



April 11, 2019

**Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending August 31, 2019
(Six Months Ended February 28, 2019)**

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange (First Section)
 Stock code: 2157 URL: <http://www.koshidakaholdings.co.jp/>
 Representative: Hiroshi Koshidaka, Representative Director and President
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 Tel: +81-3-6403-5710
 Scheduled date of filing of Quarterly Report: April 15, 2019
 Scheduled date of payment of dividend: May 13, 2019
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

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

1. Consolidated Financial Results for the Second Quarter Ended February 28, 2019 (Sep. 1, 2018 – Feb. 28, 2019)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Feb. 28, 2019	32,582	7.2	4,984	35.2	4,992	29.3	2,931	26.3
Six months ended Feb. 28, 2018	30,394	13.2	3,687	17.1	3,860	18.0	2,320	28.5

Note: Comprehensive income (million yen) Six months ended Feb. 28, 2019: 3,234 (up 28.6%)
 Six months ended Feb. 28, 2018: 2,515 (up 27.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Feb. 28, 2019	36.05	-
Six months ended Feb. 28, 2018	28.54	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Feb. 28, 2019	70,256	29,281	41.7
As of Aug. 31, 2018	68,357	26,697	37.5

Reference: Shareholders' equity (million yen) As of Feb. 28, 2019: 29,281 As of Aug. 31, 2018: 25,656

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2018	-	20.00	-	5.00	-
Fiscal year ending Aug. 31, 2019	-	6.00	-	-	-
Fiscal year ending Aug. 31, 2019 (forecast)	-	-	-	6.00	12.00

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

Koshidaka Holdings conducted a 4-for-1 stock split on June 1, 2018. The year-end dividend for the fiscal year ended August 31, 2018 has been adjusted to reflect the stock split.

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2019 (Sep. 1, 2018 – Aug. 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	66,044	6.9	9,345	18.9	9,307	13.4	5,205	17.6	64.01

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

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements:
None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of Feb. 28, 2019:	82,300,000 shares	As of Aug. 31, 2018:	82,300,000 shares
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2) Number of treasury shares at the end of the period

As of Feb. 28, 2019:	981,716 shares	As of Aug. 31, 2018:	981,716 shares
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3) Average number of shares outstanding during the period

Six months ended Feb. 28, 2019:	81,318,284 shares	Six months ended Feb. 28, 2018:	81,318,364 shares
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Koshidaka Holdings conducted a 4-for-1 stock split on June 1, 2018. The average number of shares outstanding during the period has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to page 4 of the attachments "(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year, internal demand remained strong. However, external demand started to stagnate due to the effects on the global economy of the actions by the United States as it is shunning international cooperation. Personal income remains firm and consumer spending is strong, but their outlook is uncertain.

Results by business segment were as follows.

Karaoke

To achieve further growth in Japan, we have been increasing the number of locations, mainly in the Tokyo area, and adding rooms to existing locations. We are also taking actions for increasing the number of regular customers in every customer segments, and making investments to provide customers with new services that competitors do not have and to increase the automation and efficiency of our operations.

We started offering our “Manekineko App” member-service application in October. The number of registered users surpasses 807,000 and is still increasing because a points system, a ranking-promotion system and other incorporated functions were well received. “Mafu” (Manekineko Flat Free time), a free-time course for university, junior college and business school students, launched in January has been well received by the targeted customer segments. At the same time, it has also been effective in boosting customer numbers which had been falling from night to late night on weekdays. Thus “Mafu” is contributing to increasing the number of customers at “Manekineko” locations.

Outside Japan, we further expanded our operations in Southeast Asia by opening our first karaoke location in Thailand and the second location in Malaysia (our first Manekineko location opening).

At the end of the first half of the current fiscal year, the number of karaoke locations in Japan totaled 533, 13 more than at the end of the previous fiscal year, and the number of overseas karaoke facilities totaled 23, consisting of 10 in Singapore, 10 in South Korea, two in Malaysia and one in Thailand.

Renovations (including increases in the number of rooms) were carried out at 36 karaoke locations in Japan.

Sales in the Karaoke segment were 17,740 million yen, up 12.9% year on year. The segment profit was 2,389 million yen, up 52.0%.

Curves

Curves operate facilities where people can become accustomed to exercising regularly with friends throughout their lives in order to enjoy happy and healthy lives with fewer worries about diseases and the need for nursing care.

We want people who do not exercise regularly to understand the importance of physical exercise and make this a regular part of their lives. We have worked to maintain the steady growth in the number of members at Curves fitness clubs as we expand our network of these clubs.

