第一興商 DAIICHIKOSHO CO., LTD.

Fiscal Year Ending March 2027 First Half Results

Materials for Financial Results

November 20, 2026



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FY2026 First Half Financial Results Summary

Core businesses performed well, with increased sales and profit in all business segments
Net sales reached a record high for a 1H period, and operating profit exceeded even the revised forecast

- **Despite the fading of the previous fiscal year's new product effect (LIVE DAM WAO!), sales increased in all businesses, with net sales up 5.2% year on year (a record high for a 1H period)**

- **Operating profit exceeding 10 billion yen in 1H is the highest level since FY2018, surpassing the 1H forecast revised upward in Aug**

- **Core businesses performed well**

  Commercial karaoke business: The number of DAM units in operation remained stable, increasing slightly year on year. Although wholesale declined compared with the previous fiscal year due to the fading of the new product effect, the business captured rush demand ahead of the product price revision in Oct.
  Karaoke and restaurant business: Existing-store sales year on year (karaoke rooms) +3%, (restaurants) +4%.
  Parking business: Steady growth to 4,600 parking facilities and 53,000 parking spots at the end of the period

- **Operating profit up 25.4% year on year, ordinary profit up 27.1%, and interim net income up 11.9%**

- **Although progress exceeded the 1H earnings forecast, the full-year earnings forecast remains unchanged, as a reactionary decline in product sales is expected, among other factors. Net sales 169.0 billion yen, operating profit 19.3 billion yen, ordinary profit 19.7 billion yen, net income 12.6 billion yen**

PERFORMANCE HIGHLIGHTS

Year-on-year increases in sales and profit in all business segments, with progress exceeding the First Half Earnings forecast

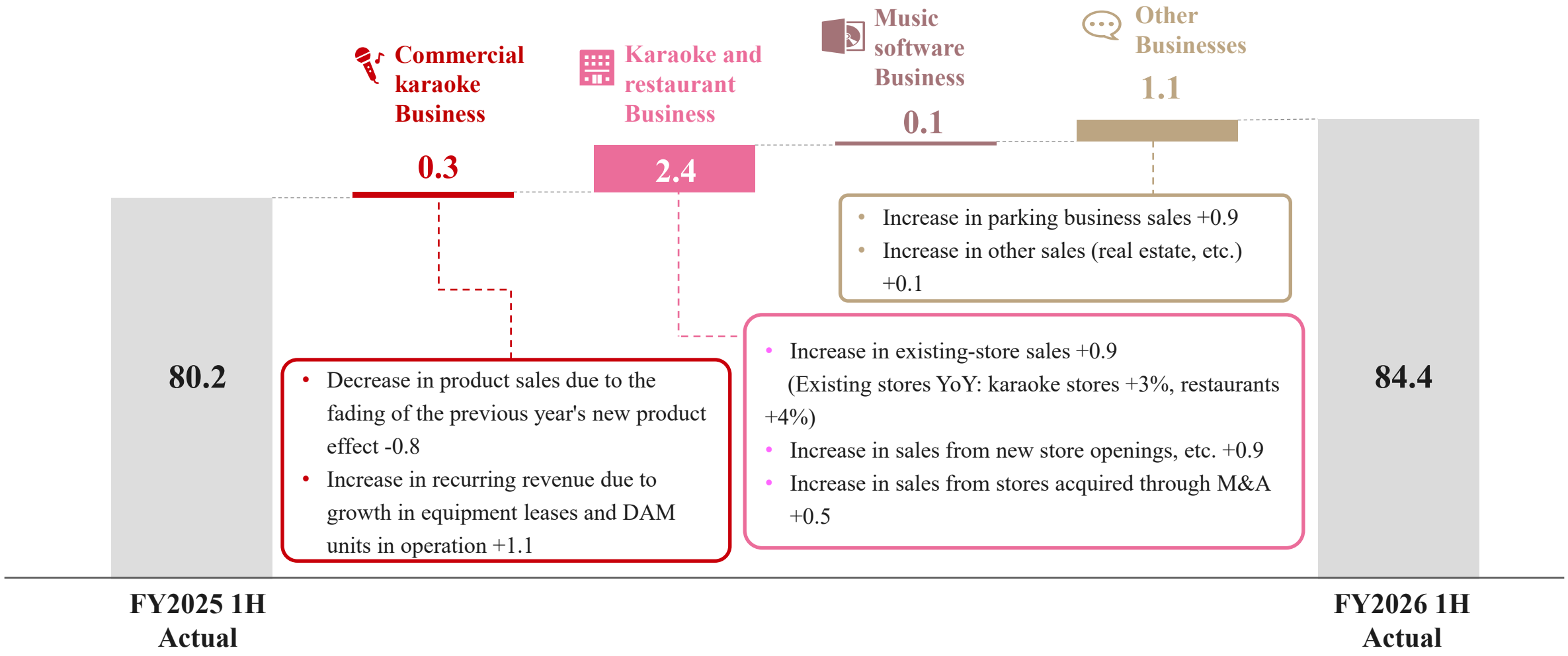
(Millions of yen)	FY2025 1H Actual	FY2026 1H Actual	FY2026 1H YoY (%)	FY2026 1H Forecast	FY2026 1H vs. Forecast (%)
Net sales	**80,276**	**84,412**	**5.2**	**83,100**	**1.6**
Gross profit	27,685	29,829	7.7	-	-
Selling, general and administrative expenses	19,254	19,260	0.0	-	-
Income from Operations	**8,430**	**10,568**	**25.4**	**9,600**	**10.1**
Current Profit	**8,606**	**10,936**	**27.1**	**9,800**	**11.6**
Profit attributable to owners of parent	**6,117**	**6,844**	**11.9**	**6,200**	**10.4**

