



October 12, 2022

Summary of Consolidated Financial Results for the Fiscal Year Ended August 31, 2022

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange
 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 Annual General Meeting of Shareholders: November 25, 2022
 Scheduled date of filing of Annual Securities Report: November 28, 2022
 Scheduled date of payment of dividend: November 28, 2022
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for securities analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2022 (Sep. 1, 2021 – Aug. 31, 2022)

(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	%
Fiscal year ended Aug. 31, 2022	37,995	82.7	2,205	-	5,331	-	3,643	-
Fiscal year ended Aug. 31, 2021	20,791	(52.0)	(7,628)	-	(3,092)	-	(4,144)	-

Note: Comprehensive income (million yen) Fiscal year ended Aug. 31, 2022: 3,381 (-%)

Fiscal year ended Aug. 31, 2021: (4,244) (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Aug. 31, 2022	44.68	43.10	19.3	11.9	5.8
Fiscal year ended Aug. 31, 2021	(50.84)	-	(20.2)	(7.1)	(36.7)

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Aug. 31, 2022: - Fiscal year ended Aug. 31, 2021: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Aug. 31, 2022	47,273	19,508	41.2	239.17
As of Aug. 31, 2021	41,973	18,178	43.3	222.96

Reference: Shareholders' equity (million yen) As of Aug. 31, 2022: 19,500 As of Aug. 31, 2021: 18,178

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Aug. 31, 2022	11,607	(7,887)	(2,327)	6,379
Fiscal year ended Aug. 31, 2021	(1,942)	(4,474)	2,285	5,171

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Aug. 31, 2021	Yen -	Yen 2.00	Yen -	Yen 2.00	Yen 4.00	Million yen 329	% -	% 1.6
Fiscal year ended Aug. 31, 2022	-	4.00	-	4.00	8.00	658	17.9	3.5
Fiscal year ending Aug. 31, 2023 (forecast)	-	5.00	-	5.00	10.00		18.4	

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2023 (Sep. 1, 2022 – Aug. 31, 2023)

(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	25,138	52.0	3,383	-	3,377	13.6	2,026	7.5	24.85
Full year	53,361	40.4	7,430	236.8	7,403	38.9	4,442	21.9	54.48

* 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) 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

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Aug. 31, 2022:	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 Aug. 31, 2022:	767,296 shares	As of Aug. 31, 2021:	767,296 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Aug. 31, 2022:	81,532,704 shares	Fiscal year ended Aug. 31, 2021:	81,532,704 shares
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* The current financial report is not subject to audit 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 "1. Overview of Results of Operations, (4) Outlook" for forecast assumptions and notes of caution for usage.

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1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year that ended in August 2022 (September 1, 2021 to August 31, 2022), earnings and investments at companies in Japan recovered along with the upturn in Japan's exports. In the second half of the fiscal year, there were several sources of concern about the economy. Major events include shortages of energy and food worldwide caused by the prolonged Ukraine crisis, the yen's rapid decline due mainly to different monetary policies between Japan and the U.S., and inflation in Japan and overseas. Consumer spending in Japan depends primarily on changes in consumer sentiment linked to whether the outlook for the pandemic is positive or negative.

Business segment performance was as follows.

Karaoke

The effects of the pandemic on consumer spending directly affected the performance of the core karaoke business. As the fiscal year began in September 2021, the majority of karaoke locations were forced to suspend operations in response to government requests to restaurant operators as a fifth wave of the pandemic triggered a state of emergency and various pandemic safety measures. Revenge demand emerged to some extent between October and December. Early in 2022, a sixth wave of the pandemic began and karaoke locations reduced their operating hours between the middle of January and the middle of March. Although demand at existing locations returned to almost the pre-pandemic level in April, a seventh wave that started in the middle of July again made people reluctant to go out. Demand at existing locations in this business remained below the pre-pandemic level for the remainder of the fiscal year even though there were no government restrictions on activities of the public.

