

Translation

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FY2024, the year ended March 31, 2025

Flash Report on the Consolidated Results for the Year Ended March 31, 2025 [JGAAP]

May 12, 2025

Company Name: **DAIICHIKOSHO CO., LTD.**
 Stock Exchange Listing: Tokyo Stock Exchange
 Code Number: 7458
 URL: <https://www.dkkaraoke.co.jp/>
 Representative: Tadahiro Hoshi, President
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 Date of the Ordinary General Meeting of Shareholders: June 20, 2025
 Start Date for Dividend Payment: June 23, 2025
 Scheduled Date to Submit the Securities Report: June 24, 2025
 Availability of Supplementary Briefing Material on Financial Results: Available
 Schedule of Financial Results Briefing Session: Scheduled (for institutional investors and analysts)

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Year Ended March 31, 2025 (From April 1, 2024, to March 31, 2025)

(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, 2025	153,020	4.3	17,945	(3.5)	18,396	(6.0)
Year ended March 31, 2024	146,746	14.5	18,601	43.6	19,561	43.8

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2025	18,178	44.6	172.56	172.09
Year ended March 31, 2024	12,568	51.0	117.01	116.76

(Note) Comprehensive income:

Year ended March 31, 2025: 18,828 million yen [41.8 %]

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

	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	%	%	%
Year ended March 31, 2025	16.2	8.7	11.7
Year ended March 31, 2024	11.7	9.8	12.7

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

Year ended March 31, 2025: — million yen

Year ended March 31, 2024: — million yen

(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, 2025	209,316	117,862	55.6	1,113.36
As of March 31, 2024	211,386	108,991	50.9	1,006.80

(Reference) Shareholders' equity:

As of March 31, 2025: 116,333 million yen

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

(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, 2025	24,656	(11,445)	(20,901)	41,584
Year ended March 31, 2024	26,799	(55,915)	6,926	49,306

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	28.00	—	29.00	57.00
Year ended March 31, 2025	—	28.00	—	29.00	57.00
Year ending March 31, 2026 (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, 2024	6,090	48.7	5.8
Year ended March 31, 2025	5,969	33.0	5.4
Year ending March 31, 2026 (forecast)		45.8	

3. Forecast of Consolidated Performance for FY2025, the Year Ending March 31, 2026 (From April 1, 2025, to March 31, 2026)

(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, 2025	79,600	7.1	8,800	(2.2)	9,200	2.3
Year ending March 31, 2026 (full year)	162,700	6.3	18,000	0.3	18,800	2.2

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2025	6,400	(33.3)	61.25
Year ending March 31, 2026 (full year)	13,000	(28.5)	124.42

***Notes**

- (1) Significant changes in scope of consolidation during the period: 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, 2025	109,468,400 shares	As of March 31, 2024	109,468,400 shares
As of March 31, 2025	4,980,507 shares	As of March 31, 2024	2,613,807 shares
Year ended March 31, 2025	105,345,076 shares	Year ended March 31, 2024	107,412,564 shares

(Reference) Outline of Nonconsolidated Financial Results**1. Nonconsolidated Performance for the Year Ended March 31, 2025 (From April 1, 2024, to March 31, 2025)****(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, 2025	108,483	2.0	13,933	(1.7)	15,076	(10.3)
Year ended March 31, 2024	106,331	19.0	14,168	48.9	16,812	56.3

	Profit		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2025	15,903	38.2	150.97	150.55
Year ended March 31, 2024	11,506	68.0	107.13	106.90

(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, 2025	171,403	62,627	36.3	594.94
As of March 31, 2024	171,857	56,096	32.4	521.47

(Reference) Shareholders' equity:

As of March 31, 2025: 62,163 million yen

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

* 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 8 of the Attachments.
- Supplementary materials for the financial results have been disclosed today on TDnet and the Company's website. In addition, the Company plans to hold a financial results briefing for institutional investors and analysts on May 23, 2025. The materials for this briefing will be disclosed on TDnet and the Company's website by the date of the briefing.

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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, 2025 (the “fiscal year under review”), Japan’s economy trended toward a moderate recovery, with signs of improvement in the employment and wages environment and a pickup of consumer spending, boosted by an increase in inbound demand and other factors. The economic outlook, however, remains unclear, mainly due to concerns about political instability overseas, fluctuations of exchange rates, and continued price hikes of commodities.

