



January 12, 2021

**Summary of Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending August 31, 2021**  
**(Three Months Ended November 30, 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  
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 Scheduled date of filing of Quarterly Report: January 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 First Quarter Ended November 30, 2020 (Sep. 1, 2020 – Nov. 30, 2020)**

(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, 2020	6,546	(58.0)	(983)	-	(795)	-	(565)	-
Three months ended Nov. 30, 2019	15,577	5.5	1,073	(21.5)	1,177	(25.5)	700	(32.1)

Note: Comprehensive income (million yen) Three months ended Nov. 30, 2020: (598) (-%)  
 Three months ended Nov. 30, 2019: 619 (down 57.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Nov. 30, 2020	(6.94)	-
Three months ended Nov. 30, 2019	8.61	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2020	42,379	21,986	51.9
As of Aug. 31, 2020	44,555	22,911	51.4

Reference: Shareholders' equity (million yen) As of Nov. 30, 2020: 21,986 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	-	-	-	-	-
Fiscal year ending Aug. 31, 2021 (forecast)	-	2.00	-	-	-

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

Regarding revisions to the dividend forecast, please see the press release dated today (January 12, 2021) titled "Notice of Revisions to the Earnings Forecast and Dividend Forecast for the Fiscal Year Ending August 31, 2021" (Japanese version only). There is currently no forecast for the year-end dividend for the fiscal year ending August 31, 2021.

**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
First half	13,464	(60.4)	(2,054)	-	(1,904)	-	(1,101)	-	(13.50)
Full year	-	-	-	-	-	-	-	-	-

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

There is no full-year forecast at this time because it is impossible to determine how the current increase in COVID-19 cases in Japan will affect results of operations. An announcement will be made when it becomes possible to determine a forecast.

\* 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, 2020:	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 Nov. 30, 2020:	767,296 shares	As of Aug. 31, 2020:	767,296 shares
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3) Average number of shares outstanding during the period

Three months ended Nov. 30, 2020:	81,532,704 shares	Three months ended Nov. 30, 2019:	81,371,889 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, there was a slow recovery of corporate earnings backed by rebounds in external demand and manufacturing. However, consumer spending, which plunged because of COVID-19, is still sluggish because of rising unemployment and falling wages.

Results by business segment were as follows.

#### Karaoke

The negative effect of COVID-19 decreased temporarily as the second wave of infections that occurred during the summer began to decline. However, the performance of the karaoke business fell sharply when the very large third wave of infections started in late October.

The karaoke business needs to bring back customers who have been staying away because of the widespread perception that karaoke facilities have a high risk of exposure to COVID-19. All locations are continuing to make health and safety the highest priority of their operations.

We took actions for enabling people to enjoy karaoke rooms in more ways by using rooms to view concerts and other live events and by developing a variety of digital entertainment for karaoke rooms.

We are continuing to increase the number of locations and relocate or expand existing locations, mainly in the Tokyo area. In addition, we are closing unprofitable locations.

Furthermore, we are relocating our Maneki-Juku training center and taking actions to upgrade the facilities and training programs for employees. Our goal is to use recruiting and training activities to provide even better services to customers at karaoke facilities and create an organization with even greater cohesion and unity.

Although there is no change in plans for growth outside Japan, almost all overseas locations have temporarily closed in response to government requests due to COVID-19. All locations are prepared to resume operations when it becomes possible.

At the end of the first quarter, the number of karaoke locations in Japan was 532, seven more than at the end of the previous fiscal year. The number of overseas karaoke facilities was 22, consisting of nine in Singapore, five in South Korea, six in Malaysia, one in Thailand, and one in Indonesia.

Sales in the Karaoke segment were 6,133 million yen, down 21.0% year on year. The segment loss was 737 million yen, which was 563 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.

Sales in the Bath House segment were 267 million yen, down 30.1% year on year. The segment loss was 36 million yen, a decrease of 40 million yen from the profit in the same period of the previous fiscal year.

#### Real Estate Management

At AQERU Maebashi, a shopping and entertainment center owned by a Koshidaka group company and located at the north exit of Maebashi Station, we started operating two participatory amusement facilities in October in the first underground level: HADO ARENA and ENNICHU by 1→10.