Financial Highlights (by Segment)

	(Millions of yen)	FY2025 1H Actual	FY2026 1H Actual	YoY (%)	Forecast	vs. Forecast (%)
Commercial karaoke business	Net sales	33,644	33,953	0.9	33,050	2.7
	Current Profit	6,236	7,457	19.6	6,900	8.1
	Current Profit margin (%)	18.5	22.0		20.9	
Karaoke and restaurant business	Net sales	33,656	36,149	7.4	35,850	0.8
	Current Profit	2,432	2,826	16.2	2,600	8.7
	Current Profit margin (%)	7.2	7.8		7.3	
Music software business	Net sales	2,628	2,808	6.8	2,800	0.3
	Current Profit	110	192	74.7	180	7.2
	Current Profit margin (%)	4.2	6.9		6.4	
Other businesses	Net sales	10,346	11,501	11.2	11,400	0.9
	Current Profit	1,436	1,844	28.4	1,700	8.5
	Current Profit margin (%)	13.9	16.0		14.9	
Corporate expenses	Net sales	-	-	-	-	-
	Current Profit	-1,785	-1,753	-	-1,780	-
	Current Profit margin (%)	-	-	-	-	-

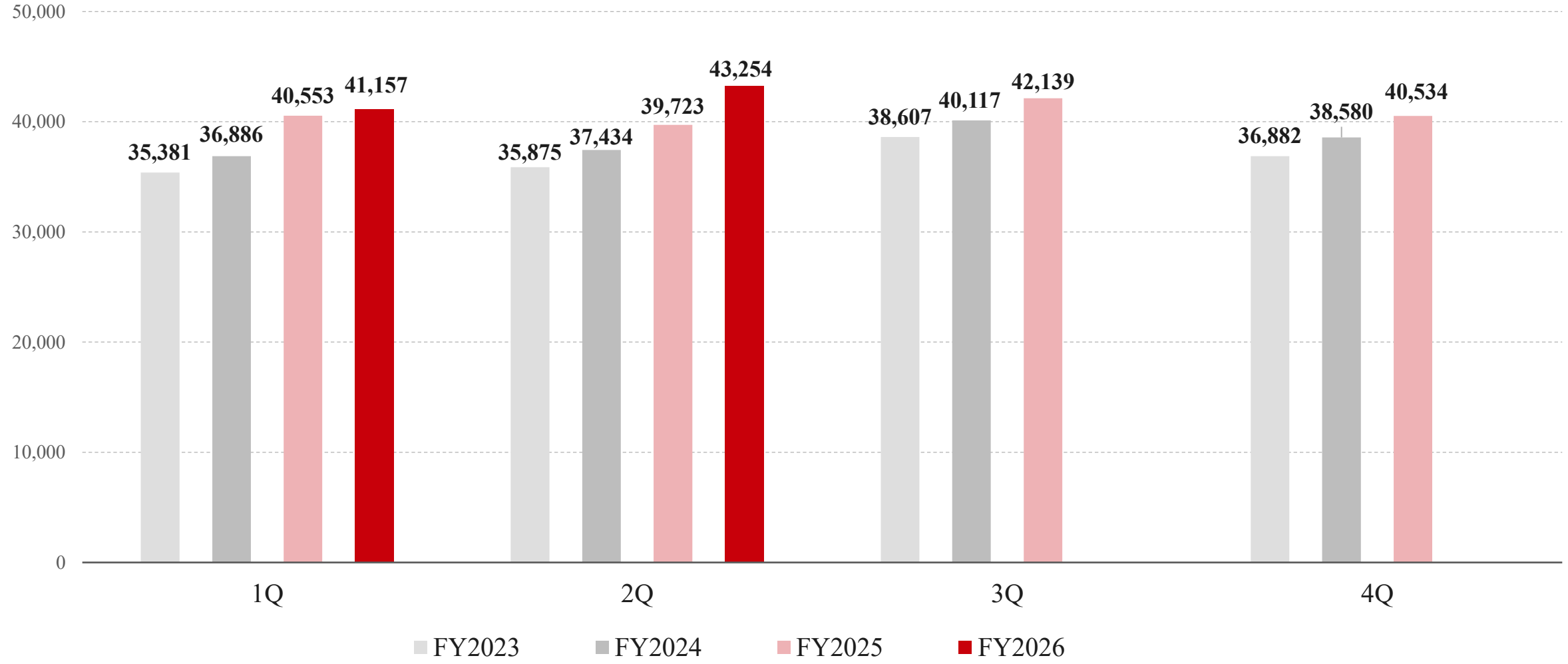
PERFORMANCE HIGHLIGHTS

(Billions of yen)



