



July 10, 2020

**Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending August 31, 2020
(Nine Months Ended May 31, 2020)**

[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 15, 2020
 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, 2020 (Sep. 1, 2019 – May 31, 2020)

(1) Consolidated results of operations (Percentages represent 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, 2020	37,272	(24.1)	1,871	(75.4)	2,022	(74.8)	928	(81.3)
Nine months ended May 31, 2019	49,133	7.4	7,619	37.3	8,026	42.3	4,977	58.5

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

Nine months ended May 31, 2019: 5,346 (up 60.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended May 31, 2020	11.40	-
Nine months ended May 31, 2019	61.22	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2020	45,154	24,091	53.4
As of Aug. 31, 2019	72,087	31,815	44.1

Reference: Shareholders' equity (million yen) As of May 31, 2020: 24,091 As of Aug. 31, 2019: 31,815

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2019	-	6.00	-	6.00	12.00
Fiscal year ending Aug. 31, 2020	-	8.00	-	-	-
Fiscal year ending Aug. 31, 2020 (forecast)	-	-	-	4.00	12.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2020 (Sep. 1, 2019 – Aug. 31, 2020)

(Percentages represent 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	44,495	(32.4)	2,098	(77.9)	2,248	(76.5)	1,000	(83.9)	12.27

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

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: - Excluded: 1 (Curves Japan Co., Ltd.)

(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, 2020:	82,300,000 shares	As of Aug. 31, 2019:	82,300,000 shares
---------------------	-------------------	----------------------	-------------------

2) Number of treasury shares at the end of the period

As of May 31, 2020:	767,296 shares	As of Aug. 31, 2019:	981,716 shares
---------------------	----------------	----------------------	----------------

3) Average number of shares outstanding during the period

Nine months ended May 31, 2020:	81,468,378 shares	Nine months ended May 31, 2019:	81,318,284 shares
---------------------------------	-------------------	---------------------------------	-------------------

* 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 4 of the attachments "(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Segment and Other Information	9

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year, external demand was weak as Japan's exports decreased and internal demand was lackluster as unusual weather and the October 2019 consumption tax hike impacted consumer spending.

As the outbreak of COVID-19 that began early in 2020 spread worldwide, the Japanese government and local governments in late March began to ask people to stay home and avoid entertainment facilities and other places of business. This was followed by the April 7 declaration of a state of emergency. These events had an enormous negative impact on the Japanese economy.

Results by business segment were as follows.

Karaoke

There were many activities to increase the number of locations in prime shopping areas and near railway stations and the number of large locations. We are opening new karaoke facilities and adding rooms to existing locations nationwide with emphasis on the Tokyo area. In addition, we are closing unprofitable locations. All karaoke locations became smoke-free in September 2019, prior to enactment of Japan's amended Health Promotion Act. This step generated a very positive response from customers, especially young people and families.

On March 28, we voluntarily suspended operations at all karaoke locations in Tokyo and three neighboring prefectures in response to requests from the national and local governments in order to prevent the spread of COVID-19. On April 14, the suspension of operations was expanded to all karaoke locations in Japan.

Although growth is continuing in Southeast Asia, including the first karaoke facility in Indonesia, all locations have closed for an extended period in response to government requests due to COVID-19.

Koshidaka signed a franchising agreement with Watami Co., Ltd., the operator and franchisor of Karaage-no-Tensai restaurants. On April 18, Koshidaka opened its first franchised Karaage-no-Tensai restaurant at a Manekineko karaoke facility in the city of Kazo in Saitama prefecture and plans to operate 12 franchised restaurants by the end of August.

At the end of the third quarter of the current fiscal year, the number of karaoke locations in Japan totaled 517, seven less than at the end of the previous fiscal year. The number of overseas karaoke facilities totaled 22 in five countries, consisting of nine in Singapore, five in South Korea, six in Malaysia, one in Thailand, and one in Indonesia. In Japan, 31 karaoke locations were renovated.

Sales in the Karaoke segment were 21,491 million yen, down 19.3% year on year. The segment loss was 414 million yen, a decrease of 4,040 million yen from the same period of the previous fiscal year.

Curves

On March 1, 2020, a stock distribution spin-off of Curves HOLDINGS Co., Ltd., with Koshidaka Holdings shareholders receiving Curves HOLDINGS stock as a dividend in kind was conducted and the shares of Curves HOLDINGS were listed on the first section of the Tokyo Stock Exchange on March 2, 2020. As a result, Curves HOLDINGS is no longer a consolidated subsidiary and the Curves segment includes the results of operations of this business for only the first half of the current fiscal year.

Sales in the Curves segment were 14,302 million yen, down 31.7% year on year, and the segment profit was 3,005 million yen, down 33.2% year on year.

Bath House

Bath houses further improved comfort and convenience and added new food and beverage items. There were also more investments in energy-saving equipment. All these activities improved bath house operations in terms of both quality and quantity.

Operations at all bath houses were suspended during the period requested by the Japanese government due to

COVID-19.

Sales in the Bath House segment were 960 million yen, down 22.6% year on year. The segment loss was 42 million yen, a decrease of 114 million yen from the same period of the previous fiscal year.

