



October 11, 2023

Summary of Consolidated Financial Results for the Fiscal Year Ended August 31, 2023

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange
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Scheduled date of Annual General Meeting of Shareholders: November 28, 2023

Scheduled date of filing of Annual Securities Report: November 29, 2023

Scheduled date of payment of dividend: November 29, 2023

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, 2023 (Sep. 1, 2022 – Aug. 31, 2023)

(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, 2023	54,629	43.8	7,667	247.6	7,767	45.7	7,104	95.0
Fiscal year ended Aug. 31, 2022	37,995	82.7	2,205	-	5,331	-	3,643	-

Note: Comprehensive income (million yen) Fiscal year ended Aug. 31, 2023: 6,959 (up 105.8%)

Fiscal year ended Aug. 31, 2022: 3,381 (-%)

	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, 2023	87.14	79.78	31.7	14.9	14.0
Fiscal year ended Aug. 31, 2022	44.68	43.10	19.3	11.9	5.8

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Aug. 31, 2023: - Fiscal year ended Aug. 31, 2022: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Aug. 31, 2023	57,007	25,394	44.5	311.36
As of Aug. 31, 2022	47,273	19,508	41.2	239.17

Reference: Shareholders' equity (million yen) As of Aug. 31, 2023: 25,385 As of Aug. 31, 2022: 19,500

(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, 2023	13,385	(9,227)	(2,744)	7,854
Fiscal year ended Aug. 31, 2022	11,607	(7,887)	(2,327)	6,379

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, 2022	-	4.00	-	4.00	8.00	658	17.9	3.5
Fiscal year ended Aug. 31, 2023	-	5.00	-	7.00	12.00	987	13.8	4.4
Fiscal year ending Aug. 31, 2024 (forecast)	-	7.00	-	7.00	14.00		19.7	

Note: Breakdown of dividends for the fiscal year ended Aug. 31, 2023: Ordinary dividends: 5.00 yen; Commemorative dividends to celebrate 33rd founding anniversary: 2.00 yen

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2024 (Sep. 1, 2023 – Aug. 31, 2024)

(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	29,826	16.5	4,561	29.4	4,514	22.5	2,934	17.4	35.99
Full year	61,976	13.4	9,004	17.4	8,910	14.7	5,791	(18.5)	71.03

* 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, 2023:	82,300,000 shares	As of Aug. 31, 2022:	82,300,000 shares
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2) Number of treasury shares at the end of the period

As of Aug. 31, 2023:	767,376 shares	As of Aug. 31, 2022:	767,296 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Aug. 31, 2023:	81,532,658 shares	Fiscal year ended Aug. 31, 2022:	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 2023 (September 1, 2022 to August 31, 2023), prices increased steadily in Japan in part because of the protracted Ukraine conflict and shortages of energy and food products caused by this crisis. The yen's depreciation made inflation in Japan even higher. Although the yen appreciated for a while in response to expectations of a review of U.S. and Japanese central bank interest rate policies, the dollar-yen exchange rate was about the same at the beginning and end of the fiscal year. The pandemic, which had a severe impact on consumer spending, held down this spending in the end of the year 2022 as people stayed home due to an 8th wave of infections. However, there were no requests for businesses to reduce operating hours and restrictions on foreign visitors were reduced. Since the beginning of 2023, the Japanese economy has benefited from revenge consumption in some sectors, including the tourism industry.

Business segment performance was as follows.

Karaoke

In the core karaoke business, sales were initially strong but subsequently became sluggish in the peak season from late-November through December as consumers refrained from going out due to the 8th wave of the pandemic. After the end of this upturn in infections, the performance of existing stores has remained at above the pre-pandemic level since January. This business continued to open many new locations just as it did even during the pandemic. During the current fiscal year, 53 new Karaoke Manekineko locations in Japan were added.

