

Results of Operations for the First Half of the Fiscal Year Ending August 2017 (1H FY8/17)

April 14, 2017



KOSHIDAKA HOLDINGS Co., LTD.

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KOSHIDAKA HOLDINGS Co., LTD.

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Corporate Overview

Company name	KOSHIDAKA HOLDINGS Co., LTD.
Business	Oversight of operating companies, business development and other activities
Established	March 1967
Tokyo Head Office	World Trade Center Building 23F, 2-4-1 Hamamatsucho, Minato-ku, Tokyo, Japan
Maebashi Head Office	1-5-1 Odomomachi, Maebashi-shi, Gunma, Japan
Capital	493.6 million yen
Employees	3,889 (all group companies, as of the end of February 2017)
Consolidated subsidiaries	KOSHIDAKA Co., Ltd. / Curves HOLDINGS Co., Ltd. / Curves Japan Co., Ltd. / HIGH STANDARD CO., LTD. / KOSHIDAKA PRODUCTS Co., LTD. / KOSHIDAKA Business Support Co.,LTD. / KOSHIDAKA INTERNATIONAL PTE. LTD. / KOSHIDAKA SINGAPORE PTE. LTD. / KOSHIDAKA KOREA Co., Ltd.

Corporate Philosophy

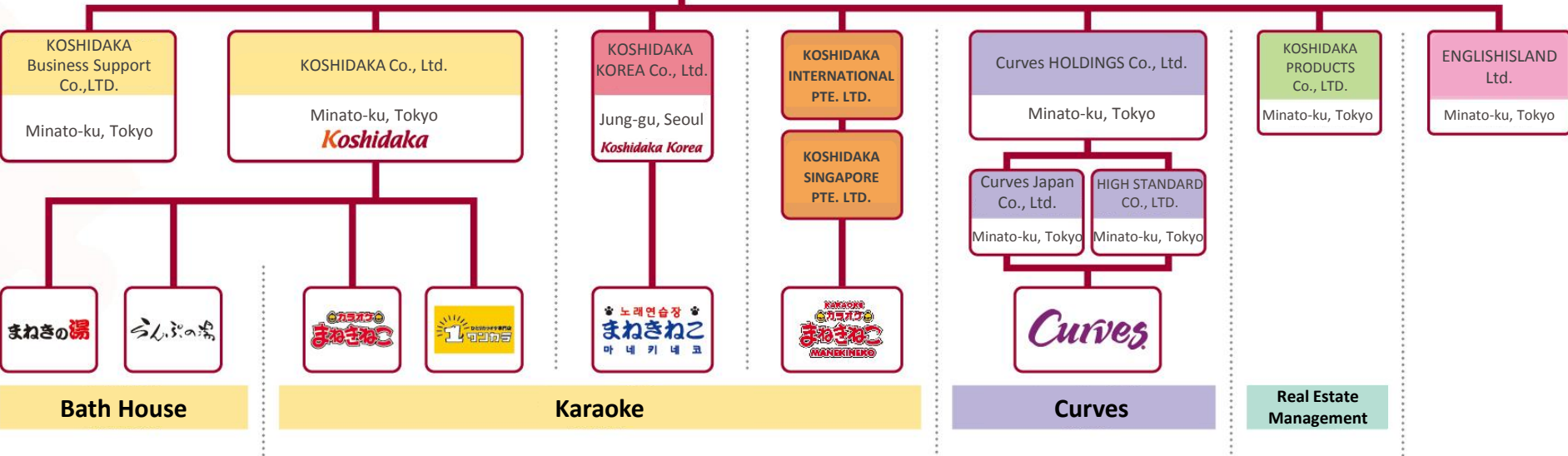
Our mission is to contribute to the creation of fulfilling and rewarding leisure activities and a peaceful world filled with hope by remaining a consistent source on a global scale of innovative and meaningful services and products.

Organization

Organizational Chart



Note: The registered head office is located in Maebashi city, Gunma prefecture, Japan.



