayama , Matsuyama, Fukuoka, Kagoshima (16 locations nationwide) |

- Feb. 1994. Launched advertisement business with a private company named Gendai koukokusha. (founded by Masataka Yamamoto)
- Apr. 1995. Established an advertisement firm, Gendai koukokusha, with capital of 10 million yen and opened an office at Hachioji cit., Tokyo.
- Aug. 2003. Changed the trade name to GENDAI AGENCY INC.
- Sep. 2004. Listed on JASDAQ
- Apr. 2005. Exceeded target of 10 billion, achieving net sales of 10.6 billion yen for the fiscal year ended March 31, 2005.
- Feb. 2006. Established Land Support Inc. to offer a support service for clients' seeking to acquire land to open pachinko parlor sites.
- Oct. 2006. Opened branch office in North Kyushu city and 2 other locations, resulting in a grand total of 20 branch offices.
- Apr. 2010. Earned net sales of 20.5 billion yen for the fiscal year ended March 31, 2010.
- Jul. 2010. Acquired 100% of issued shares of Julia Japan Co., Ltd. and made it a subsidiary company.
- Jan. 2012. Established Zealnet Inc. a company providing an advertising-related systems development Exceeded target of 10 billion, achieving net sales of 10.6 billion yen for the fiscal year ended March 31, 2005. service.
- Mar.2014. Acquired all the shares issued and outstanding of U&U Co., Ltd. (currently a consolidated subsidiary) to make it a wholly owned subsidiary with the aim of offering advertising services in the health food mail order industry, etc.
- Apr.2014. Established Ensign Ad Inc. (currently a consolidated subsidiary) as a joint venture to provide outdoor advertising
- Oct. 2016. The head office was relocated to Shinjuku-ku, Tokyo (3-20-2, Nishi-Shinjuku, Shinjuku-ku), from Hachioji, Tokyo (Azumacho 9-8, Hachioji).
- Nov. 2016. Established ARC Inc. (currently a consolidated subsidiary).
- Feb. 2017. Established GDLH Pte. Ltd. (currently a consolidated subsidiary) in Singapore.

Stock-related Information

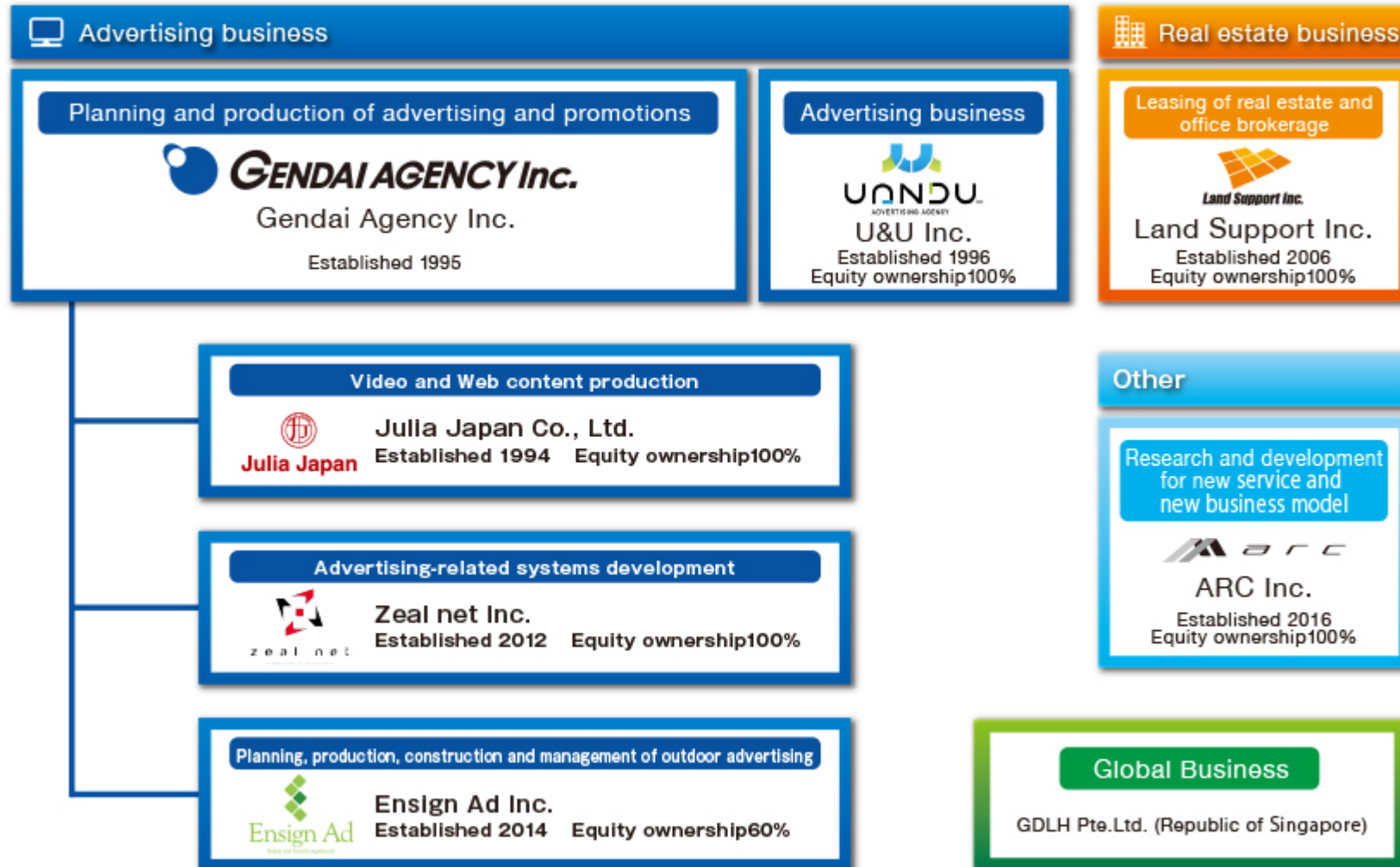
| | |
|-----------------------------------------------|------------|
| Total number of shares authorized | 66,400,000 |
| Total number of shares issued and outstanding | 15,050,000 |
| Number of shareholders | 6,328 |

Share Distribution by Shareholder Type



Principal Shareholders

| Shareholder | No. of Shares Held | % |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------|
| ASSET MANAGEMENT ADVISORS Inc. | 5,244,000 | 34.8 |
| Bbh For Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 850,000 | 5.6 |
| Japan Print Co., Ltd. | 480,000 | 3.2 |
| State Street Bank and Trust Company 505224 Standing Proxy: Settlement & Clearing Services Division, Mizuho Corporate Bank, Ltd. | 375,000 | 2.5 |
| Michiko Umeda | 362,900 | 2.4 |
| Masataka Yamamoto | 322,400 | 2.1 |
| Toshisuzu Motoyoma | 320,000 | 2.1 |
| State Street Bank and Trust Company Standing Proxy: Settlement & Clearing Services Division, The Hongkong and Shanghai Banking Co.Ltd. | 279,285 | 1.9 |
| Rinyu Teki | 162,600 | 1.1 |
| GENDAI AGENCY Employee Stock Ownership Association | 149,000 | 1.0 |



Basic Philosophy

We engage in activities aimed at supporting the earnings growth and advancement of our client companies through innovation and imagination, through which we hope to contribute to the creation of a richer, fuller society.

Vision

- 1 Our aim is to remain No. 1 among advertising companies that serve the pachinko industry.
- 2 To support the communications strategies of our clients, we develop and put into practice tools and ideas that go beyond the conventions of the advertising business.