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 Meta-kara (karaoke enhanced by virtual reality), PlayGarden (an amusement facility with billiards, darts and other games) and Mirror Pon! (use of karaoke screen and speakers to watch content in the personal devices), many types of content collaboration, and measures to upgrade and expand recruiting and training activities. In addition, we developed and introduced DX to enhance operating efficiency and offer new types of entertainment. In other countries, we restarted opening new stores in Southeast Asia, four in Malaysia and two in Thailand during the current fiscal year.

At the end of August 2023, the number of karaoke locations in Japan was 625, 43 more than at the end of the previous fiscal year. The number of overseas karaoke stores was 17 in four countries, consisting of four in South Korea, ten in Malaysia, two in Thailand and one in Indonesia, six more than at the end of the previous fiscal year. Sales in the Karaoke segment were 52,318 million yen, up 44.6% year on year, and there was a segment profit of 9,006 million yen, up 199.0% year on year.

Bath House

As in the Karaoke segment, customer footfall has been gradually recovering since the start of the year, despite the impact of the 8th wave of the pandemic. However, soaring utility costs have exerted pressure on profits.

Sales in the Bath House segment were 1,057 million yen, up 18.2% year on year, and the segment profit improved 125 million yen from one year earlier to a profit of 52 million yen.

Real Estate Management

Occupancy was almost 100% at both of the major properties in this segment, the AQERU Maebashi commerce & business complex and the Fleuret Hanasaki Building in Yokohama. Furthermore, this business purchased a property in the city of Kyoto for stores, and sold Sport Nagoya property in the second half of the current fiscal year.

Sales in the Real Estate Management segment were 1,488 million yen, up 31.2% year on year, and the segment profit was 149 million yen, down 9.6% year on year.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 54,629 million yen, up 43.8% year on year. The operating profit was 7,667 million yen, up 247.6% year on year, the ordinary profit was 7,767 million yen, up 45.7% year on year, and the profit attributable to owners of parent

was 7,104 million yen, up 95.0% year on 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 increased 9,734 million yen (20.6%) from the end of the previous fiscal year to 57,007 million yen.

Current assets increased 2,462 million yen (24.8%) to 12,374 million yen. This was mainly due to increases of 1,459 million yen in cash and deposits, 421 million yen in notes and accounts receivable-trade and 276 million yen in other current assets.

Property, plant and equipment increased 4,930 million yen (18.2%) to 32,032 million yen. This was mainly due to increases of 2,182 million yen in buildings and structures, net, 595 million yen in vehicles, tools, furniture and fixtures, net, and 2,136 million yen in land.

Intangible assets increased 71 million yen (16.3%) to 510 million yen.

Investments and other assets increased 2,269 million yen (23.1%) to 12,090 million yen. This was mainly due to increases of 807 million yen in long-term loans receivable and 1,461 million yen in leasehold and guarantee deposits.

Total non-current assets increased 7,271 million yen (19.5%) to 44,633 million yen.

Liabilities

Current liabilities increased 4,320 million yen (44.8%) to 13,964 million yen. This was mainly due to increases of 1,041 million yen in accounts payable-other, 1,526 million yen in income taxes payable and 1,271 million yen in other current liabilities.

Non-current liabilities decreased 472 million yen (2.6%) to 17,648 million yen. This was mainly due to increases of 457 million yen in deferred tax liabilities, 912 million yen in asset retirement obligations, and a decrease of 1,807 million yen in long-term borrowings.

Total liabilities increased 3,848 million yen (13.9%) to 31,613 million yen.

Net assets

Net assets increased 5,885 million yen (30.2%) to 25,394 million yen. This was mainly due to an increase of 6,031 million yen in retained earnings due to fiscal year earnings.

(3) Cash Flows

Cash and cash equivalents (hereinafter "net cash") at the end of the current fiscal year increased 1,474 million yen from the end of the previous fiscal year to 7,854 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 13,385 million yen, compared with 11,607 million yen provided in the previous fiscal year. Main factors include profit before income taxes of 10,541 million yen, depreciation of 3,887 million yen, impairment losses of 1,202 million yen, an increase of 1,444 million yen in accounts payable-other and accrued expenses and a gain on sales of property, plant and equipment of 4,043 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 9,227 million yen, compared with 7,887 million yen used in the previous fiscal year. Main factors include purchase of property, plant and equipment of 11,046 million yen, payments of leasehold and guarantee deposits of 1,482 million yen, loan advances of 1,805 million yen and proceeds from sale of property, plant and equipment of 5,463 million yen.

