

CORPORATE PROFILE

DAIICHIKOSHO CO., LTD.



We connect people with songs.
In order to realize a wonderful society
for everyone.

*Sing
for
Smile*

Singing naturally makes people smile.
Singing facilitates mind-to-mind connections
and spreads smiles to those around you.

Sing for smile—
We believe in the power of singing.
From children to the elderly,
we hope to make tomorrow wonderful for everyone.
We make the most of what singing can do for society.

Over the next hundred years,
DAIICHIKOSHO will commit to continuously
bring new value to society
so that singing connects people through smiles.
We will continue to sing together with everyone.

Introducing DAICHIKOSHO

More music to society, more service to society

DAIICHIKOSHO focuses on karaoke to promote and advance music as a mode of communication.

Commercial Karaoke Business

We are proud of our position as a market pioneer and the leading company in karaoke business.

We provide sales and rental of commercial karaoke systems and offer music and video for online karaoke.



Elder Business

Healthy mind and body with the power of singing and music.

The DK ELDER SYSTEM promotes karaoke as part of preventive care for better health of the elderly.



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Karaoke Room and Restaurant Business

Interpersonal connection space makes the ultimate amusement.

We offer karaoke rooms "BIG ECHO" and restaurants with a variety of concepts.



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Record Label Business

Offering timeless and popular songs that match the sentiments of people.

We produce and distribute music and video software.

BGM Broadcast Business

High-quality BGM creates a pleasant atmosphere.

We operate 100 channels of digital music broadcasts.



Web Business

Offering the fun of karaoke any time.

We also offer web streaming karaoke services.

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| Commercial Karaoke Business |

We are proud of our position as a market pioneer and the leading company in karaoke business.

DAM

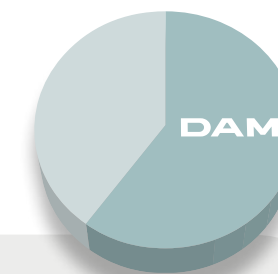
The top brand, DAM, supplies high-quality entertainment.

DAM holds a dominant share in the karaoke market and delivers sound and videos that make singing fun for karaoke singers around the nation. We plan and develop sophisticated karaoke music and video for commercial karaoke systems for broad-based users.

In addition to over 130 direct sales offices, sales subsidiaries, and wholesale offices, we have a network of nationwide distributors. With our

finely tailored, locally rooted sales activities, we provide karaoke sales and rental solutions from installation to after-sales maintenance for end-to-end support of customer needs as part of our long-term relationship of trust.

In recent years, karaoke has become a popular leisure activity, as well as attracting the attention of the healthcare industry, making its way into the wider business domain.



Market Share
No.1



Singing is fun and enjoyable
Sound and Videos



Thoughtful, courteous customer service
Over 130 sales bases nationwide

| Karaoke Room and Restaurant Business |

Interpersonal connection space makes the ultimate amusement.



Offering a safe, secure space where customers can relax.

BIG ECHO is Japan's largest karaoke facility. Along with clean interiors, excellent sound and video quality, and an extensive food and drink menu, BIG ECHO offers attentive customer service that values the principle of Japanese hospitality for a fun, casual karaoke experience for every customer. In addition, we offer a wide range of concept rooms that customers can select according to the mood and situation so that the joy of singing grows.

Restaurants that serve delicious food and offer a comfortable space create places of relaxation where customers can spend time with close friends and family. We operate over twenty-five restaurant brands with different concepts tailored to different locations and customer segments. In addition, we develop commercial complexes that combine karaoke rooms with dining facilities on the same premises. Different types of tenant layouts enables efficient store operation and contribute to increases in customers.

Best-suited for the full enjoyment of singing.



Restaurants offer time for relaxation.





Record Label Business

Offering timeless and popular songs that match the sentiments of people.



Comprehensive business expansion to promote the music industry.

We release numerous songs to the world through DAIICHIKOSHO Group record companies, NIPPON CROWN Co., Ltd. and Tokuma Japan Communications Co., Ltd. We use organic connections to create synergistic effects in popular hit songs for karaoke, as well as making use of accessible media to promote songs for karaoke and people. We specialize in management operations of artists and the music publication business. By developing a comprehensive music business fused with karaoke, we strive to boost the entire music industry.



