

Translation

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FY2023, the year ended March 31, 2024

Flash Report on the Consolidated Results for the Year Ended March 31, 2024 [JGAAP]

May 13, 2024

Company Name: **DAIICHIKOSHO CO., LTD.**
 Stock Exchange Listing: Tokyo Stock Exchange
 Code Number: 7458
 URL: <https://www.dkkaraoke.co.jp/>
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 Date of the Ordinary General Meeting of Shareholders: June 21, 2024
 Start Date for Dividend Payment: June 24, 2024
 Scheduled Date to Submit the Securities Report: June 25, 2024
 Availability of Supplementary Briefing Material on Financial Results: Available
 Schedule of Financial Results Briefing Session: None

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Year Ended March 31, 2024 (From April 1, 2023, to March 31, 2024)

(1) Consolidated operating results (Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	146,746	14.5	18,601	43.6	19,561	43.8
Year ended March 31, 2023	128,156	35.2	12,954	—	13,601	—

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2024	12,568	51.0	117.01	116.76
Year ended March 31, 2023	8,320	60.1	76.21	76.08

(Note) Comprehensive income:

Year ended March 31, 2024: 13,273 million yen [47.2 %]

Year ended March 31, 2023: 9,018 million yen [74.4 %]

	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	%	%	%
Year ended March 31, 2024	11.7	9.8	12.7
Year ended March 31, 2023	7.9	7.4	10.1

(Reference) Equity in net income of unconsolidated subsidiaries and affiliates:

Year ended March 31, 2024: — million yen

Year ended March 31, 2023: — million yen

(Note) Shares were split on April 1, 2023 at a ratio of 2 for 1 common share. Basic earnings per share and diluted earnings per share were calculated as if said split had been carried out at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	211,386	108,991	50.9	1,006.80
As of March 31, 2023	188,623	107,915	56.4	974.95

(Reference) Shareholders' equity:

As of March 31, 2024: 107,581 million yen

As of March 31, 2023: 106,451 million yen

(Note) Shares were split on April 1, 2023 at a ratio of 2 for 1 common share. Net assets per share were calculated as if said split had been carried out at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	26,799	(55,915)	6,926	49,306
Year ended March 31, 2023	24,869	(12,104)	(9,493)	71,423

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	—	56.00	—	57.00	113.00
Year ended March 31, 2024	—	28.00	—	29.00	57.00
Year ending March 31, 2025 (forecast)	—	28.00	—	29.00	57.00

	Aggregate amount of dividend (total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Millions of yen	%	%
Year ended March 31, 2023	6,168	74.1	5.9
Year ended March 31, 2024	6,090	48.7	5.8
Year ending March 31, 2025 (forecast)		46.5	

(Note) Shares were split on April 1, 2023 at a ratio of 2 for 1 common share. Actual dividend amounts before stock split are listed for the year ended March 31, 2023.

3. Forecast of Consolidated Performance for FY2024, the Year Ending March 31, 2025 (From April 1, 2024, to March 31, 2025)

(Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2024	74,300	4.3	8,700	(7.2)	9,100	(6.8)
Year ending March 31, 2025 (full year)	152,700	4.1	18,800	1.1	19,600	0.2

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2024	6,200	(5.7)	58.02
Year ending March 31, 2025 (full year)	13,100	4.2	122.60

*Notes

(1) Significant changes in subsidiaries during the period under review (changes to specific subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Number of common shares issued

1) Number of shares issued (including treasury shares)

2) Number of treasury shares

3) Average number of shares during the period

As of March 31, 2024	109,468,400 shares	As of March 31, 2023	109,468,400 shares
As of March 31, 2024	2,613,807 shares	As of March 31, 2023	282,604 shares
Year ended March 31, 2024	107,412,564 shares	Year ended March 31, 2023	109,185,829 shares

(Note) Shares were split on April 1, 2023 at a ratio of 2 for 1 common share. Number of shares issued, number of treasury shares, and average number of shares during the period were calculated as if said split had been carried out at the beginning of the previous fiscal year.