In the karaoke industry, where DAIICHIKOSHO CO., LTD. (the “Company,” together with its subsidiaries, the “Group”) operates, amid a moderate improvement in market environment as a whole, mainly in the night business and the karaoke cabin markets, the Company’s mainstay markets, the trend toward a concentration of demand in central areas became even more conspicuous in all trading areas.

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 153,020 million yen (up 4.3% year on year). In terms of profits, mainly due to an increase in personnel expenses associated with a pay raise and an increase in depreciation accompanying capital expenditures into our businesses, operating profit was 17,945 million yen (down 3.5% year on year) and ordinary profit was 18,396 million yen (down 6.0% year on year). Profit attributable to owners of parent amounted to 18,178 million yen (up 44.6% year on year) compared with that of the corresponding period of the previous fiscal year. This was mainly due to an increase of 5,399 million yen in extraordinary income including gain on sale of non-current assets and an increase in deferred tax assets as a result of the recovery in business performance, etc.

Net sales and profit attributable to owners of parent for the fiscal year under review are at record highs.

	FY2023	FY2024	Year-on-year change	(Millions of yen) % change
Net sales	146,746	153,020	6,273	4.3 %
Operating profit	18,601	17,945	(655)	(3.5)%
Ordinary profit	19,561	18,396	(1,165)	(6.0)%
Profit attributable to owners of parent	12,568	18,178	5,610	44.6 %

Operating results by segment are as follows.

(Commercial karaoke business)

In the commercial karaoke business, with the ongoing moderate recovery, mainly in the Company’s mainstay night market and in the seniors’ market, which is a growth market for the Company, the number of DAM units in operation increased by 1% year on year.

In such an environment, the Company sought to strengthen its stable profit base by taking measures in each market to increase the number of DAM units in operation, as well as by expediting the replacement of previous models with newer ones in equipment rentals continuously from the previous fiscal year. 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 the seniors’ market, due to broader awareness that “Singing is good for one’s health,” we expanded sales of FREE DAM LIFE, a model developed exclusively for the senior’s market, through door-to-door sales activities targeting nursing facilities, holding online concerts, and others. We also promoted the new features that lessen the burden on nursing facility staff.

As a result, although the new-product effect of LIVE DAM AiR, which was launched in April 2023, dropped off and revenue from product sales, mainly in wholesale, failed to reach the level of the previous fiscal year, stock income increased due to increases in the number of equipment rentals and the number of DAM units in operation, resulting in a 2.0% increase year on year in net sales. In terms of profit, operating profit decreased by 5.7% year on year, mainly due to a fall in gross profit from product sales, an increase in costs caused by expediting the replacement of previous models with newer ones in equipment rentals, and an increase in selling, general and administrative expenses.

In April 2025, the Company launched a new flagship model of DAM, “LIVE DAM WAO!,” for the first time in five and a half years. This product has been well received for its many features that pursue the original appeal of karaoke, which is the joy of singing together, and orders are strong.

	FY2023	FY2024	Year-on-year change	(Millions of yen) % change
Net sales	61,078	62,289	1,210	2.0 %
Operating profit	12,384	11,677	(706)	(5.7) %

(Karaoke cabin and restaurant business)

In the karaoke cabin and restaurant business, we opened 12 karaoke cabins and 14 restaurants and closed 15 karaoke cabins and 14 restaurants, and we operated 503 karaoke cabins and 159 restaurants as of the end of the fiscal year under review. The open and close of restaurants include the change of the brand and integration of food and beverage complex type restaurants.

The flow of customers slightly slowed its upward trend since the previous fiscal year into the second half of the year, however, sales at existing karaoke cabins increased 2% year on year and sales at restaurants increased 3% year on year during the fiscal year under review.

Under such circumstances, for BIG ECHO karaoke cabins, as a directly managed store, under the slogan “BIG SMILE, BIG ECHO. Let’s sing, laugh, and do more with everyone,” in addition to improving the quality of karaoke equipment and acoustic facilities as a chain directly operated by a karaoke system manufacture, we sought to build cleaner and more comfortable cabin environments by expediting the refurbishment of cabins. We also increased convenience with the introduction of automated reception and payment equipment to all stores, and by actively pursuing collaborations with diverse artists and animation works, strived to create a variety of joy and fun through karaoke.

