

**Translation**

This report is a translation of excerpts from original Japanese Flash Report and for reference purpose only. In case of discrepancy between this report and original Japanese Flash Report, the latter shall prevail.

FY2023, the year ending March 31, 2024

## Flash Report on the Consolidated Results for the First Quarter Ended June 30, 2023 [JGAAP]

August 9, 2023

Company Name: **DAIICHIKOSHO CO., LTD.**  
 Stock Exchange Listing: Tokyo Stock Exchange  
 Code Number: 7458  
 URL: <https://www.dkkaraoke.co.jp/>  
 Representative: Tadahiro Hoshi, President  
 Contact: Yasuhisa Nishihara, General Manager, Accounting Department  
 Phone: +81-3-3280-2151  
 Date to Submit the Quarterly Securities Report: August 10, 2023  
 Start Date for Dividend Payment: —  
 Availability of Supplementary Briefing Material on Quarterly Financial Results: None  
 Schedule of Quarterly Financial Results Briefing Session: None

(Amounts below one million yen are truncated.)

### 1. Consolidated Performance for the Three Months Ended June 30, 2023 (From April 1, 2023, to June 30, 2023)

#### (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	%
Three months ended June 30, 2023	35,381	16.9	4,757	57.5	5,003	54.5
Three months ended June 30, 2022	30,276	48.4	3,021	—	3,237	—

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Three months ended June 30, 2023	3,443	1.6	31.73	31.67
Three months ended June 30, 2022	3,390	—	31.05	31.01

(Notes) 1. Comprehensive income:

Three months ended June 30, 2023: 3,796 million yen 9.7%

Three months ended June 30, 2022: 3,458 million yen — %

2. 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
	Millions of yen	Millions of yen	%
As of June 30, 2023	173,515	105,591	60.0
As of March 31, 2023	188,623	107,915	56.4

## (Reference) Shareholders' equity:

As of June 30, 2023:	104,115 million yen
As of March 31, 2023:	106,451 million yen

## 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 ending March 31, 2024	—				
Year ending March 31, 2024 (forecast)		28.00	—	29.00	57.00

(Notes) 1. Changes in dividends forecast from most recently announced figures: None

2. 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 FY2023, the Year Ending March 31, 2024 (From April 1, 2023, to March 31, 2024)

(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, 2023	71,000	17.0	8,900	62.7	9,400	62.8
Year ending March 31, 2024 (full year)	144,500	12.8	18,000	38.9	19,100	40.4

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2023	6,400	6.8	59.29
Year ending March 31, 2024 (full year)	12,700	52.6	117.65

(Note) Changes in forecast of consolidated performance from most recently announced figures: Yes

For the revision of the forecast of consolidated performance, please refer to "Notice on the Revision of Performance Forecast," which was announced today (August 9, 2023).

**\*Notes**

- (1) Significant changes in subsidiaries during the period under review (changes to specific subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of special accounting policies for quarterly financial statements: None
- (3) Changes in accounting standard, accounting estimation change and error correction
- 1) Changes due to changes in accounting standard: None
  - 2) Changes due to changes in accounting standard except (3) 1): None
  - 3) Changes due to accounting estimation change: None
  - 4) Error correction: None

## (4) Number of common shares issued

1) Number of shares issued (including treasury shares)	As of June 30, 2023	109,468,400 shares	As of March 31, 2023	109,468,400 shares
2) Number of treasury shares	As of June 30, 2023	1,521,607 shares	As of March 31, 2023	282,604 shares
3) Average number of shares during the period	Three months ended June 30, 2023	108,547,545 shares	Three months ended June 30, 2022	109,185,880 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.

\* These consolidated financial results are outside the scope of quarterly review 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 “Explanation of Forecast of Consolidated Performance and Other Forward-looking Information” on page 7 of the Attachments.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Performance .....	5
(1) Explanation of Operating Results .....	5
(2) Explanation of Financial Position .....	7
(3) Explanation of Forecast of Consolidated Performance and Other Forward-looking Information .....	7
2. Quarterly Consolidated Financial Statements and Primary Notes .....	8
(1) Quarterly Consolidated Balance Sheets .....	8
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	10
(Quarterly Consolidated Statements of Income) .....	10
(Quarterly Consolidated Statements of Comprehensive Income) .....	11
(3) Notes to Quarterly Consolidated Financial Statements .....	12
(Notes on Going Concern Assumption) .....	12
(Notes in Case of Significant Changes in Shareholders' Equity) .....	12
(Segment Information) .....	12
(Quarterly Consolidated Statements of Income) .....	13

## 1. Qualitative Information on Quarterly Performance

### (1) Explanation of Operating Results

In the three months ended June 30, 2023 (the “three months under review”), Japan’s economy showed signs of a moderate recovery 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 in May and a recovery trend in consumer spending and capital expenditures. 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 sharp fluctuations in exchange rates and price hikes of commodities.

