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On **August 8, 2019**, Gamecard-Joyco Holdings, Inc. announced earnings results for Q1 FY03/20.

Cumulative performance (JPYmn)	FY03/19				FY03/20				FY03/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	4,121	8,466	12,890	17,375	4,045				27.0%	15,000
YoY	-7.4%	-1.1%	-1.7%	2.6%	-1.8%					-13.7%
Gross profit	1,949	3,868	5,762	7,446	1,849					
YoY	-6.4%	-5.9%	-6.4%	-5.4%	-5.1%					
GPM	47.3%	45.7%	44.7%	42.9%	45.7%					
SG&A expenses	988	2,141	3,200	5,023	1,133					
YoY	-12.6%	-1.8%	-0.9%	17.5%	14.7%					
SG&A ratio	24.0%	25.3%	24.8%	28.9%	28.0%					
Operating profit	960	1,726	2,562	2,423	716				79.6%	900
YoY	1.1%	-10.6%	-12.6%	-32.6%	-25.4%					-62.9%
OPM	23.3%	20.4%	19.9%	13.9%	17.7%					6.0%
Recurring profit	963	1,727	2,564	2,419	728				80.9%	900
YoY	0.5%	-10.4%	-12.4%	-32.7%	-24.4%					-62.8%
RPM	23.4%	20.4%	19.9%	13.9%	18.0%					6.0%
Net income	693	1,177	1,690	1,429	399				79.8%	500
YoY	-0.1%	-15.9%	-15.1%	-38.3%	-42.4%					-65.0%
Net margin	16.8%	13.9%	13.1%	8.2%	9.9%					3.3%

  

Quarterly performance (JPYmn)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	4,121	4,345	4,423	4,486	4,045			
YoY	-7.4%	5.8%	-3.0%	17.7%	-1.8%			
Gross profit	1,949	1,919	1,894	1,684	1,849			
YoY	-6.4%	-5.5%	-7.5%	-1.6%	-5.1%			
GPM	47.3%	44.2%	42.8%	37.5%	45.7%			
SG&A expenses	988	1,153	1,059	1,823	1,133			
YoY	-12.6%	9.8%	1.1%	74.3%	14.7%			
SG&A ratio	24.0%	26.5%	23.9%	40.6%	28.0%			
Operating profit	960	765	835	-139	716			
YoY	1.1%	-22.0%	-16.5%	-	-25.4%			
OPM	23.3%	17.6%	18.9%	-	17.7%			
Recurring profit	963	763	837	-145	728			
YoY	0.5%	-21.3%	-16.3%	-	-24.4%			
RPM	23.4%	17.6%	18.9%	-	18.0%			
Net income	693	483	512	-261	399			
YoY	-0.1%	-31.5%	-13.4%	-	-42.4%			
Net margin	16.8%	11.1%	11.6%	-	9.9%			

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Company forecasts are the most recent figures.

