



**An advertising agency sensitive to the specific needs of the amusement industry
Our role is to contribute to the growth and development of our clients**

Gendai Agency Inc. was founded in April 1995 as an agency specializing in amusement industry advertising. Ever since, as trailblazers in the industry, we have strived as a team toward our goal of building the company into an entirely unique presence in the field. The company listed on the JASDAQ Securities Exchange in September 2004. We define our business domain as “contribution to clients’ business development and enhancement through the provision of support to bolster performance and assistance in the implementation of strategies to attract customers.”

Our services do not only involve the provision of simple one-off advertisements in a certain media category—we provide comprehensive proposals developed based on strategies to attract customers. Our proposals take the form of consumer communications strategies created from optimal mixes of online and mass media advertising, newspaper flyers, sales promotions, and so on, all tailored to clients’ circumstances, the regions they operate in, and their particular business category. To ensure successful implementation of communications strategies that feature a high degree of originality, we provide a one-stop service with full oversight covering everything from planning and production to execution.

**Achieving greater efficiency through concentration of business resources
We aim to become a driving force behind the creation of next-generation business models and services**

Our sustained focus on a single field over the more than 20 years since our founding has allowed us to develop concepts and mechanisms that facilitate a high level of efficiency, and our speed, precision, creativity, and superior capabilities in the fields of planning and production are largely a result of these.

Over the years, we have worked to further polish and enhance our systems to enable us to deliver customer attraction strategies that exceed clients’ expectations in terms of both speed and quality .

Now we are leveraging this foundation of expertise we have built up to develop a large number of new business models and tools to meet the needs of clients operating in a diverse range of industries.

We see this area of change as an opportunity for us to break into new fields

In recent years we have seen far-reaching changes in our business environment. To respond flexibly to these changes and achieve sustainable growth we have proactively pushed forward with structural reorganization, pursuing M&A and the development of new business, and working proactively to diversify the range of industries and business categories we cover. The overseas initiatives we are currently working on are one of example of this shift.

While maintaining our focus on advertising, we will continue to work on tackling new fields, expanding into a diverse range of new industries leveraging the concepts and mechanisms that enable to us to achieve superior levels of efficiency. We are now aiming to grow in tandem with an expanding roster of clients, helping them to achieve ever-better results.

November 2018
CEO Masataka Yamamoto

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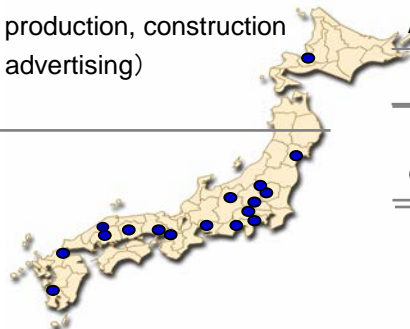
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Corporate Outline

- 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 22, 2018

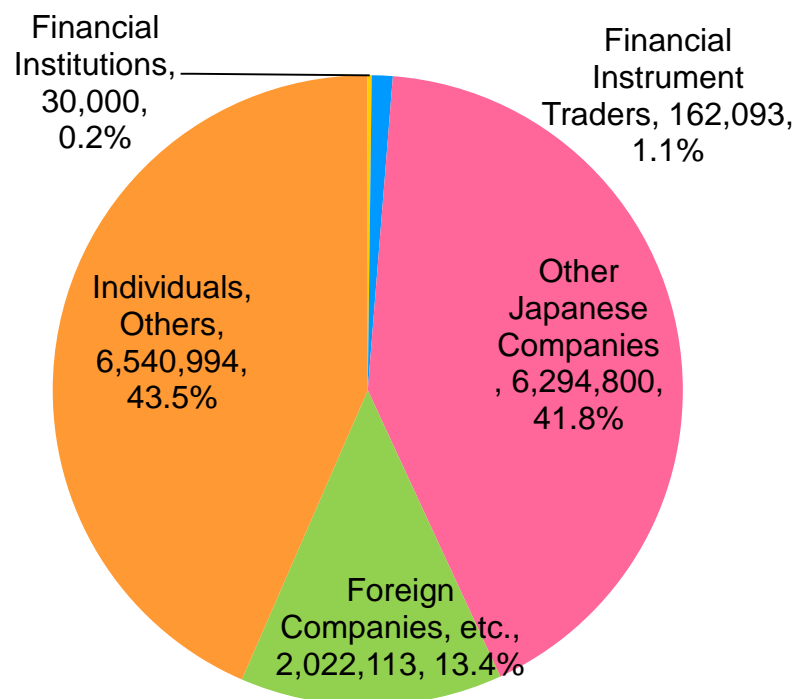
| | |
|--|---|
| Number of employees | 192 (non-consolidated) Avg. age: 37.2 *Data current as of March 31, 2018 |
| Branch office locations *Data current as of April 1st, 2018 | Sapporo, Sendai, Tokyo, Utsunomiya, Saitama, Yokohama, Matsumoto, Nagoya, Shizuoka, Osaka, Kobe, Hiroshima, Okayama , Matsuyama, 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

