



Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024 [Under Japanese GAAP] (Consolidated)

August 10, 2023

Company name: Oizumi Corporation

Listing: Prime Market, Tokyo Stock Exchange

Securities code: 6428

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Scheduled date to file quarterly report: August 10, 2023

Scheduled date to commence dividend payments: —

Preparation of supplementary material on quarterly financial results: None

Quarterly financial results briefing:

None

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the first quarter of the fiscal year ending March 31, 2024 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q of FYE March 31, 2024	5,429	65.2	240	-27.5	238	-28.8	71	-65.6
1Q of FYE March 31, 2023	3,286	13.6	332	-42.2	335	-43.9	207	-50.0

Note: Comprehensive income 1Q of FYE March 31, 2024: 101 million yen (-50.3%)

1Q of FYE March 31, 2023: 204 million yen (-50.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q of FYE March 31, 2024	3.16	—
1Q of FYE March 31, 2023	9.21	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
1Q of FYE March 31, 2024	43,613	18,091	41.5
FYE March 31, 2023	43,753	18,259	41.7

Reference: Equity 1Q of FYE March 31, 2024: 18,091 million yen FYE March 31, 2023: 18,259 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2023	—	—	—	12.0	12.0
FYE March 31, 2024	—	—	—	—	—
FYE March 31, 2024 (Forecast)	—	—	—	12.0	12.0

Note: Revision to the forecast of dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024
(from April 1, 2023 to March 31, 2024)

(Percentages for the full year and for the 1Q period represent the change over the previous year and change over 1Q of the previous year, respectively)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	21,800	20.3	1,100	3.7	1,050	-0.4	620	-60.3	27.56

Note: Revision to the forecast of dividends most recently announced: None

***Notes**

- (1) Changes in significant subsidiaries during the period: None
- (2) Adoption of accounting treatment specific to the presentation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to reasons other than the above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of shares issued (common shares)

(i) Number of shares issued at the end of the period (including treasury shares)	1Q of FYE March 31, 2024	22,500,000 shares	FYE March 31, 2023	22,500,000 shares
(ii) Number of treasury shares at the end of the period	1Q of FYE March 31, 2024	4,722 shares	FYE March 31, 2023	4,722 shares
(iii) Average number of shares at the end of the period (cumulative from the beginning of the fiscal year)	1Q of FYE March 31, 2024	22,495,278 shares	1Q of FYE March 31, 2024	22,495,328 shares

* This summary of quarterly financial results is not subject to quarterly review by certified public accountants or an audit firm.

* Explanation on the proper use of earnings forecast and other notes

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "1. Qualitative Information Regarding Results for the First Quarter, (3) Explanation of consolidated earnings forecasts and other forward-looking statements" on page 3 of the appendix.

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1. Qualitative Information Regarding Results for the First Quarter

(1) Explanation of operating results

During the current consolidated cumulative first quarter, the outlook for the Japanese economy remained uncertain due to high resource prices and rising prices caused by the yen's depreciation, coupled with geopolitical risks such as the situation in Ukraine and downside risks in overseas economies due to global monetary tightening, although there were signs of recovery in socioeconomic activities following the relaxation of movement restrictions imposed due to the Covid-19 pandemic.

In the amusement industry, the Group's main business field, the business environment remained challenging due to the prolonged impact of Covid-19, a decline in the number of players with diversification in leisure activities, and sluggish customer traffic and utilization rates, which resulted in an increase in closing/discontinuation of businesses, and corporate restructuring through M&A. On the other hand, with the introduction of smart amusement machines (smart pachislot and smart pachinko) to the market starting in November 2022, customer traffic is expected to increase and utilization is expected to recover, leading to increased demand for amusement arcade equipment upgrades.

In these circumstances, our group has been working to accurately understand market trends, plan and develop products to meet market needs, and bring competitive products to market.

In particular, in the Amusement Equipment Division, our core business, we have worked to reinforce our structure to flexibly respond to rule revisions, etc. and have worked to expand our market share by acquiring high-quality intellectual properties and developing products with unique game features. We have also been working to create synergy through collaboration with the Takao Corporation, which became our subsidiary in the previous fiscal year.