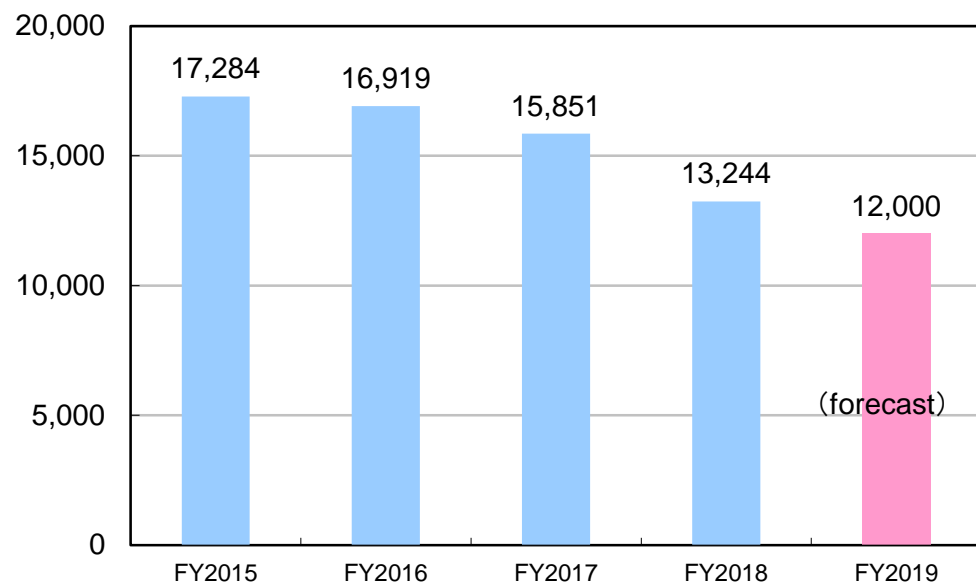
Code of Conduct

- 1 **Legal Compliance** As an integral member of society in the areas where we do business, we engage in business activities that are sound, highly transparent, and in strict compliance with the law.
 - 2 **Focus on Shareholders** Always with shareholder interest in mind, we pursue management policies aimed at raising the enterprise value of our company. and furthering the interests of our shareholders.
 - 3 **Customer Satisfaction** To gain the satisfaction and trust of our clients, we devote ourselves to constant efforts to devise new, high-grade services.
 - 4 **Respect for Employees** We value the ambitions and capabilities of every one of our employees, and we strive to provide fair working conditions and an environment conducive to doing good work.
-

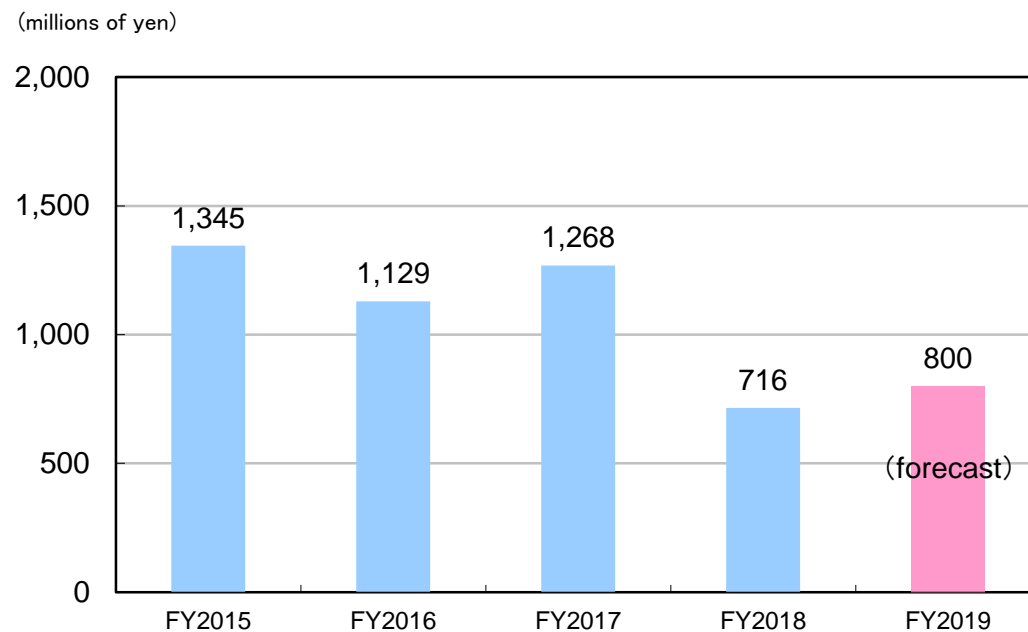
(millions of yen)

| | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 (forecast) |
|------------------|--------|--------|--------|--------|----------------------|
| Net sales | 17,284 | 16,919 | 15,851 | 13,244 | 12,000 |
| Operating income | 1,300 | 1,142 | 1,269 | 743 | 800 |
| Ordinary income | 1,345 | 1,129 | 1,268 | 716 | 800 |
| Net income | 805 | 490 | 831 | 504 | 520 |

(millions of yen) Net sales



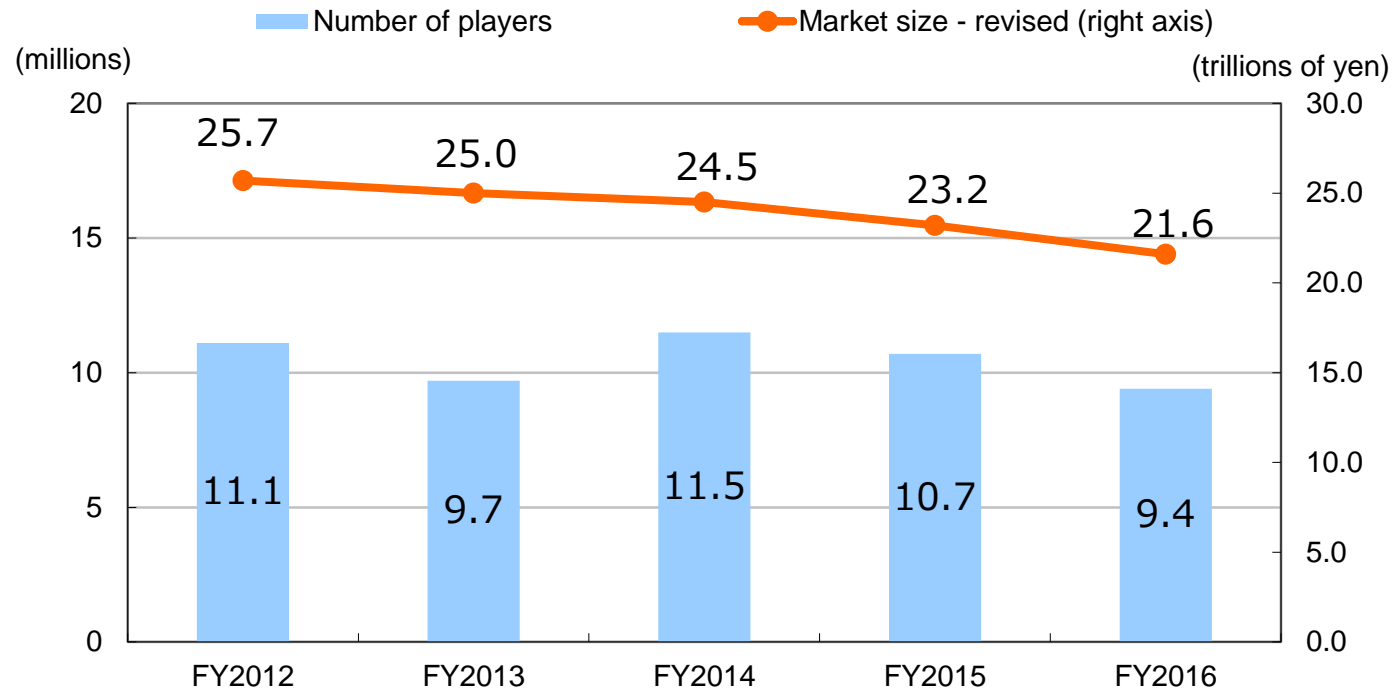
(millions of yen) Ordinary income



Outlook for the Pachinko Parlor Industry

- Outlook for the Pachinko Parlor Industry
 - ~ Pachinko Industry Market Size

Pachinko Industry Market Size



Sources: "White Paper on Leisure," Japan Productivity Center

- The market size has been contracting following the major changes in game machine regulations in 2007.
- The player population has continued to decline since 2009, falling below 10 million in 2013. It then briefly recovered in 2014 mainly due to management efforts, such as each company's sales activities to popularize low-price ball rental, and the resurgence in the popularity of pachislo machines. However, it slid back below the 10-million mark to 9.4 million in 2016.

