第一興商

Fiscal Year Ended March 2026

Supplementary Materials for Financial Results

May 13, 2026

Singing
歌いながらいこう

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01 Results Summary

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FY2025 Results Summary

New flagship "LIVE DAM WAO!" effect spread to main businesses, resulting in record-high sales
Operating profit remained roughly flat year-on-year due to increase in SG&A expenses

- Sales increased 6.5% year-on-year (record high) due to the launch of new product (LIVE DAM WAO!) and strong performance of karaoke stores
- Operating profit remained roughly flat year-on-year due to increase in SG&A expenses (new product promotion costs, personnel costs, head office relocation expenses, etc.)
- Sales and profit items generally landed in line with forecasts

  Commercial karaoke business: DAM units in operation remained stable, slightly increasing from the previous fiscal year-end

  Karaoke cabin and restaurant business: Same-store sales year-on-year (karaoke cabin) +4%, (restaurants) +2%

  Parking business: Year-end facilities increased steadily to 4,400 facilities with 51,000 parking spaces

- Net income decreased 12.6% year-on-year due to the absence of deferred tax asset increase recorded in the previous fiscal year
- Will relocate head office in February 2026 and sell real estate including the former head office

PERFORMANCE HIGHLIGHTS

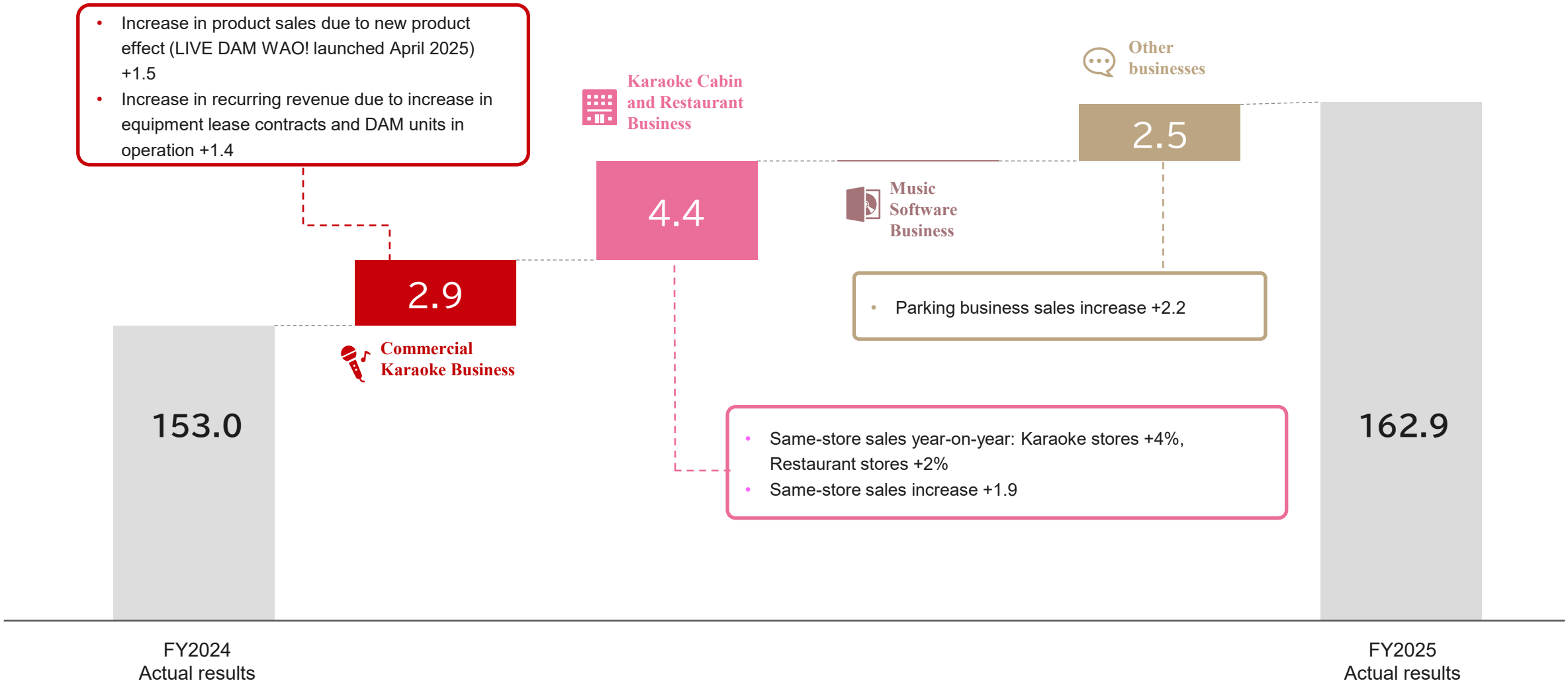
Sales and profit line items generally landed in line with the earnings forecast