(Reference) Outline of Nonconsolidated Financial Results

1. Nonconsolidated Performance for the Year Ended March 31, 2024 (From April 1, 2023, to March 31, 2024)

(1) Nonconsolidated operating results

(Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	106,331	19.0	14,168	48.9	16,812	56.3
Year ended March 31, 2023	89,367	38.5	9,514	—	10,756	—

	Profit		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2024	11,506	68.0	107.13	106.90
Year ended March 31, 2023	6,849	118.2	62.73	62.63

(Note) Shares were split on April 1, 2023 at a ratio of 2 for 1 common share. Basic earnings per share and diluted earnings per share were calculated as if said split had been carried out at the beginning of the previous fiscal year.

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	171,857	56,096	32.4	521.47
As of March 31, 2023	149,471	56,192	37.4	511.98

(Reference) Shareholders' equity:

As of March 31, 2024: 55,721 million yen

As of March 31, 2023: 55,900 million yen

(Note) Shares were split on April 1, 2023 at a ratio of 2 for 1 common share. Net assets per share were calculated as if said split had been carried out at the beginning of the previous fiscal year.

* These consolidated financial results are outside the scope of audit by Certified Public Accountants or auditing corporations.

* Explanation for the appropriate use of performance forecasts and other special notes:

The statements regarding forecast of financial results in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication.

Therefore, there might be cases in which actual results greatly differ from forecast values. For the conditions underlying the assumptions made for financial results forecasts and their use, please see “1. Overview of Operating Results, etc. (4) Future Outlook” on page 9 of the Attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year ended March 31, 2024 (the “fiscal year under review”), Japan’s economy showed signs of a moderate recover due to the downgrading of the status of COVID-19 under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases, increase in inbound demand, and a recovery trend in consumer spending. The economic outlook, however, remains unclear mainly due to concerns that a downward swing in the global economy could put pressure on Japan’s economy, as well as progressive depreciation of the yen and continued price hikes of commodities.

In the karaoke industry, where DAIICHIKOSHO CO., LTD. (the “Company,” together with its subsidiaries, the “Group”) operates, markets were on a recovery trend as a whole, mainly in the night business and the karaoke cabin markets, the Company’s mainstay markets.

As a result of taking a series of measures in our businesses amid such a situation, in the fiscal year under review, net sales amounted to a record high 146,746 million yen (up 14.5% year on year). In terms of profits, operating profit was 18,601 million yen (up 43.6% year on year), ordinary profit was 19,561 million yen (up 43.8% year on year), and profit attributable to owners of parent amounted to 12,568 million yen (up 51.0% year on year).

(Millions of yen)

	FY2022	FY2023	Year-on-year change	% change
Net sales	128,156	146,746	18,589	14.5%
Operating profit	12,954	18,601	5,646	43.6%
Ordinary profit	13,601	19,561	5,960	43.8%
Profit attributable to owners of parent	8,320	12,568	4,247	51.0%

Operating results by segment are as follows.

(Commercial karaoke business)

In the commercial karaoke business, the Company sought to strengthen its stable profit base on the back of an improvement in the business environment by increasing the number of equipment rentals and expediting the replacement of previous models with newer ones, which had slowed due to the impact of COVID-19. At the same time, we strived to improve our Karaoke DAM products by further expanding our visual content, including live videos, animated videos, and music videos.

In such an environment, we launched LIVE DAM AiR, a successor of our flagship model, in April. With the expansion of the Ai Assistant function that allows users to queue a song and remotely operate the unit vocally through a microphone, it is now compatible with speech in English, Chinese, and Korean. In addition, the Live Sound function, which reproduces acoustic characteristics of actual concert venues, is now complemented by “Excite Live Hall,” which creates a huge chorus of several thousand persons singing together or engaging in call and response. These and other new functions that further pursue the joy of singing received a favorable reception from users, and we have shipped more units than originally planned.

Furthermore, in the seniors’ market, the business environment improved as we could resume some of our door-to-door sales activities targeting nursing facilities and others, which were not possible during the pandemic. We also focused on utilizing the Internet by, for example, organizing online events periodically, in an effort to increase the number of units in operation.