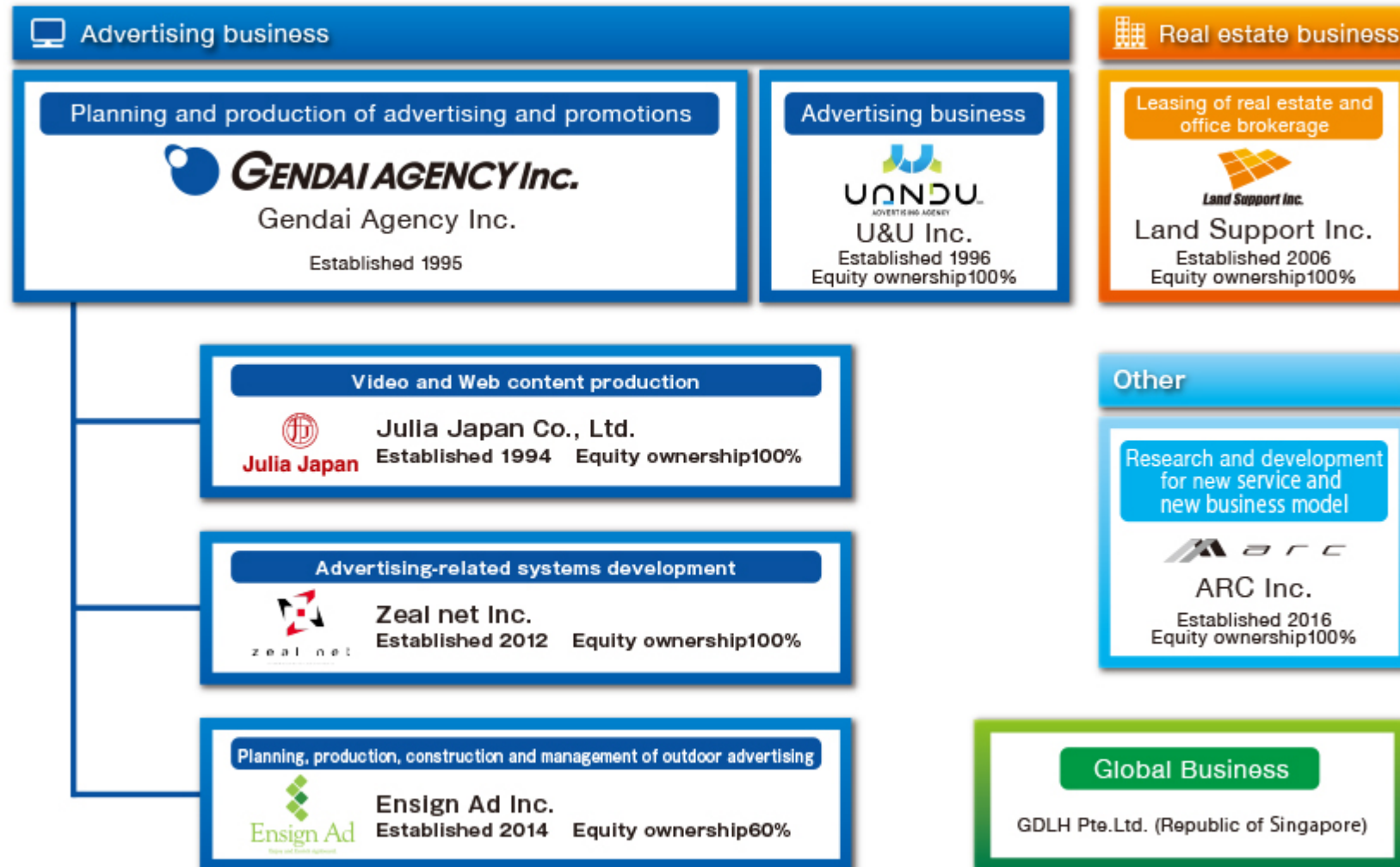
| | |
|---|------------|
| Total number of shares authorized | 66,400,000 |
| Total number of shares issued and outstanding | 15,050,000 |
| Number of shareholders | 6,328 |

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.

Group Management Principles

- 1 We aim to become a company that client companies can rely on as a partner who helps them to realize their communication strategies.
- 2 We will continue to take on the challenge of developing new business models and tools that go beyond the bounds of the advertising business.
- 3 We will always strive to offer optimal services with sincerity and passion.

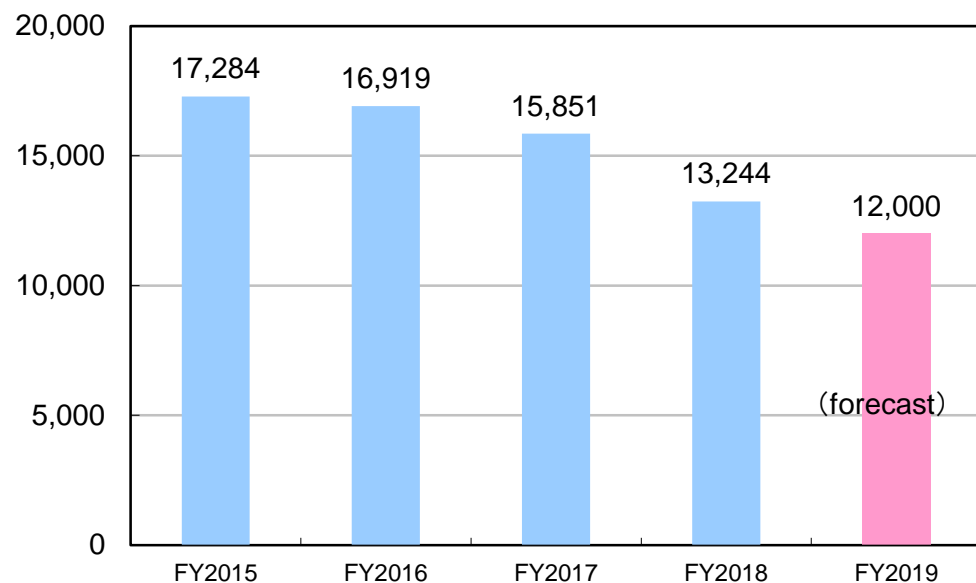
Code of Conduct

- 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.
-

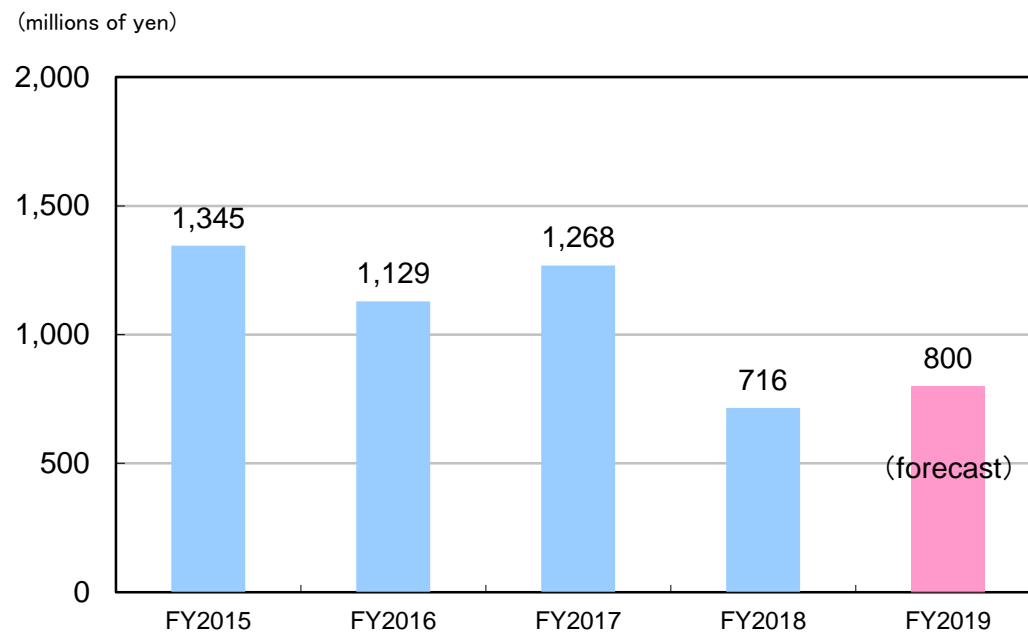
(millions of yen)