Net income decreased by 2.2 billion yen due to the absence of corporate tax adjustments recorded in the previous fiscal year

(Unit: million yen)	FY2024 Actual results	FY2025 Actual results	FY2025 forecast of operating income	FY2025 Compared to previous year (%)	FY2025 Versus estimates (%)
Net sales	**153,020**	**162,950**	**162,700**	**6.5**	**0.2**
Gross Profit	53,757	56,179	56,100	4.5	0.1
Selling, general and administrative expenses	35,811	38,261	38,100	6.8	0. 4
Income from Operations	**17,945**	**17,917**	**18,000**	**-0.2**	**-0.5**
Current Profit	**18,396**	**18,265**	**18,800**	**-0.7**	**-2.8**
Profit attributable to owners of parent	**18,178**	**15,889**	**15,400**	**-12.6**	**3.2**

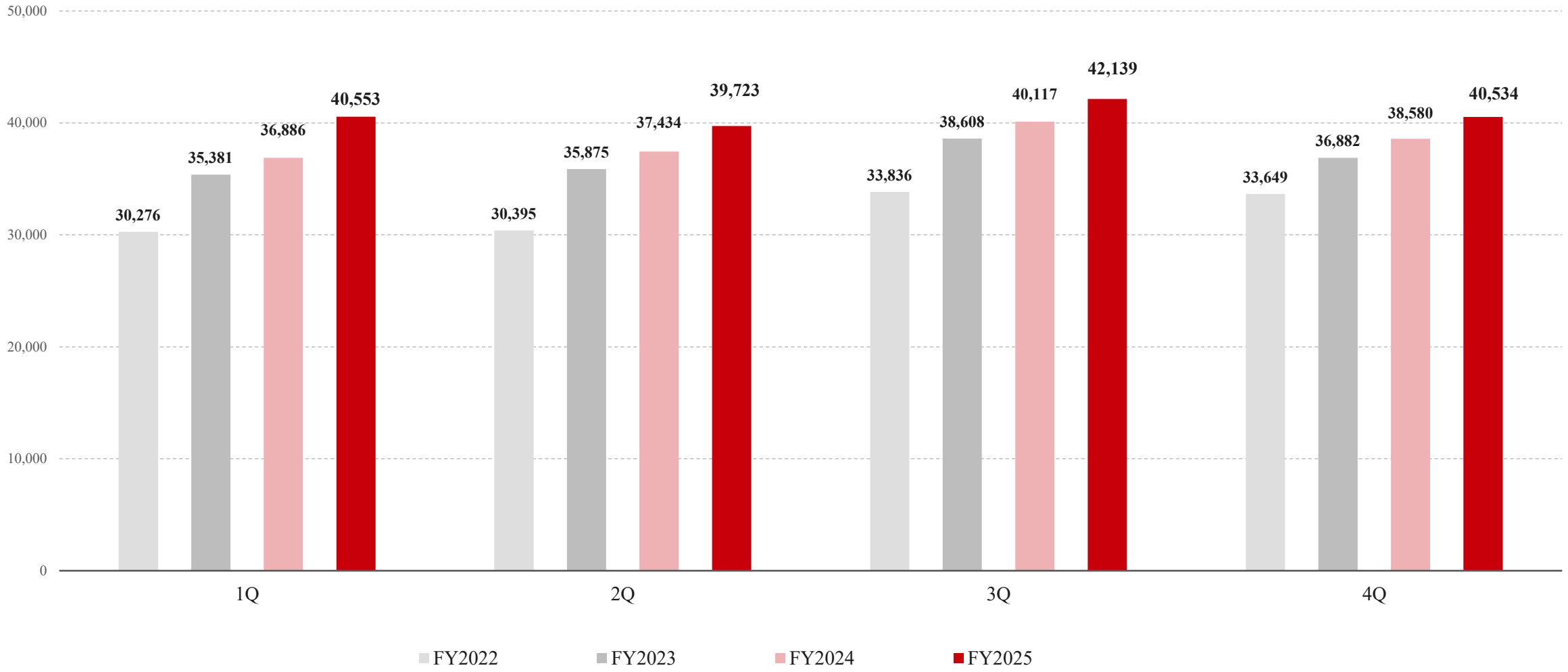
Sales Variance Analysis

(Billions of yen)