In addition, amid growing health consciousness trends, we have positioned the food and e-commerce business as our new core business toward the future and have focused on developing value-added products to secure earnings, expanding the business by leveraging our sales knowledge on the e-commerce site and pursuing synergistic effects within our group.

Moreover, with the keywords of "aging pets, healthy habits, and functionality," we launched grain-free and gluten-free products under the brand name Delichien, and have been working to expand sales channels by increasing recognition of our products through social media. We have also been helping the brand image penetrate the market through participation in various trade shows and other events.

As a result of the above, for the current consolidated cumulative first quarter, net sales were 5,429 million yen (up 65.2% year-on-year), ordinary income was 238 million yen (down 28.8% year-on-year), and net income attributable to owners of the parent amounted to 71 million yen (down 65.6% year-on-year).

Segment results are as follows.

In the first quarter of the current consolidated fiscal year, the Company changed the classification of its reportable segments. For details, please refer to "2. Quarterly consolidated financial statements and main notes, (3) Notes regarding quarterly consolidated financial statements (Segment information, etc.), Current consolidated cumulative first quarter, 2. Changes in reportable segments, etc."

(Amusement Business)

In the Amusement Business, order receipts and shipments of automated service equipment in the peripheral equipment business exceeded our expectations.

The amusement machine business saw sales growth with "Pachislot OVERLORD Absolute Ruler Kourin II," which we put to the market in the previous fiscal year. Additionally, our consolidated subsidiary Takao Co., Ltd. launched "P Zenigata Heiji 3 Oshizu 99" in April. The release of a major title in the current consolidated fiscal year is scheduled for the fourth quarter of the fiscal year.

As a result, the Amusement Business achieved net sales of 3,068 million yen (up 76.6% year-on-year) and segment income of 73 million yen (down 48.3% year-on-year) in the first quarter under review.

The year-on-year comparison includes figures for Takao Co., Ltd., which was included in the scope of consolidation after the acquisition of its shares in the fourth quarter of the previous fiscal year.

(Real Estate Business)

Aiming to secure more stable earnings, the Real Estate Business has been dedicated to thoroughly maintaining and managing real estate, continuously seeking profitable and high-quality rental properties.

As a result, this business segment posted net sales of 221 million yen (down 0.5% year-on-year) and segment income of 120 million yen (down 1.7% year-on-year) in the first quarter under review.

(Electricity Business)

The Electricity Business secured stable earnings from smooth operation of solar power generation facilities enabled by our efforts in thorough maintenance and management to ensure continuous, stable supply.

As a result, performance with this business segment for the first quarter under review came to net sales of 286 million yen (down 2.0% year-on-year) and segment income of 173 million yen (down 1.7% year-on-year).

(Food & E-commerce Business)

In the Food & E-commerce Business, our consolidated subsidiary Shimonita Bussan Co., Ltd., which manufactures and sells its mainstay konnyaku (konjac) and konjac jelly, has developed its own brand, Konnyaku Kobo. Shimonita has developed another brand, Delichien, in the pet food business, with a focus on improvement of brand recognition, penetration of brand image, and sales channel expansion.

Bubble Star Co., Ltd. and Takeuchi Pharmaceutical Co., Ltd. have developed and manufactured health foods and sold brand products on their e-commerce sites.

Efforts were made to acquire new customers by strategically keeping prices unchanged for products purchased repeatedly, especially in the protein market and the low-carb food market, both of which continue to grow. Additionally, product development for both new and existing brands has been promoted, bringing new products to the market.

As a result, this business segment reported net sales of 1,853 million yen (up 79.4% year-on-year) and segment income of 0 million yen (down 99.7% year-on-year) in the first quarter under review.

The year-on-year comparison includes the figures for Takeuchi Pharmaceutical Co., Ltd., which was included in the scope of consolidation after the acquisition of its shares in the second quarter of the previous fiscal year.

