



July 10, 2024

**Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending August 31, 2024
(Nine Months Ended May 31, 2024)**

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange
 Stock code: 2157 URL: <https://www.koshidakaholdings.co.jp/>
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Scheduled date of filing of Quarterly Report: July 10, 2024
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes (in Japanese, English to be delayed)
 Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter Ended May 31, 2024 (Sep. 1, 2023 – May 31, 2024)

(1) Consolidated results of operations (Percentages are year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended May 31, 2024	46,384	16.0	7,047	18.3	7,801	27.0	5,367	(21.6)
Nine months ended May 31, 2023	39,981	47.9	5,955	356.4	6,143	46.4	6,843	175.5

Note: Comprehensive income (million yen) Nine months ended May 31, 2024: 5,392 (down 20.5%)
 Nine months ended May 31, 2023: 6,783 (up 194.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended May 31, 2024	65.84	60.36
Nine months ended May 31, 2023	83.94	76.96

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2024	60,248	29,645	49.2
As of Aug. 31, 2023	57,007	25,394	44.5

Reference: Shareholders' equity (million yen) As of May 31, 2024: 29,637 As of Aug. 31, 2023: 25,385

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2023	-	5.00	-	7.00	12.00
Fiscal year ending Aug. 31, 2024	-	7.00	-	-	-
Fiscal year ending Aug. 31, 2024 (forecast)	-	-	-	11.00	18.00

Note: Revisions to the most recently announced dividend forecast: Yes

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2024 (Sep. 1, 2023 – Aug. 31, 2024)

(Percentages are year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	62,728	14.8	9,278	21.0	9,939	28.0	6,753	(5.0)	82.83

Note: Revisions to the most recently announced earnings forecast: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of May 31, 2024:	82,300,000 shares	As of Aug. 31, 2023:	82,300,000 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2024:	767,377 shares	As of Aug. 31, 2023:	767,376 shares
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3) Average number of shares outstanding during the period

Nine months ended May 31, 2024:	81,532,623 shares	Nine months ended May 31, 2023:	81,532,668 shares
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* The current financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to page 3 of the attachments "(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year, due to the Russo-Ukraine war and many other sources of instability worldwide, prices remained high as the rising cost of international logistics was added to the effects of concerns involving the supply of energy and food. In Japan, the yen is moving up and down somewhat but remaining weak, which has an impact on prices, as U.S. and Japanese monetary authorities consider the timing of a change in their policies.

In Japan, prices may start climbing steadily because of the return of foreign tourists and salary increases, mainly at large companies.

Beginning with the first quarter of the current fiscal year, the former Bath House segment is moved to the newly established Other segment. This change was made because the size of the bath house business became much smaller following the closing of Tokyo Kenko Land Maneki-no-Yu Bath House, which was the main facility of this business. In addition, food and beverage stores that do not include karaoke and were previously included in the Karaoke segment have been moved to the Other segment. The reclassified operations are four Gindaco Highball stores, one CAFÉ ECLA and other stores.

The year-on-year figures below have been reclassified into the new segments for comparison purposes.

Business segment performance is as follows.

Karaoke

The core Karaoke business continued to open many stores during the first nine months as 43 stores were added, including 16 locations in rather less cultivated Osaka and Nagoya regions. In addition, investments were made for new equipment and other improvements at existing locations. This business has been revising prices of karaoke services since December 2022 to reflect changes in market conditions. Sales per customer have been lower than planned but the number of customers has exceeded the plan. As a result, sales in this business were generally as planned.

Many activities are under way to accomplish the medium-term corporate vision of “Entertainment as Infrastructure.” Major initiatives are forms of entertainment other than karaoke, many types of content collaboration, and measures to upgrade and expand recruiting and training activities. In addition, we have been developing and making progress in introducing DX to enhance operating efficiency and offer new types of entertainment. At some locations, the ONOREC VK virtual character karaoke service was installed on a trial basis as a new private entertainment room measure. Furthermore, there were actions such as salary increases involving the Koshidaka Workstyle Innovation Plan in order to strengthen the framework for business operations.

In other countries, store openings in Southeast Asia that resumed in the previous fiscal year continued. During the first nine months of the current fiscal year, three Karaoke Manekineko store were opened in Malaysia, one in Thailand and another in Indonesia.