Cash flows from financing activities

Net cash used in financing activities totaled 2,744 million yen, compared with 2,327 million yen used in the previous fiscal year. Main factors include proceeds from long-term loans payable of 700 million yen, repayments of long-term borrowings of 2,710 million yen and dividends paid of 733 million yen.

(4) Outlook

Uncertainties such as the prolonged war in Ukraine, price hikes due to the resulting shortages of energy and food, and the global economic slowdown due to monetary tightening to combat inflation are likely to continue. However, policies to restrict movement of people that were introduced to fight the successive outbreaks of the pandemic and had a significant impact on consumer behavior over the past three years are being lifted. Border controls were also eased, and COVID-19 has been downgraded to the same category as seasonal influenza, etc., under the Infection Control Law. Revenge consumption has started in Japan as demand suppressed during the pandemic is finally released and is expected to continue during the fiscal year ending in August 2024.

Karaoke

The core Karaoke business has completed the phase of recovering from the pandemic as the number of customers at existing stores during the previous fiscal year's second half returned to the pre-pandemic level. The goal is to advance to a broad-based growth phase while benefiting fully from revenge consumption, which is expected to continue for a while. This business will continue to open many stores and further diversify the lineup of services. The goal is to rapidly accomplish the medium-term management vision of "Entertainment as Infrastructure" by operating private entertainment rooms everywhere in Japan.

The Karaoke business will continue adding locations in the Tokyo area, where store utilization rates are likely to be high, and in the Kinki area and other areas where there are many potential locations for new stores. Another goal is the conversion of karaoke rooms into "personal entertainment rooms" by providing a diverse selection of services in addition to karaoke. Activities include enhancing existing services such as Meta-kara and ONEREC (karaoke rooms with high-quality video recording equipment) as well as continuing to develop new services. Furthermore, to build a sound base for accomplishing the "Entertainment as Infrastructure" vision, activities for recruiting and training people will be increased. One more step is the start of a new personnel system in the fiscal year ending in August 2024 that includes a big increase in average salaries. Koshidaka Digital Co., Ltd. has been established for the purpose of speeding up the development and use of a variety of systems required for the creation and launch of new private entertainment room measures and for raising the productivity of the operation for the chain.

The potential for growth in other countries is even greater than in Japan. We plan to increase the pace of karaoke store openings in Southeast Asia following the resumption of adding new stores in the previous fiscal year. In the fiscal year ending in August 2024, there are already two new stores in Malaysia and one more is planned by the end of 2023. We also plan to open a karaoke store in Thailand in October and one more in Indonesia in November. Preparations for opening these new locations are proceeding as planned.

Due to these initiatives, we forecast a 14.8% increase in Karaoke segment sales to 60,075 million yen and a 15.4% increase in segment profit to 10,390 million yen.

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 5.2% increase in Real Estate Management segment sales to 1,565 million yen and a 39.6% decrease in segment profit to 90 million yen.

Bath House/Other

Tokyo Kenko Land Manekineko Bath House, which is in Tokyo's Edogawa-ku, closed on September 3, 2023. At the remaining two facilities, we will continue to make 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 a 46.7% decrease in the Bath House segment sales to 563 million yen and the segment profit of 10 million yen, an 80.7% decrease from the previous fiscal year. Due to the declining significance of this business segment, we plan to reexamine businesses that are classified as reportable segments in the fiscal year ending in August 2024.

Overall, we forecast consolidated net sales of 61,976 million yen, up 13.4%, operating profit of 9,004 million yen, up 17.4%, ordinary profit of 8,910 million yen, up 14.7%, and profit attributable to owners of parent of 5,791 million yen, down 18.5% for the fiscal year ending August 31, 2024.