| | 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



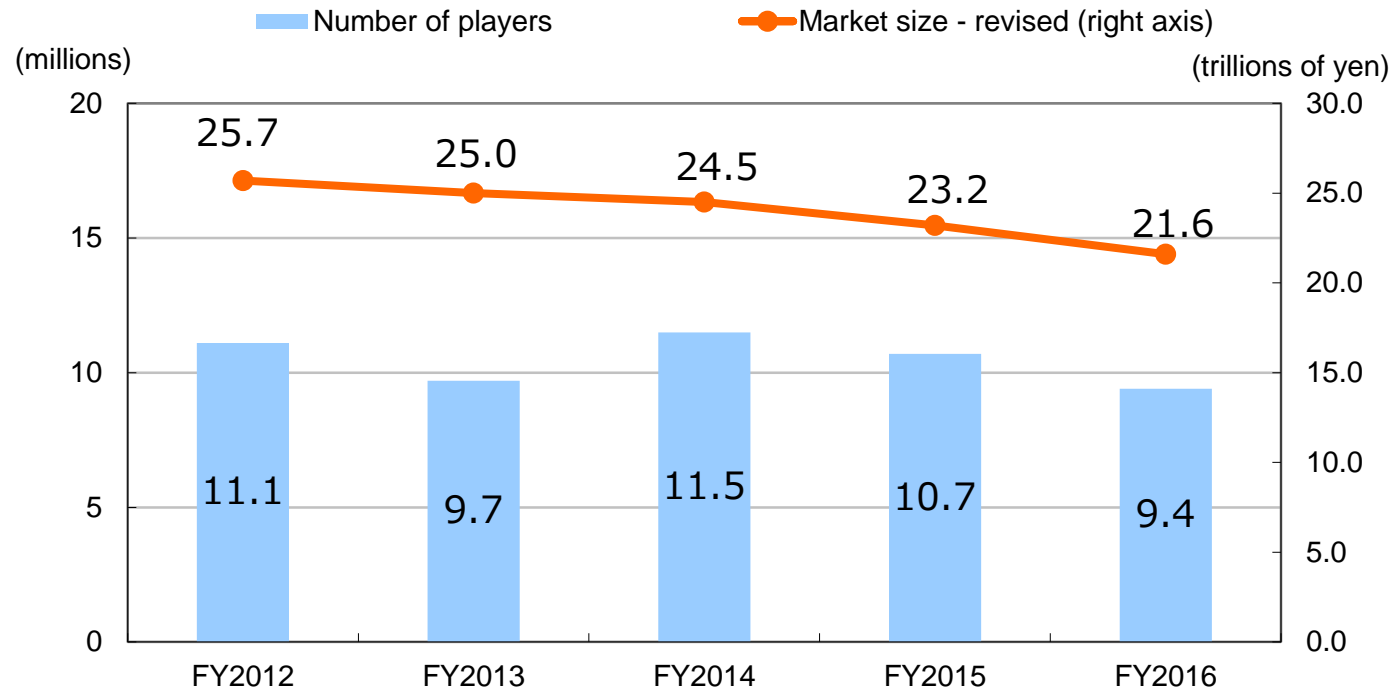
(millions of yen) Ordinary income



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

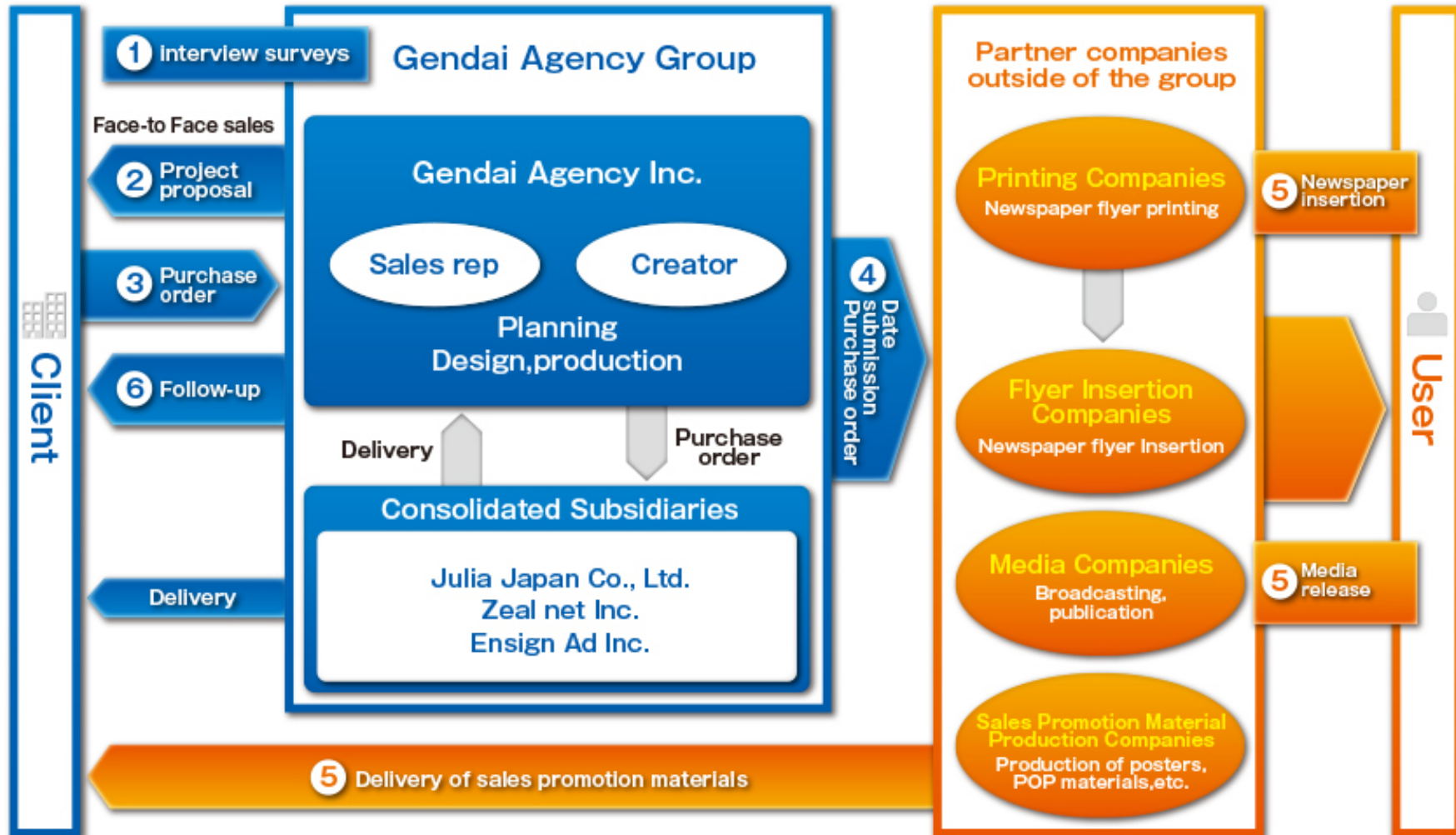
We produce and integrate a comprehensive range of advertisement activities and various kinds of other vehicles for communicating information to stimulate and increase customer participation at pachinko parlors.



