

**Summary of Consolidated Financial Results**  
**for the Third Quarter of the Fiscal Year Ending August 31, 2021**  
**(Nine Months Ended May 31, 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  
 Contact: Yoshihito Doi, Managing Director  
 Tel: +81-3-6403-5710  
 Scheduled date of filing of Quarterly Report: July 14, 2021  
 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 Third Quarter Ended May 31, 2021 (Sep. 1, 2020 – May 31, 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	%
Nine months ended May 31, 2021	16,817	(54.9)	(4,944)	-	(3,432)	-	(2,963)	-
Nine months ended May 31, 2020	37,272	(24.1)	1,871	(75.4)	2,022	(74.8)	928	(81.3)

Note: Comprehensive income (million yen) Nine months ended May 31, 2021: (3,126) (-%)  
 Nine months ended May 31, 2020: 822 (down 84.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended May 31, 2021	(36.35)	-
Nine months ended May 31, 2020	11.40	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2021	43,461	19,296	44.4
As of Aug. 31, 2020	44,555	22,911	51.4

Reference: Shareholders' equity (million yen) As of May 31, 2021: 19,296 As of Aug. 31, 2020: 22,911

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2020	-	8.00	-	4.00	12.00
Fiscal year ending Aug. 31, 2021	-	2.00	-	-	-
Fiscal year ending Aug. 31, 2021 (forecast)	-	-	-	2.00	4.00

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

**3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2021 (Sep. 1, 2020 – Aug. 31, 2021)**

(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	21,547	(50.2)	(7,397)	-	(5,089)	-	(3,562)	-	(43.68)

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

## 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, 2021:	82,300,000 shares	As of Aug. 31, 2020:	82,300,000 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2021:	767,296 shares	As of Aug. 31, 2020:	767,296 shares
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3) Average number of shares outstanding during the period

Nine months ended May 31, 2021:	81,532,704 shares	Nine months ended May 31, 2020:	81,468,378 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, corporate earnings and capital expenditures in Japan continued to recover, mainly in the manufacturing sector, as exports steadily increased. There are some areas of weakness in the Japanese economy. Consumer spending continued to move up and down and started falling again in April.

Results by business segment were as follows.

#### Karaoke

The outlook for karaoke business in Japan remains unclear. The state of emergency declared in January 2021 ended in March but a third state of emergency was declared in April.

Our business operations were suspended or reduced operating hours and took other actions in response to requests by local governments. There are also safety measures based on the guidelines of industry associations in order to be certain that customers can use our services with confidence. In addition, our business operations implemented their own measures to prevent the spread of COVID-19. We are also cutting expenses wherever possible in order to aim for higher earnings. Activities include holding down personnel expenses, lowering water, electricity and other utility expenses, and reexamining the terms of real estate leases as well as of transactions with suppliers and other companies.

Many activities are under way to accomplish the goals of “Entertainment as Infrastructure,” our medium-term management vision that was announced in September 2019. One was opening more karaoke locations, chiefly in the Tokyo area. Another step was the expansion of our karaoke store network by acquiring 43 karaoke locations operated by Daisyo Corporation. We also added new entertainment options for customers, including Karasta Onrec (professional-quality video recordings of karaoke performances), which was developed jointly with mixi, Inc. There are also investments in our people, including the relocation of the Maneki-Juku training center to Tokyo and the expansion of the employee training programs.

In other countries, karaoke operations are continuing in compliance with strict government restrictions. As was announced on April 16, 2021 in a release titled “Notice of Dissolution of Consolidated Subsidiary Koshidaka Singapore Pte. Ltd.” (Japanese versions only), the decision has been made to close all karaoke locations in Singapore and shut down and liquidate this company.

At the end of the third quarter, the number of karaoke locations in Japan was 552, 27 more than at the end of the previous fiscal year. The number of overseas karaoke facilities decreased 10 to 12, consisting of four in South Korea, six in Malaysia, one in Thailand, and one in Indonesia.

Sales in the Karaoke segment were 15,590 million yen, down 27.5% year on year. The segment loss was 4,137 million yen, which was 3,722 million yen more than in the same period of the previous fiscal year.

#### Bath House

As in the Karaoke segment, we are continuing to operate bath houses while making the health and safety of customers the highest priority. The performance of bath houses was impacted by declarations of a state of emergency and other effects of the pandemic, including government requests to temporarily close bath houses and reduce operating hours of food and beverage services at bath houses.

Sales in the Bath House segment were 731 million yen, down 23.8% year on year. The segment loss was 126 million yen, which was 83 million yen more than in the same period of the previous fiscal year.

#### Real Estate Management

This business manages properties owned or leased by the Koshidaka Group. In February 2019, the Group purchased AQERU Maebashi, a shopping and entertainment center located at the north exit of Maebashi Station. This facility held its grand opening in December 2020 and has been conducting many activities to attract tenants. There are new leases with an IT company, a financial services company, a government agency and other tenants.