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)

	FY8/22 (As of Aug. 31, 2022)	FY8/23 (As of Aug. 31, 2023)
Assets		
Current assets		
Cash and deposits	6,977,443	8,437,076
Notes and accounts receivable-trade	525,866	947,213
Merchandise	23,707	169,363
Raw materials and supplies	240,144	384,959
Other	2,161,669	2,438,031
Allowance for doubtful accounts	(17,677)	(2,575)
Total current assets	9,911,154	12,374,069
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,705,270	40,762,934
Accumulated depreciation	(17,300,074)	(18,175,557)
Buildings and structures, net	20,405,196	22,587,377
Vehicles, tools, furniture and fixtures	14,214,174	15,628,010
Accumulated depreciation	(12,017,175)	(12,835,258)
Vehicles, tools, furniture and fixtures, net	2,196,998	2,792,752
Land	4,490,814	6,627,123
Construction in progress	9,010	25,029
Total property, plant and equipment	27,102,019	32,032,282
Intangible assets		
Goodwill	4,915	1,290
Software	223,418	364,271
Other	210,914	145,345
Total intangible assets	439,248	510,907
Investments and other assets		
Investment securities	151,961	299,118
Long-term loans receivable	1,397,800	2,205,026
Long-term prepaid expenses	44,866	603,846
Leasehold and guarantee deposits	6,045,882	7,507,557
Deferred tax assets	2,563,537	2,068,785
Other	182,386	151,916
Allowance for doubtful accounts	(565,660)	(745,706)
Total investments and other assets	9,820,774	12,090,543
Total non-current assets	37,362,042	44,633,733
Total assets	47,273,196	57,007,803

(Thousands of yen)

	FY8/22 (As of Aug. 31, 2022)	FY8/23 (As of Aug. 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	443,200	644,739
Current portion of long-term borrowings	2,188,243	1,911,240
Accounts payable-other	1,744,506	2,785,751
Accrued expenses	1,377,403	1,610,478
Income taxes payable	736,756	2,262,994
Provision for bonuses	229,570	347,162
Deposits received	56,297	263,142
Other	2,867,573	4,138,895
Total current liabilities	9,643,551	13,964,404
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	4,000,000	4,000,000
Long-term borrowings	8,744,700	6,937,210
Deferred tax liabilities	233,336	690,852
Asset retirement obligations	4,225,294	5,137,733
Other	917,666	883,089
Total non-current liabilities	18,120,998	17,648,884
Total liabilities	27,764,549	31,613,289
Net assets		
Shareholders' equity		
Share capital	2,070,257	2,070,257
Capital surplus	3,302,786	3,302,786
Retained earnings	14,423,589	20,455,244
Treasury shares	(105,662)	(105,741)
Total shareholders' equity	19,690,970	25,722,546
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,189	47,576
Foreign currency translation adjustment	(215,134)	(384,231)
Total accumulated other comprehensive income	(190,945)	(336,654)
Share acquisition rights	8,622	8,622
Total net assets	19,508,647	25,394,514
Total liabilities and net assets	47,273,196	57,007,803

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

(Thousands of yen)

	FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)	FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)
Net sales	37,995,366	54,629,894
Cost of sales	31,854,675	41,321,136
Gross profit	6,140,690	13,308,757
Selling, general and administrative expenses	3,934,711	5,641,363
Operating profit	2,205,979	7,667,393
Non-operating income		
Interest and dividend income	19,056	42,490
Foreign exchange gains	209,806	214,343
Subsidy income	2,934,290	-
Other	117,563	98,989
Total non-operating income	3,280,716	355,823
Non-operating expenses		
Interest expenses	50,975	23,827
Commission expenses	500	505
Provision of allowance for doubtful accounts	70,060	182,378
Other	33,583	49,133
Total non-operating expenses	155,118	255,843
Ordinary profit	5,331,577	7,767,373
Extraordinary income		
Gain on sale of non-current assets	84,224	4,043,304
Total extraordinary income	84,224	4,043,304
Extraordinary losses		
Loss on retirement of non-current assets	36,768	58,371
Impairment losses	1,071,751	1,202,028
Loss on valuation of investment securities	256,061	8,363
Total extraordinary losses	1,364,581	1,268,763
Profit before income taxes	4,051,219	10,541,914
Income taxes-current	764,086	2,495,024
Income taxes-deferred	(356,079)	941,945
Total income taxes	408,007	3,436,969
Profit	3,643,212	7,104,945
Profit attributable to owners of parent	3,643,212	7,104,945

