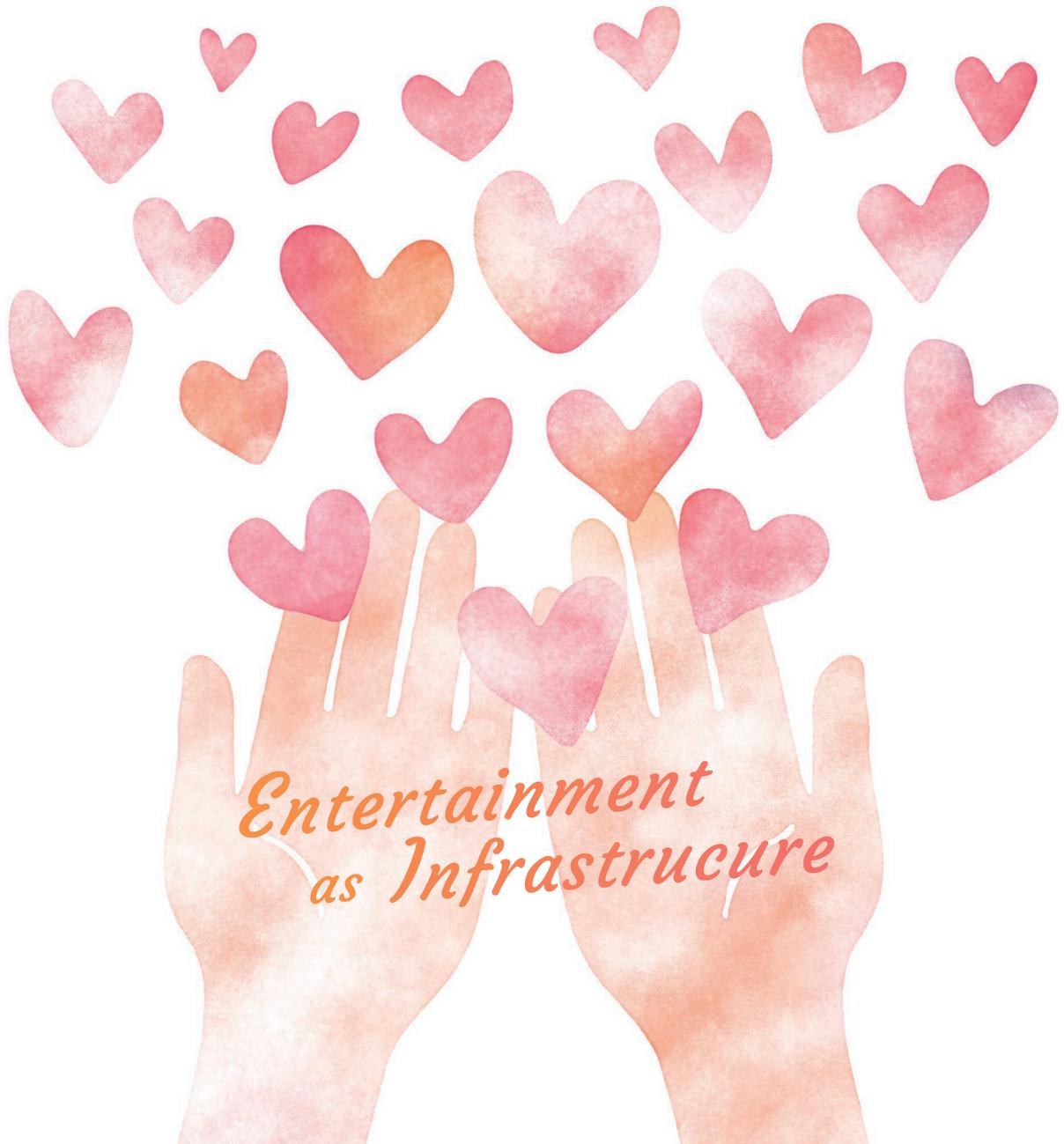




KOSHIDAKA HOLDINGS Co., LTD.

Integrated Report **2024**

(Fiscal year ended August 31, 2024)



*Entertainment
as Infrastructure*

Corporate Mission and Vision

Koshidaka Holdings' Corporate Mission

Our mission is to contribute to the realization of lifestyles full of leisure and to the establishment of a peaceful world filled with hope by continuing to create, offer and provide the world with new and meaningful products and services.

Entertainment as Infrastructure



Koshidaka's Corporate Mission

- Our mission:
- To bring joy to our customers
 - To bring happiness to ourselves and those around us
 - To energize local communities and the world
 - To contribute to the preservation of the global environment
 - Each to lead a fulfilling and satisfying life

Action Objectives

Creating new services

Polishing up mindset of hospitality

Eliminating customer inconvenience

Medium-term Corporate Vision

EIP
(Entertainment Infrastructure Plan)

Vision for
"Entertainment as Infrastructure"

- Operate "Karaoke Manekineko" throughout Japan
- Make entertainment a vital part of everyone's life
- Offer an outstanding entertainment experience for people worldwide



The origin and thought of the logo

The Koshidaka logo is a symbolization of "hands" representing the bond between people. It represents the spirit in which we value our staff, staff working together to help one another and the bond between our staff and our customers. The bond between people, something that we cherish most, is symbolized by this logo. It is our hope that into the future, the hands of the Koshidaka Group will grow into large, warm hands that give birth to happiness. Hand in hand, we will continue to strive to make great steps into the future.

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Editorial policy

This report provides information on the Company's business performance for the period covered and our initiatives to achieve our medium-term corporate vision. It also explains our approach to sustainability and links financial and non-financial information. By doing so, it is intended to serve as a tool to help a wide range of stakeholders, including shareholders and investors, understand the Company and deepen our dialogue with them.

Reporting period

Fiscal year ended August 31, 2024
(September 1, 2023 to August 31, 2024)
*Reports on activities conducted outside the reporting period are also partially included.

Scope of reporting

KOSHIDAKA HOLDINGS Co., LTD.
and Group companies

Date of publication

January 2025 (annual)

Koshidaka Holdings' History

1990s

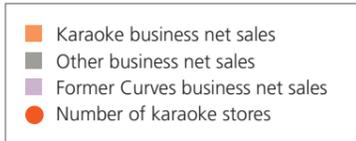
- 1990 • Hiroshi Koshidaka, current Representative Director, opened the first karaoke box in Maebashi-shi, Gunma
- 1993 • Opened the second karaoke box (first Karaoke Manekineko store)
- 1995 • Hiroshi Koshidaka appointed as Representative Director
- 1997 • Developed a business model to reactivate existing store properties



▲ First Karaoke Manekineko store (Karaoke-honpo Manekineko Maebashi-koaiji store)

1967 Founded in Maebashi-shi, Gunma

In 1967, Zenji Koshidaka established Shinseiken Co., Ltd. (Chinese restaurant) and started chain development under the name of Joshu Ramen, six stores at its peak. His passion for developing cutting-edge new menu items and commitment to consistently providing the best service to our customers continue to live on in our business development today.



2000s

- 2000 • Changed the organizational structure and the trade name to KOSHIDAKA Co., LTD.
- 2004 • Opened the 100th Karaoke Manekineko store
- 2005 • Head office moved to Yamako Building in Shin-Maebashi-Machi, Maebashi-shi
• Established "Maneki Juku," our training center, in Maebashi-shi
- 2006 • Began operating the Curves business as a franchisee
• Resumed constructing new stores; opened the 200th Karaoke Manekineko store
- 2007 • Listed on JASDAQ
- 2008 • Acquired all shares of Curves Japan Co., Ltd.
- 2009 • Transferred head office to Ododomachi, Maebashi-shi (upper floor of Manekineko Maebashi Main Store)



Unusual for a karaoke store at the time, "Manekineko" (lucky cat) was a simple, approachable Japanese name. The official mascot, "Manekie," symbolizes a smile of "Karaoke Manekineko," and is active throughout Japan and even overseas.

Koshidaka in the 2000s

"Manekineko" brand growth and nationwide expansion
Laid a solid organizational structure for a stock listing

We established a vision and strategy for the nationwide expansion of "Karaoke Manekineko," rapidly expanding the areas we opened stores in and the number of stores. In pursuit of providing more ideal services and store operations, we resumed constructing new stores. We also established a training center called "Maneki Juku" to develop the human resources to support our growth. Alongside business expansion, we also established a corporate management structure and became listed on the stock exchange.

2010s

- 2010 • Opened the 300th Karaoke Manekineko store
• Changed the organizational structure and the trade name to KOSHIDAKA HOLDINGS Co., LTD.
• Opened the first "Maneki-no-Yu" bath house
- 2011 • Opened the first overseas Karaoke Manekineko store in South Korea
• Started One Kara, a karaoke box solely for people who sing alone
- 2014 • Started karaoke operations in Singapore (the second foreign country)
• Moved head office operations to Tokyo
- 2016 • Opened the 400th Karaoke Manekineko store
• Listed on the First Section of the Tokyo Stock Exchange
- 2017 • Opened the 500th Karaoke Manekineko store
- 2018 • Started karaoke operations in Malaysia (the third foreign country)
- 2019 • Started karaoke operations in Thailand (the fourth foreign country)
• All Karaoke Manekineko locations became smoke-free

Koshidaka in the 2010s

Reorganized businesses to form a holding company
Challenged overseas expansion and new businesses

Transitioned to a holding company structure with the aim of becoming a Comprehensive Leisure Service Provider. The Curves business grew rapidly in Japan, and we also expanded to overseas markets. In the wake of the Great East Japan Earthquake, we used our stores as support bases to help with disaster recovery, and became even more conscious of our social responsibility. As the scale of the company grew, we further strengthened our governance and compliance, and moved our listing to the First Section of the Tokyo Stock Exchange.

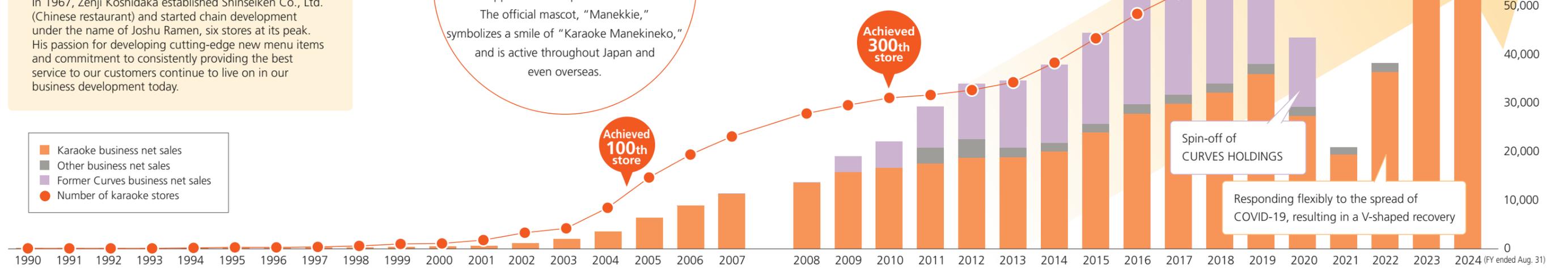
2020s

- 2020 • Spin-off of CURVES HOLDINGS Co., Ltd.
• Started karaoke operations in Indonesia (the fifth foreign country)
• Opened AQERU Maebashi, a complex facility, in front of JR Maebashi Station
- 2021 • Transferred our training center, Maneki Juku, to Tokyo
• Closed karaoke business in Singapore
- 2022 • To TSE prime market
• Launch of SDGs activities through business operations
• "Welltainment Canop" at Maebashi city
• Opened the 600th Karaoke Manekineko store
- 2023 • Head office functions moved to Shibuya

Koshidaka in the 2020s

Aggressively opened new stores during the pandemic
Challenged for further business development

Despite being affected by closures due to the COVID-19 pandemic, our aggressive strategy of opening stores near stations and in commercial areas proved successful, resulting in a rapid recovery in customer numbers and earnings performance. Aiming for further advancement, we continue to pursue new business possibilities such as by utilizing digital transformation and alliances, developing ways to enjoy karaoke that go beyond its boundaries, and fusing entertainment with wellness.