In November, we opened a “Men’s Curves Ogino Chino” fitness gym for men only in Nagano Prefecture. This is a trial opening as a Men’s Curves fitness club, and we will take on the challenge of trying out various trials like this to explore the possibility of achieving multi-store development in the future.

At the end of the second quarter of the current fiscal year, the number of Curves fitness clubs (excluding Men’s Curves) in Japan was 1,946 (including 62 directly operated facilities), an increase of 34, or 1.7%, from the end of the previous fiscal year. The number of members decreased by 8,000, or 0.9%, to 819,000.

Sales in the Curves segment were 13,863 million yen, up 1.1% year on year, and the segment profit was 2,985 million yen, up 22.8%.

Bath House

In this segment, there were measures to enhance activities for attracting customers and bath houses started offering new types of content. There were also more investments in energy-saving equipment and necessary renovations conducted. All these activities improved bath house operations in terms of both quality and quantity.

Sales in the Bath House segment were 822 million yen, up 0.4% year on year. The segment profit was 31 million yen, down 31.5%.

Real Estate Management

In February, this segment acquired EKITA Maebashi, a complex facility located in front of Maebashi Station, and recorded expenses of 39 million yen related to this acquisition.

Sales in the Real Estate Management segment were 156 million yen, down 0.6% year on year, and the segment profit was 28 million yen, down 54.8%.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 32,582 million yen, up 7.2%, operating profit of 4,984 million yen, up 35.2%, ordinary profit of 4,992 million yen, up 29.3%, and profit attributable to owners of parent of 2,931 million yen, up 26.3% in the first half of the current fiscal year.

(2) Explanation of Financial Position

Total assets at the end of the second quarter of the current fiscal year increased 1,898 million yen (2.8%) from the end of the previous fiscal year to 70,256 million yen.

Current assets

Current assets decreased 989 million yen (5.0%) to 18,973 million yen. This was mainly due to decreases of 296 million yen in cash and deposits and 686 million yen in other current assets.

Non-current assets

Property, plant and equipment increased 3,585 million yen (20.4%) to 21,137 million yen. This was mainly due to increases of 2,685 million yen in buildings and structures, 245 million yen in vehicles, tools, furniture and fixtures and 688 million yen in land.

Intangible assets decreased 702 million yen (2.9%) to 23,924 million yen. This was mainly due to decreases of 179 million yen in goodwill and 450 million yen in trademark right.

Investments and other assets increased 5 million yen (0.1%) to 6,220 million yen.

Total non-current assets increased 2,888 million yen (6.0%) to 51,282 million yen.

Current liabilities

Current liabilities increased 1,293 million yen (8.7%) to 16,120 million yen. This was mainly due to a 2,700 million yen increase in short-term loans payable and decreases of 328 million yen in current portion of long-term loans payable and 584 million yen in accounts payable-other.

Non-current liabilities

Non-current liabilities decreased 1,978 million yen (7.4%) to 24,854 million yen. This was mainly due to a 2,155 million yen decrease in long-term loans payable and a 181 million yen increase in asset retirement obligations.

Total liabilities decreased 685 million yen (1.6%) to 40,974 million yen.

Net assets

Net assets increased 2,584 million yen (9.7%) to 29,281 million yen. This was mainly due to increases of 2,524 million yen in retained earnings and 967 million yen in capital surplus, and a 1,040 million yen decrease in non-controlling interests.

Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the second quarter of the current fiscal year decreased 300 million yen (compared with a 3,160 million yen decrease in the same period of the previous fiscal year) from the end of the previous fiscal year to 11,588 million yen (compared with 10,594 million yen at the same period of the previous fiscal year).

Cash flows from operating activities

Net cash provided by operating activities totaled 5,721 million yen, an increase of 3,536 million yen from 2,184 million yen provided in the same period of the previous fiscal year. Main factors include increases of 935 million yen in profit before income taxes and 540 million yen in amortization of trademarks, and decreases of 1,565 million yen in income taxes paid and 830 million yen in the increase in notes and accounts receivable-trade.

Cash flows from investing activities

Net cash used in investing activities totaled 5,621 million yen, an increase of 2,648 million yen from 2,973 million yen used in the same period of the previous fiscal year. Main factors include an increase of 3,027 million yen in purchase of property, plant and equipment, and decreases of 248 million yen in purchase of investment securities and 57 million yen in payments for lease and guarantee deposits.

Cash flows from financing activities

Net cash used in financing activities totaled 403 million yen, a decrease of 1,980 million yen from 2,384 million yen used in the same period of the previous fiscal year. Main factors include a net increase of 2,700 million yen in short-term loans payable and an increase of 778 million yen in repayments of long-term loans payable.

