

To Our Stakeholders

TOP MESSAGE

I would like to begin by expressing my appreciation to our shareholders for their continued support.

We hereby report our financial results for the first six months of our 50th fiscal year.

During the first six months of the fiscal year under review, we took action to reestablish a stable profit base, proceeding with investment that we had been unable to pursue fully over the years affected by COVID-19. This investment primarily targeted the commercial karaoke business and the karaoke room and restaurant business.

In the commercial karaoke business, we took the initiative in replacing rental equipment with new models and responded to a thriving live music scene featuring music festivals and other events by further enriching video content—one of DAM's strengths—to enhance the appeal of our DAM products. Our FREE DAM LIFE model, developed exclusively for the seniors' market, was rated highly by both staff and users of care facilities; we are now taking steps to increase its use beyond facilities for seniors to those for people with disabilities or children.

In the karaoke room and restaurant business, we clarified BIG ECHO's status as a chain directly operated by the DAM karaoke system manufacturer and are working to provide singing environments that are impossible for our competitors to match, especially in terms of their aesthetics and the karaoke equipment available. Moreover, with reservations at restaurants remaining robust, we are endeavoring to enhance the quality of customer service while also continuing the development of brands to satisfy emerging needs.

Turning to other businesses, as the parking business, which we are focusing on as our third pillar, steadily expanded in scale, we worked to enhance awareness of THE PARK when it comes to land utilization.

As a result of our implementation of a host of measures in each of these businesses, net sales and profit attributable to owners of parent for the first six months of the fiscal year under review reached record-highs.

In the DAM karaoke business and all our other businesses, our main purpose has always been to provide joy to all our stakeholders. It has now been 30 years since we first launched the DAM system and I am convinced that karaoke is becoming something that people consider indispensable.

The Company will continue further enhancing the appeal of karaoke under the corporate philosophy of "more music to society, more service to society" and contribute to the development of the entire music industry as well as to the resolution of societal issues such as reducing stress and extending healthy lifespans. Through such initiatives, we are targeting sustainable growth as a company that is needed by society for the power of our music and song.

We ask for your continued support and understanding.

President **Tadahiro Hoshi**

To commemorate the 30th anniversary of DAM's launch, we created a sonic logo that expresses its brand image through sound.



Listen to the new sonic logo on the official DAM YouTube channel

INTERVIEW

Senior Managing Corporate Officer
General Manager of Entertainment Business Headquarters,
Chief Officer of Development Headquarters, and Chief Officer of
Music Software Subsidiaries Management Department

Interview with Yasuhito Watanabe

Distributing appealing content to deliver the joy of singing to everybody throughout Japan

Extending beyond karaoke to boost the music industry as a whole

Our aim in the Entertainment Business Headquarters is to fulfill the wishes of karaoke system users who want to revel in the joy of singing with abandon enveloped by high quality sound and immersive video. To that end, we engage in a wide range of activities such as planning and production of song and video content, music publishing, negotiation of rights acquisition, advertising and promotion. Originally, we were the business unit that produced karaoke sound tracks and videos, but having resolved to extend beyond our existing role to enliven the music industry as a whole, we started doing so under our current, new name in April 2021.

These days, declining revenue from CD sales is a source of concern within the music industry, but the truth is that the distribution method has merely shifted from CDs to downloading and streaming, while music itself is thriving, if anything. We are therefore taking action to encourage the flow of customers into karaoke rooms, working on collaborative projects with record companies, music agencies, and artists with the aim of incorporating new trends into karaoke promptly. As an example of one such initiative, we are collaborating with popular Japanese band THE ALFEE as it celebrates its 50th anniversary. We are conducting a campaign whereby customers can receive certificates for singing the band's 50 most popular karaoke songs, with each of the 50 participating BIG ECHO stores offering a certificate specially designed to represent a different song.

Promptly picking up on the trends of the times to enhance customer satisfaction further

The music scene of today is witnessing some astonishing changes. The methods used to distribute music are now increasingly diverse, while unexpected forms of media can cause artists or songs to explode in popularity and spread widely in an instant. In the Entertainment Business Headquarters, we are tasked with the important mission of picking up on such new trends promptly and accurately to create and distribute more appealing karaoke content. We steer clear of conventional choices and keep our antennae alert to the next trend to provide opportunities for music-inspired excitement that enable everyone to immerse themselves in feeling like a hero or heroine.