1H FY8/17

Consolidated Results of Operations

Listing Moved to TSE First Section

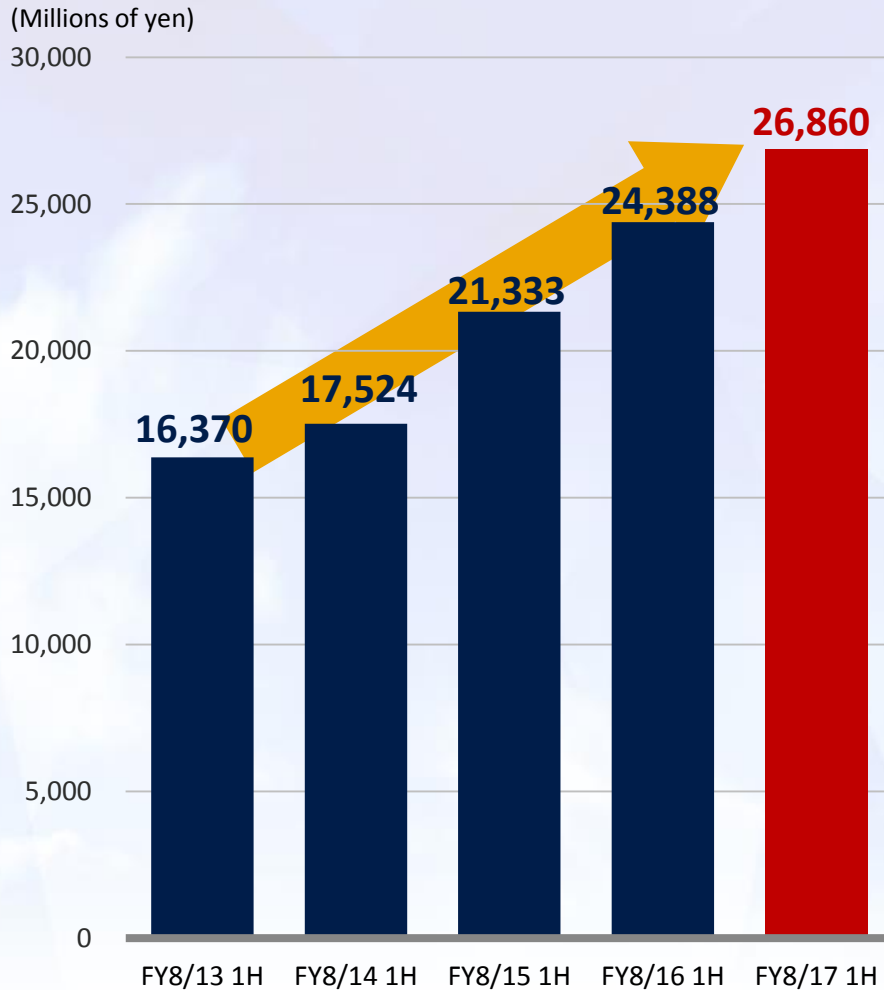
- Continuing to focus on the Tokyo area for new karaoke locations in Karaoke Business
- Strong performance at Karaoke Manekineko in Japan
- Conversion of Singapore karaoke to Manekineko is producing benefits
- Record-high earnings at Curves Business
Placed first in the Japan Customer Satisfaction Index survey for the third consecutive year
- Higher sales and profits in Bath House Business

Consolidated Statement of Income

(Millions of yen)

	FY8/16 1H	FY8/17 1H	YoY change		(Reference) vs. plan Announced on Jan. 10, 2017	
			Ratio	Amount	Ratio	Amount
Net sales	24,388	26,860	+10.1%	2,472	+0.1%	30
Cost of sales	17,974	19,621	+9.2%	1,647	-	-
Gross profit	6,413	7,238	+12.9%	825	-	-
SG&A expenses	3,836	4,088	+6.6%	252	-	-
Operating income	2,577	3,149	+22.2%	572	+26.3%	656
Ordinary income	2,481	3,271	+31.8%	790	+30.1%	756
Extraordinary income	97	-	-	(97)	-	-
Extraordinary losses	36	96	+163.5%	60	-	-
Profit	1,391	1,805	+29.7%	414	+49.7%	599

Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.