Advertising Business — Business Model and Strengths

- Our Business
- Business Model
- Work Flow
- Branch Office Network
- Position and Strengths
- Market Share Trend
- Current Activities

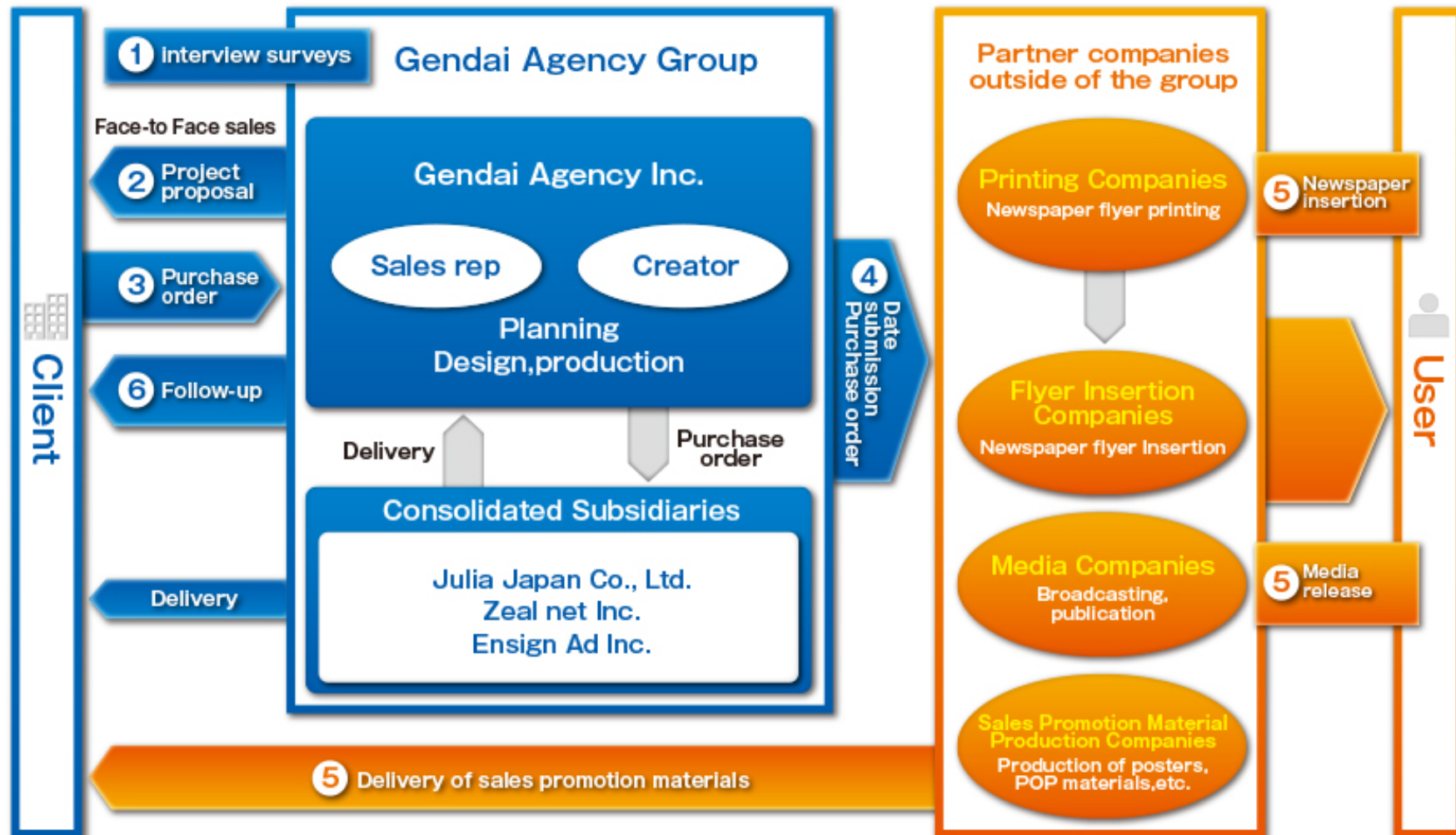
We produce and integrate a comprehensive range of advertisement activities and various kinds of other vehicles for communicating information to stimulate and increase customer participation at pachinko parlors.



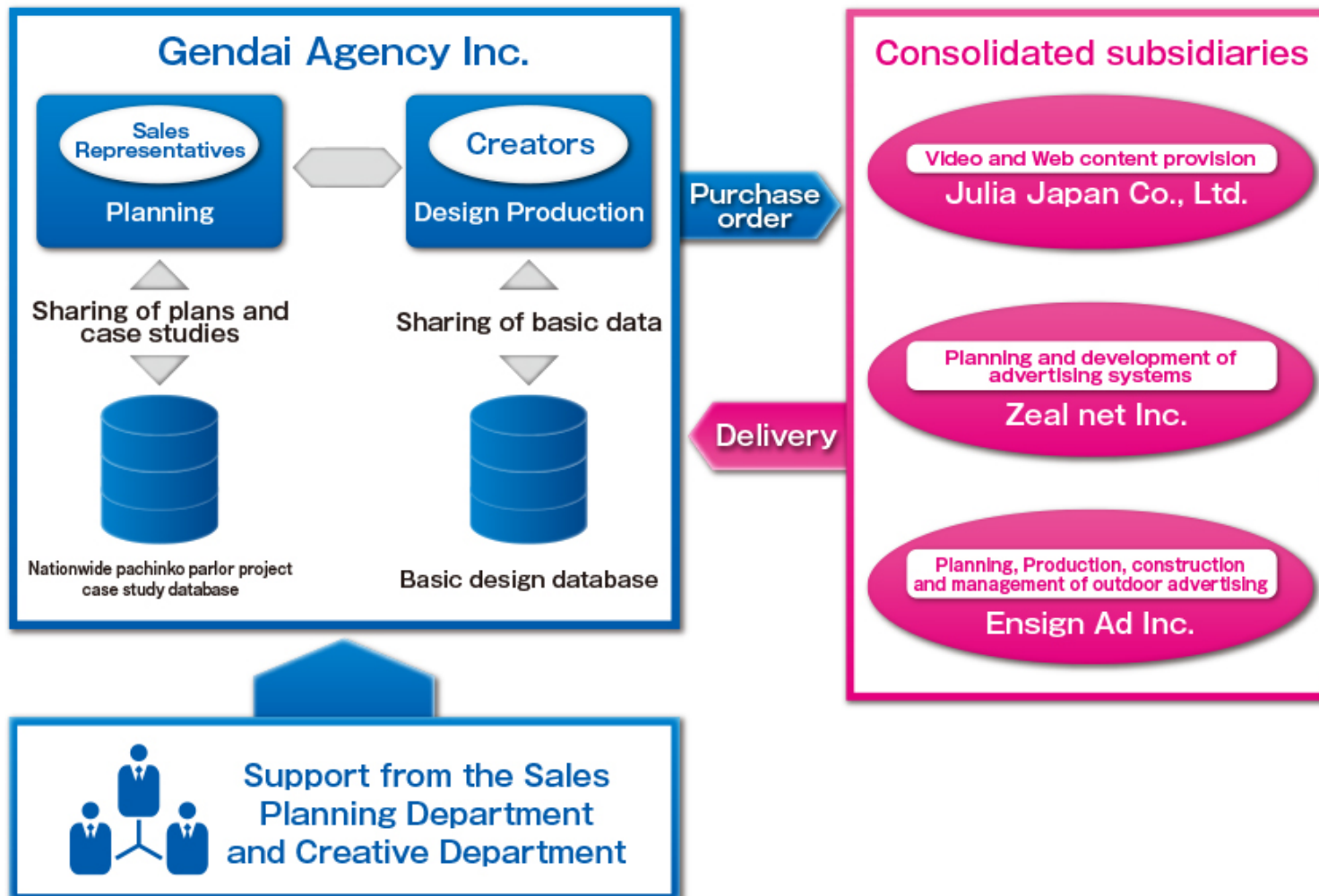
We strengthen relationships with clients and secure continuing business by repeating a cycle of proposal activities designed to more effectively attract customers. We propose appropriate advertising strategies based on a variety of information that reflects a firm grasp of customer needs. We conduct post-project interviews, confirm impact, and apply the findings to future proposals.



