

# **KOSHIDAKA HOLDINGS Co., LTD.**

**(TSE Prime Market 2157)**

## **Results of Operations**

**for the First Quarter of the Fiscal Year  
Ending August 2024 (1Q FY8/2024)**

**January 10, 2024**

# Agenda

- 1 Executive Summary**
- 2 1Q FY8/2024 Financial Summary**

# 1. Executive Summary

### 1Q FY8/2024 Overview

- Record-high first quarter sales (\*after the spin-off of Curves)
- Continuing to open stores in the Kinki region including the first in the city of Kyoto
- Speeding up growth outside Japan (2 locations in Malaysia, 1 in Thailand and 1 in Indonesia)

### Accelerate EIP (Entertainment Infrastructure Plan\*<sup>1</sup>)/Faster growth in Southeast Asia

- Operate karaoke Manekineko throughout Japan

Continuing to add stores rapidly in the Kinki region

Entertainment as  
Infrastructure

Continued to open many new stores (the Tokyo Metropolitan area/Nagoya area/Relocation projects) → Continuing pace for 50 stores in a year in Japan

- Make entertainment a vital part of everyone's life

Continued development to expand PER (Private Entertainment Room\*<sup>2</sup>)

- An outstanding entertainment experience for people worldwide

Resumed new store openings in Southeast Asia

Collaboration with Japanese animation contents at overseas Manekineko outlets

\*1. EIP: The Entertainment Infrastructure Plan has the goal of accomplishing the medium-term corporate vision of "entertainment as infrastructure."

\*2. PER: Private Entertainment Rooms, which are part of the "entertainment as infrastructure" vision, are a platform for providing karaoke along with many other forms of entertainment.

## 2. 1Q FY8/2024 Financial Summary

# 1Q FY8/2024 Consolidated Results of Operations

- First quarter sales and operating profit were mostly consistent with the plan
- Record-high first quarter sales and earnings, surpassing the record performance one year earlier (excluding Curves business portion before the spin-off)

(Million yen)

Item	1Q FY8/2023	1Q FY8/2024	YoY change		Vs. 1Q forecast	
			Amount	Ratio	Forecast	Achievement ratio
<b>Net sales</b>	11,278	13,182	+1,904	+16.9%	12,827	102.8%
<b>Gross profit</b>	1,851	2,151	+299	+16.2%	-	-
<b>SG&amp;A expenses</b>	1,317	1,577	+260	+19.8%	-	-
<b>Operating profit</b>	534	573	+39	+7.3%	578	99.2%
(Operating profit to net sales)	4.7%	4.3%				
<b>Ordinary profit</b>	535	1,021	+485	+90.5%	554	184.3%
(Ordinary profit to net sales)	4.8%	7.7%				
<b>Profit attributable to owners of parent</b>	327	787	+460	+140.8%	360	218.6%
(Profit to net sales)	2.9%	6.0%				
<b>Net income per share (Yen)</b>	4.01	9.66	+5.65	+140.8%	4.42	218.6%

## Consolidated Results of Operations by Segment (YoY Change)

- Karaoke: Double-digit sales and earnings growth backed by continuation of opening many stores. Existing store sales up 19.3% as the number of customers and sales per customer increased. Profit ratios increased despite expenditures for new stores and upgraded equipment at existing stores to prepare for the year-end peak demand period and expenses due to higher salaries (Workstyle Innovation Plan).
- Real Estate Management: Sales down because of the sale of Sport Nagoya and higher expenses for a new property.
- Other: Sales down because of the closing of Tokyo Kenko Land Maneki-no-Yu Bath House (former Bath House Segment). Sales of 104 million yen and loss of 24 million yen transferred from the Karaoke segment.