Koshidaka Holdings' Businesses

Centered on the karaoke business, in which we run chains in other countries as well as in Japan, the Group operates various businesses that provide joy and enrichment to people through entertainment. In all of our businesses, we seek out the needs of our customers and provide high-quality services and products that surprise and impress them.

Karaoke Business

We operate two brands, "Karaoke Manekineko," the largest karaoke chain in Japan, and "One Kara," Japan's first single-use room karaoke, with a total of 664 stores in 45 prefectures throughout Japan (as of August 31, 2024). Overseas, we operate in four countries, mainly in Southeast Asia, and are also planning to expand into the United States. We offer a variety of ways to enjoy entertainment content, such as live viewing and anime collaborations. From karaoke boxes to entertainment boxes, we continue to evolve without stopping.



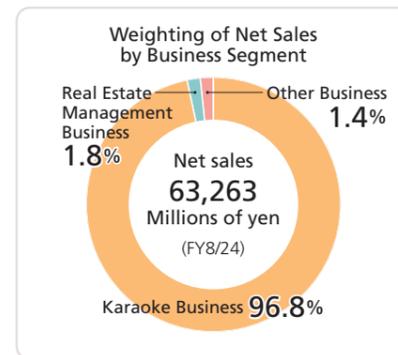
Real Estate Management Business

The AQERU Maebashi complex facility was developed in Maebashi-shi, where Koshidaka was founded. More than just a commercial facility, it also provides opportunities for learning, entertainment, and business that enrich people's lives, including "Historia Maebashi," a historical entertainment facility that offers immersive digital content.



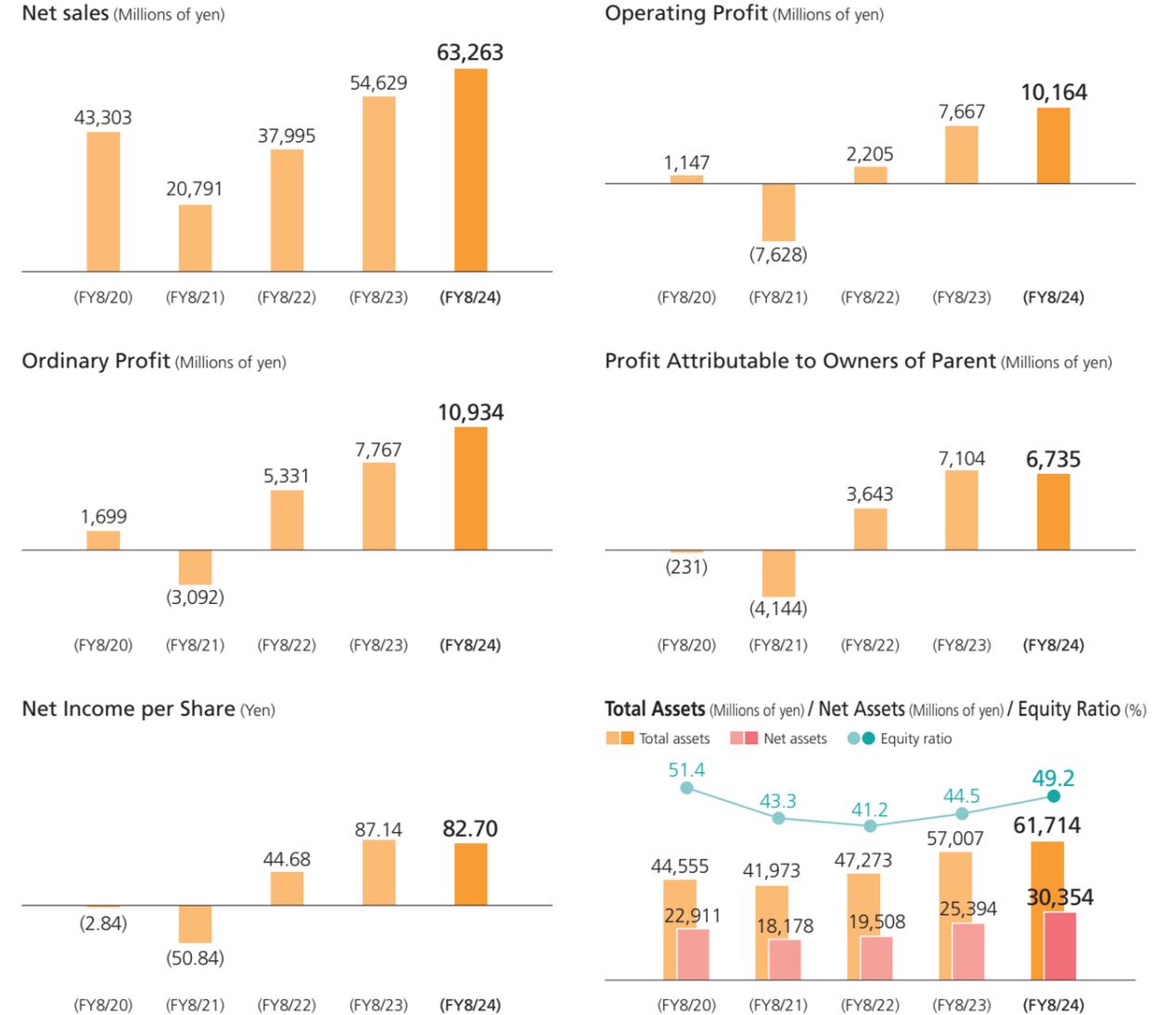
Other Business

In addition to "Maneki-no-Yu," a bath house that offers natural hot springs, relaxation, and food, we also operate wellness facilities and restaurants.

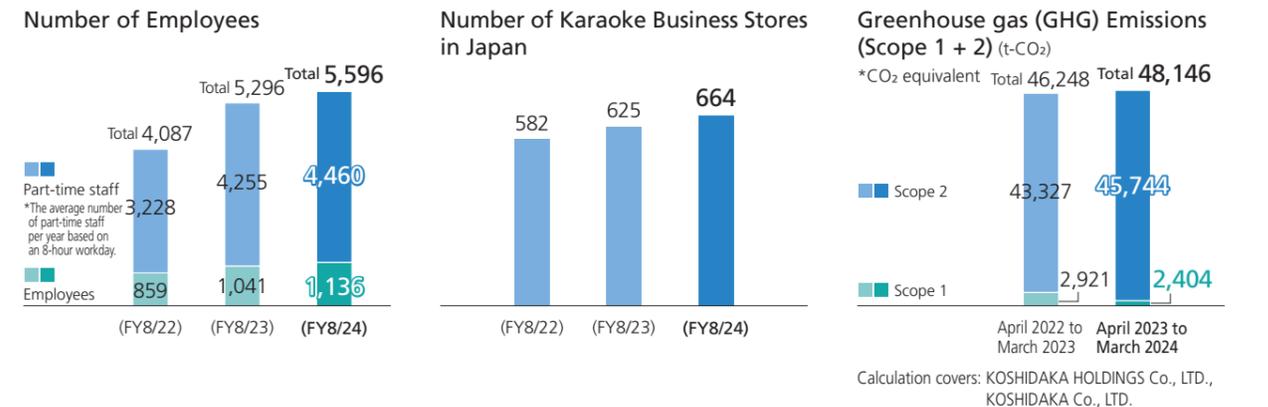


Financial and Non-financial Highlights (Consolidated)

Financial Highlights



Non-financial Highlights



Koshidaka Holdings' Strengths

The Company's business activities are supported by our many customers and society, and continue to expand on the back of the unique strengths we have cultivated through our businesses. By leveraging these strengths, we have created a corporate culture brimming with the spirit of challenge and are able to constantly create new value in the entertainment field.

1 Largest business infrastructure of any domestic karaoke chain and high growth potential

Largest number of karaoke stores and rooms in Japan; business operations in 45 prefectures

With the largest store network in Japan and an app with over 15 million registered members, we have achieved extensive customer contact and high recognition. In addition, the four price packages—"ZERO Kara" and "Mafu (Manekineko free time plan)" for students, "ASA UTA (Morning Songs)" for seniors, and "Maneki Family Discount" for families—are a hit with each customer demographic, effectively attracting new and repeat customers alike from a wide range of customers. Going forward, we will further ramp up the pace of store openings and expand our store network to accelerate the virtuous cycle.



"ONEREC," a room specifically for shooting videos

Continuously improving store appeal in terms of both tangible and intangible aspects

For intangible aspects at stores, we continue to evolve our offerings, providing an entertainment experience that meets new needs and goes beyond the conventional notion of karaoke. This involves implementing a variety of content collaborations, offering live viewing and archive viewing services, and introducing rooms specifically for singing videos.

As for tangible aspects, we are proactively investing in the renewal of store facilities, including existing stores, in order to maintain and improve the environment in which our customers can spend their time comfortably.



Example of live viewing and archive viewing

Highly productive and efficient operational know-how

The unique store design and management know-how we have cultivated through our origins of opening suburban roadside stores in regional areas has enabled us to establish operations that steadily secure profit even in harsh market environments. In recent years, profitability has improved further due to opening stores in commercial areas and an increase in the number of large stores. Our digital transformation efforts have also improved the efficiency of our operations, enabling us to achieve the highest store productivity in the industry.



2 Our ability to develop new businesses and services supported by being highly customer-oriented

Unique industry-leading measures and services

We have launched a number of measures that exceeded industry norms, such as allowing customers to bring in food and drinks, introducing single-use room karaoke, and having all non-smoking rooms. These experiences live on in a culture that values unprecedented challenges.



"One Kara" single-use room karaoke

Private Entertainment Rooms (PERs)

We released the "E-bo (Entertainment Box)," an entertainment platform that provides various experiences in Private Entertainment Rooms (PERs), in November 2024. We will continue to pursue the possibilities of entertainment that go beyond karaoke.



Utilizing assets to create new value

The assets we have cultivated in our existing businesses are also being utilized to take on challenges in new fields. In the fiscal year ended August 31, 2024, we released "Neko no Te (refers to a Japanese idiom, "cat's helping hand")." This service leverages our nationwide store network and membership base to provide business-to-business (B2B) marketing research.



Marketing research service "Neko no Te"

3 Ability to develop human resources based on our philosophy and vision

Enhancement of training center "Maneki Juku"

Since we first began our nationwide expansion, we have been committed to carrying out human resource development at our training center, "Maneki Juku." In recent years, we have advanced our training system by further enhancing programs tailored to specific careers and job positions. We operate our own unique training programs that allow employees to grow through means such as cultivating a hospitality mindset based on our corporate mission and acquiring leadership skills. We are also constantly working to improve the content of these programs.