Net sales

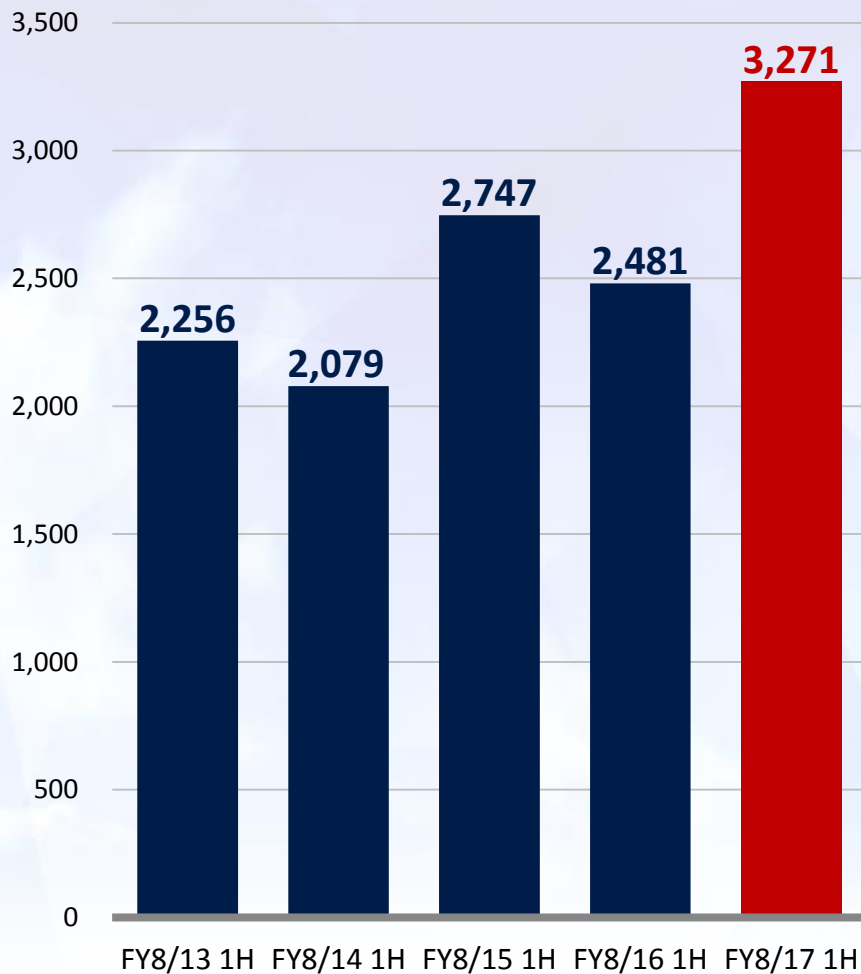
(1H FY8/17)

¥26.8 billion

**10th consecutive
year of sales growth**

Note: All amounts are rounded down to the nearest million yen.

(Millions of yen)



