

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 second quarter of our 49th fiscal year.

In the second quarter of the fiscal year under review, we believe that the business environment has improved somewhat more than it did in the previous fiscal year, with the downgrading in May 2023 of the status of COVID-19 under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases.

In the commercial karaoke business, we released LIVE DAM AiR in April as the latest flagship model. It has been well received for its enhanced functionality that enables users to further pursue the joy of singing. In addition to efforts to strengthen our stable revenue base by promoting the replacement of old models with new ones, we strived to enhance the appeal of our products by further enriching video content, one of DAM's strengths. In the seniors' market, we have become able to conduct door-to-door sales at an increasing number of facilities, and we are striving to increase the number of operating units.

In the karaoke room and restaurant business, we implemented various measures for commemorating the 35th anniversary of BIG ECHO to stimulate demand among those who want to sing, particularly among more casual customers who had fewer opportunities to enjoy karaoke due to the COVID-19 pandemic. Moreover, reservations at restaurants have been robust, leading to attracting more customers than prior to the COVID-19 pandemic, and we continue to develop brands to satisfy emerging needs.

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

As a result of our implementation of a host of measures in each of these businesses, we achieved record-high net sales for a second quarter, with the growth of the parking business contributing to the results as well. For the current fiscal year, we forecast full-year results nearing pre COVID-19 pandemic levels, with net sales of 144.5 billion yen, operating profit of 18.0 billion yen, ordinary profit of 19.1 billion yen, and profit attributable to owners of parent of 12.7 billion yen. In the second half of the current fiscal year, we will continue to stimulate demand for karaoke—which is fun and good for health—thereby promoting the reinforcement of our stable revenue base.

As a leading company in the karaoke industry, the Company will continue to grow by further enhancing the appeal of karaoke under the corporate philosophy of “more music to society, more service to society,” and by contributing to the development of the entire karaoke industry as well as to the resolution of societal issues such as extending healthy lifespans.

We ask for your continued support and understanding.

President **Tadahiro Hoshi**

**Welcome to an Amazing  
“Ai” Experience.**

We are taking the satisfaction, pleasure, and excitement of singing and transforming it into a truly immersive experience.



**LIVEDAM AiR**

# INTERVIEW

Senior Managing Corporate Officer  
General Manager of Development Headquarters, Chief Officer of Entertainment Business Headquarters

## Interview with Yuichi Murai

### Constantly undertaking technological innovations to make singing enjoyable for all

#### Utilization of technology can only be achieved by fulfilling the wishes of our customers

The karaoke population has long remained at around 50 million, despite something of a decline in recent years due to the COVID-19 pandemic. Karaoke is absolutely one of Japan's most popular forms of entertainment. With the aim of affording the joy of singing to people across generations and for all occasions, we have expanded our product lineup including the flagship LIVE DAM AiR series, Cyber DAM for the nighttime market, FREE DAM for the seniors' market, and Party DAM for banquet halls, while establishing solid footing in the industry.

The Development Headquarters plays a role in this process. The scope of our business is broad and includes the development of karaoke machines and Denmoku devices, as well as microphones, amplifiers, speakers, and other peripherals, and network systems, in addition to music distribution operations and consumer business.

The Development Headquarters is often regarded as a technology-oriented entity. What we bear in mind, however, is that true technological innovation only comes to fruition when we fulfill our customers' endless desire to derive more enjoyment and pleasure from singing. It is important to us that we do not become complacent simply because we have employed cutting-edge technology, but instead to focus on customer satisfaction.

#### Leveraging the launch of LIVE DAM AiR to further enhance customer satisfaction and increase market share

The best part of karaoke is the joy everyone can experience of being a hero or heroine for a moment. As such, there is no end to the demands from our customers, starting from the upgrading of karaoke songs and live images, to sound and image quality, and the precision, enjoyment, and realism of scoring games. In the interest of responding to such desires to the maximum extent possible, we released LIVE DAM Ai in October 2019, which unites AI technologies including voice recognition and advanced acoustic technology. And, in April 2023, LIVE DAM AiR was born, offering functionality that has been enhanced from its predecessor.