At the end of May 2024, the number of karaoke locations in Japan was 658, 38 more than at the end of the previous fiscal year. The number of overseas karaoke stores was 22 in four countries, consisting of four in South Korea, 13 in Malaysia, three in Thailand and two in Indonesia, five more than at the end of the previous fiscal year.

Sales in the Karaoke segment were 44,887 million yen, up 18.3% year on year, and there was a segment profit of 8,104 million yen, an increase of 1,302 million yen, up 19.1% year on year.

Real Estate Management

Occupancy was almost 100% at both of the major properties in this segment, the AQERU Maebashi commerce & business complex and the Fleuret Hanasaki Building in Yokohama. Performance in the first nine months reflected the absence of revenue from Sport Nagoya, which was sold in the third quarter of the previous fiscal year, and new acquisition expenses.

Sales in the Real Estate Management segment were 1,154 million yen, up 2.0% year on year, and the segment profit was 60 million yen, a decrease of 142 million yen, down 70.2% year on year.

Other

In this segment, there was no revenue from Tokyo Kenko Land Maneki-no-Yu Bath House due to its closing in the first quarter of the current fiscal year. The performance of the five food and beverage stores moved to this segment from the Karaoke segment improved.

Sales in the Other segment were 651 million yen, down 40.1% year on year, and the segment loss was 45 million yen expanded from one year earlier.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 46,384 million yen, up 16.0% year on year. The operating profit was 7,047 million yen, up 18.3% year on year, the ordinary profit was 7,801 million yen, up 27.0% year on year, and the profit attributable to owners of parent was 5,367 million yen, down 21.6% year on year.

(2) Explanation of Financial Position

Assets, liabilities, and net assets

Assets

Current assets decreased 2,477million yen (20.0%) to 9,896 million yen. This was mainly due to a decrease of 3,527 million yen in cash and deposits and an increase of 1,027 million yen in other current assets.

Property, plant and equipment increased 3,853 million yen (12.0%) to 35,885 million yen. This was mainly due to an increase of 3,601million yen in buildings and structures, net because of new store openings.

Intangible assets increased 142 million yen (28.0%) to 653 million yen.

Investments and other assets increased 1,721 million yen (14.2%) to 13,811 million yen. This was mainly due to increases of 534 million yen in leasehold and guarantee deposits and 480 million yen in investment securities.

Total non-current assets increased 5,717 million yen (12.8%) to 50,351 million yen.

As a result, total assets increased 3,240 million yen (5.7%) to 60,248 million yen.

Liabilities

Current liabilities decreased 650 million yen (4.7%) to 13,313 million yen. This was mainly due to decreases of 322 million yen in accounts payable-other, 443 million yen in income taxes payable and 107 million yen in other current liabilities, while there was an increase of 241 million yen in deposits received.

Non-current liabilities decreased 360 million yen (2.0%) to 17,288 million yen. This was mainly due to a decrease of 1,045 million yen in long-term borrowings and an increase of 671 million yen in asset retirement obligations.

As a result, total liabilities decreased 1,010 million yen (3.2%) to 30,602 million yen.

Net assets

Net assets increased 4,251 million yen (16.7%) to 29,645 million yen. This was mainly due to an increase of 4,226 million yen in retained earnings.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

There is no change in the forecast for the fiscal year that was revised upward when first half results were announced to reflect the higher than planned performance in the first half. We forecast consolidated net sales of 62,728 million yen, up 14.8% year on year, operating profit of 9,278 million yen, up 21.0% year on year, ordinary profit of 9,939 million yen, up 28.0% year on year, and profit attributable to owners of parent of 6,753 million yen, down 5.0% year on year.

We have positioned (1) expansion of the store network and increase in the number of karaoke rooms, (2) provision of various types of entertainment, and (3) recruitment and training of human resources as our three priority tasks under our medium-term corporate vision, “Entertainment as Infrastructure” (Entertainment Infrastructure Plan).