One successful outcome of this approach is our "LIVIEW!" feature, which takes advantage of the large monitors and high-volume sound typical of karaoke to create an exciting atmosphere for customers whether they are singing or watching by recreating exuberant, dynamic live performances by artists. Other services providing similar content do exist, but we pride ourselves that our "LIVIEW!" dominates the field in terms of the wide array of content it offers, as well as the quality of its sound and video.



In September 2024 we launched a service called ANTENNA! in collaboration with a music distributor; the service distributes songs by up-and-coming artists to DAM karaoke systems. In addition to promptly picking up on songs that are likely to become popular, we are also putting this new service to use in conducting a wider range of marketing activities.

Working to spread the joy of singing far and wide

When we plan and produce karaoke content, we place importance not only on use of resources such as music charts, but also on information gathered in person. Our employees frequently attend concerts and other live performances, where real-life experience enables them to form their own impressions regarding the uniqueness and originality of particular artists and songs, or the audience response. These impressions provide a basis for exchanging and pooling ideas in the course of acquiring new content. It is this ability to identify user needs through first-hand experience, and a culture of uninhibited communication, that comprise our greatest strengths in the Entertainment Business Headquarters.

Now that the COVID-19 pandemic has finally subsided, karaoke rooms have recovered their usual liveliness. Once more we are acutely aware of the joy that singing brings and the value of the power of song that accompanies us in times of laughter and of tears, as well as in times of meeting and of parting.

Singing does more than just lighten our mood; it also affects our bodies positively through breathing and moderate exercise, thereby providing both physical and mental health benefits. As a company, we will continue to produce more appealing content, with our corporate message, "Singing as we go" firmly in mind. I hope you will continue to support us in this endeavor.

Supporting prospective breakout artists through karaoke ANTENNA!



We collaborated with TuneCore Japan, a music distribution service operated by TuneCore Japan KK to launch the ANTENNA! service, which distributes songs by prospective breakout artists to DAM karaoke systems.

DAM marks its 30th anniversary

Having been launched in 1994, the DAM karaoke system marked its 30th anniversary in April 2024. Here we look back at the history of DAM, which has been appreciated by many as it has evolved over the years.

1994/4

DAM-6400



We entered the online karaoke system market with this model featuring unrivalled quality of sound via 64 voice polyphony. We selected a name from suggestions submitted by employees, calling it Daiichikoshō Amusement Multimedia = DAM. At the time of its launch, the system offered 2,000 songs.

2003/10

BB cyber DAM(DAM-G100)



This model is fully compatible with broadband connectivity. Enhanced capabilities in the machine itself enabled distribution of a large volume of songs and live music performances. This model was the first to feature the original version of precision scoring, which boasts unwavering popularity today.

2010/10

LIVE DAM(DAM-XG5000)



Improved graphics features in this model made it the industry's first system fully compatible with HD video. Offering more videos of performances by actual artists and more live music performances, recreating an unrivalled realism equivalent to actually experiencing live performance.

2023/4

LIVE DAM AiR(DAM-XG8000R)

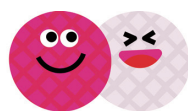


Delivering an even more advanced version of AI-based karaoke, this model added the Excite Live Hall feature to our live sound selection, offering call-and-response and audience sing-alongs to recreate a live-performance level of realism that enables karaoke singers to experience how it feels to be an artist.

BIG ECHO's latest initiatives

We offered “work experience” for children at BIG ECHO

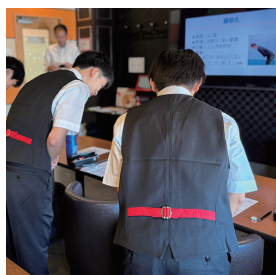
By allowing children to “work” at BIG ECHO, we aimed to help them acquire the morals, etiquette, and communication skills necessary in work, as well as learn adaptability and problem-solving ability by thinking and taking action for themselves. We also wanted to help them learn that all work is connected to pleasing the customer. BIG ECHO will continue conducting social contribution activities to nurture the children who will forge the future, guided by the slogan BIG SMILE, BIG ECHO.