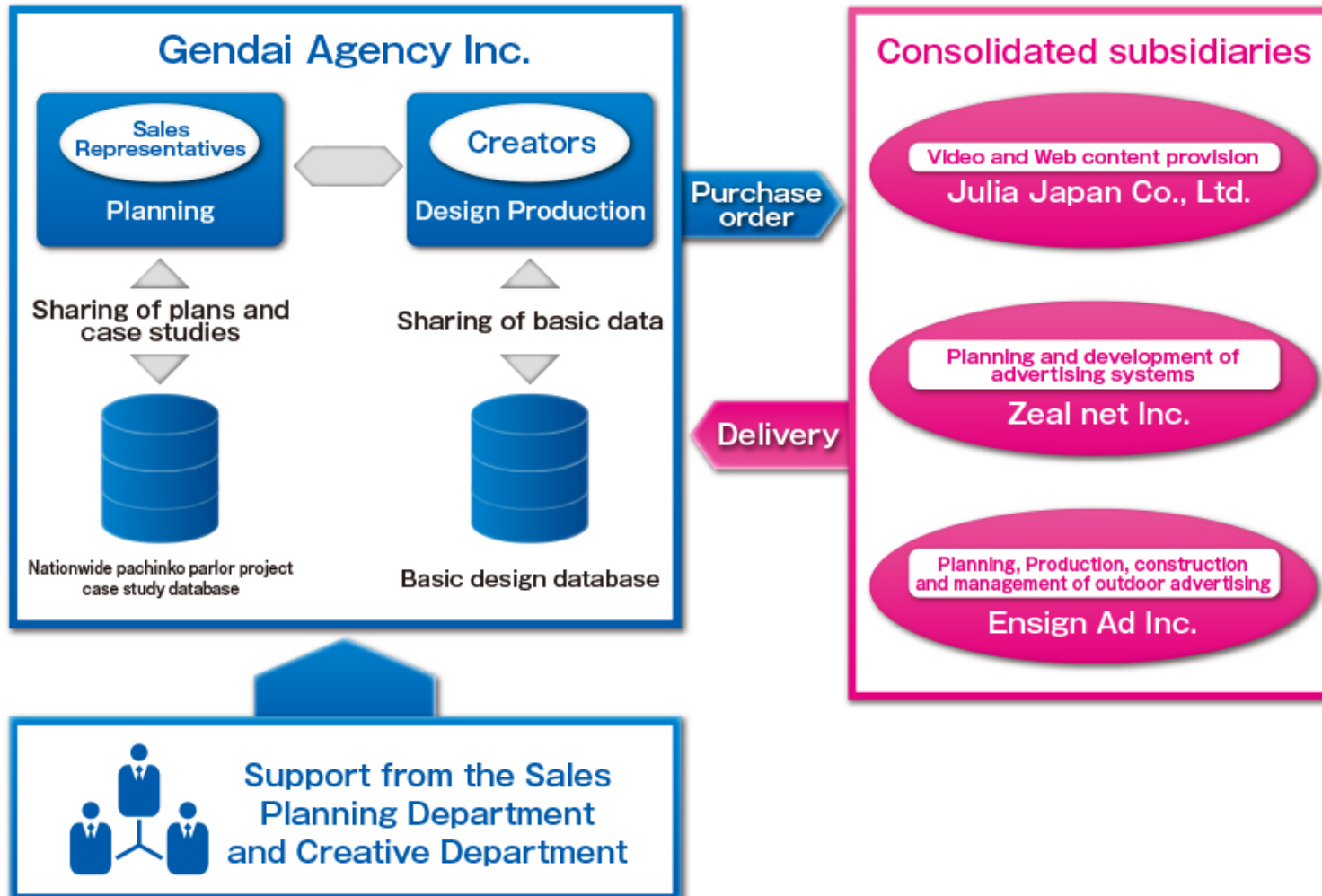
We strengthen relationships with clients and secure continuing business by repeating a cycle of proposal activities designed to more effectively attract customers. We propose appropriate advertising strategies based on a variety of information that reflects a firm grasp of customer needs. We conduct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