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

The full-year consolidated forecast announced on October 11, 2018 remain unchanged.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/18 (As of Aug. 31, 2018)	Second quarter of FY8/19 (As of Feb. 28, 2019)
Assets		
Current assets		
Cash and deposits	11,926,326	11,630,256
Notes and accounts receivable-trade	3,824,364	3,730,077
Merchandise	944,185	1,039,455
Raw materials and supplies	179,193	199,386
Other	3,105,386	2,419,193
Allowance for doubtful accounts	(16,317)	(44,957)
Total current assets	19,963,138	18,973,410
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,493,852	15,179,508
Vehicles, tools, furniture and fixtures, net	3,030,389	3,275,433
Land	1,965,917	2,654,808
Leased assets, net	30,801	23,660
Construction in progress	31,412	4,310
Total property, plant and equipment	17,552,375	21,137,721
Intangible assets		
Goodwill	1,965,454	1,786,400
Trademark right	20,559,362	20,108,740
Software	791,047	855,183
Other	1,311,693	1,174,495
Total intangible assets	24,627,557	23,924,820
Investments and other assets		
Investment securities	724,085	703,385
Shares of subsidiaries and associates	207,981	47,562
Long-term loans receivable	649,405	848,555
Long-term prepaid expenses	47,986	41,307
Lease and guarantee deposits	3,522,191	3,552,865
Deferred tax assets	984,128	953,036
Other	188,217	194,817
Allowance for doubtful accounts	(109,587)	(121,256)
Total investments and other assets	6,214,409	6,220,273
Total non-current assets	48,394,341	51,282,815
Total assets	68,357,480	70,256,225

	(Thousands of yen)	
	FY8/18 (As of Aug. 31, 2018)	Second quarter of FY8/19 (As of Feb. 28, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,430,957	2,243,782
Short-term loans payable	-	2,700,000
Current portion of long-term loans payable	4,787,866	4,459,496
Lease obligations	20,452	13,848
Accounts payable-other	1,337,875	752,884
Accrued expenses	1,096,081	1,330,816
Income taxes payable	1,873,817	1,824,446
Provision for bonuses	395,052	420,050
Deposits received	1,806,372	1,772,204
Other	1,079,163	603,161
Total current liabilities	14,827,639	16,120,691
Non-current liabilities		
Long-term loans payable	19,533,844	17,377,846
Lease obligations	6,721	1,308
Deferred tax liabilities	5,028,123	4,923,626
Asset retirement obligations	1,981,839	2,163,309
Other	282,069	388,003
Total non-current liabilities	26,832,597	24,854,093
Total liabilities	41,660,236	40,974,784
Net assets		
Shareholders' equity		
Capital stock	2,070,257	2,070,257
Capital surplus	2,335,577	3,302,786
Retained earnings	21,115,366	23,640,102
Treasury shares	(301,538)	(301,538)
Total shareholders' equity	25,219,662	28,711,607
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,171	39,855
Foreign currency translation adjustment	402,722	529,977
Total accumulated other comprehensive income	436,893	569,833
Non-controlling interests	1,040,687	-
Total net assets	26,697,244	29,281,440
Total liabilities and net assets	68,357,480	70,256,225

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

(Thousands of yen)

	First six months of FY8/18 (Sep. 1, 2017 – Feb. 28, 2018)	First six months of FY8/19 (Sep. 1, 2018 – Feb. 28, 2019)
Net sales	30,394,667	32,582,548
Cost of sales	22,421,326	22,579,423
Gross profit	7,973,341	10,003,125
Selling, general and administrative expenses	4,286,117	5,018,213
Operating profit	3,687,224	4,984,911
Non-operating income		
Interest and dividend income	6,225	5,883
Foreign exchange gains	44,286	19,397
Store relocation compensation	23,000	-
Other	132,382	56,070
Total non-operating income	205,894	81,351
Non-operating expenses		
Interest expenses	8,074	36,050
Compensation expenses	11,111	-
Provision of allowance for doubtful accounts	-	11,379
Other	13,224	26,213
Total non-operating expenses	32,410	73,643
Ordinary profit	3,860,708	4,992,620
Extraordinary income		
Gain on sales of non-current assets	380	3,214
Total extraordinary income	380	3,214
Extraordinary losses		
Loss on retirement of non-current assets	42,036	12,861
Impairment loss	14,115	52,021
Loss on valuation of shares of subsidiaries and associates	22,550	213,539
Total extraordinary losses	78,702	278,423
Profit before income taxes	3,782,387	4,717,410
Income taxes-current	1,251,293	1,797,096
Income taxes-deferred	32,890	(180,815)
Total income taxes	1,284,183	1,616,281
Profit	2,498,203	3,101,129
Profit attributable to non-controlling interests	177,343	169,801
Profit attributable to owners of parent	2,320,859	2,931,327