The karaoke business has been consistently increasing the number of locations even during the pandemic and 51 stores (including 48 Manekineko locations) were opened during the current fiscal year.

Many activities are under way to accomplish the medium-term management vision of "Entertainment as Infrastructure," which was started in September 2019. Major initiatives are forms of entertainment other than karaoke, such as PlayGarden (an amusement facility with billiards, darts and other games) and Mirror Pon! (use of karaoke screen and speakers to watch personal content), many types of content collaboration, and measures to upgrade and expand recruiting and training activities.

In other countries, operations are gradually resuming, and, in some cases, restrictions on opening hours and other services have been lifted.

At the end of August 2022, the number of karaoke locations in Japan was 582, 23 more than at the end of the previous fiscal year. The number of overseas karaoke stores was 11 in three countries, consisting of four in South Korea, six in Malaysia and one in Indonesia, one less than at the end of the previous fiscal year.

Although operations were temporarily suspended or reduced at times at the majority of the locations in the karaoke business during the current fiscal year, sales increased 88.5% to 36,178 million yen, which was about the same as in the fiscal year that ended in August 2019, which was the last fiscal year before the pandemic started. There was a segment profit of 3,012 million yen compared with a loss of 6,591 million yen in the previous fiscal year.

Bath House

As in the Karaoke segment, the performance of the Bath House segment was affected by changes in consumer sentiment due to the varying severity of the pandemic.

Sales in the Bath House segment were 894 million yen, down 0.3% year on year, and the segment loss decreased 130 million yen from one year earlier to 73 million yen.

Real Estate Management

At the AQERU Maebashi shopping center, which opened in the first half of the previous fiscal year, profitability improved because of an increase in the occupancy rate. This business purchased the Fleuret Hanasaki Building in Sakuragi-cho, Yokohama during the current fiscal year.

Sales in the Real Estate Management segment were 1,134 million yen, up 62.4% year on year, and the segment profit was 165 million yen, an improvement of 348 million yen from the loss one year earlier.

On July 1, 2022, the Japanese Ministry of Economy, Trade and Industry approved the business adjustment plan (a business plan for growing businesses) of subsidiary KOSHIDAKA Co., Ltd. This government program supports companies that are rebuilding, reorganizing or making other changes to business operations during the current challenging business climate to establish a sound base for business activities after the pandemic ends. A company can submit business adjustment plans that include rebuilding, reorganizing and other actions and investments to the minister of the national government ministry that oversees the industry of that company. If the plan is approved, the company can increase by 50% to 100% the tax deduction for losses brought forward (only losses caused by the pandemic) during the period when the plan's investments are made, but a maximum of five fiscal years. The effect of the plan's approval in the fiscal year that ended in August 2022 was negligible.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 37,995 million yen, up 82.7% year on year. The operating profit was 2,205 million yen, an increase of 9,834 million yen from the loss in the previous fiscal year, the ordinary profit was 5,331 million yen, an increase of 8,424 million yen from the loss, and the profit attributable to owners of parent was 3,643 million yen, an increase of 7,788 million yen from the loss.

Results of operations for the current fiscal year include 2,934 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.

(2) Financial Position

Financial position at the end of the current fiscal year is as follows.

Assets

Total assets at the end of the current fiscal year increased 5,299 million yen (12.6%) from the end of the previous fiscal year to 47,273 million yen.

Current assets increased 522 million yen (5.6%) to 9,911 million yen. This was mainly due to an increase of 1,211 million yen in cash and deposits.

Property, plant and equipment increased 3,558 million yen (15.1%) to 27,102 million yen. This was mainly due to increases of 2,652 million yen in buildings and structures, net and 1,146 million yen in land.

Intangible assets increased 200 million yen (84.2%) to 439 million yen.

Investments and other assets increased 1,017 million yen (11.6%) to 9,820 million yen. This was mainly due to increases of 784 million yen in leasehold and guarantee deposits and 364 million yen in deferred tax assets.

