



October 13, 2020

Summary of Consolidated Financial Results for the Fiscal Year Ended August 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/>
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Scheduled date of Annual General Meeting of Shareholders: November 26, 2020
 Scheduled date of filing of Annual Securities Report: November 27, 2020
 Scheduled date of payment of dividend: November 27, 2020
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2020 (Sep. 1, 2019 – Aug. 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	%
Fiscal year ended Aug. 31, 2020	43,303	(34.2)	1,147	(87.9)	1,699	(82.2)	(231)	-
Fiscal year ended Aug. 31, 2019	65,840	6.6	9,507	21.0	9,562	16.5	6,226	40.7

Note: Comprehensive income (million yen) Fiscal year ended Aug. 31, 2020: (357) (-%)
 Fiscal year ended Aug. 31, 2019: 6,255 (up 21.9%)

	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, 2020	(2.84)	-	(0.8)	2.9	2.7
Fiscal year ended Aug. 31, 2019	76.57	-	21.7	13.6	14.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Aug. 31, 2020	44,555	22,911	51.4	281.01
As of Aug. 31, 2019	72,087	31,815	44.1	391.24

Reference: Shareholders' equity (million yen) As of Aug. 31, 2020: 22,911 As of Aug. 31, 2019: 31,815

(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, 2020	4,378	(9,124)	5,784	9,297
Fiscal year ended Aug. 31, 2019	12,577	(8,732)	(3,193)	12,530

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Aug. 31, 2019	-	6.00	-	6.00	12.00	987	15.7	3.4
Fiscal year ended Aug. 31, 2020	-	8.00	-	4.00	12.00	987	-	3.6
Fiscal year ending Aug. 31, 2021 (forecast)	-	4.00	-	4.00	8.00		73.1	

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

(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
First half	16,944	(50.1)	400	(91.8)	400	(92.4)	200	(94.2)	2.45
Full year	35,568	(17.9)	1,791	56.1	1,791	5.4	892	-	10.94

* 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) 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

(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, 2020:	82,300,000 shares	As of Aug. 31, 2019:	82,300,000 shares
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2) Number of treasury shares at the end of the period

As of Aug. 31, 2020:	767,296 shares	As of Aug. 31, 2019:	981,716 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Aug. 31, 2020:	81,483,222 shares	Fiscal year ended Aug. 31, 2019:	81,318,284 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 2020 (from September 1, 2019 to August 31, 2020), internal and external demand in Japan was weak as the global COVID-19 pandemic impacted economic activity worldwide at the same time that exports were decreasing and consumer spending was sluggish because of unfavorable weather and the October 2019 consumption tax hike.

To stop the spread of infections, governments in all areas of Japan asked businesses to reduce or suspend activities and people to stay home. These restrictions on activities were greatest during the state of emergency. As a result, there was a downturn in all categories of consumer demand other than demand associated with staying at home. These events had an enormous negative impact on the Japanese economy.

Results by business segment were as follows.

Karaoke

In response to requests from the national government and local governments for preventing the spread of COVID-19, we took actions to reduce karaoke operations that reflected the requirements of individual regions and different stages of this crisis. This included the temporary suspension of operations at all karaoke locations in Japan.

Announcements by the national government and local governments as well as mass media reports created the widespread perception that karaoke facilities have a high risk of a COVID-19 infection. This perception caused large numbers of people, mainly seniors and families, to stay away from karaoke.

The health and safety of customers is the highest priority of the karaoke business. To enable people to use our karaoke locations with confidence, we established strict internal guidelines for all locations that include measures for avoiding closed spaces, crowded places and close-contact settings. In addition, we prohibited smoking in all karaoke rooms about six months before the enactment of the amended Health Promotion Act that made no smoking mandatory.

Koshidaka signed a franchising agreement with Watami Co., Ltd., the operator and franchisor of Karaage-no-Tensai restaurants. By the end of August, franchised restaurants were operating at 12 of Manekineko-karaoke facilities for the effective utilization of space at these locations.

The environment for opening new karaoke facilities has improved somewhat and we are continuing to increase the number of locations and expand existing locations, mainly in the Tokyo area. In addition, we are closing unprofitable locations.