Web Business

Offering the fun of karaoke any time.

カラオケ@DAM

Offering web content for more accessible karaoke.

By offering web-based streaming karaoke and a smart-phone application, we strive to enhance services so that customers can enjoy karaoke. The karaoke user community service, DAM★TOMO, works simultaneously with commercial online karaoke DAM to expand the fun of singing karaoke.

BGM Broadcast Business

High-quality BGM creates a pleasant atmosphere.



Digital radio offers 100 channels of music.

DAIICHIKOSHO operates a 100-channel digital music broadcast service to deliver high quality music programming that best serves customer needs. We also offer the same service for other types of businesses and commercial facilities, such as stores with karaoke systems. Our BGM services support the creation of a comfortable ambience and relaxing spaces.



Healthy mind and body with the power of singing and music.

DK ELDER SYSTEM

**Supports the extension of a healthy life expectancy
and the enjoyment of an active life for the elderly.**

**DAIICHIKOSHO made an early
entry into the elderly market.**

Japan is facing the unprecedented growth of an aging society compared to the rest of the world. There are numerous serious concerns about poor medical care, rising social security expenses, the increased burden of nursing care, and a decline in the working-age population.

To prepare for a super-aging society, we developed the DK ELDER SYSTEM in 2001 with the aim of using our main business of karaoke to assist in the preventive care and health maintenance of elderly people, and we have been working to popularize the system. The system leverages the essential enjoyment of "singing and

music" and takes advantage of the benefits of maintaining and increasing the life functions of exercise, singing, and perception to help prevent nursing care and promote the health of the elderly. The system offers an array of music developed with the basic concepts of moving the body and seeing with the eyes to encourage the fun of health-promotion programs continuously called music fitness session.

Singing karaoke with friends helps restore a healthy mind and improve mobility by moving along with music in rhythm. The system promises to help prevent and mitigate dementia by watching images that bring back memories.

**Functional training at nursing facilities and
the preventive nursing care for healthy people.**

While nursing facilities offer functional training programs in physical exercise like walking, it was a challenge to implement training that users could enjoy continuously. The DK ELDER SYSTEM adds elements of entertainment, "singing and music" to functional training and recreation activities for user comfort and enjoyment. The system has been evaluated to have an additional benefit of functional improvement and has been adopted in numerous



facilities.

On the other hand, there is also a growing awareness of its benefit in preventing nursing care for those who do not require help. In recent years, the DK ELDER SYSTEM has been introduced in an increasing number of community centers and public facilities where active senior citizens gather. Because of the revision of the long-term care insurance system in 2015, the environment has changed where a part of preventive nursing care for persons requiring assistance has moved to the comprehensive service by a local government.

Many elderly people are not happy in an expression "preventive nursing care". Because it is also important to address the effort for preventive nursing care by those who feel they do not need help yet, the DK ELDER SYSTEM using karaoke is very effective. This preventive nursing care program is easy for the elderly to use, making

it a popular system among local governments across the country.

**The practice of preventive nursing care
programs integrates objects and users.**

DAIICHIKOSHO trains instructors who can maximize the benefits of the DK ELDER SYSTEM. We recommend becoming a certified music fitness trainer by acquiring a license issued by the JAPAN Music Health Association to increase cooperation with local governments and to clarify the issue of the decline in nursing care costs and medical costs in the future. We are promoting the practice of nursing care prevention and health promotion programs that integrates objects and users.

It is our wish for the elderly to live an active life for a long time. We support a bright, enjoyable super-aging society with the power of "singing and music" for the extension of a healthy life expectancy.



Top Message

Making our services
easier to **understand** and **use**.



DAIICHIKOSHO
continues to
provide joy and fun.

Tadahiro Hoshi
President

Karaoke has established its presence as accessible entertainment for everyone. In the hope that as many people as possible enjoy singing as many songs as possible in karaoke, DAIICHIKOSHO Group, the leading company in karaoke, has enhanced content offerings for the ease of singing, sound quality, and vivid video quality for over forty years since its establishment. In addition, DAIICHIKOSHO Group is stepping up efforts to make each location a comfortable space for BIG ECHO, as well as karaoke rooms and restaurants. Today, there are over 130 sales bases nationwide and around 700 directly managed karaoke rooms and restaurants where we undertake business rooted in the community.