This new flagship model is replete with new features that have been well received by LIVE DAM Ai users. These include Ai Assistant, which makes possible a voice-activated song reservation function; precision scoring Ai that enables human sensitivity to actually be reflected in the scoring, and live sound that reproduces concert hall-level realism. Moreover, to satisfy inbound demand, we offer Ai Assistant in multiple languages. And the sound incorporates simulated audience cheering and call-and-response to simulate a live concert hall experience.



Now that the dust appears to have settled following the COVID-19 pandemic, through the introduction of LIVE DAM AiR, we intend to enable customers to rediscover the sound quality only found in our DAM systems as well as the appeal of the actual artist/live show videos and precise scoring we are familiar with from television. We also intend to enable Japanese customers of all gender and ages as well as foreign inbound customers to experience a level of excitement from karaoke beyond what they had previously imagined. By so doing, we are confident that we can further expand our market share.

#### Continuing to be driven by our corporate message, "Singing as we go"

Since its introduction three decades ago, karaoke system has continued its evolution, staying a step ahead of technological innovation. That is why we in the Development Headquarters are engaged in R&D related to technologies including acoustic technology, cloud technology, voice recognition, and recommendation technology, as well as technology supporting more advanced scoring. Meanwhile, to keep abreast of the newest technological trends and apply them to new products and services, we conduct research jointly with companies, universities, and other institutions—in addition to the efforts of our in-house development staff—while experimenting with cutting-edge technologies including ChatGPT and Metaverse to investigate the potential incorporation into next-generation karaoke.

I certainly do not consider myself a good karaoke singer by any means, but it is still uplifting to sing my favorite songs well. When you sing your best, and it goes well, everyone there reacts positively. In the interest of enabling an increasing number of people to experience this sense of accomplishment, we will continue to do our utmost to create more appealing products, with our corporate message, "Singing as we go" firmly in mind. So please look forward to it.

### Key points of LIVE DAM AiR

#### ① Further enhancement of Ai Assistant

In addition to facilitating the use of "Speak and Request a song" by displaying a list of candidate songs, "Moshi-moshi, DAM!" supports speech in English, Korean, and Chinese.

#### ② More diverse sound quality space

We have recently added two new features to our live sound selection—Saitama Super Arena, where many anime-related live performances are also held, and Excite Live Hall, which allows users to experience being a performer in front of a live audience.

**LIVE DAM AIR**

**Implemented Southern All Stars x Singing Special Campaign!**



**Southern All Stars x Singing Special Campaign**

[https://www.clubdam.com/campaign/collaboration/202307\\_bb\\_southernallstars.html](https://www.clubdam.com/campaign/collaboration/202307_bb_southernallstars.html)

We have been developing a number of projects in collaboration with Southern All Stars—who celebrated their 45th anniversary in 2023—as part of the Southern All Stars x Singing Special Campaign.

In addition to the exclusive distribution of the actual artist’s video of “Bongiri Koiuta,” in commemoration of “Chigasaki Live 2023,” the DAM karaoke system is exclusively offering a treasured live video of the legendary outdoor live performance “SUPER SUMMER LIVE 2013 ‘Scorching Mampi!! G★Spot Unleashed!!’” held at Chigasaki Park Baseball Ground, through its “LIVIEW!” content that delivers powerful live video.

Moreover, DAM “Singing” 2023 Special Project, a TV commercial featuring Southern All Stars, is airing nationwide.

We have teamed up with Southern All Stars to develop a host of measures to enhance the enjoyment of karaoke for all.



**BIG ECHO’s latest initiatives**

**NEW Campaign celebrates 35th anniversary of BIG ECHO**

BIG ECHO celebrated its 35th anniversary on September 14, 2023.

In April, we launched Good Company Room Project, a collaborative project with businesses to express our gratitude to our suppliers for their support. And, in September, we held a large-scale festival with a coupon raffle draw at the store to show our appreciation to everyone.

In addition, the BIG ECHO Karaoke Grand Prix will be held to determine the top karaoke singer. A tentative total of fourteen teams will be selected from preliminary entries received between September 14 and November 30, 2023, and the final competition will take place at MARUNOUCHI BASE in Tokyo on January 20, 2024.

In addition to bolstering facilities through the early introduction of the latest models, we will launch a host of measures to attempt to recover the customer base that had not been able to take part in karaoke due to the COVID-19 pandemic.