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

At the end of the current fiscal year, there were 525 locations in Japan in the karaoke business (locations with a Karaage-no-Tensai restaurant are counted as two locations), the same as 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 27,156 million yen, down 24.0% year on year. The segment loss was 839 million yen, a decrease of 5,358 million yen from the profit in 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.

Consequently, 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 49.0% year on year, and the segment profit was 3,005 million yen, down 47.1% year on year.

Bath House

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 1,207 million yen, down 26.4% year on year. The segment loss was 70 million yen, a decrease of 178 million yen from the profit in the previous fiscal year.

Real Estate Management

Sales in the Real Estate Management segment were 637 million yen, up 47.7% year on year, and the segment loss was 77 million yen, a decrease of 136 million yen from the profit in the previous fiscal year.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 43,303 million yen, down 34.2%, operating profit of 1,147 million yen, down 87.9%, ordinary profit of 1,699 million yen, down 82.2%. Due to expenses for closing unprofitable locations and to the associated asset impairment expenses, there was loss attributable to owners of parent of 231 million yen, a decrease of 6,458 million yen from the profit in the previous fiscal year.

(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 decreased 27,531 million yen (38.2%) from the end of the previous fiscal year to 44,555 million yen.

Current assets decreased 7,009 million yen (33.8%) to 13,753 million yen. This was mainly due to decreases of 3,673 million yen in notes and accounts receivable-trade and 2,691 million yen in cash and deposits, while there was an increase of 2,000 million yen in securities.

Property, plant and equipment increased 375 million yen (1.7%) to 22,567 million yen. This was mainly due to an increase of 432 million yen in buildings and structures, net.

Intangible assets decreased 22,184 million yen (98.4%) to 351 million yen. This was mainly due to decreases of 19,020 million yen in trademark right and 1,596 million yen in goodwill.

Investments and other assets increased 1,287 million yen (19.5%) to 7,883 million yen. This was mainly due to increases of 566 million yen in deferred tax assets and 474 million yen in leasehold and guarantee deposits.

Total non-current assets decreased 20,522 million yen (40.0%) to 30,802 million yen.

Liabilities

Current liabilities decreased 4,554 million yen (30.3%) to 10,468 million yen. This was mainly due to decreases of 2,241 million yen in notes and accounts payable-trade, 1,697 million yen in income taxes payable, 1,606 million yen in deposits received and 1,560 million yen in current portion of long-term borrowings, while there was an increase of 4,500 million yen in short-term borrowings.

Non-current liabilities decreased 14,073 million yen (55.7%) to 11,175 million yen. This was mainly due to decreases of 11,186 million yen in long-term borrowings and 4,089 million yen in deferred tax liabilities.

Total liabilities decreased 18,628 million yen (46.3%) to 21,644 million yen.

Net assets

Net assets decreased 8,903 million yen (28.0%) to 22,911 million yen. This was mainly due to a decrease of 8,973 million yen in retained earnings.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year decreased 3,232 million yen from the end of the previous fiscal year to 9,297 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 4,378 million yen, a decrease of 8,199 million yen from 12,577 million yen provided in the previous fiscal year. Main factors include a decrease of 8,641 million yen in profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities totaled 9,124 million yen, an increase of 391 million yen from 8,732 million yen used in the previous fiscal year. Main factors include decreases of 1,972 million yen in purchase of property, plant and equipment and 235 million yen in collection of loans receivable, and increases of 2,000 million yen in purchase of securities and 182 million yen in payments for leasehold and guarantee deposits.

Cash flows from financing activities

Net cash provided by financing activities totaled 5,784 million yen, an increase of 8,977 million yen from 3,193 million yen used in the previous fiscal year. Main factors include a net increase of 4,500 million yen in short-term borrowings, an increase of 3,300 million yen in proceeds from long-term borrowings and a decrease of 1,210 million yen in repayments of long-term borrowings.

(4) Outlook

The global COVID-19 pandemic will probably continue to have a big impact on internal and external demand in Japan. One major source of concern is the possibility of a further decline on overall consumer spending as the labor market continues to weaken.

