DAIICHIKOSHO

Fiscal Year Ending March 2026 First Half (Interim)

Supplementary Materials for Financial Results

November 10, 2025

Singing
歌いながらいこう

01 **Overview of Financial Results for Fiscal Year Ending March 2026 First Half (Interim)**

02 Forecast for Fiscal Year Ending March 2026

Fiscal Year Ending March 2026 First Half (Interim): Financial Results Summary

Sales of new products trended steadily, and net sales achieved a record high for the first half

- **Net sales increased 8.0% year-on-year (record high),** as each core business contributed to revenue growth, led by sales of the new DAM product, LIVE DAM WAO!
- Profits decreased due to an increase in SG&A expenses, including costs related to the introduction of new products and promotional expenses

Commercial Karaoke Business:	Product sales increased significantly, and the number of DAM units in operation grew steadily, rising +1% year-on-year
Karaoke Cabin and Restaurant Business:	Year-on-year change in existing stores: +4% for karaoke cabins, +1% for restaurants
Parking Business:	Steady growth in the number of facilities at year-end: 4,200 facilities and 48,000 parking spots

- In conjunction with the head office relocation, a 4.0 billion yen gain on the sale of the current head office building is expected to be recorded at the end of the current fiscal year → Year-end dividend forecast increased by 10 yen (commemorative dividend)
- First-half net sales were slightly above forecast due to factors such as strong performance in karaoke cabins (Big Echo), but profits were slightly below forecast due to the impact of increased SG&A expenses → Progress is generally in line with the plan, and the full-year earnings forecast remains unchanged

Fiscal Year Ending March 2026 First Half (Interim): Earnings Highlights

(Unit: million yen)	FY ended March 2025 First Half	FY ended March 2026 First Half			
	Actual	Actual	Year-on-Year Change (%)	Earnings Forecast	Vs. Forecast (%)
Net sales	**74,321**	**80,276**	**8.0**	**79,600**	**0.8**
Gross operating profit	26,349	27,685	5.1	-	-
Selling, general, and administrative expenses	17,353	19,254	11.0	-	-
Operating profit	**8,996**	**8,430**	**-6.3**	**8,800**	**-4.2**
Ordinary profit	**8,991**	**8,606**	**-4.3**	**9,200**	**-6.5**
Net income attributable to parent company shareholders	**9,598**	**6,117**	**-36.3**	**6,800**	**-10.0**

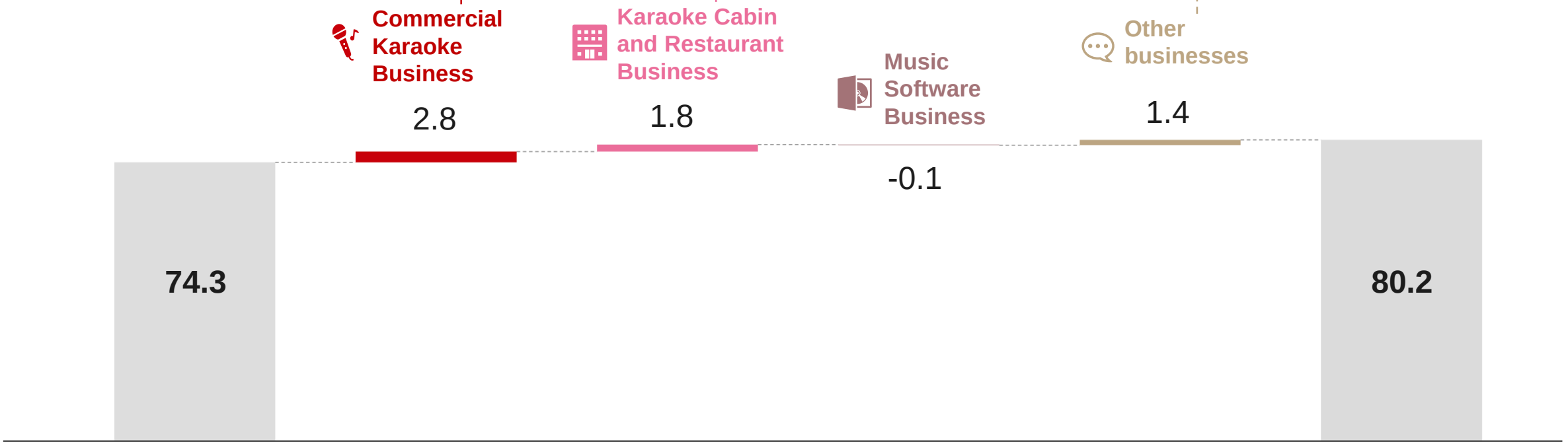
Factor Analysis of Change in Net Sales

(Billion yen)