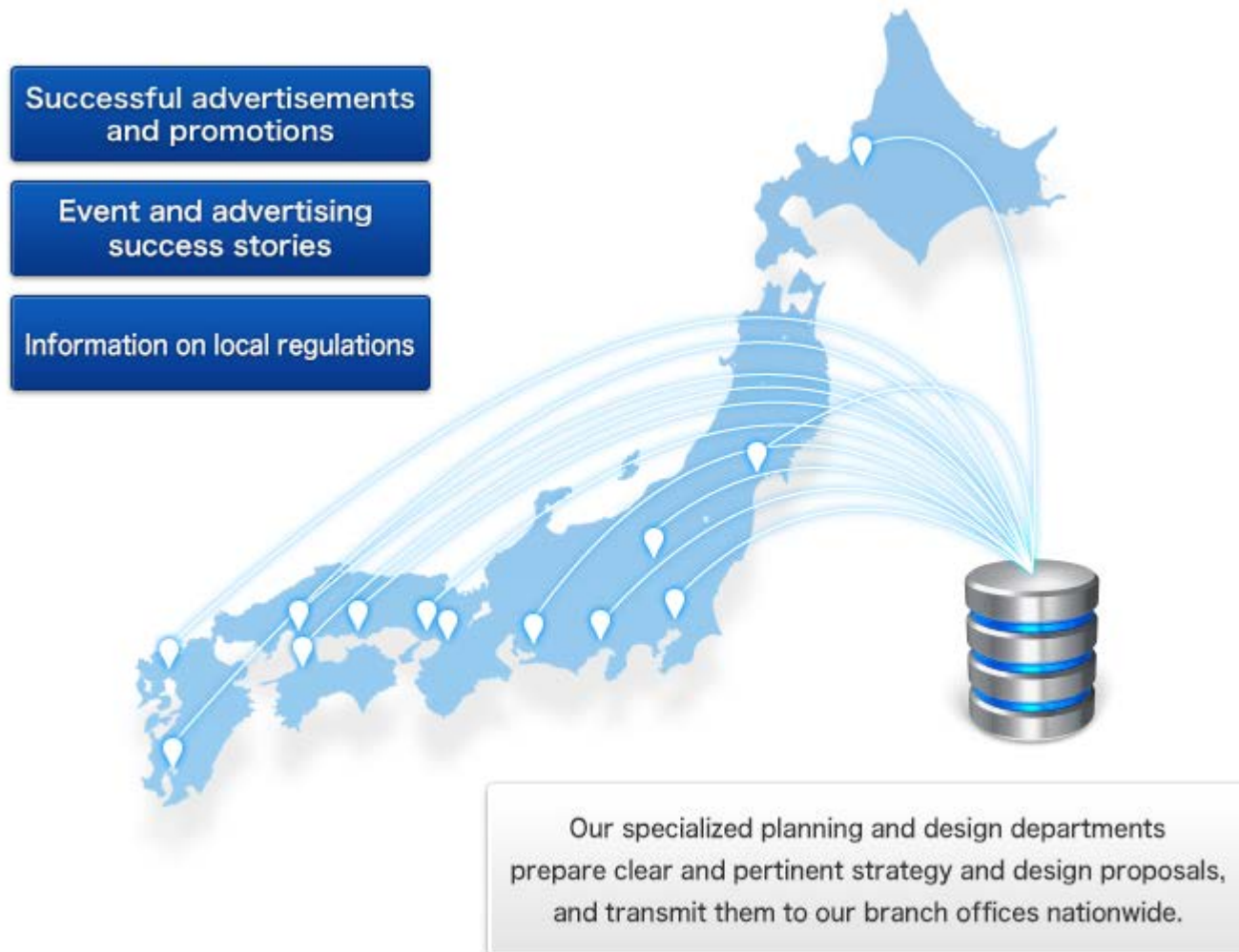
We cooperate with partner companies to offer one-stop supply of advertising materials in wide-ranging genres.



We are preparing a system for the speedy provision of high-quality services through planning, design production, video and Web content production, and the planning and development of advertising systems performed within the Group.



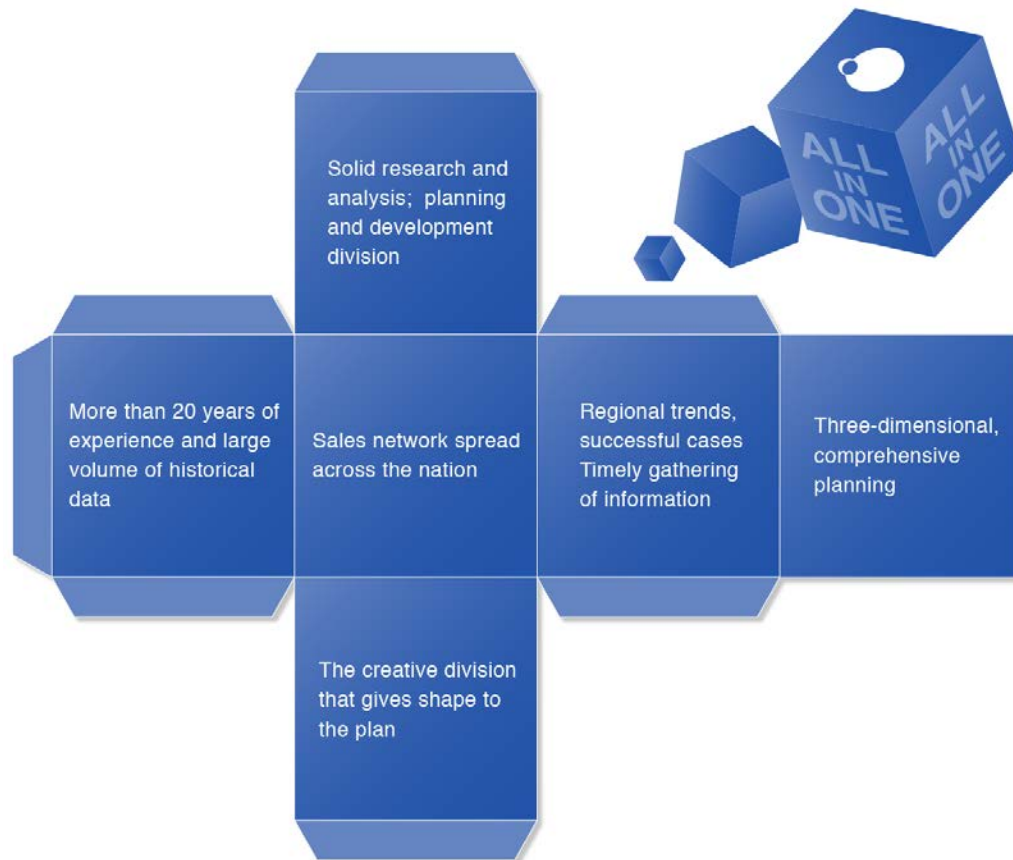
We have the process and system to gather the most recent information on the promotion and operation of pachinko parlors from 16 branch offices and to provide data which has been comprehensively analyzed and tailored to meet the needs of our clients.



Gendai Agency Group offers highly value-added services in a swift manner for various scenarios to enable to build the most optimum plan for the client.

To offer the optimum service to the client

Building communication for making people happy



Realize strategy to attract customers through “All in one”

From a radius of 50cm to all of Japan, or from one-to-one to mass media, the Company offers comprehensive and three-dimensional plans. By identifying the customer needs starting with thorough interviews to plan proposals, targeting, implementation, and verification of results, backed by large volume of historical data and marketing, we enable clients to attract customers strategically and give a boost to their next move.

Consolidation and Diffusion

- More than 20 sales offices: Grasp the trends and unique characteristics and gather successful examples by closely associating with the local communities
- Planning and development division: Research, analysis and release of new services and products
- Creative division: A team of directors and creators, well-versed in a wide range of media and design

In addition to compiling these diverse information and material as database in a timely manner, we will offer the latest and optimum service at all times by building an in-house network system that can be accessed in real time from anywhere in Japan.