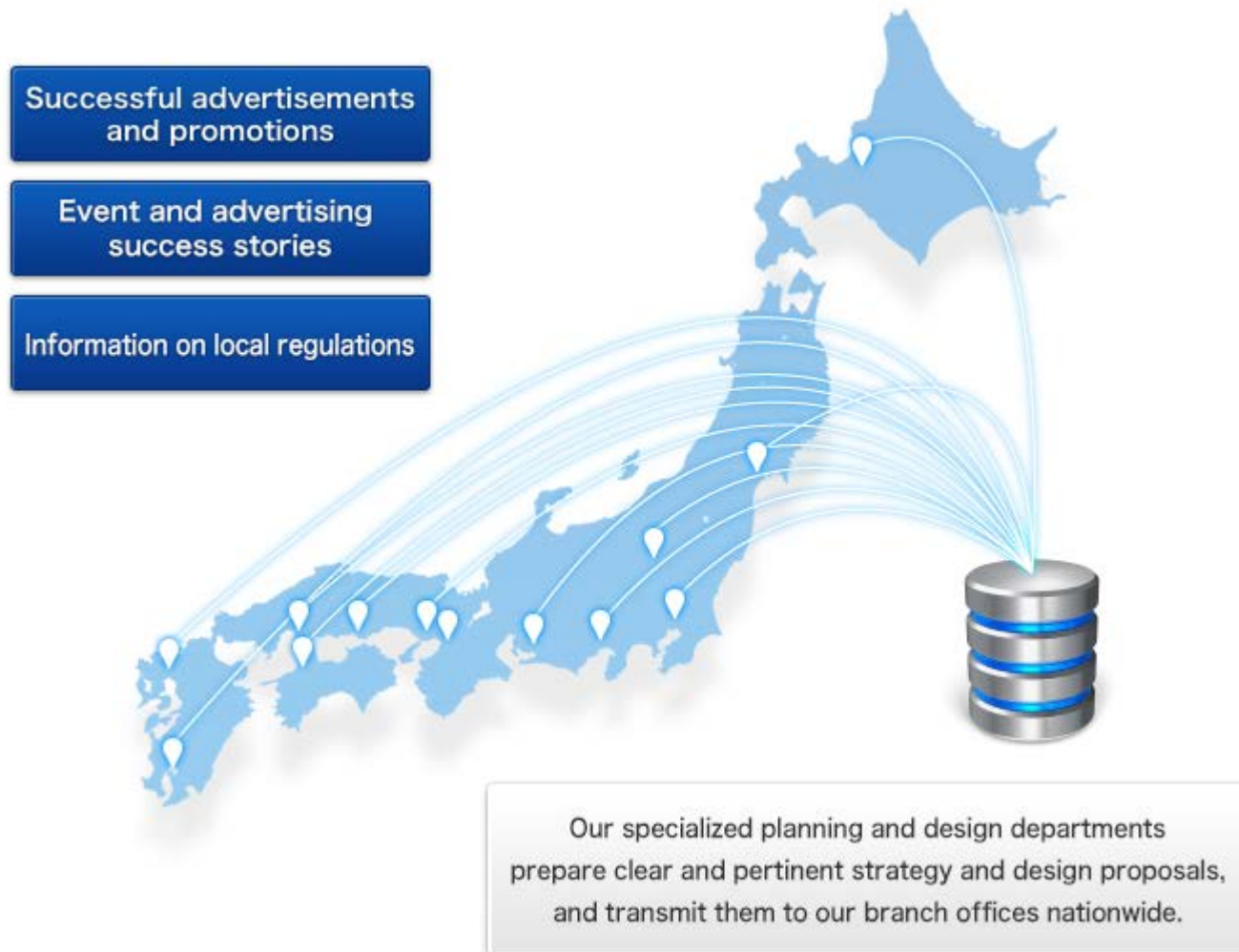
We cooperate with partner companies to offer one-stop supply of advertising materials in wide-ranging genres.



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.



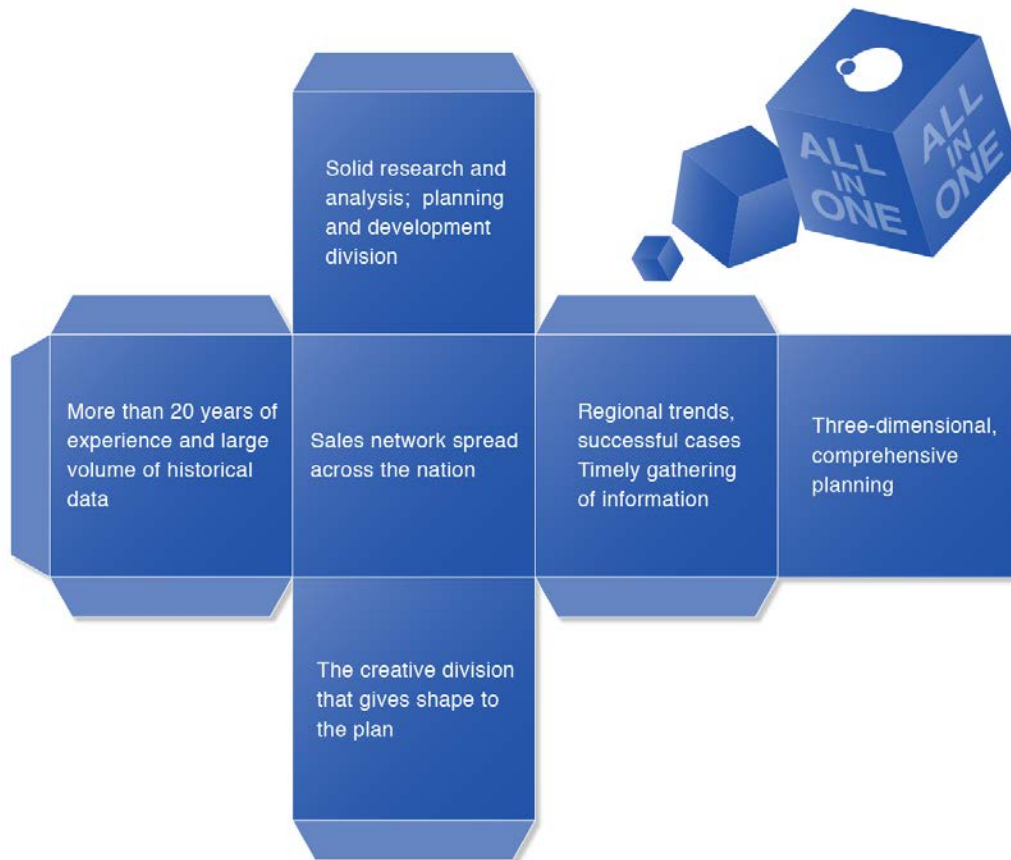
We have the process and system to gather the most recent information on the promotion and operation of pachinko parlors from 16 branch offices and to provide data which has been comprehensively analyzed and tailored to meet the needs of our clients.



