



January 13, 2022

**Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending August 31, 2022
(Three Months Ended November 30, 2021)**

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange (First Section)
 Stock code: 2157 URL: <https://www.koshidakaholdings.co.jp/>
 Representative: Hiroshi Koshidaka, Representative Director and President
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 Scheduled date of filing of Quarterly Report: January 14, 2022
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 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, 2021 (Sep. 1, 2021 – Nov. 30, 2021)

(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, 2021	6,371	(2.7)	(1,130)	-	(196)	-	(215)	-
Three months ended Nov. 30, 2020	6,546	(58.0)	(983)	-	(795)	-	(565)	-

Note: Comprehensive income (million yen) Three months ended Nov. 30, 2021: (228) (-%)

Three months ended Nov. 30, 2020: (598) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Nov. 30, 2021	(2.64)	-
Three months ended Nov. 30, 2020	(6.94)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2021	48,099	16,215	33.7
As of Aug. 31, 2021	41,973	18,178	43.3

Reference: Shareholders' equity (million yen) As of Nov. 30, 2021: 16,215 As of Aug. 31, 2021: 18,178

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2021	-	2.00	-	2.00	4.00
Fiscal year ending Aug. 31, 2022	-	-	-	-	-
Fiscal year ending Aug. 31, 2022 (forecast)	-	4.00	-	4.00	8.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2022 (Sep. 1, 2021 – Aug. 31, 2022)

(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	17,063	40.8	29	-	1,806	-	1,264	-	15.51
Full year	40,093	92.8	2,701	-	4,459	-	3,121	-	38.29

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: Yes

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, 2021:	82,300,000 shares	As of Aug. 31, 2021:	82,300,000 shares
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2) Number of treasury shares at the end of the period

As of Nov. 30, 2021:	767,296 shares	As of Aug. 31, 2021:	767,296 shares
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3) Average number of shares outstanding during the period

Three months ended Nov. 30, 2021:	81,532,704 shares	Three months ended Nov. 30, 2020:	81,532,704 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

Koshidaka Holdings has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) at the beginning of the first quarter of the current fiscal year. More information about this standard and its effects is in the “Application of Accounting Standard for Revenue Recognition” section of the note concerning changes in accounting policies and in the “Information related to revisions for reportable segments” section of the note concerning segment information.

(1) Explanation of Results of Operations

The Japanese economy staged a recovery during the first quarter of the current fiscal year. There are expectations for a sustained recovery because of the benefits of government programs to support the economy and an upturn in the global economy. However, there are concerns about the rising cost of business activities due to the rising prices of resources.

Business segment performance was as follows.

Karaoke

The business climate was extremely difficult early in the first quarter because most of the stores of this business segment suspended operations in September because of declarations of a state of emergency. Sales and earnings were strong following the October resumption of normal business operations. This performance was supported by the continuous opening of stores in prime locations near railway stations and busy shopping districts, mainly in the Tokyo area, and the expansion of stores that serve a large number of customers.

We plan to step up the pace of store openings as one measure for accomplishing the medium-term management vision of “Entertainment as Infrastructure.” Providing customers with new types of entertainment is another priority. At stores outside Japan, operations are slowly resuming, although progress is faster in some countries than in others.

At the end of November 2021, the number of karaoke locations in Japan was 577 (locations with a Karaage-no-Tensai restaurant are counted as two locations), 18 more than at the end of the previous fiscal year. The number of overseas karaoke facilities was 12 in four countries, consisting of four in South Korea, six in Malaysia, one in Thailand, and one in Indonesia.

Sales in the Karaoke segment were 5,948 million yen, down 3.0% year on year. The segment loss was 950 million yen, which was 212 million yen more than in the same period of the previous fiscal year.

Bath House

There were three bath houses at the end of November 2021 following the closing of two locations in Oita prefecture at the end of October 2021 due to the end of leases for use of these properties.

Sales in the Bath House segment were 210 million yen, down 21.5% year on year. The segment loss was 43 million yen, which was 6 million yen more than in the same period of the previous fiscal year.

Real Estate Management

Leasing income in this segment increased because of the increasing number of tenants at the AQERU Maebashi shopping and entertainment center, which is located at the north exit of Maebashi Station.

Sales in the Real Estate Management segment were 261 million yen, up 79.8% year on year, and the segment profit was 28 million yen, which was 63 million yen more than in the same period of the previous fiscal year.

The Koshidaka Group's results of operations for the first quarter were as follows.

First quarter results of operations include 935 million yen of cooperation and other payments for the reduction of operating hours involving the pandemic as requested that were categorized as subsidy income in non-operating income.