Work-style reform initiatives to increase engagement and operational efficiency

We are currently implementing the Koshidaka Workstyle Innovation Plan (WIP), personnel system reform measures that aim to create an environment in which employees can work more comfortably and feel their daily growth. In addition to implementing measures including salary level raise, we have further enhanced our leave system and reformed it to allow all employees to take seven consecutive days of leave twice a year from the fiscal year ending August 31, 2025.

Value Creation Process

Based on our corporate mission, the Group is committed to contributing to the realization of lifestyles full of leisure and to the establishment of a peaceful world filled with hope through our business activities. In keeping with this, we will endeavor to continuously create new value in leisure-related fields that meet the true needs of people.

Inputs

It is a company's capital that serves as the source of value creation. In addition to financial capital, this also includes various forms of non-financial capital.

Human capital

- 5,596 employees
- An organization that has a consistent philosophy of bringing joy to our customers
- "Maneki Juku" employee training center

Intellectual capital

- Highly productive and efficient store operations
- Accumulated know-how in entertainment-related businesses such as collaborations and live performances

Social capital

- Biggest karaoke store network in Japan
- Manekineko app with over 15 million members
- Social contribution activities rooted in local communities

Natural capital

- Inhouse electric power consumption of 101,431 MWh*
- GHG emissions of 48,146 t-CO₂*

*Scope 1 and 2 results for April 2023 to March 2024

Financial capital

- Total assets 61.7 billion yen

Business Activities

<Business model>

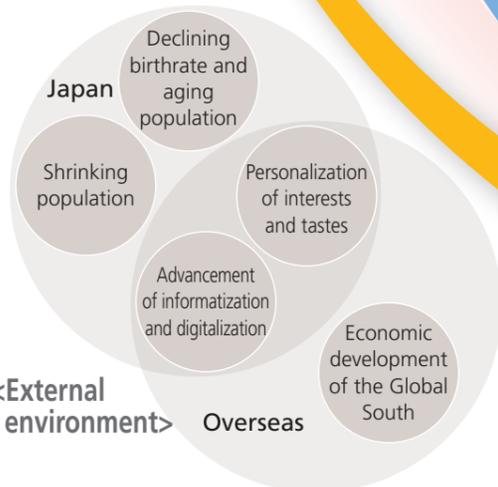
Create new businesses and services in the leisure field by combining tangible and intangible assets cultivated through our business with different fields.



<Management base>



<External environment>



Outputs

The direct results and important by-products generated through business activities (includes future targets and plans).

Growth of karaoke business in Japan

- Increase room utilization and profitability by acquiring a wide range of customers
- Achievement of medium-term targets for the fiscal year ending August 31, 2027 of 30,000 karaoke rooms and sales of 100.0 billion yen
- Continue developing Welltainment®, a fusion of Wellness (health promotion) and entertainment

Expansion of overseas business

- Expand to over 70 stores, mainly in Southeast Asia, by the fiscal year ending August 31, 2027
- Commencement of the "Family Karaoke" business in the United States

Development of new businesses and services

- Creation of new business-to-consumer (B2C) and B2B earnings pillars

Improvement of human resource and organizational capabilities

- Improvement of job satisfaction and working environment
- Active participation of diverse human resources

Contribution to local communities and the local environment

- Reduction of greenhouse gases (GHGs): By fiscal 2030, procure 30% or more of the electricity we use from renewable energy with additionality
- Expansion of social contribution activities to solve issues, etc. related to children

Outcomes

The creation of economic and social value both inside and outside the company.

Value for our customers

- Making entertainment more accessible
- Contributing to health and happiness through entertainment

Value for the Company

- An attractive and vibrant organization that attracts talent

Value for the industry

- Creation of a new entertainment-related market
- Promotion of the globalization of Japan's entertainment business

Value for society

- Entertainment becomes infrastructure for peaceful lives and wellness
- People all over the world enjoy the fun of entertainment
- Realization of a world where children can have a healthy and enriched spirit
- Provision of carbon-neutral entertainment services

The value created is circulated as capital that generates new value, leading to a sustained increase in corporate value.

Message from the President



We will make further leaps and evolution under our vision of "Entertainment as Infrastructure"

Hiroshi Koshidaka
Representative Director and President

.....
Awareness of bringing joy to customers

The Group provides entertainment services that are necessary to people's lives, with its core business being the development of a chain of karaoke stores. We achieved record-high operating profit and ordinary profit in the fiscal year ended August 31, 2024. I believe this reflects our commitment to prioritizing the Company's core philosophy above all else and thoroughly implementing a customer-first approach in our operations.

Our karaoke business began from scratch in 1990 with a single karaoke box in Maebashi-shi, Gunma. It was built to turn around the family business of running ramen restaurants, and I was desperate to make it a success. After the opening, however, time went past and there were very few customers who came to use the karaoke box. Those were the days of hardship, but during this period, I came to the crucial realization that simply aiming to make money would never bring customers, and that they would not come back unless they had an enjoyable and satisfying experience that made them want to return. I then

recognized that my job is to make customers happy, and that the secret to business success is to provide something to that end.

Although the business expanded to three stores over the next eight years, it then became difficult to secure financing from financial institutions. After careful consideration, the solution we arrived at was reactivating existing store properties, which involved reviving karaoke stores that other companies had closed as our own stores. After successfully opening our fourth karaoke store with an investment of about one twentieth of the amount required for a conventional store opening, we significantly increased our pace of expansion and accelerated our growth.

Soon we had a chain of about 20 stores, and we increased the number of employees and placed managers at each store. It was then when I heard that one of the managers was having trouble dealing with some staff members. The manager said that they were not readily following instructions to clean the store and serve customers politely with a smile. This was a moment of revelation for me. Although I myself recognized the importance of bringing joy to our customers during the challenging days of our founding, we didn't have anything in place to

communicate and share that with our employees. So we formalized this idea into Koshidaka's current corporate mission. The Group has placed the five items stated in this mission as the foundation of its business activities, and promotes understanding and dissemination within each company as the representation of the values that need to be cherished. This philosophy has been inherited in Koshidaka Holdings' corporate mission as well. In order to ensure that each and every employee puts into practice the first item of bringing joy to our customers, we have set three action objectives: creating new services, polishing up mindset of hospitality, and eliminating customer inconvenience.

The value provided by the Group, centered on the karaoke business, manifests as places to relieve stress, opportunities to communicate, and spaces for promoting health, expanding our customers' happiness. And through this provision of value, we hope to realize a world full of contentment, hope, and peace.

Koshidaka's Corporate Mission

Our mission:

- To bring joy to our customers
- To bring happiness to ourselves and those around us
- To energize local communities and the world
- To contribute to the preservation of the global environment
- Each to lead a fulfilling and satisfying life

.....
Characteristics of our business and direction of our growth

The karaoke business, which operates chain stores under the Karaoke Manekineko and One Kara brands, has "safe and secure, reasonable, and friendly" as its concepts in its daily operations. "Safe and secure" is a fundamental condition that must be ensured in terms of security, food hygiene, and facility maintenance. First and foremost, we must create stores that fully meet the standard. "Reasonable" does not simply mean low prices, but rather means aiming to provide services that enable customers to appreciate value beyond price. "Friendly" refers to a friendly, polite, and considerate attitude toward customers. While we will

also differentiate ourselves through marketing measures and advertising and public relations, the basics are these three concepts.

We are committed to recovering our investment within three years as a benchmark for return in investment on our store opening strategy. As of August 31, 2024, we had opened 664 karaoke stores (17,653 rooms) in Japan. From our fourth to two-hundredth store, we employed a strategy to reactivate existing store properties I mentioned before, allowing for a highly efficient investment recovery within approximately six months. However, to fully implement our envisioned service model and operational approach, we have since shifted our focus to constructing new stores. The period of reactivating existing store properties allowed us to enhance capital efficiency and establish a solid financial foundation. This has become a major strength of the Group and enabled us to maintain our usual expansion pace even during the COVID-19 pandemic. Furthermore, while competitors refrained from opening new stores, we were able to aggressively open stores in favorable locations, which lead to our achievement of the top number of stores in the karaoke industry in Japan. We intend to maintain our strict three-year payback standard for future store openings.

Our karaoke business is mostly operated through directly-owned stores, and we do not engage in franchising. The reason for this is that maintaining the quality of operations requires financial strength, as additional investments are necessary for equipment and fixture repairs and maintenance.

Our marketing initiatives have continued to be successful over the past ten years. Campaigns featuring reasonably priced package deals targeted at specific customer segments, such as ZERO Kara, Mafu, ASA UTA, and Maneki Family Discount, have been highly effective. Particularly, ZERO Kara, which offered free karaoke room charges for high school students, became a massive hit. We have so far attracted 1.4 million high school student members. In 2019, we stayed ahead of social trends by implementing a complete smoking ban in all rooms of all our stores, establishing a clean and healthy brand image. In this manner, by continuously challenging conventional norms in the karaoke industry and striving to provide highly satisfying services, we have also contributed to expanding our customer base.

With 664 stores (17,653 rooms) in Japan, we are currently the leader in the karaoke industry in terms of the scale of our operations, and we also have the largest number of stores in the Tokyo metropolitan area. From the fiscal year ended August 31, 2023, we

Message from the President

have been strengthening our store openings in the Kinki (Kansai) region and Nagoya area, and we also believed that there is still room for more store openings in the Tokyo metropolitan area. The average number of rooms per store has been on the rise recently, with new store openings typically featuring 30 or more rooms, and some large-scale stores exceeding 50 rooms. We plan to continue opening stores near stations and in commercial areas while also focusing on larger-scale stores to further enhance operational efficiency.

In 2019, the Group formulated and launched its medium-term corporate vision, the Entertainment Infrastructure Plan (EIP), with the goal of offering entertainment as infrastructure. The basic concept of the EIP is to create new content and services that will evolve karaoke rooms into Private Entertainment Rooms (PERs) while expanding the store network, and to attract customers for various purposes beyond just karaoke. The increase in the number of stores is the horizontal axis of the EIP. By enhancing these stores into PERs based on this asset, we aim to increase sales per room, which is the vertical axis. The conversion of karaoke rooms into PERs is being pursued through various content and service trials. This includes collaborations with virtual characters and anime, as well as applications in B2B market research, and promising results are beginning to emerge.

The expansion along the vertical and horizontal axes based on EIP, the provision of new value, and overseas business development will navigate the Group's growth.

The three-year final stage of EIP has begun

In the fiscal year ended August 31, 2024, we achieved significant profit growth well above initial projections. This was driven by successful store expansion leading to greater net sales, a strict focus on customer-oriented services, and effective pricing strategies that enabled us to maintain an upward trend in customer numbers at existing stores. Operating profit and ordinary profit exceeded 10.0 billion yen, reaching record-high levels.

