Translation

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Flash Report on the Consolidated Results for the First Quarter Ended June 30, 2026 [JGAAP]

August 6, 2026

Company Name: **DAIICHIKOSHO CO., LTD.**
Stock Exchange Listing: Tokyo Stock Exchange
Code Number: 7458
URL: https://www.dkkaraoke.co.jp/
Representative: Tadahiro Hoshi, President
Contact: Yasuhisa Nishihara, General Manager, Accounting Department
Phone: +81-3-3280-2151
Scheduled date of commencing dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Three Months Ended June 30, 2026 (From April 1, 2026, to June 30, 2026)

(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	%
Three Months Ended June 30, 2026	41,157	1.5	4,991	17.6	5,129	12.2
Three Months Ended June 30, 2025	40,553	9.9	4,245	(8.6)	4,571	9.8

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Three Months Ended June 30, 2026	3,137	(10.9)	30.35	30.25
Three Months Ended June 30, 2025	3,520	3.3	33.78	33.67

(Note) Comprehensive income:
Three Months Ended June 30, 2026: 3,492 million yen [6.8%]
Three Months Ended June 30, 2025: 3,270 million yen [(12.4)%]

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2026	215,961	124,824	57.0
As of March 31, 2026	220,445	125,349	56.1

(Reference) Shareholders' equity:
As of June 30, 2026: 123,091 million yen
As of March 31, 2026: 123,640 million yen

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2026	—	28.00	—	39.00	67.00
Year ending March 31, 2027	—				
Year ending March 31, 2027 (forecast)		34.00	—	34.00	68.00

(Note) Changes in dividends forecast from most recently announced figures: None

3. Forecast of Consolidated Performance for FY2026, the Year Ending March 31, 2027 (From April 1, 2026, to March 31, 2027)

(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, 2026	83,100	3.5	9,600	13.9	9,800	13.9
Year ending March 31, 2027 (full year)	169,000	3.7	19,300	7.7	19,700	7.9

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2026	6,200	1.3	59.97
Year ending March 31, 2027 (full year)	12,600	(20.7)	121.88

(Note) Changes in forecast of consolidated performance from most recently announced figures: Yes
For details of the changes in forecast of consolidated performance, please see the “Notice Concerning the Amendment of Forecast of Performance” released today, August 6, 2026.

*Notes

(1) Significant changes in scope of consolidation during the period: None
(2) Adoption of special accounting policies for quarterly financial statements: None
(3) 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
(4) Number of common shares issued

1) Number of shares issued (including treasury shares)	As of June 30, 2026	103,968,400 shares	As of March 31, 2026	103,968,400 shares
2) Number of treasury shares	As of June 30, 2026	591,507 shares	As of March 31, 2026	591,507 shares
3) Average number of shares during the period	Three months ended June 30, 2026	103,376,893 shares	Three months ended June 30, 2025	104,244,797 shares

* Review of the Japanese-language originals of the attached quarterly financial statements by certified public accountants or an audit firm: None

* 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 "Explanation of Forecast of Consolidated Performance and Other Forward-looking Information" on page 7 of the Attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

In the three months ended June 30, 2026 (the “three months under review”), Japan’s economy was on a moderate recovery trend, against the backdrop of the improving employment and wages environment and solid capital investment. Its outlook, however, still remains unclear, as there is concern about the impact that such factors as the continued rise in commodity prices, the volatile international situation, and developments in trade policy could have on the economy.

In the karaoke industry, where DAIICHIKOSHO CO., LTD. (the “Company,” together with its subsidiaries, the “Group”) operates, as demand remains solid mainly in the night business and the karaoke cabin markets, the Company’s mainstay markets, competition among businesses continues to be intense in central areas of each trading area.

As a result of taking a series of measures in our businesses amid such a situation, in the three months under review, net sales amounted to 41,157 million yen (up 1.5% year on year), a record first-quarter high, and operating profit was 4,991 million yen (up 17.6% year on year) and ordinary profit was 5,129 million yen (up 12.2% year on year). Profit attributable to owners of parent was 3,137 million yen (down 10.9% year on year), mainly due to the impact of the drop-off of gain on sale of non-current assets recorded in the corresponding period of the previous fiscal year.