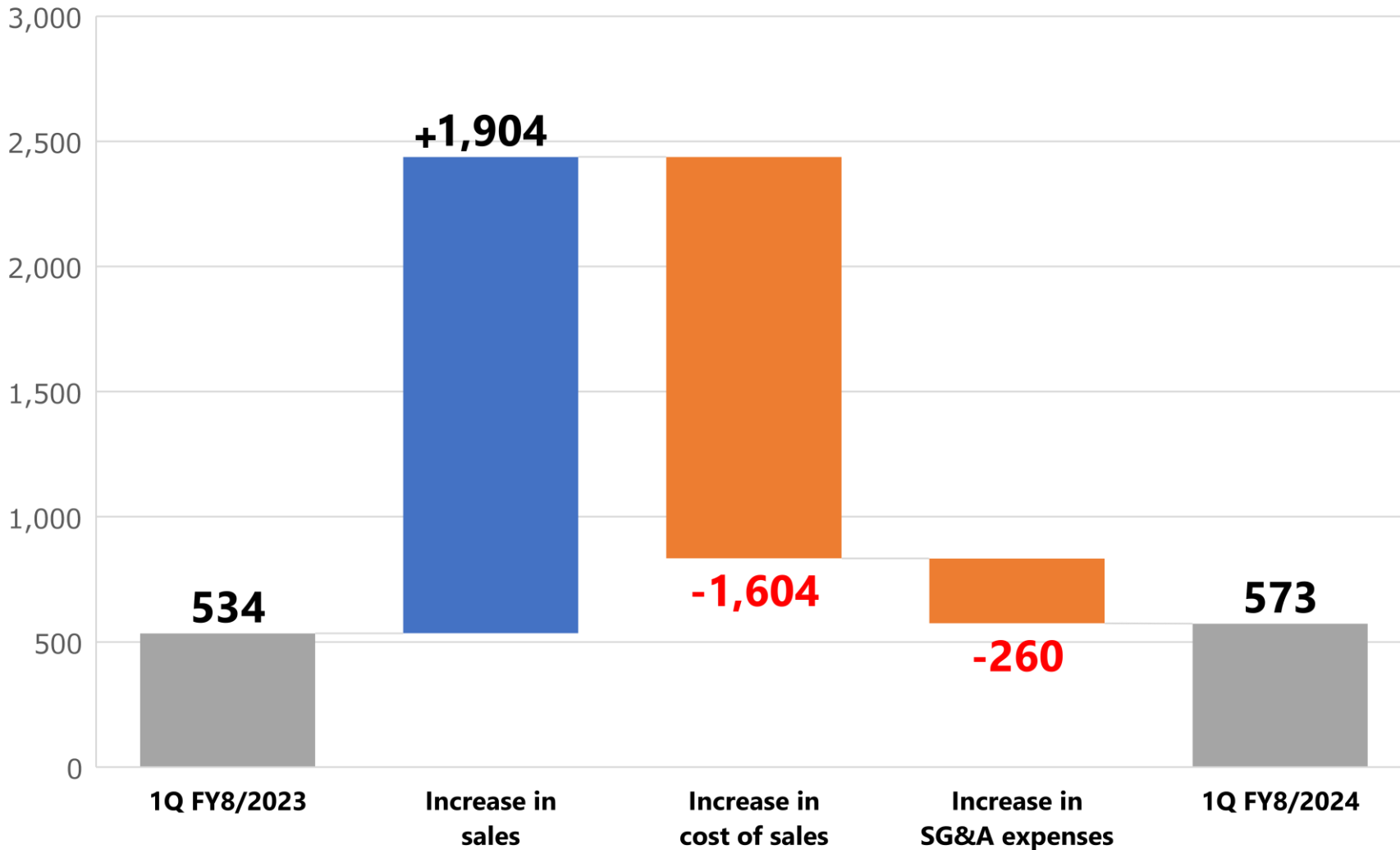
(Million yen)

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Karaoke	10,650	12,707	+2,056	+19.3%	12,294	103.4%
Real Estate Management	345	332	-12	-3.7%	358	93.0%
Other	338	208	-129	-38.2%	231	90.4%
Adjustment	(55)	(66)	-10	-	(56)	-
<b>Operating profit</b>	<b>534</b>	<b>573</b>	<b>+39</b>	<b>+7.3%</b>	<b>578</b>	<b>99.2%</b>
Karaoke	801	1,000	+199	+25.0%	991	101.0%
(Operating profit to net sales)	(7.5%)	(7.9%)			(8.0%)	
Real Estate Management	81	(3)	-84	-	22	-
(Operating profit to net sales)	(23.5%)	((0.9)%)			(6.1%)	
Other	(23)	(60)	-36	-	(49)	-
(Operating profit to net sales)	(-)	(-)			(-)	
Adjustment	(323)	(363)	-39	-	(386)	-

# YoY Change in Operating Profit

(Million yen)

■ Increase ■ Decrease ■ Total



(Million yen)

■ Major increase in sales

- ✓ New stores: +1,277
- ✓ Existing stores: +1,117
- ✓ Real Estate/Other: -142
- ✓ Closed stores/Adjustment: -348