For restaurants, reservations and orders were strong, we pursued the visualization of customer satisfaction by employing a system that is capable of collecting and quantifying customer feedback easily, and we worked to improve the quality of the restaurants’ environment, customer service, and food. We also strived to attract a wide range of customers, including by opening of “Sushiya Harenohi,” an all-you-can-eat sushi and tempura restaurant at KITTE Hakata, a large commercial facility directly connected to Hakata station, and “SHINAGAWA PIVOT,” a complex offering exquisite kamayaki cuisine and amusement inside the Shinagawa Prince Hotel.

As a result, net sales increased by 2.8% year on year. In terms of profit, operating profit decreased by 10.6% year on year mainly due to investment in upgrading karaoke cabin and restaurant facilities and increased personnel expenses.

(Millions of yen)

	FY2023	FY2024	Year-on-year change	% change
Net sales	64,733	66,550	1,817	2.8 %
Operating profit	7,100	6,345	(755)	(10.6)%

(Music software business)

In the music software business, in addition to our efforts to discover new artists and create hit songs, we strived to build a steady earnings model by concentrating our efforts on the music publishing business. In addition, the sales of “PROLOGUE” and “GIFT” which visualized the performance by pro figure skater Yuzuru Hanyu were strong.

As a result, with the absence of the TV program production business due to the transfer of shares in the previous fiscal year, net sales decreased by 17.5% year on year, despite the product sales such as CDs and DVDs and the music publishing business performed strongly. Operating profit decreased by 12.7% year on year.

(Millions of yen)

	FY2023	FY2024	Year-on-year change	% change
Net sales	6,733	5,552	(1,180)	(17.5)%
Operating profit	373	325	(47)	(12.7)%

(Other businesses)

In the other businesses, progress was made in the expansion of the parking business operating “The Park” brand as its new pillar of revenue, and the business scale expanded to approximately 3,900 parking facilities and 44,000 parking spots as of the end of the fiscal year under review. This included Crest Co., Ltd., which became a subsidiary in the previous fiscal year. The BGM business, which operates “Stardigio Air,” and the home-use karaoke service, “Karaoke@DAM,” also performed strongly.

As a result, net sales increased by 31.2% year on year owing to factors such as an increase in revenue from the parking business, and operating profit increased by 61.4% year on year.

(Millions of yen)

	FY2023	FY2024	Year-on-year change	% change
Net sales	14,200	18,627	4,426	31.2%
Operating profit	1,469	2,372	902	61.4%

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

Total assets at the end of the fiscal year under review decreased by 2,069 million yen from the end of the previous fiscal year to 209,316 million yen.

Major changes from the previous fiscal year were, in current assets, a decrease in cash and deposits by 7,745 million yen and an increase of 2,552 million yen in inventories.

In non-current assets, land decreased by 5,171 million yen, and buildings and structures, karaoke equipment for rental, karaoke cabin and restaurant facilities, investment securities, and deferred tax assets increased by 709 million yen, 487 million yen, 3,020 million yen, 984 million yen, and 2,369 million yen, respectively.

Liabilities decreased by 10,940 million yen from the end of the previous fiscal year to 91,454 million yen.

This was mainly due to a decrease of 10,405 million yen in long-term borrowings under non-current liabilities.

Net assets increased by 8,871 million yen from the end of the previous fiscal year to 117,862 million yen.

This is primarily attributable to an increase in retained earnings of 18,178 million yen due to profit attributable to owners of parent, a decrease in retained earnings of 6,038 million yen due to the dividends of surplus, and a decrease of 3,999 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 7,721 million yen from the previous fiscal year to 41,584 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 decreased by 2,142 million yen year on year to 24,656 million yen, mainly due to profit before income taxes of 22,911 million yen, depreciation of 14,786 million yen, an increase in inventories of 2,543 million yen, and income taxes paid of 7,316 million yen.

(Cash Flows from Investing Activities)

Funds used in investing activities decreased by 44,469 million yen year on year to 11,445 million yen, mainly due to purchase of property, plant and equipment of 15,055 million yen, proceeds from the sale of property, plant and equipment of 9,489 million yen, purchase of intangible assets of 3,709 million yen, and payments for acquisition of video licenses of 2,256 million yen.

(Cash Flows from Financing Activities)

Funds used in financing activities were 20,901 million yen (funds gained in the previous fiscal year amounted to 6,926 million yen), mainly due to repayments of long-term borrowings of 11,316 million yen, dividends paid of 6,038 million yen and purchase of treasury shares of 3,999 million yen.