In the karaoke industry, where DAIICHIKOSHO CO., LTD. (the “Company,” together with its subsidiaries, the “Group”) operates, while the negative impact of the COVID-19 pandemic waned, 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 three months under review, net sales amounted to 35,381 million yen (up 16.9% year on year), operating profit was 4,757 million yen (up 57.5% year on year), and ordinary profit was 5,003 million yen (up 54.5% year on year). Profit attributable to owners of parent amounted to 3,443 million yen (up 1.6% year on year), as subsidy income of 1,675 million yen posted in the previous corresponding period was absent in the three months under review.

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Year-on-year change	% change
Net sales	30,276	35,381	5,104	16.9%
Operating profit	3,021	4,757	1,736	57.5%
Ordinary profit	3,237	5,003	1,765	54.5%
Profit attributable to owners of parent	3,390	3,443	53	1.6%

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 since its release.

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 7.4% 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, while operating profit decreased by 1.4% year on year mainly due to an increase in selling, general and administrative expenses.

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Year-on-year change	% change
Net sales	14,336	15,393	1,056	7.4%
Operating profit	3,773	3,719	(53)	(1.4%)

(Karaoke cabin and restaurant business)

In the karaoke cabin and restaurant business, we opened two karaoke cabins and two restaurants and closed two restaurants, and we operated 510 karaoke cabins and 171 restaurants as of the end of the three months 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 three months under review. During the three months under review, existing karaoke cabin sales recovered to a level approximately 10% lower than before the COVID-19 pandemic and restaurants to a level approximately 10% higher, for an approximately 25% increase for karaoke cabins and approximately 35% increase for restaurants, year on year.

Under such circumstances, for BIG ECHO karaoke cabins, which will mark its 35th anniversary in September, we tried to bring back customers visiting karaoke cabins less frequently than before, through collaboration with popular artists such as Yuuri and Momoiro Clover Z, 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, for example, expanding the call center function to win more reservations for banquets and opening darts businesses (DARTS ONE Ueno Ekimae-ten, REGALO Shinjuku Higashiguchi-ten). As a result, net sales increased by 32.1% year on year, and operating profit amounted to 1,219 million yen.

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Year-on-year change	% change
Net sales	11,365	15,012	3,647	32.1%
Operating profit	(530)	1,219	1,750	—

(Music software business)

In the music software business, product sales of CDs and DVDs and the TV program production business made steady progress, while the music industry has been booming again as events and concerts have started to resume.

As a result, net sales decreased by 0.8% year on year and operating profit increased by 5.0% year on year.

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Year-on-year change	% change
Net sales	1,582	1,571	(11)	(0.8%)
Operating profit	58	61	2	5.0%

(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 more than 2,100 parking facilities and 27,000 parking spots as of the end of the three months under review.

As a result, net sales increased by 13.8% year on year owing to factors such as an increase in revenue from the parking business, and operating profit increased by 1.6% year on year.

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Year-on-year change	% change
Net sales	2,990	3,404	413	13.8%
Operating profit	407	414	6	1.6%

(2) Explanation of Financial Position

Total assets at the end of the three months under review decreased by 15,107 million yen from the end of the previous fiscal year to 173,515 million yen.

Major changes from the previous fiscal year were a decrease in cash and deposits by 19,964 million yen, and an increase in prepaid expenses included in “other” by 1,868 million yen, in current assets.

In non-current assets, karaoke equipment for rental and karaoke cabin and restaurant facilities increased by 925 million yen and 781 million yen, respectively.

Liabilities decreased by 12,783 million yen from the end of the previous fiscal year to 67,924 million yen.

Major changes from the previous fiscal year were decreases in notes and accounts payable – trade and income taxes payable by 841 million yen and 1,351 million yen, respectively, in current liabilities.

In non-current liabilities, long-term borrowings decreased by 9,895 million yen.

Net assets decreased by 2,324 million yen from the end of the previous fiscal year to 105,591 million yen.

The decrease is primarily attributable to an increase in retained earnings of 3,443 million yen due to profit attributable to owners of parent, a decrease in retained earnings of 3,111 million yen due to the dividends of surplus, and a decrease of 3,012 million yen due to purchase of treasury shares.

(3) Explanation of Forecast of Consolidated Performance and Other Forward-looking Information

For the forecast of consolidated performance for the six months ending September 30, 2023, and the year ending March 31, 2024, please refer to “Notice on the Revision of Performance Forecast,” which was announced today (August 9, 2023).

The forecast was prepared based on information available on the date this report was released, and actual results may vary from forecast values due to various factors in the future.

## Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2022 (As of March 31, 2023)	Current First quarter (As of June 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	71,812	51,847
Notes and accounts receivable – trade	5,367	5,608
Inventories	11,735	11,682
Other	4,888	7,218
Allowance for doubtful accounts	(374)	(338)
Total current assets	93,429	76,018
Non-current assets		
Property, plant and equipment		
Karaoke equipment for rental, net	6,306	7,232
Karaoke cabin and restaurant facilities, net	9,192	9,974
Land	40,218	40,218
Other, net	6,574	6,796
Total property, plant and equipment	62,292	64,221
Intangible assets		
Goodwill	606	588
Other	6,056	5,871
Total intangible assets	6,663	6,459
Investments and other assets		
Investment securities	4,914	5,358
Leasehold and guarantee deposits	14,477	14,470
Other	6,986	7,126
Allowance for doubtful accounts	(140)	(138)
Total investments and other assets	26,237	26,816
Total non-current assets	95,193	97,497
<b>Total assets</b>	<b>188,623</b>	<b>173,515</b>



DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2022 (As of March 31, 2023)	Current First quarter (As of June 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	4,954	4,113
Short-term borrowings	13,511	13,376
Income taxes payable	3,106	1,754
Provision for bonuses	1,151	629
Other	12,564	12,883
Total current liabilities	35,288	32,757
Non-current liabilities		
Long-term borrowings	31,135	21,239
Provision for retirement benefits for directors (and other officers)	1,113	607
Retirement benefit liability	7,991	8,129
Asset retirement obligations	2,018	1,971
Other	3,160	3,218
Total non-current liabilities	45,419	35,167
Total liabilities	80,707	67,924
<b>Net assets</b>		
Shareholders' equity		
Share capital	12,350	12,350
Capital surplus	4,211	4,211
Retained earnings	89,885	90,217
Treasury shares	(571)	(3,583)
Total shareholders' equity	105,876	103,195
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,047	1,339
Revaluation reserve for land	(733)	(733)
Foreign currency translation adjustment	99	155
Remeasurements of defined benefit plans	160	159
Total accumulated other comprehensive income	574	920
Share acquisition rights	292	303
Non-controlling interests	1,172	1,172
Total net assets	107,915	105,591
Total liabilities and net assets	188,623	173,515

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

	(Millions of yen)	
	Three months ended June 30, 2022 (From April 1, 2022, to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023, to June 30, 2023)
Net sales	30,276	35,381
Cost of sales	19,417	22,355
Gross profit	10,858	13,026
Selling, general and administrative expenses	7,837	8,269
Operating profit	3,021	4,757
Non-operating income		
Interest income	3	3
Insurance claim income	67	10
Cooperative monetary aid received	50	60
Foreign exchange gains	—	19
Other	211	222
Total non-operating income	332	316
Non-operating expenses		
Interest expenses	43	37
Foreign exchange losses	18	—
Cancellation penalty	1	2
Other	51	30
Total non-operating expenses	115	70
Ordinary profit	3,237	5,003
Extraordinary income		
Gain on sale of non-current assets	0	1
Subsidy income	1,675	—
Total extraordinary income	1,675	1
Extraordinary losses		
Loss on disposal of non-current assets	6	36
Impairment losses	4	20
Total extraordinary losses	10	56
Profit before income taxes	4,902	4,948
Income taxes – current	1,135	1,738
Income taxes – deferred	366	(240)
Total income taxes	1,501	1,497
Profit	3,401	3,450
Profit attributable to non-controlling interests	10	6
Profit attributable to owners of parent	3,390	3,443

**(Quarterly Consolidated Statements of Comprehensive Income)**

	(Millions of yen)	
	Three months ended June 30, 2022 (From April 1, 2022, to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023, to June 30, 2023)
Profit	3,401	3,450
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	291
Foreign currency translation adjustment	49	55
Remeasurements of defined benefit plans, net of tax	8	(1)
Total other comprehensive income	57	345
Comprehensive income	3,458	3,796
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,448	3,789
Comprehensive income attributable to non-controlling interests	10	6

**(3) Notes to Quarterly Consolidated Financial Statements**

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

Pursuant to a resolution at the Board of Directors meeting held on February 8, 2023, the Company purchased 1,238,900 treasury shares. With this purchase and other factors, the amount of treasury shares increased by 3,012 million yen during the three months ended June 30, 2023 and treasury shares amounted to 3,583 million yen at the end of the three months under review.

(Segment Information)

[Segment information]

**Three months ended June 30, 2022 (From April 1, 2022, to June 30, 2022)**

1. Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjusted amount (Note 2)	Posted amount to the consolidated quarterly statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Net sales	14,336	11,365	1,582	27,285	2,990	30,276	—	30,276
Segment profit or Segment loss (Operating profit or Operating loss)	3,773	(530)	58	3,300	407	3,708	(687)	3,021

- Notes:
1. The category "Other" comprises a business segment not attributable to reportable segments, including parking, real estate leasing and BGM broadcasting businesses.
  2. The (687) 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.

2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

The statements are omitted due to little significance.

**Three months ended June 30, 2023 (From April 1, 2023, to June 30, 2023)**

1. Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjusted amount (Note 2)	Posted amount to the consolidated quarterly statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Net sales	15,393	15,012	1,571	31,976	3,404	35,381	—	35,381
Segment profit (Operating profit or Operating loss)	3,719	1,219	61	5,000	414	5,414	(657)	4,757

- Notes:
1. The category "Other" comprises a business segment not attributable to reportable segments, including parking, real estate leasing and BGM broadcasting businesses.
  2. The (657) 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.

2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

The statements are omitted due to little significance.

(Quarterly 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.