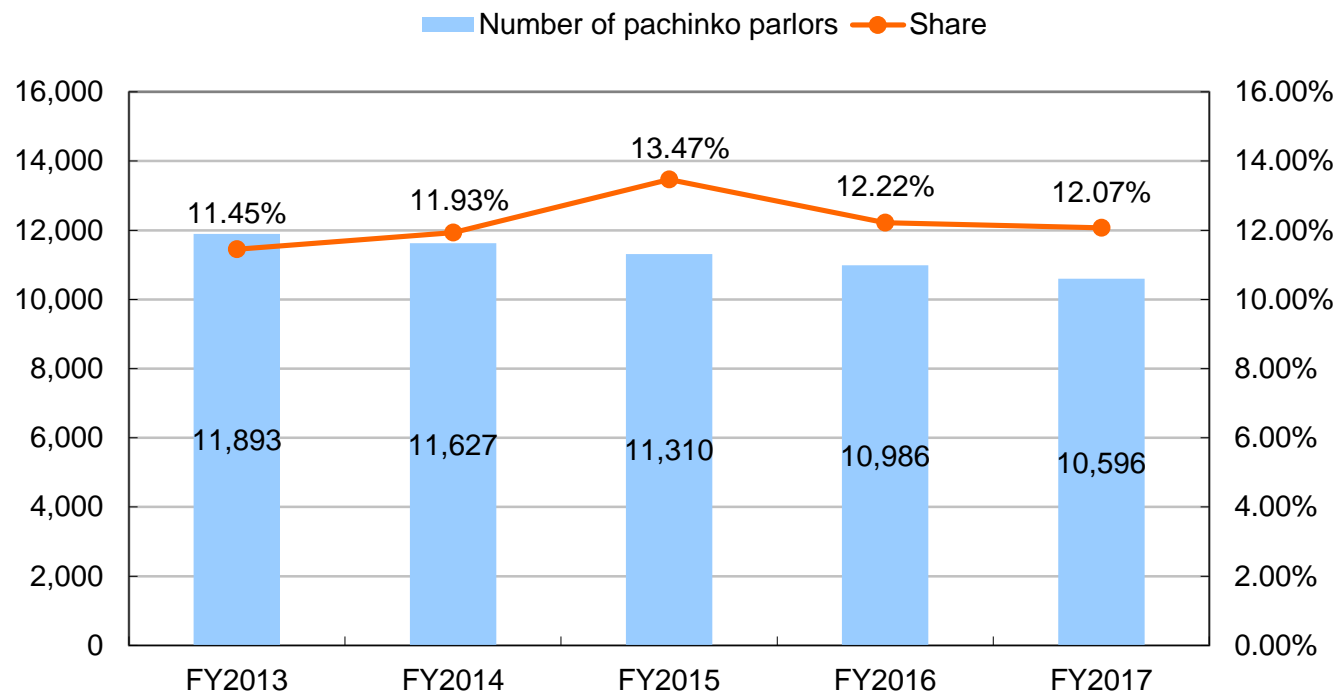
Flexible and Strong Stance

Flexibility to customize and fit for a wide variety of clients, while actively adopting new services. From mass media to SP, we deliver the best results regardless of the industry or field given the strength in evolving and developing based on the experience of over 20 years with respect to the characteristics and impact of existing services.

Market Share Trend in the Pachinko Parlor Advertising Business

(Share based on No. of pachinko parlors that we have contracts with.)

Our group attained a market share of 12% and is maintaining its No.1 position in the market. We are working to maintain and steadily increase our market share, despite the current severe business environment.



| | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|----------------------------|--------|--------|--------|--------|--------|
| Number of pachinko parlors | 11,893 | 11,627 | 11,310 | 10,986 | 10,596 |
| Share | 11.45% | 11.93% | 13.47% | 12.22% | 12.07% |

Source: No. pachinko parlors/National Police Agency,

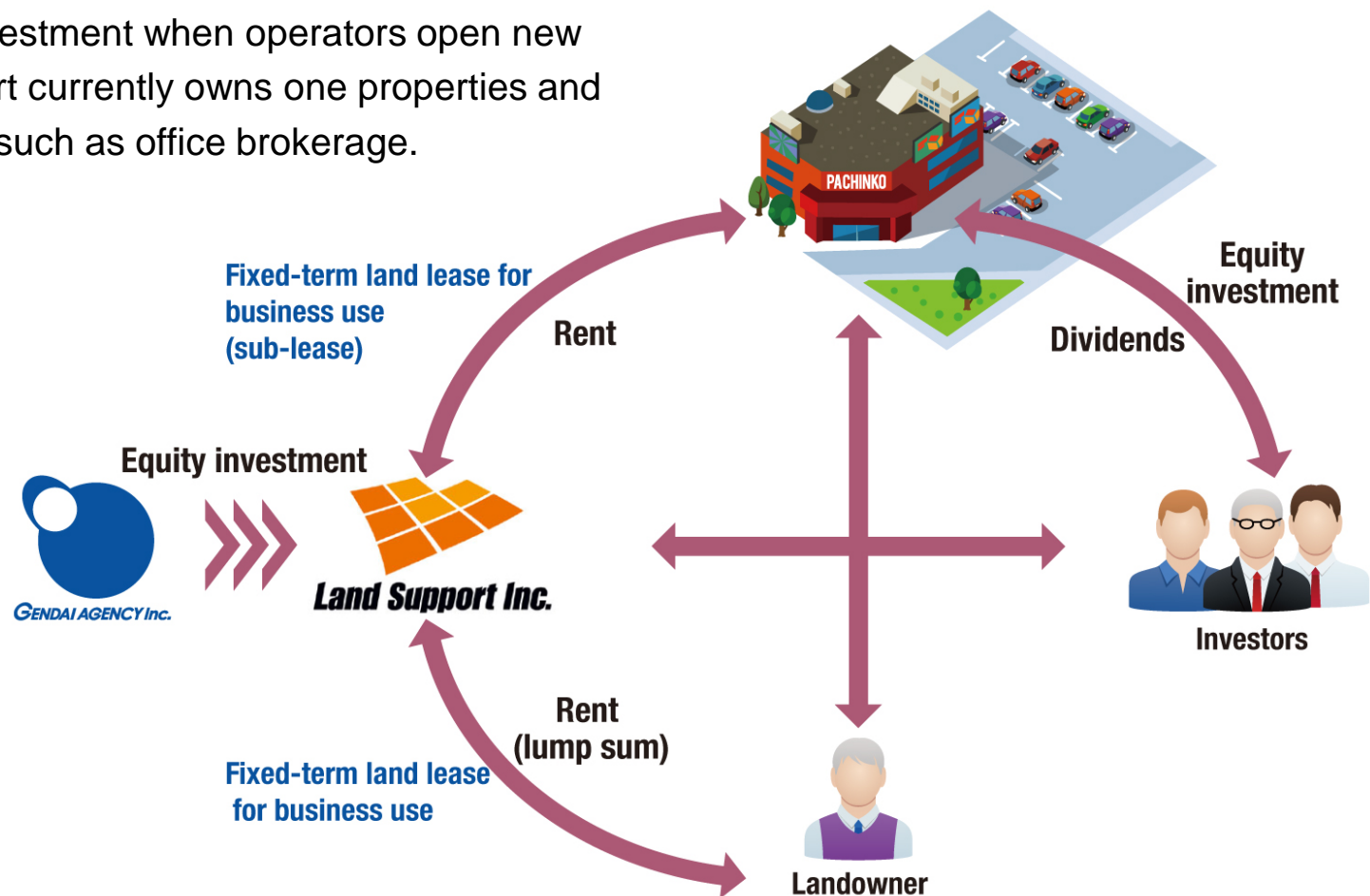
In the advertising industry, to meet client needs accompanying changes in the industry environment, we strive to upgrade and enhance our multifaceted advertising strategies, particularly mobile phone and Web advertising.



Overview of the Real Estate Business

In the Real Estate Business, a fee business focused on leasing, we bring together pachinko parlor operators and landowners.