(Millions of yen)

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2026	Year-on-year change	% change
Net sales	40,553	41,157	604	1.5%
Operating profit	4,245	4,991	745	17.6%
Ordinary profit	4,571	5,129	558	12.2%
Profit attributable to owners of parent	3,520	3,137	(383)	(10.9)%

Operating results by segment are as follows.

(Commercial karaoke business)

In the commercial karaoke business, the market remained solid overall, and the number of DAM units in operation increased slightly year on year.

For “LIVE DAM WAO!,” the most advanced model of DAM that we launched in April 2025, we further enhanced the videos of original artists, including live and animation videos, to strengthen the product attractiveness of DAM, while we also actively advanced collaborations with TV programs and other media as well as a variety of events to stimulate demand for karaoke and promote new functions and content of the model. In the night business and the karaoke cabin markets, the Company’s mainstay markets, we worked to effectively replace previous models, mainly with LIVE DAM WAO!, to increase per-unit DAM revenue.

In the seniors’ market, which includes nursing facilities, we expanded sales of FREE DAM LIFE, a model developed exclusively for the senior’s market, through door-to-door sales activities, holding online concerts, and others, while also promoting the features that lessen the burden on nursing facility staff. In addition, we worked to further spread the awareness that “Singing is good for one’s health” through joint research with universities and others.

As a result, net sales decreased by 7.4% year on year because revenue from product sales, mainly in wholesale, decreased as the impact of the new product seen in the corresponding period of the previous fiscal year disappeared. In terms of profit, operating profit increased by 14.3% year on year, mainly due to increased gross profit from stock revenue, such as karaoke equipment rental fees and data provision fees, as well as a decrease in selling, general and administrative expenses including promotion expenses.

(Millions of yen)

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2026	Year-on-year change	% change
Net sales	17,714	16,401	(1,312)	(7.4)%
Operating profit	3,259	3,726	467	14.3%

(Karaoke cabin and restaurant business)

In the karaoke cabin and restaurant business, we opened three karaoke cabins and six restaurants and closed three karaoke cabins and two restaurants, and we operated 521 karaoke cabins and 171 restaurants as of the end of the three months under review.

The flow of customers remained solid, and sales increased by 2% at existing karaoke cabins and by 3% at existing restaurants year on year during the three months under review.

Under such circumstances, for BIG ECHO karaoke cabins, under the slogan “BIG SMILE, BIG ECHO. Let’s sing, laugh, and do more with everyone,” we worked to improve our quality in terms of karaoke equipment, acoustic facilities, and aesthetics and thereby enhance the level of customer satisfaction as a chain directly operated by a karaoke system manufacturer. We also strived to create a variety of joy and fun through karaoke by actively pursuing collaborations with diverse artists and animation works. In addition, we implemented initiatives to strengthen the profitability of our stores by leveraging their location advantage, such as opening “B-GARAGE” darts bars alongside the karaoke cabins and collaborating with cloakroom service providers.

For restaurants, reservations and orders remained strong, and we worked to improve the quality of the restaurants’ environment, customer service, and food. We also opened two darts bars including “REGALO,” and “MARUNOUCHI BASE” and “SHINAGAWA PIVOT,” complex stores that offer food and amusement, contributed to earnings.

As a result, net sales increased by 6.8% year on year mainly due to an increase in the number of stores resulting from the opening of new stores and M&A, as well as an increase in revenue from existing stores. Operating profit decreased by 2.5% year on year mainly due to higher expenses attributable to an increase in the number of newly opened stores and the impact of a rise in running costs, including foodstuff costs.

(Millions of yen)

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2026	Year-on-year change	% change
Net sales	16,474	17,588	1,113	6.8%
Operating profit	1,292	1,260	(32)	(2.5)%

(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 leveraging our own media, mainly karaoke. In the three months under review, “Honmayade*Nandeyanen*Shirankedo,” the debut single of MONAKI, the group that made their debut on a major label in April 2026 as a brother group to JUNRETSU, contributed to earnings.