Real Estate Management

Sales in the Real Estate Management segment were 518 million yen, up 72.0% year on year, and the segment loss was 24 million yen, a decrease of 102 million yen from the same period of the previous fiscal year.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 37,272 million yen, down 24.1%, operating profit of 1,871 million yen, down 75.4%, ordinary profit of 2,022 million yen, down 74.8%, and profit attributable to owners of parent of 928 million yen, down 81.3% in the first nine months of the current fiscal year.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the current fiscal year decreased 26,933 million yen (37.4%) from the end of the previous fiscal year to 45,154 million yen. This change was largely due to the aforementioned stock distribution spin-off.

Current assets

Current assets decreased 6,441 million yen (31.0%) to 14,320 million yen. This was mainly due to decreases of 2,957 million yen in cash and deposits, 3,795 million yen in notes and accounts receivable-trade, and 896 million yen in merchandise, while there was an increase of 2,888 million yen in securities.

Non-current assets

Property, plant and equipment increased 864 million yen (3.9%) to 23,057 million yen. This was mainly due to an increase of 1,107 million yen in buildings and structures, while there was a decrease of 199 million yen in vehicles, tools, furniture and fixtures.

Intangible assets decreased 22,129 million yen (98.2%) to 406 million yen. This was mainly due to decreases of 19,020 million yen in trademark right and 1,593 million yen in goodwill.

Investments and other assets increased 773 million yen (11.7%) to 7,369 million yen. This was mainly due to increases of 370 million yen in leasehold and guarantee deposits, 172 million yen in long-term loans receivable, and 139 million yen in deferred tax assets.

Total non-current assets decreased 20,491 million yen (39.9%) to 30,833 million yen.

Current liabilities

Current liabilities decreased 5,041 million yen (33.6%) to 9,981 million yen. This was mainly due to decreases of 2,417 million yen in notes and accounts payable-trade, 1,684 million yen in deposits received, 1,576 million yen in income taxes payable, 1,285 million yen in current portion of long-term borrowings, and 1,210 million yen in accounts payable-other, while there was an increase of 4,500 million yen in short-term borrowings.

Non-current liabilities

Non-current liabilities decreased 14,167 million yen (56.1%) to 11,081 million yen. This was mainly due to a 10,665 million yen decrease in long-term borrowings and a 4,164 million yen decrease in deferred tax liabilities.

Total liabilities decreased 19,209 million yen (47.7%) to 21,062 million yen.

Net assets

Net assets decreased 7,723 million yen (24.3%) to 24,091 million yen. This was mainly due to a decrease of 7,812 million yen in retained earnings.

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

The COVID-19 crisis has severely restricted the operations of the Koshidaka Group. Sales have declined sharply as the group's operations complied with government requests to reduce or suspend activities to prevent the spread of infections. The April 7 declaration of a state of emergency further restricted business operations.

Due to the inability to predict when this crisis will end, we announced the cancelation of the forecast for the fiscal year ending in August 2020 when we released results of operations for the first half of the current fiscal year on April 10. At that time, we did not establish a revised forecast.

Following the end of Japan's declaration of a state of emergency on May 25, governments throughout Japan started lifting restrictions on business activities in stages. Due to these actions, all locations operated by the Koshidaka Group resumed operations on June 12.

COVID-19 remains a serious problem and the businesses of the Koshidaka Group have a significant degree of risk involving this crisis. Karaoke is one of the lowest ranking business sectors in Japan's roadmap for lifting restrictions on business activities. Consequently, customers have been slow to return following the reopening of karaoke locations and reports of new infections have made people extremely reluctant to use a karaoke facility. As a result, the climate for the karaoke business is extremely difficult and uncertain.

For these reasons, we forecast consolidated net sales of 44,495 million yen, down 32.4%, operating profit of 2,098 million yen, down 77.9%, ordinary profit of 2,248 million yen, down 76.5%, and profit attributable to owners of parent of 1,000 million yen, down 83.9% for the fiscal year ending August 31, 2020.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/19 (As of Aug. 31, 2019)	Third quarter of FY8/20 (As of May 31, 2020)
Assets		
Current assets		
Cash and deposits	12,582,028	9,624,944
Notes and accounts receivable-trade	3,870,289	74,355
Securities	-	2,888,291
Merchandise	915,186	19,019
Raw materials and supplies	196,689	241,027
Other	3,233,954	1,473,366
Allowance for doubtful accounts	(35,701)	(367)
Total current assets	20,762,447	14,320,637
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,819,123	16,926,427
Vehicles, tools, furniture and fixtures, net	3,458,837	3,259,333
Land	2,815,162	2,795,246
Leased assets, net	20,314	-
Construction in progress	79,280	76,138
Total property, plant and equipment	22,192,717	23,057,144
Intangible assets		
Goodwill	1,611,996	18,696
Trademark right	19,020,017	-
Software	855,811	238,858
Other	1,048,297	148,946
Total intangible assets	22,536,122	406,501
Investments and other assets		
Investment securities	816,900	851,894
Shares of subsidiaries and associates	50,329	78,464
Long-term loans receivable	628,150	800,192
Long-term prepaid expenses	31,115	66,003
Leasehold and guarantee deposits	3,958,898	4,329,535
Deferred tax assets	1,109,984	1,249,363
Other	176,689	166,315
Allowance for doubtful accounts	(175,965)	(171,833)
Total investments and other assets	6,596,103	7,369,936
Total non-current assets	51,324,943	30,833,582
Total assets	72,087,391	45,154,219

