

Translation

This report is a translation of excerpts from original Japanese Flash Report and for reference purpose only. In case of discrepancy between this report and original Japanese Flash Report, the latter shall prevail.

Flash Report on the Consolidated Results for the Third Quarter Ended December 31, 2025 [JGAAP]

February 9, 2026

Company Name: **DAIICHIKOSHOCO., LTD.**
 Stock Exchange Listing: Tokyo Stock Exchange
 Code Number: 7458
 URL: <https://www.dkkaraoke.co.jp/>
 Representative: Tadahiro Hoshi, President
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 Scheduled date of commencing dividend payments: —
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Nine Months Ended December 31, 2025 (From April 1, 2025, to December 31, 2025)

(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	%
Nine Months Ended December 31, 2025	122,415	7.0	13,770	(3.8)	14,077	(3.0)
Nine Months Ended December 31, 2024	114,439	4.2	14,320	(5.2)	14,505	(7.5)

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%		
Nine Months Ended December 31, 2025	9,644	(28.6)	93.03	92.75
Nine Months Ended December 31, 2024	13,503	28.2	127.85	127.51

(Note) Comprehensive income:

Nine Months Ended December 31, 2025: 9,492 million yen [(32.0%)]
 Nine Months Ended December 31, 2024: 13,956 million yen [28.8%]

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2025	198,892	119,608	59.4
As of March 31, 2025	209,316	117,862	55.6

(Reference) Shareholders' equity:

As of December 31, 2025: 118,096 million yen
 As of March 31, 2025: 116,333 million yen

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year ended March 31, 2025	Yen —	Yen 28.00	Yen —	Yen 29.00	Yen 57.00
Year ending March 31, 2026	—	28.00	—	—	—
Year ending March 31, 2026 (forecast)				39.00	67.00

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

Breakdown of the year-end dividend for the year ending March 31, 2026 (forecast):

- Ordinary dividend: 29.00 yen

- Commemorative dividend for the Company's 55th anniversary: 10.00 yen

3. Forecast of Consolidated Performance for FY2025, the Year Ending March 31, 2026 (From April 1, 2025, to March 31, 2026)

(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, 2026 (full year)	162,700	6.3	18,000	0.3	18,800	2.2

	Profit attributable to owners of parent		Basic earnings per share Yen
	Millions of yen	%	
Year ending March 31, 2026 (full year)	15,400	(15.3)	148.97

(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 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 December 31, 2025	103,968,400 shares	As of March 31, 2025	109,468,400 shares
2) Number of treasury shares	As of December 31, 2025	591,507 shares	As of March 31, 2025	4,980,507 shares
3) Average number of shares during the period	Nine months ended December 31, 2025	103,667,638 shares	Nine months ended December 31, 2024	105,625,609 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 nine months ended December 31, 2025 (the “nine months under review”), Japan’s economy trended toward a moderate recovery, with improvement in the employment and wages environment. Its outlook, however, remains unclear, mainly due to a decline in consumer sentiment resulting from rising commodity prices and concerns about the impact of US policy trends on the economy.

In the karaoke industry, where DAIICHIKOSHOCO., LTD. (the “Company,” together with its subsidiaries, the “Group”) operates, amid a moderate improvement in demand as a whole, mainly in the night business and the karaoke cabin markets, the Company’s mainstay markets, competition among businesses intensified 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 nine months under review, net sales amounted to 122,415 million yen (up 7.0% year on year), a record third-quarter high. In terms of profits, operating profit was 13,770 million yen (down 3.8% year on year) and ordinary profit was 14,077 million yen (down 3.0% year on year), mainly due to an increase in selling, general and administrative expenses such as equipment replacement expenses and promotion expenses associated with the launch of a new flagship model of DAM. Profit attributable to owners of parent amounted to 9,644 million yen (down 28.6% year on year), mainly due to the drop-off of gain on sale of non-current assets recorded in the corresponding period of the previous fiscal year.