Many activities are under way involving these priority tasks. We are a) actively recruiting high-level human resources and building an organizational structure capable of sustaining growth, b) leveraging DX to create new

customer experiences that transcend the limitations of location and space by fusing real and digital entertainment and increase the number of Private Entertainment Rooms (PER), and c) developing business models that can become new sources of sales and earnings. Our goal is to move forward with these initiatives in order to raise our corporate value. In the current fiscal year, we are introducing “ONEREC VK,” a new DX-based PER initiative, and taking actions to enhance operational efficiency.

The consolidated earnings forecast is based on assumptions judged to be valid and information currently available at the time the forecasts were established. Actual results may differ significantly from these forecasts for a number of reasons.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/23 (As of Aug. 31, 2023)	Third Quarter of FY8/24 (As of May 31, 2024)
Assets		
Current assets		
Cash and deposits	8,437,076	4,910,074
Notes and accounts receivable-trade	947,213	981,478
Merchandise	169,363	185,184
Raw materials and supplies	384,959	356,607
Other	2,438,031	3,465,973
Allowance for doubtful accounts	(2,575)	(2,588)
Total current assets	12,374,069	9,896,729
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,587,377	26,188,758
Vehicles, tools, furniture and fixtures, net	2,792,752	2,969,510
Land	6,627,123	6,713,743
Construction in progress	25,029	13,552
Total property, plant and equipment	32,032,282	35,885,563
Intangible assets		
Goodwill	1,290	542
Software	364,271	536,647
Other	145,345	116,714
Total intangible assets	510,907	653,904
Investments and other assets		
Investment securities	288,714	769,617
Shares of subsidiaries and associates	10,404	184,194
Long-term loans receivable	2,205,026	2,174,383
Long-term prepaid expenses	603,846	669,231
Leasehold and guarantee deposits	7,507,557	8,042,040
Deferred tax assets	2,068,785	2,131,945
Other	151,916	427,497
Allowance for doubtful accounts	(745,706)	(586,969)
Total investments and other assets	12,090,543	13,811,941
Total non-current assets	44,633,733	50,351,410
Total assets	57,007,803	60,248,139

(Thousands of yen)

	FY8/23 (As of Aug. 31, 2023)	Third Quarter of FY8/24 (As of May 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	644,739	610,408
Current portion of long-term borrowings	1,911,240	1,961,240
Accounts payable-other	2,785,751	2,462,867
Accrued expenses	1,610,478	1,702,845
Income taxes payable	2,262,994	1,819,912
Provision for bonuses	347,162	220,299
Deposits received	263,142	504,679
Other	4,138,895	4,031,593
Total current liabilities	13,964,404	13,313,847
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	4,000,000	4,000,000
Long-term borrowings	6,937,210	5,891,280
Deferred tax liabilities	690,852	673,436
Asset retirement obligations	5,137,733	5,808,797
Other	883,089	914,988
Total non-current liabilities	17,648,884	17,288,502
Total liabilities	31,613,289	30,602,350
Net assets		
Shareholders' equity		
Share capital	2,070,257	2,070,257
Capital surplus	3,302,786	3,302,786
Retained earnings	20,455,244	24,681,778
Treasury shares	(105,741)	(105,742)
Total shareholders' equity	25,722,546	29,949,079
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,576	149,661
Foreign currency translation adjustment	(384,231)	(461,574)
Total accumulated other comprehensive income	(336,654)	(311,912)
Share acquisition rights	8,622	8,622
Total net assets	25,394,514	29,645,789
Total liabilities and net assets	57,007,803	60,248,139

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY8/23 (Sep. 1, 2022 – May 31, 2023)	First nine months of FY8/24 (Sep. 1, 2023 – May 31, 2024)
Net sales	39,981,281	46,384,798
Cost of sales	30,004,932	34,301,136
Gross profit	9,976,348	12,083,662
Selling, general and administrative expenses	4,020,742	5,035,931
Operating profit	5,955,606	7,047,730
Non-operating income		
Interest and dividend income	31,016	14,469
Foreign exchange gains	221,764	196,068
Reversal of allowance for doubtful accounts	-	51,773
Cancellation income	-	504,715
Other	71,610	173,122
Total non-operating income	324,391	940,149
Non-operating expenses		
Interest expenses	16,475	25,258
Provision of allowance for doubtful accounts	92,223	-
Rent expenditure	-	105,423
Other	28,255	55,416
Total non-operating expenses	136,954	186,098
Ordinary profit	6,143,043	7,801,782
Extraordinary income		
Gain on sale of non-current assets	4,333,327	-
Total extraordinary income	4,333,327	-
Extraordinary losses		
Loss on retirement of non-current assets	52,188	26,591
Impairment losses	131,364	120,085
Loss on valuation of investment securities	8,023	-
Total extraordinary losses	191,575	146,677
Profit before income taxes	10,284,795	7,655,104
Income taxes-current	2,484,597	2,412,742
Income taxes-deferred	956,725	(125,628)
Total income taxes	3,441,323	2,287,113
Profit	6,843,472	5,367,991
Profit attributable to owners of parent	6,843,472	5,367,991