## Performance by product type (cumulative)

Cumulative (JPYmm)	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Sales</b>	<b>4,451</b>	<b>8,557</b>	<b>13,117</b>	<b>16,928</b>	<b>4,121</b>	<b>8,466</b>	<b>12,890</b>	<b>17,375</b>
YoY	-6.2%	-12.2%	-16.2%	-17.0%	-7.4%	-1.1%	-1.7%	2.6%
Equipment sales	1,564	2,862	4,634	5,732	1,478	3,186	5,006	6,949
YoY	-3.9%	-19.6%	-27.4%	-29.8%	-5.5%	11.3%	8.0%	21.2%
Card sales	820	1,609	2,403	3,170	730	1,485	2,230	2,963
YoY	-11.2%	-11.8%	-12.7%	-12.2%	-11.0%	-7.7%	-7.2%	-6.5%
System-usage fees	1,951	3,867	5,745	7,584	1,793	3,552	5,269	6,950
YoY	-6.2%	-6.4%	-6.7%	-6.9%	-8.1%	-8.1%	-8.3%	-8.4%
Others	115	218	333	440	118	241	383	514
YoY	0.9%	-4.0%	-11.2%	-8.1%	2.6%	10.6%	15.0%	16.8%
<b>Gross profit</b>	<b>2,082</b>	<b>4,112</b>	<b>6,159</b>	<b>7,871</b>	<b>1,949</b>	<b>3,868</b>	<b>5,762</b>	<b>7,446</b>
YoY	-4.6%	-5.3%	-6.9%	-4.6%	-6.4%	-5.9%	-6.4%	-5.4%
GPM	46.8%	48.1%	47.0%	46.5%	47.3%	45.7%	44.7%	42.9%
Equipment sales	239	457	725	703	235	443	666	737
YoY	-3.6%	-4.8%	-15.0%	4.5%	-1.7%	-3.1%	-8.1%	4.8%
GPM	15.3%	16.0%	15.6%	12.3%	15.9%	13.9%	13.3%	10.6%
Card sales	523	1,042	1,533	2,029	472	961	1,430	1,889
YoY	-13.4%	-13.6%	-12.4%	-10.3%	-9.8%	-7.8%	-6.7%	-6.9%
GPM	63.8%	64.8%	63.8%	64.0%	64.6%	64.7%	64.1%	63.8%
System-usage fees	1,289	2,560	3,815	5,022	1,200	2,378	3,530	4,648
YoY	-0.6%	-1.1%	-2.0%	-2.8%	-6.9%	-7.1%	-7.5%	-7.4%
GPM	66.1%	66.2%	66.4%	66.2%	66.9%	67.0%	67.0%	66.9%
Others	31	52	84	116	41	83	134	173
<b>SG&amp;A expenses</b>	<b>1,131</b>	<b>2,181</b>	<b>3,228</b>	<b>4,274</b>	<b>988</b>	<b>2,141</b>	<b>3,200</b>	<b>5,023</b>
YoY	-24.7%	-29.1%	-35.5%	-32.5%	-12.6%	-1.8%	-0.9%	17.5%
SG&A ratio	25.4%	25.5%	24.6%	25.2%	24.0%	25.3%	24.8%	28.9%
Personnel expenses	416	852	1,230	1,611	362	789	1,175	1,578
R&D expenses	82	155	273	393	94	281	408	1,206
<b>Operating profit</b>	<b>950</b>	<b>1,931</b>	<b>2,931</b>	<b>3,596</b>	<b>960</b>	<b>1,726</b>	<b>2,562</b>	<b>2,423</b>
YoY	39.7%	52.8%	81.9%	87.4%	1.1%	-10.6%	-12.6%	-32.6%
OPM	21.3%	22.6%	22.3%	21.2%	23.3%	20.4%	19.9%	13.9%
Quarterly (JPYmm)	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Sales</b>	<b>4,451</b>	<b>4,106</b>	<b>4,560</b>	<b>3,811</b>	<b>4,121</b>	<b>4,345</b>	<b>4,423</b>	<b>4,486</b>
YoY	-6.2%	-17.8%	-22.9%	-19.7%	-7.4%	5.8%	-3.0%	17.7%
Equipment sales	1,564	1,298	1,772	1,098	1,478	1,708	1,819	1,943
YoY	-3.9%	-32.9%	-37.1%	-38.6%	-5.5%	31.6%	2.7%	77.0%
Card sales	820	789	794	767	730	754	744	733
YoY	-11.2%	-12.5%	-14.3%	-10.5%	-11.0%	-4.4%	-6.3%	-4.4%
System-usage fees	1,951	1,916	1,878	1,839	1,793	1,759	1,717	1,681
YoY	-6.2%	-6.5%	-7.2%	-7.7%	-8.1%	-8.2%	-8.6%	-8.6%
Others	115	103	115	107	118	123	141	131
<b>Gross profit</b>	<b>2,082</b>	<b>2,030</b>	<b>2,047</b>	<b>1,712</b>	<b>1,949</b>	<b>1,919</b>	<b>1,894</b>	<b>1,684</b>
YoY	-4.6%	-5.9%	-10.1%	4.8%	-6.4%	-5.5%	-7.5%	-1.6%
GPM	46.8%	49.4%	44.9%	44.9%	47.3%	44.2%	42.8%	37.5%
Equipment sales	239	218	268	-22	235	208	222	71
YoY	-3.6%	-6.0%	-28.2%	-	-1.7%	-4.6%	-17.2%	-
GPM	15.3%	16.8%	15.1%	-	15.9%	12.2%	12.2%	3.7%
Card sales	523	519	491	496	472	489	468	459
YoY	-13.4%	-13.8%	-9.7%	-2.9%	-9.8%	-5.8%	-4.7%	-7.5%
GPM	63.8%	65.8%	61.8%	64.7%	64.6%	64.9%	62.9%	62.6%
System-Usage Fees	1,289	1,271	1,255	1,207	1,200	1,178	1,152	1,118
YoY	-0.6%	-1.5%	-3.7%	-5.6%	-6.9%	-7.3%	-8.2%	-7.4%
GPM	66.1%	66.3%	66.8%	65.6%	66.9%	67.0%	67.1%	66.5%
Others	31	21	32	32	41	42	50	39
<b>SG&amp;A expenses</b>	<b>1,131</b>	<b>1,050</b>	<b>1,047</b>	<b>1,046</b>	<b>988</b>	<b>1,153</b>	<b>1,059</b>	<b>1,823</b>
YoY	-24.7%	-33.3%	-45.8%	-21.1%	-12.6%	9.8%	1.1%	74.3%
SG&A ratio	25.4%	25.6%	23.0%	27.4%	24.0%	26.5%	23.9%	40.6%
Personnel	416	436	378	381	362	426	386	403
R&D expenses	82	73	118	120	94	187	127	798
<b>Operating profit</b>	<b>950</b>	<b>981</b>	<b>1,000</b>	<b>665</b>	<b>960</b>	<b>765</b>	<b>835</b>	<b>-139</b>
YoY	39.7%	68.0%	188.2%	115.9%	1.1%	-22.0%	-16.5%	-
OPM	21.3%	23.9%	21.9%	17.4%	23.3%	17.6%	18.9%	-