Sales in the Real Estate Management segment were 495 million yen, down 4.4% year on year, and the segment loss was 178 million yen, which was 154 million yen more than in the same period of the previous fiscal year.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 16,817 million yen, down 54.9% in the first nine months. The operating loss was 4,944 million yen, a decrease of 6,815 million yen from the profit in the same period of the previous fiscal year, the ordinary loss was 3,432 million yen, a decrease of 5,454 million yen from the profit, and the loss attributable to owners of parent was 2,963 million yen, a decrease of 3,892 million yen from the profit.

## **(2) Explanation of Financial Position**

Assets, liabilities, and net assets

Assets

Current assets decreased 4,596 million yen (33.4%) to 9,156 million yen. This was mainly due to decreases of 2,432 million yen in cash and deposits and 2,000 million yen in securities.

Non-current assets increased 3,502 million yen (11.4%) to 34,305 million yen. This was mainly due to increases of 1,831 million yen in buildings and structures, net, 610 million yen in leasehold and guarantee deposits and 1,332 million yen in deferred tax assets and a decrease of 478 million yen in investment securities.

As a result, total assets decreased 1,094 million yen (2.5%) to 43,461 million yen.

Liabilities

Current liabilities decreased 90 million yen (0.9%) to 10,377 million yen. This was mainly due to a decrease of 500 million yen in short-term borrowings and an increase of 380 million yen in current portion of long-term borrowings.

Non-current liabilities increased 2,611 million yen (23.4%) to 13,787 million yen. This was mainly due to an increase of 2,643 million yen in long-term borrowings.

As a result, total liabilities increased 2,521 million yen (11.6%) to 24,165 million yen.

Net assets

Net assets decreased 3,615 million yen (15.8%) to 19,296 million yen. This was mainly due to a decrease of 3,452 million yen in retained earnings.

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

In the first quarter earnings report dated January 12, 2021, there was no forecast for the fiscal year ending in August 31, 2021 because of the inability to determine a reliable forecast. At this time, we are announcing a fiscal year forecast that is based on information that is currently available.

For more information, see the July 13, 2021 press release titled “Notice of Revisions to Consolidated Earnings Forecast and Dividend Forecast” (Japanese version only).

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/20 (As of Aug. 31, 2020)	Third Quarter of FY8/21 (As of May 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	9,890,483	7,458,148
Notes and accounts receivable-trade	196,659	92,840
Securities	2,000,000	-
Merchandise	19,241	20,468
Raw materials and supplies	263,580	190,868
Other	1,383,496	1,411,799
Allowance for doubtful accounts	(377)	(17,658)
Total current assets	13,753,085	9,156,467
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,616,549	18,448,425
Vehicles, tools, furniture and fixtures, net	2,934,113	2,747,261
Land	2,795,246	3,344,448
Construction in progress	221,892	-
Total property, plant and equipment	22,567,802	24,540,134
Intangible assets		
Goodwill	15,718	11,531
Software	186,538	239,441
Other	148,946	11,160
Total intangible assets	351,203	262,133
Investments and other assets		
Investment securities	869,819	391,101
Shares of subsidiaries and associates	78,995	39,489
Long-term loans receivable	807,013	1,129,090
Long-term prepaid expenses	84,743	75,477
Leasehold and guarantee deposits	4,433,530	5,044,012
Deferred tax assets	1,722,114	3,054,169
Other	177,310	182,351
Allowance for doubtful accounts	(289,780)	(412,798)
Total investments and other assets	7,883,747	9,502,892
Total non-current assets	30,802,753	34,305,160
Total assets	44,555,839	43,461,627

(Thousands of yen)

	FY8/20 (As of Aug. 31, 2020)	Third Quarter of FY8/21 (As of May 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	235,458	227,508
Short-term borrowings	4,500,000	4,000,000
Current portion of long-term borrowings	2,585,328	2,965,351
Accounts payable-other	516,771	888,806
Accrued expenses	1,233,231	1,087,611
Income taxes payable	18,212	108,362
Provision for bonuses	113,007	32,909
Deposits received	287,142	167,980
Other	978,958	899,085
Total current liabilities	10,468,110	10,377,615
Non-current liabilities		
Long-term borrowings	6,910,687	9,554,168
Deferred tax liabilities	240,136	233,939
Asset retirement obligations	2,956,500	3,248,270
Other	1,068,611	751,207
Total non-current liabilities	11,175,936	13,787,585
Total liabilities	21,644,046	24,165,200
Net assets		
Shareholders' equity		
Share capital	2,070,257	2,070,257
Capital surplus	3,302,786	3,302,786
Retained earnings	17,474,182	14,021,427
Treasury shares	(105,662)	(105,662)
Total shareholders' equity	22,741,564	19,288,808
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,447	20,477
Foreign currency translation adjustment	128,780	(12,858)
Total accumulated other comprehensive income	170,228	7,618
Total net assets	22,911,792	19,296,427
Total liabilities and net assets	44,555,839	43,461,627

