

**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.

FY2018, the year ending March 31, 2019

## Flash Report on the Consolidated Results for the First Quarter Ended June 30, 2018 [JGAAP]

August 20, 2018

Company Name: **DAIICHIKOSHO CO., LTD.**  
 Stock Exchange Listing: Tokyo Stock Exchange  
 Code Number: 7458  
 URL: <http://www.dkkaraoke.co.jp>  
 Representative: Tadahiro Hoshi, President  
 Contact: Yasuhisa Nishihara,  
 Corporate Officer and General Manager, Accounting Department  
 Phone: +81-3-3280-2151  
 Scheduled Date to Submit the Quarterly Securities Report: August 10, 2018  
 Start Date for Dividend Payment: —  
 Availability of Supplementary Briefing Material on Quarterly Financial Results: None  
 Schedule of Quarterly Financial Results Briefing Session: None

(Amounts below one million yen are truncated.)

### 1. Consolidated Performance for the Three Months Ended June 30, 2018 (From April 1, 2018, to June 30, 2018)

#### (1) Consolidated operating results (Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2018	34,839	2.6	5,349	(3.7)	5,817	(0.0)
Three months ended June 30, 2017	33,948	1.0	5,553	26.3	5,820	24.4

	Net income attributable to owners of parent		Basic earnings per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended June 30, 2018	3,808	1.3	66.86	66.79
Three months ended June 30, 2017	3,758	507.2	65.78	65.72

(Note) Comprehensive income:

Three months ended June 30, 2018: 3,886 million yen 2.7 %

Three months ended June 30, 2017: 3,785 million yen 28.4 %

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	178,219	126,060	69.8
As of March 31, 2018	180,190	125,356	68.7

(Reference) Shareholders' equity:

As of June 30, 2018: 124,468 million yen

As of March 31, 2018: 123,792 million yen

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	—	55.00	—	56.00	111.00
Year ending March 31, 2019	—				
Year ending March 31, 2019 (forecast)		56.00	—	56.00	112.00

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

3. Forecast Consolidated Performance for FY2018, the Year Ending March 31, 2019 (From April 1, 2018, to March 31, 2019)

(Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2018	70,400	2.0	10,000	(7.2)	10,300	(10.2)
Year ending March 31, 2019 (full year)	142,500	0.8	21,200	0.5	22,000	0.7

	Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2018	6,500	(11.9)	114.10
Year ending March 31, 2019 (full year)	13,500	2.9	236.98

(Note) Changes in forecast of consolidated operating results from most recently announced figures: None

## \*Notes

- (1) Significant changes in subsidiaries during the period under review (changes to specific subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of special accounting policies for quarterly financial statements: None
- (3) Changes in accounting standard, accounting estimation change and error correction
- 1) Changes due to changes in accounting standard: None
  - 2) Changes due to changes in accounting standard except (3) 1): None
  - 3) Changes due to accounting estimation change: None
  - 4) Error correction: None

## (4) Number of common shares issued

- 1) Number of shares issued (including treasury shares)
- 2) Number of shares of treasury shares
- 3) Average number of shares during the period

As of June 30, 2018	57,234,200 shares	As of March 31, 2018	57,234,200 shares
As of June 30, 2018	266,262 shares	As of March 31, 2018	266,228 shares
Three months ended June 30, 2018	56,967,953 shares	Three months ended June 30, 2017	57,131,596 shares

\* These consolidated financial results are outside the scope of quarterly review by Certified Public Accountants or auditing corporations.

\* 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.

## Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2017 (As of March 31, 2018)	Current First quarter (As of June 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	45,538	43,859
Notes and accounts receivable - trade	5,132	4,981
Securities	4,969	2,697
Inventories	6,252	6,096
Other	5,660	7,063
Allowance for doubtful accounts	(175)	(163)
Total current assets	67,378	64,534
Non-current assets		
Property, plant and equipment		
Karaoke equipment for rental, net	9,794	9,839
Karaoke cabin and restaurant facilities, net	19,299	19,291
Land	38,053	38,053
Other, net	8,258	8,150
Total property, plant and equipment	75,405	75,334
Intangible assets		
Goodwill	4,065	3,899
Other	6,198	6,234
Total intangible assets	10,263	10,133
Investments and other assets		
Investment securities	5,288	5,534
Lease and guarantee deposits	14,263	14,924
Other	7,656	7,822
Allowance for doubtful accounts	(65)	(65)
Total investments and other assets	27,142	28,216
Total non-current assets	112,812	113,684
Total assets	180,190	178,219

## DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2017 (As of March 31, 2018)	Current First quarter (As of June 30, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,421	3,124
Short-term loans payable	4,015	4,251
Income taxes payable	4,652	2,084
Provision for bonuses	1,128	573
Other	12,146	12,698
Total current liabilities	25,365	22,731
Non-current liabilities		
Bonds payable	6,500	6,500
Long-term loans payable	12,587	12,356
Provision for directors' retirement benefits	1,047	778
Net defined benefit liability	6,176	6,294
Other	3,157	3,497
Total non-current liabilities	29,469	29,427
Total liabilities	54,834	52,158
<b>Net assets</b>		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	4,003	4,003
Retained earnings	108,489	109,108
Treasury shares	(1,309)	(1,309)
Total shareholders' equity	123,534	124,152
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,261	1,311
Revaluation reserve for land	(733)	(733)
Foreign currency translation adjustment	87	71
Remeasurements of defined benefit plans	(356)	(333)
Total accumulated other comprehensive income	258	315
Share acquisition rights	203	224
Non-controlling interests	1,359	1,367
Total net assets	125,356	126,060
<b>Total liabilities and net assets</b>	<b>180,190</b>	<b>178,219</b>

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

	(Millions of yen)	
	Three months ended June 30, 2017 (From April 1, 2017, to June 30, 2017)	Three months ended June 30, 2018 (From April 1, 2018, to June 30, 2018)
Net sales	33,948	34,839
Cost of sales	20,216	21,075
Gross profit	13,731	13,763
Selling, general and administrative expenses	8,178	8,414
Operating income	5,553	5,349
Non-operating income		
Interest income	9	23
Cooperative monetary aid received	77	85
Foreign exchange gains	42	186
Other	257	242
Total non-operating income	387	537
Non-operating expenses		
Interest expenses	81	40
Other	39	29
Total non-operating expenses	120	69
Ordinary income	5,820	5,817
Extraordinary income		
Gain on sales of non-current assets	63	0
Gain on sales of investment securities	—	61
Total extraordinary income	63	62
Extraordinary losses		
Loss on disposal of non-current assets	36	19
Impairment loss	117	2
Total extraordinary losses	154	22
Income before income taxes	5,729	5,858
Income taxes - current	2,056	2,071
Income taxes - deferred	(100)	(42)
Total income taxes	1,955	2,028
Net income	3,774	3,829
Net income attributable to non-controlling interests	15	20
Net income attributable to owners of parent	3,758	3,808

**(Quarterly Consolidated Statements of Comprehensive Income)**

	(Millions of yen)	
	Three months ended June 30, 2017 (From April 1, 2017, to June 30, 2017)	Three months ended June 30, 2018 (From April 1, 2018, to June 30, 2018)
Net income	3,774	3,829
Other comprehensive income		
Valuation difference on available-for-sale securities	11	50
Foreign currency translation adjustment	(25)	(16)
Remeasurements of defined benefit plans, net of tax	25	23
Total other comprehensive income	11	56
Comprehensive income	3,785	3,886
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,769	3,865
Comprehensive income attributable to non-controlling interests	15	20

## Notes to the Quarterly Consolidated Financial Statements

(Segment Information)

## Three months ended June 30, 2017 (From April 1, 2017, to June 30, 2017)

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount (Note)	Posted amount to the consolidated quarterly statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales	16,366	13,658	1,938	31,963	1,984	33,948	—	33,948
Segment income or Segment loss (Operating income or Operating loss)	4,391	1,583	(0)	5,974	377	6,351	(798)	5,553

Note: The (798) million yen adjustment posted to segment income or segment loss 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.

## Three months ended June 30, 2018 (From April 1, 2018, to June 30, 2018)

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount (Note)	Posted amount to the consolidated quarterly statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales	16,224	14,719	1,871	32,816	2,023	34,839	—	34,839
Segment income (Operating income)	4,375	1,358	3	5,737	373	6,111	(761)	5,349

Note: The (761) million yen adjustment posted to segment income 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.