(Thousands of yen)

	FY8/19 (As of Aug. 31, 2019)	Third quarter of FY8/20 (As of May 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,476,545	58,747
Short-term borrowings	-	4,500,000
Current portion of long-term borrowings	4,146,163	2,860,328
Lease obligations	6,957	-
Accounts payable-other	1,858,567	647,769
Accrued expenses	1,431,285	899,423
Income taxes payable	1,715,689	139,454
Provision for bonuses	406,421	27,919
Deposits received	1,893,317	208,583
Other	1,088,143	638,936
Total current liabilities	15,023,091	9,981,161
Non-current liabilities		
Long-term borrowings	18,097,681	7,432,019
Deferred tax liabilities	4,329,366	165,023
Asset retirement obligations	2,427,259	2,760,546
Other	394,912	723,814
Total non-current liabilities	25,249,219	11,081,402
Total liabilities	40,272,310	21,062,564
Net assets		
Shareholders' equity		
Share capital	2,070,257	2,070,257
Capital surplus	3,302,786	3,302,786
Retained earnings	26,447,399	18,634,531
Treasury shares	(301,538)	(105,662)
Total shareholders' equity	31,518,904	23,901,913
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,656	45,759
Foreign currency translation adjustment	254,520	143,982
Total accumulated other comprehensive income	296,176	189,742
Total net assets	31,815,081	24,091,655
Total liabilities and net assets	72,087,391	45,154,219

(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 FY8/19 (Sep. 1, 2018 – May 31, 2019)	First nine months of FY8/20 (Sep. 1, 2019 – May 31, 2020)
Net sales	49,133,720	37,272,721
Cost of sales	34,014,421	29,179,597
Gross profit	15,119,298	8,093,123
Selling, general and administrative expenses	7,500,040	6,222,020
Operating profit	7,619,258	1,871,103
Non-operating income		
Interest and dividend income	11,368	11,968
Store relocation compensation	-	180,000
Cancellation income	441,120	-
Other	116,537	210,304
Total non-operating income	569,025	402,272
Non-operating expenses		
Interest expenses	54,398	35,159
Foreign exchange losses	34,585	70,414
Provision of allowance for doubtful accounts	11,379	75,000
Commission expenses	26,500	500
Other	34,454	70,286
Total non-operating expenses	161,318	251,360
Ordinary profit	8,026,966	2,022,015
Extraordinary income		
Gain on sales of non-current assets	3,252	20,639
Gain on sales of investment securities	-	774
Total extraordinary income	3,252	21,413
Extraordinary losses		
Loss on retirement of non-current assets	47,482	92,400
Impairment loss	59,381	322,790
Loss on valuation of shares of subsidiaries and associates	212,548	-
Total extraordinary losses	319,411	415,191
Profit before income taxes	7,710,806	1,628,237
Income taxes-current	2,733,685	1,281,514
Income taxes-deferred	(170,636)	(582,110)
Total income taxes	2,563,049	699,404
Profit	5,147,757	928,833
Profit attributable to non-controlling interests	169,801	-
Profit attributable to owners of parent	4,977,955	928,833

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

(Thousands of yen)

	First nine months of FY8/19 (Sep. 1, 2018 – May 31, 2019)	First nine months of FY8/20 (Sep. 1, 2019 – May 31, 2020)
Profit	5,147,757	928,833
Other comprehensive income		
Valuation difference on available-for-sale securities	5,352	4,103
Foreign currency translation adjustment	193,224	(110,537)
Total other comprehensive income	198,576	(106,434)
Comprehensive income	5,346,333	822,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,176,532	822,399
Comprehensive income attributable to non-controlling interests	169,801	-

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

Not applicable.

Significant Changes in Shareholders' Equity

On March 1, 2020, Koshidaka Holdings distributed as a dividend to its shareholders all of its shares of Curves HOLDINGS Co., Ltd. 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, retained earnings decreased 7,583,491 thousand yen to 18,634,531 thousand yen in the third quarter of the current fiscal year.

Segment and Other Information

Segment Information

I. First nine months of FY8/19 (Sep. 1, 2018 – May 31, 2019)

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	26,646,094	20,945,543	1,240,514	301,568	49,133,720	-	49,133,720
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	26,646,094	20,945,543	1,240,514	301,568	49,133,720	-	49,133,720
Segment profit (loss)	3,626,043	4,502,255	71,738	78,480	8,278,518	(659,260)	7,619,258

Notes: 1. The -659,260 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit 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 FY8/20 (Sep. 1, 2019 – May 31, 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	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 mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit is adjusted to be consistent with operating profit 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.

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.