	(Millions of yen)			
	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2025	Year-on-year change	% change
Net sales	114,439	122,415	7,976	7.0%
Operating profit	14,320	13,770	(549)	(3.8)%
Ordinary profit	14,505	14,077	(428)	(3.0)%
Profit attributable to owners of parent	13,503	9,644	(3,859)	(28.6)%

Operating results by segment are as follows.

(Commercial karaoke business)

In the commercial karaoke business, with the ongoing overall moderate recovery, mainly in the seniors’ market, which is a growth market for the Company, the number of DAM units in operation increased slightly year on year.

In such an environment, we launched in April 2025 a new flagship model of DAM, “LIVE DAM WAO!,” for the first time in five and a half years. This device is based on the concept of “The more you sing, the newer the ‘Wow’,” and features a new playing method that delivers higher sound quality and a richer sound, as well as a large number of new videos of the original artists. In addition, the new “Voice Magic” feature and “Quartet Harmony Microphone,” which makes it possible to use four microphones simultaneously, were introduced to update the singing experience and offer a wide range of functions that will appeal to both hardcore karaoke fans and karaoke beginners. In the nine months under review, we strived to expand the user base of karaoke and increase the number of DAM units in operation by doing promotions that lead to expanded sales of this device through diverse media, including TV commercials and social media. We also worked to increase per-unit DAM revenue through such measures as the replacement of previous models with the new model.

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

As a result, due to, among others, increased revenue from product sales, mainly in wholesale, owing to the impact of new product launch, net sales increased by 6.6% year on year. In terms of profit, operating profit decreased by 2.7% year on year, mainly due to one-time expenses incurred by purchase of operating assets, as well as the impact of an increase in selling, general and administrative expenses related to promotion.

	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2025	Year-on-year change	% change
Net sales	46,476	49,534	3,057	6.6%
Operating profit	9,176	8,927	(248)	(2.7)%

(Karaoke cabin and restaurant business)

In the karaoke cabin and restaurant business, we opened nine karaoke cabins and 16 restaurants and closed seven karaoke cabins and seven restaurants, and we operated 505 karaoke cabins and 168 restaurants as of the end of the nine months under review.

The flow of customers remained solid particularly in high seasons, such as summer vacations and the year-end period, mainly due to the effect of cabin refurbishment carried out in the previous fiscal year and the effect of the roll-out of “LIVE DAM WAO!,” and sales increased by 4% at existing karaoke cabins and by 1% at existing restaurants year on year during the nine 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 the quality of karaoke equipment and acoustic facilities 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 our “Big Smile Campaign.”

In addition, regarding “LIVE DAM WAO!” launched in April 2025, we rolled it out to all BIG ECHO stores to enable customers to experience the new features as soon as possible and thereby strived to enhance customer attraction, while also reinforcing the core value of karaoke as a way to gather, sing, and enjoy together.

For restaurants, reservations and orders remained as strong as in the previous fiscal year, and we worked to improve the quality of the restaurants’ environment, customer service, and food by utilizing customer surveys. We also strived to attract a wide range of customers, including by opening four “REGALO” darts halls.

As a result, net sales increased by 6.3% year on year mainly due to an increase in revenue from existing stores as well as an increase in revenue from restaurants opened in the previous fiscal year, and operating profit increased by 2.4% year on year.

	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2025	Year-on-year change	% change
Net sales	49,937	53,081	3,144	6.3%
Operating profit	5,144	5,267	122	2.4%

(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.

As a result, net sales decreased by 3.8% year on year, and operating profit decreased by 48.3% year on year.

	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2025	Year-on-year change	% change
Net sales	4,179	4,020	(158)	(3.8)%
Operating profit	276	142	(133)	(48.3)%

(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 4,400 parking facilities and 50,000 parking spots as of the end of the nine 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 14.0% year on year owing to factors such as an increase in revenue from the parking business, and operating profit increased by 15.9% year on year.