BIG SMILE, BIG ECHO.

Details of “work experience”

The children experienced work typical of BIG ECHO including customer service, maintenance of karaoke machines, kitchen duties, and devising and producing new menus. They were taught how to please customers, and learned the importance of teamwork in a karaoke store.



Practicing greeting customers



Maintaining karaoke machines and microphones



Devising and producing new menus

Reflections of a work experience participant

What made the strongest impression on me during this work experience was the fact that customer service is regarded as the number one priority. In particular, I was surprised to learn that when greeting customers, things like the angle of bowing are specified. It brought home to me how important customer service is in enabling customers to have a pleasant experience.



Two restaurants open under new brands

A restaurant chain operated by the DAIICHIKOSHO Group, DK Dining, is developing new brands to satisfy emerging customer needs. In October 2024, the chain opened Atarayo Japanese Restaurant in front of the East Exit of Shinjuku Station. Offering customers the opportunity to enjoy a discerning selection of soup-stock based dishes, fresh ingredients cooked over a charcoal grill, and delicious sake, Atarayo presents a new Japanese restaurant format and is comprised entirely of private rooms. Additionally, in December, the SHINAGAWA PIVOT entertainment venue, which combines superb wood-fire grilled cuisine with amusement facilities, opened its grill diner area in Shinagawa Prince Hotel East Tower, ahead of opening its amusement area.

DK Dining will continue to offer the joy and excitement of eating out safely and with peace of mind by providing specially selected foods and spaces that cater to customer needs.



和食や
あたらよ 個室
Atarayo

Atarayo Japanese Restaurant
Shinjuku Station East Exit Branch
Opened on October 30, 2024



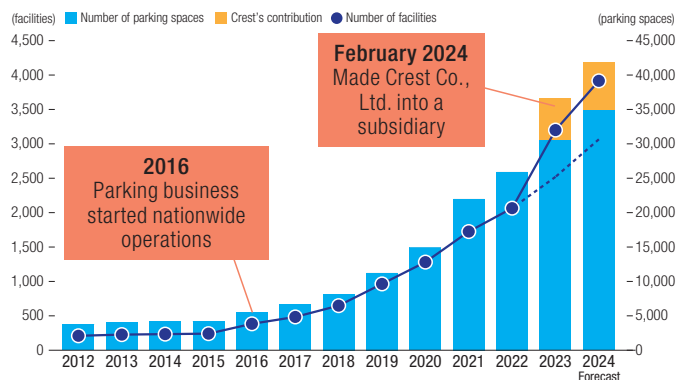
SHINAGAWA
PiVoT
GRILL DINER AMUSEMENT

SHINAGAWA PIVOT
Opened December 6, 2024
*Amusement area due to open in spring 2025

Parking business: THE PARK tops 40,000 parking spaces

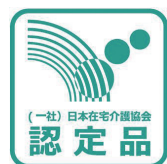


Eight years have passed since our THE PARK parking business started operating nationwide and as of September 30, 2024, it had expanded to 3,600 facilities and more than 40,000 parking spaces. We will seek to grow the business further by generating synergies with Crest Co., Ltd., which became a subsidiary in the previous fiscal year, and continue working to achieve nationwide recognition of THE PARK when it comes to land utilization.



FREE DAM LIFE was rated highly in care facilities, earning a mark of certification

FREE DAM LIFE offers content helping to promote health and prevent the need for long-term care among seniors. Designed for use exclusively with the DK ELDER SYSTEM, this model was awarded a mark of certification issued by the Japan Home Care Association. This association is a home care provider that seeks to improve the quality and efficiency of private-sector home care services as a whole, aiming to help establish societal norms that would enable seniors to receive care with peace of mind.



From April to May 2024, we conducted trials of FREE DAM LIFE in multiple care facilities and followed these up with a questionnaire covering categories such as how easy the system is to use and the extent to which it reduces workload. The questionnaire results showed that FREE DAM LIFE was rated highly in all categories, and this led to the mark of certification being awarded. We will continue contributing to functional training and health maintenance among users of care facilities, as well as to improving working environments on the front lines of care provision.