■ Major increase in cost of sales

- ✓ Personnel: +400 (+12.7%)
- ✓ Rents: +356 (+17.0%)
- ✓ Cost of merchandise: +309 (+34.7%)
- ✓ Distribution fees: +128 (+33.5%)
- ✓ Depreciation: +102 (+12.2%)
- ✓ Fees and commissions: +62 (+30.4%)

■ Major increase in SG&A expenses

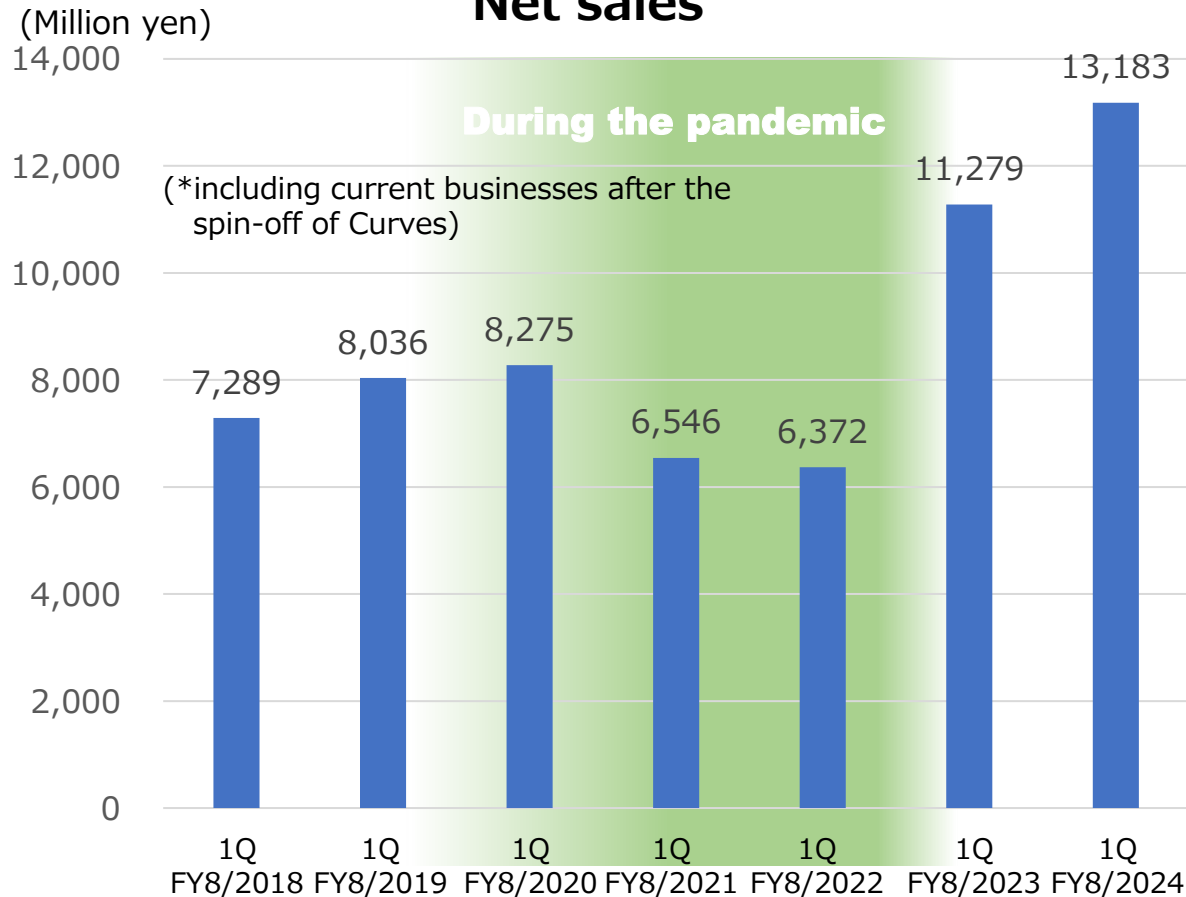
- ✓ Personnel: +100 (+25.8%)
- ✓ Advertising costs: +72 (+81.2%)
- ✓ Reception and communication fee: +39 (+21 times)
- ✓ Recruiting advertisement: +37 (+50.9%)
- ✓ Opening expenses: -28 (-12.2%)