Quarterly Sales Trends

(Unit: million yen)

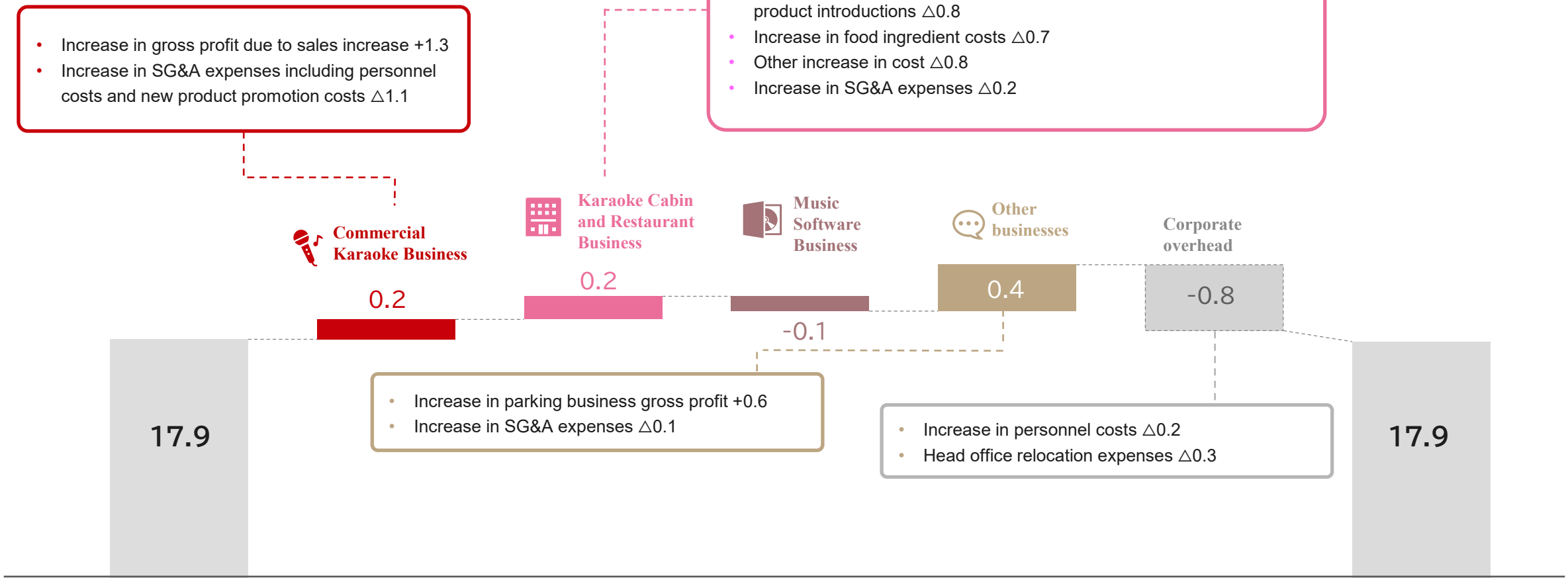


Variance Analysis on Operating Profit

(Billions of yen)

- Increase in gross profit due to sales increase +1.3
- Increase in SG&A expenses including personnel costs and new product promotion costs △1.1

- Sales increase +4.4
- Increase in personnel costs △1.4
- Increase in depreciation expenses due to new store openings and new product introductions △0.8
- Increase in food ingredient costs △0.7
- Other increase in cost △0.8
- Increase in SG&A expenses △0.2



- Increase in parking business gross profit +0.6
- Increase in SG&A expenses △0.1

- Increase in personnel costs △0.2
- Head office relocation expenses △0.3

Business Environment (Commercial Karaoke)

BusinessEnvironments

- Gradual improvement centered on the growing elder market, with DAM units in operation at fiscal year-end slightly increasing from the previous fiscal year-end
- Sales mainly through wholesale increased due to the effect of new product LIVE DAM WAO! (launched April 2025)
- Aiming to expand the karaoke user base through promotions related to the new product
- Shifting from the conventional sales policy focused on "volume" (product shipments, units in operation, etc.)

  to a policy emphasizing improved profitability per DAM unit



LIVEDAM WAO!