In recent years, the opportunities for karaoke have become more exceptionally diversified. In addition to its traditional role as accessible entertainment, karaoke's health-promoting benefits in a super-aging society are now in the spotlight. We believe that by adequately responding to people's expectations helps improve the added value of our services and further development in our business.

Making our services easier to understand and use—
With this basic principle, DAIICHIKOSHO Group is pledged to improve the level of services for karaoke.
We strive to continuously be a contributor of the joy and fun for customers by actively embarking on new businesses.

Activities for moving hand-in-hand with society

Our effort of waste oil recycling

With the goal of contributing to the creation of a resource recycling society, we recycle waste food oil after cooking to make medicated hand soap for use in toilets and kitchens of BIG ECHO locations.

Our effort of carton recycling

We supply nearly 7.5 tons of used cartons annually from all BIG ECHO locations as a resource for recycled paper. We use the toilet paper made from recycled cartons to save expenses and conserve the environment.

Energy-saving effort by introducing LED lighting

We introduced low-power consumption LED lighting in all BIG ECHO locations to save energy without compromising on brightness and comfort, as well as to contribute to the prevention of global warming by reducing CO₂ emissions.

Support stations for people who are unable to return home after a disaster

In four prefectures and five government-designated cities in the metropolitan area and eight prefectures and four government-designated cities in the Kansai region, BIG ECHO locations offer drinking water, bathrooms, and useful road information for people who are unable to return home after a major disaster.

Raising relief money for wide-area disaster recovery support

In both Japan and overseas, DAIICHIKOSHO has actively participated in supporting wide-area disaster recovery and reconstruction. We set up donation boxes in BIG ECHO locations to raise relief and support money.

Donations for educational institutions

With the goal of promoting education, culture, and academics and support the development of new human assets for the next generation, we donate money to universities and educational institutions.

Cooperation for Japanese ancestry associations

We co-sponsor events by the Association of Nikkei & Japanese Abroad and the PanAmerican Nikkei Association. We support the mutual understanding and creation of strong ties between Japanese living abroad and Japan.

Donation of karaoke systems

To contribute to the formation of communities in local society, we donate karaoke systems to welfare facilities to increase the use of the systems as a communication tool.

Ukiyo-e digital archives

With the goal of passing on valuable and excellent ukiyo-e for future generations, we co-sponsor the ukiyo-e digital archive project by the Boston Museum in the United States, which converts nearly 20,000 ukiyo-e images into digital data.

Corporate Information

Corporate Profile

Corporate name	DAIICHIKOSHO CO., LTD.
Location	5-5-26 Kitashinagawa, Shinagawa City, Tokyo 141-8701 Japan Telephone +81-3-3280-2151 (Main)
Established	April 16, 1973*
Capital	12,350 million yen
Listed stock market	First Section, Tokyo Stock Exchange, Inc. (Securities code: 7458)
Number of employees	1,775 company employees 3,348 group employees (As of the end of March 2017)
Business description	
Commercial karaoke business	Sales and rental of commercial karaoke systems and the offering of music and video for online karaoke
Karaoke room and restaurant business	Management of karaoke rooms "BIG ECHO" and restaurants
Music software business	Production and distribution of music and video software
Other businesses	BGM broadcast service Web service Real estate leasing business other.
URL	http://www.dkkaraoke.co.jp/english/

*Formerly, DAIICHIKOSHO had a privately managed business known as HOSHI SHOTEN. It was founded in March 1971 in Chofu City, Tokyo, as a distributor of audio equipment. The business expanded substantially, and in February 1976, we took over an inactive company called NITTO INC. (founded in April 1973), and changed the business objectives and the name to DAIICHIKOSHO CO., LTD., and began business as a corporation.