About the DK ELDER SYSTEM

The system distributes content that promotes health and prevents the need for long-term care by providing functional training and activities to prevent frailty that seniors can enjoy doing continuously. It has been recognized as being effective in maintaining and enhancing overall lifestyle functions including exercise, oral health, and cognition. As of October 2024, the DK ELDER SYSTEM had been installed in over 28,000 elderly care facilities and other facilities nationwide.

FREE DAM LIFE

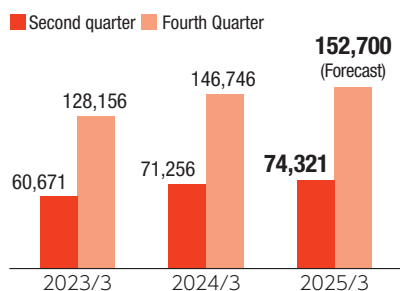


FINANCIAL HIGHLIGHTS

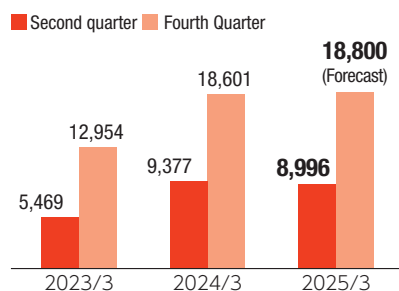
Item	2023/3		2024/3		2025/3	
	Second quarter	Fourth Quarter	Second quarter	Fourth Quarter	Second quarter	Fourth Quarter(Forecast)
Operating results (Millions of yen)						
Net sales	60,671	128,156	71,256	146,746	74,321	152,700
Operating profit	5,469	12,954	9,377	18,601	8,996	18,800
Operating profit to net sales (%)	9.0	10.1	13.2	12.7	12.1	12.3
Ordinary profit	5,773	13,601	9,758	19,561	8,991	18,900
Profit attributable to owners of parent	5,990	8,320	6,576	12,568	9,598	16,200
Financial position (Millions of yen)						
Total assets	184,480	188,623	174,219	211,386	202,631	—
Net assets	108,286	107,915	105,860	108,991	112,635	—
Cash flows (Millions of yen)						
Net cash provided by operating activities	11,367	24,869	9,446	26,799	10,006	—
Net cash used in investing activities	△ 5,901	△ 12,104	△ 9,676	△ 55,915	△ 1,222	—
Net cash used in financing activities	△ 3,500	△ 9,493	△ 19,450	6,926	△ 16,575	—
Cash and cash equivalents at the end of period	70,124	71,423	51,810	49,306	41,530	—
Per share data (Yen)*						
Basic earnings per share	54.86	76.21	60.91	117.01	90.43	154.32
Net assets per share	976.51	974.95	976.58	1,006.80	1,059.00	—
Dividend per share (interim/year-end)	56.00	57.00	28.00	29.00	28.00	29.00
Major management indicators (%)						
Ordinary profit to total assets (ROA)	—	7.4	—	9.8	—	—
Return on equity (ROE)	—	7.9	—	11.7	—	—
Equity ratio	57.8	56.4	59.9	50.9	54.9	—
Payout ratio	—	74.1	—	48.7	—	36.9

*Shares were split on April 1, 2023 at a ratio of 2 for 1 common share. Basic earnings per share and net assets per share are calculated as if said split had been carried out at the beginning of the fiscal year ended March 31, 2023, and dividend per share for the fiscal year ended March 31, 2023 is the actual dividend prior to said split.