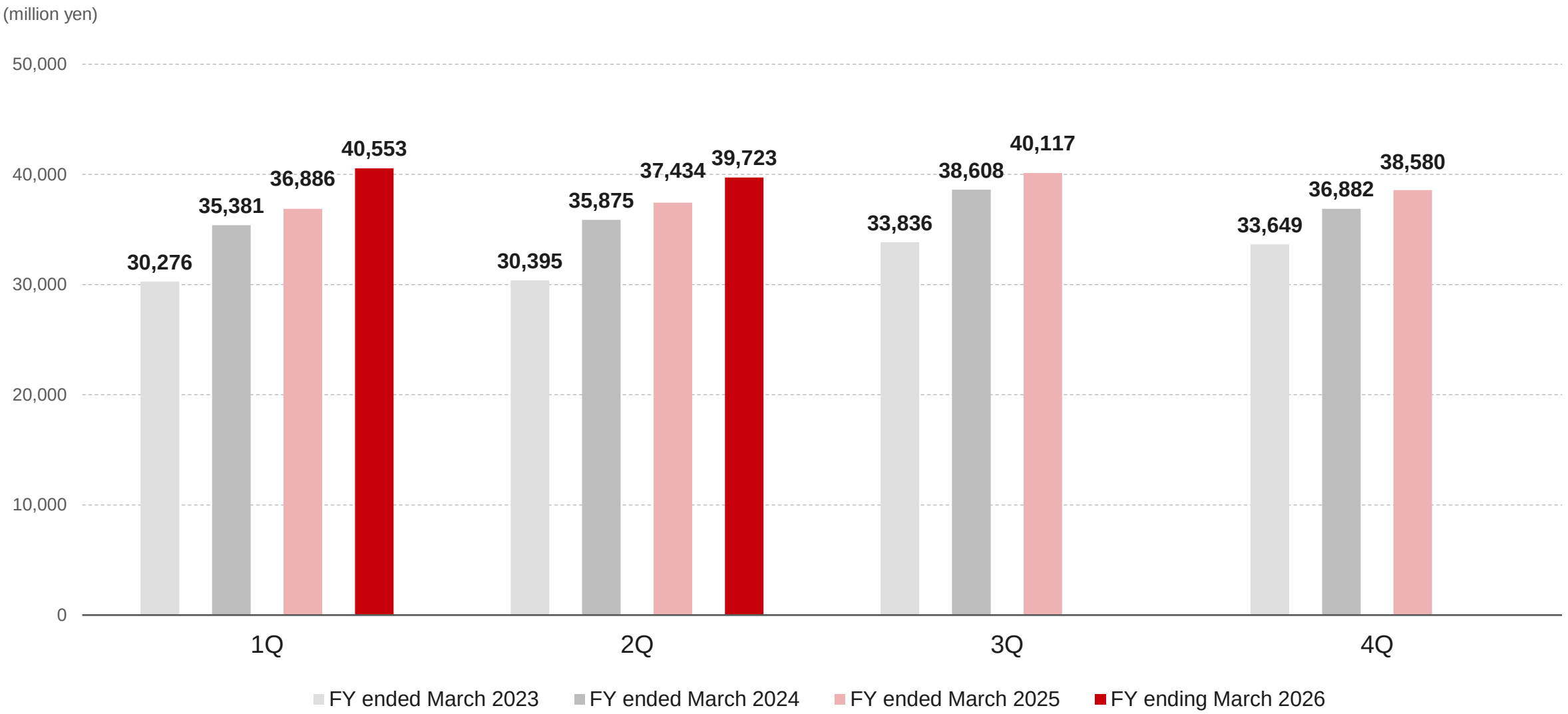
- Increase in product sales, primarily wholesale of new products: +2.1
- Increase in stock income due to growth in number of rentals and units in operation: +0.6

- Year-on-year comparison of existing stores: karaoke cabins +4%, restaurants +1%
- Increase in existing stores: +0.8