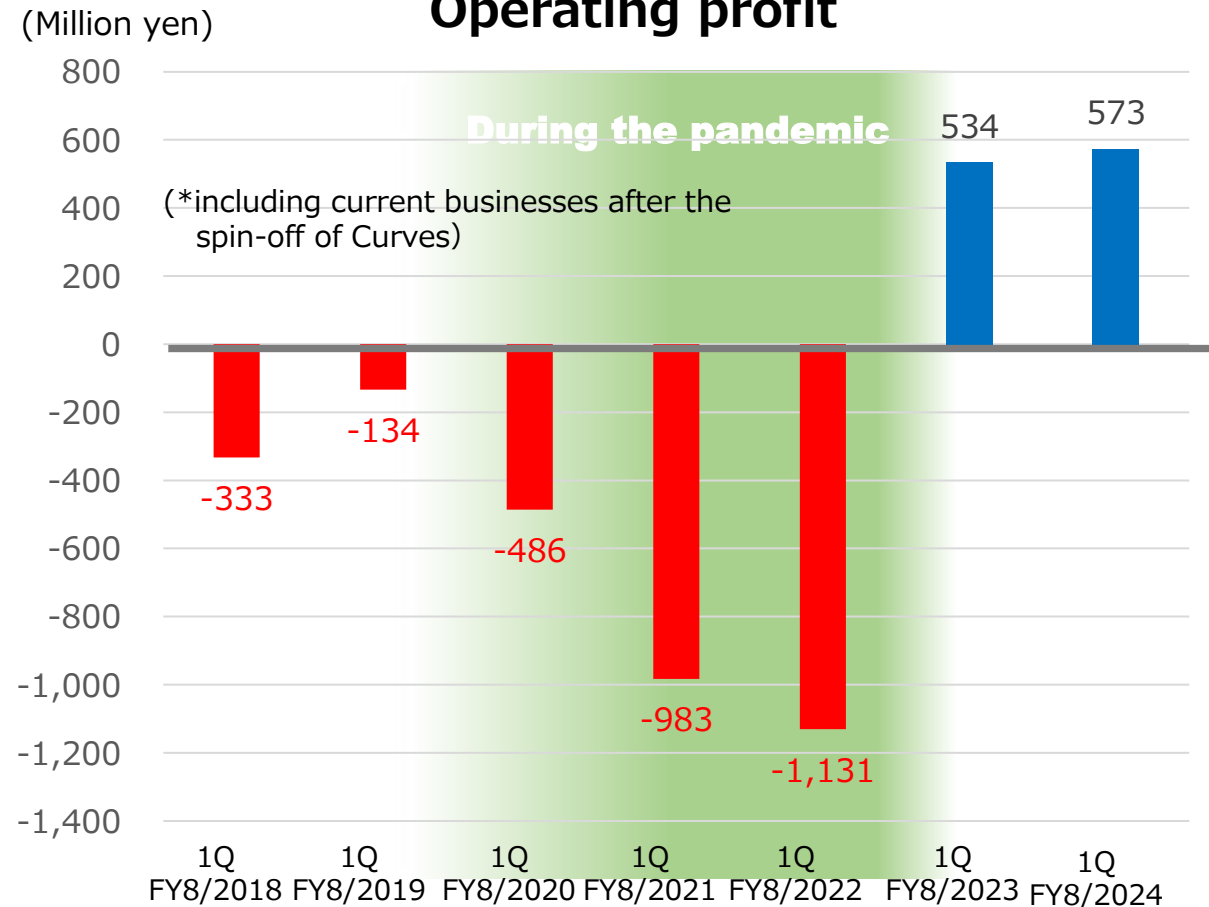
# (\*Reference) Changes in First Quarter Net Sales and Operating Profit

- Record-high first quarter sales and operating profit
- Operating losses in prior years even before the pandemic due to the seasonality of the karaoke business, but the first quarter was profitable in the past two fiscal years

### Net sales



### Operating profit



# Karaoke Business

## Karaoke Business

- Higher existing store sales, sales at new stores as store openings continue, more customers, and a higher gross profit margin.
- Renewed menu and revised room rates → Average sales per customer increased.