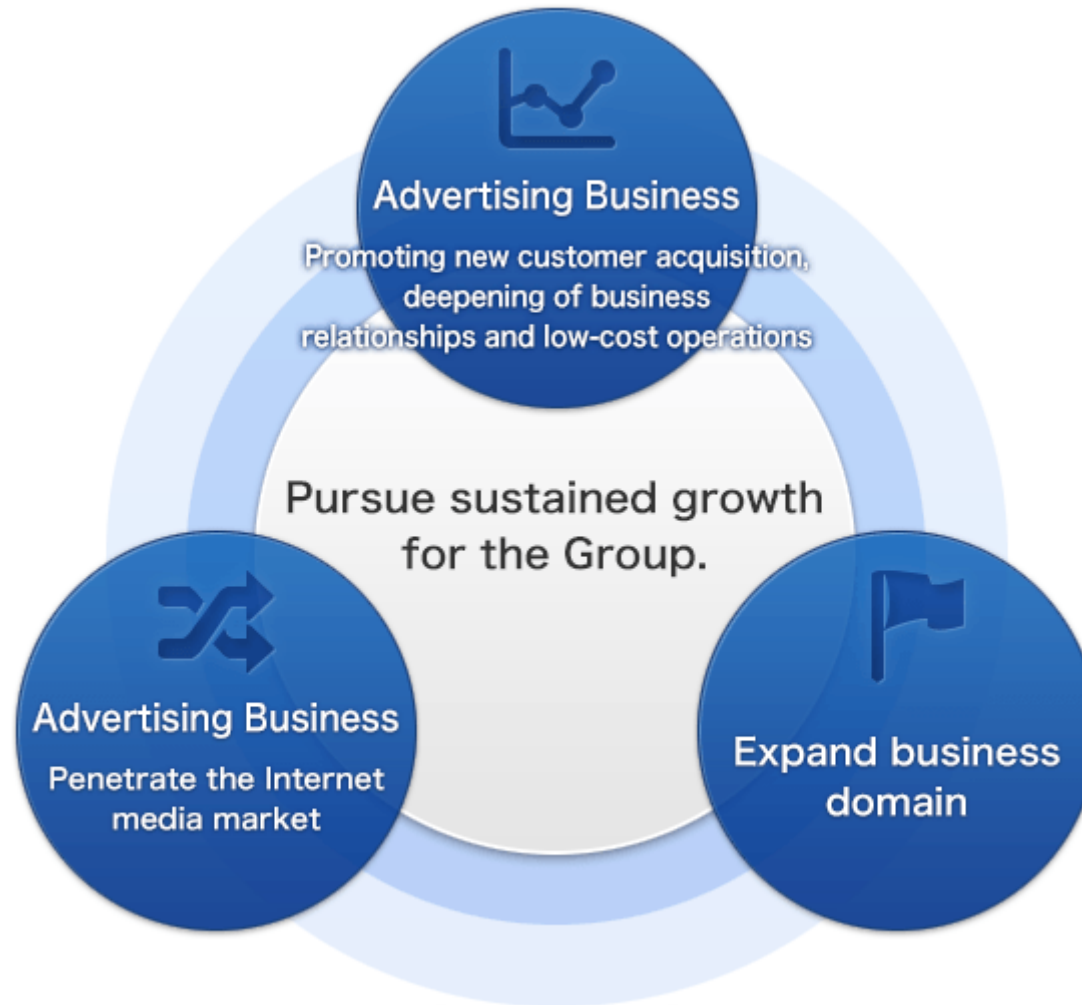
Subsidiary Land Support Inc. contracts with landowners to lease land for pachinko parlors and leases the land to parlor operators, providing a service to reduce the initial investment when operators open new pachinko parlors. Land Support currently owns one properties and engages in other businesses, such as office brokerage.



Future Activities

- Medium- to Long-term Business Strategy
- Performance Indicators and Basic Policy on Profit Distribution
- Challenges Ahead

To realize sustained growth for the Group, we will continuously pursue added value and productivity in services as the market leader in the pachinko parlor advertising market. We will always look for new business opportunities and actively work on business development.



The Group will implement the following measures for realizing its management strategies:

Transformation of the earnings structure in the pachinko parlor advertising business

- Improve profitability by implementing measures to raise the sales share of Internet media and tools
- Further improve efficiency of in-house operation and reduce costs by sorting out sales items, taking into account individual profitability and strict management of design cost by project. Build desired earnings structure by downsizing the overall business as needed.

Pursuing advertising sales activities targeting clients in industries other than pachinko parlors

- Contract-based design business...invest to enhance functions of design e-commerce site "Adluck!" and improve its recognition and promote business collaboration partners outside the Group.
- Expand and enhance the fitness search website "@FIT Search (former @nifty Sports Club)," that the Group purchased from NIFTY Corporation in the previous fiscal year and enter into the advertising business of the fitness industry which is expected to continue to grow further in the future.
- Study and research of advertising activities by clients in other industries. Active consideration of alliances with and acquisition of other ad agencies

Entry into electronic casino operation business in Southeast Asia in order to expand the business domain.

- With GDLH Pte. Ltd., a Singaporean consolidated subsidiary, as the base, the Group established the operation system for the electronic casino operation business in Cambodia and has been accumulating operation knowhow. Continue studying opportunities for entry into the business in other Southeast Asian countries and develop and negotiate projects for further expansion of the business.

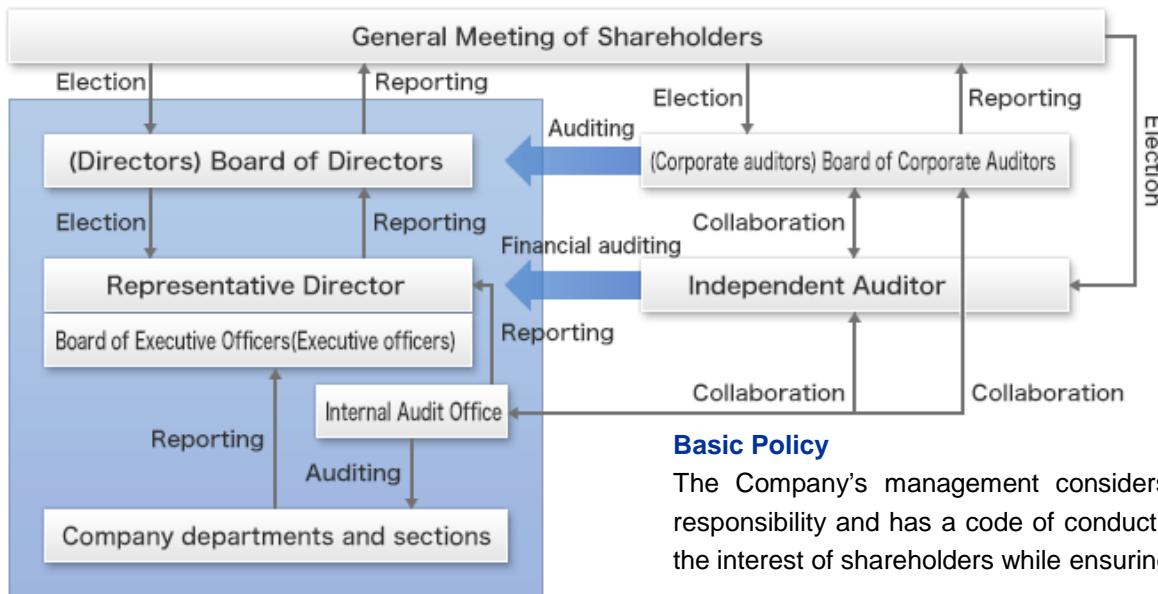
We will make steady progress toward achievement of the target performance indicators.

| | FY2017 | FY2018 | FY2019(Forecast) |
|-------------------------------------------------------|------------------|------------------|------------------|
| Operating margin | 7.8% | 5.6% | 7.6% |
| EPS | 54.48yen | 33.51yen | 34.60yen |
| ROE | 15.4% | 9.2% | - |
| Total annual dividend (Of which, interim dividend) | 25yen (12yen) | 25yen (12yen) | 25yen (12yen) |
| Expected consolidated dividend payout ratio | 45.9% | 74.6% | 72.4% |

- We will engage in management that emphasizes productivity, added value, and capital efficiency to achieve an operating margin of 10% or higher and ROE of 30% or higher.
- We will maintain a target dividend payout ratio of 50% under a basic policy of maximizing shareholder value.
- We will emphasize capital efficiency improvement and purchase treasury stock when the timing is appropriate.