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

(Thousands of yen)

	First six months of FY8/18 (Sep. 1, 2017 – Feb. 28, 2018)	First six months of FY8/19 (Sep. 1, 2018 – Feb. 28, 2019)
Profit	2,498,203	3,101,129
Other comprehensive income		
Valuation difference on available-for-sale securities	(843)	5,684
Foreign currency translation adjustment	18,127	127,254
Total other comprehensive income	17,283	132,939
Comprehensive income	2,515,487	3,234,068
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,338,143	3,064,266
Comprehensive income attributable to non-controlling interests	177,343	169,801

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY8/18 (Sep. 1, 2017 – Feb. 28, 2018)	First six months of FY8/19 (Sep. 1, 2018 – Feb. 28, 2019)
Cash flows from operating activities		
Profit before income taxes	3,782,387	4,717,410
Depreciation	1,678,908	1,886,839
Impairment loss	14,115	52,021
Amortization of goodwill	226,062	131,400
Amortization of trademarks	-	540,959
Increase (decrease) in provision for bonuses	(29,639)	24,998
Increase (decrease) in allowance for doubtful accounts	(3,865)	40,539
Interest and dividend income	(6,225)	(5,883)
Interest expenses	8,074	36,050
Loss (gain) on sales of property, plant and equipment	(380)	(3,214)
Loss on retirement of non-current assets	42,036	12,861
Decrease (increase) in notes and accounts receivable-trade	(735,554)	95,295
Decrease (increase) in inventories	(237,914)	(114,991)
Increase (decrease) in notes and accounts payable-trade	190,621	(188,593)
Other, net	(149,155)	(447,264)
Subtotal	4,779,470	6,778,430
Interest and dividend income received	6,225	5,883
Interest expenses paid	(8,088)	(35,795)
Income taxes paid	(2,592,857)	(1,027,498)
Net cash provided by (used in) operating activities	2,184,749	5,721,020
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,320,719)	(5,347,877)
Proceeds from sales of property, plant and equipment	381	3,214
Purchase of intangible assets	(234,945)	(196,566)
Purchase of investment securities	(253,631)	(5,541)
Proceeds from sales of investment securities	18,633	15,990
Payments for lease and guarantee deposits	(171,268)	(113,643)
Proceeds from collection of lease and guarantee deposits	13,406	34,768
Payments of loans receivable	(50,453)	(25,409)
Collection of loans receivable	30,229	33,834
Other, net	(4,685)	(20,046)
Net cash provided by (used in) investing activities	(2,973,053)	(5,621,277)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	2,700,000
Repayments of long-term loans payable	(1,705,994)	(2,484,368)
Repayments of lease obligations	(12,800)	(12,838)
Cash dividends paid	(365,932)	(406,591)
Dividends paid to non-controlling interests	(300,000)	(200,000)
Net cash provided by (used in) financing activities	(2,384,727)	(403,798)
Effect of exchange rate change on cash and cash equivalents	12,475	3,078
Net increase (decrease) in cash and cash equivalents	(3,160,556)	(300,977)
Cash and cash equivalents at beginning of period	13,754,885	11,889,007
Cash and cash equivalents at end of period	10,594,329	11,588,030

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Koshidaka Holdings acquired additional shares of consolidated subsidiary Curves HOLDINGS Co., Ltd. in December 2018. As a result, capital surplus increased 967,208 thousand yen and amounted to 3,302,786 thousand yen at the end of the second quarter of the current fiscal year.

Segment and Other Information

Segment Information

I. First six months of FY8/18 (Sep. 1, 2017 – Feb. 28, 2018)

1. Information related to net sales, profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Karaoke	Curves	Bath House	Real Estate Management			
Net sales							
External sales	15,706,153	13,711,705	819,565	157,242	30,394,667	-	30,394,667
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	15,706,153	13,711,705	819,565	157,242	30,394,667	-	30,394,667
Segment profit (loss)	1,571,661	2,431,994	45,316	63,313	4,112,286	(425,062)	3,687,224

Notes: 1. The -425,062 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.

II. First six months of FY8/19 (Sep. 1, 2018 – Feb. 28, 2019)

1. Information related to net sales, profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Karaoke	Curves	Bath House	Real Estate Management			
Net sales							
External sales	17,740,005	13,863,514	822,753	156,275	32,582,548	-	32,582,548
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	17,740,005	13,863,514	822,753	156,275	32,582,548	-	32,582,548
Segment profit (loss)	2,389,056	2,985,729	31,045	28,599	5,434,431	(449,520)	4,984,911

Notes: 1. The -449,520 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.

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.