KPIs by Business Segment

	FY2024	FY2025	
No. of DAM units in operation	220 thousand units	222 thousand units	+0.5%
No. of equipment rentals	114 thousand units	119 thousand units	+4.7%

Overall shift toward seniors' market

	FY2024	FY2025	
Launch of DAM for seniors	28 thousand units / 220 thousand units	29 thousand units / 222 thousand units	+3.0%

Business Environment (Karaoke Cabin and Restaurant Business)

Business Environments

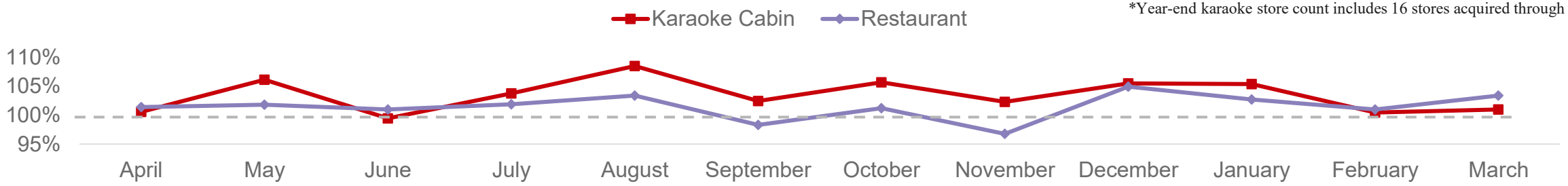
- Actively introduced LIVE DAM WAO! launched in April to company-owned stores including Big Echo
- Slightly exceeded expectations due to renovations and new product introduction effects implemented in the previous period

  Strong customer traffic → Same-store sales: karaoke stores +4%, restaurant stores +2%
- New restaurant brands "Mushi to Sake Michiru" and "Charcoal Grill & BAR ROBACE "

	Stores opened	Stores closed	Year-end Number of stores
Karaoke Cabin Business	10	8	521*
Restaurant Business	20	12	167

*Year-end karaoke store count includes 16 stores acquired through M&A

FY2025 Same-Store Sales Trends for Karaoke Cabin and Restaurant Stores (Year-on-Year)



	FY2025 Results (Same-store year-on-year)											
	April	May	June	July	August	September	October	November	December	Jan.	Feb.	March
Karaoke Cabin	101%	106%	99%	104%	109%	102%	106%	102%	106%	105%	100%	101%
Restaurant	101%	102%	101%	102%	103%	98%	101%	97%	105%	103%	101%	103%

CONSOLIDATED BALANCE SHEETS

Cash and deposits increased due to the sale and disposal of owned real estate associated with the relocation of the head office

(Unit: million yen)	FY2024 Actual results	FY2025 Actual results	FY2025 Compared to previous year (%)	FY2025 Comments
Current Assets	67,543	77,209	14.3%	increase in cash and cash equivalents
Fixed Asset	141,773	143,235	1.0%	Increase in business assets, decrease in land, etc. due to sales, increase in goodwill from acquisition of subsidiaries
Total assets	**209,316**	**220,445**	5.3%	
Current Liabilities	35,990	27,351	-24.0%	Decrease in short-term borrowings and current portion of long-term debt
Non-current liabilities	55,463	67,744	22.1%	increase of long-term debt
Total Liabilities	**91,454**	**95,096**	4.0%	
Shareholders' Equity	114,481	122,263	6.8%	
Total accumulated other comprehensive income	1,851	1,376	-25.7%	
Total Net Assets	**117,862**	**125,349**	6.4%	
Total liabilities and net assets	**209,316**	**220,445**	5.3%	

CONSOLIDATED STATEMENTS OF CASH FLOWS

Real estate sales in both previous and current fiscal years; increase in cash and cash equivalents due to decreased expenditures from financing activities

Free cash flow improved due in part to improved EBITDA

(Unit: million yen)	FY2024	FY2025	
	Actual results	Actual results	from the previous year
Cash Flow from Operating Activities	24,656	25,096	439
Cash Flow from Investment Activities	-11,445	-11,041	404
Cash Flow from Financing Activities	-20,901	-7,196	13,705
Cash and cash equivalents at the beginning of the year	49,306	41,584	-7,721
Cash and cash equivalents at the end of the year	41,584	48,475	6,891
free cash flow	13,210	14,055	844