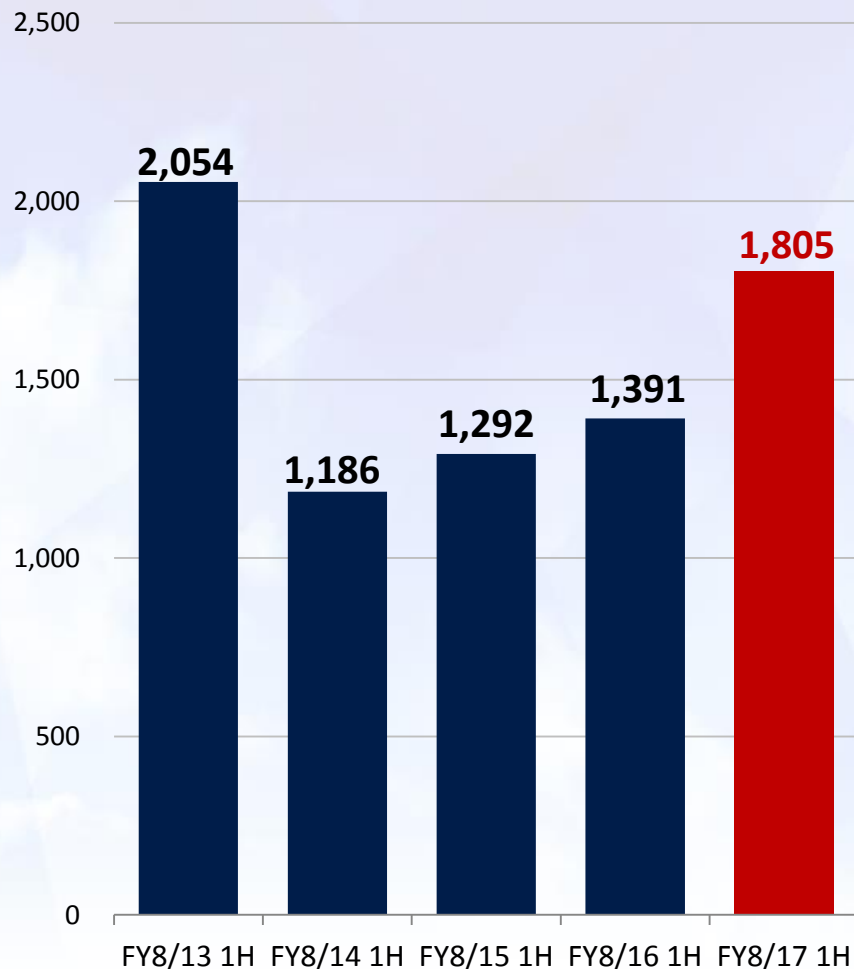
Note: All amounts are rounded down to the nearest million yen.

Ordinary income

(1H FY8/17)

¥3.2 billion

(Millions of yen)



Profit attributable to owners of parent

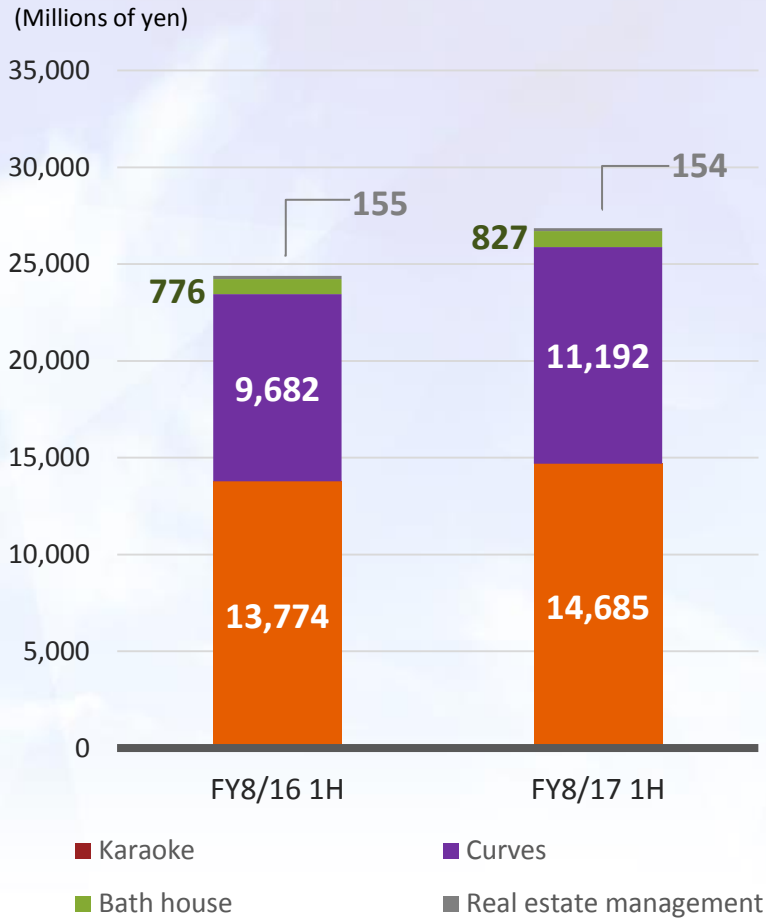
¥1.8 billion

Notes: 1. All amounts are rounded down to the nearest million yen.

2. Gain on sales of non-current assets (extraordinary income) of ¥1,536 million was recorded in the first half of FY8/13.