	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2025	Year-on-year change	(Millions of yen) % change
Net sales	13,845	15,779	1,933	14.0%
Operating profit	1,865	2,161	296	15.9%

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

Total assets at the end of the nine months under review decreased by 10,424 million yen from the end of the previous fiscal year to 198,892 million yen.

Major changes from the previous fiscal year were, in current assets, a decrease of 18,925 million yen in cash and deposits, an increase of 1,745 million yen in notes and accounts receivable - trade, and an increase of 1,600 million yen in pre-paid expenses included in other.

In non-current assets, karaoke equipment for rental, net and karaoke cabin and restaurant facilities, net increased by 1,440 million yen and 3,223 million yen, respectively.

Liabilities decreased by 12,169 million yen from the end of the previous fiscal year to 79,284 million yen.

This was mainly due to a decrease of 9,032 million yen in short-term borrowings and a decrease of 3,238 million yen in income taxes payable under current liabilities.

Net assets increased by 1,745 million yen from the end of the previous fiscal year to 119,608 million yen.

This is primarily attributable to an increase in retained earnings of 9,644 million yen due to profit attributable to owners of parent, a decrease in retained earnings of 5,924 million yen due to the dividends of surplus, and a decrease of 1,884 million yen due to purchase of treasury shares.

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

There is no change to the full-year performance forecast announced on August 7, 2025.

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

	FY2024 (As of March 31, 2025)	Current Third Quarter (As of December 31, 2025)	(Millions of yen)
Assets			
Current assets			
Cash and deposits	41,949	23,024	
Notes and accounts receivable - trade	5,988	7,733	
Inventories	13,769	14,462	
Other	5,989	7,575	
Allowance for doubtful accounts	(153)	(160)	
Total current assets	<u>67,543</u>	<u>52,635</u>	
Non-current assets			
Property, plant and equipment			
Karaoke equipment for rental, net	9,610	11,051	
Karaoke cabin and restaurant facilities, net	13,896	17,120	
Land	34,940	34,746	
Construction in progress	32,316	32,673	
Other, net	8,193	9,311	
Total property, plant and equipment	<u>98,958</u>	<u>104,903</u>	
Intangible assets			
Goodwill	5,094	4,689	
Other	5,887	6,044	
Total intangible assets	<u>10,982</u>	<u>10,734</u>	
Investments and other assets			
Investment securities	7,044	6,761	
Leasehold and guarantee deposits	14,684	14,702	
Other	10,219	9,258	
Allowance for doubtful accounts	(115)	(103)	
Total investments and other assets	<u>31,833</u>	<u>30,619</u>	
Total non-current assets	<u>141,773</u>	<u>146,256</u>	
Total assets	<u>209,316</u>	<u>198,892</u>	

	FY2024 (As of March 31, 2025)	Current Third Quarter (As of December 31, 2025)	(Millions of yen)
Liabilities			
Current liabilities			
Notes and accounts payable - trade	3,885	2,870	
Short-term borrowings	12,443	3,411	
Income taxes payable	4,752	1,513	
Provision for bonuses	1,272	1,299	
Other	13,636	13,926	
Total current liabilities	<u>35,990</u>	<u>23,021</u>	
Non-current liabilities			
Long-term borrowings	41,128	41,544	
Provision for retirement benefits for directors (and other officers)	635	584	
Retirement benefit liability	8,169	8,357	
Asset retirement obligations	1,873	1,915	
Other	3,657	3,861	
Total non-current liabilities	<u>55,463</u>	<u>56,262</u>	
Total liabilities	<u>91,454</u>	<u>79,284</u>	
Net assets			
Shareholders' equity			
Share capital	12,350	12,350	
Capital surplus	4,211	4,211	
Retained earnings	108,490	100,652	
Treasury shares	(10,571)	(1,195)	
Total shareholders' equity	<u>114,481</u>	<u>116,018</u>	
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,867	1,676	
Revaluation reserve for land	(558)	(158)	
Foreign currency translation adjustment	148	191	
Remeasurements of defined benefit plans	394	369	
Total accumulated other comprehensive income	<u>1,851</u>	<u>2,078</u>	
Share acquisition rights	464	436	
Non-controlling interests	1,065	1,075	
Total net assets	<u>117,862</u>	<u>119,608</u>	
Total liabilities and net assets	<u>209,316</u>	<u>198,892</u>	