As a result, net sales increased by 9.8% year on year, and operating profit increased by 39.7% year on year.

(Millions of yen)

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2026	Year-on-year change	% change
Net sales	1,326	1,456	130	9.8%
Operating profit	89	124	35	39.7%

(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 4,500 parking facilities and 52,000 parking spots as of the end of the three months under review. 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 13.4% year on year owing to factors such as an increase in revenue from the parking business, and operating profit increased by 27.9% year on year.

(Millions of yen)

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2026	Year-on-year change	% change
Net sales	5,038	5,711	673	13.4%
Operating profit	721	922	201	27.9%

(2) Overview of Financial Position for the Period under Review

Total assets at the end of the three months under review decreased by 4,484 million yen from the end of the previous fiscal year to 215,961 million yen.

Major changes from the previous fiscal year were, in current assets, a decrease of 7,505 million yen in cash and deposits, a decrease of 727 million yen in inventories, and an increase of 1,109 million yen in pre-paid expenses included in other.

In non-current assets, karaoke equipment for rental, net increased by 528 million yen, karaoke cabin and restaurant facilities, net increased by 511 million yen, and investment securities increased by 780 million yen.

Liabilities decreased by 3,960 million yen from the end of the previous fiscal year to 91,136 million yen.

This was mainly due to a decrease of 2,986 million yen in income taxes payable and a decrease of 506 million yen in provision for bonuses in current liabilities.

Net assets decreased by 524 million yen from the end of the previous fiscal year to 124,824 million yen.

This is primarily attributable to an increase in retained earnings of 3,137 million yen due to profit attributable to owners of parent and a decrease in retained earnings of 4,031 million yen due to the dividends of surplus.

(3) Explanation of Forecast of Consolidated Performance and Other Forward-looking Information

For details of the forecast of performance for the six months ending September 30, 2026 and the fiscal year ending March 31, 2027, please see the “Notice Concerning the Amendment of Forecast of Performance” released today, August 6, 2026.

The forecast was prepared based on information available on the date this report was released, and actual results may vary from forecast values due to various factors in the future.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY2025 (As of March 31, 2026)	Current First Quarter (As of June 30, 2026)
Assets		
Current assets		
Cash and deposits	48,841	41,335
Notes and accounts receivable - trade	6,990	6,866
Inventories	14,023	13,296
Other	7,540	9,536
Allowance for doubtful accounts	(185)	(173)
Total current assets	77,209	70,861
Non-current assets		
Property, plant and equipment		
Karaoke equipment for rental, net	10,386	10,915
Karaoke cabin and restaurant facilities, net	16,499	17,011
Land	53,282	53,282
Construction in progress	114	279
Other, net	18,076	18,014
Total property, plant and equipment	98,361	99,502
Intangible assets		
Goodwill	7,435	7,230
Other	6,137	6,106
Total intangible assets	13,572	13,336
Investments and other assets		
Investment securities	6,429	7,210
Leasehold and guarantee deposits	14,772	15,026
Other	10,193	10,113
Allowance for doubtful accounts	(94)	(89)
Total investments and other assets	31,301	32,260
Total non-current assets	143,235	145,099
Total assets	220,445	215,961

(Millions of yen)

	FY2025 (As of March 31, 2026)	Current First Quarter (As of June 30, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,375	2,689
Short-term borrowings	3,196	3,195
Income taxes payable	5,097	2,111
Provision for bonuses	1,073	566
Other	15,609	14,835
Total current liabilities	27,351	23,398
Non-current liabilities		
Long-term borrowings	51,682	51,533
Provision for retirement benefits for directors (and other officers)	623	598
Retirement benefit liability	9,291	9,461
Asset retirement obligations	2,078	2,039
Other	4,068	4,105
Total non-current liabilities	67,744	67,737
Total liabilities	95,096	91,136
Net assets		
Shareholders' equity		
Share capital	12,350	12,350
Capital surplus	4,211	4,211
Retained earnings	106,897	106,003
Treasury shares	(1,195)	(1,195)
Total shareholders' equity	122,263	121,369
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,492	1,815
Revaluation reserve for land	(158)	(158)
Foreign currency translation adjustment	191	210
Remeasurements of defined benefit plans	(148)	(144)
Total accumulated other comprehensive income	1,376	1,722
Share acquisition rights	462	488
Non-controlling interests	1,246	1,244
Total net assets	125,349	124,824
Total liabilities and net assets	220,445	215,961