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)	FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)
Profit	3,643,212	7,104,945
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,260)	23,387
Foreign currency translation adjustment	(258,614)	(169,096)
Total other comprehensive income	(261,874)	(145,709)
Comprehensive income	3,381,337	6,959,236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,381,337	6,959,236

(3) Consolidated Statement of Changes in Equity

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 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 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

FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)

(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	14,423,589	(105,662)	19,690,970
Changes during period					
Dividends of surplus			(733,794)		(733,794)
Profit attributable to owners of parent			7,104,945		7,104,945
Purchase of treasury shares				(79)	(79)
Change from merger of consolidated and unconsolidated subsidiaries			(339,496)		(339,496)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	6,031,655	(79)	6,031,575
Balance at end of period	2,070,257	3,302,786	20,455,244	(105,741)	25,722,546

(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	24,189	(215,134)	(190,945)	8,622	19,508,647
Changes during period					
Dividends of surplus					(733,794)
Profit attributable to owners of parent					7,104,945
Purchase of treasury shares					(79)
Change from merger of consolidated and unconsolidated subsidiaries					(339,496)
Net changes in items other than shareholders' equity	23,387	(169,096)	(145,709)	-	(145,709)
Total changes during period	23,387	(169,096)	(145,709)	-	5,885,866
Balance at end of period	47,576	(384,231)	(336,654)	8,622	25,394,514

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY8/22	FY8/23
	(Sep. 1, 2021 – Aug. 31, 2022)	(Sep. 1, 2022 – Aug. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	4,051,219	10,541,914
Depreciation	3,589,636	3,887,968
Impairment losses	1,071,751	1,202,028
Amortization of goodwill	4,682	3,625
Increase (decrease) in provision for bonuses	99,860	117,592
Increase (decrease) in allowance for doubtful accounts	70,060	147,279
Interest and dividend income	(19,056)	(42,490)
Interest expenses	50,975	23,827
Foreign exchange losses (gains)	-	(164,831)
Loss (gain) on sale of property, plant and equipment	(84,224)	(4,043,304)
Decrease (increase) in trade receivables	(434,562)	(417,272)
Decrease (increase) in inventories	(43,855)	(288,222)
Decrease (increase) in accounts receivable-other	1,517,530	145,400
Increase (decrease) in trade payables	235,954	191,787
Increase (decrease) in accounts payable-other, and accrued expenses	493,749	1,444,841
Other, net	1,094,044	1,615,785
Subtotal	11,697,766	14,365,931
Interest and dividends received	19,056	42,490
Interest paid	(50,841)	(24,121)
Income taxes refund (paid)	(58,743)	(998,979)
Net cash provided by (used in) operating activities	11,607,238	13,385,321
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,901,261)	(11,046,881)
Proceeds from sale of property, plant and equipment	262,160	5,463,786
Purchase of intangible assets	(285,315)	(269,306)
Purchase of investment securities	-	(125,627)
Proceeds from sales of investment securities	15,680	8,960
Payments of leasehold and guarantee deposits	(823,492)	(1,482,891)
Proceeds from refund of leasehold and guarantee deposits	71,304	24,185
Loan advances	(237,430)	(1,805,183)
Proceeds from collection of loans receivable	10,562	11,327
Other, net	-	(5,680)
Net cash provided by (used in) investing activities	(7,887,793)	(9,227,310)
Cash flows from financing activities		
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	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	2,872,000	700,000
Repayments of long-term borrowings	(4,209,537)	(2,710,403)
Purchase of treasury shares	-	(79)
Dividends paid	(489,196)	(733,794)
Net cash provided by (used in) financing activities	(2,327,811)	(2,744,276)
Effect of exchange rate change on cash and cash equivalents	(183,390)	47,255
Net increase (decrease) in cash and cash equivalents	1,208,243	1,460,990
Cash and cash equivalents at beginning of period	5,171,157	6,379,401
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	13,878
Cash and cash equivalents at end of period	6,379,401	7,854,269