As a result, net sales increased by 5.8% year on year, owing to strong shipments of new products and steady increases in the number of equipment rentals and the number of DAM units in operation. Operating profit decreased by 8.9% year on year mainly due to the impact from having invested in the equipment for rental and contents that will form a base of stock income in the future.

(Millions of yen)

	FY2022	FY2023	Year-on-year change	% change
Net sales	57,731	61,078	3,347	5.8%
Operating profit	13,593	12,384	(1,208)	(8.9%)

(Karaoke cabin and restaurant business)

In the karaoke cabin and restaurant business, we opened 10 karaoke cabins and 11 restaurants and closed 12 karaoke cabins and 23 restaurants due to the integration of food and beverage complex types, and we operated 506 karaoke cabins

and 159 restaurants as of the end of the fiscal year under review.

Thanks to the downgrading of the status of COVID-19 under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases in May, we have seen a recovery trend in the flow of customers since the beginning of the fiscal year under review. December, the peak demand period, saw a recovery in the use of karaoke cabins for after-parties, and reservations and orders were strong for restaurants. As such, during the fiscal year under review, existing karaoke cabin sales recovered to a level 8% lower than before the COVID-19 pandemic and restaurants to a level 12% higher, for a 22% increase for karaoke cabins and 29% increase for restaurants, year on year.

Under such circumstances, for BIG ECHO karaoke cabins, which marked its 35th anniversary in September, we tried to bring back customers visiting karaoke cabins less frequently than before, through collaboration with popular artists and animation works, as well as various campaigns making the 35th anniversary more exciting, such as the Good Company Room, which is a karaoke room decorated with major brands of our business partners, and BIG ECHO Karaoke Grand Prix, which was held for the first time, while at the same time introducing the top-end model, LIVE DAM AiR, early and equipping BIG ECHO app with the Denmoku function, in an effort to enhance customer satisfaction.

For restaurants, we made efforts to increase customer traffic in a wide-ranging manner by expanding the call center function to win more reservations for banquets and developing new brands, including the opening of three premises in the darts business, the sushi restaurant “Totou” in Akihabara, Tokyo and Shijo Kawaramachi, Kyoto and the American diner “FOREST DINER” in Sapporo, Hokkaido.

As a result, net sales increased by 25.5% year on year, and an operating profit amounted to 7,100 million yen.

	(Millions of yen)			
	FY2022	FY2023	Year-on-year change	% change
Net sales	51,584	64,733	13,149	25.5%
Operating profit	(59)	7,100	7,159	—

(Music software business)

In the music software business, product sales of CDs and DVDs and the TV program production business progressed mostly as planned, while the music industry has been booming again as events and concerts have resumed.

As a result, net sales and operating profit increased by 4.7% and 63.6%, respectively, year on year.

	(Millions of yen)			
	FY2022	FY2023	Year-on-year change	% change
Net sales	6,430	6,733	303	4.7%
Operating profit	228	373	145	63.6%

(Other businesses)

In the other businesses, the parking business operating “The Park” brand as its new pillar of revenue made steady progress, and the business scale expanded to over 2,500 parking facilities and 30,000 parking spots as of the end of the fiscal year under review. In addition, we strove to expand recognition of “The Park” brand through TV commercials targeting land owners.

As a result, net sales increased by 14.4% year on year owing to factors such as an increase in revenue from the parking business, and operating profit decreased by 7.0% year on year due to the impact of increases in selling, general and administrative expenses, including advertising expenses related to the parking business.

Please note that while the Company acquired all the shares of Crest Co., Ltd., which operates “Break Parking” with 700 parking facilities and 6,000 parking spots in Tokyo, Osaka, Okinawa, and other cities in February, it will be from the next fiscal year (the fiscal year ending March 31, 2025) when it contributes to net sales and profit of the business.

	(Millions of yen)			
	FY2022	FY2023	Year-on-year change	% change
Net sales	12,411	14,200	1,789	14.4%
Operating profit	1,581	1,469	(111)	(7.0)%

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review increased by 22,762 million yen from the end of the previous fiscal year to 211,386 million yen.

Major change from the previous fiscal year was a decrease in cash and deposits by 22,117 million yen in current assets.