Total non-current assets increased 4,777 million yen (14.7%) to 37,362 million yen.

Liabilities

Current liabilities decreased 454 million yen (4.5%) to 9,643 million yen. This was mainly due to a decrease of 4,500 million yen in short-term borrowings, while there were increases of 2,439 million yen in other and 1,083 million yen in accrued expenses.

Non-current liabilities increased 4,423 million yen (32.3%) to 18,120 million yen. This was mainly due to an increase of 4,000 million yen in convertible-bond-type bonds with share acquisition rights.

Total liabilities increased 3,969 million yen (16.7%) to 27,764 million yen.

Net assets

Net assets increased 1,330 million yen (7.3%) to 19,508 million yen. This was mainly due to an increase of 1,583 million yen in retained earnings.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year increased 1,208 million yen from the end of the previous fiscal year to 6,379 million yen.

The cash flow components during the current fiscal year and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities totaled 11,607 million yen, an improvement of 13,549 million yen from 1,942 million yen used in the previous fiscal year. Main factors include profit before income taxes of 4,051 million yen, depreciation of 3,589 million yen, impairment loss of 1,071 million yen, and a decrease of 1,517 million yen in accounts receivable-other.

Cash flows from investing activities

Net cash used in investing activities totaled 7,887 million yen, an increase of 3,412 million yen from 4,474 million yen used in the previous fiscal year. Main factors include purchase of property, plant and equipment of 6,901 million yen and payments of leasehold and guarantee deposits of 823 million yen.

Cash flows from financing activities

Net cash used by financing activities totaled 2,327 million yen, a decrease of 4,613 million yen from 2,285 million yen provided in the previous fiscal year. Main factors include a net decrease of 4,500 million yen in short-term borrowings, repayments of long-term borrowings of 4,209 million yen and dividends paid of 489 million yen, while there were proceeds from long-term borrowings of 2,872 million yen and proceeds from issuance of convertible bond-type bonds with share acquisition rights of 3,990 million yen.

(4) Outlook

There are many sources of uncertainty that are likely to continue for some time, notably the Ukraine crisis, shortages of energy and food, and the weakness of the yen. The pandemic will probably go through cycles of upturns and downturns. The seventh wave of infections in Japan has ended without the imposition of restrictions on activities and people are receiving vaccinations for the new variant. Consequently, we believe that policies and consumption patterns in Japan will return to normal, including the elimination of restrictions on foreign visitors, as the country lives with COVID-19.

Karaoke

The next fiscal year is likely to be the first time since 2019 when the karaoke business will be able to operate normally throughout a fiscal year. This business plans to take many actions to target revenge consumption as pent-up demand accumulated during two and a half years of pandemic restrictions is explosively released. Most significant are continuing to add many locations and development of new forms of entertainment. Karaoke operations will also increase recruiting and training activities to establish a powerful base for increasing the number of locations and raising the diversity and sophistication of services.

Outside Japan, we are resuming preparations to open new stores now that many countries have ended restrictions and are living with the pandemic. In Thailand, the first new store was pre-opened on September 30 at MBK Mall with a grand opening scheduled for October 15.

Due to these initiatives, we forecast a 40.8% increase in Karaoke segment sales to 50,948 million yen and a 171.8% increase in segment profit to 8,188 million yen.

Bath House

We will continue to operate bath houses while making the health and safety of customers and employees the highest priority. In addition, this business plans to develop new services at bath houses and will continue to conduct training programs for employees.

We forecast an 16.8% increase in the Bath House segment sales to 1,045 million yen and the segment profit of 117 million yen, an increase of 190 million yen from the loss in the previous fiscal year.

Real Estate Management

This business will continue to seek opportunities to acquire more properties and work on increasing the occupancy rates of properties that are currently owned.

Due to these activities, we forecast a 40.2% increase in Real Estate Management segment sales to 1,591 million yen and a 51.3% increase in segment profit to 251 million yen.