Based on this outlook, business segment forecasts are as follows.

Karaoke

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 while taking actions to make the public aware of these measures.

Furthermore, there will be activities 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.

Another activity is following up on the combination of karaoke facilities and Karaage-no-Tensai restaurants by developing new business formats and establishing alliances with companies in other industries for the creation of more ways for the productive use of space at karaoke locations.

We are upgrading the facilities and training programs at our Maneki-Juku training center and plan to revise the lineup of classes 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.

In other countries, we plan to reopen locations that were temporarily closed and resume opening new locations while monitoring upcoming events involving the COVID-19 crisis and restrictions imposed by governments.

Due to these initiatives, we forecast a 23.1% increase in Karaoke segment sales to 33,428 million yen.

Bath House

As in the Karaoke segment, we will continue to operate bath houses while making the health and safety of customers the highest priority. We will also use numerous activities to make people aware of these measures. In

addition, this business plans to develop new services and will continue to conduct training programs for employees.

Consequently, we forecast an 8.4% increase in the Bath House segment sales to 1,308 million yen.

Real Estate Management

At AQERU Maebashi, a shopping and entertainment center at the north exit of Maebashi Station, a new participatory amusement facility operated by the Koshidaka group company opened in October 2020.

Real estate management operations are focused on the creation of new forms of entertainment and the effective utilization of properties owned by this business.

Consequently, we forecast a 30.5% increase in Real Estate Management segment sales to 831 million yen.

Overall, we forecast consolidated net sales of 35,568 million yen, down 17.9%, operating profit of 1,791 million yen, up 56.1%, ordinary profit of 1,791 million yen, up 5.4%, and profit attributable to owners of parent of 892 million yen, an increase of 1,123 million yen from the same period of the previous fiscal year.

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)

	FY8/19 (As of Aug. 31, 2019)	FY8/20 (As of Aug. 31, 2020)
Assets		
Current assets		
Cash and deposits	12,582,028	9,890,483
Notes and accounts receivable-trade	3,870,289	196,659
Securities	-	2,000,000
Merchandise	915,186	19,241
Raw materials and supplies	196,689	263,580
Other	3,233,954	1,383,496
Allowance for doubtful accounts	(35,701)	(377)
Total current assets	20,762,447	13,753,085
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,522,017	30,070,110
Accumulated depreciation	(12,702,893)	(13,818,595)
Buildings and structures, net	15,819,123	16,251,514
Vehicles, tools, furniture and fixtures	14,020,752	13,487,560
Accumulated depreciation	(10,561,915)	(10,553,447)
Vehicles, tools, furniture and fixtures, net	3,458,837	2,934,113
Land	2,815,162	2,795,246
Leased assets	538,486	775,236
Accumulated depreciation	(518,171)	(410,201)
Leased assets, net	20,314	365,034
Construction in progress	79,280	221,892
Total property, plant and equipment	22,192,717	22,567,802
Intangible assets		
Goodwill	1,611,996	15,718
Trademark right	19,020,017	-
Software	855,811	186,538
Other	1,048,297	148,946
Total intangible assets	22,536,122	351,203
Investments and other assets		
Investment securities	867,230	948,815
Long-term loans receivable	628,150	807,013
Long-term prepaid expenses	31,115	84,743
Leasehold and guarantee deposits	3,958,898	4,433,530
Deferred tax assets	1,109,984	1,722,114
Other	176,689	177,310
Allowance for doubtful accounts	(175,965)	(289,780)
Total investments and other assets	6,596,103	7,883,747
Total non-current assets	51,324,943	30,802,753
Total assets	72,087,391	44,555,839

