



April 13, 2021

**Summary of Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending August 31, 2021**  
**(Six Months Ended February 28, 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: April 14, 2021  
 Scheduled date of payment of dividend: May 10, 2021  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

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

**1. Consolidated Financial Results for the Second Quarter Ended February 28, 2021 (Sep. 1, 2020 – Feb. 28, 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	%
Six months ended Feb. 28, 2021	12,116	(64.3)	(2,644)	-	(2,429)	-	(1,680)	-
Six months ended Feb. 29, 2020	33,981	4.3	4,880	(2.1)	5,231	4.8	3,425	16.9

Note: Comprehensive income (million yen) Six months ended Feb. 28, 2021: (1,751) (-%)  
 Six months ended Feb. 29, 2020: 3,560 (up 10.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Feb. 28, 2021	(20.62)	-
Six months ended Feb. 29, 2020	42.07	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Feb. 28, 2021	42,834	20,833	48.6
As of Aug. 31, 2020	44,555	22,911	51.4

Reference: Shareholders' equity (million yen) As of Feb. 28, 2021: 20,833 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)	-	-	-	-	-

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

**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	-	-	-	-	-	-	-	-	-

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

A consolidated earnings forecast for the fiscal year ending August 31, 2021 has not been established due to the difficulty of determining an accurate forecast at this time. An announcement will be made as soon as 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 Feb. 28, 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 Feb. 28, 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

Six months ended Feb. 28, 2021:	81,532,704 shares	Six months ended Feb. 29, 2020:	81,440,809 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 4 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 half of the current fiscal year, the Japanese economy continued to recover primarily due to upturns in corporate earnings and capital expenditures. However, consumer spending and some other sectors of the economy were weak because of COVID-19.

Results by business segment were as follows.

#### Karaoke

Normally, the year-end holiday period is the busiest time of the year for the karaoke business in Japan. This year, the business climate was extremely challenging because the third wave of COVID-19 infections made it impossible to hold events attended by a large number of people. Furthermore, the outlook remains unclear because of the January 2021 declaration of a state of emergency in 11 prefectures, including Tokyo.

Our business operations 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 also 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 we announced in September 2019. Major initiatives are opening more karaoke locations, chiefly in the Tokyo area, adding entertainment other than karaoke, such as viewing concerts and other live events Mira Pon! for using a karaoke screen and sound system for games, entertainment and other content stored on a smartphone or tablet, and upgrading training operations. For our training activities, we moved the Maneki-Juku training center to Tokyo, added more equipment to this center and enlarged and enhanced training programs.

In other countries, most locations remain temporarily closed in response to government requests. Since there is still no outlook for when operations can resume, some locations are decided to be permanently closed.

At the end of the second quarter, the number of karaoke locations in Japan was 536, 11 more than at the end of the previous fiscal year. The number of overseas karaoke facilities decreased four to 18, consisting of five in Singapore, five in South Korea, six in Malaysia, one in Thailand, and one in Indonesia.

Sales in the Karaoke segment were 11,274 million yen, down 39.0% year on year. The segment loss was 2,082 million yen, a decrease of 4,361 million yen from the profit 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 business climate for bath houses is challenging because people are staying home for safety and the operating hours of bath house food and beverage services are reduced.

Sales in the Bath House segment were 536 million yen, down 34.0% year on year. The segment loss was 58 million yen, a decrease of 117 million yen from the profit in the same period of the previous fiscal year.

#### Real Estate Management

This business includes AQERU Maebashi, a shopping and entertainment center acquired in February 2019, and the operation of other properties owned or leased by the Koshidaka Group. In October 2020, participatory amusement facilities were opened in advance in AQERU Maebashi and in December this revitalized shopping and entertainment center held its grand opening. There were many activities to attract tenants to the office floor of AQERU Maebashi, resulting in new leases with an IT company and a financial services company. However, these new tenants were not enough to offset the temporary loss of sales in the previous fiscal year.