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

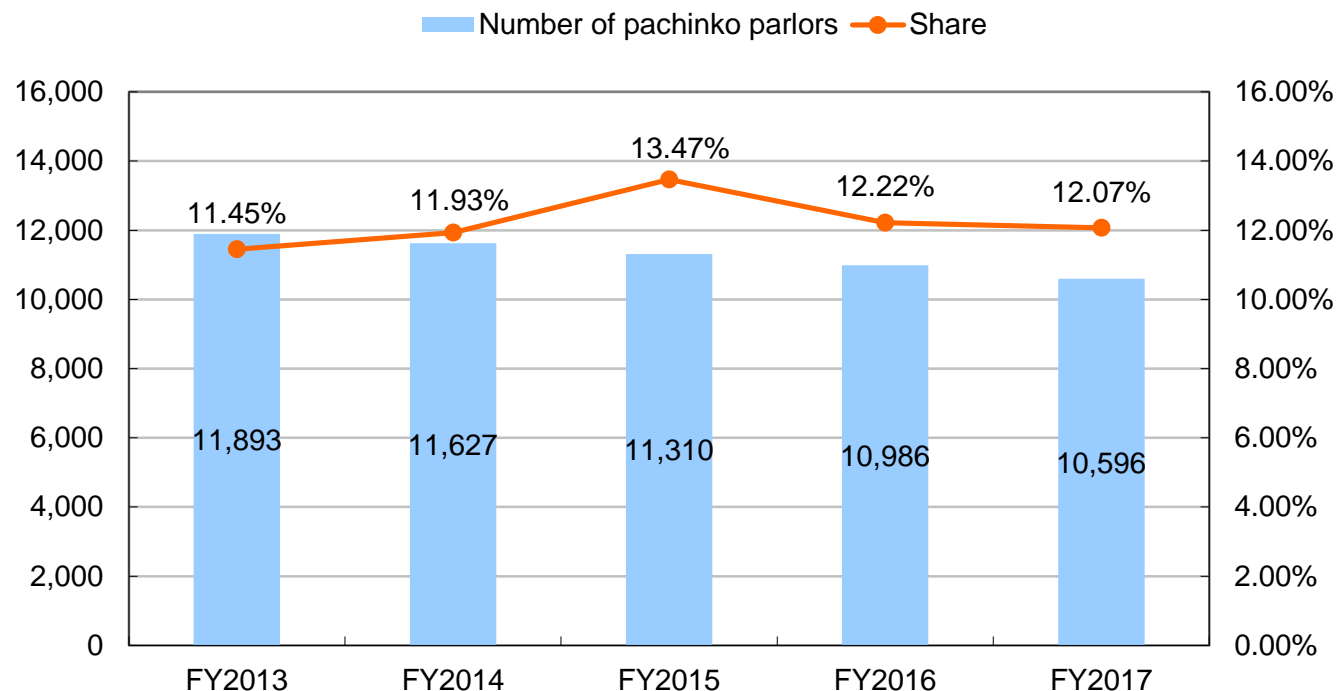
In addition to compiling these diverse information and material as database in a timely manner, we will offer the latest and optimum service at all times by building an in-house network system that can be accessed in real time from anywhere in Japan.

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,

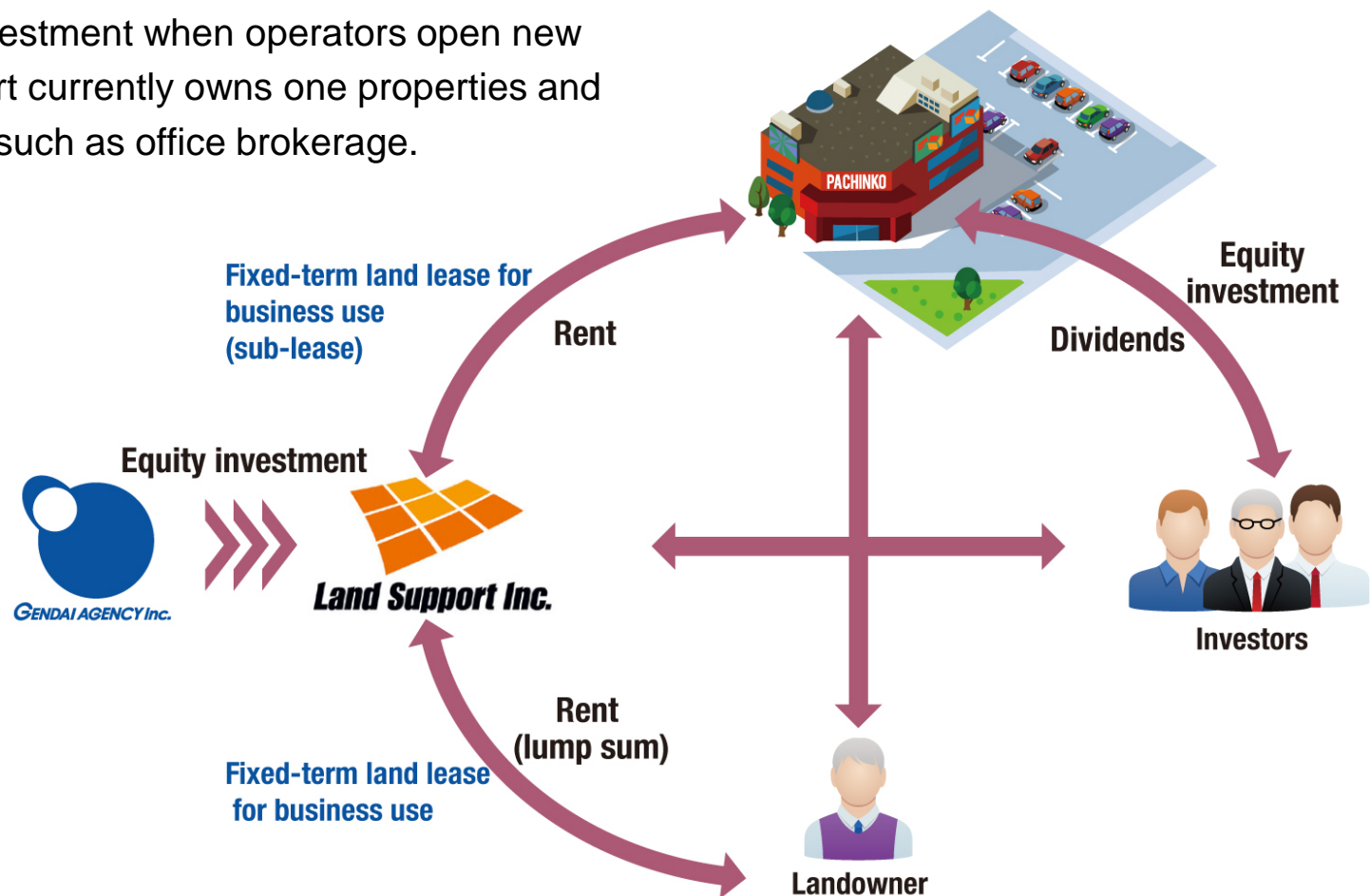
In the advertising industry, to meet client needs accompanying changes in the industry environment, we strive to upgrade and enhance our multifaceted advertising strategies, particularly mobile phone and Web advertising.



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.