	(Thousands of yen)	
	FY8/19 (As of Aug. 31, 2019)	FY8/20 (As of Aug. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,476,545	235,458
Short-term borrowings	-	4,500,000
Current portion of long-term borrowings	4,146,163	2,585,328
Lease obligations	6,957	310,607
Accounts payable-other	1,858,567	516,771
Accrued expenses	1,431,285	1,233,231
Income taxes payable	1,715,689	18,212
Provision for bonuses	406,421	113,007
Deposits received	1,893,317	287,142
Other	1,088,143	668,350
Total current liabilities	15,023,091	10,468,110
Non-current liabilities		
Long-term borrowings	18,097,681	6,910,687
Lease obligations	-	337,330
Deferred tax liabilities	4,329,366	240,136
Asset retirement obligations	2,427,259	2,956,500
Other	394,912	731,281
Total non-current liabilities	25,249,219	11,175,936
Total liabilities	40,272,310	21,644,046
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	17,474,182
Treasury shares	(301,538)	(105,662)
Total shareholders' equity	31,518,904	22,741,564
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,656	41,447
Foreign currency translation adjustment	254,520	128,780
Total accumulated other comprehensive income	296,176	170,228
Total net assets	31,815,081	22,911,792
Total liabilities and net assets	72,087,391	44,555,839

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

(Thousands of yen)

	FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)	FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)
Net sales	65,840,277	43,303,711
Cost of sales	46,077,885	35,048,959
Gross profit	19,762,391	8,254,752
Selling, general and administrative expenses	10,254,457	7,107,127
Operating profit	9,507,934	1,147,624
Non-operating income		
Interest and dividend income	13,806	16,596
Cancellation income	442,765	180,000
Subsidy income	-	437,685
Other	164,120	269,970
Total non-operating income	620,691	904,252
Non-operating expenses		
Interest expenses	71,582	47,666
Commission expenses	26,500	500
Foreign exchange losses	262,813	41,387
Loss on valuation of investment securities	53,623	-
Provision of allowance for doubtful accounts	75,000	192,947
Other	76,833	69,839
Total non-operating expenses	566,353	352,341
Ordinary profit	9,562,273	1,699,536
Extraordinary income		
Gain on sales of non-current assets	2,972	20,639
Gain on sales of investment securities	-	808
Total extraordinary income	2,972	21,447
Extraordinary losses		
Loss on retirement of non-current assets	50,179	129,841
Impairment loss	320,253	1,403,612
Loss on liquidation of subsidiaries and associates	144,410	-
Loss on valuation of shares of subsidiaries and associates	221,758	-
Total extraordinary losses	736,601	1,533,453
Profit before income taxes	8,828,644	187,530
Income taxes-current	3,225,065	1,396,912
Income taxes-deferred	(792,757)	(977,866)
Total income taxes	2,432,308	419,045
Profit	6,396,335	(231,515)
Profit attributable to non-controlling interests	169,801	-
Profit attributable to owners of parent	6,226,534	(231,515)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)	FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)
Profit	6,396,335	(231,515)
Other comprehensive income		
Valuation difference on available-for-sale securities	7,485	(208)
Foreign currency translation adjustment	(148,202)	(125,739)
Total other comprehensive income	(140,717)	(125,948)
Comprehensive income	6,255,618	(357,464)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,085,817	(357,464)
Comprehensive income attributable to non-controlling interests	169,801	-

(3) Consolidated Statement of Changes in Equity

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,070,257	2,335,577	21,115,366	(301,538)	25,219,662
Changes during period					
Dividends of surplus			(894,501)		(894,501)
Profit attributable to owners of parent			6,226,534		6,226,534
Disposal of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests		967,208			967,208
Change in scope of consolidation					-
Net changes in items other than shareholders' equity					
Total changes during period	-	967,208	5,332,033	-	6,299,241
Balance at end of period	2,070,257	3,302,786	26,447,399	(301,538)	31,518,904

(Thousands of yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	34,171	402,722	436,893	1,040,687	26,697,244
Changes during period					
Dividends of surplus					(894,501)
Profit attributable to owners of parent					6,226,534
Disposal of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests					967,208
Change in scope of consolidation					-
Net changes in items other than shareholders' equity	7,485	(148,202)	(140,717)	(1,040,687)	(1,181,404)
Total changes during period	7,485	(148,202)	(140,717)	(1,040,687)	5,117,837
Balance at end of period	41,656	254,520	296,176	-	31,815,081

FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)