Sales in the Real Estate Management segment were 305 million yen, down 20.5% year on year, and the segment loss was 162 million yen, a decrease of 170 million yen from the profit in the same period of the previous fiscal year.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 12,116 million yen, down 64.3% in the first half. The operating loss was 2,644 million yen, a decrease of 7,524 million yen from the profit in the same period of the previous fiscal year, the ordinary loss was 2,429 million yen, a decrease of 7,661 million yen from the profit, and the loss attributable to owners of parent was 1,680 million yen, a decrease of 5,106 million yen from the profit.

## (2) Explanation of Financial Position

### 1) Assets, liabilities, and net assets

#### Assets

Current assets decreased 4,545 million yen (33.1%) to 9,207 million yen. This was mainly due to decreases of 2,443 million yen in cash and deposits and 2,000 million yen in securities.

Non-current assets increased 2,823 million yen (9.2%) to 33,626 million yen. This was mainly due to increases of 1,466 million yen in buildings and structures, net, 549 million yen in land and 751 million yen in deferred tax assets and a decrease of 471 million yen in investment securities.

As a result, total assets decreased 1,721 million yen (3.9%) to 42,834 million yen.

#### Liabilities

Current liabilities increased 562 million yen (5.4%) to 11,030 million yen. This was mainly due to an increase of 1,000 million yen in short-term borrowings and a decrease of 354 million yen in current portion of long-term borrowings.

Non-current liabilities decreased 205 million yen (1.8%) to 10,969 million yen. This was mainly due to a decrease of 269 million yen in long-term borrowings.

As a result, total liabilities increased 356 million yen (1.6%) to 22,000 million yen.

#### Net assets

Net assets decreased 2,077 million yen (9.1%) to 20,833 million yen. This was mainly due to a decrease of 2,007 million yen in retained earnings.

### 2) Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the second quarter of the current fiscal year decreased 2,446 million yen from the end of the previous fiscal year to 6,850 million yen.

The cash flow components during the first half and the main reasons for changes are as described below.

#### Cash flows from operating activities

Net cash used in operating activities totaled 1,042 million yen, compared with 5,566 million yen provided in the same period of the previous fiscal year. Main factors include loss before income taxes of 2,406 million yen, a decrease of 265 million yen in accounts payable-other and accrued expenses, depreciation of 1,843 million yen and an increase of 103 million yen in trade payables.

#### Cash flows from investing activities

Net cash used in investing activities totaled 1,456 million yen, compared with 4,058 million yen used in the same period of the previous fiscal year. Main factors include purchase of property, plant and equipment of 3,138 million yen, purchase of intangible assets of 286 million yen, payments of leasehold and guarantee deposits of 341 million yen, loan advances of 330 million yen, proceeds from sales of securities of 2,000 million yen and proceeds from sales of investment securities of 552 million yen.

#### Cash flows from financing activities

Net cash provided by financing activities totaled 49 million yen, compared with 2,704 million yen used in the same period of the previous fiscal year. Main factors include a net increase of 1,000 million yen in short-term

borrowings, proceeds from long-term borrowings of 750 million yen, repayments of long-term borrowings of 1,373 million yen and dividends paid of 326 million yen.

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

The forecast for the fiscal year ending August 31, 2021 remains undetermined as it is difficult to calculate a reliable forecast due to the inability to forecast the end of the COVID-19 crisis. An announcement will be made promptly when it becomes possible to make a reasonable estimate.