Consolidated Financial Highlights

In the commercial karaoke business and karaoke/restaurant business, costs related to new product launches and
While profit margins decreased due to increased personnel costs and other factors, the parking business expanded

Management Indicators Prioritized for Entire Company

ROE

Mid-and long-term goals
12.0% or more

Profit growth
Operating profit margin improvement

EPS 153.4 yen

Capital optimization
Equity ratio 56.1%

FY2024	FY2025
16.2%	13.2% (-3.0pt)

*Tax-effect accounting impact in the previous year

Operating profit margin by business segment

	FY2024	FY2025
Commercial Karaoke Business	18.7%	18.3%
Karaoke Cabin and Restaurant Business	9.5%	9.3%
Music Software Business	5.9%	2.6%
Other businesses	12.7%	13.3%

KPIs by Business Segment

	FY2024	FY2025
No. of DAM units in operation	220 thousand units	222 thousand units (0.5%)
No. of equipment rentals	114 thousand units	119 thousand units (+4.7%)
No. of karaoke cabins	503 stores Existing store YOY 102%	521 stores (+18 stores) 104%
No. of restaurants	159 stores Existing store YOY 103%	167 stores (+8 stores) 102%
No. of parking facilities	3,900 facilities	4,400 facilities (+500 facilities)
No. of parking spots	44,000 spots	51,000 spots (+7,000 spots)