Overall, we forecast consolidated net sales of 53,361 million yen, up 40.4%, operating profit of 7,430 million yen, up 236.8%, ordinary profit of 7,403 million yen, up 38.9%, and profit attributable to owners of parent of 4,442 million yen, up 21.9%.

We are placing priority on the following three activities in accordance with our “Entertainment as Infrastructure” medium-term management vision: (1) Increasing the number of karaoke stores and karaoke rooms; (2) Providing a diverse array of entertainment; (3) Recruiting and training. To speed up measures to accomplish the goals of this vision, we are focusing on the following three key initiatives. First is recruiting people with outstanding skills and building an organization capable of sustained growth. Second is using digital transformation solutions for upgrading private entertainment rooms. The aim is the creation of entertainment experience value that goes beyond the limitations of places and spaces through the fusion of the real and digital worlds. Customers will be able to enjoy new experiences that are not restricted by conventional karaoke services. Third is the development of a new business format called “well-tainment” that combines entertainment and services for healthy living. Our goal is to move forward with several initiatives in order to raise our corporate value. We are now seeing clear benefits from several projects that are under way at the same time as we frequently utilize external consultants and establish internal organizational units needed to support these projects.

2. Basic Approach to the Selection of Accounting Standards

The Koshidaka Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will consider the use of International Financial Reporting Standards (IFRS) in the future based on changes in foreign ownership of our stock, the growth of our overseas operations and other factors.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY8/21 (As of Aug. 31, 2021)	FY8/22 (As of Aug. 31, 2022)
Assets		
Current assets		
Cash and deposits	5,766,843	6,977,443
Notes and accounts receivable-trade	84,030	525,866
Merchandise	19,912	23,707
Raw materials and supplies	196,243	240,144
Other	3,339,597	2,161,669
Allowance for doubtful accounts	(17,641)	(17,677)
Total current assets	9,388,986	9,911,154
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,890,795	37,705,270
Accumulated depreciation	(15,138,558)	(17,300,074)
Buildings and structures, net	17,752,236	20,405,196
Vehicles, tools, furniture and fixtures	13,255,768	14,214,174
Accumulated depreciation	(10,809,378)	(12,017,175)
Vehicles, tools, furniture and fixtures, net	2,446,390	2,196,998
Land	3,344,448	4,490,814
Construction in progress	-	9,010
Total property, plant and equipment	23,543,075	27,102,019
Intangible assets		
Goodwill	9,598	4,915
Software	217,651	223,418
Other	11,160	210,914
Total intangible assets	238,410	439,248
Investments and other assets		
Investment securities	415,067	151,961
Long-term loans receivable	1,129,652	1,397,800
Long-term prepaid expenses	70,876	44,866
Leasehold and guarantee deposits	5,261,103	6,045,882
Deferred tax assets	2,198,588	2,563,537
Other	182,308	182,386
Allowance for doubtful accounts	(454,405)	(565,660)
Total investments and other assets	8,803,190	9,820,774
Total non-current assets	32,584,676	37,362,042
Total assets	41,973,662	47,273,196

(Thousands of yen)

	FY8/21 (As of Aug. 31, 2021)	FY8/22 (As of Aug. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	189,785	443,200
Short-term borrowings	4,500,000	-
Current portion of long-term borrowings	2,956,712	2,188,243
Accounts payable-other	660,635	1,744,506
Accrued expenses	1,025,926	1,377,403
Income taxes payable	59,107	736,756
Provision for bonuses	129,710	229,570
Deposits received	148,519	56,297
Other	427,733	2,867,573
Total current liabilities	10,098,129	9,643,551
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	-	4,000,000
Long-term borrowings	9,313,768	8,744,700
Deferred tax liabilities	225,906	233,336
Asset retirement obligations	3,409,037	4,225,294
Other	748,460	917,666
Total non-current liabilities	13,697,172	18,120,998
Total liabilities	23,795,302	27,764,549
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	14,423,589
Treasury shares	(105,662)	(105,662)
Total shareholders' equity	18,107,431	19,690,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,449	24,189
Foreign currency translation adjustment	43,479	(215,134)
Total accumulated other comprehensive income	70,929	(190,945)
Share acquisition rights	-	8,622
Total net assets	18,178,360	19,508,647
Total liabilities and net assets	41,973,662	47,273,196