In non-current assets, karaoke equipment for rental, construction in progress and goodwill increased by 2,816 million yen, 31,910 million yen and 5,061 million yen, respectively.

Liabilities increased by 21,686 million yen from the end of the previous fiscal year to 102,394 million yen.

This was mainly due to an increase of 20,398 million yen in long-term borrowings in non-current liabilities.

Net assets increased by 1,075 million yen from the end of the previous fiscal year to 108,991 million yen.

The decrease is primarily attributable to an increase in retained earnings of 12,568 million yen due to profit attributable to owners of parent, a decrease in retained earnings of 6,103 million yen due to the dividends of surplus, and a decrease of 6,000 million yen due to purchase of treasury shares.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and deposits (hereinafter referred to as “funds”) at the end of the fiscal year under review decreased by 22,117 million yen from the previous fiscal year to 49,306 million yen.

The following is an overview of cash flows in the fiscal year under review.

(Cash Flows from Operating Activities)

Funds provided by operating activities increased by 1,930 million yen year on year to 26,799 million yen, mainly due to profit before income taxes of 18,694 million yen, depreciation of 12,937 million yen and income taxes paid of 4,722 million yen.

(Cash Flows from Investing Activities)

Funds used in investing activities increased by 43,810 million yen year on year to 55,915 million yen, mainly due to purchase of property, plant and equipment of 45,727 million yen, purchase of intangible assets of 3,172 million yen, payments for acquisition of video licenses of 1,735 million yen and purchase of shares of subsidiaries resulting in change in scope of consolidation of 4,821 million yen.

(Cash Flows from Financing Activities)

Funds provided by financing activities were 6,926 million yen (funds used in the previous fiscal year amounted to 9,493 million yen), mainly due to proceeds from long-term borrowings of 30,655 million yen, repayments of long-term borrowings of 10,842 million yen, dividends paid of 6,103 million yen and purchase of treasury shares of 6,000 million yen.

(Reference) Cash flow indicators

	As of March 31				
	2020	2021	2022	2023	2024
Equity ratio (%)	74.0	55.8	57.4	56.4	50.9
Equity ratio at market value (%)	89.4	125.2	105.3	126.4	98.0
Ratio of interest-bearing debt to cash flow (years)	0.5	6.5	2.6	1.8	2.4
Interest coverage ratio (times)	243.8	39.2	90.9	143.4	192.9

Notes: Equity ratio is shareholders' equity divided by total assets.

Equity ratio at market value is market capitalization divided by total assets.

Ratio of interest-bearing debt to cash flow is interest-bearing debt divided by cash flow.

Interest coverage ratio is cash flow divided by interest expenses.

- All figures are calculated on a consolidated basis.
- Market capitalization is calculated by multiplying closing share price at fiscal year-end by the number of shares issued less treasury shares at fiscal year-end.

3. Cash flows from operating activities on the consolidated statements of cash flows are used as “cash flow.”
4. Interest-bearing debt represents the sum of all liabilities on the consolidated balance sheets subject to interest payment. Interest paid on the consolidated statements of cash flows is used as “interest expenses.”

(4) Future Outlook

The economic outlook is expected to remain uncertain due to factors such as concerns for price hikes of commodities impacted by fluctuations in exchange rates and overseas affairs, while consumer spending is expected to continue to recover moderately on the back of an improvement in the employment and income environments.

In the domestic karaoke market, a moderate improvement trend is expected to continue overall as the use of karaoke will continue to expand in the senior’s market including nursing facilities, as well as its moderate increase is observed in the karaoke cabin market and hotel/inn market, although the rebound from the COVID-19 pandemic terminated its cycle in the night business.

Recognizing these circumstances, the Group will strive to strengthen its competitiveness and profitability through the enhancement of the brand value of “DAM” and “BIG ECHO” by proactively investing management resources in the commercial karaoke business that has a high market share and the karaoke cabin and restaurant business as its mid-to-long term management strategy. In addition, it will aim at sustainable growth by also focusing on the development of parking business that has been growing.