The medium-term corporate vision EIP has set a medium-term target of 65.0 billion yen of net sales in domestic karaoke business for the fiscal year ending August 31, 2025. However, net sales for the fiscal year ended August 31, 2024 have reached 60.0 billion yen, and the net sales for the fiscal year ending August 31, 2025 is expected to significantly exceed the medium-term target. Based on this progress, we

have set a final target for the EIP of reaching 100.0 billion yen in Group net sales, including international sales. We have also set a specific target date, which had not been previously defined, of the fiscal year ending August 31, 2027, three years from now.

We are positioning the next three years as the EIP Final Stage. During this period we will double the pace of store openings, expand PER conversion, and strengthen our organizational foundation to complete the key initiatives outlined in the basic concept of EIP. We are aiming to increase net sales by 30.0 billion yen or more over the next three years. To achieve this, we need to not only accelerate the pace of new store openings, but also actively pursue the development of large-scale stores. This includes increasing the number of 50-room sized stores in favorable locations to improve efficiency.

In terms of expanding PER conversion, I think it is essential to engage in co-creation through collaboration and partnerships with other companies, rather than simply relying on our own knowledge, human resources and assets. By leveraging these relationships, we aim to generate new ideas and create innovative services and content. One of the results of such efforts is the development of the next-generation entertainment platform E-bo, which has been introduced to Karaoke Manekineko stores starting in 2024. E-bo has the potential to meet a variety of entertainment needs within PERs, and we plan to continuously enhance its functions.

In addition, we will continue testing new business formats and services under the theme of Welltainment, which promotes health while having fun, as part of its long-term strategic initiatives.

Over the next three years, we will also be focusing on expanding into the US market. The Group has been expanding its karaoke business across the four countries of South Korea, Thailand, Malaysia, and Indonesia, where we have nearly completed the development of localized business models. As of August 31, 2024, we operate a total of 22 stores across these four nations. Going forward, we intend to expand this Asian business while starting new development in the US market. Unlike Japan, where "Family Karaoke" is a well-established part of culture, the United States has virtually no direct competitors in this sector, which means that it is a blue ocean market with an estimated customer unit price nearly three times that of Japan. Although this will be an undertaking that will require some time, including cultural penetration, we aim for an early entry to secure a first-mover advantage, with the goal of establishing our overseas business as a key revenue pillar.

Furthermore, we will also actively develop new

businesses and services, including not only B2C but also B2B, such as outbound content businesses and services that utilize existing assets such as our membership base and stores.

Carbon neutrality and human capital measures

In promoting sustainability management, the Group is particularly focused on environmental protection, decarbonization efforts, and managing human capital.

We have already announced that we have effectively achieved 100% renewable energy for our business activities from April to September 2024. In addition, we will cover part of our own electricity supply by introducing a new solar power generation system in the future in order to further increase our contribution to the environment and society. We aim to procure 30% or more of the electricity used by the Group from such additional renewable energy sources by 2030, and we aim to achieve carbon neutrality across our entire supply chain, including Scope 3 by 2050.

With regard to human capital, the current challenges are to enhance and improve the work environment to increase retention rates and improve employee engagement. As response measures, we have implemented policy reforms that allow all employees to take seven consecutive days of leave twice a year, increased salary levels, introduced a new personnel evaluation system, and enhanced employee training at our dedicated training center, Maneki Juku.

As for diversity, we are making progress in our initiatives to employ people with disabilities. The Group has long been in compliance with the legal employment rate as set under the Act to Facilitate the Employment of Persons with Disabilities, and has recently established a special subsidiary that offers store cleaning and karaoke microphone repair services. Both employees with and without disabilities contribute to our business by leveraging their respective aptitudes in a collaborative environment.

On the other hand, in terms of promoting the active participation of women, the percentage of women in managerial positions remains at 7.1% (for the fiscal year ended August 31, 2024). While a significant number of our staff are women and many women have been appointed as store managers, we are working on strategies to further encourage their promotion to area manager positions.

Creating new value and making a big leap forward

During the three-year EIP Final Stage, we plan to make active investments in doubling our store expansion rate, enhancing PER conversion, and entering the US market. Based on this approach, we will determine profit distribution for shareholder returns, with the aim of achieving a medium-term, sustained increase in the dividend payout ratio level.

We have the support of over 50,000 shareholders, many of whom are customers at the Group's karaoke stores. The support we receive from our user shareholders, who have a deep understanding of our initiatives and actually use our services, is most heartening and is a source of encouragement for all of us at the Group. We will continue to work toward improving our performance, increasing shareholder returns, and achieving sustainable growth.

Currently, the Group is in a favorable position to take on a big leap forward, with advantageous conditions in terms of scale, financial stability, and business environment. So what are we going to do next? We want to create new value that will surprise the world and delight our customers.

We are forecasting higher sales and profits than in the previous term for the first year of the EIP Final Stage, the fiscal year ending August 31, 2025. As the next step, we will continue to open new stores in Japan at a fast pace, lay the groundwork for overseas business expansion, and develop new businesses and services in both the B2C and B2B sectors. Please look forward to the Koshidaka Group's next moves.



Progress and Initiatives of the Medium-term Corporate Vision

From the fiscal year ended August 31, 2020, we set our medium-term corporate vision of Entertainment as Infrastructure (EIP: Entertainment Infrastructure Plan **P1**), as a goal that all employees should work toward together. Since then, we have been implementing growth strategies aimed at achieving our quantitative targets for the fiscal year ending August 31, 2027.

Entertainment as Infrastructure

Four initiatives

- Initiative 1** Final stage of EIP
- Initiative 2** Improve profitability by increasing productivity
- Initiative 3** Launch of expansion outside Japan
- Initiative 4** Create new pillars of earnings

Initiative 1 Final stage of EIP We have set the fiscal year ending August 31, 2027 as the achievement date for the EIP's final numerical target, and will work to wrap up our strategy over the three years starting from the fiscal year ending August 31, 2025.

Based on the fact that we expect to exceed the intermediate net sales target of 65.0 billion yen in the fiscal year ending August 31, 2025, we clarified the timing of the final numerical net sales target of 100.0 billion yen, which we aim to achieve by the fiscal year ending August 31, 2027. To this end, we are carrying out initiatives based on three themes.



PER enhancement

We will work to create Private Entertainment Rooms (PERs) that offer a wide range of entertainment options that go beyond just karaoke. We will continue to roll out entertainment platform E-bo, expanding the possibilities of these rooms by incorporating a variety of content and ways to enjoy them.

Final target 100.0 billion yen

Fiscal year ending August 31, 2027 Group net sales target

Fiscal year ending August 31, 2025 (forecast) 71.0 billion yen

Fiscal year ended August 31, 2024 Sales result 63.2 billion yen

Increase sales per room through enhanced PERs

Increase number of rooms via new store openings

Build a sound organizational structure to support growth

Strengthen organizational structure

We will continue to enhance our human capital through the recruitment and training, etc. of personnel, thereby strengthening our organizational capabilities that form the basis for business expansion.

- Personnel system reform measures (Koshidaka Workstyle Innovation Plan) **P.20**
- Workforce diversity (Diversity & Inclusion) **P.20**
- Advancement of Maneki Juku (Human resource development) **P.19**
- Promotion of SDGs activities (Environmental initiatives and Social activity initiatives) **P.17**

Double the pace of store openings

We will continue to open new stores in the Tokyo metropolitan area and accelerate the pace of store openings in regions with high potential for new openings, such as the Kinki (Kansai) region, to increase earnings through both regional expansion and densification of our store network.

Continue opening many stores near stations and in commercial areas, mainly in the Tokyo Metropolitan area

Opening of 100 stores per year

Rapidly increase the number of locations in the Kinki (Kansai) region

Open stores in regions where there is high potential for new openings

Initiative 2 Improve profitability by increasing productivity We will increase labor productivity in order to both raise salaries for employees and lower expense ratio.

We will improve productivity by increasing store size and implementing relocations/renewals in existing markets. Additionally, by utilizing KOSHIDAKA DIGITAL Co., LTD., a subsidiary that handles our IT functions, we will accelerate the digital transformation of store and head office operations.



Initiative 3 Full-scale expansion outside Japan We will expand the "Family Karaoke" culture we have established as part of our business in Japan to promising markets around the world, including the rapidly growing Southeast Asian market.

Accelerate store openings in Southeast Asia

As of August 2024, we have expanded our karaoke business in South Korea, Malaysia, Thailand, and Indonesia. Going forward, we will accelerate store openings in the Southeast Asian market, where both the market and the economy are growing.

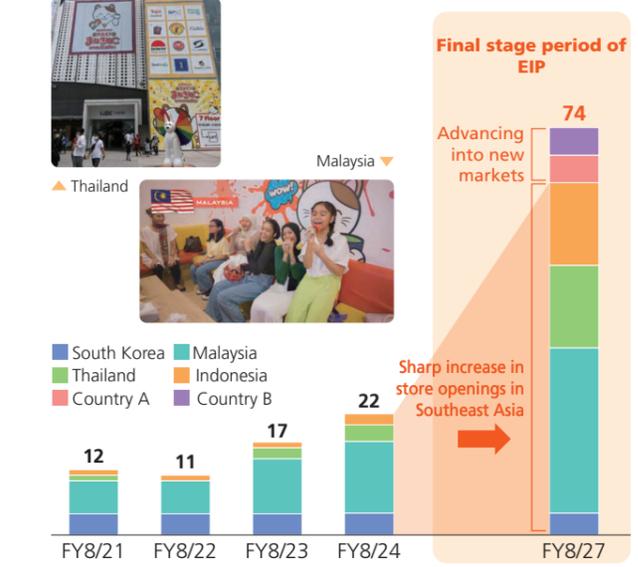
Market environment

- Inadequate supply of entertainment opportunities due to fast growth of middle-income population
- Actualization of needs in the market in proportion to population as economic levels improve in the future

The Company's status

- Existing karaoke boxes target nighttime use, so customers favor Manekineko karaoke as "Family Karaoke" where they can take their friends and family together
- Examining business format for future growth and opening of many new locations

Changes in the number of overseas stores and breakdown by country



Preparation for starting operations in the United States

We aim to export "Family Karaoke" entertainment content to the economically mature American market, and to penetrate the market while also gaining a first-mover advantage.

Initiative 4 Create new pillars of earnings We are creating new businesses and services by utilizing assets such as the content-related know-how and membership base we have cultivated through our karaoke business in new ways.

Topic 1 Overseas expansion of content business

Utilizing the know-how cultivated through anime collaborations, we are developing sales channels for Japanese content itself overseas. As of the fiscal year ended August 31, 2024, we have successfully acquired a licensing contract for 65 titles for their launch, and plan to establish this as one of our earnings pillars going forward.

Topic 2 Marketing research support service

We released marketing research support service "Neko no Te," which utilizes our karaoke store network and app member information. We entered into a B2B service that matches the needs of companies, with karaoke members acting as testers.

Utilizing Koshidaka assets

Over 15 million app member information × 664 nationwide karaoke store network

Ratio by gender

- Female: 49%
- Male: 51%

Ratio by age

- 10s: 23%
- 20s: 43%
- 30s: 18%
- 40s: 11%
- 50s and above: 5%

Occupation

- Working adults: 45%
- University students: 18%
- High school students: 13%
- Homemakers: 14%
- Other: 7%
- Middle school students: 3%

Interview at karaoke rooms

Matching companies and members (Interviews to gain testers' honest opinions)

Sustainability Initiatives

Sustainability Basic Policy

We (the Koshidaka Group) will implement initiatives aimed at the development of a sustainable society through realizing our corporate mission of contributing to the realization of lifestyles full of leisure and the establishment of a peaceful world filled with hope.