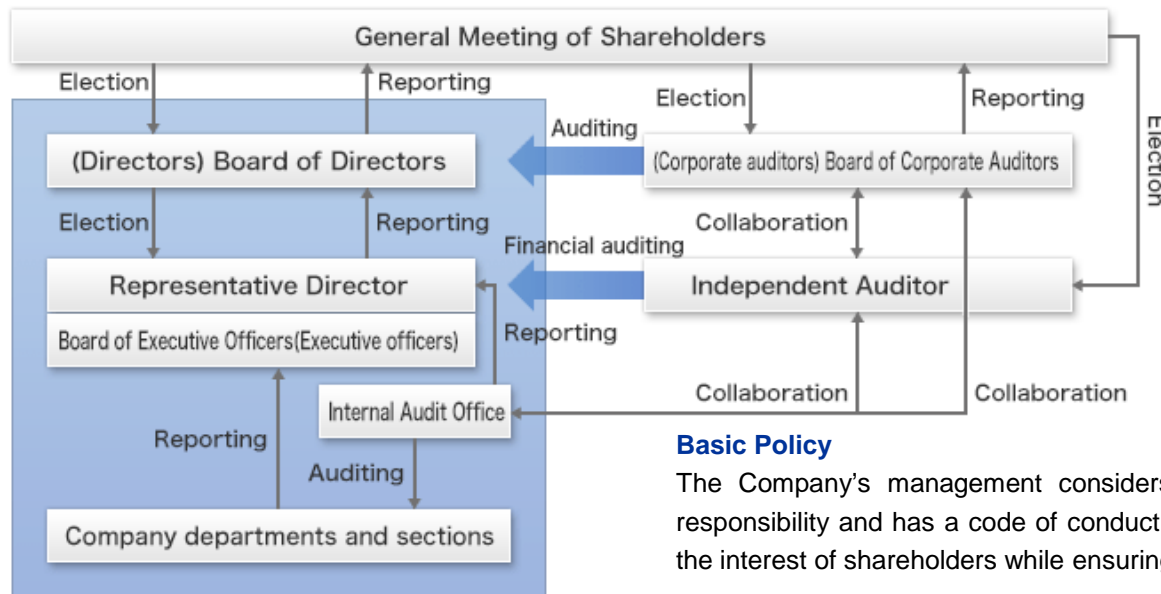
We will make steady progress toward achievement of the target performance indicators.

| | 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

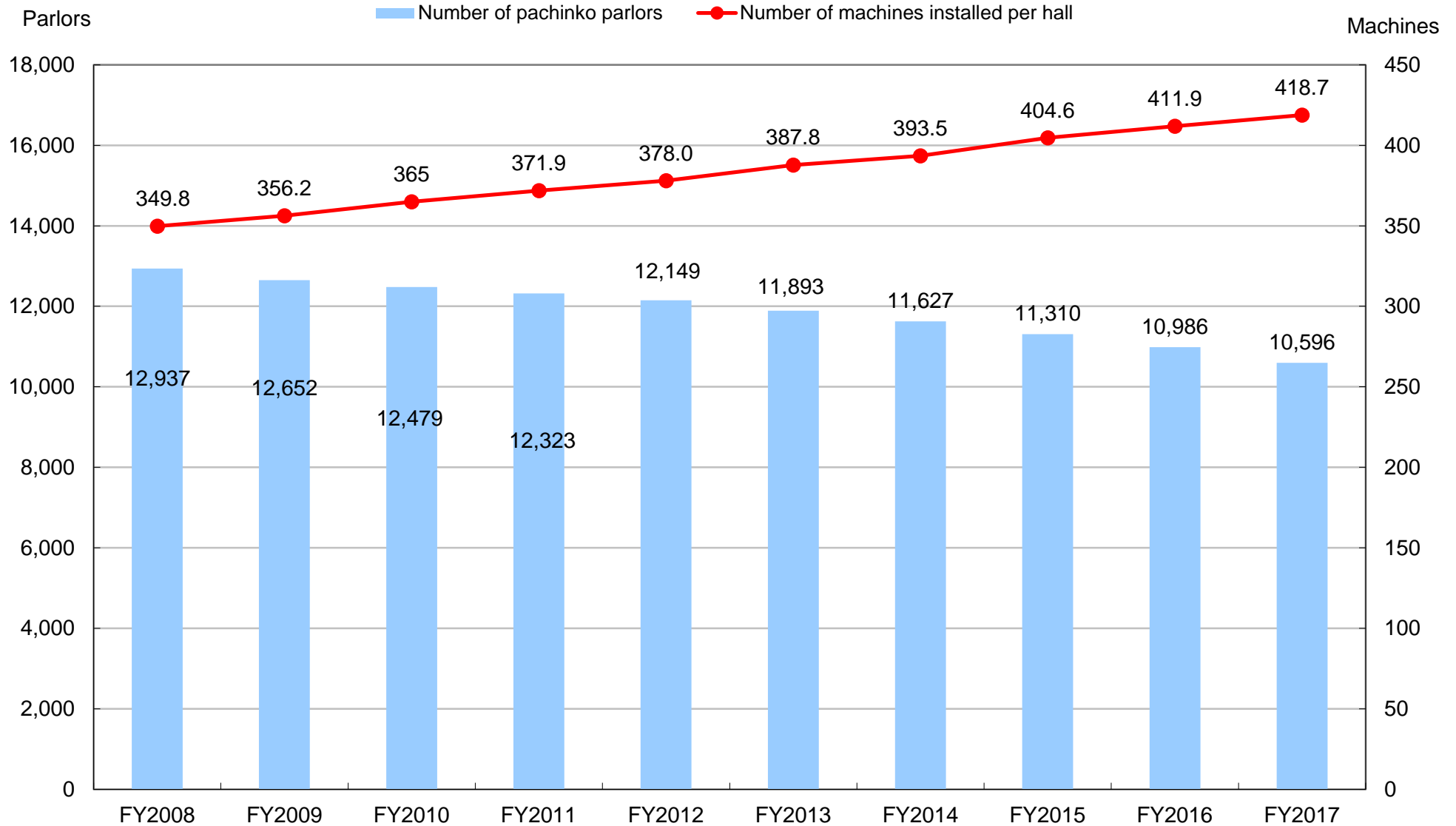
- Number of Installed Game Machines Source: National Police Agency