In the commercial karaoke business, we will work to increase the number of DAM systems in operation through a sales structure that utilizes local-based face-to-face sales as well as websites to broaden the breadth of karaoke users by implementing actions tailored to each market. In addition, continuing from the fiscal year under review, we will pursue investment into replacement of rental equipment assets, and investment into karaoke contents such as sound tracks and video, aiming to strengthen our stable profit base and further increase the value of DAM brand. In the seniors’ market, we will contribute to the solution of social issues as well such as extending healthy lifespans and reducing workloads for care facility staff through sales and marketing of FREE DAM LIFE, which is the equipment dedicated for the senior’s market, and promotion of appealing new functions such as the “scheduling function.”

In the karaoke cabin and restaurant business, we will work to improve customer satisfaction through the provision of higher quality services by advancing the systematization to applicable parts including the introduction of automated reception and payment, as well as posting a slogan of “BIG SMILE, BIG ECHO.” and further enhancing equipment at BIG ECHO nationwide, as a chain directly operated by a karaoke system manufacturer, such as the equipment for karaoke, sound, and aesthetics. Additionally, continuing from the fiscal year under review, we will strive to appeal to customers with the joy of karaoke, through a variety of campaigns such as collaboration with artists and animation works.

In the music software business, we will work to discover new artists and create hit songs while also focusing on the music publishing business to construct a steady earnings model.

Additionally, in the parking business, which we are currently focusing on as a growing business, we will pursue development of new facilities, including M&As, and aim to grow the size of the business further, while also working to spread awareness of “The Park” brand through methods such as TV commercials.

Based on the above, we expect net sales of 152,700 million yen, operating profit of 18,800 million yen, ordinary profit of 19,600 million yen and profit attributable to owners of parent of 13,100 million yen in the next fiscal year.

The earnings forecast has been made based on information available as of the publication date of this material, and actual operating results may differ from such forecasts due to various factors.

2. Basic Policy on Selection of Accounting Standards

The Group’s policy for the time being is to apply Japanese GAAP. The Group will consider whether to apply International Financial Reporting Standards (IFRS) taking into account trends of other companies in Japan.

Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	71,812	49,694
Notes receivable - trade	44	72
Accounts receivable - trade	5,323	5,822
Inventories	11,735	11,216
Other	4,888	7,005
Allowance for doubtful accounts	(374)	(331)
Total current assets	93,429	73,479
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,894	14,348
Accumulated depreciation	(8,954)	(9,367)
Buildings and structures, net	4,939	4,980
Karaoke equipment for rental	51,490	55,880
Accumulated depreciation	(45,183)	(46,757)
Karaoke equipment for rental, net	6,306	9,122
Karaoke cabin and restaurant facilities	46,078	48,153
Accumulated depreciation	(36,885)	(37,277)
Karaoke cabin and restaurant facilities, net	9,192	10,875
Land	40,218	40,111
Construction in progress	209	32,120
Other	7,226	8,439
Accumulated depreciation	(5,801)	(6,418)
Other, net	1,424	2,021
Total property, plant and equipment	62,292	99,233
Intangible assets		
Goodwill	606	5,668
Other	6,056	5,616
Total intangible assets	6,663	11,285
Investments and other assets		
Investment securities	4,914	6,060
Long-term loans receivable	516	391
Deferred tax assets	5,117	5,065
Leasehold and guarantee deposits	14,477	14,341
Other	1,352	1,655
Allowance for doubtful accounts	(140)	(126)
Total investments and other assets	26,237	27,388
Total non-current assets	95,193	137,906
Total assets	188,623	211,386

DAIICHIKOSHO CO., LTD.