Environmental initiatives

- Initiatives aimed at addressing environmental issues such as carbon neutrality in order to contribute to the preservation of the global environment

Social activity initiatives

- Initiatives aimed at creating a society in which children around the world can grow up with a calm and enriched spirit
- Initiatives aimed at ensuring employment opportunities and creating a more comfortable working environment to help employees lead prosperous lives

System for sustainability promotion

We established the Sustainability Promotion Committee, chaired by the Representative Director, as an organization to examine and deliberate on basic policies, important matters, risks and opportunities, and other matters related to sustainability. The committee convenes six times a year. Matters related to sustainability examined by the Sustainability Promotion Committee are presented and reported to the Board of Directors, which then provides oversight and instructions. The proposals deliberated and decided on at Board of Director meetings are distributed to each division and reflected in management plans and business operations. (P.21 Corporate governance system)

Environmental initiatives

Promoting the introduction of renewable energy

We will promote carbon neutrality in order to reduce greenhouse gas emissions, including Scope 3 emissions, across the entire supply chain to net zero by 2050. In 2024, we achieved virtually 100% renewable energy for the approximately 60 million kWh of electricity used in our business activities from April to September of that year through the use of non-fossil fuel certificates. This is expected to reduce our CO₂ emissions by approximately 26,500 tons. Furthermore, in March 2025, our own solar power plant utilizing an off-site PPA* is scheduled to commence operations in Yamanashi prefecture and supply electricity from renewable energy sources to Karaoke Manekineko stores. This is expected to reduce our CO₂ emissions by approximately 254 tons per year. We will work to procure renewable energy with additionality and contribute to the realization of a decarbonized society.

*A service to purchase electricity generated from solar power generation facilities installed outside the premises via the existing power grid equipment



Social activity initiatives

“Let’s Sing!” project

Every time Karaoke Manekineko’s original SDGs theme song “Let’s Sing!” is sung, 10 yen will be donated to activities and organizations that help solve children’s issues. To date, we have made three donations to support the operation of children’s cafeterias nationwide and to provide authentic musical performances to children with serious illnesses or severe disabilities.

“Maneki Smile Pass” to support single-parent families

To give single-parent families raising children time to go out, spend time together, and have fun, we distribute free tickets to “Karaoke Manekineko” through local support groups. By November 2024, we expanded the number of participating stores to more than 100 stores across five prefectures. We plan to continue expanding the areas in which we implement this program.



“Children’s Emergency Call 110 Shop” activities at all Manekineko stores

If a child feels in danger and calls for help, the store will be used as an emergency evacuation site to provide temporary protection and will work with the police and other authorities. To protect the safety of children, we are implementing this as our own unique activity in accordance with the “Children’s Emergency Call 110 House” manual established and promoted by the police and other local organizations across the country.



Information disclosure in accordance with TCFD recommendations

We have declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and disclose information in accordance with these guidelines.

Governance

We established the Sustainability Promotion Committee as an organization to examine and deliberate on sustainability issues, including climate change. (P.21 Corporate governance system)

Strategy

We regard climate change as a medium- to long-term risk. In order to consider strategies and our organizational resilience based on related risks and opportunities, we have considered the long-term impact on the Company through 2050. We have conducted a scenario analysis for our domestic karaoke business by referring to the climate change scenarios (1.5°C and 4°C scenarios) set out by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). We extracted risks and opportunities from two perspectives: the degree of impact on the Company and the likelihood of occurrence. We then evaluated their importance, narrowed down the items to focus on, and set forth the measures to address them. We will continue to enhance our resilience as a part of our strategy while contributing to the realization of a decarbonized society by linking it with our business plans, etc.

*1.5°C scenario: IEA-NZE, etc. *4°C scenario: IPCC-Sixth Assessment Report (AR6), SSP5-8.5, etc.

Risk management

We established a working group on climate change risks and conducted a scenario analysis. In prioritizing climate change risks, we will focus on items of high importance in terms of likelihood and impact. As part of the climate change risk management process, we will analyze climate change risks, plan and implement countermeasures, and manage this progress through the Sustainability Promotion Committee. Based on the results of its analysis and review, the Sustainability Promotion Committee will cooperate with the Risk Control Committee to manage risks in a centralized manner in conjunction with other management risks, and will report to the Board of Directors as necessary.

	Factor	Change	Importance	Impact on the Company	The Company's countermeasures
1.5°C scenario	Introduction of carbon pricing	Increased procurement and operating costs	High	With the introduction of carbon pricing, procurement costs will increase as prices are passed onto purchase prices The introduction of carbon pricing will cause operating costs to increase Even when switching to low-carbon energy, switching costs will be incurred	Request suppliers to reduce their GHG emissions Search for products with low GHG emissions Thorough energy conservation (establish rules for energy conservation and thoroughly implement them, introduce highly efficient equipment) Switch to renewable energy plans
	Growing stakeholder interest in climate change	Improved evaluations due to steady efforts to address climate change	Medium	With growing interest in climate change responses, steadily implementing initiatives will improve evaluations of the Company (e.g., make it easier to raise funds, retain talent, etc.)	Enhance disclosure of climate change responses Steadily reduce our GHG emissions
4°C scenario	Natural disasters	Supply chain disruption	Low	As customers become more environmentally conscious, appealing to such customers by implementing environmentally-conscious initiatives will result in an increase in people choosing to patronize our stores Supply chains are disrupted when suppliers or our stores are affected by natural disasters such as heavy rains or typhoons	Appeal to customers of our existing initiatives such as the abolition of plastic straws Further promote environmentally-conscious initiatives such as food waste reduction and going paperless Establish a system for flexible inventory allocation through cooperation between nearby stores Enhance our planned restoration flow for the early recovery of operations Prepare disaster prevention supplies at stores at high risk of disaster
	Changes in climate patterns	Sales decrease due to the outbreak of new infectious diseases Increased need for comfortable spaces	Medium	A higher risk of a variety of infectious diseases, such as mosquito-borne infections and water-related diarrhea, increases the likelihood of a decline in sales Rising temperatures increases the need for people to use our cool stores	Maintain a hygienic environment for customers and employees Promote mechanization and labor saving Advertise to customers the comfortable spaces we offer Promote the sales of cold products, such as food and beverages suited to the hot season

For importance, risk and opportunity

Metrics and targets

To achieve carbon neutrality by 2050, we will work to reduce our greenhouse gas (GHG) emissions by promoting energy-saving measures such as power saving and introducing highly efficient equipment, and procuring renewable energy.

Actual GHG emissions (Scope 1 + Scope 2)
*April 2023 to March 2024

Scope 1: 2,404 t-CO₂
Scope 2: 45,744 t-CO₂
Total: 48,146 t-CO₂

Calculation covers: KOSHIDAKA HOLDINGS Co., LTD., KOSHIDAKA Co., LTD.

Human Resource Initiatives

Basic approach

The Group views securing employment opportunities and creating a more comfortable work environment as its corporate responsibility, and we are actively working to achieve a richer life for all based on our corporate mission.

Metrics and targets related to human capital	Result (Fiscal year ended August 31, 2024)	Target (Fiscal year ending August 31, 2030)
Percentage of women in managerial positions	7.1%	20%
Percentage of male workers acquiring childcare leave	21.4%	30%

Human resource development

In order to realize our medium-term corporate vision, the Entertainment Infrastructure Plan (EIP), it is essential to hire and train the human resources that will serve as the cornerstone of the plan. We position individuals who resonate with the Group's corporate mission and actively pursue its realization as key personnel. We aim to develop individuals that demonstrate leadership in our main karaoke business or enhance management efficiency in business divisions.

Specific initiatives include enhancing our training center, Maneki Juku, introducing tiered training, expanding training programs, and promoting the digital distribution of operational manual videos.

In addition, as part of the Koshidaka Workstyle Innovation Plan (WIP), a personnel system reform measures, we have established an evaluation and grading system and linked it to a training system. We are creating a system where employees can identify their own strengths and challenges and independently shape their careers.

● Maneki Juku employee training center

Maneki Juku was established in Maebashi-shi, Gunma in 2005 as the Company's group training center. Our top management has served as instructors, creating time for employees to focus on training at a dedicated facility and instilling business operations and leadership based on the corporate mission throughout the company, from new hires to the managers.

Since then, our store network expanded throughout Japan and the number of employees grew significantly. We therefore relocated and expanded the training center to Tokyo in 2021, and we are continuing to expand our training offerings.

Our training system includes startup training for newcomers, certification training for store manager promotions, annual training after promotion, and various training programs for employees in managerial positions to progress to the next level.

In line with the accelerated pace of store openings in the final stage of the EIP, increasing the number of area managers, who are managerial personnel in the Operation Division, is an important issue. For this reason, we established a new training program in 2024 that is conducted annually for all store managers. We have developed a human resource training strategy in line with our management plan to support the growth of each employee.



Training at Maneki Juku

● Koshidaka Workstyle Innovation Plan

We are engaged in work-style reforms to create an environment where employees can work more comfortably and feel growth on a daily basis.

Review of remuneration system	We aim to gradually increase the average annual salary of employees by 25% over a two-year period starting from September 2023. The average annual salary increased by 13% by implementing a base salary increase in November 2023. The second base salary increase was implemented in November 2024.
Establishment of a new career path system	From September 2023, we established a grading system for each position, which provides clear and straightforward salary increases and promotions based on personnel evaluation results, thereby boosting employee motivation.
Revision of the personnel evaluation system	By clearly outlining the key points of personnel evaluation for each grade and the criteria for salary increase and promotion, the revised system allows employees to better understand the performance they need to achieve and improve their understanding of evaluation results, motivating them to achieve subsequent goals.
Enhancement of training system for part-time staff	We have revamped our training system for all part-time staff by providing timely training opportunities tailored to their level of proficiency to further improve customer service skills. In addition, we revised the trainer system for part-time staff.
Expansion of the consecutive leave system	We have expanded our previously introduced system of taking five consecutive days of leave twice a year, and allowed all employees to take seven consecutive days of leave twice a year under our Refresh 7 program. We are creating an environment where employees working in the service industry can take proper rest.
Introduction of a limited-hour employee system	To support employees through temporary life changes, such as childcare, and enable them to continue working, we have introduced a new system that limits their working hours for a set period.
Establishment of a childcare bonus system	To support childcare, we have established a new system to provide 100,000 yen per child for each employee's child reaching a certain age over five times until the child reaches age 18.
Other	We have newly introduced a relocation allowance and revised the company housing system.
Point reward through the stock provision trust (J-ESOP)	We reward performance-linked points to employees through a stock provision trust. This is an employee welfare initiative that also acts as an incentive for the employees to be more aware of corporate performance and stock value.

Diversity & Inclusion

The Group believes that in order to accurately respond to rapidly changing external environments and achieve its medium-term corporate vision, it is essential to promote women, non-Japanese employees, and mid-career hires to managerial and key positions, leveraging their diverse perspectives and values to drive the growth of the Group.