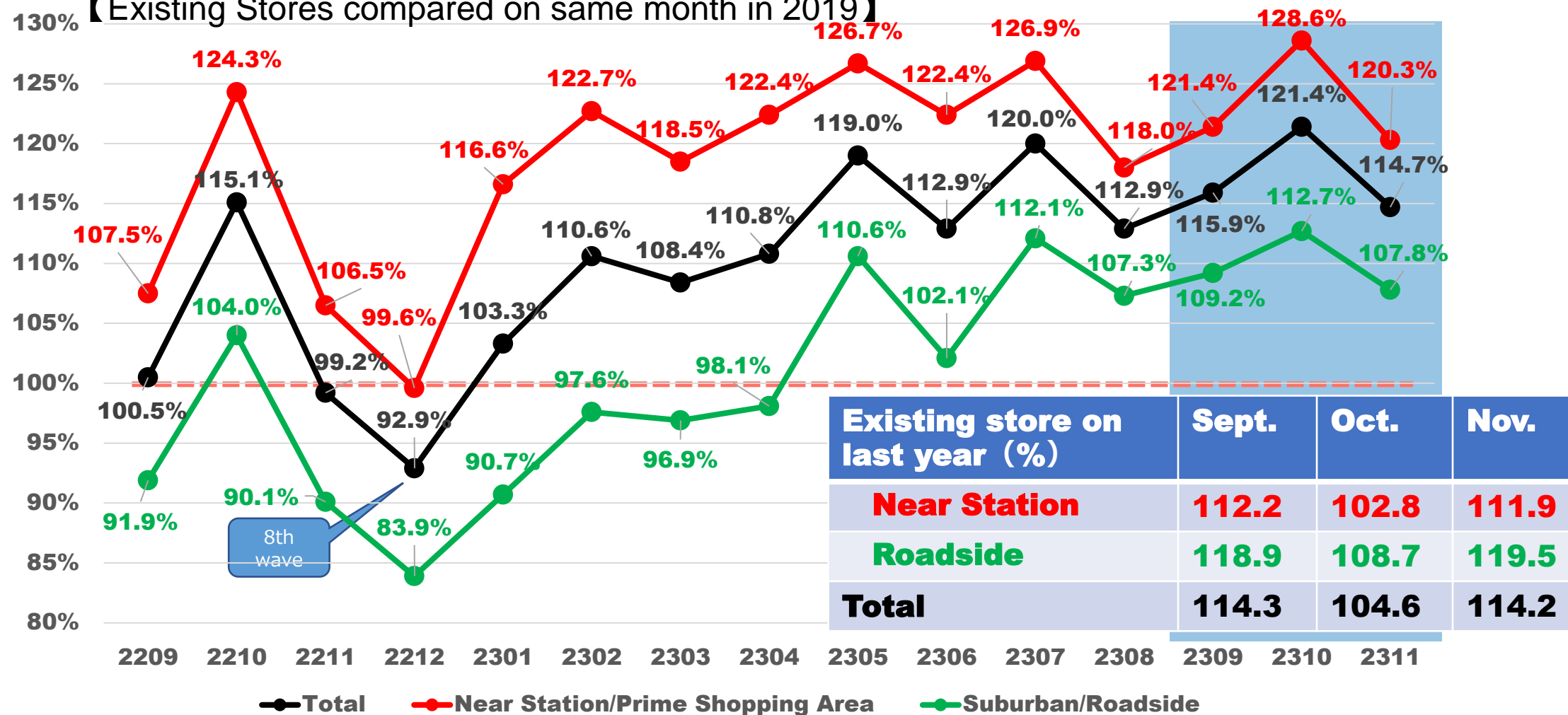
(Million yen)

	1Q FY8/2021 Previous classification		1Q FY8/2022 Previous classification		1Q FY8/2023 Previous classification		1Q FY8/2023 New classification		1Q FY8/2024	
	Result	Comp.	Result	Comp.	Result	Comp.	Result	Comp.	Result	Comp.
<b>Net sales</b>	6,133	-	5,948	-	10,741	-	10,650	-	12,707	-
<b>Cost of sales</b>	6,767	100.6%	6,134	103.1%	8,978	83.6%	8,873	83.3%	10,513	82.7%
<b>Gross profit</b>	(33)	(0.5)%	(185)	(3.1)%	1,764	16.4%	1,776	16.7%	2,193	17.3%
<b>SG&amp;A expenses</b>	704	11.5%	764	12.8%	979	9.1%	975	9.2%	1,192	9.4%
<b>Operating profit</b>	(737)	(12.0)%	(950)	(16.0)%	784	7.3%	801	7.5%	1,000	7.9%

# Existing Store Sales

- Existing store sales increased 10.9% YoY in the first quarter (existing stores defined month by month basis).
- Sales of stores in prime shopping areas/near railway stations were up 8.8% YoY. Revenue consumption since early in FY8/2023 continued.
- Sales of roadside stores in suburban locations were up 15.5% YoY. Revenue consumption reached areas outside major metropolitan areas beginning in the second half of FY8/2023.

