

**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.

FY2019, the year ending March 31, 2020

## Flash Report on the Consolidated Results for the First Quarter Ended June 30, 2019 [JGAAP]

August 19, 2019

Company Name: **DAIICHIKOSHO CO., LTD.**  
 Stock Exchange Listing: Tokyo Stock Exchange  
 Code Number: 7458  
 URL: <https://www.dkkaraoke.co.jp/>  
 Representative: Tadahiro Hoshi, President  
 Contact: Yasuhisa Nishihara,  
 Corporate Officer and General Manager, Accounting Department  
 Phone: +81-3-3280-2151  
 Date to Submit the Quarterly Securities Report: August 9, 2019  
 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, 2019 (From April 1, 2019, to June 30, 2019)

#### (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, 2019	35,492	1.9	5,270	(1.5)	5,593	(3.9)
Three months ended June 30, 2018	34,839	2.6	5,349	(3.7)	5,817	(0.0)

	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, 2019	3,568	(6.3)	62.99	62.90
Three months ended June 30, 2018	3,808	1.3	66.86	66.79

(Note) Comprehensive income:

Three months ended June 30, 2019: 3,510 million yen (9.7) %  
 Three months ended June 30, 2018: 3,886 million yen 2.7 %

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	183,940	132,985	71.4
As of March 31, 2019	188,814	132,636	69.3

(Reference) Shareholders' equity:

As of June 30, 2019: 131,308 million yen  
 As of March 31, 2019: 130,915 million yen

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	56.00	—	56.00	112.00
Year ending March 31, 2020	—				
Year ending March 31, 2020 (forecast)		56.00	—	57.00	113.00

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

3. Forecast Consolidated Performance for FY2019, the Year Ending March 31, 2020 (From April 1, 2019, to March 31, 2020)

(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, 2019	70,500	1.0	9,300	(11.2)	9,800	(12.7)
Year ending March 31, 2020 (full year)	145,900	1.4	20,200	2.7	21,200	1.5

	Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2019	6,200	(14.5)	109.39
Year ending March 31, 2020 (full year)	13,100	(16.0)	231.14

(Note) Changes in forecast of consolidated performance 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, 2019	57,234,200 shares	As of March 31, 2019	57,234,200 shares
As of June 30, 2019	557,762 shares	As of March 31, 2019	580,290 shares
Three months ended June 30, 2019	56,655,138 shares	Three months ended June 30, 2018	56,967,953 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)	
	FY2018 (As of March 31, 2019)	Current First quarter (As of June 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	57,182	52,134
Notes and accounts receivable - trade	5,205	5,031
Inventories	5,464	4,939
Other	6,762	7,470
Allowance for doubtful accounts	(133)	(146)
Total current assets	74,482	69,429
Non-current assets		
Property, plant and equipment		
Karaoke equipment for rental, net	9,108	9,153
Karaoke cabin and restaurant facilities, net	19,462	19,327
Land	39,794	39,794
Other, net	7,249	7,266
Total property, plant and equipment	75,614	75,541
Intangible assets		
Goodwill	3,407	3,256
Other	6,944	7,189
Total intangible assets	10,351	10,445
Investments and other assets		
Investment securities	4,849	4,600
Leasehold and guarantee deposits	14,976	15,253
Other	8,612	8,739
Allowance for doubtful accounts	(71)	(69)
Total investments and other assets	28,366	28,524
Total non-current assets	114,332	114,511
<b>Total assets</b>	<b>188,814</b>	<b>183,940</b>

(Millions of yen)

	FY2018 (As of March 31, 2019)	Current First quarter (As of June 30, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,469	2,914
Short-term borrowings	3,264	3,289
Current portion of bonds	6,500	6,500
Income taxes payable	6,030	1,892
Provision for bonuses	1,156	588
Other	12,689	12,994
Total current liabilities	33,111	28,179
Non-current liabilities		
Long-term borrowings	11,890	11,617
Provision for retirement benefits for directors (and other officers)	909	816
Retirement benefit liability	6,670	6,770
Other	3,595	3,571
Total non-current liabilities	23,066	22,775
Total liabilities	56,178	50,954
<b>Net assets</b>		
Shareholders' equity		
Share capital	12,350	12,350
Capital surplus	4,003	4,003
Retained earnings	117,709	118,078
Treasury shares	(2,986)	(2,870)
Total shareholders' equity	131,077	131,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	814	725
Revaluation reserve for land	(733)	(733)
Foreign currency translation adjustment	47	19
Remeasurements of defined benefit plans	(289)	(263)
Total accumulated other comprehensive income	(161)	(253)
Share acquisition rights	302	240
Non-controlling interests	1,417	1,436
Total net assets	132,636	132,985
Total liabilities and net assets	188,814	183,940

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

	(Millions of yen)	
	Three months ended June 30, 2018 (From April 1, 2018, to June 30, 2018)	Three months ended June 30, 2019 (From April 1, 2019, to June 30, 2019)
Net sales	34,839	35,492
Cost of sales	21,075	21,672
Gross profit	13,763	13,820
Selling, general and administrative expenses	8,414	8,550
Operating income	5,349	5,270
Non-operating income		
Interest income	23	5
Cooperative monetary aid received	85	82
Foreign exchange gains	186	—
Other	242	304
Total non-operating income	537	393
Non-operating expenses		
Interest expenses	40	37
Foreign exchange losses	—	5
Other	29	26
Total non-operating expenses	69	70
Ordinary income	5,817	5,593
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	61	—
Total extraordinary income	62	0
Extraordinary losses		
Loss on disposal of non-current assets	19	29
Impairment loss	2	9
Loss on sales of investment securities	—	62
Total extraordinary losses	22	101
Income before income taxes	5,858	5,491
Income taxes - current	2,071	1,957
Income taxes - deferred	(42)	(68)
Total income taxes	2,028	1,888
Net income	3,829	3,602
Net income attributable to non-controlling interests	20	33
Net income attributable to owners of parent	3,808	3,568

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

	(Millions of yen)	
	Three months ended June 30, 2018 (From April 1, 2018, to June 30, 2018)	Three months ended June 30, 2019 (From April 1, 2019, to June 30, 2019)
Net income	3,829	3,602
Other comprehensive income		
Valuation difference on available-for-sale securities	50	(89)
Foreign currency translation adjustment	(16)	(28)
Remeasurements of defined benefit plans, net of tax	23	25
Total other comprehensive income	56	(91)
Comprehensive income	3,886	3,510
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,865	3,477
Comprehensive income attributable to non-controlling interests	20	33

## Notes to the Quarterly Consolidated Financial Statements

## (Segment Information)

## 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.

## Three months ended June 30, 2019 (From April 1, 2019, to June 30, 2019)

(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	15,598	15,549	2,068	33,217	2,275	35,492	—	35,492
Segment income (Operating income)	3,893	1,659	46	5,599	415	6,014	(744)	5,270

Note: The (744) 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.