- Increase in net sales of parking business: +1.1



Changes in Net Sales by Quarter



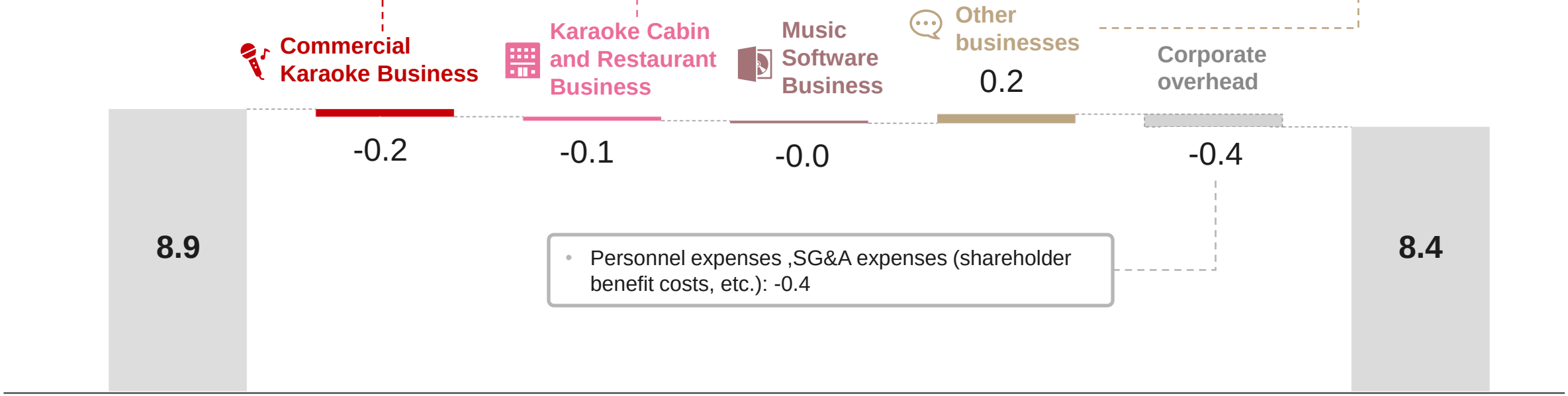
Factor Analysis of Change in Operating Profit

(Billion yen)

- Increase in product sales gross profit: +1.0
- One-time expenses related to the purchase of business assets: -0.2
- Increase in SG&A expenses, such as sales expenses for new product promotions and personnel expenses: -1.2

- Increase in net sales: +1.8
- New product introduction costs (depreciation, equipment replacement costs): -0.5
- Increase in other costs (personnel expenses, food costs, rent, etc.): -1.2
- Increase in SG&A expenses (personnel expenses, cashless transaction fees, etc.): -0.1

- Parking business gross profit: +0.2



- Personnel expenses ,SG&A expenses (shareholder benefit costs, etc.): -0.4

FY ended March 2025 First Half Actual

FY ending March 2026 First Half Actual

Business Environment (Commercial Karaoke)

Business environment

- **The market environment improved moderately, mainly in the growing seniors' market, and the number of DAM units in operation at the end of the period increased 1% year-on-year**
- **Launched the new flagship product "LIVE DAM WAO!" in April, the first in five and a half years, increasing product sales, mainly wholesale**
- **Deployed promotions related to the new product across diverse media, including TV commercials and SNS → Aiming to expand the karaoke user base**
- **Striving to increase revenue per DAM unit through replacement of old models with new models, etc.**

KPIs by Business Segment

	FY ended March 2025	FY ending March 2026 First Half
No. of DAM units in operation	**220** thousand units	**222** thousand units **+0.7** %
No. of equipment rentals	**114** thousand units	**117** thousand units **+3.2** %

Overall shift toward seniors' market

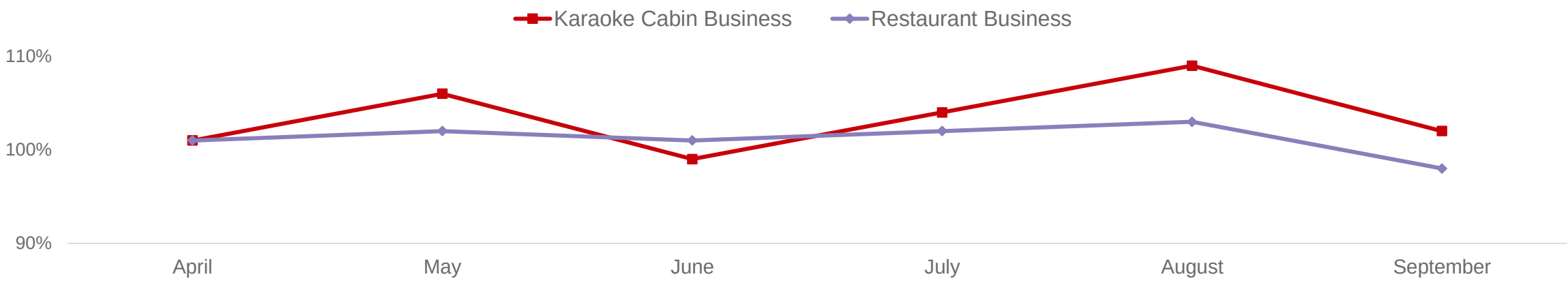
	FY ended March 2025		FY ending March 2026 First Half	
Launch of DAM for seniors	**28** thousand units / **220** thousand units	**+4.3** %	**29** thousand units / **222** thousand units	**+2.1** %