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
(Millions of yen)		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,954	4,332
Short-term borrowings	13,511	12,885
Accounts payable - other	8,974	9,703
Income taxes payable	3,106	4,746
Contract liabilities	1,038	912
Provision for bonuses	1,151	1,214
Other	2,551	3,118
Total current liabilities	35,288	36,914
Non-current liabilities		
Long-term borrowings	31,135	51,533
Deferred tax liabilities	44	35
Provision for retirement benefits for directors (and other officers)	1,113	666
Retirement benefit liability	7,991	7,986
Asset retirement obligations	2,018	1,879
Other	3,115	3,379
Total non-current liabilities	45,419	65,480
Total liabilities	80,707	102,394
Net assets		
Shareholders' equity		
Share capital	12,350	12,350
Capital surplus	4,211	4,211
Retained earnings	89,885	96,350
Treasury shares	(571)	(6,571)
Total shareholders' equity	105,876	106,340
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,047	1,466
Revaluation reserve for land	(733)	(733)
Foreign currency translation adjustment	99	188
Remeasurements of defined benefit plans	160	320
Total accumulated other comprehensive income	574	1,240
Share acquisition rights	292	374
Non-controlling interests	1,172	1,035
Total net assets	107,915	108,991
Total liabilities and net assets	188,623	211,386

**(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)**

	(Millions of yen)	
	FY2022 (From April 1, 2022, to March 31, 2023)	FY2023 (From April 1, 2023, to March 31, 2024)
Net sales	128,156	146,746
Cost of sales	83,715	94,143
Gross profit	44,441	52,602
Selling, general and administrative expenses		
Advertising expenses	1,265	1,640
Promotion expenses	1,365	1,701
Packing and freight expenses	718	731
Remuneration for directors (and other officers)	1,114	1,104
Provision for retirement benefits for directors (and other officers)	157	110
Salaries and bonuses	13,346	13,840
Provision for bonuses	899	945
Retirement benefit expenses	573	563
Rent expenses	1,035	1,044
Depreciation	739	656
Other	10,270	11,663
Total selling, general and administrative expenses	31,486	34,000
Operating profit	12,954	18,601
Non-operating income		
Interest income	23	25
Dividend income	131	143
Commission income	136	164
Insurance claim income	259	154
Cooperative monetary aid received	187	188
Compensation income	—	310
Other	418	408
Total non-operating income	1,156	1,394
Non-operating expenses		
Interest expenses	173	171
Foreign exchange losses	86	10
Commission expenses	14	38
Cancellation penalty	39	52
Other	196	160
Total non-operating expenses	510	434
Ordinary profit	13,601	19,561
Extraordinary income		
Gain on sale of non-current assets	81	102
Gain on sale of investment securities	0	—
Gain on sale of shares of subsidiaries and associates	—	293
Gain on bargain purchase	112	—
Subsidy income	2,928	—
Total extraordinary income	3,121	396
Extraordinary losses		
Loss on disposal of non-current assets	104	172
Impairment losses	3,130	1,091
Loss on valuation of investment securities	150	—
Total extraordinary losses	3,385	1,264
Profit before income taxes	13,337	18,694
Income taxes - current	3,800	6,321
Income taxes - deferred	1,177	(234)
Total income taxes	4,978	6,086
Profit	8,359	12,607
Profit attributable to non-controlling interests	38	39
Profit attributable to owners of parent	8,320	12,568

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	FY2022 (From April 1, 2022, to March 31, 2023)	FY2023 (From April 1, 2023, to March 31, 2024)
Profit	8,359	12,607
Other comprehensive income		
Valuation difference on available-for-sale securities	441	418
Foreign currency translation adjustment	30	88
Remeasurements of defined benefit plans, net of tax	186	159
Total other comprehensive income	658	666
Comprehensive income	9,018	13,273
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,979	13,234
Comprehensive income attributable to non-controlling interests	38	39

(3) Consolidated Statements of Changes in Equity
FY2022 (from April 1, 2022, to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,350	4,114	87,733	(570)	103,628
Changes during period					
Dividends of surplus			(6,168)		(6,168)
Profit attributable to owners of parent			8,320		8,320
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		96			96
Net changes in items other than shareholders' equity					
Total changes during period	—	96	2,151	(0)	2,248
Balance at end of period	12,350	4,211	89,885	(571)	105,876

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	606	(733)	69	(26)	(84)	219	1,397	105,160
Changes during period								
Dividends of surplus								(6,168)
Profit attributable to owners of parent								8,320
Purchase of treasury shares								(0)
Change in ownership interest of parent due to transactions with non-controlling interests								96
Net changes in items other than shareholders' equity	441	—	30	186	658	73	(225)	506
Total changes during period	441	—	30	186	658	73	(225)	2,755
Balance at end of period	1,047	(733)	99	160	574	292	1,172	107,915