(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	26,447,399	(301,538)	31,518,904
Changes during period					
Dividends of surplus			(1,158,209)		(1,158,209)
Profit attributable to owners of parent			(231,515)		(231,515)
Disposal of treasury shares				195,876	195,876
Change in ownership interest of parent due to transactions with non-controlling interests					-
Change in scope of consolidation			(7,583,491)		(7,583,491)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(8,973,217)	195,876	(8,777,340)
Balance at end of period	2,070,257	3,302,786	17,474,182	(105,662)	22,741,564

(Thousands of yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	41,656	254,520	296,176	-	31,815,081
Changes during period					
Dividends of surplus					(1,158,209)
Profit attributable to owners of parent					(231,515)
Disposal of treasury shares					195,876
Change in ownership interest of parent due to transactions with non-controlling interests					-
Change in scope of consolidation					(7,583,491)
Net changes in items other than shareholders' equity	(208)	(125,739)	(125,948)	-	(125,948)
Total changes during period	(208)	(125,739)	(125,948)	-	(8,903,288)
Balance at end of period	41,447	128,780	170,228	-	22,911,792

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)	FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	8,828,644	187,530
Depreciation	4,095,905	4,492,624
Impairment loss	320,253	1,403,612
Amortization of goodwill	262,137	179,716
Amortization of trademarks	1,059,054	510,070
Increase (decrease) in provision for bonuses	11,369	(94,977)
Increase (decrease) in allowance for doubtful accounts	85,761	142,068
Interest and dividend income	(13,806)	(16,596)
Interest expenses	71,582	47,666
Loss (gain) on sales of property, plant and equipment	(1,743)	(17,447)
Decrease (increase) in trade receivables	(52,974)	(681,172)
Decrease (increase) in inventories	9,332	(331,215)
Increase (decrease) in trade payables	46,500	(292,499)
Increase (decrease) in accounts payable-other, and accrued expenses	451,143	(336,196)
Other, net	845,095	321,259
Subtotal	16,018,256	5,514,443
Interest and dividends received	13,806	16,596
Interest paid	(71,633)	(46,157)
Income taxes paid	(3,382,664)	(1,106,596)
Net cash provided by (used in) operating activities	12,577,764	4,378,286
Cash flows from investing activities		
Purchase of securities	-	(2,000,000)
Purchase of property, plant and equipment	(7,628,404)	(5,656,355)
Proceeds from sales of property, plant and equipment	5,579	43,270
Purchase of intangible assets	(420,505)	(326,995)
Purchase of investment securities	(165,549)	(140,397)
Proceeds from sales of investment securities	29,252	50,463
Payments of leasehold and guarantee deposits	(602,548)	(784,594)
Proceeds from refund of leasehold and guarantee deposits	89,708	25,791
Loan advances	(218,848)	(278,031)
Collection of loans receivable	251,799	15,847
Purchase of shares of subsidiaries	(108,897)	-
Other, net	36,033	(73,372)
Net cash provided by (used in) investing activities	(8,732,380)	(9,124,375)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	4,500,000
Proceeds from long-term borrowings	2,700,000	6,000,000
Repayments of long-term borrowings	(4,777,866)	(3,567,829)
Repayments of lease obligations	(21,037)	(7,497)
Dividends paid	(894,501)	(1,140,171)
Dividends paid to non-controlling interests	(200,000)	-
Net cash provided by (used in) financing activities	(3,193,404)	5,784,502
Effect of exchange rate change on cash and cash equivalents	(10,849)	1,616
Net increase (decrease) in cash and cash equivalents	641,130	1,040,030
Cash and cash equivalents at beginning of period	11,889,007	12,530,137
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(4,273,015)
Cash and cash equivalents at end of period	12,530,137	9,297,152

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

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 four reportable segments.

(2) Services by each reportable segment

- 1) Karaoke is the operations of the network of karaoke facilities.
- 2) Curves is the operations of Curves fitness clubs, both franchised and directly operated locations.
- 3) Bath House is the operation of bath house facilities.
- 4) 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 those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are operating profit.