Business Environment (Karaoke Cabin and Restaurant Business)

Business environment

・Store renovations implemented in the previous fiscal year
・Effect of introducing LIVE DAM WAO!
・Due to increased demand for indoor leisure caused by the intense heat, customer traffic has been strong

FY ending March 2026: Changes in net sales at existing stores of Karaoke Cabin and Restaurant Business (year-on-year)



Store Type	FY Ending March 2026: Actual (Year-on-Year Comparison)					
	April	May	June	July	August	September
Karaoke cabins	101%	106%	99%	104%	109%	102%
Restaurants	101%	102%	101%	102%	103%	98%

Business Environment (Parking)

Business environment

- **Steady increase in new parking facilities**

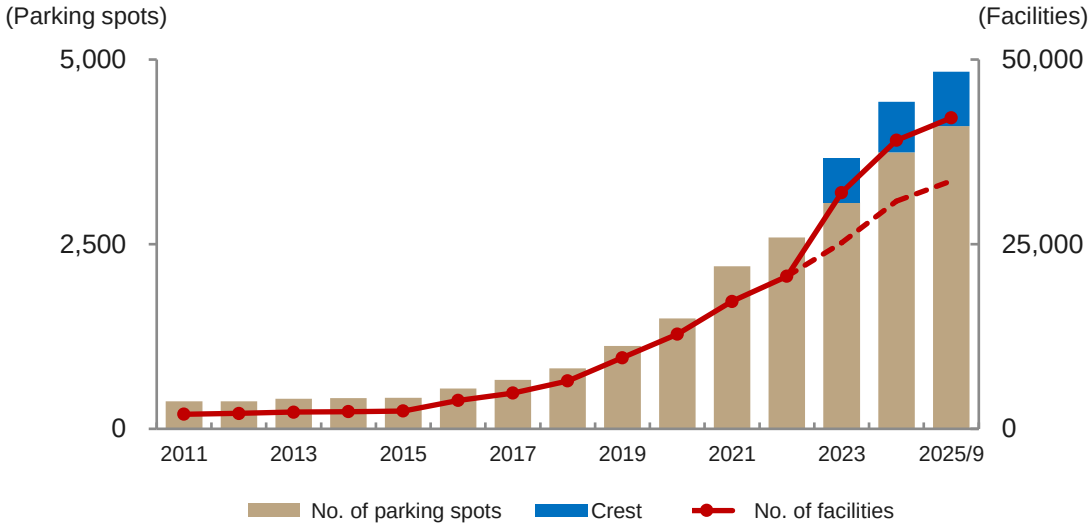
KPIs by Business Segment

	FY Ended March 2025	FY ending March 2026 First Half
No. of parking facilities	3,900 facilities	4,200 facilities
		+7.8 %
No. of parking spots	44,000 facilities	48,000 facilities
		+9.1 %

Changes in the Number of Parking Business Facilities

Daiichikosho's The Park

Commercial for brand awareness



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Consolidated Balance Sheet

Current assets and current liabilities both decreased due to factors such as investment in new DAM product rental equipment and proprietary karaoke store equipment, repayment of borrowings, and payment of dividends

(Unit: million yen)	FY Ended March 2025 Actual	FY ending March 2026 First Half Actual	Vs. End of Previous FY (%)	Comments
Current assets	67,543	54,614	-19.1%	Decrease in cash and deposits, and increase in prepaid expenses and inventories
Non-current assets	141,773	147,008	3.7%	Increase in rental karaoke equipment and karaoke cabin/restaurant equipment
Total assets	**209,316**	**201,623**	-3.7%	
Current liabilities	35,990	26,411	-26.6%	Decrease in short-term borrowings (including long-term borrowings due within one year)
Non-current liabilities	55,463	56,109	1.2%	
Total liabilities	**91,454**	**82,521**	-9.8%	
Shareholders' equity	114,481	115,385	0.8%	
Accumulated other comprehensive income	1,851	2,233	20.6%	
Total net assets	**117,862**	**119,101**	1.1%	
Total liabilities/net assets	**209,316**	**201,623**	-3.7%	

Consolidated Cash Flow Statement

Cash and cash equivalents decreased due to factors such as the absence of the sale of fixed assets (land) that occurred in the previous period, as well as an increase in the acquisition of fixed assets such as karaoke equipment and store equipment and repayments of borrowings

(Unit: million yen)	FY ended March 2025 First Half Actual	FY ending March 2026 First Half Actual	FY ending March 2026 First Half Year-on-Year Change
Cash flows from operating activities	10,006	11,798	+1,792
Cash flows from investing activities	-1,222	-13,617	-12,394
Cash flows from financing activities	-16,575	-13,383	3,191
Cash and cash equivalents at start of period	49,306	41,584	-7,721
Cash and cash equivalents at end of period	41,530	26,387	-15,142
Free cash flows	8,784	-1,818	-10,602