● Promotion of active participation of women

As of August 31, 2024, there is one female Director (20%) out of five Directors (excluding Directors who are members of the Audit & Supervisory Committee), and the percentage of women in managerial positions in the two domestic Group companies (KOSHIDAKA HOLDINGS Co., LTD. and KOSHIDAKA Co., LTD.) is 7.1%.

The Koshidaka Group employs nearly equal numbers of male and female employees, with a significant number of women already holding store manager positions. Through ongoing work-style reforms and human resource development, we aim to unlock the potential of our employees and create an environment where more women can thrive in managerial positions.

● Ensuring diversity

For non-Japanese employees, overseas group companies are advancing local recruitment and development of personnel. We plan to further increase their appointment to managerial positions and key personnel positions across the entire Group. No specific target has been set for the percentage of mid-career hires in managerial positions, as it has already exceeded 80%.

● Employment of people with disabilities

We established a special subsidiary, KOSHIDAKA MAINTENANCE Co., LTD. in 2024 to create a more inclusive working environment for employees with disabilities. This subsidiary is responsible for facility maintenance such as store cleaning, equipment repairs including microphone maintenance, and the production of licensed character goods, and supports various businesses within the Group. We plan to further expand the scale of this business going forward.

Corporate Governance

Basic approach

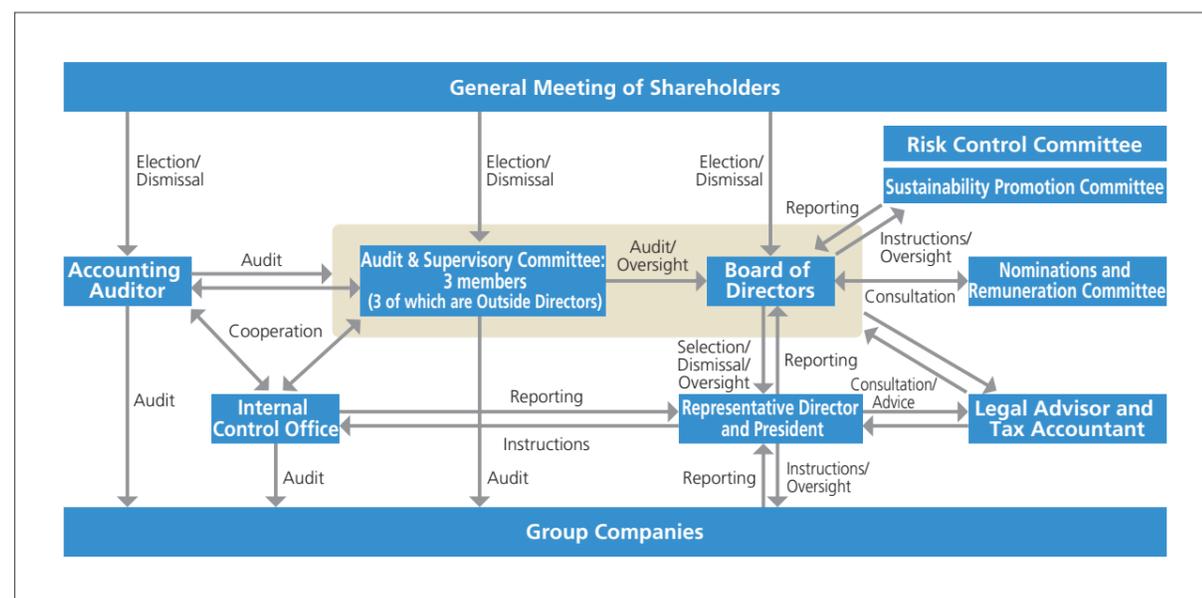
In order to maximize corporate value, the Group maintains management transparency and soundness while strengthening corporate competitiveness in a rapidly changing business environment. We aim to achieve this by establishing swift decision-making and agile organizational management as fundamental corporate governance policies, developing systems, and implementing various measures.



We have published a Corporate Governance Report (in Japanese) for more information on governance. ▶

Corporate governance system

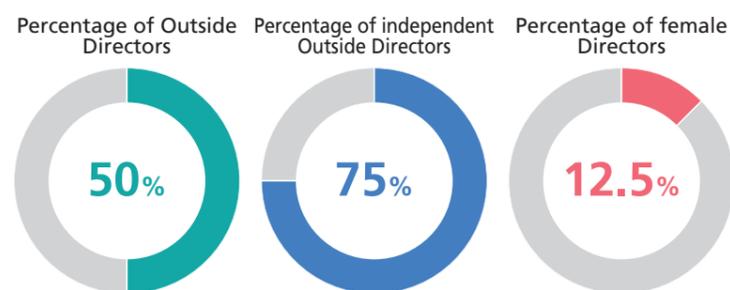
The Company has transitioned to a company with an Audit & Supervisory Committee in order to achieve continuous improvement of the Group's corporate value and to ensure a system to supervise management from the viewpoint of shareholder value. By appointing three Outside Directors as members of the Audit & Supervisory Committee, we are strengthening the external management oversight and corporate governance functions of the Board of Directors, which has the function of making management decisions and supervising the execution of operations by Executive Officers.



● Board of Directors

The Board of Directors consists of eight Directors (four of which are Outside Directors). In addition to holding regular meeting of the Board of Directors once a month, extraordinary meetings of the Board of Directors are convened as needed to make decisions on the Group's management policies, business plans, annual budgets, and other important matters concerning Group companies. The Board of Directors also oversees business execution through monthly budget control, monthly business reports, and the confirmation of other significant business matters reported by Group companies.

The Company's Directors (excluding Directors who are members of the Audit & Supervisory Committee) concurrently serve as Directors at Group companies, directly supervising their business execution. At the same time, the location and schedule of meetings of the Board of Directors are aligned as much as possible to establish a system that enables accurate, consistent, and swift decision-making. The term of office is set at one year in order to strengthen corporate governance.



● Audit & Supervisory Committee

The Audit & Supervisory Committee is chaired by a full-time Audit & Supervisory Committee member and consists of three Directors (all of which are Outside Directors; one full-time and two part-time members). In addition to regular monthly meetings of the Audit & Supervisory Committee, extraordinary meetings of the Audit & Supervisory Committee are held as necessary.

● Nominations and Remuneration Committee

The Nominations and Remuneration Committee is a voluntary advisory body to the Board of Directors. The Committee deliberates on the election and dismissal of Directors, the election and dismissal of the Representative Director, and the remuneration of Directors in order to ensure transparency and fairness.

● Reasons for the election of Outside Directors and their activities

Name	Reasons for the election	Attendance at meetings of the Board of Directors for FY8/24
Tomohiko Nishi	Mr. Nishi has served as a corporate manager and a branch manager of a major securities company. Since his appointment as a full-time Audit & Supervisory Board member in 2012 and as a full-time Audit & Supervisory Committee member in 2015, he has been supervising the management of the Koshidaka Group based on his extensive experience. We have elected him as an Outside Director based on the belief that he will continue to supervise the management of the Group in an appropriate manner.	13/13 (100%)
Shigeyuki Moriuchi	Mr. Moriuchi has been engaged in company audit for many years in major audit firms. Based on his extensive knowledge and experience obtained in successively filling various posts, such as Senior Partner and Director, he has contributed to strengthening the corporate governance of the Koshidaka Group since his appointment as an Outside Audit & Supervisory Board member in 2012 and as an Audit & Supervisory Committee member in 2015. We have elected him as an Outside Director based on the belief that he will continue to supervise the management of the Group in an appropriate manner.	13/13 (100%)
Kenichi Takai	Mr. Takai has contributed to strengthening the Koshidaka Group's corporate governance since his appointment as an Audit & Supervisory Committee member in 2019, based on his extensive experience and a wide range of knowledge as a manager of a financial institution for many years. We have elected him as an Outside Director based on the belief that he will continue to supervise the management of the Group in an appropriate manner.	13/13 (100%)
Kenji Kobayashi	Mr. Kobayashi has many years of experience at large consulting firms, and currently provides management guidance and other assistance at Advantage Partners, Inc. as a corporate management professional. Since his appointment as an Outside Director in 2022, he has provided valuable support for accomplishing the goals of the Koshidaka Group's medium-term business plan. We have elected him as an Outside Director based on the belief that he will continue to contribute to strengthening corporate governance.	13/13 (100%)

● Evaluation of the effectiveness of the Board of Directors

Every year, the Company conducts a questionnaire survey of all Directors on the Board of Directors (including Directors who are members of the Audit & Supervisory Committee) to conduct a self-assessment of each evaluation item. The results of this questionnaire are thoroughly discussed at meetings of the Board of Directors to analyze and evaluate the effectiveness of the Company's Board of Directors as a whole.

For the fiscal year ended August 31, 2024, it was confirmed that the Company's Board of Directors is generally functioning properly and that the effectiveness of the Board of Directors has been ensured. It was also confirmed that half of the Directors are currently Outside Directors and that discussions and exchanges of opinions at the meetings of the Board of Directors are ongoing from an external perspective.

Effectiveness evaluation results and initiatives to improve effectiveness

	Evaluation results	Initiatives to improve effectiveness
Fiscal year ended August 31, 2023	The effectiveness of the Board of Directors has been ensured as half of the Directors on the Board of Directors became Outside Directors and discussions and exchanges of opinions at the meetings of the Board of Directors are ongoing from an external perspective. On the other hand, needs for improvements were confirmed in enhancing the quality and timely distribution of meeting materials for the Board of Directors, as well as in the provision of information from Directors' staff.	To enhance the operation of the Board of Directors, efforts will be made to improve and expand logistics related to the enhancement of meeting materials for the Board of Directors and the provision of information from Directors' staff. This means creating a structure that allows for more focused deliberation on critical matters, improving agenda selection and meeting management, and enhancing the provision of information to outside officers.
Fiscal year ended August 31, 2024	The effectiveness of the Board of Directors has been ensured as half of the Directors on the Board of Directors are Outside Directors and discussions and exchanges of opinions at the meetings of the Board of Directors are ongoing from an external perspective. In order to further deepen discussions, the Board confirmed the need to continue working toward improvement. This includes deepening the annual agenda of the Board of Directors, early dispatch of meeting materials for the Board of Directors, and ensuring the diversity of members of the Board of Directors.	The Board of Directors' secretariat will enhance and refine the operation of the Board of Directors by ensuring the early dispatch of meeting materials for the Board of Directors and fulfilling the function of designing the annual agenda, while also working to further improve the effectiveness of the Board of Directors. This includes measures such as establishing an annual schedule of items to be discussed at meetings of the Board of Directors and securing more time for the prior review of meeting materials for the Board of Directors.

Corporate Governance

● Remuneration of officers

The Company has established a policy for determining the remuneration of individual Directors (excluding Directors who are members of the Audit & Supervisory Committee), which is linked to the Company's performance for a single fiscal year in order to continuously improve corporate value toward the realization of its Corporate Mission. This policy ensures that the level of remuneration is appropriate and reasonable, in accordance with the role and responsibilities of each Director, and that it contributes to improving the competitiveness of the Group's business.

Specifically, only a monthly fixed amount of basic remuneration is paid. This is reviewed annually based on the performance of each fiscal year and determined within the total amount of remuneration approved at the General Meeting of Shareholders. Comprehensive consideration is given to factors such as the position of each Director, performance, industry standards, and employee salary levels.