01 Results Summary



02 Outlook for FY2026

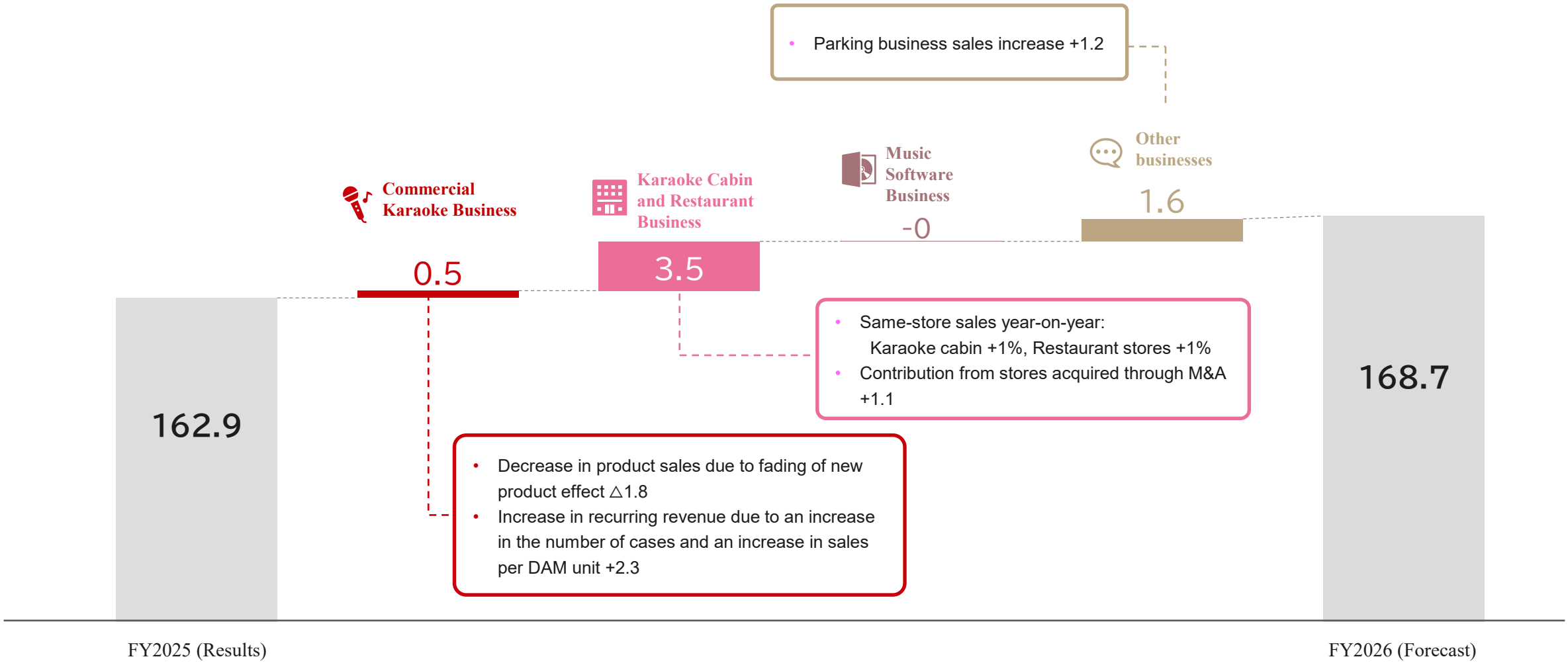
FY2026 Results Outlook

While product sales from new product effect fall off, we expect increased revenue and profit in each main business
Net income expected to decrease due to absence of extraordinary gains such as gain on sale of fixed assets

(Unit: million yen)	FY2025 Actual results	FY2026 forecast	FY2026 Compared to previous year (%)	FY2026 Compared to previous year (amount)
Net sales	162,950	168,700	3.5%	5,749
Operating profit	17,917	18,500	3.3%	582
Operating profit margin (%)	11.0%	11.0%	—	—
Current Profit	18,265	18,900	3.5%	634
Profit attributable to owners of parent	15,889	12,200	-23.2%	-3,689

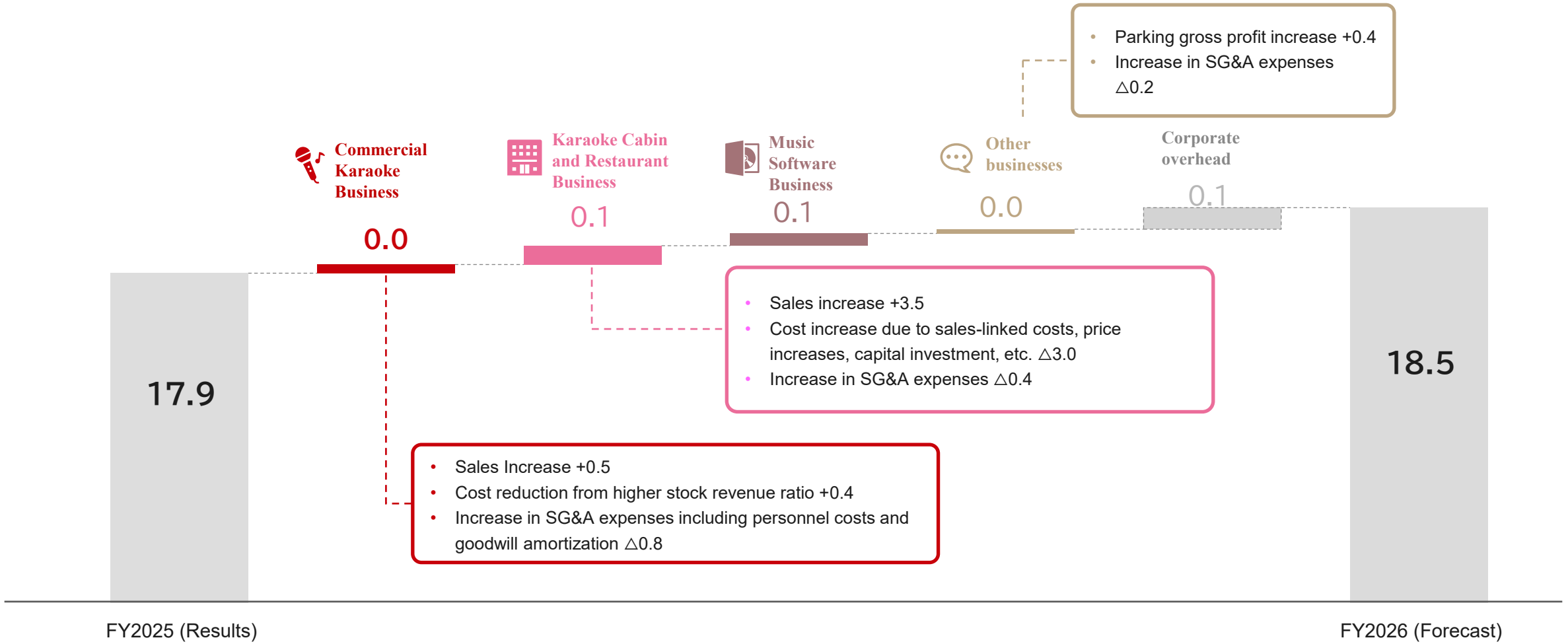
Sales Forecast Variance Analysis

(Billions of yen)