(Reference) Cash flow indicators

	As of March 31				
	2021	2022	2023	2024	2025
Equity ratio (%)	55.8	57.4	56.4	50.9	55.6
Equity ratio at market value (%)	125.2	105.3	126.4	98.0	85.9
Ratio of interest-bearing debt to cash flow (years)	6.5	2.6	1.8	2.4	2.2
Interest coverage ratio (times)	39.2	90.9	143.4	192.9	57.1

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.

1. All figures are calculated on a consolidated basis.
2. 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 about geopolitical risks related to the Middle East and Ukraine, and the impact of US policy trends on the economy, as well as continued price hikes of commodities in Japan, while employment and income environments are expected to improve gradually on the back of solid corporate performance.

In the domestic karaoke market, a moderate improvement trend is expected to continue overall as moderate improvement will be seen in the night business and the karaoke cabin markets, the Company's mainstay markets, and the demand of karaoke will continue to expand in the senior's market including nursing facilities. Within this context, demand is expected to concentrate in central areas of each trading area, leading to more intense competition among businesses in urban areas.

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, the Company launched in April 2025 a new flagship model of DAM, "LIVE DAM WAO!," for the first time in five and a half years. This device is based on the concept of "The more you sing, the newer the 'Wow!'," and features a new playing method that delivers higher sound quality and a richer sound, as well as a large number of new videos of the original artists. In addition, the new "Voice Magic" feature updates the singing experience, offering a wide range of functions that will appeal to both hardcore karaoke fans and those who are not confident in their singing abilities. In the next fiscal year, we will strive to increase the number of DAM units in operation by expanding the user base of karaoke through promotions that will lead to expanded sales of this device. 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 addition, we will strive to create new opportunities for singing through collaboration with other industries, such as supermarkets, and the utilization of box-type karaoke "COCOKARA."

In the karaoke cabin and restaurant business, we will work to improve customer satisfaction through the provision of higher quality services under the slogan of "BIG SMILE, BIG ECHO." as well as further enhancing equipment as a chain directly operated by a karaoke system manufacturer, such as the equipment for karaoke, sound, and aesthetics. In addition, regarding "LIVE DAM WAO!" launched in April, we have completed the rollout to all Big Echo stores by the end of April to enable customers to experience the new features as soon as possible. We aim to enhance customer attraction through the early adoption of the latest models while reinforcing the core value of karaoke as *a way to gather, sing, and enjoy together*. With regard to restaurants, we will focus on developing new brands that capture customer needs, while also striving to attract a wide range of customers by offering not only our mainstay private dining rooms but also entertainment options such as karaoke and darts.

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.

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.

In addition, we plan to relocate our head office functions around February 2026. By consolidating our head office, which is currently spread across three locations, into a single location, we will enhance communication between departments, improve productivity, and promote the creation of new innovations.

Based on the above, we expect net sales of 162,700 million yen, operating profit of 18,000 million yen, ordinary profit of 18,800 million yen and profit attributable to owners of parent of 13,000 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.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2023	FY2024
	(As of March 31, 2024)	(As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	49,694	41,949
Notes receivable - trade	72	39
Accounts receivable - trade	5,822	5,948
Inventories	11,216	13,769
Other	7,005	5,989
Allowance for doubtful accounts	(331)	(153)
Total current assets	73,479	67,543
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,348	15,289
Accumulated depreciation	(9,367)	(9,600)
Buildings and structures, net	4,980	5,689
Karaoke equipment for rental	55,880	57,664
Accumulated depreciation	(46,757)	(48,053)
Karaoke equipment for rental, net	9,122	9,610
Karaoke cabin and restaurant facilities	48,153	51,592
Accumulated depreciation	(37,277)	(37,696)
Karaoke cabin and restaurant facilities, net	10,875	13,896
Land	40,111	34,940
Construction in progress	32,120	32,316
Other	8,439	9,274
Accumulated depreciation	(6,418)	(6,770)
Other, net	2,021	2,504
Total property, plant and equipment	99,233	98,958
Intangible assets		
Goodwill	5,668	5,094
Other	5,616	5,887
Total intangible assets	11,285	10,982
Investments and other assets		
Investment securities	6,060	7,044
Long-term loans receivable	391	361
Deferred tax assets	5,065	7,435
Deferred tax assets for land revaluation	-	175
Leasehold and guarantee deposits	14,341	14,684
Other	1,655	2,247
Allowance for doubtful accounts	(126)	(115)
Total investments and other assets	27,388	31,833
Total non-current assets	137,906	141,773
Total assets	211,386	209,316