As was announced on March 10, 2021 in “Notice of Acquisition of Karaoke Business of Daisy Corporation” (Japanese version only), Koshidaka Holdings has acquired 43 karaoke facilities of Daisy Corporation. We plan to start operating these facilities in stages starting on May 1, 2021.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/20 (As of Aug. 31, 2020)	Second Quarter of FY8/21 (As of Feb. 28, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	9,890,483	7,447,005
Notes and accounts receivable-trade	196,659	134,450
Securities	2,000,000	-
Merchandise	19,241	19,433
Raw materials and supplies	263,580	174,833
Other	1,383,496	1,449,586
Allowance for doubtful accounts	(377)	(17,644)
Total current assets	13,753,085	9,207,665
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,616,549	18,082,620
Vehicles, tools, furniture and fixtures, net	2,934,113	2,973,918
Land	2,795,246	3,344,448
Construction in progress	221,892	1,092
Total property, plant and equipment	22,567,802	24,402,079
Intangible assets		
Goodwill	15,718	13,346
Software	186,538	260,705
Other	148,946	277,285
Total intangible assets	351,203	551,337
Investments and other assets		
Investment securities	869,819	398,280
Shares of subsidiaries and associates	78,995	79,391
Long-term loans receivable	807,013	1,108,545
Long-term prepaid expenses	84,743	83,447
Leasehold and guarantee deposits	4,433,530	4,637,608
Deferred tax assets	1,722,114	2,473,600
Other	177,310	182,223
Allowance for doubtful accounts	(289,780)	(289,780)
Total investments and other assets	7,883,747	8,673,315
Total non-current assets	30,802,753	33,626,732
Total assets	44,555,839	42,834,398

(Thousands of yen)

	FY8/20 (As of Aug. 31, 2020)	Second Quarter of FY8/21 (As of Feb. 28, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	235,458	341,422
Short-term borrowings	4,500,000	5,500,000
Current portion of long-term borrowings	2,585,328	2,231,182
Accounts payable-other	516,771	941,526
Accrued expenses	1,233,231	1,053,092
Income taxes payable	18,212	35,733
Provision for bonuses	113,007	122,860
Deposits received	287,142	178,087
Other	978,958	626,740
Total current liabilities	10,468,110	11,030,644
Non-current liabilities		
Long-term borrowings	6,910,687	6,640,919
Deferred tax liabilities	240,136	236,154
Asset retirement obligations	2,956,500	3,123,728
Other	1,068,611	969,145
Total non-current liabilities	11,175,936	10,969,947
<b>Total liabilities</b>	<b>21,644,046</b>	<b>22,000,592</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,070,257	2,070,257
Capital surplus	3,302,786	3,302,786
Retained earnings	17,474,182	15,467,120
Treasury shares	(105,662)	(105,662)
Total shareholders' equity	22,741,564	20,734,501
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,447	19,078
Foreign currency translation adjustment	128,780	80,226
Total accumulated other comprehensive income	170,228	99,304
<b>Total net assets</b>	<b>22,911,792</b>	<b>20,833,806</b>
<b>Total liabilities and net assets</b>	<b>44,555,839</b>	<b>42,834,398</b>



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

(Thousands of yen)

	First six months of FY8/20 (Sep. 1, 2019 – Feb. 29, 2020)	First six months of FY8/21 (Sep. 1, 2020 – Feb. 28, 2021)
Net sales	33,981,639	12,116,181
Cost of sales	23,668,549	13,117,893
Gross profit (loss)	10,313,089	(1,001,712)
Selling, general and administrative expenses	5,432,581	1,642,400
Operating profit (loss)	4,880,508	(2,644,113)
Non-operating income		
Interest and dividend income	7,600	7,210
Foreign exchange gains	123,688	56,599
Store relocation compensation	180,000	110,000
Subsidy income	-	14,000
Other	114,359	52,644
Total non-operating income	425,648	240,454
Non-operating expenses		
Interest expenses	31,504	13,607
Compensation expenses	-	9,714
Other	42,983	2,519
Total non-operating expenses	74,487	25,840
Ordinary profit (loss)	5,231,669	(2,429,498)
Extraordinary income		
Gain on sales of non-current assets	20,640	74,175
Gain on sales of investment securities	747	57,123
Total extraordinary income	21,387	131,299
Extraordinary losses		
Loss on retirement of non-current assets	83,348	30,889
Impairment loss	45,453	77,091
Total extraordinary losses	128,801	107,980
Profit (loss) before income taxes	5,124,255	(2,406,180)
Income taxes-current	1,722,345	20,362
Income taxes-deferred	(24,065)	(745,610)
Total income taxes	1,698,280	(725,248)
Profit (loss)	3,425,975	(1,680,931)
Profit (loss) attributable to owners of parent	3,425,975	(1,680,931)

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

(Thousands of yen)

