



January 10, 2024

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending August 31, 2024
(Three Months Ended Nov. 30, 2023)

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange
 Stock code: 2157 URL: <https://www.koshidakaholdings.co.jp/>
 Representative: Hiroshi Koshidaka, Representative Director and President
 Contact: Yoshihito Doi, Senior Executive Director
 Tel: +81-570-666-425
 Scheduled date of filing of Quarterly Report: January 11, 2024
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the First Quarter Ended November 30, 2023 (Sep. 1, 2023 – Nov. 30, 2023)

(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	%
Three months ended Nov. 30, 2023	13,182	16.9	573	7.3	1,021	90.5	787	140.8
Three months ended Nov. 30, 2022	11,278	77.0	534	-	535	-	327	-

Note: Comprehensive income (million yen) Three months ended Nov. 30, 2023: 742 (up 67.7%)
 Three months ended Nov. 30, 2022: 442 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Nov. 30, 2023	9.66	8.83
Three months ended Nov. 30, 2022	4.01	3.69

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2023	54,543	25,566	46.9
As of Aug. 31, 2023	57,007	25,394	44.5

Reference: Shareholders' equity (million yen) As of Nov. 30, 2023: 25,557 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	-	-	-	-	-
Fiscal year ending Aug. 31, 2024 (forecast)	-	7.00	-	7.00	14.00

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

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
First half	29,826	16.5	4,561	29.4	4,514	22.5	2,934	17.4	35.99
Full year	61,976	13.4	9,004	17.4	8,910	14.7	5,791	(18.5)	71.03

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 Nov. 30, 2023:	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 Nov. 30, 2023:	767,376 shares	As of Aug. 31, 2023:	767,376 shares
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3) Average number of shares outstanding during the period

Three months ended Nov. 30, 2023:	81,532,624 shares	Three months ended Nov. 30, 2022:	81,532,694 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 quarter of the current fiscal year, the business climate was impacted by the prolonged Ukraine conflict and the Israel-Hamas war in the Middle East, with no near-term end to either crisis in sight. Concerns persist about supplies of food and energy. The yen ended the fourth quarter slightly higher against the U.S. dollar following a low point reached earlier as observers wait to see when Japanese and U.S. central banks will revise their policies. Overall, uncertainty involving the Ukraine and Israel conflicts, shortages of food and energy, the yen's weakness, and other problems are likely to continue for a long time.

Business segment performance is as follows. 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 store and two locations using the new Canop business model.

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

Karaoke

In the core karaoke business, the opening of many new locations even during the pandemic gave this business a powerful position relative to that of competitors to benefit from revenge consumption. Sales from revenge consumption were initially strong in shopping districts in central Tokyo. Subsequently, revenge consumption expanded to other areas. Prices were revised in December 2022 and early in 2023 and adjustments were made subsequently to reflect demand and the actions of competitors. The result of all these activities was a larger than planned number of customers in the first quarter but lower than planned sales per customer. During the first quarter, the addition of new locations continued prior to the year-end period when demand is highest. There were 12 new Karaoke Manekineko locations during the first quarter along with expenditures for new equipment and other improvements at existing locations.

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 Workstyle Innovation Plan in order to strengthen the framework for business operations.

In other countries, store openings in Southeast Asia, resumed in the previous fiscal year, continued. Two Karaoke Manekineko stores were opened in Malaysia one in Thailand and one in Indonesia during the first quarter of the current fiscal year.

At the end of November 2023, the number of karaoke locations in Japan was 632, 12 more than at the end of the previous fiscal year. The number of overseas karaoke stores was 21 in four countries, consisting of four in South Korea, 12 in Malaysia, three in Thailand and two in Indonesia, four more than at the end of the previous fiscal year.

Sales in the Karaoke segment were 12,707 million yen, up 19.3% year on year, and there was a segment profit of 1,000 million yen, up 25.0% 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. First quarter performance 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 332 million yen, down 3.7% year on year, and the segment loss

was 3 million yen, down from a profit one year earlier.

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 208 million yen, down 38.2% year on year, and the segment loss was 60 million yen expanded from one year earlier.

Results of operations of the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) for the first quarter were as follows.