Net sales:	6,371 million yen (down 2.7% year on year)
Operating loss:	1,130 million yen (an increase of 147 million yen from the loss in the same period of the previous fiscal year)
Ordinary loss:	196 million yen (a decrease of 599 million yen from the loss in the same period of the previous fiscal year)
Loss attributable to owners of parent:	215 million yen (a decrease of 350 million yen from the loss in the same period of the previous fiscal year)

(2) Explanation of Financial Position

Assets, liabilities, and net assets

Assets

Current assets increased 2,499 million yen (26.6%) to 11,888 million yen. This was mainly due to an increase of 3,276 million yen in cash and deposits.

Non-current assets increased 3,626 million yen (11.1%) to 36,211 million yen. This was mainly due to increases of 2,181 million yen in buildings and structures, net and 1,174 million yen in land.

As a result, total assets increased 6,125 million yen (14.6%) to 48,099 million yen.

Liabilities

Current liabilities increased 5,682 million yen (56.3%) to 15,780 million yen. This was mainly due to increases of 2,954 million yen in short-term borrowings, 1,103 million yen in accounts payable-other and 1,350 million yen in other.

Non-current liabilities increased 2,405 million yen (17.6%) to 16,102 million yen. This was mainly due to an increase of 2,051 million yen in long-term borrowings.

As a result, total liabilities increased 8,088 million yen (34.0%) to 31,883 million yen.

Net assets

Net assets decreased 1,962 million yen (10.8%) to 16,215 million yen. This was mainly due to a decrease of 1,948 million yen in retained earnings that was caused mainly by other current liabilities of 1,570 million yen that were recorded because of the application of the Accounting Standard for Revenue Recognition.

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

The businesses of the Koshidaka Group have been performing well since October 2021. We will continue to take actions for growth, mainly by opening stores in prime locations near railway stations and busy shopping districts and by expanding stores that attract large numbers of customers. In addition, we will use numerous measures for safety during the pandemic to allow customers to use our stores with confidence.

Although there are concerns about the possibility of changes in the business climate because of the omicron variant and other reasons, there are no changes in the fiscal year forecast that was announced on October 13, 2021.

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)

	FY8/21 (As of Aug. 31, 2021)	First Quarter of FY8/22 (As of Nov. 30, 2021)
Assets		
Current assets		
Cash and deposits	5,766,843	9,043,518
Notes and accounts receivable-trade	84,030	362,964
Merchandise	19,912	19,922
Raw materials and supplies	196,243	207,736
Other	3,339,597	2,271,683
Allowance for doubtful accounts	(17,641)	(17,647)
Total current assets	9,388,986	11,888,177
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,752,236	19,933,489
Vehicles, tools, furniture and fixtures, net	2,446,390	2,532,701
Land	3,344,448	4,518,552
Construction in progress	-	2,574
Total property, plant and equipment	23,543,075	26,987,317
Intangible assets		
Goodwill	9,598	8,412
Software	217,651	198,745
Other	11,160	35,717
Total intangible assets	238,410	242,875
Investments and other assets		
Investment securities	405,587	399,869
Shares of subsidiaries and associates	9,480	9,481
Long-term loans receivable	1,129,652	1,142,311
Long-term prepaid expenses	70,876	73,941
Leasehold and guarantee deposits	5,261,103	5,457,414
Deferred tax assets	2,198,588	2,217,513
Other	182,308	182,176
Allowance for doubtful accounts	(454,405)	(501,700)
Total investments and other assets	8,803,190	8,981,007
Total non-current assets	32,584,676	36,211,200
Total assets	41,973,662	48,099,378

(Thousands of yen)

	FY8/21 (As of Aug. 31, 2021)	First Quarter of FY8/22 (As of Nov. 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	189,785	407,143
Short-term borrowings	4,500,000	7,454,630
Current portion of long-term borrowings	2,956,712	2,946,593
Accounts payable-other	660,635	1,764,574
Accrued expenses	1,025,926	1,170,846
Income taxes payable	59,107	46,184
Provision for bonuses	129,710	60,263
Deposits received	148,519	151,988
Other	427,733	1,778,301
Total current liabilities	10,098,129	15,780,525
Non-current liabilities		
Long-term borrowings	9,313,768	11,365,048
Deferred tax liabilities	225,906	245,941
Asset retirement obligations	3,409,037	3,685,716
Other	748,460	806,218
Total non-current liabilities	13,697,172	16,102,924
Total liabilities	23,795,302	31,883,450
Net assets		
Shareholders' equity		
Share capital	2,070,257	2,070,257
Capital surplus	3,302,786	3,302,786
Retained earnings	12,840,049	10,891,309
Treasury shares	(105,662)	(105,662)
Total shareholders' equity	18,107,431	16,158,690
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,449	26,615
Foreign currency translation adjustment	43,479	30,621
Total accumulated other comprehensive income	70,929	57,237
Total net assets	18,178,360	16,215,928
Total liabilities and net assets	41,973,662	48,099,378