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

Not applicable.

Changes in Accounting Policies

Koshidaka Holdings has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year, and has applied the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no effect of the application of this guidance on the consolidated financial statements.

Revenue Recognition

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

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 and 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

FY8/22 (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 shown on the consolidated statement of income.

FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)

(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	52,318,336	1,057,859	243,461	53,619,657	-	53,619,657
Other revenue	-	-	1,010,236	1,010,236	-	1,010,236
External sales	52,318,336	1,057,859	1,253,697	54,629,894	-	54,629,894
Inter-segment sales and transfers	-	-	234,735	234,735	(234,735)	-
Total	52,318,336	1,057,859	1,488,433	54,864,630	(234,735)	54,629,894
Segment profit	9,006,746	52,458	149,952	9,209,157	(1,541,763)	7,667,393
Segment assets	35,814,463	460,553	12,805,139	49,080,156	7,927,647	57,007,803
Other items						
Depreciation	3,340,408	37,424	431,259	3,809,092	78,875	3,887,968
Amortization of goodwill	3,625	-	-	3,625	-	3,625
Impairment loss	808,521	120,881	210,852	1,140,255	61,773	1,202,028
Increase in property, plant and equipment and intangible assets	7,693,315	5,458	3,214,204	10,912,979	225,980	11,138,959

Notes: 1. The -1,541,763 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. The 7,927,647 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 (bank deposits) 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

FY8/22 (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.

FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)

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

FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)

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

FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)

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

FY8/22 (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

FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)

(Thousands of yen)

	Karaoke	Bath House	Real Estate Management	Elimination or corporate	Total
Goodwill amortization	3,625	-	-	-	3,625
Balance at end of period	1,290	-	-	-	1,290

Information related to gain on bargain purchase for each reportable segment

FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)

Not applicable.

FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)

Not applicable.

Per-share Information

(Yen)

FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)		FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)	
Net assets per share	239.17	Net assets per share	311.36
Net income per share	44.68	Net income per share	87.14
Diluted net income per share	43.10	Diluted net income per share	79.78

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 (765,580 shares as of August 31, 2022 and 767,376 shares as of August 31, 2023).

In addition, the average number of treasury shares outstanding during the period, which was deducted from the calculation of net income per share, was 765,580 shares for FY8/22 and 767,341 shares for FY8/23.

2. The basis for calculating net income per share and diluted net income per share is as follows:

(Thousands of yen)

	FY8/22 (Sep. 1, 2021 – Aug. 31, 2022)	FY8/23 (Sep. 1, 2022 – Aug. 31, 2023)
Net income per share		
Profit attributable to owners of parent	3,643,212	7,104,945
Amounts not available to common shareholders	-	-
Profit attributable to owners of parent available to common stock	3,643,212	7,104,945
Average number of shares outstanding during the period (Shares)	81,532,704	81,532,658
Diluted net income per share		
Adjustment to profit attributable to owners of parent	1,239	2,782
[of which, interest expenses (after deducting amount equivalent to tax)]	[1,239]	[2,782]
Increase in the number of common shares (shares)	3,025,995	7,559,517
[of which convertible-bond-type bonds with share acquisition rights (shares)]	[2,776,243]	[5,925,900]
[of which share acquisition rights (shares)]	[249,751]	[1,633,617]
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.