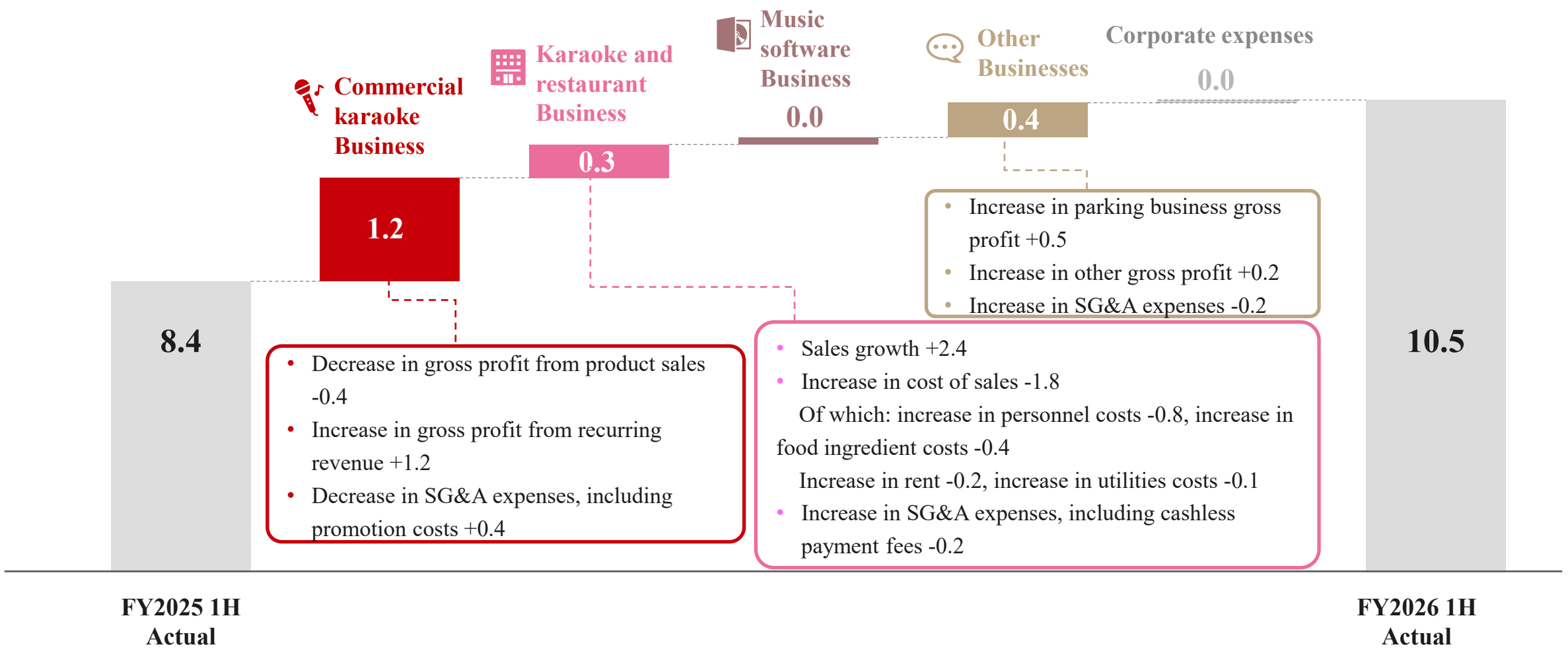
Quarterly Sales Trends

(Unit: million yen)