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY8/21 (Sep. 1, 2020 – Aug. 31, 2021)	FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)
Net sales	20,791,480	37,995,366
Cost of sales	25,310,382	31,854,675
Gross profit (loss)	(4,518,902)	6,140,690
Selling, general and administrative expenses	3,109,896	3,934,711
Operating profit (loss)	(7,628,799)	2,205,979
Non-operating income		
Interest and dividend income	16,374	19,056
Foreign exchange gains	151,082	209,806
Cancellation income	566,427	-
Subsidy income	3,814,951	2,934,290
Other	215,969	117,563
Total non-operating income	4,764,806	3,280,716
Non-operating expenses		
Interest expenses	33,357	50,975
Commission expenses	500	500
Provision of allowance for doubtful accounts	158,534	70,060
Other	36,232	33,583
Total non-operating expenses	228,625	155,118
Ordinary profit (loss)	(3,092,618)	5,331,577
Extraordinary income		
Gain on sale of non-current assets	74,187	84,224
Gain on sale of investment securities	57,123	-
Total extraordinary income	131,310	84,224
Extraordinary losses		
Loss on retirement of non-current assets	46,479	36,768
Impairment losses	1,480,852	1,071,751
Loss on valuation of investment securities	-	256,061
Loss on valuation of shares of subsidiaries and associates	74,702	-
Total extraordinary losses	1,602,034	1,364,581
Profit (loss) before income taxes	(4,563,342)	4,051,219
Income taxes-current	64,357	764,086
Income taxes-deferred	(482,763)	(356,079)
Total income taxes	(418,405)	408,007
Profit (loss)	(4,144,936)	3,643,212
Profit (loss) attributable to owners of parent	(4,144,936)	3,643,212

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY8/21 (Sep. 1, 2020 – Aug. 31, 2021)	FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)
Profit (loss)	(4,144,936)	3,643,212
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,998)	(3,260)
Foreign currency translation adjustment	(85,300)	(258,614)
Total other comprehensive income	(99,299)	(261,874)
Comprehensive income	(4,244,235)	3,381,337
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,244,235)	3,381,337

(3) Consolidated Statement of Changes in Equity

FY8/21 (Sep. 1, 2020 – Aug. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,070,257	3,302,786	17,474,182	(105,662)	22,741,564
Cumulative effects of changes in accounting policies					-
Restated balance	2,070,257	3,302,786	17,474,182	(105,662)	22,741,564
Changes during period					
Dividends of surplus			(489,196)		(489,196)
Profit (loss) attributable to owners of parent			(4,144,936)		(4,144,936)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(4,634,132)	-	(4,634,132)
Balance at end of period	2,070,257	3,302,786	12,840,049	(105,662)	18,107,431

(Thousands of yen)

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	41,447	128,780	170,228	-	22,911,792
Cumulative effects of changes in accounting policies					-
Restated balance	41,447	128,780	170,228	-	22,911,792
Changes during period					
Dividends of surplus					(489,196)
Profit (loss) attributable to owners of parent					(4,144,936)
Net changes in items other than shareholders' equity	(13,998)	(85,300)	(99,299)	-	(99,299)
Total changes during period	(13,998)	(85,300)	(99,299)	-	(4,733,431)
Balance at end of period	27,449	43,479	70,929	-	18,178,360

FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,070,257	3,302,786	12,840,049	(105,662)	18,107,431
Cumulative effects of changes in accounting policies			(1,570,477)		(1,570,477)
Restated balance	2,070,257	3,302,786	11,269,572	(105,662)	16,536,954
Changes during period					
Dividends of surplus			(489,196)		(489,196)
Profit (loss) attributable to owners of parent			3,643,212		3,643,212
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,154,016	-	3,154,016
Balance at end of period	2,070,257	3,302,786	14,423,589	(105,662)	19,690,970

(Thousands of yen)

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	27,449	43,479	70,929	-	18,178,360
Cumulative effects of changes in accounting policies					(1,570,477)
Restated balance	27,449	43,479	70,929	-	16,607,883
Changes during period					
Dividends of surplus					(489,196)
Profit (loss) attributable to owners of parent					3,643,212
Net changes in items other than shareholders' equity	(3,260)	(258,614)	(261,874)	8,622	(253,252)
Total changes during period	(3,260)	(258,614)	(261,874)	8,622	2,900,763
Balance at end of period	24,189	(215,134)	(190,945)	8,622	19,508,647

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY8/21 (Sep. 1, 2020 – Aug. 31, 2021)	FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	(4,563,342)	4,051,219
Depreciation	3,809,544	3,589,636
Impairment losses	1,480,852	1,071,751
Amortization of goodwill	7,520	4,682
Increase (decrease) in provision for bonuses	16,703	99,860
Increase (decrease) in allowance for doubtful accounts	175,777	70,060
Interest and dividend income	(16,374)	(19,056)
Interest expenses	33,357	50,975
Loss (gain) on sale of property, plant and equipment	(72,856)	(84,224)
Decrease (increase) in trade receivables	116,670	(434,562)
Decrease (increase) in inventories	67,886	(43,855)
Decrease (increase) in accounts receivable-other	(1,867,753)	1,517,530
Increase (decrease) in trade payables	(50,858)	235,954
Increase (decrease) in accounts payable-other, and accrued expenses	(139,247)	493,749
Other, net	(1,065,302)	1,094,044
Subtotal	(2,067,423)	11,697,766
Interest and dividends received	16,374	19,056
Interest paid	(32,641)	(50,841)
Income taxes (paid) refund	141,092	(58,743)
Net cash provided by (used in) operating activities	(1,942,598)	11,607,238
Cash flows from investing activities		
Proceeds from sale of securities	2,000,000	-
Purchase of property, plant and equipment	(5,542,799)	(6,901,261)
Proceeds from sale of property, plant and equipment	78,461	262,160
Purchase of intangible assets	(308,638)	(285,315)
Purchase of investment securities	(56,456)	-
Proceeds from sale of investment securities	566,757	15,680
Payments of leasehold and guarantee deposits	(1,109,567)	(823,492)
Proceeds from refund of leasehold and guarantee deposits	217,246	71,304
Loan advances	(330,606)	(237,430)
Proceeds from collection of loans receivable	17,162	10,562
Other, net	(6,435)	-
Net cash provided by (used in) investing activities	(4,474,875)	(7,887,793)
Cash flows from financing activities		
Proceeds from issuance of convertible bond-type bonds with share acquisition rights	-	3,990,300
Proceeds from issuance of share acquisition rights	-	8,622
Net increase (decrease) in short-term borrowings	-	(4,500,000)
Proceeds from long-term borrowings	5,731,800	2,872,000
Repayments of long-term borrowings	(2,957,335)	(4,209,537)
Dividends paid	(489,196)	(489,196)
Net cash provided by (used in) financing activities	2,285,268	(2,327,811)
Effect of exchange rate change on cash and cash equivalents	6,210	(183,390)
Net increase (decrease) in cash and cash equivalents	(4,125,995)	1,208,243
Cash and cash equivalents at beginning of period	9,297,152	5,171,157
Cash and cash equivalents at end of period	5,171,157	6,379,401

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

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) from the beginning 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 current fiscal year, is added to or subtracted from retained earnings at the beginning of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, compared with prior to the application of this new standard, net sales increased 99 million yen and the operating profit, ordinary profit and profit before income taxes increased 99 million yen each in the current fiscal year. In addition, the new standard reduced retained earnings at the beginning of the current fiscal year in the consolidated statement of changes in equity by 1,570 million yen due to the inclusion of the cumulative effect of retrospective application in net assets at the beginning of the current fiscal year.