YoY Change in Net Sales

YoY Change in Net Sales



(Millions of yen)

	FY8/16 1H	FY8/17 1H	YoY change (%)
Consolidated sales	24,388	26,860	+10.1%
Karaoke	13,774	14,685	+6.6%
Curves	9,682	11,192	+15.6%
Bath house	776	827	+6.6%
Real estate management	155	154	(0.9)%

Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

Consolidated Balance Sheet

Note: All amounts are rounded down to the nearest million yen

(Millions of yen)

	Aug. 31, 2016	February 28, 2017	Change
Total assets	33,517	35,947	2,430
Current assets	12,185	13,064	878
Non-current assets	21,331	22,883	1,551
Total liabilities	19,244	20,019	774
Current liabilities	10,685	10,905	220
Non-current liabilities	8,559	9,113	553
Total net assets	14,272	15,928	1,655
Shareholders' equity	13,491	14,988	1,496
Accumulated other comprehensive income	65	84	19
Non-controlling interests	715	855	140
Total liabilities and net assets	33,517	35,947	2,430

Note: All amounts are rounded down to the nearest million yen

(Millions of yen)

Assets (major items)		
Current assets	Cash and deposits	7,485
	Notes and accounts receivable-trade	2,703
	Merchandise	1,073
Non-current assets	Property, plant and equipment	16,435
	Intangible assets	2,214
	Investments and other assets	4,233
Liabilities (major items)		
Current liabilities	Notes and accounts payable-trade	1,869
	Current portion of long-term loans payable	3,439
	Deposits received	1,648
Non-current liabilities	Long-term loans payable	7,281
Net assets (major items)		
	Capital stock	493
	Capital surplus	483
	Retained earnings	16,330
	Treasury shares	(2,319)

Consolidated Statement of Cash Flows

Note: All amounts are rounded down to the nearest million yen
(Millions of yen)

	FY8/16 1H	FY8/17 1H	Major items
Cash flows from operating activities	2,031	3,940	<ul style="list-style-type: none"> • Profit before income taxes 3,174 • Depreciation 1,621 • Amortization of goodwill 216 • Income taxes paid (902)
Cash flows from investing activities	(2,884)	(3,266)	<ul style="list-style-type: none"> • Purchase of property, plant and equipment (3,035) • Payments for lease and guarantee deposits (123)
Cash flows from financing activities	173	560	<ul style="list-style-type: none"> • Proceeds from long-term loans payable 2,500 • Repayments of long-term loans payable (1,599) • Cash dividends paid (309)
Increase (decrease) in cash and cash equivalents	(688)	1,180	
Cash and cash equivalents at beginning of period	6,142	6,249	
Cash and cash equivalents at end of period	5,453	7,430	



1H FY8/17 Results by Segment



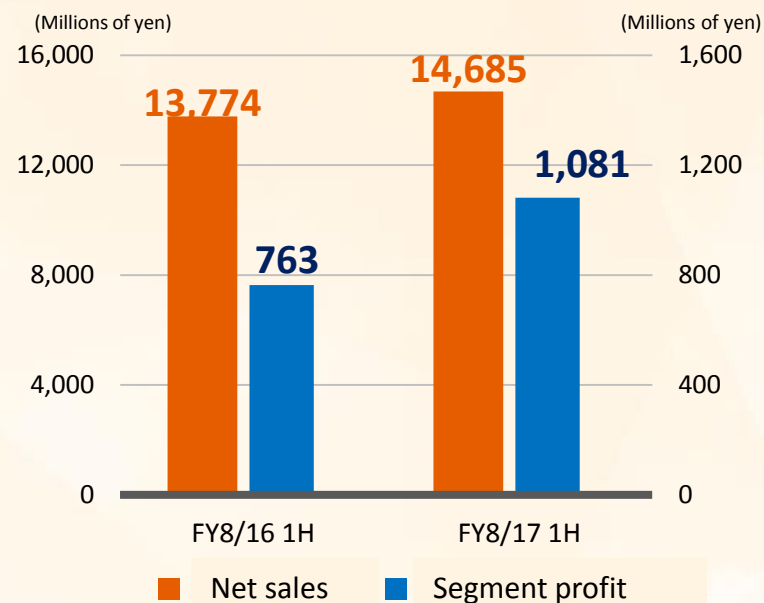
Karaoke Business

Results of the Karaoke Business

Beginning to recover as customer traffic increases at existing locations and various initiatives start producing benefits

