Translation

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Flash Report on the Consolidated Results for the Second Quarter Ended September 30, 2026 [JGAAP]

November 9, 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
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Date to submit the semi-annual securities report: November 12, 2026
Scheduled date of commencing dividend payments: December 4, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Six Months Ended September 30, 2026 (From April 1, 2026, to September 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	%
Six Months Ended September 30, 2026	84,412	5.2	10,568	25.4	10,936	27.1
Six Months Ended September 30, 2025	80,276	8.0	8,430	(6.3)	8,606	(4.3)

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Six Months Ended September 30, 2026	6,844	11.9	66.21	65.98
Six Months Ended September 30, 2025	6,117	(36.3)	58.93	58.76

(Note) Comprehensive income:
Six Months Ended September 30, 2026: 7,722 million yen [26.3%]
Six Months Ended September 30, 2025: 6,116 million yen [(37.6)%]

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2026	221,028	129,085	57.6
As of March 31, 2026	220,445	125,349	56.1

(Reference) Shareholders' equity:
As of September 30, 2026: 127,310 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	—	34.00			
Year ending March 31, 2027 (forecast)			—	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	%
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
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: None

*Notes

(1) Significant changes in scope of consolidation during the period: None

(2) Adoption of special accounting policies for semi-annual 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 September 30, 2026	103,968,400 shares	As of March 31, 2026	103,968,400 shares
2) Number of treasury shares	As of September 30, 2026	591,507 shares	As of March 31, 2026	591,507 shares
3) Average number of shares during the period	Six months ended September 30, 2026	103,376,893 shares	Six months ended September 30, 2025	103,813,806 shares

* These semi-annual consolidated financial results are outside the scope of review by certified public accountants or an audit firm.

* 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 six months ended September 30, 2026 (the "six 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 six months under review, net sales amounted to 84,412 million yen (up 5.2% year on year), a record semi-annual high, operating profit was 10,568 million yen (up 25.4% year on year), ordinary profit was 10,936 million yen (up 27.1% year on year), and profit attributable to owners of parent was 6,844 million yen (up 11.9% year on year).

(Millions of yen)

	Six Months Ended September 30, 2025	Six Months Ended September 30, 2026	Year-on-year change	% change
Net sales	80,276	84,412	4,135	5.2%
Operating profit	8,430	10,568	2,138	25.4%
Ordinary profit	8,606	10,936	2,330	27.1%
Profit attributable to owners of parent	6,117	6,844	727	11.9%

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 added "OSHI-KAME-LIVE," a new content to support users' "oshikatsu" activities to support favorite idols, and 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 increased by 0.9% year on year because stock revenue, such as karaoke equipment rental fees and data provision fees, increased, while 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 19.6% year on year, mainly due to increased gross profit from stock revenue as well as a decrease in selling, general and administrative expenses including promotion expenses.

(Millions of yen)

	Six Months Ended September 30, 2025	Six Months Ended September 30, 2026	Year-on-year change	% change
Net sales	33,644	33,953	308	0.9%
Operating profit	6,236	7,457	1,221	19.6%

(Karaoke cabin and restaurant business)

In the karaoke cabin and restaurant business, we opened four karaoke cabins and 10 restaurants and closed five karaoke cabins and five restaurants, and we operated 520 karaoke cabins and 172 restaurants as of the end of the six months under review.

The flow of customers remained solid, and sales increased by 3% at existing karaoke cabins and by 4% at existing restaurants year on year during the six 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 restaurants, YAESU KITCHEN and YAESU HIGHBALL BAR, in TOFROM YAESU, a complex directly connected with Tokyo Station, in September 2026, and MARUNOUCHI BASE and SHINAGAWA PIVOT, complex stores that offer food and amusement, contributed to earnings.

As a result, net sales increased by 7.4% year on year mainly due to an increase in revenue from existing stores as well as an increase in the number of restaurants resulting from opening of new restaurants and M&As, and operating profit increased by 16.2% year on year.

(Millions of yen)

	Six Months Ended September 30, 2025	Six Months Ended September 30, 2026	Year-on-year change	% change
Net sales	33,656	36,149	2,492	7.4%
Operating profit	2,432	2,826	394	16.2%

(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 six 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 6.8% year on year, and operating profit increased by 74.7% year on year.

(Millions of yen)

	Six Months Ended September 30, 2025	Six Months Ended September 30, 2026	Year-on-year change	% change
Net sales	2,628	2,808	179	6.8%
Operating profit	110	192	82	74.7%

(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 4,600 parking facilities and 53,000 parking spots as of the end of the six 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 11.2% year on year owing to factors such as an increase in revenue from the parking business, and operating profit increased by 28.4% year on year.

(Millions of yen)

	Six Months Ended September 30, 2025	Six Months Ended September 30, 2026	Year-on-year change	% change
Net sales	10,346	11,501	1,154	11.2%
Operating profit	1,436	1,844	408	28.4%

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

Total assets at the end of the six months under review increased by 582 million yen from the end of the previous fiscal year to 221,028 million yen.