## ■ Develop new customer needs through new brand development

A restaurant chain operated by the DAIICHIKOSHO Group, DK Dining offers nearly 30 different brands. These encompass everything from private dining rooms, restaurant/bars, and traditional bars to dart bars and dining establishments, primarily in proximity to train stations in central Tokyo.

We are promoting the development of new brands to meet the new needs of various customers, and in October 2023, we opened FOREST DINER in Sapporo, Hokkaido. The restaurant features American-style cuisine and domestic and international draft beers. Then, in November, we opened Sushi To Sake Biyori Totouo in Akihabara, Tokyo, where guests can enjoy our special sushi and a wide range of snacks in modern Japanese-style private rooms.

We intend to launch more new brands under DK Dining in the future.



**FOREST DINER**  
Sapporo branch  
Opened on October 25, 2023

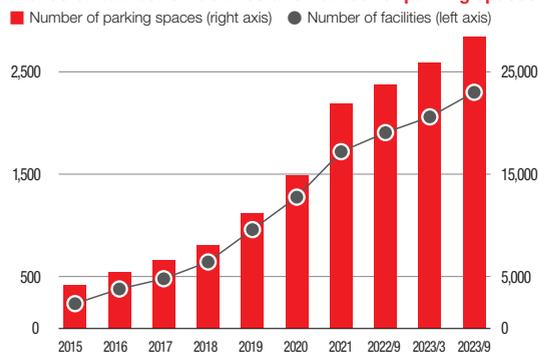


**Sushi To Sake Biyori Totouo**  
Akihabara Station branch  
Opened on November 1, 2023

## ■ Parking business THE PARK

Leveraging our community-based karaoke sales network, we are promoting our coin parking business under the name THE PARK. New store openings have progressed well, expanding the scale of the business to more than 2,300 facilities and 28,000 parking spaces as of September 30, 2023. In the current fiscal year, we worked to enhance recognition of THE PARK when it comes to land utilization, through means such as TV commercials targeting land owners. We will continue to grow this brand as one of the DAIICHIKOSHO Group's new pillars.

**Trends of number of facilities and number of parking spaces**



## ■ DK ELDER SYSTEM

FREE DAM LIFE, the latest model dedicated to the DK ELDER SYSTEM, is equipped with Omakase Rec, a function that automatically creates and plays progressive programs according to the categories of exercise, cognition, oral health, and singing. It also features a remote session function which, through simultaneous pairing and remote operation, enables progressive programs to be shared with up to five facilities. The model also offers a host of popular programs that are both fun and useful, including content developed based on joint industry-academia research and content born from feedback obtained from actual users. We have received comments from staff members at the facilities that use the service, which include “We have seen an increase in the number of people participating in our recreational programs” and “It has reduced our workload in the midst of a labor shortage.”

Through the dissemination of the DK ELDER SYSTEM, the DAIICHIKOSHO Group will continue to contribute to resolving mental and physical health—key social issues—through the power of songs and music, while also aiming for sustainable growth as a company that contributes to making peoples' lives more colorful, and society more affluent.



### About the DK ELDER SYSTEM

The programs we have provided that allow people to use music and their bodies and see with their eyes, have been recognized as being effective in maintaining and enhancing overall lifestyle functions including exercise, oral health, and cognition. As of the end of September 2023, the DK ELDER SYSTEM has been installed in over 26,000 elderly care facilities and municipal facilities nationwide.