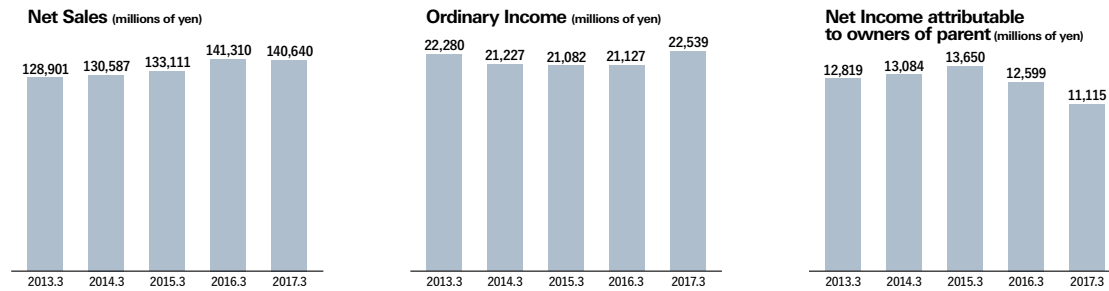
Executives

As of June 23, 2017

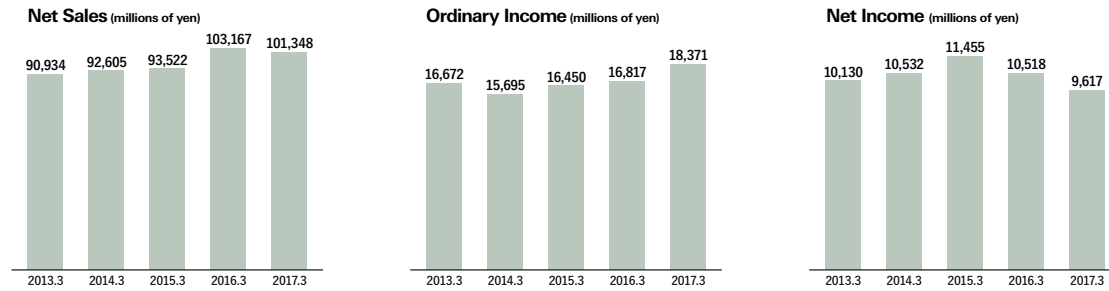
Honorary Chairman	Tadahiko Hoshi
Corporate Counselor	Saburo Hayashi
President	Tadahiro Hoshi
Senior Managing Director and Senior Corporate Officer	Kenichi Nemoto
Senior Managing Director and Senior Corporate Officer	Yasutaka Wada
Senior Managing Director and Senior Corporate Officer	Tatsuya Kumagai
Senior Managing Director and Senior Corporate Officer	Hiroshi Mitomi
Managing Director and Senior Corporate Officer	Yuichi Murai
Director and Senior Corporate Officer	Yasuhiro Watanabe
Director and Senior Corporate Officer	Noriyuki Takehana
Director and Senior Corporate Officer	Kenji Otsuka
Director (Part-time)	Katsuhiko Baba
Director (Outside)	Atsuya Furuta
Director (Outside)	Chika Masuda
Corporate Auditor (Standing, Outside)	Michitoshi Tsuruoka
Corporate Auditor (Standing, Outside)	Nobuaki Otsuka
Corporate Auditor (Standing)	Nobuyuki Takase
Corporate Auditor (Outside)	Masumi Arichika
Senior Corporate Officer	Hiroshi Kunitsu
Senior Corporate Officer	Takeshi Iijima
Senior Corporate Officer	Harutoshi Hoshi
Corporate Officer	Hisahiro Ogura
Corporate Officer	Osamu Arima
Corporate Officer	Keisuke Tozuka
Corporate Officer	Takeshi Sekizawa
Corporate Officer	Kenji Suda