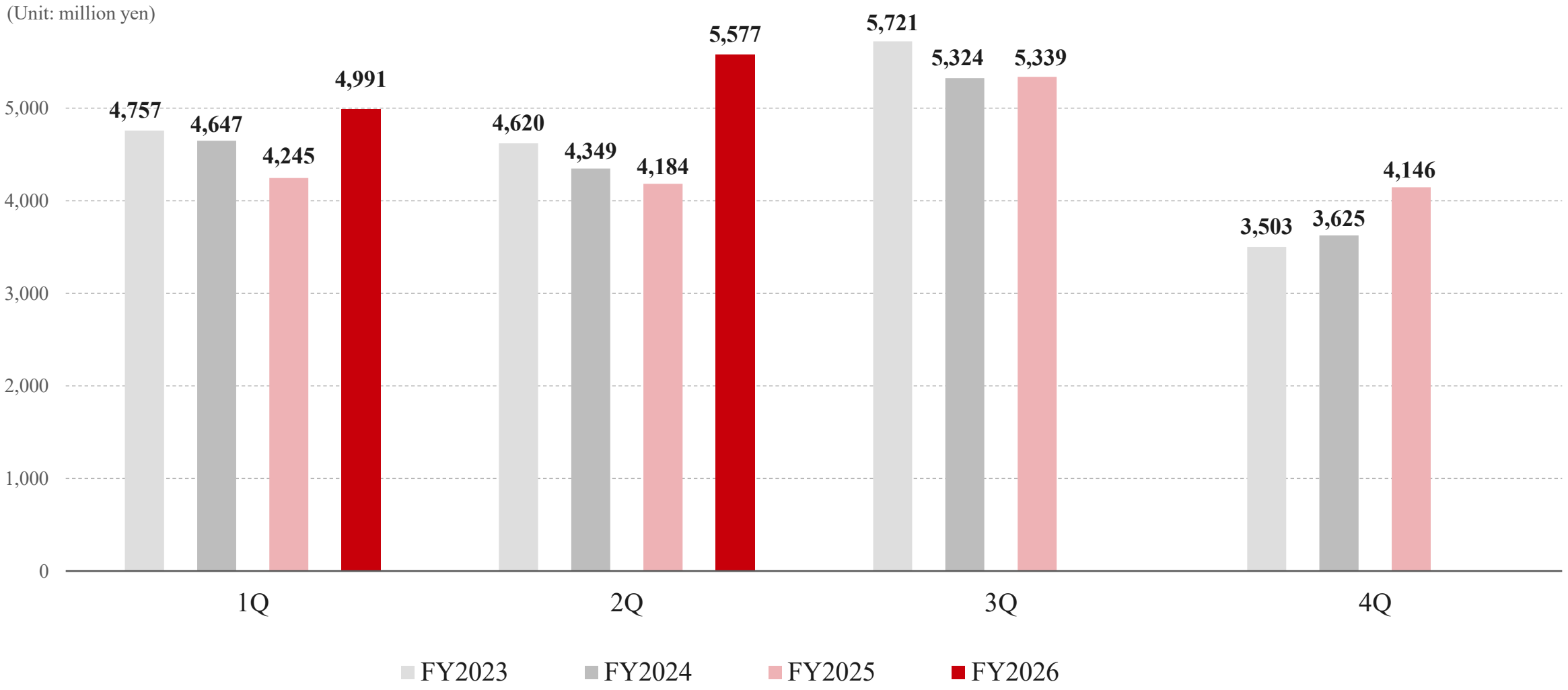


Variance Analysis on Operating Profit

(Billions of yen)



Quarterly Operating Profit Trends



Business Environment (Commercial Karaoke)

Business Environment

- The karaoke market as a whole remained firm. The number of DAM units in operation at the end of the period increased slightly year on year
- Although product sales, mainly wholesale, decreased as the effect of new products launched in the previous fiscal year faded, there was rush demand ahead of the product price revision (Oct), and recurring revenue increased
- Strengthened the product appeal of DAM through the new content "Oshi Cam Live" and expanded original artist videos, among other initiatives
- Stimulated karaoke demand through tie-ups with media and events





LIVEDAM wAO!

KPIs by Business Segment

	End of Sep 2025	End of Sep 2026	
No. of DAM units in operation	222 thousand units	222 thousand units	+0.2%
No. of equipment rentals	117 thousand units	129 thousand units	+4.1%

Overall shift toward seniors' market

	End of Sep 2025	End of Sep 2026	
Launch of DAM for seniors	29 thousand units / 222 thousand units	29 thousand units / 222 thousand units	+2.4%

Business Environment (Karaoke and Restaurant Business)

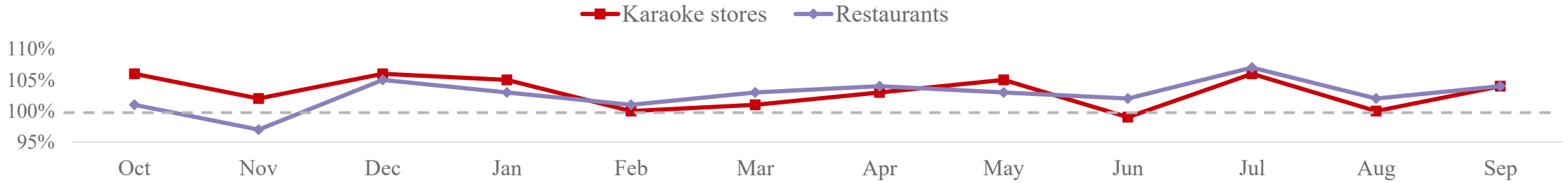
Business Environment

- **Customer traffic stronger than expected → Existing-store sales: karaoke stores +3%, restaurants +4%**
- **Karaoke stores: Improving the quality of equipment, sound, and aesthetics, collaboration events,and promoting initiatives to strengthen profitability by leveraging prime locations**
- **Restaurants: Improving the quality of store environment, customer service, and food → Strong reservation bookings In Sep, opened 2 stores in "TOFROM YAESU," directly connected to Tokyo Station Combined dining and amusement stores such as MARUNOUCHI BASE contributed to earnings**

	Stores opened	Stores closed	End of Sep 2026 Number of stores
Karaoke Cabin	4	5	520
Restaurants	10	5	172



Same-Store Sales Trends for Karaoke Cabin and Restaurant Stores (YoY)



	FY2025						FY2026					
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Karaoke Cabin	106%	102%	106%	105%	100%	101%	**103%**	**105%**	**99%**	**106%**	**100%**	**104%**
Restaurants	101%	97%	105%	103%	101%	103%	**104%**	**103%**	**102%**	**107%**	**102%**	**104%**

Business Environment (Music software and Parking Business)

Music software Business

- The debut single "Honma Yade☆Nande Yanen☆Shiran Kedo" by "Monaki," the junior group of "Junretsu," contributed to earnings





- Leveraged group synergies, including collaboration campaigns at Big Echo

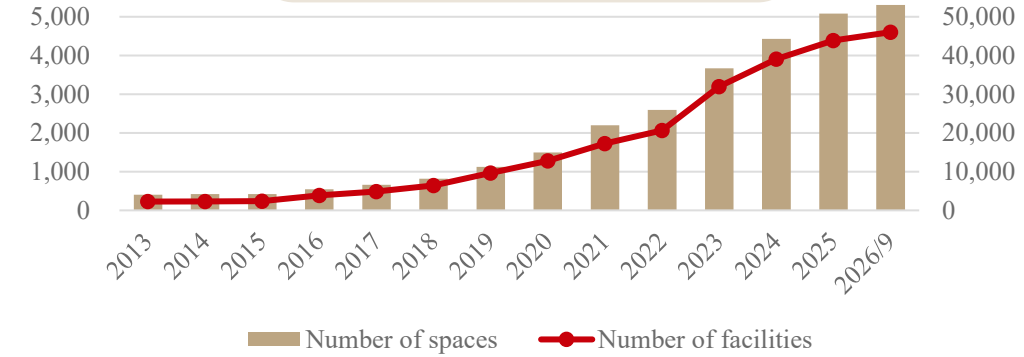




Parking Business

- Steady increase in new parking facilities
- Improved gross margin through the closure of unprofitable facilities, etc.