FY2023 (from April 1, 2023, to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,350	4,211	89,885	(571)	105,876
Changes during period					
Dividends of surplus			(6,103)		(6,103)
Profit attributable to owners of parent			12,568		12,568
Purchase of treasury shares				(6,000)	(6,000)
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	6,464	(6,000)	464
Balance at end of period	12,350	4,211	96,350	(6,571)	106,340

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,047	(733)	99	160	574	292	1,172	107,915
Changes during period								
Dividends of surplus								(6,103)
Profit attributable to owners of parent								12,568
Purchase of treasury shares								(6,000)
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes in items other than shareholders' equity	418	—	88	159	666	82	(137)	611
Total changes during period	418	—	88	159	666	82	(137)	1,075
Balance at end of period	1,466	(733)	188	320	1,240	374	1,035	108,991

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2022 (From April 1, 2022, to March 31, 2023)	FY2023 (From April 1, 2023, to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	13,337	18,694
Depreciation	10,867	12,937
Amortization of goodwill	108	74
Impairment losses	3,130	1,091
Increase (decrease) in provision for retirement benefits for directors (and other officers)	119	(389)
Interest and dividend income	(155)	(168)
Interest expenses	173	171
Foreign exchange losses (gains)	(26)	(71)
Loss (gain) on sale of investment securities	(0)	—
Loss (gain) on sale of shares of subsidiaries and associates	—	(293)
Loss (gain) on valuation of investment securities	150	—
Loss (gain) on disposal of non-current assets	22	70
Subsidy income	(2,928)	—
Gain on bargain purchase	(112)	—
Decrease (increase) in trade receivables	(1,233)	(714)
Decrease (increase) in inventories	(4,137)	404
Transfer of cost of sales on karaoke equipment for rental	49	71
Decrease (increase) in advance payments to suppliers	(351)	(510)
Increase (decrease) in trade payables	2,330	(663)
Increase (decrease) in accounts payable - other	2,318	701
Other, net	918	85
Subtotal	24,581	31,491
Interest and dividends received	155	169
Interest paid	(173)	(138)
Subsidies received	3,096	—
Income taxes paid	(2,790)	(4,722)
Net cash provided by (used in) operating activities	24,869	26,799
Cash flows from investing activities		
Payments into time deposits	(334)	(34)
Proceeds from withdrawal of time deposits	34	34
Purchase of property, plant and equipment	(7,462)	(45,727)
Proceeds from sale of property, plant and equipment	333	173
Purchase of intangible assets	(3,199)	(3,172)
Payments for acquisition of video licenses	(1,246)	(1,735)
Proceeds from sale of investment securities	0	—
Purchase of investment securities	—	(547)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(4,821)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	143	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	98
Payments for acquisition of businesses	(16)	—
Loan advances	(149)	(75)
Proceeds from collection of loans receivable	212	217
Payments of leasehold and guarantee deposits	(671)	(290)
Proceeds from refund of leasehold and guarantee deposits	356	230
Other, net	(102)	(263)
Net cash provided by (used in) investing activities	(12,104)	(55,915)

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2022 (From April 1, 2022, to March 31, 2023)	FY2023 (From April 1, 2023, to March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,235)	(653)
Proceeds from long-term borrowings	130	30,655
Repayments of long-term borrowings	(1,052)	(10,842)
Dividends paid	(6,168)	(6,103)
Purchase of treasury shares	(0)	(6,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(159)	—
Other, net	(7)	(127)
Net cash provided by (used in) financing activities	(9,493)	6,926
Effect of exchange rate change on cash and cash equivalents	26	71
Net increase (decrease) in cash and cash equivalents	3,298	(22,117)
Cash and cash equivalents at beginning of period	68,125	71,423
Cash and cash equivalents at end of period	71,423	49,306

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Consolidated Statements of Income)

Subsidy income

Following the issuance of the declaration of state of emergency due to the spread of COVID-19, employment adjustment subsidies, which are subsidies that are provided to cover salaries, etc. for the period during which employees are furloughed, as well as subsidies, etc. that are received from the national government, local municipalities, etc., have been posted in subsidy income.