Consolidated Management Indicators

In the Commercial Karaoke Business and the Karaoke Cabin and Restaurant Business, profit margins decreased due to factors such as increased depreciation and promotional expenses related to new DAM products, while the Parking Business expanded

Management Indicators Prioritized for Entire Company

ROE

Mid- to long-term target
12.0% or more

Profit growth
Operating profit margin improvement

EPS (Full-Year Forecast) **149.0** yen

Capital optimization
Shareholders' equity ratio
58.3%

FY ended March 2025	FY ending March 2026 Full-Year Forecast	
16.2%	**12.8**%	(−3.4 pt)

Operating Profit Margin by Business Segment

	FY Ended March 2025	FY Ending March 2026 (First Half)
Commercial Karaoke Business	**18.7**%	**18.5**%
Karaoke Cabin and Restaurant Business	**9.5**%	**7.2**%
Music Software Business	**5.9**%	**4.2**%
Other businesses	**12.7**%	**13.9**%

KPIs by Business Segment

	FY Ended March 2025	FY Ending March 2026 (First Half)	
No. of DAM units in operation	**220** thousand units	**222** thousand units	(+0.7%)
No. of equipment rentals	**114** thousand units	**117** thousand units	(+3.2%)
No. of karaoke cabins	**503** stores	**505** stores	(+2 stores)
No. of restaurants	**159** stores	**162** stores	(+3 stores)
No. of parking facilities	**3,900** facilities	**4,200** facilities	(+300 facilities)
No. of parking spots	**44** thousand spots	**48** thousand spots	(+4 thousand spots)

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02 Forecast for Fiscal Year Ending March 2026

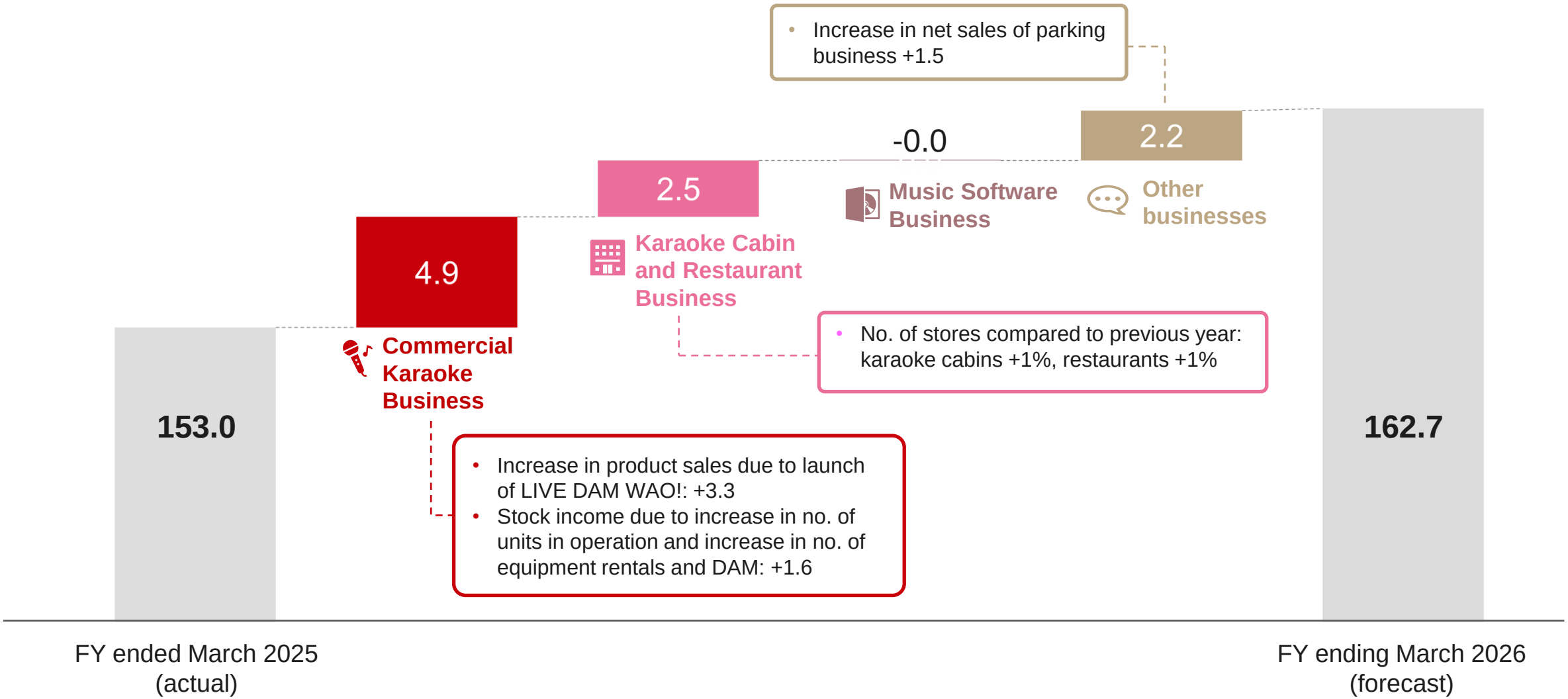
Earnings Forecast for Fiscal Year Ending 2026