**(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 FY8/20 (Sep. 1, 2019 – May 31, 2020)	First nine months of FY8/21 (Sep. 1, 2020 – May 31, 2021)
Net sales	37,272,721	16,817,406
Cost of sales	29,179,597	19,288,030
Gross profit (loss)	8,093,123	(2,470,624)
Selling, general and administrative expenses	6,222,020	2,473,546
Operating profit (loss)	1,871,103	(4,944,170)
Non-operating income		
Interest and dividend income	11,968	11,376
Foreign exchange gains	-	183,359
Store relocation compensation	180,000	110,000
Subsidy income	-	1,097,460
Other	210,304	277,576
Total non-operating income	402,272	1,679,773
Non-operating expenses		
Interest expenses	35,159	23,059
Compensation expenses	-	9,714
Foreign exchange losses	70,414	-
Provision of allowance for doubtful accounts	75,000	116,857
Other	70,786	17,980
Total non-operating expenses	251,360	167,611
Ordinary profit (loss)	2,022,015	(3,432,009)
Extraordinary income		
Gain on sales of non-current assets	20,639	74,175
Gain on sales of investment securities	774	57,123
Total extraordinary income	21,413	131,299
Extraordinary losses		
Loss on retirement of non-current assets	92,400	43,900
Impairment loss	322,790	785,566
Loss on valuation of shares of subsidiaries and associates	-	44,138
Total extraordinary losses	415,191	873,605
Profit (loss) before income taxes	1,628,237	(4,174,314)
Income taxes-current	1,281,514	118,354
Income taxes-deferred	(582,110)	(1,329,110)
Total income taxes	699,404	(1,210,755)
Profit (loss)	928,833	(2,963,558)
Profit (loss) attributable to owners of parent	928,833	(2,963,558)



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

(Thousands of yen)

	First nine months of FY8/20 (Sep. 1, 2019 – May 31, 2020)	First nine months of FY8/21 (Sep. 1, 2020 – May 31, 2021)
Profit (loss)	928,833	(2,963,558)
Other comprehensive income		
Valuation difference on available-for-sale securities	4,103	(20,970)
Foreign currency translation adjustment	(110,537)	(141,639)
Total other comprehensive income	(106,434)	(162,609)
Comprehensive income	822,399	(3,126,168)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	822,399	(3,126,168)

**(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 FY8/20 (Sep. 1, 2019 – May 31, 2020)

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

	Reportable segment				Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Karaoke	Curves	Bath House	Real Estate Management			
Net sales							
External sales	21,491,425	14,302,235	960,295	518,764	37,272,721	-	37,272,721
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	21,491,425	14,302,235	960,295	518,764	37,272,721	-	37,272,721
Segment profit (loss)	(414,702)	3,005,987	(42,745)	(24,060)	2,524,479	(653,376)	1,871,103

Notes: 1. The -653,376 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 (loss) shown on the quarterly consolidated statement of income.

2. Information related to assets for each reportable segment

Significant decrease in assets due to a decrease in the number of subsidiaries

In the third quarter of FY8/20, all shares of Curves HOLDINGS Co., Ltd., which is the Curves business segment, held by Koshidaka Holdings were distributed as a dividend in kind (a distribution of property other than cash) to Koshidaka Holdings shareholders and this company was excluded from the consolidated financial statements. As a result, assets in the Curves segment decreased by 34,133,666 thousand yen from the end of FY8/19.

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

Impairment losses related to non-current assets

In the first nine months of FY8/20, there were impairment losses (extraordinary losses) of 322,790 thousand yen on non-current assets associated with closed and poorly performing locations in the Karaoke segment.

Significant change in goodwill

In the third quarter of FY8/20, all shares of Curves HOLDINGS Co., Ltd., which is the Curves business segment, held by Koshidaka Holdings were distributed as a dividend in kind (a distribution of property other than cash) to Koshidaka Holdings shareholders and this company was excluded from the consolidated financial statements. As a result, goodwill decreased by 1,440,498 thousand yen.

## II. First nine months of FY8/21 (Sep. 1, 2020 – May 31, 2021)

## 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	Curves	Bath House	Real Estate Management			
Net sales							
External sales	15,590,083	-	731,641	495,680	16,817,406	-	16,817,406
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	15,590,083	-	731,641	495,680	16,817,406	-	16,817,406
Segment profit (loss)	(4,137,326)	-	(126,580)	(178,506)	(4,442,412)	(501,757)	(4,944,170)

- Notes: 1. The -501,757 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 (loss) shown on the quarterly consolidated statement of income.
3. In FY8/20, all shares of Curves HOLDINGS Co., Ltd., which is the Curves business segment, held by Koshidaka Holdings were distributed as a dividend in kind to Koshidaka Holdings shareholders. Following this distribution, Curves HOLDINGS, Curves International, Inc., Curves Japan Co., Ltd. and HIGH STANDARD CO., LTD. are no longer included in the consolidated financial statements. As a result, there are no sales and earnings in the Curves business segment in the first nine months of FY8/21.

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

## Impairment losses related to non-current assets

In the first nine months of FY8/21, there were impairment losses (extraordinary losses) of 785,566 thousand yen on non-current assets associated with closed locations and software development in the Karaoke segment.

## Significant change in goodwill

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.*