Trends in the number of facilities in the parking business



KPIs by Business Segment

	FY9/2025	FY9/2026
Number of parking facilities	4,200 facilities	4,600 facilities +9.3%
Number of parking spots	48,000 spots	53,000 spots +9.7%

CONSOLIDATED BALANCE SHEETS

Retained earnings increased while liabilities such as accounts payable-other decreased, and the equity ratio rose 1.5 pt from the end of the previous fiscal year to 57.6%

(Millions of yen)	FY2025 End of previous period	FY2026 1H Actual	vs. End of previous period (%)	Comments
Current Assets	77,209	73,350	-5.0%	Decrease in cash and deposits and inventories
Fixed Assets	143,235	147,678	3.1%	Increase in karaoke equipment for rent and karaoke/restaurant store facilities
Total assets	**220,445**	**221,028**	0.3%	
Current Liabilities	27,351	24,566	-10.2%	Decrease in accounts payable-other
Non-current liabilities	67,744	67,376	0.5%	
Total Liabilities	**95,096**	**91,942**	3.3%	
Shareholders' Equity	122,263	125,076	2.3%	
Total accumulated other comprehensive income	1,376	2,233	62.3%	
Total Net Assets	**125,349**	**129,085**	3.0%	
Total liabilities and net assets	**220,445**	**221,028**	0.3%	

CONSOLIDATED STATEMENTS OF CASH FLOWS

Operating cash flow increased due to factors such as higher profit before income taxes and a decrease in inventories
Maintained an appropriate cash level

(Millions of yen)	FY2025 1H Actual	FY2026 1H Actual	FY2026 1H YoY change
Cash Flows from Operating Activities	11,798	16,062	4,263
Cash Flows from Investing Activities	-13,617	-14,981	-1,364
Cash Flows from Financing Activities	-13,383	-4,885	8,498
Cash and cash equivalents at beginning of period	41,584	48,475	6,891
Cash and cash equivalents at end of period	26,387	44,779	18,392
Free cash flow	-1,818	1,080	2,899

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Revision of FY2026 Results Outlook

In addition to solid performance in each major business, sales pulled forward ahead of the DAM price revision boosted 1H results

(Millions of yen)	FY2025 1H Actual	FY2026 1H Actual	FY2026 1H YoY change	FY2026 1H Forecast	FY2026 1H vs. forecast	FY2026 Full year Forecast	FY2026 Full year Progress rate
Net sales	80,276	84,412	5.2%	83,100	1.6%	169,000	49.5%
Operating profit	8,430	10,568	25.4%	9,600	10.1%	19,300	54.8%
Operating profit margin (%)	10.5	12.5	+2.0pt	11.6	+0.9pt	11.4	-
Attributable to owners of parent Net Income	6,117	6,844	11.9%	6,200	10.4%	12,600	54.3%

Status for FY2026 2H

Activities in major businesses are expected to remain solid

Full-year forecast left unchanged, factoring in a reactionary decline in the commercial karaoke business, among other factors

Commercial karaoke Business

→ Revise prices of major DAM products in Oct; strive to increase revenue per DAM unit through effective equipment rotation

Karaoke cabin and restaurant Business

→ Karaoke cabin: Growth in early-hour customer traffic Restaurants: Strong course meal reservations