(2) Explanation of financial position

Total assets at the end of the current consolidated first quarter decreased by 140 million yen from the end of the previous fiscal year (March 31, 2023) to 43,613 million yen.

Current assets increased by 138 million yen to 20,070 million yen from the end of the previous consolidated fiscal year. This mainly reflects increases in Cash and deposits (up 594 million yen), Electronically recorded monetary claims (up 709 million yen), Merchandise and finished goods (up 116 million yen), Prepaid expenses included in Other (up 113 million yen) and Advances paid (up 324 million yen), while there was a decrease in Accounts receivable (down 1,886 million yen).

Non-current assets decreased by 279 million yen from the end of the previous consolidated fiscal year to 23,542 million yen. The decrease was mainly attributable to decreases in Machinery, equipment, and vehicles (down 78 million yen) and Goodwill (down 60 million yen).

Total liabilities increased by 27 million yen from the end of the previous consolidated fiscal year to 25,521 million yen. This was mainly due to increases in Current portion of long-term borrowings (up 264 million yen), Electronically recorded monetary claims (up 1,648 million yen), and Long-term borrowings (up 568 million yen), as well as decreases in Notes and accounts payable (down 1,697 million yen), Long-term accounts payable included in Other under Non-current liabilities (down 101 million yen), and (down 583 million yen) in Accounts payable included in Other under Current liabilities.

Total net assets decreased by 168 million yen from the end of the previous consolidated fiscal year to 18,091 million yen, due mainly to a decrease in retained earnings (down 198 million yen).

As a result, the equity ratio stood at 41.5%, down 0.2 percentage points compared to the end of the previous consolidated fiscal year.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

Regarding the consolidated full-year earnings forecasts for the fiscal year ending March 31, 2024, we have not revised the forecast figures in the Summary of Financial Results released on May 12, 2023.

2. Quarterly consolidated financial statements and main notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of Yen)

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated first quarter (as of June 30, 2023)
Assets		
Current assets		
Cash and deposits	7,865,529	8,460,494
Notes receivable	184,663	199,851
Accounts receivable	3,496,832	1,610,525
Electronically recorded monetary claims	1,693,477	2,402,646
Merchandise and finished goods	1,495,037	1,611,047
Work in process	839,361	865,729
Raw materials	2,549,163	2,642,158
Content	6,197	0
Other	1,803,907	2,279,789
Allowance for doubtful accounts	(2,800)	(1,904)
Total current assets	19,931,371	20,070,338
Non-current assets		
Tangible fixed assets		
Buildings and structures, net	5,635,671	5,588,814
Machinery, equipment, and vehicles, net	2,423,749	2,345,177
Tools, furniture, and fixtures, net	321,622	294,115
Land	10,561,982	10,560,529
Lease assets, net	252,932	234,335
Total tangible fixed assets	19,195,959	19,022,973
Intangible fixed assets		
Software	110,653	100,590
Goodwill	2,401,704	2,341,427
Other	12,803	12,229
Total intangible fixed assets	2,525,161	2,454,247
Investments and other assets		
Investment securities	596,007	641,257
Long-term loans receivable	1,599,320	1,590,140
Deferred tax assets	231,774	193,652
Long-term prepaid expenses	313,199	312,398
Other	619,244	586,460
Allowance for doubtful accounts	(1,258,320)	(1,258,320)
Investments and other assets	2,101,225	2,065,588
Total non-current assets	23,822,346	23,542,809
Total assets	43,753,717	43,613,148

(Thousands of Yen)