Net sales:	13,182 million yen	(up 16.9% year on year)
Operating profit:	573 million yen	(up 7.3% year on year)
Ordinary profit:	1,021 million yen	(up 90.5% year on year)
Profit attributable to owners of parent:	787 million yen	(up 140.8% year on year)

(2) Explanation of Financial Position

Assets

Current assets decreased 4,131 million yen (33.4%) to 8,243 million yen. This was mainly due to a decrease of 4,444 million yen in cash and deposits mainly due to income taxes paid and cash dividends paid.

Property, plant and equipment increased 1,202 million yen (3.8%) to 33,234 million yen. This was mainly due to an increase of 993 million yen in buildings and structures, net because of new store openings.

Intangible assets increased 29 million yen (5.8%) to 540 million yen.

Investments and other assets increased 435 million yen (3.6%) to 12,525 million yen. This was mainly due to an increase of 368 million yen in leasehold and guarantee deposits because of new store openings.

Total non-current assets increased 1,666 million yen (3.7%) to 46,300 million yen.

As a result, total assets decreased 2,464 million yen (4.3%) to 54,543 million yen.

Liabilities

Current liabilities decreased 2,736 million yen (19.6%) to 11,227 million yen. This was mainly due to decreases of 1,943 million yen in income taxes payable and 697 million yen in other current liabilities.

Non-current liabilities increased 100 million yen (0.6%) to 17,749 million yen. This was mainly due to a decrease of 65 million yen in long-term borrowings and an increase of 206 million yen in asset retirement obligations.

As a result, total liabilities decreased 2,636 million yen (8.3%) to 28,977 million yen.

Net assets

Net assets increased 172 million yen (0.7%) to 25,566 million yen. This was mainly due to an increase of 216 million yen in retained earnings.

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

In addition to the ongoing conflict in Ukraine, the conflict between Israel and Hamas in the Palestinian Gaza Strip and the expansion and intensification of hostilities in the Middle East show no signs of ending in the near future. As a result, global uncertainty will continue due to inflation following shortages of energy, food and other items caused by these conflicts, worries about slowing economic growth in China because of the real estate sector downturn, and other reasons. In Japan, revenge consumption following the pandemic is occurring nationwide. We are well prepared for the year-end peak demand period which is expected to return to normal for the first time in several years.

Since we had assumed at the time of releasing the initial forecast that a revenue consumption would emerge, we maintain the initial forecast announced. Overall, we forecast consolidated net sales of 61,976 million yen, up 13.4% year on year, operating profit of 9,004 million yen, up 17.4% year on year, ordinary profit of 8,910 million yen, up 14.7% year on year, and profit attributable to owners of parent of 5,791 million yen, down 18.5% 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). Toward these goals, we are actively recruiting high-level human resources and building an organizational structure capable of sustaining growth, 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 developing “well-tainment,” a new business model, that combines entertainment and wellness. Our goal is to move forward with these initiatives in order to raise our corporate value. We are introducing in the current fiscal year “Metacara” and “ONEREC VK,” two new DX-based PER initiatives, and taking actions to enhance operating 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)	First Quarter of FY8/24 (As of Nov. 30, 2023)
Assets		
Current assets		
Cash and deposits	8,437,076	3,992,934
Notes and accounts receivable-trade	947,213	851,759
Merchandise	169,363	172,715
Raw materials and supplies	384,959	371,284
Other	2,438,031	2,856,956
Allowance for doubtful accounts	(2,575)	(2,589)
Total current assets	12,374,069	8,243,060
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,587,377	23,581,334
Vehicles, tools, furniture and fixtures, net	2,792,752	2,892,521
Land	6,627,123	6,627,123
Construction in progress	25,029	133,782
Total property, plant and equipment	32,032,282	33,234,761
Intangible assets		
Goodwill	1,290	734
Software	364,271	372,481
Other	145,345	167,138
Total intangible assets	510,907	540,355
Investments and other assets		
Investment securities	288,714	305,412
Shares of subsidiaries and associates	10,404	184,062
Long-term loans receivable	2,205,026	2,116,225
Long-term prepaid expenses	603,846	590,541
Leasehold and guarantee deposits	7,507,557	7,876,521
Deferred tax assets	2,068,785	1,932,750
Other	151,916	151,843
Allowance for doubtful accounts	(745,706)	(631,780)
Total investments and other assets	12,090,543	12,525,577
Total non-current assets	44,633,733	46,300,693
Total assets	57,007,803	54,543,753

(Thousands of yen)