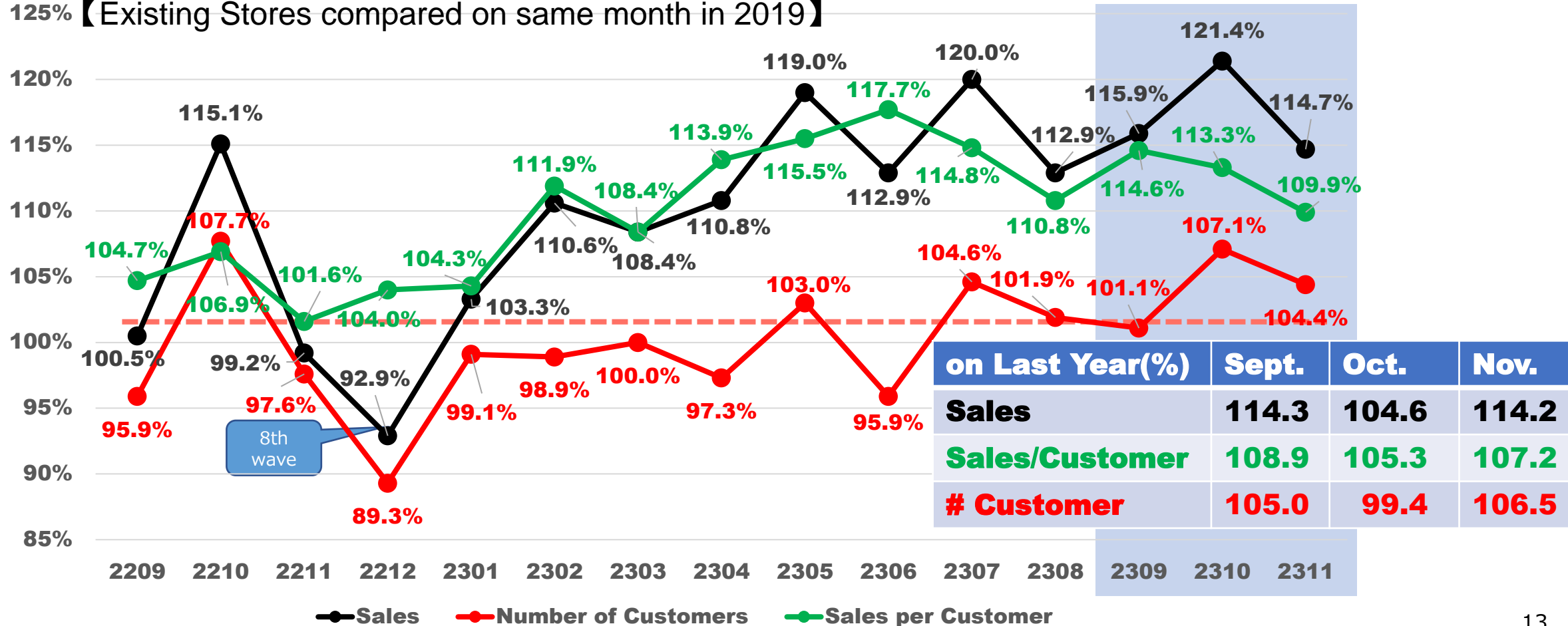
【Existing Stores compared on same month in 2019】