Furthermore, in accordance with the transitional treatment prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes to revenue recognition in the previous fiscal year is not presented.

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) from the beginning of the current fiscal year, and has applied the new accounting standard set forth by the Accounting Standard for Fair Value Measurement 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 consolidated financial statements.

Segment and Other Information

Segment information

1. Overview of reportable segments

(1) Method of determining the reportable segments

Segments used for financial reporting are the Koshidaka Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Koshidaka Group uses a holding company structure. Under Koshidaka Holdings, a holding company, each subsidiary determines comprehensive strategies for services they provide and develops business operations.

Consequently, business operations are divided into segments based on services provided by each subsidiary, resulting in the following three reportable segments.

(2) Services by each reportable segment

- 1) Karaoke is the operations of the network of karaoke facilities.
- 2) Bath House is the operation of bath house facilities.
- 3) Real Estate Management is the leasing and management of real estate.

2. Calculation methods for net sales, profit/loss, assets, liabilities and other items for each reportable segment

The accounting methods for reportable segments are generally the same as accounting policies used in the preparation of consolidated financial statements.

Profits for reportable segments are operating profit.

Inter-segment sales and transfers are based on market prices.

As described in Changes in Accounting Policies, Koshidaka Holdings has applied the Accounting Standard for Revenue Recognition from 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 current fiscal year increased by 99,027 thousand yen and segment profit increased by 99,027 thousand yen, compared with the previous method.

3. Information related to net sales, profit/loss, assets, liabilities and other items for each reportable segment

FY8/21 (Sep. 1, 2020 – Aug. 31, 2021)

(Thousands of yen)

	Reportable segment			Total	Adjustment (Notes 1 and 2)	Amounts shown on consolidated financial statements (Note 3)
	Karaoke	Bath House	Real Estate Management			
Net sales						
External sales	19,195,081	897,552	698,845	20,791,480	-	20,791,480
Inter-segment sales and transfers	-	-	-	-	-	-
Total	19,195,081	897,552	698,845	20,791,480	-	20,791,480
Segment profit (loss)	(6,591,530)	(203,705)	(181,950)	(6,977,186)	(651,612)	(7,628,799)
Segment assets	27,241,578	528,479	7,015,328	34,785,386	7,188,276	41,973,662
Other items						
Depreciation	3,406,584	73,132	305,641	3,785,359	24,185	3,809,544
Amortization of goodwill	7,520	-	-	7,520	-	7,520
Impairment loss	1,406,383	-	74,468	1,480,852	-	1,480,852
Increase in property, plant and equipment and intangible assets	5,096,345	13,650	805,676	5,915,672	270	5,915,942

Notes: 1. The -651,612 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. The 7,188,276 thousand yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly include excess working capital (cash and investment securities) and assets related to the administrative division.

3. Segment profit (loss) is adjusted to be consistent with operating profit (loss) shown on the consolidated statement of income.

FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)

(Thousands of yen)

	Reportable segment			Total	Adjustment (Notes 1 and 2)	Amounts shown on consolidated financial statements (Note 3)
	Karaoke	Bath House	Real Estate Management			
Net sales						
Revenue from contracts with customers	36,178,104	894,737	2,678	37,075,521	-	37,075,521
Other revenue	-	-	919,845	919,845	-	919,845
External sales	36,178,104	894,737	922,523	37,995,366	-	37,995,366
Inter-segment sales and transfers	-	-	212,169	212,169	(212,169)	-
Total	36,178,104	894,737	1,134,693	38,207,536	(212,169)	37,995,366
Segment profit (loss)	3,012,465	(73,283)	165,902	3,105,085	(899,106)	2,205,979
Segment assets	29,649,101	439,784	10,227,412	40,316,298	6,956,898	47,273,196
Other items						
Depreciation	3,099,057	54,117	420,597	3,573,773	15,863	3,589,636
Amortization of goodwill	4,682	-	-	4,682	-	4,682
Impairment loss	1,025,957	45,794	-	1,071,751	-	1,071,751
Increase in property, plant and equipment and intangible assets	4,244,270	7,934	3,844,307	8,096,512	167,442	8,263,954