Corporate Governance, CSR Activities

- Corporate Governance
- CSR Activities



Basic Policy

The Company's management considers sustained growth in shareholder value to be its most important responsibility and has a code of conduct that calls for the practice of corporate activities constantly focused on the interest of shareholders while ensuring management soundness (compliance) and transparency (disclosure).

Board of Directors

The Company decides matters prescribed in laws and regulations and the Articles of Incorporation and important matters of company management prescribed in the Board of Directors Regulations at meetings of the Board of Directors held at least once a month. Since the Company has a small number of full-time directors, routine, frequent communication is possible, and the Company believes the management system makes possible checks and effective oversight of business execution by means of the election of outside directors. The Company has introduced an executive officer system for the purpose of segregating decision making and management oversight from business execution and clearly defining responsibilities. The Board of Executive Officers, consisting of executive officers elected by the Board of Directors, engages in rigorous deliberations and realizes agile business execution.

Board of Corporate Auditors

The corporate auditors regularly attend meetings of the Board of Directors, actively participate in meetings of the Board of Executive Officers and other important internal meetings, and focus on conducting audits to detect violations of the law or the Articles of Incorporation or matters that infringe the interest of shareholders. The Board of Corporate Auditors meets periodically to discuss important matters concerning auditing.

GENDAI AGENCY INC. will endeavor to implement initiatives to promote a sustainable society and economic development, taking into consideration the environment, social responsibility, and corporate governance.



For the Environment

We strive to preserve the natural environment and contribute to the development of society through our business activities.

- For the environment

To conserve resources and energy, we strive for paperless operation in our offices and use eco-cars for company vehicles.



Together with Society

We will engage in activities to ensure development together with our many stakeholders.

- Together with society
- Together with customers
- Together with business partners
- Together with our employees

We engage in activities including volunteer activities to support affected areas by the Great East Japan Earthquake of 2011 and participation in the Ecocap Movement to fund vaccines for children around the world, and the introduction of employee assistance programs to promote the mental and physical health of employees.



As a Responsible Company

We engage in various CSR activities as an ongoing concern trusted by society.

- Corporate governance
- Compliance
- Information security
- Risk management

We engage in activities such as the development of a system for the early detection of compliance violations by employees.

Supplemental Information: Industry Overview

- Number of Pachinko Parlors, Number of Installed Game Machines per Pachinko Parlor

Source: National Police Agency

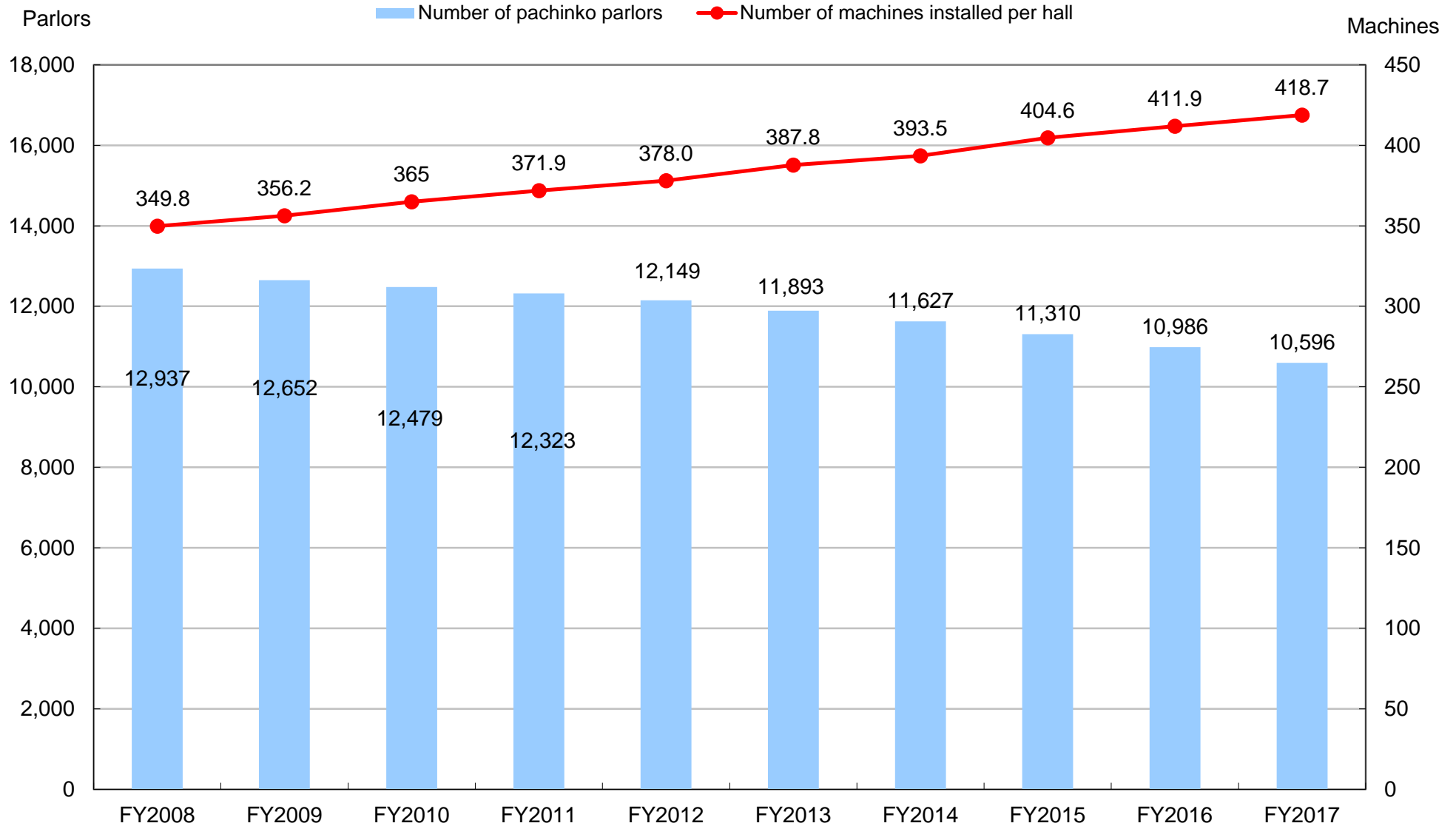
- Number of Installed Game Machines Source: National Police Agency