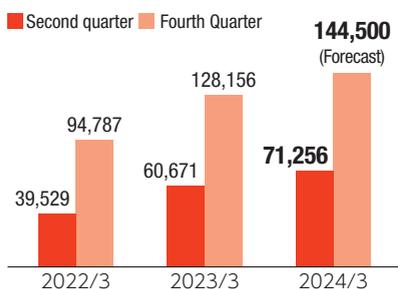


# FINANCIAL HIGHLIGHTS

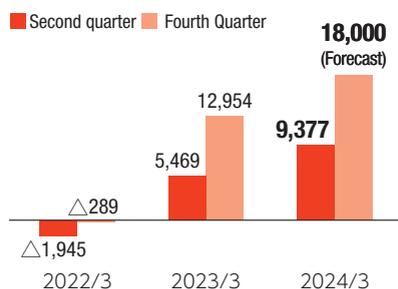
Item	2022/3		2023/3		2024/3	
	Second quarter	Fourth Quarter	Second quarter	Fourth Quarter	Second quarter	Fourth Quarter(Forecast)
<b>Operating results (Millions of yen)</b>						
Net sales	39,529	94,787	60,671	128,156	<b>71,256</b>	144,500
Operating profit	△ 1,945	△ 289	5,469	12,954	<b>9,377</b>	18,000
Operating profit to net sales (%)	△ 4.9	△ 0.3	9.0	10.1	<b>13.2</b>	12.5
Ordinary profit	△ 1,176	888	5,773	13,601	<b>9,758</b>	19,100
Profit attributable to owners of parent	△ 1,429	5,196	5,990	8,320	<b>6,576</b>	12,700
<b>Financial position (Millions of yen)</b>						
Total assets	176,804	180,389	184,480	188,623	<b>174,219</b>	—
Net assets	101,733	105,160	108,286	107,915	<b>105,860</b>	—
<b>Cash flows (Millions of yen)</b>						
Net cash provided by operating activities	△ 1,606	18,165	11,367	24,869	<b>9,446</b>	—
Net cash used in investing activities	△ 5,049	△ 9,297	△ 5,901	△ 12,104	△ <b>9,676</b>	—
Net cash used in financing activities	△ 3,314	△ 8,487	△ 3,500	△ 9,493	△ <b>19,450</b>	—
Cash and cash equivalents at the end of period	57,715	68,125	70,124	71,423	<b>51,810</b>	—
<b>Per share data (Yen)*</b>						
Basic earnings per share	△ 13.10	47.61	54.86	76.21	<b>60.91</b>	118.85
Net assets per share	917.38	948.33	976.51	974.95	<b>976.58</b>	—
Dividend per share (interim/year-end)	56.00	57.00	56.00	57.00	<b>28.00</b>	29.00
<b>Major management indicators (%)</b>						
Ordinary profit to total assets (ROA)	—	0.5	—	7.4	—	—
Return on equity (ROE)	—	5.0	—	7.9	—	—
Equity ratio	56.7	57.4	57.8	56.4	<b>59.9</b>	—
Payout ratio	—	118.7	—	74.1	—	48.0

\* 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, 2022, and dividend per share for the fiscal years ended March 31, 2022 and March 31, 2023 is the actual dividend amount prior to said split.

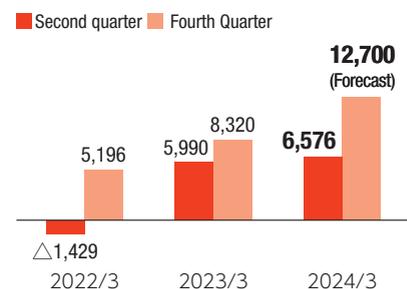
## Net sales (Millions of yen)