Sales in the Real Estate Management segment were 145 million yen, up 9.2% year on year, and the segment loss was 35 million yen, which was 54 million yen less 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 6,546 million yen, down 58.0% in the first quarter. The operating loss was 983 million yen, a decrease of 2,056 million yen from the profit in the same period of the previous fiscal year, the ordinary loss was 795 million yen, a decrease of 1,972 million yen from the profit, and the loss attributable to owners of parent was 565 million yen, a decrease of 1,266 million yen from the profit.

**(2) Explanation of Financial Position**

Total assets at the end of the first quarter of the current fiscal year decreased 2,176 million yen (4.9%) from the end of the previous fiscal year to 42,379 million yen.

**Current assets**

Current assets decreased 3,642 million yen (26.5%) to 10,110 million yen. This was mainly due to decreases of 2,000 million yen in securities and 1,789 million yen in cash and deposits.

**Non-current assets**

Property, plant and equipment increased 876 million yen (3.9%) to 23,444 million yen. This was mainly due to increases of 567 million yen in buildings and structures, net, and 363 million yen in vehicles, tools, furniture and fixtures, net.

Intangible assets increased 207 million yen (59.0%) to 558 million yen. This was mainly due to an increase of 79 million yen in software.

Investments and other assets increased 382 million yen (4.8%) to 8,265 million yen. This was mainly due to increases of 259 million yen in deferred tax assets and 99 million yen in leasehold and guarantee deposits.

Total non-current assets increased 1,466 million yen (4.8%) to 32,268 million yen.

**Current liabilities**

Current liabilities decreased 711 million yen (6.8%) to 9,756 million yen. This was mainly due to decreases of 500 million yen in short-term borrowings, 237 million yen in accrued expenses, and 237 million yen in current portion of long-term borrowings, while there was an increase of 696 million yen in accounts payable-other.

**Non-current liabilities**

Non-current liabilities decreased 540 million yen (4.8%) to 10,635 million yen. This was mainly due to a 521 million yen decrease in long-term borrowings.

Total liabilities decreased 1,251 million yen (5.8%) to 20,392 million yen.

**Net assets**

Net assets decreased 924 million yen (4.0%) to 21,986 million yen. This was mainly due to a decrease of 891 million yen in retained earnings.

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

Concerns about COVID-19 are very strong in Japan because of constant media reports about this crisis during the ongoing third wave of infections. The result was a drop of about 50% in sales and the number of customers at Koshidaka Group businesses in December, which is normally the busiest month of the year. Customer traffic and sales have remained very low since then as well.

Accordingly, we have revised the first-half consolidated forecasts announced on October 13, 2020. We now forecast consolidated net sales of 13,464 million yen, down 60.4% for the first half of the fiscal year ending August 31, 2021. We forecast an operating loss of 2,054 million yen, an ordinary loss of 1,904 million yen and a loss attributable to owners of parent of 1,101 million yen, decreases of 6,934 million yen, 7,135 million yen and 4,526 million yen, respectively, from the profit in the same period of the previous fiscal year

In response to the continuing upturn in COVID-19 cases, the Japanese government has again declared a state of emergency. The inability to forecast the end of this crisis makes it impossible to determine a reliable forecast for the second half of this fiscal year. Consequently, there are no fiscal year sales and earnings forecasts at this time.

Sales and earnings forecasts in this report are 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)

	FY8/20 (As of Aug. 31, 2020)	First Quarter of FY8/21 (As of Nov. 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	9,890,483	8,100,818
Notes and accounts receivable-trade	196,659	206,315
Securities	2,000,000	-
Merchandise	19,241	19,258
Raw materials and supplies	263,580	239,165
Other	1,383,496	1,560,730
Allowance for doubtful accounts	(377)	(15,533)
Total current assets	13,753,085	10,110,754
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,616,549	17,183,943
Vehicles, tools, furniture and fixtures, net	2,934,113	3,297,433
Land	2,795,246	2,795,246
Construction in progress	221,892	167,916
Total property, plant and equipment	22,567,802	23,444,540
Intangible assets		
Goodwill	15,718	15,491
Software	186,538	265,642
Other	148,946	277,285
Total intangible assets	351,203	558,420
Investments and other assets		
Investment securities	869,819	873,918
Shares of subsidiaries and associates	78,995	78,990
Long-term loans receivable	807,013	829,315
Long-term prepaid expenses	84,743	82,146
Leasehold and guarantee deposits	4,433,530	4,532,965
Deferred tax assets	1,722,114	1,981,246
Other	177,310	177,113
Allowance for doubtful accounts	(289,780)	(289,780)
Total investments and other assets	7,883,747	8,265,915
Total non-current assets	30,802,753	32,268,875
Total assets	44,555,839	42,379,630