(Millions of yen)

	FY8/16 1H		FY8/17 1H		YoY change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	13,774	100.0%	14,685	100.0%	+6.6%
Cost of sales	11,002	79.9%	11,634	79.2%	+5.7%
Gross profit	2,771	20.1%	3,050	20.8%	+10.1%
SG&A expenses	2,007	14.6%	1,969	13.4%	(1.9)%
Segment profit	763	5.5%	1,081	7.4%	+41.6%



Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

**Karaoke
Manekineko**

New locations:

Opened 21 karaoke facilities (16 newly constructed, 5 at existing buildings) / 22 in FY8/16
Of which, 16 facilities were opened in the Tokyo area (Tokyo: 8, Chiba: 4, Kanagawa: 4)

Renovations:

Renovated 31 karaoke facilities / 13 in FY8/16

New Services and Other Initiatives

高校生限定

No room charge for high school student groups

ZEROカラ

ZERO Kara

Background

Decline in high school student customers;
Japan's decreasing/aging population



Only ¥10 room charge for 30 minutes

Background

Higher number of senior customers in the morning

Results

Growth in the number of customers

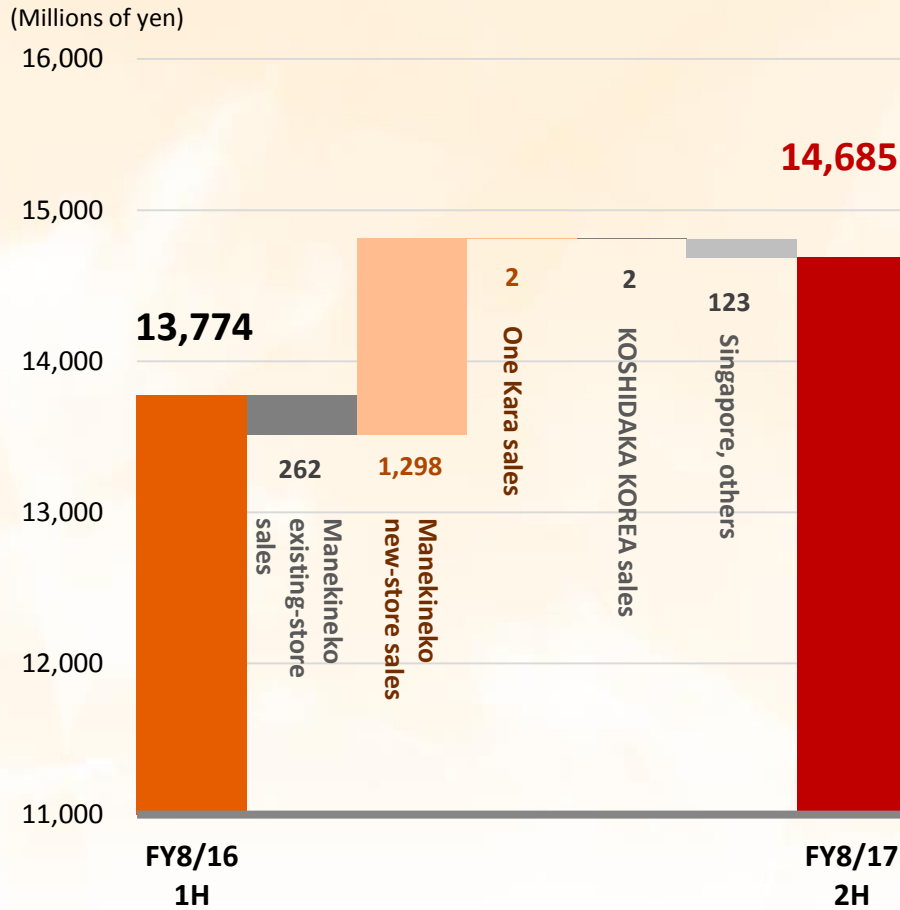
Secondary benefit of attracting other family members