→ Maintain strong performance at existing stores

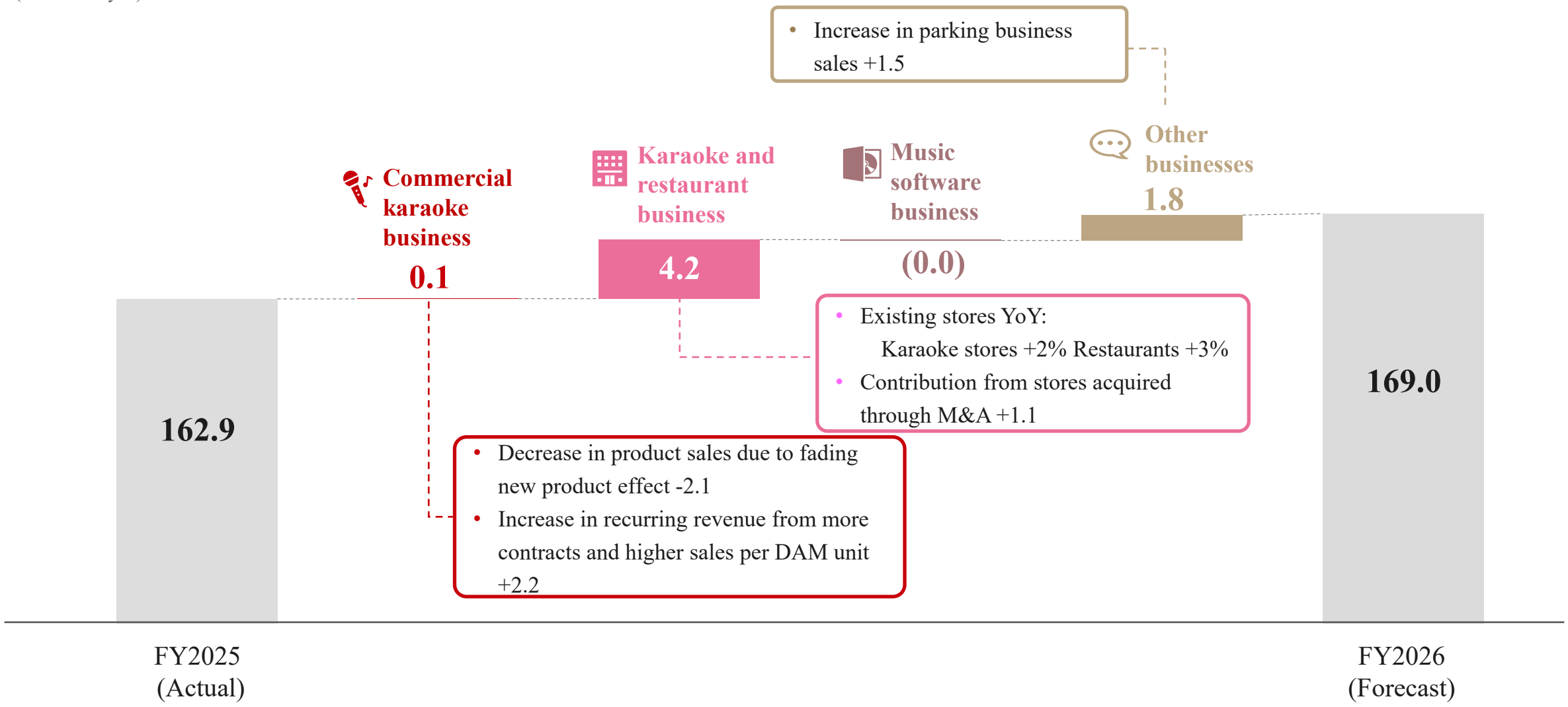
Parking Business

→ Focus on improving profitability and maintaining facility appearance while increasing the number of facilities

- Expect a reactionary decline following the rush demand seen in 1H ahead of the DAM price revision
- Full-year earnings forecast unchanged from the forecast announced on Aug 6, 2026