Notes: 1. The -899,106 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. The 6,956,898 thousand yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly include excess working capital (cash and investment securities) and assets related to the administrative division.

3. Segment profit (loss) is adjusted to be consistent with operating profit (loss) shown on the consolidated statement of income.

Related information

FY8/21 (Sep. 1, 2020 – Aug. 31, 2021)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

This information is omitted because external sales in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of net sales on the consolidated statement of income.

FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

This information is omitted because external sales in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of net sales on the consolidated statement of income.

Information related to impairment losses on non-current assets for each reportable segment

FY8/21 (Sep. 1, 2020 – Aug. 31, 2021)

This information is omitted because the same information is presented in segment information.

FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)

This information is omitted because the same information is presented in segment information.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY8/21 (Sep. 1, 2020 – Aug. 31, 2021)

(Thousands of yen)

	Karaoke	Bath House	Real Estate Management	Elimination or corporate	Total
Goodwill amortization	7,520	-	-	-	7,520
Balance at end of period	9,598	-	-	-	9,598

FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)

(Thousands of yen)

	Karaoke	Bath House	Real Estate Management	Elimination or corporate	Total
Goodwill amortization	4,682	-	-	-	4,682
Balance at end of period	4,915	-	-	-	4,915

Information related to gain on bargain purchase for each reportable segment

FY8/21 (Sep. 1, 2020 – Aug. 31, 2021)

Not applicable.

FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)

Not applicable.

Revenue Recognition

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

Per-share Information

(Yen)

FY8/21 (Sep. 1, 2020 – Aug. 31, 2021)		FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)	
Net assets per share	222.96	Net assets per share	239.17
Net income (loss) per share	(50.84)	Net income (loss) per share	44.68
Diluted net income per share	-	Diluted net income per share	43.10

- Notes: 1. Diluted net income per share for FY8/21 is not presented because the Company posted net loss and there are no outstanding dilutive securities.
2. The Company's stock held by the employee stock ownership plan (J-ESOP) is included in treasury shares and is thus deducted from the number of shares outstanding at the end of each fiscal year that was used to calculate net assets per share (765,580 shares as of August 31, 2021 and 765,580 shares as of August 31, 2022).
In addition, the average number of treasury shares outstanding during the period, which was deducted from the calculation of net income (loss) per share, was 765,580 shares for FY8/21 and 765,580 shares for FY8/22.
3. The basis for calculating net income (loss) per share and diluted net income per share is as follows:

(Thousands of yen)

	FY8/21 (Sep. 1, 2020– Aug. 31, 2021)	FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)
Net income per share		
Profit (loss) attributable to owners of parent	(4,144,936)	3,643,212
Amounts not available to common shareholders	-	-
Profit (loss) attributable to owners of parent available to common stock	(4,144,936)	3,643,212
Average number of shares outstanding during the period (Shares)	81,532,704	81,532,704
Diluted net income per share		
Adjustment to profit attributable to owners of parent	-	1,239
[of which, interest expenses (after deducting amount equivalent to tax)]	[-]	[1,239]
Increase in the number of common shares (shares)	-	3,025,995
[of which convertible-bond-type bonds with share acquisition rights (shares)]	[-]	[2,776,243]
[of which share acquisition rights (shares)]	[-]	[249,751]
Summary of dilutive shares not included in the calculation of diluted net income per share since there was no dilutive effect		-

Material Subsequent Events

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.