No smoking at all Tokyo area locations since September 2016

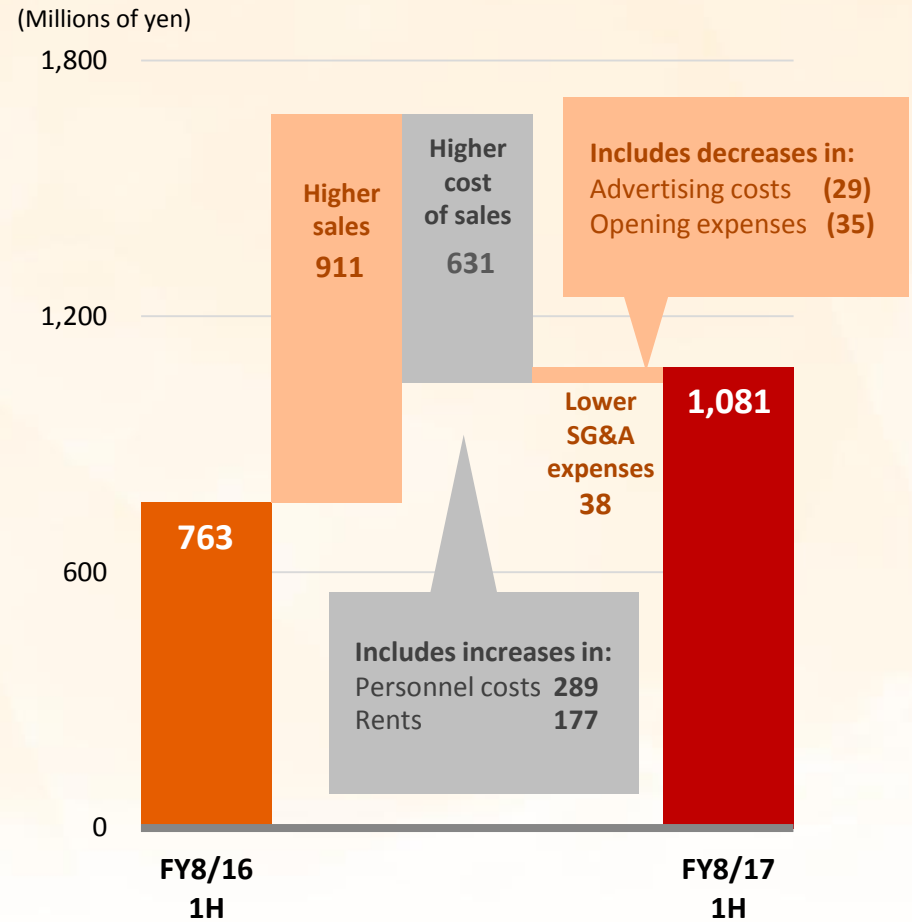
▶ **Produced a strong positive response among families and seniors**