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

## Earnings-related metrics (cumulative)

Cumulative	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of equipment shipped ('000)	12.0	20.8	33.6	43.6	11.2	25.8	40.7	61.7
YoY	-5.3%	-29.2%	-38.3%	-38.3%	-6.7%	23.7%	21.2%	41.5%
No. of member stores	3,889	3,826	3,778	3,674	3,612	3,543	3,482	3,401
YoY change	-219	-240	-242	-283	-277	-283	-296	-273
YoY	-5.3%	-5.9%	-6.0%	-7.2%	-7.1%	-7.4%	-7.8%	-7.4%
QoQ change	-68	-63	-48	-104	-62	-69	-61	-81
QoQ	-1.7%	-1.6%	-1.3%	-2.8%	-1.7%	-1.9%	-1.7%	-2.3%
Quarterly	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of equipment shipped ('000)	12.0	8.8	12.8	10.0	11.2	14.6	15.0	20.9
YoY	-5.3%	-47.3%	-49.0%	-38.6%	-6.7%	65.1%	17.2%	109.6%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

## Q1 FY03/20 results

- ▷ Sales: JPY4.0bn (-1.8% YoY)
- ▷ Operating profit: JPY716mn (-25.4% YoY)
- ▷ Recurring profit: JPY728mn (-24.4% YoY)
- ▷ Net income\*: JPY399mn (-42.4% YoY)

\*Net income refers to net income attributable to parent company shareholders.

Even as pachinko hall operators that comprise the company's primary customer base continue to have an uncertain future due to ongoing study of gambling addiction countermeasures accompanying the Integrated Resort Promotion Act and the enforcement of a tighter regulatory environment reflecting the revised regulations (Regulations Partially Amending the Ordinance for Enforcement of the Act on Control and Improvement of Amusement Business, etc.), there are still some medium-sized and large chain operators looking to maintain or even improve their competitive position by opening up more pachinko halls in and around Japan's major cities, especially in the Kanto and Kinki regions.

The company group is actively undertaking a range of sales initiatives to maintain and improve its share of member halls. It has implemented measures to strengthen its relationships with distributors, actively rolled out machine replacement promotion measures, and carried out aggressive equipment sales leveraging its strong financial base. However, sales and profit declined, reflecting a decline in the number of member halls and intensifying competition as the overall market continues to contract.

This note is the most recent addition to the [full report](#).

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