(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 FY8/21 (Sep. 1, 2020 – Nov. 30, 2020)	First three months of FY8/22 (Sep. 1, 2021 – Nov. 30, 2021)
Net sales	6,546,183	6,371,902
Cost of sales	6,637,194	6,563,769
Gross loss	(91,011)	(191,866)
Selling, general and administrative expenses	892,003	938,846
Operating loss	(983,014)	(1,130,713)
Non-operating income		
Interest and dividend income	3,016	4,031
Foreign exchange gains	59,228	11,474
Store relocation compensation	110,000	-
Subsidy income	6,350	935,650
Other	28,324	46,081
Total non-operating income	206,920	997,238
Non-operating expenses		
Interest expenses	7,192	12,453
Compensation expenses	9,714	-
Provision of allowance for doubtful accounts	-	46,996
Other	2,491	3,291
Total non-operating expenses	19,398	62,740
Ordinary loss	(795,492)	(196,215)
Extraordinary income		
Gain on sales of non-current assets	74,175	84,210
Gain on sales of investment securities	38	-
Total extraordinary income	74,214	84,210
Extraordinary losses		
Loss on retirement of non-current assets	5,270	8,581
Impairment loss	76,843	53,674
Total extraordinary losses	82,113	62,255
Loss before income taxes	(803,391)	(174,260)
Income taxes-current	24,487	39,459
Income taxes-deferred	(262,196)	1,478
Total income taxes	(237,709)	40,937
Loss	(565,682)	(215,198)
Loss attributable to owners of parent	(565,682)	(215,198)

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

(Thousands of yen)

	First three months of FY8/21 (Sep. 1, 2020 – Nov. 30, 2020)	First three months of FY8/22 (Sep. 1, 2021 – Nov. 30, 2021)
Loss	(565,682)	(215,198)
Other comprehensive income		
Valuation difference on available-for-sale securities	5,903	(833)
Foreign currency translation adjustment	(38,980)	(12,858)
Total other comprehensive income	(33,076)	(13,692)
Comprehensive income	(598,759)	(228,890)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(598,759)	(228,890)

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

Koshidaka Holdings has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) at the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers.

This new standard has changed the accounting treatment for customer loyalty program benefits, such as the accumulation of points for discounts and other rights concerning services received in the future. In prior years, revenue was recognized when these benefits were granted to customers. Under the new standard, these benefits are categorized as performance obligations and the associated revenue is recognized when these discounts and other rights are used, based on independent sales prices.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional treatment prescribed in Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, net sales increased 115 million yen and the operating loss, ordinary loss and loss before income taxes decreased 115 million yen each in the first quarter of the current fiscal year. In addition, the new standard reduced retained earnings at the beginning of the first quarter by 1,570 million yen.

Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), Koshidaka Holdings has not presented the disaggregation of revenue from contracts with customers for the first quarter of the previous fiscal year.

Application of the Accounting Standard for Fair Value Measurement

Koshidaka Holdings has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the first quarter of the current fiscal year, and has applied the new accounting standard set forth by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

Segment and Other Information

Segment Information

I. First three months of FY8/21 (Sep. 1, 2020 – Nov. 30, 2020)

1. Information related to net sales, profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Karaoke	Bath House	Real Estate Management			
Net sales						
External sales	6,133,223	267,455	145,504	6,546,183	-	6,546,183
Inter-segment sales and transfers	-	-	-	-	-	-
Total	6,133,223	267,455	145,504	6,546,183	-	6,546,183
Segment profit (loss)	(737,822)	(36,608)	(35,545)	(809,976)	(173,037)	(983,014)

Notes: 1. The -173,037 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 loss 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 FY8/22 (Sep. 1, 2021 – Nov. 30, 2021)

1. Information related to net sales and profit 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	Bath House	Real Estate Management			
Net sales						
Revenue from contracts with customers	5,948,521	210,078	555	6,159,154	-	6,159,154
Other revenue	-	-	212,747	212,747	-	212,747
External sales	5,948,521	210,078	213,303	6,371,902	-	6,371,902
Inter-segment sales and transfers	-	-	48,368	48,368	(48,368)	-
Total	5,948,521	210,078	261,671	6,420,271	(48,368)	6,371,902
Segment profit (loss)	(950,542)	(43,446)	28,108	(965,880)	(164,833)	(1,130,713)

Notes: 1. The -164,833 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 loss 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

As described in Changes in Accounting Policies, Koshidaka Holdings has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition, the calculation for segment information has also been changed accordingly.

As a result of this change, net sales in the “Karaoke” segment for the first quarter of the current fiscal year increased by 115,070 thousand yen and segment loss decreased by 115,070 thousand yen, compared with the previous method.

Revenue Recognition

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

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.