The launch of the new product LIVE DAM WAO! is expected to increase net sales, however, due to capital investment and promotional expenses, operating profit is forecasted to remain flat

(Unit: million yen)	FY ended March 2025 First Half	FY Ending March 2026			
		First Half		Full Year	
	Actual	Actual	Year-on-Year Change (%)	Forecast	Progress Rate (%)
Net sales	74,321	80,276	8.0%	162,700	49.3%
Operating profit	8,996	8,430	-6.3%	18,000	46.8%
Operating profit margin (%)	12.1	10.5	–	11.1%	–
Net income attributable to parent company shareholders	9,598	6,117	-36.3%	15,400	39.7%

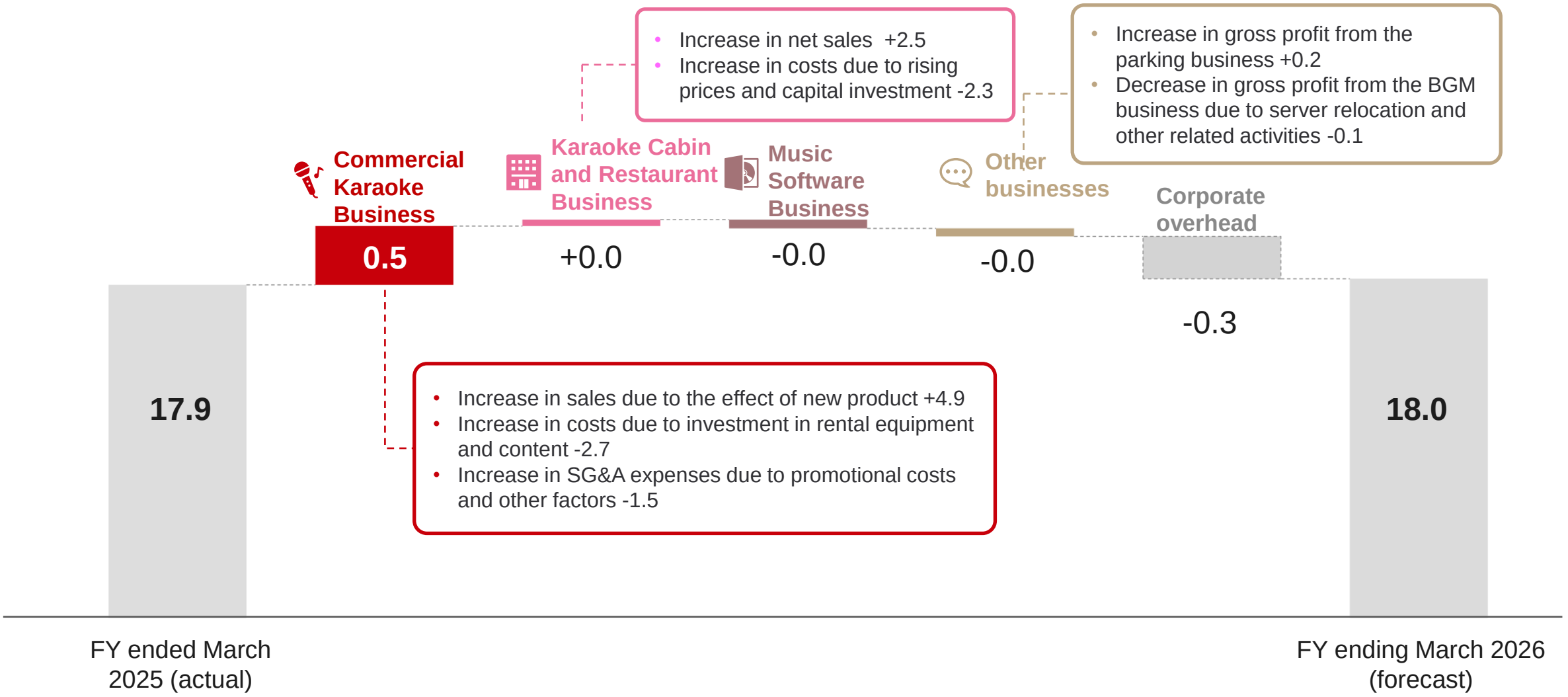
Factor Analysis of Change in Net Sales

(Billion yen)