	First six months of FY8/20 (Sep. 1, 2019 – Feb. 29, 2020)	First six months of FY8/21 (Sep. 1, 2020 – Feb. 28, 2021)
Profit (loss)	3,425,975	(1,680,931)
Other comprehensive income		
Valuation difference on available-for-sale securities	8,203	(22,369)
Foreign currency translation adjustment	126,185	(48,553)
Total other comprehensive income	134,388	(70,923)
Comprehensive income	3,560,364	(1,751,855)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,560,364	(1,751,855)

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY8/20 (Sep. 1, 2019 – Feb. 29, 2020)	First six months of FY8/21 (Sep. 1, 2020 – Feb. 28, 2021)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	5,124,255	(2,406,180)
Depreciation	2,144,088	1,843,686
Impairment loss	45,453	77,091
Amortization of goodwill	131,810	4,290
Amortization of trademarks	510,070	-
Increase (decrease) in provision for bonuses	(49,651)	9,853
Increase (decrease) in allowance for doubtful accounts	85,761	17,242
Interest and dividend income	(7,600)	(7,210)
Interest expenses	31,504	13,607
Loss (gain) on sales of property, plant and equipment	(20,640)	(74,175)
Loss on retirement of non-current assets	83,348	30,889
Decrease (increase) in trade receivables	(288,097)	63,195
Decrease (increase) in inventories	(317,654)	88,780
Increase (decrease) in trade payables	(447,459)	103,781
Increase (decrease) in accounts payable-other, and accrued expenses	(222,902)	(265,503)
Other, net	(118,273)	(698,443)
Subtotal	6,684,011	(1,199,094)
Interest and dividends received	7,600	7,210
Interest paid	(31,479)	(13,850)
Income taxes (paid) refund	(1,093,787)	163,127
Net cash provided by (used in) operating activities	5,566,344	(1,042,606)
<b>Cash flows from investing activities</b>		
Proceeds from sales of securities	-	2,000,000
Purchase of property, plant and equipment	(2,971,164)	(3,138,679)
Proceeds from sales of property, plant and equipment	43,273	78,450
Purchase of intangible assets	(238,943)	(286,598)
Purchase of investment securities	(80,393)	(56,456)
Proceeds from sales of investment securities	39,922	552,877
Payments of leasehold and guarantee deposits	(514,871)	(341,035)
Proceeds from refund of leasehold and guarantee deposits	14,718	67,380
Loan advances	(339,110)	(330,316)
Collection of loans receivable	9,349	6,247
Other, net	(21,605)	(8,020)
Net cash provided by (used in) investing activities	(4,058,822)	(1,456,152)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	-	1,000,000
Proceeds from long-term borrowings	-	750,000
Repayments of long-term borrowings	(2,245,998)	(1,373,914)
Repayments of lease obligations	(6,953)	-
Dividends paid	(487,909)	(326,130)
Net cash provided by (used in) financing activities	(2,740,860)	49,955
Effect of exchange rate change on cash and cash equivalents	8,007	2,255
Net increase (decrease) in cash and cash equivalents	(1,225,331)	(2,446,548)
Cash and cash equivalents at beginning of period	12,530,137	9,297,152
Cash and cash equivalents at end of period	11,304,806	6,850,604

**(4) 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 six months of FY8/20 (Sep. 1, 2019 – Feb. 29, 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	18,482,081	14,302,235	812,700	384,621	33,981,639	-	33,981,639
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	18,482,081	14,302,235	812,700	384,621	33,981,639	-	33,981,639
Segment profit (loss)	2,279,471	3,005,987	58,925	8,292	5,352,677	(472,169)	4,880,508

Notes: 1. The -472,169 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 six months of FY8/21 (Sep. 1, 2020 – Feb. 28, 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	11,274,265	-	536,021	305,894	12,116,181	-	12,116,181
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	11,274,265	-	536,021	305,894	12,116,181	-	12,116,181
Segment profit (loss)	(2,082,213)	-	(58,209)	(162,486)	(2,302,909)	(341,203)	(2,644,113)

Notes: 1. The -341,203 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 six 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.*