Operating Profit Forecast Variance Analysis

(Billions of yen)



FY2026 Forecasts by Business Segments

Commercial Karaoke Business

- For night business market
- For seniors' market
- Karaoke Box Market

Net Sales by Business Segments

65,800 million yen +0.8%

Operating Income by Segment

12,000 million yen +0.6%

Karaoke Cabin and Restaurant Business

Net Sales by Business Segments

74,600 million yen +5.1%

Operating Income by Segment

6,800 million yen +2.5%



Music SoftwareBusiness

Net Sales by Business Segments

5,400 million yen -1.1%

Operating Income by Segment

250 million yen +78.1%

Other businesses

- Parking Business
- Real estate rental
- BGM Broadcasting Business, etc.

Net Sales by Business Segments

22,900 million yen +8.0%

Operating Income by Segment

2,850 million yen +1.3%

FY2026 Key Initiatives by Segment

Commercial Karaoke Business

Common

- Promote the features and content of LIVE DAM WAO! to improve revenue per DAM unit, expand the base of karaoke users, and increase singing frequency
- Building a stable earnings base

Seniors' market

- Contribute to extending healthy life expectancy and reducing workload for nursing care facility staff by expanding sales of the elder market-dedicated model "FREE DAM LIFE" and promoting its new features
- Increase the number of units in operation as a growth market

Night business market

- Aim for further market share growth in central areas
- Promote replacement from older models

Karaoke Box Market

- Expand sales of LIVE DAM WAO!
- Promote replacement from older models

rest of market

- Create "new singing venues" through collaboration with other industries such as supermarkets

MusicSoftwareBusiness

key initiatives

- Build a solid profit model by discovering new artists and creating hit songs, while also focusing on the music publishing business

Karaoke Cabin and Restaurant Business

Common

- Further promote prime location strategy and strengthen profitability by opening stores in densely populated areas

Karaoke cabins

- As manufacturer-operated stores, enhance both facilities and services to improve customer satisfaction
- Attract casual customers through collaboration projects with artists, anime, etc.

Restaurants

- Focus on developing new brands that meet customer needs
- Develop a wide range of customer segments including private dining as our main format, as well as amusement options such as karaoke and darts

Other businesses

- Parking Business
- Real estate rental
- BGM Broadcasting Business,

etc.

Parking Business

- Promote development of new facilities including M&A to achieve further business growth
- Improve profitability through improvement and reorganization of unprofitable facilities

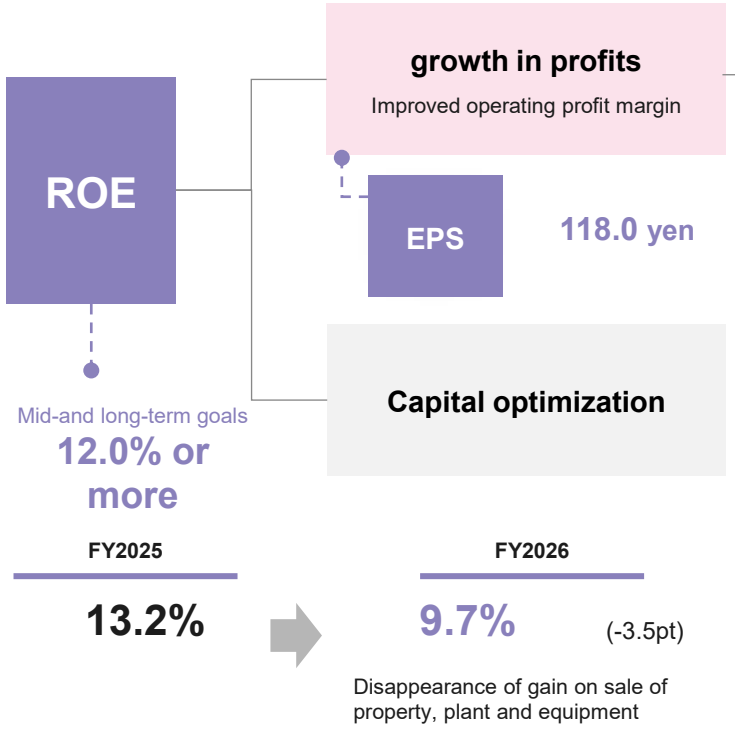
Entire company

- By consolidating the headquarters, which was previously dispersed across three locations, into one location, we aim to enhance inter-departmental communication, improve productivity, and create new innovations