Operating Profit Forecast for Fiscal Year Ending March 2026: Factor Analysis of Change

(Billion yen)



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(Released in July and August 2025) Revisions to Earnings Forecast and Dividend Forecast

Following the decision to sell the current head office building, which is expected to result in the recording of a 4.0 billion yen gain on the sale of fixed assets at the end of the current fiscal year, the earnings forecast has been revised and a 10-yen commemorative dividend has been added to the year-end dividend.

Timeline until relocation

February 2024

Acquired fixed asset for relocation of head office functions (Mita 3-chome, Minato Ward).

September 2024

Sold land (in Shinagawa Ward) that had been held until now as a candidate site for relocation.

Reference: “Notice Regarding Disposal of Fixed Assets and Recording of Extraordinary Profit,” July 29, 2024

February to March 2026

Relocation

(After relocation) End of March 2026

Scheduled sale of current head office building

Reference: July 28, 2025 “Notice Regarding Disposal of Fixed Assets and Recording of Extraordinary Profit by a Consolidated Subsidiary”

Background for Earnings Forecast Revision

Recording of extraordinary profit from the sale of the current head office building

Revision of earnings forecast / Implementation of commemorative dividend

	Forecast for net income attributable to parent company shareholders	Full-year dividend forecast per share	Dividend payout ratio	ROE
Before Revision	13.0 billion yen	57 yen	45%	10.8%
After Revision	15.4 billion yen	67 yen (Ordinary dividend 57 yen, Commemo-rative dividend 10 yen)	45%	12.8%
Difference	+2.4 billion yen	+10 yen	–	+2.0%pt

Reference: August 7, 2025 “Notice Regarding Revision of Earnings Forecast,” “Notice Regarding Revision of Dividend Forecast (55th Anniversary Commemorative Dividend)”

Fiscal Year Ending March 2026: Earnings Forecast by Segment

Commercial Karaoke Business

- Night business market
- Karaoke box market
- Seniors' market

Net sales by segment

67,200 million yen +7.9%

Operating profit by segment

12,200 million yen +4.5%

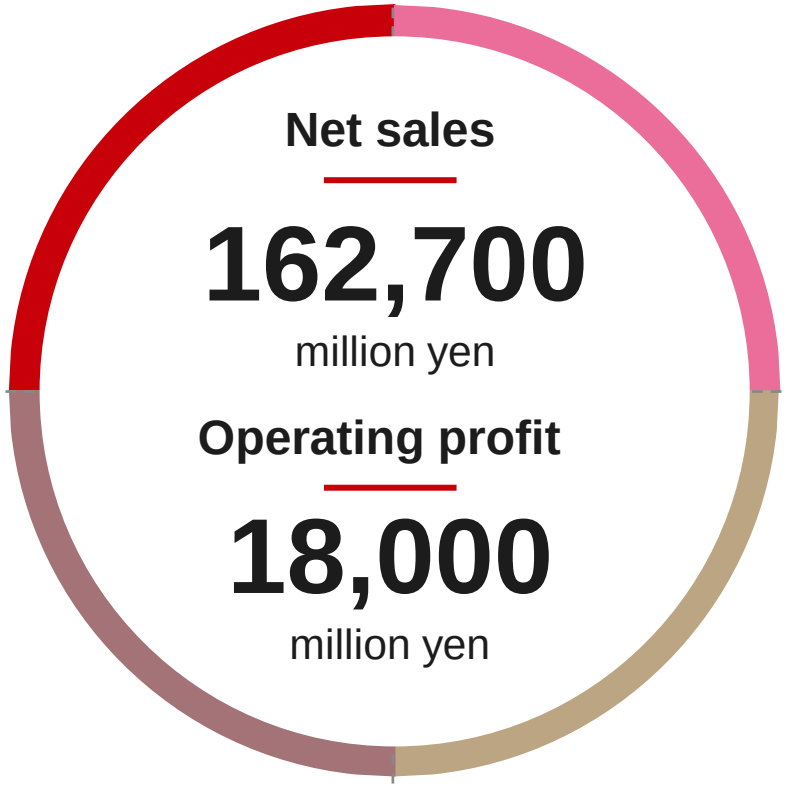
Karaoke Cabin and Restaurant Business

Net sales by segment

69,100 million yen +3.8%

Operating profit by segment

6,400 million yen +0.9%



Music Software Business

Net sales by segment

5,500 million yen -1.0%

Operating profit by segment

250 million yen -23.2%

Other businesses

- Parking Business
- Real Estate Rental Business
- BGM Broadcasting Business, etc.