Quarterly Consolidated Statement of Comprehensive Income**(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY8/23 (Sep. 1, 2022 – May 31, 2023)	First nine months of FY8/24 (Sep. 1, 2023 – May 31, 2024)
Profit	6,843,472	5,367,991
Other comprehensive income		
Valuation difference on available-for-sale securities	9,966	102,085
Foreign currency translation adjustment	(69,490)	(77,342)
Total other comprehensive income	(59,524)	24,742
Comprehensive income	6,783,947	5,392,733
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,783,947	5,392,733

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment Information

I. First nine months of FY8/23 (Sep. 1, 2022 – May 31, 2023)

1. Information related to net sales and profit/loss and disaggregation of revenue for each reportable segment

(Thousands of yen)

	Reportable segment			Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Karaoke	Real Estate Management	Other			
Net sales						
Revenue from contracts with customers	37,935,712	173,723	1,087,238	39,196,674	-	39,196,674
Other revenue	-	784,606	-	784,606	-	784,606
External sales	37,935,712	958,330	1,087,238	39,981,281	-	39,981,281
Inter-segment sales and transfers	-	173,054	-	173,054	(173,054)	-
Total	37,935,712	1,131,385	1,087,238	40,154,336	(173,054)	39,981,281
Segment profit (loss)	6,802,262	203,541	(24,673)	6,981,130	(1,025,524)	5,955,606

Notes: 1. The -1,025,524 thousand yen adjustment to segment profit (loss) mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.

II. First nine months of FY8/24 (Sep. 1, 2023 – May 31, 2024)

1. Information related to net sales and profit/loss and disaggregation of revenue for each reportable segment

(Thousands of yen)

	Reportable segment			Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Karaoke	Real Estate Management	Other			
Net sales						
Revenue from contracts with customers	44,887,734	207,655	651,471	45,746,861	-	45,746,861
Other revenue	-	637,936	-	637,936	-	637,936
External sales	44,887,734	845,592	651,471	46,384,798	-	46,384,798
Inter-segment sales and transfers	-	308,447	-	308,447	(308,447)	-
Total	44,887,734	1,154,039	651,471	46,693,245	(308,447)	46,384,798
Segment profit (loss)	8,104,503	60,716	(45,456)	8,119,763	(1,072,032)	7,047,730

Notes: 1. The -1,072,032 thousand yen adjustment to segment profit (loss) mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.

3. Information related to revisions for reportable segments

Reportable segments were revised beginning with the first quarter of the current fiscal year. This revision was made for the purpose of using reportable segments that appropriately show the business activities of the Koshidaka Group. The goals are to speed up and strengthen strategic initiatives based on the medium-term corporate vision, properly make decisions about the allocations of resources and manage results of operations, and accurately evaluate the benefits of synergies and other items. One revision is the move of the Bath House segment to the new Other segment because the importance of the Bath House segment decreased following the closing on September 3, 2023 of Tokyo Kenko Land Maneki-no-Yu Bath House, its main facility. In addition, business activities other than karaoke (note 1) that were included in the Karaoke segment have been moved to the Other segment.

Segment information for the first nine months of FY8/23 has been restated for consistency with the revised segments.

Note: Business activities other than karaoke that were previously included in the Karaoke segment: Gindaco Highball, Canop, CAFÉ ECLA

Revenue Recognition

Information related to disaggregation of revenue from contracts with customers is described in the Segment and Other Information section.

Material Subsequent Events

Not applicable.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.