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

(Millions of yen)

	Three Months Ended June 30, 2025 (From April 1, 2025, to June 30, 2025)	Three Months Ended June 30, 2026 (From April 1, 2026, to June 30, 2026)
Net sales	40,553	41,157
Cost of sales	26,393	26,407
Gross profit	14,160	14,750
Selling, general and administrative expenses	9,914	9,759
Operating profit	4,245	4,991
Non-operating income		
Interest income	6	6
Dividend income	110	113
Insurance claim income	16	40
Cooperative monetary aid received	189	61
Other	170	178
Total non-operating income	493	400
Non-operating expenses		
Interest expenses	104	158
Foreign exchange losses	17	29
Cancellation penalty	15	9
Other	31	65
Total non-operating expenses	168	262
Ordinary profit	4,571	5,129
Extraordinary income		
Gain on sale of non-current assets	866	0
Gain on sale of investment securities	0	-
Total extraordinary income	866	0
Extraordinary losses		
Loss on disposal of non-current assets	37	64
Impairment losses	13	5
Total extraordinary losses	50	69
Profit before income taxes	5,387	5,060
Income taxes - current	2,099	1,910
Income taxes - deferred	(244)	2
Total income taxes	1,854	1,913
Profit	3,532	3,147
Profit attributable to non-controlling interests	11	9
Profit attributable to owners of parent	3,520	3,137

(Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Three Months Ended June 30, 2025 (From April 1, 2025, to June 30, 2025)	Three Months Ended June 30, 2026 (From April 1, 2026, to June 30, 2026)
Profit	3,532	3,147
Other comprehensive income		
Valuation difference on available-for-sale securities	(266)	323
Foreign currency translation adjustment	12	18
Remeasurements of defined benefit plans, net of tax	(8)	3
Total other comprehensive income	(262)	345
Comprehensive income	3,270	3,492
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,258	3,482
Comprehensive income attributable to non-controlling interests	11	9

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)
Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)
Not applicable.

(Segment Information)

[Segment information]

Three Months Ended June 30, 2025 (From April 1, 2025, to June 30, 2025)

1. Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjusted amount (Note 2)	Posted amount to the consolidated quarterly statement of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Net sales	17,714	16,474	1,326	35,515	5,038	40,553	-	40,553
Segment profit (Operating profit)	3,259	1,292	89	4,641	721	5,362	(1,116)	4,245

Notes:
1. The category "Other" comprises a business segment not attributable to reportable segments, including parking, real estate leasing and BGM broadcasting businesses.
2. The (1,116) 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.

2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment
The statements are omitted due to little significance.

Three Months Ended June 30, 2026 (From April 1, 2026, to June 30, 2026)

1. Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjusted amount (Note 2)	Posted amount to the consolidated quarterly statement of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Net sales	16,401	17,588	1,456	35,446	5,711	41,157	-	41,157
Segment profit (Operating profit)	3,726	1,260	124	5,111	922	6,033	(1,042)	4,991

Notes:
1. The category "Other" comprises a business segment not attributable to reportable segments, including parking, real estate leasing and BGM broadcasting businesses.
2. The (1,042) 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.

2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment
The statements are omitted due to little significance.

(Statements of Cash Flows)

The Company has not prepared quarterly consolidated statements of cash flows for the three months ended June 30, 2026. Depreciation (including amortization of intangible assets excluding goodwill), and amortization of goodwill for the three months ended June 30, 2026 are as follows.

(Millions of yen)

	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)	Three months ended June 30, 2026 (From April 1, 2026 to June 30, 2026)
Depreciation	3,718	3,990
Amortization of goodwill	133	204