Financial Results

Consolidated



Unconsolidated



History

- March 1971 HOSHI SHOTEN founded by Tadahiko Hoshi (currently Honorary Chairman) in Chofu City, Tokyo, and commenced sales of audio equipment.*
- February 1976 Changed the NITTO INC. trade name and business direction to form DAIICHIKOSHO CO., LTD., in Nakano City, Tokyo, and commenced the commercial karaoke business.
- May Commenced sales of the Play Sound "TD-201" 8-track karaoke system and the "A Series" of karaoke tapes.
- October 1978 Formed COSMO CO., LTD., (currently SHIZUOKA DAIICHIKOSHO CO., LTD., a consolidated subsidiary) in Hachioji City, Tokyo, as the first sales subsidiary in Japan (as of the end of March 2017, we have 24 domestic subsidiaries).
- April 1979 Established the Tokyo Branch Office in Nakano City, Tokyo, as our first sales center for the karaoke equipment retail and leasing business (as of the end of March 2017, we have 54 offices making direct sales).
- April 1982 Established the Nagoya Wholesale Business Office in Nagoya City, Aichi, as our first center in the karaoke equipment wholesale business (as of the end of March 2017, we have 8 wholesale business offices).
- June Built a new Headquarters building (currently the Tokyo Branch Office Building) in Nakano City, Tokyo, and relocated there.
- May 1983 Commenced sales of the "LD-V10" laser disc (LD) karaoke system.
- October Commenced sales of the "CDK-4000" compact disc (CD) karaoke system.
- September 1984 Founded DK FINANCE CO., LTD., in Nakano City, Tokyo as a financial subsidiary.
- October 1986 Commenced sales of the "LC-V30" LD karaoke system with auto-changer function.
- July 1988 Founded Daiichi Kosho U.S.A. Inc. in New York City as an overseas subsidiary (as of the end of March 2017, we have 3 overseas subsidiaries).
- September Established the first karaoke room "BIG ECHO" Futamatase in Fukuoka City, Fukuoka (as of the end of March 2017, we have 538 karaoke room locations).
- January 1989 Built a new headquarters building in Shinagawa City, Tokyo, and relocated there.
- September 1992 Commenced sales of the "DVK-2000" CD karaoke system using video compression (DV-I).
- October 1993 Commenced sales of the "CDK-7F" VCD karaoke system using video compression (VCD).
- April 1994 Commenced sales of the "DAM-6400" online karaoke system and also began distribution of online karaoke sound source (MIDI).
- September 1995 Stock shares listed with Japan Securities Dealers Association.
- May 1996 Issued first unsecured convertible bonds.
- October Participated in multi-channel satellite digital broadcast service "PerfectTV!" (currently "SKY PerfectTV!"), and started broadcasting business.
- March 2000 Commenced ringtone service for mobile phones.
- June Commenced Internet streaming karaoke service "karaoke@DAM".
- February 2001 Commenced the "DK ELDER SYSTEM" sales of content useful for health maintenance and preventive care of elderly people.
- July Acquired NIPPON CROWN Co., Ltd., as a subsidiary through increase of stock ownership ratio (as of the end of March 2017, we have 8 music software subsidiaries).
- October Acquired all shares of Tokuma Japan Communications Co., Ltd., as a subsidiary.
- October 2003 Acquired all shares of Tri-M, Inc., as a subsidiary.
- December 2004 Canceled over-the-counter registration with the Japan Securities Dealers Association and listed with JASDAQ Securities Exchange.
- October 2008 Commenced karaoke user community service "DAM★TOMO".
- April 2010 Upon the merger of JASDAQ Securities Exchange and Osaka Securities Exchange, listed with Osaka Securities Exchange JASDAQ.
- June Acquired all shares of BESTA FOODS, INC., operator of "MATSURI ICCHO" karaoke restaurants, as a subsidiary.
- August 2011 Absorption-type merger with BESTA FOODS, INC.
- July 2012 Issued first and second unsecured corporate bonds.
- July 2013 Upon the merger of Tokyo Stock Exchange and Osaka Securities Exchange, listed with Tokyo Stock Exchange JASDAQ (Standard).
- February 2014 Acquired all shares of ADVAN CO., LTD., and GOLD CO., LTD., operators of "KARAOKE BANANA CLUB" at locations around the Shikoku region as a subsidiary.
- May 2015 Absorption-type merger with ADVAN CO., LTD., and GOLD CO., LTD.
- December Listed to the First Section, Tokyo Stock Exchange, Inc.
- June 2017 Acquired all shares of Airside Co., Ltd., operator of "KARAOKE MAC" in the Tokyo area, as a subsidiary.

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 **DAIICHIKOSHO**