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

	(Millions of yen)	
	Nine Months Ended December 31, 2024 (From April 1, 2024, to December 31, 2024)	Nine Months Ended December 31, 2025 (From April 1, 2025, to December 31, 2025)
Net sales	114,439	122,415
Cost of sales	73,716	79,761
Gross profit	40,722	42,654
Selling, general and administrative expenses	26,402	28,883
Operating profit	14,320	13,770
Non-operating income		
Interest income	19	32
Dividend income	153	193
Insurance claim income	195	76
Cooperative monetary aid received	126	275
Compensation income	366	1
Other	524	498
Total non-operating income	1,385	1,078
Non-operating expenses		
Interest expenses	320	309
Foreign exchange losses	2	26
Cancellation penalty	26	21
Settlement expenses	42	304
Loss on refund of subsidy	653	-
Other	154	110
Total non-operating expenses	1,201	771
Ordinary profit	14,505	14,077
Extraordinary income		
Gain on sale of non-current assets	4,414	972
Gain on sale of investment securities	1,380	168
Total extraordinary income	5,795	1,141
Extraordinary losses		
Loss on disposal of non-current assets	128	148
Impairment losses	277	262
Total extraordinary losses	406	411
Profit before income taxes	19,894	14,807
Income taxes - current	6,194	4,861
Income taxes - deferred	168	280
Total income taxes	6,362	5,142
Profit	13,531	9,664
Profit attributable to non-controlling interests	27	20
Profit attributable to owners of parent	13,503	9,644

(Quarterly Consolidated Statement of Comprehensive Income)

	(Millions of yen)	
	Nine Months Ended December 31, 2024 (From April 1, 2024, to December 31, 2024)	Nine Months Ended December 31, 2025 (From April 1, 2025, to December 31, 2025)
Profit	13,531	9,664
Other comprehensive income		
Valuation difference on available-for-sale securities	289	(190)
Revaluation reserve for land	175	-
Foreign currency translation adjustment	(21)	43
Remeasurements of defined benefit plans, net of tax	(17)	(24)
Total other comprehensive income	425	(172)
Comprehensive income	13,956	9,492
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,929	9,471
Comprehensive income attributable to non-controlling interests	27	20

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

The Company canceled 5,500,000 shares of its treasury shares on August 18, 2025, based on the resolution passed at the meeting of its Board of Directors held on August 7, 2025. As a result, retained earnings and treasury shares each decreased by 11,119 million yen, and at the end of the nine months under review, retained earnings was 100,652 million yen, and treasury shares was 1,195 million yen.

(Segment Information)

[Segment information]

Nine Months Ended December 31, 2024 (From April 1, 2024, to December 31, 2024)

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	46,476	49,937	4,179	100,593	13,845	114,439	-	114,439
Segment profit (Operating profit)	9,176	5,144	276	14,597	1,865	16,462	(2,142)	14,320

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 (2,142) 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.

Nine Months Ended December 31, 2025 (From April 1, 2025, to December 31, 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	49,534	53,081	4,020	106,636	15,779	122,415	-	122,415
Segment profit (Operating profit)	8,927	5,267	142	14,338	2,161	16,499	(2,729)	13,770

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 (2,729) 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 nine months ended December 31, 2025. Depreciation (including amortization of intangible assets excluding goodwill), amortization of goodwill, and amortization of negative goodwill for the nine months ended December 31, 2025 are as follows.

	(Millions of yen)	
	Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)	Nine months ended December 31, 2025 (From April 1, 2025 to December 31, 2025)
Depreciation	10,704	12,373
Amortization of goodwill	402	399
Amortization of negative goodwill	0	-