(Thousands of yen)

	FY8/20 (As of Aug. 31, 2020)	First Quarter of FY8/21 (As of Nov. 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	235,458	347,118
Short-term borrowings	4,500,000	4,000,000
Current portion of long-term borrowings	2,585,328	2,347,828
Accounts payable-other	516,771	1,213,248
Accrued expenses	1,233,231	995,625
Income taxes payable	18,212	5,947
Provision for bonuses	113,007	57,470
Deposits received	287,142	99,421
Other	978,958	690,239
Total current liabilities	10,468,110	9,756,897
Non-current liabilities		
Long-term borrowings	6,910,687	6,389,355
Deferred tax liabilities	240,136	239,676
Asset retirement obligations	2,956,500	3,043,360
Other	1,068,611	963,438
Total non-current liabilities	11,175,936	10,635,830
<b>Total liabilities</b>	<b>21,644,046</b>	<b>20,392,728</b>
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	16,582,369
Treasury shares	(105,662)	(105,662)
Total shareholders' equity	22,741,564	21,849,751
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,447	47,351
Foreign currency translation adjustment	128,780	89,800
Total accumulated other comprehensive income	170,228	137,151
<b>Total net assets</b>	<b>22,911,792</b>	<b>21,986,902</b>
<b>Total liabilities and net assets</b>	<b>44,555,839</b>	<b>42,379,630</b>

**(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 FY8/20 (Sep. 1, 2019 – Nov. 30, 2019)	First three months of FY8/21 (Sep. 1, 2020 – Nov. 30, 2020)
Net sales	15,577,884	6,546,183
Cost of sales	11,856,410	6,637,194
Gross profit (loss)	3,721,473	(91,011)
Selling, general and administrative expenses	2,647,624	892,003
Operating profit (loss)	1,073,849	(983,014)
Non-operating income		
Interest and dividend income	2,979	3,016
Foreign exchange gains	17,391	59,228
Store relocation compensation	90,000	110,000
Other	26,182	34,674
Total non-operating income	136,552	206,920
Non-operating expenses		
Interest expenses	16,798	7,192
Compensation expenses	-	9,714
Other	16,098	2,491
Total non-operating expenses	32,897	19,398
Ordinary profit (loss)	1,177,505	(795,492)
Extraordinary income		
Gain on sales of non-current assets	-	74,175
Gain on sales of investment securities	592	38
Total extraordinary income	592	74,214
Extraordinary losses		
Loss on retirement of non-current assets	6,531	5,270
Impairment loss	-	76,843
Total extraordinary losses	6,531	82,113
Profit (loss) before income taxes	1,171,566	(803,391)
Income taxes-current	518,029	24,487
Income taxes-deferred	(47,292)	(262,196)
Total income taxes	470,736	(237,709)
Profit (loss)	700,829	(565,682)
Profit (loss) attributable to owners of parent	700,829	(565,682)



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

(Thousands of yen)

	First three months of FY8/20 (Sep. 1, 2019 – Nov. 30, 2019)	First three months of FY8/21 (Sep. 1, 2020 – Nov. 30, 2020)
Profit (loss)	700,829	(565,682)
Other comprehensive income		
Valuation difference on available-for-sale securities	3,528	5,903
Foreign currency translation adjustment	(85,075)	(38,980)
Total other comprehensive income	(81,546)	(33,076)
Comprehensive income	619,282	(598,759)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	619,282	(598,759)

**(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 FY8/20 (Sep. 1, 2019 – Nov. 30, 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	7,759,237	7,302,650	382,734	133,262	15,577,884	-	15,577,884
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	7,759,237	7,302,650	382,734	133,262	15,577,884	-	15,577,884
Segment profit (loss)	(174,580)	1,559,858	4,386	(89,619)	1,300,044	(226,194)	1,073,849

Notes: 1. The -226,194 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 impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.

## II. 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	Curves	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 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 three months of FY8/21.

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

No applicable items.

*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.*