## Operating profit (Millions of yen)



## Profit attributable to owners of parent (Millions of yen)



## Overview by Segment

Segment	Commercial Karaoke Business	Karaoke Room and Restaurant Business	Music Software Business	Other Businesses
Percentage	42.8%	43.1%	4.4%	9.7%
Net sales (Millions of yen)	30,483	30,685	3,169	6,917
Operating profit (Millions of yen)	6,947	2,680	156	795
Net sales (Millions of yen) - Quarterly	2023/3: 28,716; 2024/3: 30,483	2023/3: 22,702; 2024/3: 30,685	2023/3: 3,221; 2024/3: 3,169	2023/3: 6,030; 2024/3: 6,917
Operating profit (Millions of yen) - Quarterly	2023/3: 7,472; 2024/3: 6,947	2023/3: △ 1,671; 2024/3: 2,680	2023/3: 98; 2024/3: 156	2023/3: 788; 2024/3: 795
Key Points	<ul style="list-style-type: none"> <li>Launched new flagship model LIVE DAM AIR in April 2023, shipped more units than originally planned</li> <li>Sought to strengthen the stable profit base by increasing the number of equipment rentals and expediting the replacement of previous models with newer ones</li> <li>Strived to improve our Karaoke DAM products by further expanding our visual content, including live, animated, and music videos</li> <li>In the seniors' market, strived to increase the number of units in operation, as the number of facilities allowing sales visits increased; utilized web as well</li> <li>Net sales increased owing to strong shipments and steady increases in the number of equipment rentals and DAM units in operation, while operating profit decreased due to an increase in costs related to equipment rentals and in selling, general and administrative expenses.</li> </ul>	<ul style="list-style-type: none"> <li>Karaoke: 3 stores opened, 2 stores closed, 509 stores as of end of current period</li> <li>Restaurant: 5 stores opened, 9 stores closed, 167 stores as of end of current period</li> <li>Due to the downgrading of the status of the COVID-19's infectious disease classification in May 2023, we have seen a recovery trend in the flow of customers since the beginning of the period. Existing stores compared with pre COVID-19: Karaoke stores 90%, Restaurants 110%</li> <li>Existing stores year on year: Karaoke stores 130%, Restaurants 140%</li> <li>BIG ECHO karaoke stores: Endeavored to increase customers visiting the stores through measures to make the 35th anniversary more exciting, while introducing the top-end model early in an effort to improve customer satisfaction.</li> <li>For restaurants, we made efforts to increase customer traffic in a wide-ranging manner by, for example, strengthening the securing of banquet reservations and opening three stores in the darts business.</li> </ul>	<ul style="list-style-type: none"> <li>Product sales of CDs and DVDs and the TV program production business progressed nearly as planned, as the music industry has been booming again as events and concerts have resumed.</li> </ul>	<ul style="list-style-type: none"> <li>The parking business, which is being promoted as a new earnings pillar, performed well, and the business scale expanded to about 2,300 facilities and 28,000 parking spaces as of the end of current period.</li> <li>We strived to expand recognition of The Park brand through TV commercials targeting land owners.</li> </ul>

J-POP

### BERRY GOODMAN



Their power songs (fight songs), which are considered synonymous with the group, have been used as the entrance theme by a number of Japanese professional baseball players. Additionally, students who work hard at school and club activities, as well as families struggling with work and household chores, have found their songs tremendously relatable.



In 2023, the year during which BERRY GOODMAN celebrated the 10th anniversary of its formation, they were appointed as an ambassador (artist) for the Hanshin Koshien Stadium 100th Anniversary Project and will be holding a one-man live concert at Hanshin Koshien Stadium in November, which the group had set as their dream. The group is increasingly gaining momentum.

J-POP

### Jams Collection



Jams Collection is a group comprising all female members, and made its stage debut on March 3, 2021. Their popularity has increased exponentially from their first performance—so much so that they now perform on the main stage at major idol festivals such as @JAM and TOKYO IDOL FESTIVAL. In June 2023, the group evolved into its strongest-ever iteration, growing to eight members with the additions of Ruka Okonogi and Yume Oba.



In October 2023, the group performed as the sole act for the sixth time at the “JamsEvolution!!!!!!! ~Makuhari de ‘Cho’ Wakimasse~” event at the International Exhibition Hall of Makuhari Messe. The event was tremendously successful, leading to the group attracting even more attention.

## CORPORATE INFORMATION (as of September 30, 2023)

### Corporate Profile

Corporate name	DAIICHIKOSHO CO., LTD.
Established	April 16, 1973
Capital	12,350 million yen
Number of employees	Parent: 1,911 Group: 3,367
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	25,413

### Major Shareholders

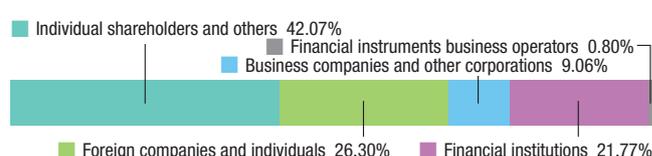
Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	14,314	13.40
Tadahiro Hoshi	12,492	11.69
Harutoshi Hoshi	12,239	11.45
JP MORGAN CHASE BANK 380055	5,858	5.48
Hoshi Create Co., Ltd.	4,899	4.59

\* Shareholding ratio is calculated after deducting 2,616 thousand treasury shares.

### Executive Officers

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

### Shareholding Ratio by Category



### Shareholder Special Benefits

Shareholders recorded in the final shareholder registry on September 30, 2022 as holding 200 or more shares will be granted special benefits coupons according to the number of shares held.

Details of benefits Number of shares held	Issued semiannually	
	Special benefits coupon <sup>(*)</sup>	Exchange with CD(s) <sup>(**)</sup>
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, 2023

**Validity period** January 1, 2024 to June 30, 2024

### 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