# Sales at Existing Stores/Number of Customers/Sales Per Customer

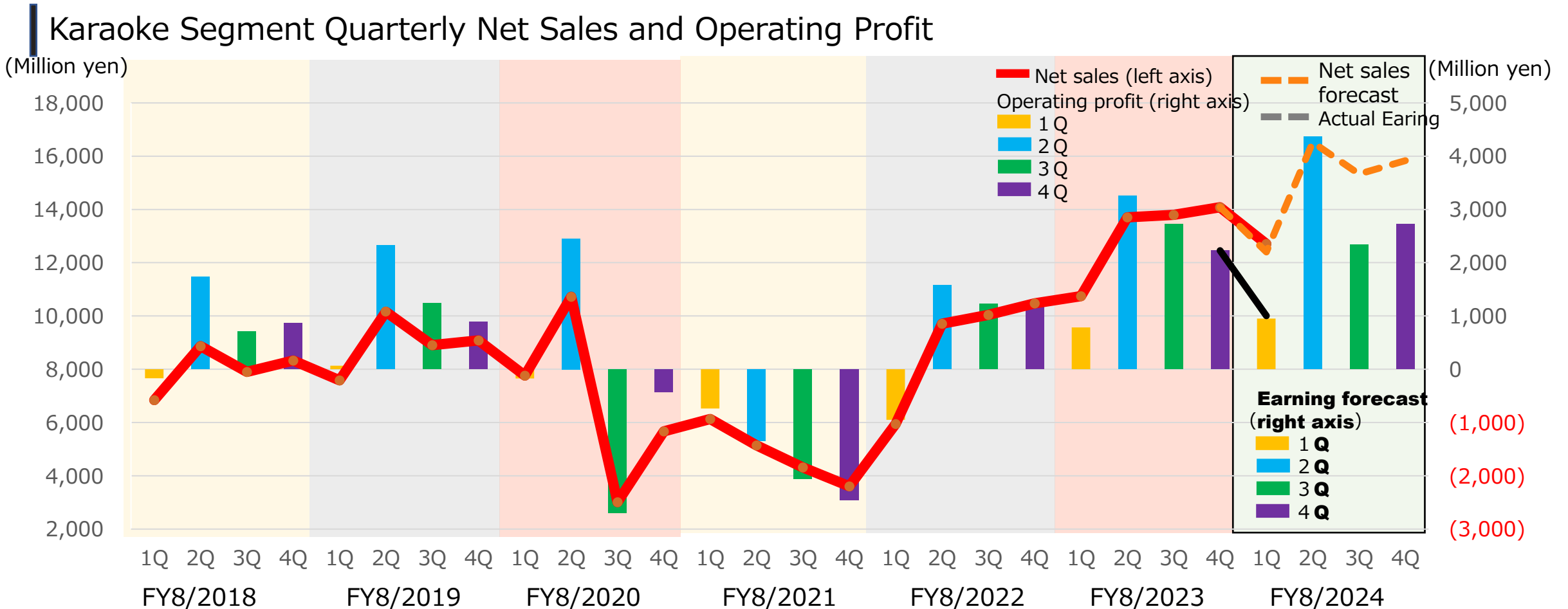
- Steadily renewed menus and increased room rates from October 2022, and reviewed again in December and January
- Normally, sales per customer decrease between February and early May (Golden Week), but this year remained steady and the Sales were more than 10% above 2019, with a peak in June.
- Revenge consumption was widespread, and the number of customers exceeded that of 2019 in May and July 2023 onwards after the application of Category V.

125% 【Existing Stores compared on same month in 2019】



# Karaoke Segment Quarterly Net Sales and Operating Profit

- Sales and earnings are lowest in the 1Q and highest in the 2Q, which includes the Year end/New Year holiday, followed by the 4Q, which includes Obon holiday and summer vacation, and the 3Q, which includes spring break and Golden Week.
- Prior to the pandemic, there was a loss in the 1Q, but 1Q FY8/2023 and 1Q FY8/2024 were profitable and earnings in FY8/2024 increased yoy
- Performance was held down somewhat in the 2Q FY8/2023 by the eighth wave of the pandemic. The 2Q FY8/2024 performance is expected to return to normal.



## Number of Locations and Rooms

- Continued to increase store size and open new stores in prime shopping areas near railway stations  
→ Improved efficiency of store operations

Number of locations/rooms		FY8/2023		1Q FY8/2024		Change	
		No. of locations	No. of rooms	No. of locations	No. of rooms	No. of locations	No. of rooms
Manekineko	Near railway stations/ prime shopping areas	340	9,411	352	9,795	+12	+384
	Suburban/roadside locations	274	6,563	274	6,589	-	+26
	Total	614	15,974	626	16,384	+12	+410
One Kara		6	212	6	207	-	-5
Total		620	16,186	632	16,591	+12	+405

Number of locations opened/closed		1Q FY8/2023	2Q FY8/2023	3Q FY8/2023	4Q FY8/2023	1Q FY8/2024
No. of locations opened	Near railway stations/ prime shopping areas	13	9	13	10	12
	Suburban/roadside locations	6	0	0	2	0
	Total	19	9	13	12	12
No. of locations closed		2	3	5	0	0

# Overseas Performance

- Continued rapid store openings in the Southeast Asia: Opened 2 stores in Malaysia, 1 in Thailand and 1 in Indonesia.
- Losses in all countries because of expenses for new stores and seasonal factors
- Local personnel opened his first Manekineko store in Indonesia → Utilize local human resources

(Million yen)

	FY8/2023			FY8/2024		
	Full-year			1Q		
	Net sales	Operating profit	No. of locations	Net sales	Operating profit	No. of locations
<b>Overseas</b>	779	(2)	17	232	(26)	21 (+4)
<b>South Korea</b>	99	(14)	4	21	(2)	4 ( - )
<b>Malaysia</b>	452	17	10	143	(10)	12 (+2)
<b>Thailand</b>	185	11	2	56	(1)	3 (+1)
<b>Indonesia</b>	43	(16)	1	10	(12)	2 (+1)



Snapshot of a store in Malaysia



Snapshot of a store in Thailand

\* Sales and operating profit in Malaysia, Thailand and Indonesia are not consolidated; sales and earnings in July and August or in September, October and November for each country have been multiplied by six or four, for conversion to a 12-month basis.