- Number of Pachinko Parlors by Number of Installed Game Machines

Source: National Police Agency

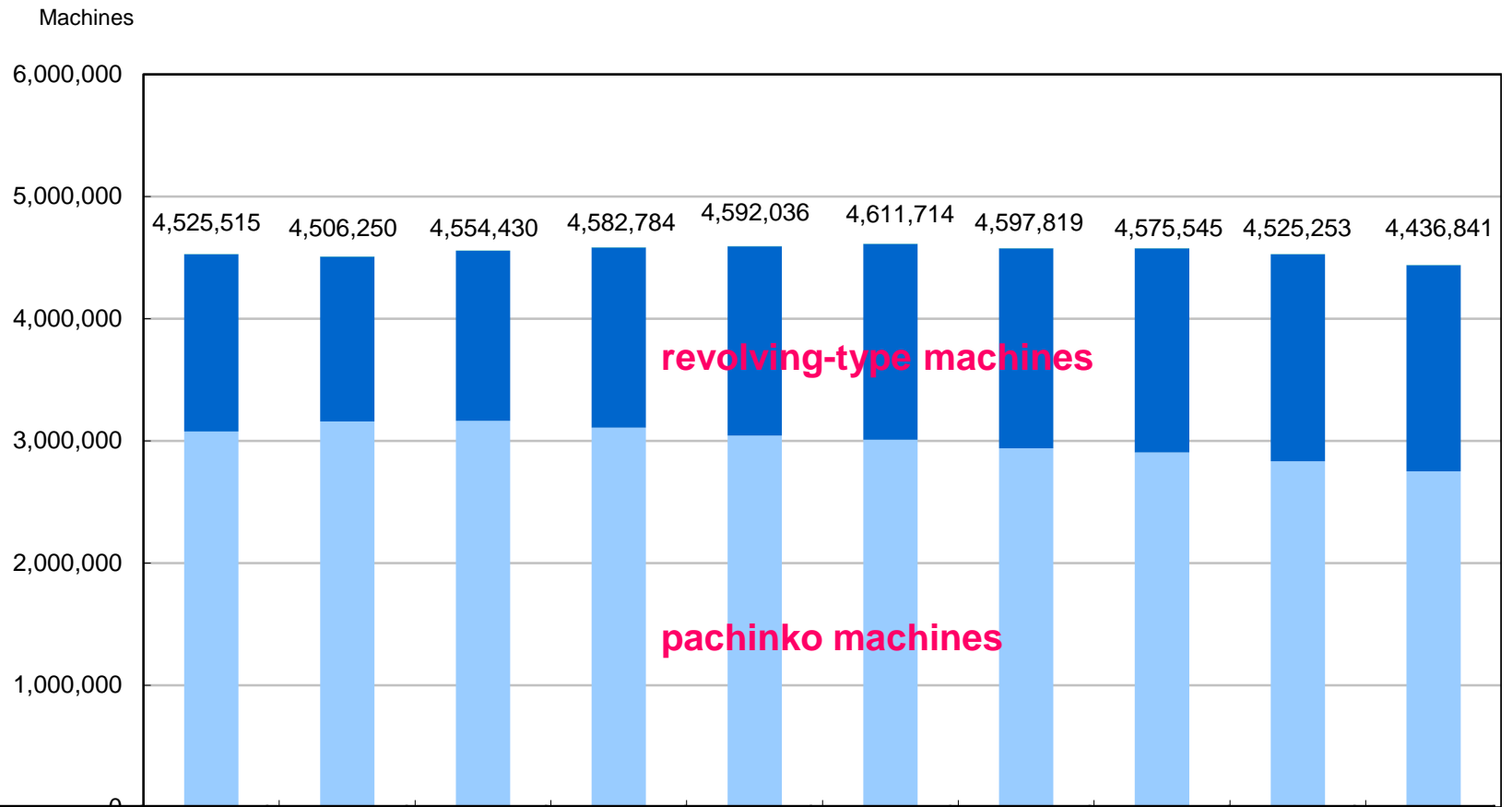
Reference Information: Number of Pachinko Parlors, Number of Installed Game Machines per Pachinko Parlor

Source : National Police Agency



Reference Information: Number of Installed Game Machines

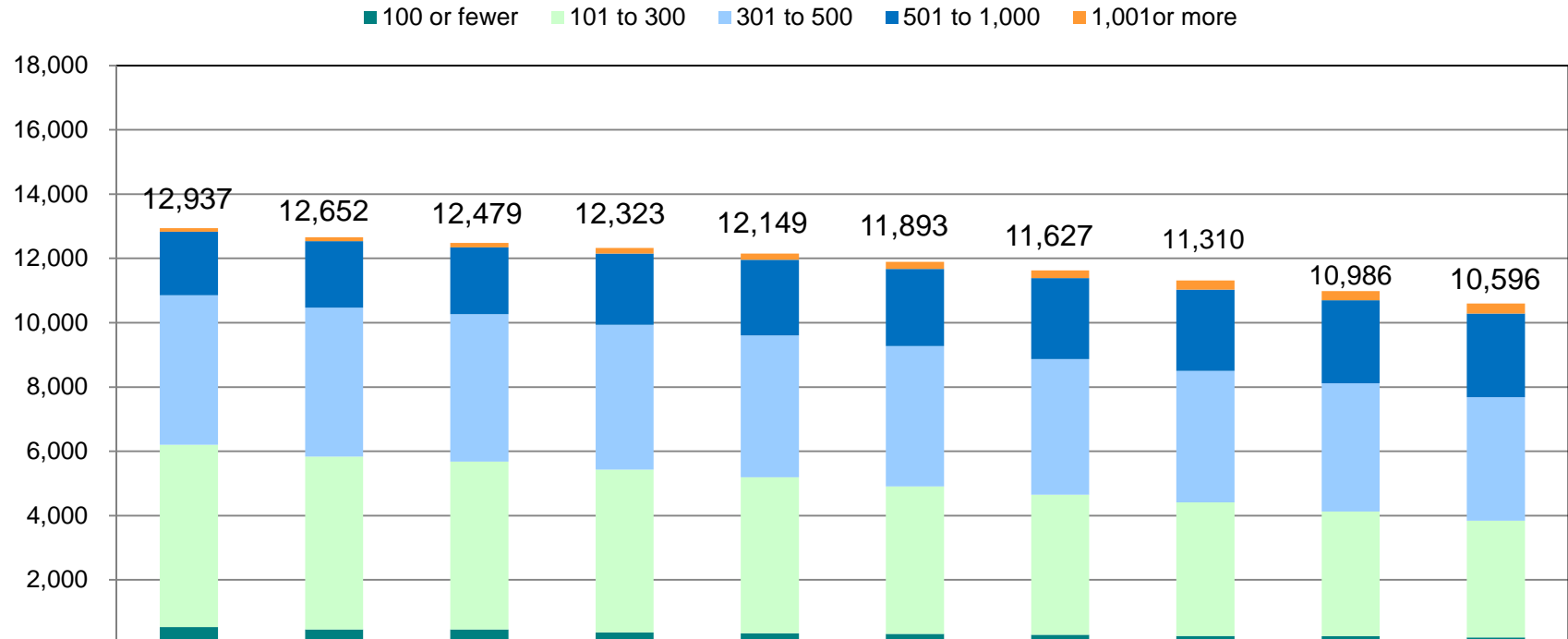
Source : National Police Agency



| | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|-------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Number of arrange ball and other machines | 321 | 275 | 288 | 258 | 241 | 252 | 244 | 244 | 244 | 225 |
| Number of revolving-type machines | 1,448,773 | 1,347,176 | 1,390,492 | 1,474,838 | 1,549,319 | 1,602,148 | 1,643,290 | 1,669,280 | 1,691,876 | 1,687,084 |
| Number of pachinko machines | 3,076,421 | 3,158,799 | 3,163,650 | 3,107,688 | 3,042,476 | 3,009,314 | 2,954,285 | 2,906,021 | 2,833,133 | 2,749,532 |
| Total | 4,525,515 | 4,506,250 | 4,554,430 | 4,582,784 | 4,592,036 | 4,611,714 | 4,597,819 | 4,575,545 | 4,525,253 | 4,436,841 |

Reference Information: Number of Pachinko Parlors by Number of Installed Game Machines

Source : National Police Agency



| | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1,001 or more | 110 | 118 | 139 | 170 | 190 | 222 | 243 | 278 | 287 | 309 |
| 501 to 1,000 | 1,976 | 2,069 | 2,076 | 2,218 | 2,355 | 2,400 | 2,518 | 2,534 | 2,585 | 2,603 |
| 301 to 500 | 4,649 | 4,627 | 4,585 | 4,499 | 4,411 | 4,365 | 4,218 | 4,082 | 3,987 | 3,845 |
| 101 to 300 | 5,664 | 5,374 | 5,216 | 5,066 | 4,853 | 4,588 | 4,355 | 4,154 | 3,880 | 3,630 |
| 100 or fewer | 538 | 464 | 463 | 370 | 340 | 318 | 293 | 262 | 247 | 209 |
| Total | 12,937 | 12,652 | 12,479 | 12,323 | 12,149 | 11,893 | 11,627 | 11,310 | 10,986 | 10,596 |

Explanation Concerning the Appropriate Use of the Earnings Forecasts and Other Special Notes

These materials contain earnings forecasts and other forward-looking statements. All such forward-looking statements are based on information available to Gendai Agency Inc. as of the date of preparation of these materials and on certain other information that Gendai Agency Inc. believes to be reasonable. Actual business results and other outcomes may differ materially from those expressed or implied by forward-looking statements.

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