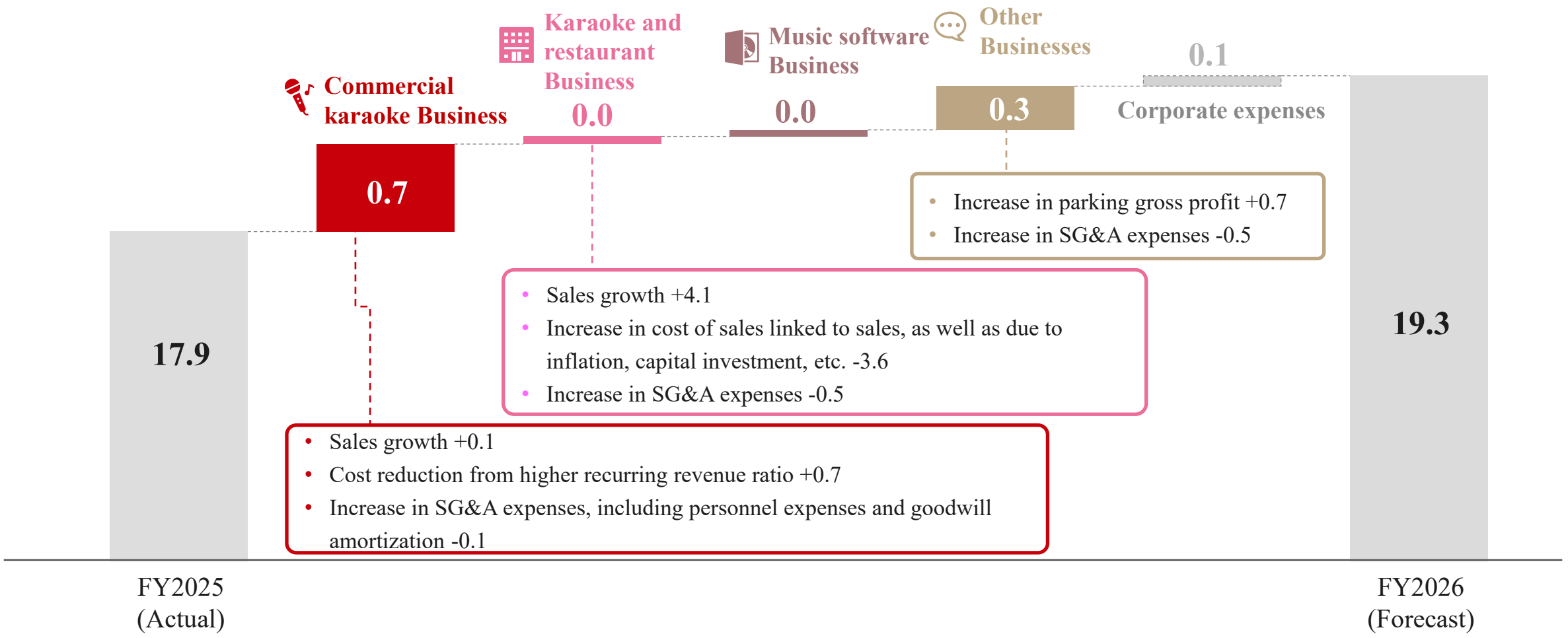
Net Sales Forecast: Variance Analysis

(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

65,400 million yen +0.2%

Operating Income by Segment

12,700 million yen +6.5%

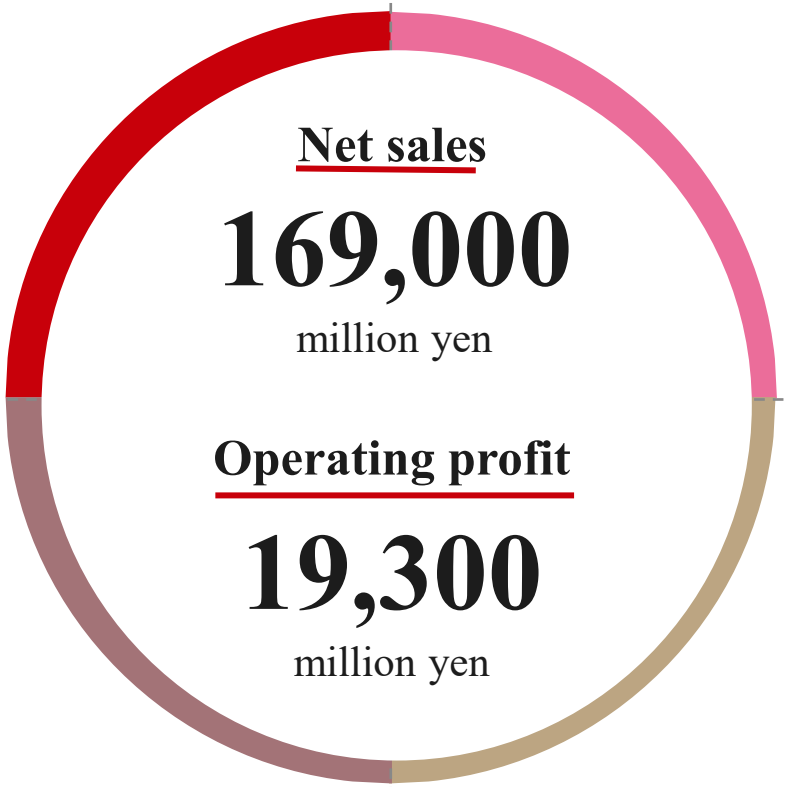
Music Software Business

Net Sales by Business Segments

5,400 million yen -1.1%

Operating Income by Segment

200 million yen +42.5%



Net sales

169,000 million yen

Operating profit

19,300 million yen

Karaoke Cabin and Restaurant Business

Net Sales by Business Segments

75,200 million yen +5.9%

Operating Income by Segment

6,700 million yen +1.0%

Other businesses

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

Net Sales by Business Segments

23,000 million yen +8.4%

Operating Income by Segment

3,200 million yen +13.8%

FY2026 Key Initiatives by Segment

Commercial Karaoke Business

Nightlife market Karaoke box market

- Broaden the karaoke user base and increase singing frequency by promoting new features and content of LIVE DAM WAO!
- Revise prices of major products from Oct
- Strive to further increase market share in central areas
- Improve revenue per DAM unit by promoting effective replacement of older models

Seniors' market

- Contribute to extending healthy life expectancy and reducing the workload of nursing care facility staff by expanding sales of "FREE DAM LIFE," a dedicated model for the elderly market, and promoting its new features
- Raise awareness that "singing = health" through joint research with universities and other institutions
- Increase the number of units in operation in this growth market

Others

- Through pilot projects such as the one at Toyota Woven City, we aim to create a new environment where people can sing.

Music Software Business

key initiatives

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

Karaoke Cabin and Restaurant Business

Common

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

Karaoke cabins

- As manufacturer-operated stores, we will enhance both facilities and services to improve customer satisfaction
- Attract more casual customers through collaboration campaigns with artists, anime, etc.
- Maximize profitability through partnerships with various services, leveraging prime locations

Restaurants

- Focus on developing new brands that capture customer needs
- Cultivate a broad customer base through our core private-room dining format as well as amusement offerings such as karaoke and darts

Other businesses

- Parking business
- Real estate leasing business
- BGM broadcasting business, etc.

Parking Business

- Further grow business scale by developing new facilities, including through M&A
- Improve profitability by improving or closing unprofitable facilities

Entire company

- By consolidating the head office, previously spread across three locations, into one, we aim to stimulate interdepartmental communication, improve productivity, and generate new innovation

Fiscal Year Ending March 2027: Consolidated Management Indicators Plan

Overall operating profit margin to improve

Downward revisions to the number of DAM units in operation, the number of karaoke stores at period-end, and the number of parking facilities

Management Indicators Prioritized for Entire Company

ROE

Mid- to long-term target
12.0% or more

Profit growth
Operating profit margin improvement

EPS 121.9 yen

Capital optimization

	FY2025 Full-Year	FY2026 Full-Year (forecast)
ROE	13.2%	9.9% (-3.3 pts)

Decline in Gains on Sales of Fixed Assets

Operating Profit Margin by Business Segment

	FY2025 Full-Year	FY2026 Full-Year (forecast)
Commercial Karaoke Business	18.3%	19.4%
Karaoke Cabin and Restaurant Business	9.3%	8.9%
Music Software Business	2.6%	3.7%
Other businesses	13.3%	13.9%

KPIs by Business Segment

	FY2025 Full-Year	FY2026 Full-Year (forecast)	
No. of DAM units in operation	222 thousand units	223 thousand units	(+0.4%)
No. of equipment rentals	119 thousand units	118 thousand units	(+2.9%)
No. of karaoke cabins	521 stores Existing store YOY 104%	523 stores 102%	(+2 stores)
No. of restaurants	167 stores Existing store YOY 102%	180 stores 103%	(+13 stores)
No. of parking facilities	4,400 facilities	4,800 facilities	(+400 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