# Real Estate Management/Other Businesses

## Real Estate Management Business

- Sales decreased because of the sale of Sport Nagoya
- Occupancy was almost 100% at both of the major properties  
→ AQERU Maebashi, Fleuret Sakuragicho
- Increase in expenses due to acquisition of properties for opening new stores

(Million yen)

	1Q FY8/2020		1Q FY8/2021		1Q FY8/2022		1Q FY8/2023		1Q FY8/2024	
	Result	Comp.	Result	Comp.	Result	Comp.	Result	Comp.	Result	Comp.
<b>Net sales</b>	133	-	145	-	261	-	345	-	332	-
<b>Cost of sales</b>	217	163.4%	178	122.4%	231	88.3%	258	74.7%	329	99.0%
<b>Gross profit</b>	(84)	(63.4)%	(32)	(22.4)%	30	11.7%	87	25.3%	3	1.0%
<b>SG&amp;A expenses</b>	5	3.9%	3	2.1%	2	0.9%	6	1.8%	6	1.9%
<b>Operating profit</b>	(89)	(67.3)%	(35)	(24.4)%	28	10.7%	81	23.4%	(3)	(0.9)%

## Other Businesses

- Closing of Tokyo Kenko Land Maneki-no-Yu Bath House (former Bath House segment) eliminated revenue from this facility.
- Sales of 104 million yen and loss of 24 million yen transferred from Karaoke Segment. 91 million yen and 16 million yen in 1Q 2023.
- Revenue from food/beverage stores transferred from the Karaoke segment improved (smaller loss), but the segment operating loss increased because preparations to open many new locations and expenses for launching a new business format raised SG&A expenses.

(Million yen)

	1Q FY8/2021 Previous classification		1Q FY8/2022 Previous classification		1Q FY8/2023 Previous classification		1Q FY8/2023 New classification		1Q FY8/2024	
	Result	Comp.	Result	Comp.	Result	Comp.	Result	Comp.	Result	Comp.
<b>Net sales</b>	267	-	210	-	246	-	338	-	208	-
<b>Cost of sales</b>	292	109.2%	246	117.5%	246	99.8%	350	103.7%	254	121.9%
<b>Gross profit</b>	(24)	(9.2)%	(36)	(17.5)%	0	0.2%	(12)	(3.7)%	(45)	(21.9)%
<b>SG&amp;A expenses</b>	11	4.5%	6	3.2%	7	3.2%	11	3.4%	14	7.1%
<b>Operating profit</b>	(36)	(13.7)%	(43)	(20.7)%	(7)	(2.9)%	(23)	(7.1)%	(60)	(29.0)%

# Balance Sheet

# Balance Sheet

- Cash and deposits (current assets) were reduced during the first quarter for increasing property, plant and equipment, and investments and other assets for new stores, and income tax payments (current liabilities).  
(Million yen)

	August 31, 2023	November 30, 2023	Change
<b>Current assets</b>	12,374	8,243	-4,131
<b>Non-current assets</b>	44,633	46,300	+1,666
Property, plant and equipment	32,032	33,234	+1,202
Intangible assets	510	540	+29
Investments and other assets	12,090	12,525	+435
<b>Total assets</b>	<b>57,007</b>	<b>54,543</b>	<b>-2,464</b>
<b>Current liabilities</b>	13,964	11,227	-2,736
Current portion of long-term borrowings	1,911	1,993	+82
<b>Non-current liabilities</b>	17,648	17,749	+100
Convertible-bond-type bonds with share acquisition rights	4,000	4,000	-
Long-term borrowings	6,937	6,871	-65
<b>Total liabilities</b>	<b>31,613</b>	<b>28,977</b>	<b>-2,636</b>
<b>Shareholders' equity</b>	25,722	25,939	+216
<b>Net assets</b>	25,394	25,566	+172
<b>Total liabilities and net assets</b>	<b>57,007</b>	<b>54,543</b>	<b>-2,464</b>

# KOSHIDAKA HOLDINGS Co., LTD.

(TSE Prime Market 2157)

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