	FY8/23 (As of Aug. 31, 2023)	First Quarter of FY8/24 (As of Nov. 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	644,739	653,607
Current portion of long-term borrowings	1,911,240	1,993,240
Accounts payable-other	2,785,751	2,818,679
Accrued expenses	1,610,478	1,568,343
Income taxes payable	2,262,994	319,803
Provision for bonuses	347,162	178,476
Deposits received	263,142	254,183
Other	4,138,895	3,441,162
Total current liabilities	13,964,404	11,227,496
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	4,000,000	4,000,000
Long-term borrowings	6,937,210	6,871,900
Deferred tax liabilities	690,852	655,925
Asset retirement obligations	5,137,733	5,343,894
Other	883,089	877,981
Total non-current liabilities	17,648,884	17,749,700
Total liabilities	31,613,289	28,977,196
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	20,672,112
Treasury shares	(105,741)	(105,741)
Total shareholders' equity	25,722,546	25,939,414
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,576	52,540
Foreign currency translation adjustment	(384,231)	(434,020)
Total accumulated other comprehensive income	(336,654)	(381,480)
Share acquisition rights	8,622	8,622
Total net assets	25,394,514	25,566,556
Total liabilities and net assets	57,007,803	54,543,753

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

(Thousands of yen)

	First three months of FY8/23 (Sep. 1, 2022 – Nov. 30, 2022)	First three months of FY8/24 (Sep. 1, 2023 – Nov. 30, 2023)
Net sales	11,278,683	13,182,967
Cost of sales	9,427,090	11,031,857
Gross profit	1,851,592	2,151,110
Selling, general and administrative expenses	1,317,417	1,577,877
Operating profit	534,175	573,233
Non-operating income		
Interest and dividend income	8,069	2,543
Foreign exchange gains	28,336	155,318
Cancellation income	-	221,477
Other	33,928	124,111
Total non-operating income	70,335	503,450
Non-operating expenses		
Interest expenses	9,130	8,092
Provision of allowance for doubtful accounts	57,186	2,318
Rent expenditure	-	34,632
Other	2,220	10,399
Total non-operating expenses	68,537	55,443
Ordinary profit	535,972	1,021,241
Extraordinary income		
Gain on sale of non-current assets	296	-
Total extraordinary income	296	-
Extraordinary losses		
Loss on retirement of non-current assets	12,406	4,674
Impairment losses	-	37,018
Total extraordinary losses	12,406	41,692
Profit before income taxes	523,863	979,548
Income taxes-current	39,078	93,033
Income taxes-deferred	157,719	98,917
Total income taxes	196,797	191,951
Profit	327,065	787,596
Profit attributable to owners of parent	327,065	787,596

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

(Thousands of yen)

	First three months of FY8/23 (Sep. 1, 2022 – Nov. 30, 2022)	First three months of FY8/24 (Sep. 1, 2023 – Nov. 30, 2023)
Profit	327,065	787,596
Other comprehensive income		
Valuation difference on available-for-sale securities	3,418	4,963
Foreign currency translation adjustment	112,315	(49,789)
Total other comprehensive income	115,733	(44,825)
Comprehensive income	442,798	742,770
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	442,798	742,770

(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 three months of FY8/23 (Sep. 1, 2022 – Nov. 30, 2022)

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	10,650,505	752	338,224	10,989,482	-	10,989,482
Other revenue	-	289,200	-	289,200	-	289,200
External sales	10,650,505	289,953	338,224	11,278,683	-	11,278,683
Inter-segment sales and transfers	-	55,686	-	55,686	(55,686)	-
Total	10,650,505	345,640	338,224	11,334,370	(55,686)	11,278,683
Segment profit (loss)	801,041	81,042	(23,945)	858,138	(323,963)	534,175

Notes: 1. The -323,963 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 three months of FY8/24 (Sep. 1, 2023 – Nov. 30, 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	12,707,332	64,599	208,964	12,980,895	-	12,980,895
Other revenue	-	202,071	-	202,071	-	202,071
External sales	12,707,332	266,671	208,964	13,182,967	-	13,182,967
Inter-segment sales and transfers	-	66,266	-	66,266	(66,266)	-
Total	12,707,332	332,938	208,964	13,249,234	(66,266)	13,182,967
Segment profit (loss)	1,000,933	(3,049)	(60,687)	937,196	(363,962)	573,233

Notes: 1. The -363,962 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 three months of FY8/23 has been restated for consistency with the revised segments.

Note 1: 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.