FY2026 Consolidated Financial Indicators Plan

While business foundations are expanding across each segment, we anticipate a slight decrease in operating profit margin due to upfront investments

Key Management Indicators for the Company as a Whole



Operating profit margin by business segment

	FY2025	FY2026 (Forecast)
Commercial Karaoke Business	18.3%	18.2%
Karaoke Cabin and Restaurant Business	9.3%	9.1%
Music Software Business	2.6%	4.6%
Other businesses	13.3%	12.4%

KPIs by Business Segment

	FY2025	FY2026 (Forecast)
No. of DAM units in operation	222 thousand units	225 thousand units (+1.4%)
No. of equipment rentals	119 thousand units	123 thousand units (+2.9%)
No. of karaoke cabins	521 stores Existing store YOY 104%	530 stores (+9 stores) 101%
No. of restaurants	167 stores Existing store YOY 102%	180 stores (+13 stores) 100%
No. of parking facilities	4,400 facilities	4,900 facilities (+500 facilities)
No. of parking spots	51,000 spots	55,000 spots (+4,000 spots)

Return to Shareholders

Dividend Policy

- Maintaining a solid financial foundation while achieving stable mid- to long-term profit growth to enhance corporate value and returning profits to shareholders is an important management priority.
- Our basic policy is to provide stable and proactive returns to shareholders, with a target payout ratio of 50%.
- In addition, we will also repurchase treasury shares in a timely manner to improve capital efficiency

Returns to Shareholders

・Continued "dividend increases" or "maintained dividends" since listing, including during the COVID-19 pandemic

・Stable and high-level dividends + timely share buybacks

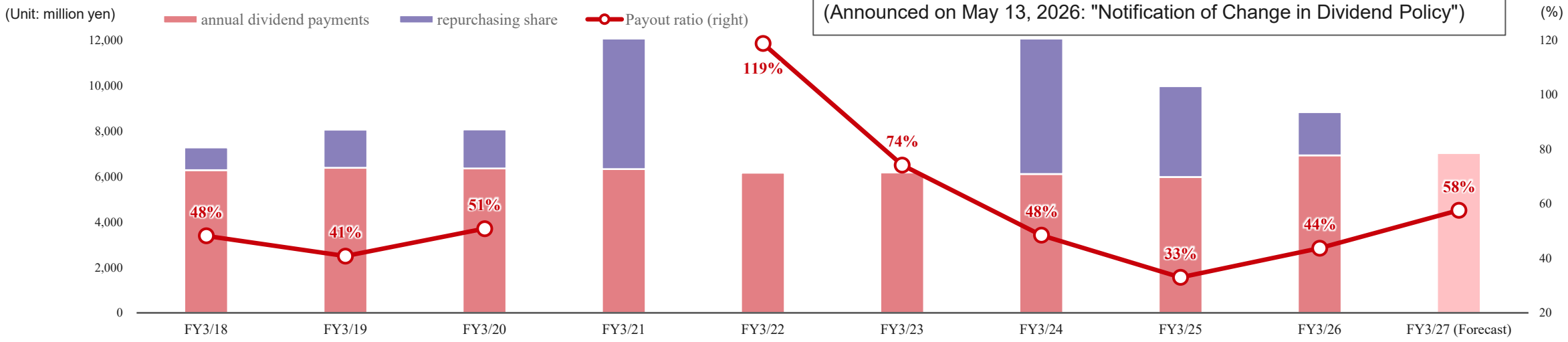
≪Change in Dividend Policy≫

A stance of steadily and proactively returning profits to shareholders

To provide greater clarity, the target payout ratio

raised the target payout ratio **from 30% to 50%**

(Announced on May 13, 2026: "Notification of Change in Dividend Policy")



on a per-share basis dividend	55.5	56.0	56.5	56.5	56.5	56.5	57.0	57.0	**67.0**	**68. 0**

*Dividend amounts have been adjusted to reflect the stock split (1:2) implemented on April 1, 2023.

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