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

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

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

(Thousands of yen)

	Reportable segment				Total	Adjustment (Notes 1 and 2)	Amounts shown on consolidated financial statements (Note 3)
	Karaoke	Curves	Bath House	Real Estate Management			
Net sales							
External sales	35,732,033	28,036,688	1,640,035	431,518	65,840,277	-	65,840,277
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	35,732,033	28,036,688	1,640,035	431,518	65,840,277	-	65,840,277
Segment profit (loss)	4,518,899	5,679,427	108,513	59,354	10,366,194	(858,259)	9,507,934
Segment assets	22,499,400	34,133,666	656,777	6,810,705	64,100,549	7,986,841	72,087,391
Other items							
Depreciation	3,125,314	1,757,421	89,439	144,720	5,116,895	38,063	5,154,959
Amortization of goodwill	181,701	80,435	-	-	262,137	-	262,137
Impairment loss	320,253	-	-	-	320,253	-	320,253
Increase in property, plant and equipment and intangible assets	5,332,144	388,853	51,940	2,730,666	8,503,604	22,652	8,526,256

Notes: 1. The -858,259 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. The 7,986,841 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 is adjusted to be consistent with operating profit shown on the consolidated statement of income.

FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)

(Thousands of yen)

	Reportable segment				Total	Adjustment (Notes 1 and 2)	Amounts shown on consolidated financial statements (Note 3)
	Karaoke	Curves	Bath House	Real Estate Management			
Net sales							
External sales	27,156,919	14,302,235	1,207,234	637,321	43,303,711	-	43,303,711
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	27,156,919	14,302,235	1,207,234	637,321	43,303,711	-	43,303,711
Segment profit (loss)	(839,286)	3,005,987	(70,375)	(77,581)	2,018,744	(871,119)	1,147,624
Segment assets	24,128,671	-	597,640	6,240,818	30,967,130	13,588,708	44,555,839
Other items							
Depreciation	3,776,679	897,035	83,179	217,637	4,974,532	28,163	5,002,695
Amortization of goodwill	138,929	40,787	-	-	179,716	-	179,716
Impairment loss	1,413,033	-	-	-	1,413,033	(9,420)	1,403,612
Increase in property, plant and equipment and intangible assets	5,712,788	-	28,639	289,924	6,031,352	357,431	6,388,783

Notes: 1. The -871,119 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. The 13,588,708 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 is adjusted to be consistent with operating profit shown on the consolidated statement of income.

Related information

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

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.

FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)

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

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

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

FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)

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

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

(Thousands of yen)

	Karaoke	Curves	Bath House	Real Estate Management	Elimination or corporate	Total
Goodwill amortization	181,701	80,435	-	-	-	262,137
Balance at end of period	155,895	1,456,101	-	-	-	1,611,996

FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)

(Thousands of yen)

	Karaoke	Curves	Bath House	Real Estate Management	Elimination or corporate	Total
Goodwill amortization	138,929	40,787	-	-	-	179,716
Balance at end of period	15,718	-	-	-	-	15,718

Information related to gain on bargain purchase for each reportable segment

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

Not applicable.

FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)

Not applicable.

Per-share Information

(Yen)

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)		FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)	
Net assets per share	391.24	Net assets per share	281.01
Net income (loss) per share	76.57	Net income (loss) per share	(2.84)
Diluted net income per share is not presented because there are no outstanding dilutive securities.		Diluted net income per share is not presented because there are no outstanding dilutive securities.	

Notes: 1. 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. (The number of shares of the Company's stock held by the trust was 980,000 shares and 765,580 shares as of August 31, 2019 and 2020, respectively.)

In addition, for the calculation of net income (loss) per share, this J-ESOP trust stock is included in treasury shares, which is deducted from the calculation of the average number of shares outstanding during the fiscal year. (The number of shares of the Company's stock held by the trust was 980,000 shares and 815,062 shares as of August 31, 2019 and 2020, respectively.)

2. The basis for calculating net income (loss) per share is as follows:

(Thousands of Yen)

	FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)	FY8/20 (Sep. 1, 2019 – Aug. 31, 2020)
Profit (loss) attributable to owners of parent	6,226,534	(231,515)
Amounts not available to common shareholders	-	-
Net income (loss) available to common stock	6,226,534	(231,515)
Average number of shares outstanding during the period (Shares)	81,318,284	81,483,222

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.