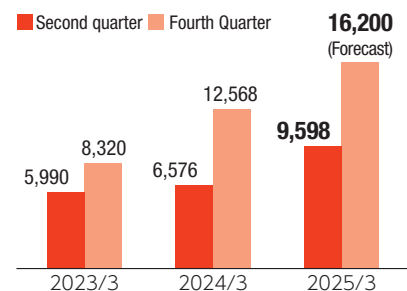
Net sales (Millions of yen)



Operating profit (Millions of yen)



Profit attributable to owners of parent (Millions of yen)

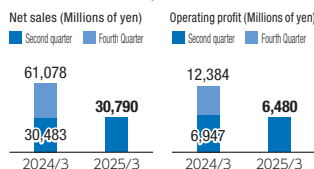


Overview by Segment



Net sales **30,790** million yen

Operating profit **6,480** million yen

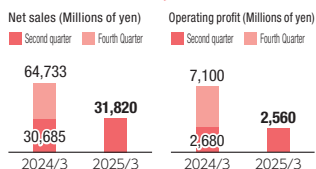


- Performance improved gradually, particularly in the nighttime and seniors' markets.
- Sought to strengthen the stable profit base by increasing the number of equipment rentals and expediting the replacement of previous models with newer ones.
- Strived to improve our Karaoke DAM products by further expanding our visual content.
- In the seniors' market, employed online concerts and other means to promote new features that contribute to reducing the workload in care facilities.
- In product sales, the benefits of new product releases were absent, but net sales increased due to higher recurring income resulting from a rise in the number of transactions.
- Operating profit decreased due to factors including lower product sales and higher selling, general and administrative expenses.



Net sales **31,820** million yen

Operating profit **2,560** million yen

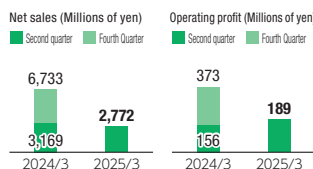


- Karaoke: 5 stores opened, 4 stores closed, 507 stores as of end of first half
- Restaurant: 6 stores opened, 10* stores closed, 155 stores as of end of first half
- *Includes stores combining different businesses
- Despite the impact of Typhoon Shanshan in August 2024, existing store sales amounted to 104% year on year for both karaoke and restaurants.
- At BIG ECHO, worked to renovate stores, improve convenience, and generate joy through karaoke, guided by the slogan "BIG SMILE, BIG ECHO."
- In our restaurants, made progress in visualizing customer satisfaction levels and sought to improve service.
- Despite higher net sales due to increased revenue in existing stores, operating profit decreased slightly, primarily due to investment in restaurant equipment and higher personnel costs.



Net sales **2,772** million yen

Operating profit **189** million yen

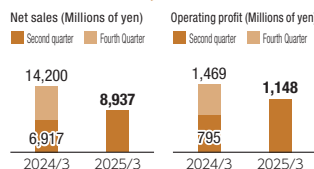


- In addition to working to identify new artists and generate hit songs, also focused on the music publishing business, striving to establish a reliable profit model.
- Sales of videos featuring professional figure skater Yuzuru Hanyu were strong.
- Despite lower net sales due to the absence of revenue from the TV program production business following the transfer of shares in the previous fiscal year, product sales in particular performed well and operating profit increased.



Net sales **8,937** million yen

Operating profit **1,148** million yen



- The parking business we operate under our THE PARK brand expanded further, reaching 3,600 facilities and more than 40,000 parking spaces as of end of first half.
- The business results of Crest Co., Ltd., our parking business company, which became a subsidiary in the previous fiscal year, contributed to overall results from the beginning of the period.
- The BGM business, which operates "Stardigio Air," and the home-use karaoke service, "Karaoke@DAM," also performed strongly.

Enka (Popular Ballad)/Kayokyoku (Pop Songs)

Suzume Satono

A 23-year-old hailing from the city of Kawanishi in Hyogo Prefecture, Suzume was born in December 2000. Having been a fan of traditional Japanese *enka* ballads from early childhood, in 2023 she won second prize in the newcomers' audition organized by Nippon Crown Co., Ltd., and made her debut with the song "Baka Sakaba" on September 4, 2024. Suzume's cheerful personality has given her the catchphrase "Enka with a Smile;" she is a newcomer whose charms lie in her clear, resonant mid-to-high range vocals and lyrical intonation. She is due to appear in NHK's Enka Festival 2024 in December.