	(Millions of yen)	
	FY2023	FY2024
	(As of March 31, 2024)	(As of March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,332	3,885
Short-term borrowings	12,885	12,443
Accounts payable - other	9,703	9,717
Income taxes payable	4,746	4,752
Contract liabilities	912	972
Provision for bonuses	1,214	1,272
Other	3,118	2,946
Total current liabilities	36,914	35,990
Non-current liabilities		
Long-term borrowings	51,533	41,128
Deferred tax liabilities	35	25
Provision for retirement benefits for directors (and other officers)	666	635
Retirement benefit liability	7,986	8,169
Asset retirement obligations	1,879	1,873
Other	3,379	3,631
Total non-current liabilities	65,480	55,463
Total liabilities	102,394	91,454
Net assets		
Shareholders' equity		
Share capital	12,350	12,350
Capital surplus	4,211	4,211
Retained earnings	96,350	108,490
Treasury shares	(6,571)	(10,571)
Total shareholders' equity	106,340	114,481
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,466	1,867
Revaluation reserve for land	(733)	(558)
Foreign currency translation adjustment	188	148
Remeasurements of defined benefit plans	320	394
Total accumulated other comprehensive income	1,240	1,851
Share acquisition rights	374	464
Non-controlling interests	1,035	1,065
Total net assets	108,991	117,862
Total liabilities and net assets	211,386	209,316

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

	(Millions of yen)	
	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Net sales	146,746	153,020
Cost of sales	94,143	99,262
Gross profit	52,602	53,757
Selling, general and administrative expenses		
Advertising expenses	1,640	1,605
Promotion expenses	1,701	1,918
Packing and freight expenses	731	714
Remuneration for directors (and other officers)	1,104	1,070
Provision for retirement benefits for directors (and other officers)	110	118
Salaries and bonuses	13,840	14,619
Provision for bonuses	945	976
Retirement benefit expenses	563	571
Rent expenses	1,044	1,076
Depreciation	656	642
Commission expenses	2,002	2,269
Other	9,660	10,226
Total selling, general and administrative expenses	34,000	35,811
Operating profit	18,601	17,945
Non-operating income		
Interest income	25	32
Dividend income	143	176
Commission income	164	164
Insurance claim income	154	234
Cooperative monetary aid received	188	161
Compensation income	310	562
Foreign exchange gains	-	0
Other	408	507
Total non-operating income	1,394	1,839
Non-operating expenses		
Interest expenses	171	425
Foreign exchange losses	10	-
Commission expenses	38	35
Cancellation penalty	52	28
Loss on refund of subsidy	-	653
Other	160	246
Total non-operating expenses	434	1,389
Ordinary profit	19,561	18,396
Extraordinary income		
Gain on sale of non-current assets	102	4,415
Gain on sale of investment securities	-	1,380
Gain on sale of shares of subsidiaries and associates	293	-
Total extraordinary income	396	5,796
Extraordinary losses		
Loss on disposal of non-current assets	172	219
Impairment losses	1,091	1,061
Total extraordinary losses	1,264	1,280
Profit before income taxes	18,694	22,911
Income taxes - current	6,321	7,353
Income taxes - deferred	(234)	(2,658)
Total income taxes	6,086	4,694
Profit	12,607	18,217
Profit attributable to non-controlling interests	39	38
Profit attributable to owners of parent	12,568	18,178

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Profit	12,607	18,217
Other comprehensive income		
Valuation difference on available-for-sale securities	418	401
Revaluation reserve for land	–	175
Foreign currency translation adjustment	88	(39)
Remeasurements of defined benefit plans, net of tax	159	74
Total other comprehensive income	666	610
Comprehensive income	13,273	18,828
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,234	18,789
Comprehensive income attributable to non-controlling interests	39	38

(3) Consolidated Statements of Changes in Equity**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)
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)
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

FY2024 (from April 1, 2024, to March 31, 2025)

(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	96,350	(6,571)	106,340
Changes during period					
Dividends of surplus			(6,038)		(6,038)
Profit attributable to owners of parent			18,178		18,178
Purchase of treasury shares				(3,999)	(3,999)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	12,140	(3,999)	8,140
Balance at end of period	12,350	4,211	108,490	(10,571)	114,481