Net sales by segment

20,900 million yen +12.2%

Operating profit by segment

2,300 million yen -3.1%

Fiscal Year Ending March 2026: Measures to Be Implemented by Segment

Commercial Karaoke Business

Night business market

- Aiming to further improve our share
- Aiming to improve profitability per unit through replacement of old models, etc.

Karaoke box market

- Expanding sales of new flagship DAM system, “LIVE DAM WAO!”
- Pursuing replacement of old equipment models

Seniors’ market

- Contributing to longer healthy lifespans and reducing the workload of nursing-care facility staff by expanding sales of the “FREE DAM LIFE” system dedicated to the seniors’ market and leveraging the appeal of new functions

Shared measures

- Aiming to make the entire karaoke industry more dynamic and expand the karaoke user base through enhancing sales of new products and conducting promotional activities

Other markets

- Creating new places to sing through collaboration with other sectors (e.g., supermarkets) and use of “COCOKARA” box-type karaoke system

Music Software Business

Key measures

- We will establish a solid revenue model by striving to discover new artists and create hit songs, as well as devoting effort to the music publishing business

Karaoke Cabin and Restaurant Business

Karaoke cabins

- So that customers can experience LIVE DAM WAO!’s new functions right away, we will rapidly introduce it at all stores
- As a chain directly operated by a karaoke manufacturer, we aim to improve customer satisfaction by enhancing both facilities and services

Restaurants

- Devoting effort to developing a new brand that addresses customers’ needs
- Along with private dining, which is our core business, we will develop a wide customer base, including amusement facilities such as karaoke, darts, etc.

Other businesses

- Parking Business
- Real Estate Rental Business
- BGM Broadcasting Business, etc.

Parking business

- We will pursue the opening of new facilities, including M&A, and further grow the size of the business
- We will enhance “The Park” brand awareness via TV commercials, etc.
- We will streamline some unprofitable equipment to improve profitability

Entire company

- We plan to relocate our head office functions around February 2026. The head office, which is currently distributed across 3 locations, will be consolidated in 1 location with the aim of making the company more dynamic through inter-departmental communication, improving productivity, and creating innovation

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Fiscal Year Ending March 2026: Consolidated Management Indicators Plan

Due to the increase in sales from the launch of new products and the increase in costs from capital investments, operating profit is expected to remain flat.
We aim to expand the business foundation, starting with the rollout of new products

Management Indicators Prioritized for Entire Company

ROE

Mid- to long-term target
12.0% or more

Profit growth
Operating profit margin improvement

EPS **149.0** yen

Capital optimization
Shareholders' equity ratio
58.3%

FY ended March 2025 Actual	FY ending March 2026 (forecast)	
16.2%	12.8%	(-3.4 pt)

Operating Profit Margin by Business Segment

	FY endinga March 2026 First Half	FY Ending March 2026 (forecast)
Commercial Karaoke Business	18.5%	18.2%
Karaoke Cabin and Restaurant Business	7.2%	9.3%
Music Software Business	4.2%	4.5%
Other businesses	13.9%	11.0%

KPIs by Business Segment

	FY ending March 2026 First Half	FY Ending March 2026 (forecast)	
No. of DAM units in operation	222 thousand units	225 thousand units	(+1.5%)
No. of equipment rentals	117 thousand units	118 thousand units	(+0.3%)
No. of karaoke cabins	505 stores Existing store YOY 104%	510 stores 101%	(+5 stores) (-3 pt)
No. of restaurants	162 stores Existing store YOY 101%	171 stores 101%	(+9 stores) (±0 pt)
No. of parking facilities	4,200 facilities	4,500 facilities (+300 facilities)	
No. of parking spots	48 thousand spots	50 thousand spots (+2 thousand spots)	

IR Activities

To deepen interest in and understanding of our business, we are working to expand information disclosure by participating in IR events and conducting sponsored research

Exhibiting at the Nomura IR Asset Management Fair

We will be exhibiting at the “Nomura IR Asset Management Fair 2026,” an IR event for individual investors. At our digital booth, we will explain our business strengths and business model. We hope this opportunity will deepen the interest and understanding of our company among individual investors. We look forward to your visit.

Event Name	Nomura IR Asset Management Fair 2026
Event Period	20 days from Thursday, January 8, 2026 to Tuesday, January 27, 2026
How to Participate	Advance visitor registration is required. Please apply at the URL below. (Admission is free) https://fair.nomura-ir.co.jp/

Publication of Shared Research Report

Click here for Shared Research Inc. research report.

https://www.dkkaraoke.co.jp/stockinfo/sharedresearch.html

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