Remuneration of Directors who are members of the Audit & Supervisory Committee is also a monthly fixed amount. The amount is determined based on discussions among members of the Audit & Supervisory Committee within the total amount of remuneration approved at the General Meeting of Shareholders.

Total amount of remuneration, etc. by officer classification, total amount of remuneration, etc. by type, and number of eligible officers

Officer classification	Total amount of remuneration, etc. (Thousands of yen)	Total amount of remuneration, etc. by type (Thousands of yen)				Number of eligible officers
		Fixed remuneration	Performance-linked remuneration, etc.	Retirement benefits	Non-monetary remuneration, etc., of the left	
Directors (excluding Audit & Supervisory Committee members)	180,400	180,400	—	—	—	4
Directors (Audit & Supervisory Committee members) (excluding Outside Directors)	—	—	—	—	—	—
Outside Directors	16,200	16,200	—	—	—	3

● Skills matrix

	Name	Outside/Independent	Skills									
			Corporate management	ESG/Sustainability	Marketing/Store operation	Property development	Internationality/Overseas development	New business development	Personnel and labor management/ Human resources	Finance and Accounting/ M&A	IT/DX	Legal/Risk management/ Internal control
Directors	Hiroshi Koshidaka		●	●	●	●		●		●		
	Miwako Koshidaka		●	●	●				●			●
	Yoshihito Doi		●	●			●			●	●	
	Akira Zama		●		●		●			●		
	Kenji Kobayashi	Outside	●				●	●			●	
Audit & Supervisory Committee members	Tomohiko Nishi	Outside Independent			●				●			●
	Shigeyuki Moriuchi	Outside Independent		●						●		●
	Kenichi Takai	Outside Independent	●	●								●

● Internal control system

In order to establish systems for ensuring the propriety of business activities as stipulated by the Companies Act and the Regulations for Enforcement of the Companies Act, the Company has formulated a basic policy on the development of internal control system and is implementing the necessary structures accordingly. The Internal Control Office continuously audits the operation of the internal control system and reports the results to the Directors and the Audit & Supervisory Committee as appropriate.

Risk management and compliance

The Company has established a code of conduct to ensure that officers and employees of the Group comply with laws and regulations and the Articles of Incorporation and respect social norms and ethics while performing their duties, and it is working to thoroughly disseminate this code. In addition, the Company has established regulations and other rules related to corporate organization and operations in order to develop a risk management system for the Company and Group companies and to ensure compliance, and it is ensuring their proper implementation. In particular, we focus on ensuring that each Group company operates in accordance with its own internal regulations and manuals to ensure that internal checks and balances function throughout the organization.

Furthermore, to establish corporate ethics and ensure compliance, we are working to raise awareness and providing education on appropriate conduct for all officers and employees through various internal meetings and training sessions within Group companies.

● Risk management system

To address risks that could have a significant impact on the Group's management, the Company has established a Risk Management Committee under the Board of Directors, which is chaired by the Representative Director and President. The Risk Management Committee is responsible for promptly identifying internal and external risks to the Company's activities, formulating preventive measures against such risks, and promptly implementing countermeasures in the event of unavoidable risks such as natural disasters. In addition, a disaster response manual has been developed to establish specific response procedures in the event of disasters or other emergencies.

● Compliance system

A hotline has been established to prepare for potential compliance issues. This allows direct reporting and consultation with either the Group Human Resources Division or members of the Audit and Supervisory Committee.

In addition, to prevent transactions with antisocial forces, checks are conducted at the initiation of new transactions as a preventive measure against the risk of transactions and management interference risks.

Store safety management

The Koshidaka Group, which primarily operates store-based businesses, has a culture of discussing compliance and fire and disaster prevention awareness on a daily basis so as to prevent complacency in order to ensure the safety and security of our customers.

We aim for 100% participation in fire drills, including part-time staff, throughout the year, and the participation rate is increasing every year.

To maintain and manage facilities in case of sudden disasters, information is closely linked to the Internal Audit Office, and a check system functions on a daily basis.

We are working to create a safe and secure store environment by emphasizing safety management, including hygiene control, crime prevention and security.



Officers

Hiroshi Koshidaka

Representative Director and President
CEO

April	1986	Joined the Company
August	1995	Representative Director and President
September	2010	Representative Director, President and CEO (current)

Yoshihito Doi

Senior Managing Director

April	1984	Joined KOKUSAI Securities Co., Ltd. (current Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
June	1999	Joined TAKASAGO ELECTRIC INDUSTRY CO., LTD. (current Konami Amusement Co., Ltd.)
July	2009	Joined the Company as General Manager of Internal Control Promotion Office
September	2010	Director, in charge of Group Management
March	2015	Managing Director, in charge of Group Management
September	2023	Managing Director, in charge of Group CF
November	2023	Senior Managing Director, in charge of Group CF (current)

Kenji Kobayashi

Outside Director

October	2003	Joined Nomura Securities Co, Ltd.
August	2004	Joined ZS Associates, Inc.
January	2011	Joined Boston Consulting Group
August	2020	Joined Advantage Partners, Inc. Director of Advantage Advisors, Inc.
March	2021	Outside Director of Star Flyer, Inc. (current)
November	2022	Outside Director of the Company (current)
January	2023	Principal of Advantage Advisors, Inc. (current)

Shigeyuki Moriuchi

Outside Director
Audit & Supervisory Committee member

October	1982	Joined Price Waterhouse Certified Public Accountants Office
July	1998	Senior Partner of Aoyama Audit Corporation
October	2005	Director of ChuoAoyama Audit Corporation
May	2007	Senior Partner of Kasumigaseki Audit Corporation (current Grant Thornton Taiyo LLC)
January	2010	Managing Partner of Kasumigaseki Audit Corporation
November	2012	Outside Audit & Supervisory Board member of the Company
October	2013	Partner of Grant Thornton Taiyo LLC
November	2015	Outside Director (Audit & Supervisory Committee member) of the Company (current)
December	2016	Outside Audit & Supervisory Board member of KATO SANGYO CO., LTD. (current)
April	2019	Outside Corporate Auditor of DyDo GROUP HOLDINGS, INC. (current)
August	2022	Representative of Shigeyuki Moriuchi Certified Public Accountant Office (current)

Miwako Koshidaka

Senior Managing Director

January	1980	Joined Dai-ichi Securities Co., Ltd. (current Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
May	1986	Joined the Company
March	2000	Audit & Supervisory Board member
January	2002	Director, General Manager of General Affairs Department
September	2010	Director, in charge of General Affairs
March	2014	Managing Director, in charge of General Affairs
September	2023	Managing Director, in charge of Human Resources
November	2023	Senior Managing Director, in charge of Human Resources (current)

Akira Zama

Director

April	1997	Joined SUNKUS & ASSOCIATES INC.
May	2008	Joined METRO Cash & Carry Japan K.K.
January	2014	Joined BEATRICE Co., Ltd.
January	2015	Joined Regus Japan K.K.
June	2015	Joined the Company
March	2017	Operating Officer, in charge of Overseas Operations
November	2019	Director, Operating Officer, in charge of Overseas Operations
June	2022	Director, Operating Officer, General Manager of Overseas Operations (current)

Tomohiko Nishi

Outside Director
Full-time Audit & Supervisory Committee member

April	1978	Joined Nomura Securities Investment Trust Sales Co., Ltd. (current Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
February	2012	Outside Audit & Supervisory Board member of CURVES HOLDINGS Co., Ltd.
November	2012	Full-time Audit & Supervisory Board member of the Company
November	2015	Outside Director (Full-time Audit & Supervisory Committee member) (current)

Kenichi Takai

Outside Director
Audit & Supervisory Committee member

April	1976	Joined The Gunma Bank, Ltd.
June	2007	Executive Officer, General Manager of Corporate Planning Department of The Gunma Bank, Ltd.
June	2009	Director and Executive Officer, General Manager of Head Office Sales Department of The Gunma Bank, Ltd.
June	2011	Managing Director of The Gunma Bank, Ltd.
June	2014	Senior Managing Director of The Gunma Bank, Ltd.
June	2016	Board Chairman of Gunma Economic Research Institute, General Incorporated Foundation
June	2016	Outside Audit & Supervisory Board member of YAMATO Inc.
November	2019	Outside Director (Audit & Supervisory Committee member) of the Company (current)
August	2020	Outside Auditor of KANEKO SEEDS CO., LTD.

Messages from Outside Directors

Expectations for accelerated growth to realize the medium-term corporate vision

Tomohiko Nishi Outside Director, Full-time Audit & Supervisory Committee member
Chairperson of the Audit & Supervisory Committee



During my previous career at a securities firm, I was involved with various companies in the corporate division for many years and had the opportunity to interact with numerous business executives. Currently, the Group is implementing aggressive management strategies aimed at further business expansion and sustainable growth, and our management team is required to make many decisions on a daily basis. As an Outside Director, I intend to leverage my previous experience to support these efforts from an objective standpoint and actively engage in discussions at meetings of the Board of Directors.

When I became a full-time Audit & Supervisory Board member in November 2012, the Group had net sales of 33.7 billion yen and operating profit of 4.0 billion yen (in the fiscal year ended August 31, 2012). Subsequently, the Company has gained public attention by changing its listing to the First Section of the Tokyo Stock Exchange in

2016 and listing of CURVES HOLDINGS through Japan's first spin-off IPO in 2020. The Company has also achieved significant growth by overcoming headwinds such as store closures due to the COVID-19 pandemic. One of the Group's strengths is the unity fostered by the deep-rooted corporate mission, which facilitates the sharing of initiatives aimed at achieving the medium-term corporate vision. Recently, the Company has also focused on addressing sustainability issues such as decarbonization and working style reform, and it has a presence as a leading company in the industry.

Going forward, we expect to accelerate growth through aggressive store openings in the Kinki (Kansai) region and Nagoya area, expansion in Southeast Asia, and entry into the US market. As an Outside Director, I will support the establishment of a framework that enables prompt decision-making while contributing to the enhancement of governance effectiveness and risk management.



Supporting a leap forward in a new phase of development from an external perspective

Shigeyuki Moriuchi Outside Director, Audit & Supervisory Committee member
Chairperson of the Nominations and Remuneration Committee

With a career spanning approximately 40 years at audit firms, I have been involved with numerous companies operating in Japan and overseas. I currently serve as an Outside Audit & Supervisory Board member for multiple companies listed on the Tokyo Stock Exchange Prime Market, including this company. I recognize my role as contributing to the enhancement of governance and corporate value by drawing on my experience of evaluating companies from the specialized perspective of auditing. I will leverage my insights gained from that experience in assessing potential risks surrounding the Group and providing advice for responding to such risks.

The Group has achieved growth through the outstanding leadership and foresight of our management team, centered around President Koshidaka, as well as a strong organizational foundation supported by its human resource development system. It can be safely said that

management based on the threefold combination of leadership, organizational strength, and forward-thinking has created a significant competitive advantage. Having turned the crisis of the COVID-19 pandemic into an opportunity and entered a new phase of development, the Group is focusing on hiring and training highly skilled personnel with diverse experience and abilities. These efforts will lead to further growth when they bear fruit.