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated first quarter (as of June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable	2,836,274	1,139,146
Electronically recorded obligations	940,394	2,589,002
Short-term borrowings	1,907,242	1,941,530
Current portion of long-term borrowings	2,726,081	2,990,177
Lease liabilities	41,091	66,533
Income taxes payable	217,864	139,820
Allowance for bonuses	76,705	97,322
Allowance for product warranties	6,000	7,000
Other	2,278,251	1,689,554
Total current liabilities	11,029,905	10,660,087
Non-current liabilities		
Long-term borrowings	11,824,907	12,393,243
Lease liabilities	237,491	192,415
Reserve for directors' retirement benefits	393,634	395,734
Allowance for product warranties	108,400	108,400
Retirement benefit liabilities	148,696	149,151
Long-term guarantees deposited	703,130	707,287
Asset retirement obligations	336,294	336,939
Rehabilitation claims, etc.	336,637	304,713
Other	375,181	273,903
Total non-current liabilities	14,464,373	14,861,789
Total liabilities	25,494,278	25,521,877
Net assets		
Shareholders' equity		
Capital stock	1,006,900	1,006,900
Capital surplus	673,700	673,700
Retained earnings	16,340,130	16,141,381
Treasury stock	(4,343)	(4,343)
Total shareholders' equity	18,016,387	17,817,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	243,051	273,633
Total accumulated other comprehensive income	243,051	273,633
Total net assets	18,259,438	18,091,271
Total liabilities and net assets	43,753,717	43,613,148

(2) Quarterly Consolidated Income Statement and Quarterly Statement of Consolidated Comprehensive Income
Quarterly Consolidated Income Statement
Consolidated cumulative first quarter

(Thousands of Yen)

	Previous consolidated cumulative first quarter (From April 1, 2022 to June 30, 2022)	Current consolidated cumulative first quarter (From April 1, 2023 to June 30, 2023)
Net sales	3,286,042	5,429,831
Cost of sales	2,119,084	3,752,299
Gross profit	1,166,958	1,677,532
Selling, general, and administrative expenses		
Advertising and publicity expenses	75,977	147,952
Packing and freight	119,141	274,687
Sales promotion expenses	170,575	285,726
Directors' remuneration	60,735	71,673
Salaries and bonuses	75,962	170,452
Provision for bonuses	20,487	23,230
Retirement benefit expenses	4,399	3,045
Provision for directors' retirement benefits	2,727	2,100
Provision for product warranties	2,000	7,000
Provision for allowance for doubtful accounts	(3,782)	(896)
Other	306,573	451,847
Total selling, general, and administrative expenses	834,799	1,436,821
Operating income	332,158	240,710
Non-operating income		
Interest income	2,962	2,065
Dividend income	3,546	6,634
Subsidy for employment adjustment	12,268	200
Other	11,514	25,974
Total non-operating income	30,291	34,874
Non-operating expenses		
Interest expenses	23,679	27,404
Other	3,610	9,543
Total non-operating expenses	27,290	36,947
Ordinary income	335,160	238,636
Extraordinary income		
Gain on sales of non-current assets	2,636	1,797
Other	–	790
Total extraordinary income	2,636	2,587
Extraordinary losses		
Loss on cancellation of membership	–	18,498
Loss on sales and retirement of non-current assets	156	111
Total extraordinary losses	156	18,610
Net income before income taxes	337,640	222,614
Income taxes - current	110,098	126,411
Income taxes - deferred	20,410	25,009
Total income taxes	130,509	151,420
Net income	207,131	71,193
Net income attributable to owners of the parent	207,131	71,193

Quarterly Statement of Consolidated Comprehensive Income
Consolidated Cumulative First Quarter

(Thousands of Yen)

	Previous consolidated cumulative first quarter (From April 1, 2022 to June 30, 2022)	Current consolidated cumulative first quarter (From April 1, 2023 to June 30, 2023)
Net income	207,131	71,193
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,355)	30,582
Total other comprehensive income	(2,355)	30,582
Comprehensive income	204,775	101,776
(Breakdown)		
Comprehensive income attributable to owners of the parent	204,775	101,776
Comprehensive income attributable to non- controlling interests	—	—

(3) Notes regarding quarterly consolidated financial statements

(Notes on going-concern assumption)

N/A

(Notes regarding significant changes in the amount of shareholder equity)

N/A

(Changes in Presentation Methods)

A portion of expenses related to the food and e-commerce business at some consolidated subsidiaries, which were previously included in Cost of sales, are now presented as Selling, general, and administrative expenses, effective from the current consolidated first quarter.