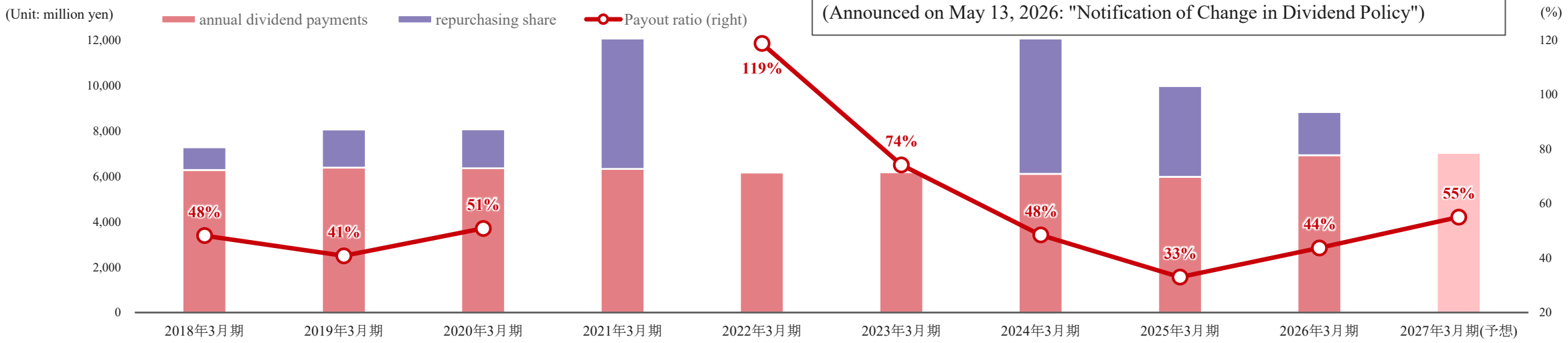
≪Change in Dividend Policy≫

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")



	2018年3月期	2019年3月期	2020年3月期	2021年3月期	2022年3月期	2023年3月期	2024年3月期	2025年3月期	2026年3月期	2027年3月期(予想)
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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SR/IR Topics

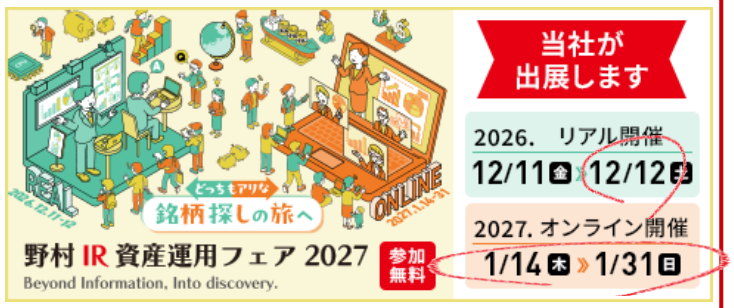
Digitalization of Shareholder Benefit Vouchers



Number of Shares Held	Benefit Amount
200 to 1,999 shares	5,000 yen worth
2,000 shares or more	12,500 yen worth

Starting with the distribution in Dec 2026, we have changed the shareholder benefit vouchers, which are distributed twice a year (interim and full fiscal year), from the conventional paper (booklet) format to single-use electronic cards. The cards can now also be used at automatic payment machines installed in karaoke outlets such as Big Echo, and can be shared with family members or given as gifts using a smartphone. There are no changes to the benefit details, such as the number of shares eligible for distribution or the amount distributed.
We invite you to visit one of our stores near you.

Exhibiting at the Nomura IR Asset Management Fair 2027



We will exhibit at the IR event for individual investors, "Nomura IR Asset Management Fair 2027." In addition to a presentation at the in-person venue (Dec 12 only), we will open an online booth in Jan to explain our business strengths and business model.
We hope you will take this opportunity to deepen your interest in and understanding of our company.
We sincerely look forward to your visit.

In-Person Venue	TODA HALL & CONFERENCE TOKYO, 4th Floor
How to Participate	Advance visitor registration is required. Please apply via the URL below. (Free admission) https://fair.nomura-ir.co.jp/

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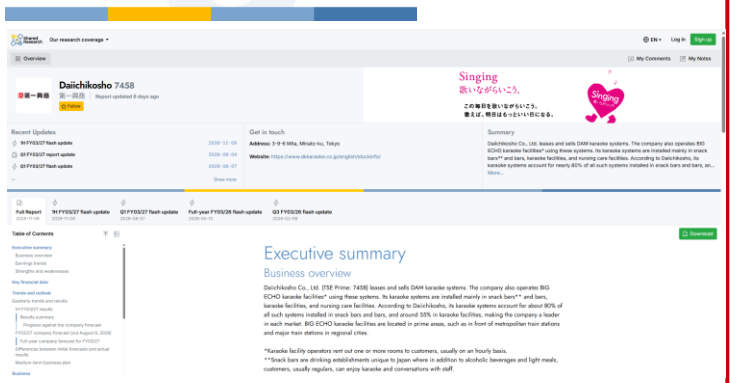

https://www.dkkaraoke.co.jp/stockinfo/sharedresearch.html

Analytical reports (Japanese/English) on our business and performance prepared by a third-party organization are available free of charge.

第一興商

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