Going forward, I believe that the Company should focus on maintaining its top-tier market share in Japan, enhancing its growth potential through the creation of new services, and pursuing new businesses with a particular emphasis on overseas expansion. I will support the key initiatives of strategy formulation, promotion of digital transformation, and expansion and diversification of human resources to drive these efforts from an external perspective.

11-year Financial Highlights (Consolidated)

		FY8/14 ^{*1}	FY8/15	FY8/16	FY8/17	FY8/18 ^{*2}	FY8/19	FY8/20 ^{*3}	FY8/21	FY8/22	FY8/23	FY8/24
Business Performance												
Net sales	(Millions of yen)	37,720	44,257	51,170	55,283	61,771	65,840	43,303	20,791	37,995	54,629	63,263
Operating profit	(Millions of yen)	4,276	4,394	4,810	6,146	7,858	9,507	1,147	(7,628)	2,205	7,667	10,164
Ordinary profit	(Millions of yen)	4,370	4,492	4,699	6,354	8,207	9,562	1,699	(3,092)	5,331	7,767	10,934
Profit attributable to owners of parent	(Millions of yen)	2,423	2,098	1,900	3,255	4,426	6,226	(231)	(4,144)	3,643	7,104	6,735
Per Share Information												
Net income per share	(Yen)	127.87	112.79	104.71	174.50	54.44	76.57	(2.84)	(50.84)	44.68	87.14	82.70
Net assets per share	(Yen)	663.39	725.99	755.09	1,065.46	315.51	391.24	281.01	222.96	239.17	311.36	374.91
Dividend per share	(Yen)	55.00	30.00	32.00	36.00	—	12.00	12.00	4.00	8.00	12.00	18.00
Payout ratio	(%)	19.5	26.6	30.6	20.6	18.4	15.7	—	—	17.9	13.8	21.8
Financial Position												
Total assets	(Millions of yen)	25,926	30,663	33,517	43,690	68,357	72,087	44,555	41,973	47,273	57,007	61,714
Net assets	(Millions of yen)	13,195	14,052	14,272	22,663	26,697	31,815	22,911	18,178	19,508	25,394	30,354
Major Management Indicators												
Equity ratio	(%)	48.5	43.7	40.4	49.6	37.5	44.1	51.4	43.3	41.2	44.5	49.2
Return on assets	(%)	16.9	15.9	14.6	16.5	14.7	13.6	2.9	(7.1)	11.9	14.9	18.4
Operating profit margin	(%)	11.3	9.9	9.4	11.1	12.7	14.4	2.7	(36.7)	5.8	14.0	16.1
Return on equity	(%)	20.9	16.2	14.1	18.5	18.7	21.7	(0.8)	(20.2)	19.3	31.7	24.2
Price-to-earnings ratio	(Times)	15.80	22.38	17.11	18.65	21.51	23.12	—	—	19.54	15.34	11.56
Cash Flows												
Cash flows from operating activities	(Millions of yen)	4,042	4,649	5,737	9,209	8,327	12,577	4,378	(1,942)	11,607	13,385	12,581
Cash flows from investing activities	(Millions of yen)	(6,931)	(4,276)	(6,122)	(6,317)	(23,405)	(8,732)	(9,124)	(4,474)	(7,887)	(9,227)	(10,413)
Cash flows from financing activities	(Millions of yen)	2,198	445	532	4,659	13,276	(3,193)	5,784	2,285	(2,327)	(2,744)	(3,123)
Cash and cash equivalents at end of period	(Millions of yen)	5,169	6,142	6,249	13,754	11,889	12,530	9,297	5,171	6,379	7,854	6,750
Major Non-financial Information												
Number of employees (excluding average number of temporary employees)	(Persons)	887	872	1,107	1,142	1,185	1,322	833	768	859	1,041	1,136
Average number of temporary employees ^{*4}	(Persons)	1,878	2,216	2,693	2,781	3,059	3,369	2,462	1,928	3,228	4,255	4,460
Number of Karaoke business stores in Japan	(Stores)	366	412	457	499	520	525	525	559	582	625	664
Number of rooms in Japan	(Rooms)	—	—	—	—	—	11,705	12,201	13,273	14,327	16,186	17,653
Number of stores overseas	(Stores)	16	19	24	24	23	21	22	12	11	17	22

*1 The Company conducted a 2-for-1 stock split of shares of common stock on September 1, 2014. Net income per share and net assets per share for FY8/14 are calculated on the assumption that the split was conducted at the beginning of the fiscal year.

*2 The Company conducted a 4-for-1 stock split of shares of common stock on June 1, 2018. For FY8/18, a dividend of 20 yen per share was recorded at the end of the interim period (before the split), and 5 yen per share at the fiscal year-end (after the split).

*3 The Company paid a dividend in kind (a stock distribution spinoff) of shares of CURVES HOLDINGS Co., Ltd. on March 1, 2020.

*4 The number of employees represents the number of persons in employment. The number of temporary employees is the average number of temporary employees per year based on an 8-hour workday.

Corporate Overview

Koshidaka's corporate website
<https://www.koshidakaholdings.co.jp/en/index.html>



Corporate Information (As of August 31, 2024)

Company name	KOSHIDAKA HOLDINGS Co., LTD.
Date of establishment	March 31, 1967
Tokyo Head Office	Dogenzaka-dori 10F, 2-25-12 Dogenzaka, Shibuya-ku, Tokyo, Japan
Maebashi Head Office (Registered Head Office)	1-5-1 Ododomachi, Maebashi-shi, Gunma, Japan
Share capital	2,070,257,500 yen
Group's business segments	Karaoke business (Number of stores: 664 stores in Japan and 22 stores overseas) Real estate management business Other business
Number of employees	Employees in the Group: 5,596 (Full-time employees: 1,136, Part-time staff: 4,460*) *The number of part-time staff is determined by calculating the average number of part-time staff per year based on an 8-hour workday



Tokyo Head Office

Officers (As of August 31, 2024)

Representative Director and President	Hiroshi Koshidaka	Outside Director	Kenji Kobayashi
Senior Managing Director	Miwako Koshidaka	Outside Director (Full-time Audit & Supervisory Committee member)	Tomohiko Nishi
Senior Managing Director	Yoshihito Doi	Outside Director (Audit & Supervisory Committee member)	Shigeyuki Moriuchi
Director	Akira Zama	Outside Director (Audit & Supervisory Committee member)	Kenichi Takai

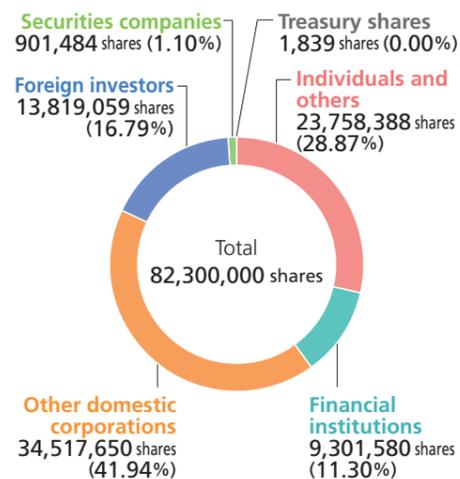
Stock Information (As of August 31, 2024)

Number of shares authorized	307,200,000
Number of shares issued	82,300,000
Number of shareholders	58,749

Major shareholders (Top 5)

Shareholders	Number of shares held	Percentage of shares held
Yozan Co., Ltd.	22,578,000	27.43
Fukuru Co., Ltd.	8,368,000	10.17
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	5,899,818	7.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,664,000	6.88
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	1,480,000	1.80

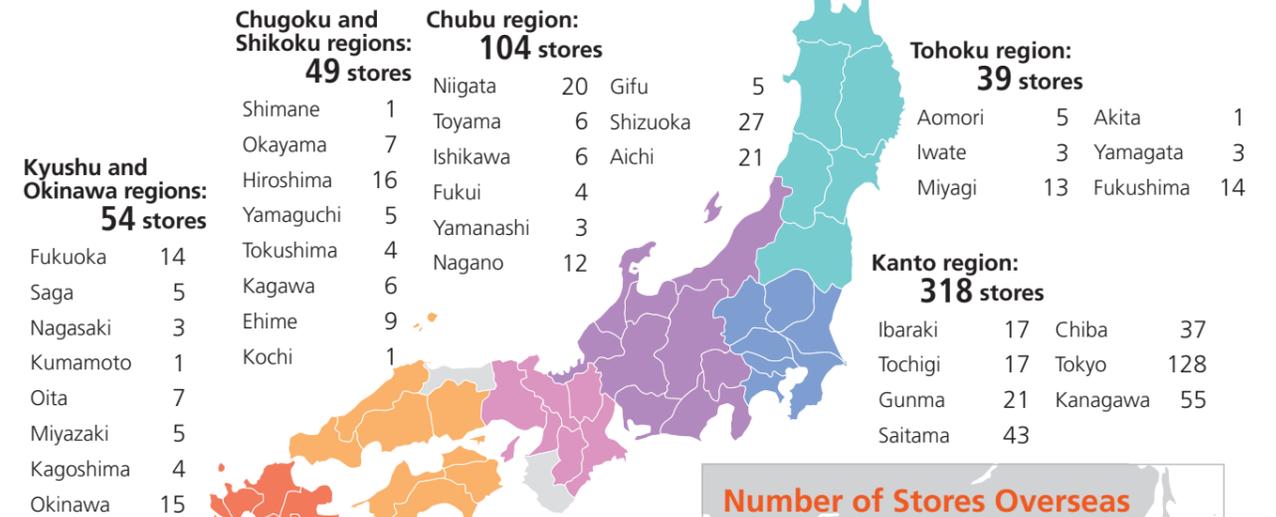
Share distribution by shareholder type



Network

Number of Karaoke Stores in Japan

664 stores in total (As of August 31, 2024)



Number of Stores Overseas

(As of August 31, 2024)



Group Companies

Domestic

KOSHIDAKA Co., LTD.	Operation of karaoke business and bath house business
KOSHIDAKA PRODUCTS Co., LTD.	Ownership, operation and management of the Group's real estate
KOSHIDAKA Business Support Co., LTD.	Management operations common to the Group
KOSHIDAKA AMUSEMENT Co., LTD.	Operation of live event/viewing business and alliance business
KOSHIDAKA DIGITAL Co., LTD.	System development operations, digital marketing operations, IT support operations
KOSHIDAKA MAINTENANCE Co., LTD.	Facility maintenance and equipment repairs work, character goods production

Overseas

KOSHIDAKA KOREA Co., Ltd.	Operation of karaoke business in South Korea
KOSHIDAKA MALAYSIA SDN. BHD.	Operation of karaoke business in Malaysia
KOSHIDAKA THAILAND Co., LTD.	Operation of karaoke business in Thailand
PT KOSHIDAKA INTERNATIONAL INDONESIA	Operation of karaoke business in Indonesia
KOSHIDAKA INTERNATIONAL KL SDN. BHD.	Management of karaoke business in Southeast Asia
KOSHIDAKA R&C Co., LTD.	Market research on the US market and test marketing of karaoke business in the United States



KOSHIDAKA HOLDINGS Co., LTD.

Dogenzaka-dori 10F, 2-25-12 Dogenzaka, Shibuya-ku,
Tokyo 150-0043, Japan