	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	1,466	(733)	188	320	1,240	374	1,035	108,991
Changes during period								
Dividends of surplus								(6,038)
Profit attributable to owners of parent								18,178
Purchase of treasury shares								(3,999)
Net changes in items other than shareholders' equity	401	175	(39)	74	610	89	30	730
Total changes during period	401	175	(39)	74	610	89	30	8,871
Balance at end of period	1,867	(558)	148	394	1,851	464	1,065	117,862

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	18,694	22,911
Depreciation	12,937	14,786
Amortization of goodwill	74	536
Impairment losses	1,091	1,061
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(389)	(30)
Interest and dividend income	(168)	(208)
Interest expenses	171	425
Foreign exchange losses (gains)	(71)	30
Loss (gain) on sale of investment securities	—	(1,380)
Loss (gain) on sale of shares of subsidiaries and associates	(293)	—
Loss (gain) on disposal of non-current assets	70	(4,196)
Loss on refund of subsidy	—	653
Decrease (increase) in trade receivables	(714)	(125)
Decrease (increase) in inventories	404	(2,543)
Transfer of cost of sales on karaoke equipment for rental	71	270
Decrease (increase) in advance payments to suppliers	(510)	925
Increase (decrease) in trade payables	(663)	(430)
Increase (decrease) in accounts payable - other	701	(632)
Other, net	85	797
Subtotal	31,491	32,850
Interest and dividends received	169	208
Interest paid	(138)	(431)
Refund amount of subsidy	—	(653)
Income taxes paid	(4,722)	(7,316)
Net cash provided by (used in) operating activities	26,799	24,656
Cash flows from investing activities		
Payments into time deposits	(34)	(34)
Proceeds from withdrawal of time deposits	34	57
Purchase of property, plant and equipment	(45,727)	(15,055)
Proceeds from sale of property, plant and equipment	173	9,489
Purchase of intangible assets	(3,172)	(3,709)
Payments for acquisition of video licenses	(1,735)	(2,256)
Proceeds from sale of investment securities	—	1,837
Purchase of investment securities	(547)	(802)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,821)	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	98	—
Loan advances	(75)	(237)
Proceeds from collection of loans receivable	217	194
Payments of leasehold and guarantee deposits	(290)	(817)
Proceeds from refund of leasehold and guarantee deposits	230	321
Other, net	(263)	(433)
Net cash provided by (used in) investing activities	(55,915)	(11,445)

	(Millions of yen)	
	FY2023 (From April 1, 2023, to March 31, 2024)	FY2024 (From April 1, 2024, to March 31, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(653)	(310)
Proceeds from long-term borrowings	30,655	780
Repayments of long-term borrowings	(10,842)	(11,316)
Dividends paid	(6,103)	(6,038)
Purchase of treasury shares	(6,000)	(3,999)
Other, net	(127)	(17)
Net cash provided by (used in) financing activities	6,926	(20,901)
Effect of exchange rate change on cash and cash equivalents	71	(30)
Net increase (decrease) in cash and cash equivalents	(22,117)	(7,721)
Cash and cash equivalents at beginning of period	71,423	49,306
Cash and cash equivalents at end of period	49,306	41,584

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(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

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 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.

FY2024 (From April 1, 2024, to March 31, 2025)

(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	62,289	66,550	5,552	134,392	18,627	153,020	—	153,020
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	62,289	66,550	5,552	134,392	18,627	153,020	—	153,020
Segment profit (Operating profit)	11,677	6,345	325	18,348	2,372	20,721	(2,775)	17,945
Other items								
Depreciation and amortization	9,028	2,440	22	11,492	1,395	12,887	133	13,021
Amortization of goodwill	—	—	—	—	536	536	—	536

- 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 (2,775) 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)

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Net assets per share	1,006.80 yen	1,113.36 yen
Basic earnings per share	117.01 yen	172.56 yen
Diluted earnings per share	116.76 yen	172.09 yen

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

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	12,568	18,178
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (Millions of yen)	12,568	18,178
Average number of common shares during the period (Thousand shares)	107,412	105,345
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	—	—
Increase in number of common shares (Thousand shares)	226	291
[Of which, share acquisition rights] (Thousand shares)	[226]	[291]
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.