Major changes from the previous fiscal year were, in current assets, an increase of 1,285 million yen in notes and accounts receivable - trade and an increase of 1,049 million yen in advance payments to suppliers included in other, as well as a decrease of 3,696 million yen in cash and deposits and a decrease of 2,919 million yen in inventories.

In non-current assets, karaoke equipment for rental, net increased by 1,384 million yen, karaoke cabin and restaurant facilities, net increased by 1,092 million yen, and investment securities increased by 1,896 million yen.

Liabilities decreased by 3,153 million yen from the end of the previous fiscal year to 91,942 million yen.

Major changes from the previous fiscal year include a decrease of 2,263 million yen in accounts payable - other included in other in current liabilities.

In non-current liabilities, long-term borrowings decreased by 733 million yen.

Net assets increased by 3,736 million yen from the end of the previous fiscal year to 129,085 million yen.

This is primarily attributable to an increase in retained earnings of 6,844 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) Overview of Cash Flows for the Period under Review

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the six months under review decreased by 3,696 million yen from the end of the previous fiscal year to 44,779 million yen.

The following is an overview of cash flows in the six months under review.

(Cash Flows from Operating Activities)

Funds provided by operating activities increased by 4,263 million yen year on year to 16,062 million yen, mainly due to profit before income taxes of 10,819 million yen, depreciation of 8,326 million yen, an increase in trade receivables of 1,278 million yen, a decrease in inventories of 2,925 million yen, and income taxes paid of 4,644 million yen.

(Cash Flows from Investing Activities)

Funds used in investing activities increased by 1,364 million yen year on year to 14,981 million yen, mainly due to purchase of property, plant and equipment of 10,818 million yen, purchase of intangible assets of 1,773 million yen, payments for acquisition of video licenses of 1,144 million yen, and purchase of investment securities of 870 million yen.

(Cash Flows from Financing Activities)

Funds used in financing activities decreased by 8,498 million yen year on year to 4,885 million yen, mainly due to proceeds from long-term borrowings of 180 million yen, repayments of long-term borrowings of 975 million yen, and dividends paid of 4,028 million yen.

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

There is no change to the full-year performance forecast announced on 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. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	FY2025 (As of March 31, 2026)	Current Second Quarter (As of September 30, 2026)
Assets		
Current assets		
Cash and deposits	48,841	45,145
Notes and accounts receivable - trade	6,990	8,275
Inventories	14,023	11,103
Other	7,540	8,993
Allowance for doubtful accounts	(185)	(168)
Total current assets	77,209	73,350
Non-current assets		
Property, plant and equipment		
Karaoke equipment for rental, net	10,386	11,770
Karaoke cabin and restaurant facilities, net	16,499	17,592
Land	53,282	53,282
Construction in progress	114	501
Other, net	18,076	17,934
Total property, plant and equipment	98,361	101,081
Intangible assets		
Goodwill	7,435	7,127
Other	6,137	6,169
Total intangible assets	13,572	13,296
Investments and other assets		
Investment securities	6,429	8,326
Leasehold and guarantee deposits	14,772	14,922
Other	10,193	10,139
Allowance for doubtful accounts	(94)	(88)
Total investments and other assets	31,301	33,299
Total non-current assets	143,235	147,678
Total assets	220,445	221,028

(Millions of yen)

	FY2025 (As of March 31, 2026)	Current Second Quarter (As of September 30, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,375	2,683
Short-term borrowings	3,196	3,087
Income taxes payable	5,097	4,297
Provision for bonuses	1,073	1,526
Other	15,609	12,971
Total current liabilities	27,351	24,566
Non-current liabilities		
Long-term borrowings	51,682	50,949
Provision for retirement benefits for directors (and other officers)	623	638
Retirement benefit liability	9,291	9,544
Asset retirement obligations	2,078	2,037
Other	4,068	4,206
Total non-current liabilities	67,744	67,376
Total liabilities	95,096	91,942
Net assets		
Shareholders' equity		
Share capital	12,350	12,350
Capital surplus	4,211	4,211
Retained earnings	106,897	109,710
Treasury shares	(1,195)	(1,195)
Total shareholders' equity	122,263	125,076
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,492	2,218
Revaluation reserve for land	(158)	(158)
Foreign currency translation adjustment	191	314
Remeasurements of defined benefit plans	(148)	(140)
Total accumulated other comprehensive income	1,376	2,233
Share acquisition rights	462	519
Non-controlling interests	1,246	1,255
Total net assets	125,349	129,085
Total liabilities and net assets	220,445	221,028

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
(Semi-annual Consolidated Statement of Income)

(Millions of yen)