J-POP

Jams Collection

Jams Collection is a group comprising eight idols, whose popularity has increased continuously since their stage debut in March 2021. The group is also attracting even greater popularity and attention via social media, and now has more than 1.8 million followers. Its members are active in wide range of spheres, including working as fashion models and for other photo shoots. Last year the group successfully performed as the sole act in a live event at Makuhari Messe, and in November 2024 they marked their third year by performing live as the sole act again, this time at the Nippon Budokan. They are developing into a leading group that is attracting increasing attention within the Japanese idol scene.



CORPORATE INFORMATION (as of September 30, 2024)

Corporate Profile

Corporate name	DAIICHIKOSHO CO., LTD.
Established	April 16, 1973
Capital	12,350 million yen
Number of employees	Parent: 2,038 Group: 3,518
Description of main businesses	Commercial karaoke business, karaoke room and restaurant business, music software business and other businesses
Consolidated subsidiaries	Domestic sales subsidiaries: 25 companies Other domestic subsidiaries: 11 companies Overseas subsidiaries: 2 companies

Status of the Shares

Number of authorized shares	400,000,000 shares
Number of outstanding shares	109,468,400 shares
Number of shareholders	44,507

Major Shareholders

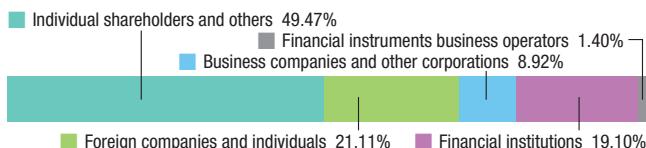
Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Tadahiro Hoshi	12,492	11.90
Harutoshi Hoshi	12,239	11.66
The Master Trust Bank of Japan, Ltd. (Trust account)	11,030	10.51
JP MORGAN CHASE BANK 380055	5,868	5.59
Hoshi Create Co., Ltd.	4,899	4.67

* Shareholding ratio is calculated after deducting 4,495 thousand treasury shares.

Executive Officers

President	Tadahiro Hoshi	Corporate Auditor (standing, outside)	Hiroshi Umetsu
Director	Kenji Otsuka	Corporate Auditor (standing)	Fumiaki Koizumi
Director	Takeshi Iijima	Corporate Auditor (part-time)	Hiroyoshi Shibano
Director	Harutoshi Hoshi	Corporate Auditor (Outside, Part-time)	Masakane Fukuda
Director (outside)	Katsuya Taruishi		
Director (outside)	Miki Kashizaki		

Shareholding Ratio by Category



Shareholder Special Benefits

Shareholders recorded in the final shareholder registry on September 30, 2024 as holding 200 or more shares will be granted special benefits coupons according to the number of shares held.

Details of benefits	Issued semiannually	
	Special benefits coupon ^(*)	Exchange with CD(s) ^(*)
Number of shares held		
200 to 1,999 shares	Ten sheets of 500-yen coupon	1 CD
2,000 shares or more	25 sheets of 500-yen coupon	2 CDs

(*) The coupons can be used at BIG ECHO and KARAOKE MAC karaoke rooms and restaurants operated by the DAIICHIKOSHO Group including RAKUZO, UMEKO-NO-IE, and JIBUNDOKI.

(*) CD albums are granted in exchange for total face value of coupons held.

Timing of delivery On or after December 4, 2024

Validity period January 1, 2025 to June 30, 2025

Information for Shareholders

Business term	From April 1 of each year to March 31 of the following year
Ordinary General Meeting of Shareholders	June of each year
Record date for the above	Ordinary General Meeting of Shareholders: March 31 Other occasions: Other record date separately determined as necessary upon a public notice
Record date of shareholders to receive dividends from surplus	Year-end dividend: March 31 Interim dividend: September 30
Number of shares constituting one unit	100 shares

Method of public notice	Electronic public notice If it is impracticable to provide an electronic public notice because of an accident or any other unavoidable reason, a public notice will be provided in the Nihon Keizai Shimbun.
Transfer agent and account management institution for the special account	Mitsubishi UFJ Trust and Banking Corporation
Contact of above (postal address and telephone number)	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division 1-1 Nikko-cho, Fuchu-shi, Tokyo Telephone: 0120-232-711 (toll-free in Japan only) Postal address: Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division Shin-Tokyo Post Office, PO Box No. 29, 137-8081, Japan