This change was made to more appropriately reflect the reality of the Group's business activities by reviewing profit-and-loss management in conjunction with the reorganization of the relevant consolidated subsidiary.

As a result of this change, cost of sales for the first quarter of the previous consolidated cumulative first quarter decreased by 84,465 thousand yen, and both gross profit and selling, general, and administrative expenses increased by the same amount, but there was no impact on operating income.

(Segment Information, etc.)

[Segment Information]

I. Previous consolidated cumulative first quarter (from April 1, 2022 to June 30, 2022)

1. Information concerning segment sales, income/loss by reportable segment

(Thousands of Yen)

	Amusement Business	Real Estate Business	Electricity Business	Food & E-commerce Business (Note 1)
Net sales				
(1) Sales to external customers	1,737,122	223,177	292,611	1,033,129
(2) Intersegment sales or transferred sales	–	9,041	–	3,102
Total	1,737,122	232,219	292,611	1,036,232
Segment income	143,011	122,586	176,140	58,014

	Total	Reconciliation (Note 2)	Amount recorded in Quarterly Consolidated Income Statement (Note 3)
Net sales			
(1) Sales to external customers	3,286,042	–	3,286,042
(2) Intersegment sales or transferred sales	12,144	(12,144)	–
Total	3,298,186	(12,144)	3,286,042
Segment income	499,753	(167,594)	332,158

Note 1: Effective from the current accounting period, net sales and income are included in the “Food & E-commerce Business” of Bubble Star Co., Ltd. in tandem with it becoming a consolidated subsidiary.

Note 2: Reconciliation of segment income of minus 167,594 thousand yen is mainly administrative expenses incurred by the reporting company.

Note 3: Segment income is adjusted with operating income in the quarterly consolidated income statement.

2. Information concerning impairment losses of noncurrent assets or goodwill by reportable segment

(Significant changes in the amount of goodwill)

In the current consolidated cumulative first quarter, there was a significant change in the amount of goodwill as a result of Bubble Star Co., Ltd. becoming a consolidated subsidiary. The increase in goodwill due to this event was 1,499,466 thousand yen.

II. Current consolidated cumulative first quarter (from April 1, 2023 to June 30, 2023)

1. Information concerning segment sales, income/loss by reportable segment

(Thousands of Yen)

	Amusement Business	Real Estate Business	Electricity Business	Food & E-commerce Business
Net sales				
(1) Sales to external customers	3,068,033	221,965	286,679	1,853,153
(2) Intersegment sales or transferred sales	–	7,824	–	2,732
Total	3,068,033	229,789	286,679	1,855,886
Segment income	73,924	120,481	173,213	169

	Total	Reconciliation (Note 1)	Amount recorded in Quarterly Consolidated Income Statement (Note 2)
Net sales			
(1) Sales to external customers	5,429,831	–	5,429,831
(2) Intersegment sales or transferred sales	10,557	(10,557)	–
Total	5,440,389	(10,557)	5,429,831
Segment income	367,788	(127,078)	240,710

Note 1: Reconciliation of segment income of minus 127,078 thousand yen is mainly administrative expenses incurred by the reporting company.

Note 2: Segment income is adjusted with operating income in the quarterly consolidated income statement.

2. Changes in Reportable Segments

With the increase in the number of consolidated subsidiaries, the Group has reviewed its business management classifications and, effective from the current consolidated first quarter, has changed its reportable segments from the previous six segments of “Equipment Business,” “Real Estate Business,” “Electricity Business,” “Content Business,” “Food Business,” and “Other” to the following four segments: “Amusement Business,” “Real Estate Business,” “Electricity Business,” and “Food & E-commerce Business.” The previous segment of “Content Business” was consolidated into “Equipment Business” and renamed to “Amusement Business,” and “Other” was consolidated into “Food Business” and renamed to “Food & E-commerce Business.” Segment information for the previous consolidated cumulative first quarter is presented based on classification after these changes.

3. Information concerning impairment losses of noncurrent assets or goodwill by reportable segment

N/A