(Segment Information)

1. Overview of reportable segments

Reportable segments of the Group consist of units for which separate financial information is available and are regularly reviewed by the Company's Board of Directors to determine allocation of management resources and evaluate performance.

The Group operates business headquarters by product and service at its head office, each of which formulates a comprehensive strategy for its products and services and performs business activities.

Accordingly, the Group consists of segments by product and service based on business headquarters, and has three reportable segments, namely, the Commercial Karaoke business, the Karaoke Cabin and Restaurant business and the Music Software business.

The Commercial Karaoke business sells and leases commercial karaoke equipment, and provides on-demand karaoke video and audio contents. The Karaoke Cabin and Restaurant business operates karaoke cabins and restaurants. The Music Software business produces and sells music and visual software.

2. Information on the calculation method for the amounts of sales, profit or loss, assets, liabilities and other items by reportable segment

Segment profit is based on operating profit.

Assets are not allocated to business segments.

3. Information on the amounts of sales, profit or loss, assets, liabilities and other items by reportable segment

FY2022 (From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjusted amount (Note 2)	Posted amount to the consolidated statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales								
Sales to third parties	57,731	51,584	6,430	115,745	12,411	128,156	—	128,156
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	57,731	51,584	6,430	115,745	12,411	128,156	—	128,156
Segment profit or Segment loss (Operating profit or Operating loss)	13,593	(59)	228	13,762	1,581	15,343	(2,388)	12,954
Other items								
Depreciation and amortization	6,647	1,999	22	8,669	695	9,365	150	9,515
Amortization of goodwill	22	—	—	22	85	108	—	108

- Notes: 1. The category “Other” comprises a business segment not attributed to reportable segments, including parking, real estate leasing and BGM broadcasting businesses.
2. The (2,388) million yen adjustment posted to segment profit or segment loss is primarily composed of general and administrative expenses incurred by the administrative department at the head office that are not attributable to any particular reportable segment.

FY2023 (From April 1, 2023, to March 31, 2024)

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjusted amount (Note 2)	Posted amount to the consolidated statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales								
Sales to third parties	61,078	64,733	6,733	132,545	14,200	146,746	—	146,746
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	61,078	64,733	6,733	132,545	14,200	146,746	—	146,746
Segment profit (Operating profit)	12,384	7,100	373	19,858	1,469	21,328	(2,726)	18,601
Other items								
Depreciation and amortization	8,152	2,184	25	10,363	951	11,315	135	11,451
Amortization of goodwill	—	—	—	—	74	74	—	74

- Notes: 1. The category “Other” comprises a business segment not attributed to reportable segments, including parking, real estate leasing and BGM broadcasting businesses.
2. The (2,726) million yen adjustment posted to segment profit is primarily composed of general and administrative expenses incurred by the administrative department at the head office that are not attributable to any particular reportable segment.

(Per Share Information)

	FY2022 (From April 1, 2022, to March 31, 2023)	FY2023 (From April 1, 2023, to March 31, 2024)
Net assets per share	974.95 yen	1,006.80 yen
Basic earnings per share	76.21 yen	117.01 yen
Diluted earnings per share	76.08 yen	116.76 yen

Notes: 1. Shares were split on April 1, 2023 at a ratio of 2 for 1 common share. Net assets per share, basic earnings per share and diluted earnings per share were calculated as if said split had been carried out at the beginning of the previous fiscal year.

2. The basis of calculation of basic earnings per share and diluted earnings per share are as follows:

	FY2022 (From April 1, 2022, to March 31, 2023)	FY2023 (From April 1, 2023, to March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	8,320	12,568
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (Millions of yen)	8,320	12,568
Average number of common shares during the period (Thousand shares)	109,185	107,412
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	—	—
Increase in number of common shares (Thousand shares)	179	226
[Of which, share acquisition rights] (Thousand shares)	[179]	[226]
Overview of potential shares not included in the calculation of diluted earnings per share due to lack of dilutive effect	—	—

(Significant Subsequent Events)

Not applicable.