	Six Months Ended September 30, 2025 (From April 1, 2025, to September 30, 2025)	Six Months Ended September 30, 2026 (From April 1, 2026, to September 30, 2026)
Net sales	80,276	84,412
Cost of sales	52,591	54,582
Gross profit	27,685	29,829
Selling, general and administrative expenses	19,254	19,260
Operating profit	8,430	10,568
Non-operating income		
Interest income	25	76
Dividend income	131	130
Insurance claim income	55	57
Cooperative monetary aid received	234	92
Foreign exchange gains	-	45
Compensation income	0	50
Other	358	346
Total non-operating income	806	799
Non-operating expenses		
Interest expenses	206	317
Foreign exchange losses	22	-
Cancellation penalty	16	15
Settlement expenses	300	7
Other	85	91
Total non-operating expenses	631	431
Ordinary profit	8,606	10,936
Extraordinary income		
Gain on sale of non-current assets	972	105
Gain on sale of investment securities	0	-
Total extraordinary income	972	105
Extraordinary losses		
Loss on disposal of non-current assets	108	138
Impairment losses	104	83
Total extraordinary losses	212	221
Profit before income taxes	9,365	10,819
Income taxes - current	3,341	3,915
Income taxes - deferred	(109)	38
Total income taxes	3,231	3,954
Profit	6,134	6,865
Profit attributable to non-controlling interests	16	20
Profit attributable to owners of parent	6,117	6,844

(Semi-annual Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Six Months Ended September 30, 2025 (From April 1, 2025, to September 30, 2025)	Six Months Ended September 30, 2026 (From April 1, 2026, to September 30, 2026)
Profit	6,134	6,865
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	726
Foreign currency translation adjustment	2	123
Remeasurements of defined benefit plans, net of tax	(16)	7
Total other comprehensive income	(17)	857
Comprehensive income	6,116	7,722
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,100	7,701
Comprehensive income attributable to non-controlling interests	16	20

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2025 (From April 1, 2025, to September 30, 2025)	Six Months Ended September 30, 2026 (From April 1, 2026, to September 30, 2026)
Cash flows from operating activities		
Profit before income taxes	9,365	10,819
Depreciation	7,932	8,326
Amortization of goodwill	266	411
Impairment losses	104	83
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(90)	15
Interest and dividend income	(157)	(207)
Interest expenses	206	317
Foreign exchange losses (gains)	(4)	(108)
Loss (gain) on sale of investment securities	(0)	-
Loss (gain) on disposal of non-current assets	(864)	32
Decrease (increase) in trade receivables	202	(1,278)
Decrease (increase) in inventories	(681)	2,925
Transfer of cost of sales on karaoke equipment for rental	52	32
Decrease (increase) in advance payments to suppliers	(99)	(995)
Increase (decrease) in trade payables	33	300
Increase (decrease) in accounts payable - other	(649)	537
Other, net	516	(224)
Subtotal	16,134	20,991
Interest and dividends received	156	174
Interest paid	(212)	(457)
Income taxes paid	(4,279)	(4,644)
Net cash provided by (used in) operating activities	11,798	16,062
Cash flows from investing activities		
Payments into time deposits	(10)	(10)
Proceeds from withdrawal of time deposits	10	10
Purchase of property, plant and equipment	(11,056)	(10,818)
Proceeds from sale of property, plant and equipment	1,466	117
Purchase of intangible assets	(1,929)	(1,773)
Payments for acquisition of video licenses	(2,160)	(1,144)
Proceeds from sale of investment securities	5	-
Purchase of investment securities	-	(870)
Payments for acquisition of businesses	-	(171)
Loan advances	(431)	(115)
Proceeds from collection of loans receivable	174	95
Payments of leasehold and guarantee deposits	(371)	(378)
Proceeds from refund of leasehold and guarantee deposits	205	248
Other, net	479	(171)
Net cash provided by (used in) investing activities	(13,617)	(14,981)

(Millions of yen)

	Six Months Ended September 30, 2025 (From April 1, 2025, to September 30, 2025)	Six Months Ended September 30, 2026 (From April 1, 2026, to September 30, 2026)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	925	(47)
Proceeds from long-term borrowings	990	180
Repayments of long-term borrowings	(10,368)	(975)
Dividends paid	(3,030)	(4,028)
Purchase of treasury shares	(1,884)	-
Other, net	(14)	(14)
Net cash provided by (used in) financing activities	(13,383)	(4,885)
Effect of exchange rate change on cash and cash equivalents	4	108
Net increase (decrease) in cash and cash equivalents	(15,197)	(3,696)
Cash and cash equivalents at beginning of period	41,584	48,475
Cash and cash equivalents at end of period	26,387	44,779

(4) Notes to Semi-annual 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]

Six Months Ended September 30, 2025 (From April 1, 2025, to September 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 semi-annual statement of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Net sales	33,644	33,656	2,628	69,929	10,346	80,276	-	80,276
Segment profit (Operating profit)	6,236	2,432	110	8,779	1,436	10,216	(1,785)	8,430

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 (1,785) 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.

Six Months Ended September 30, 2026 (From April 1, 2026, to September 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 semi-annual statement of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Net sales	33,953	36,149	2,808	72,911	11,501	84,412	-	84,412
Segment profit (Operating profit)	7,457	2,826	192	10,477	1,844	12,322	(1,753)	10,568

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 (1,753) 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.