- Number of Pachinko Parlors by Number of Installed Game Machines

Source: National Police Agency

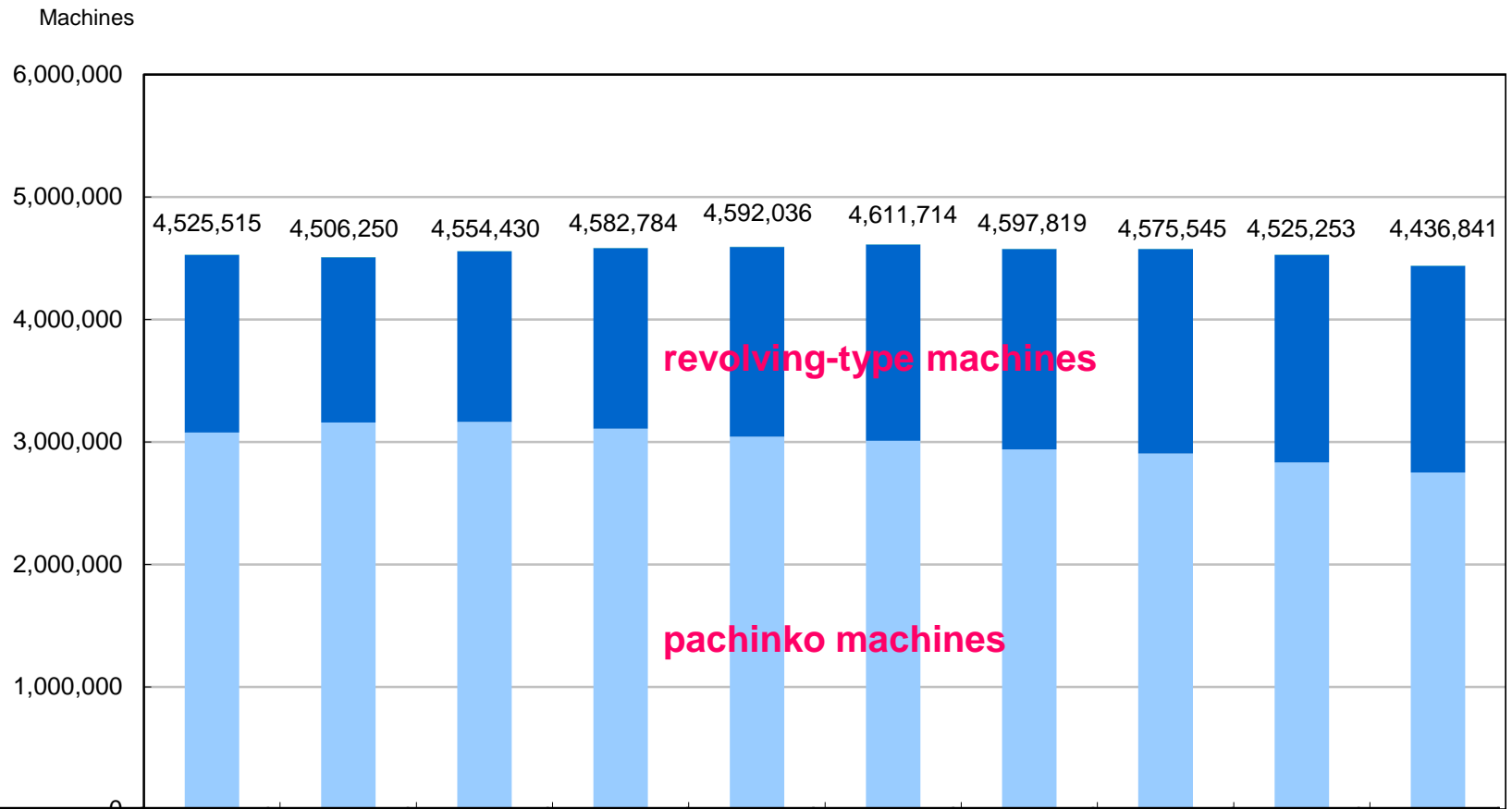
Reference Information: Number of Pachinko Parlors, Number of Installed Game Machines per Pachinko Parlor

Source : National Police Agency



Reference Information: Number of Installed Game Machines

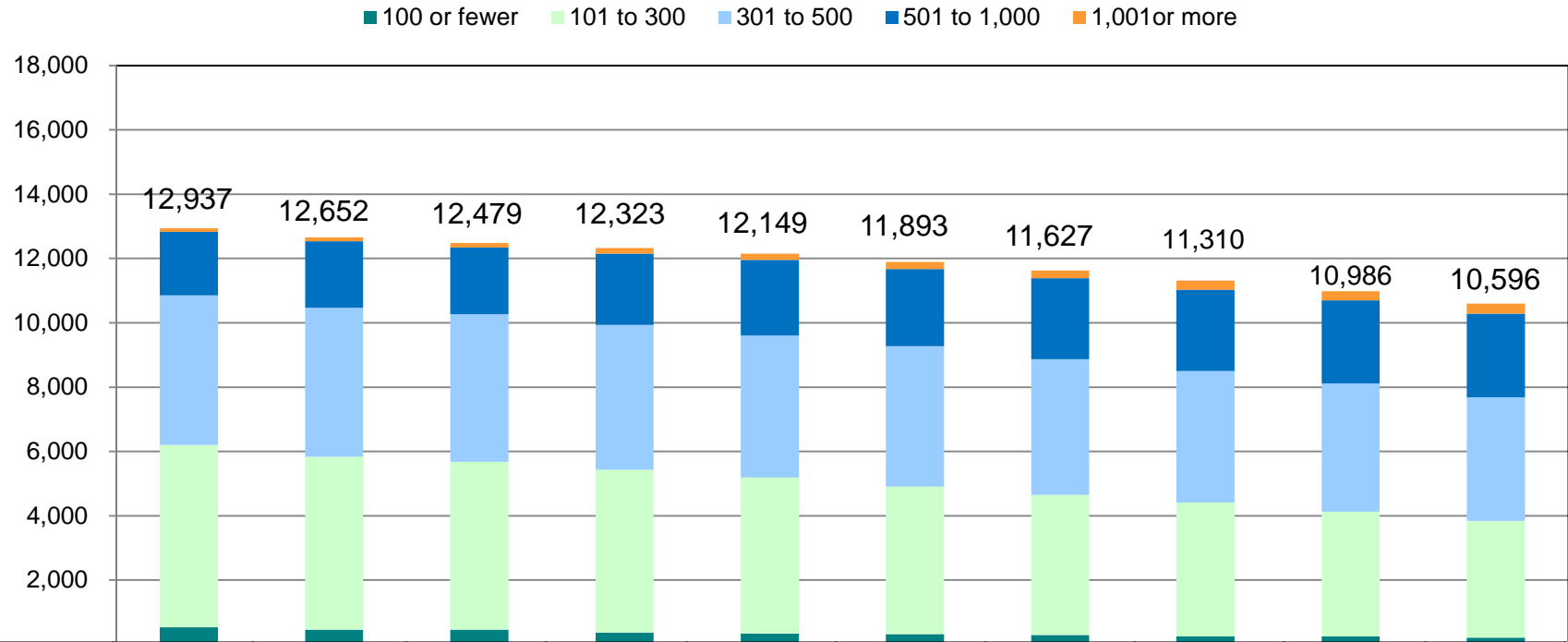
Source : National Police Agency



| | 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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