Components of Change

Change in Net Sales

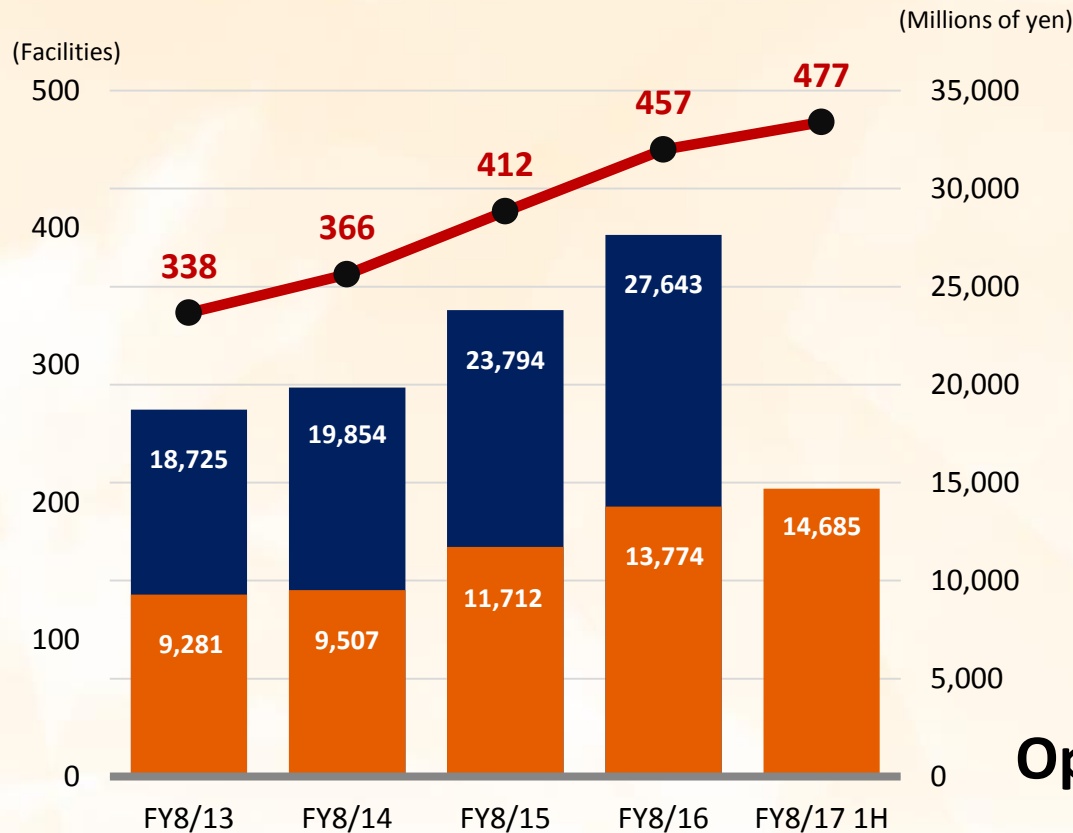


Change in Operating Income



Sales and Number of Karaoke Facilities in Japan

Growth in the Number of Karaoke Facilities



	FY8/16 1H	FY8/17 1H
Number of karaoke facilities in Japan	433	477
Manekineko	423	467
One Kara	10	10

(As of the end of February 2017)

Opened **21** Facilities during the first half of FY8/17

Note: There were 481 locations as of April 14, 2017.

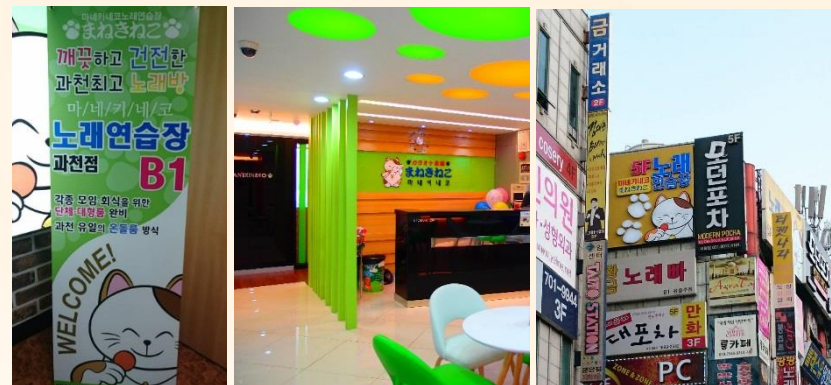
■ Full-year sales of the karaoke business
 ■ First-half sales of the karaoke business
 ● Number of facilities

Sales, Operating Income and Number of Karaoke Facilities outside Japan

(As of the end of February 2017)

	FY8/16 1H	FY8/17 1H
Overseas sales (Millions of yen)	1,074	965
Manekineko (Korea)	125	138
Singapore	949	826
Overseas operating income (Millions of yen)	29	31
Manekineko (Korea)	(56)	(53)
Singapore	86	85
Number of facilities overseas	23	24
Manekineko (Korea)	13	13
Singapore	10	11

Note: All amounts are rounded down to the nearest million yen.



Manekineko (Korea)



Manekineko (Singapore)

Singapore

8 facilities were switched to the Manekineko brand

A photograph of a Curves gym interior. The background wall is dark purple with the Curves logo and slogan. Several women are using various exercise machines. A woman in a black shirt is in the foreground, and another woman in an orange shirt is lying on a machine. The floor is blue and purple. There are posters on the wall, including one that says 'WILL POWER GETS DIRTY FRIENDS'.

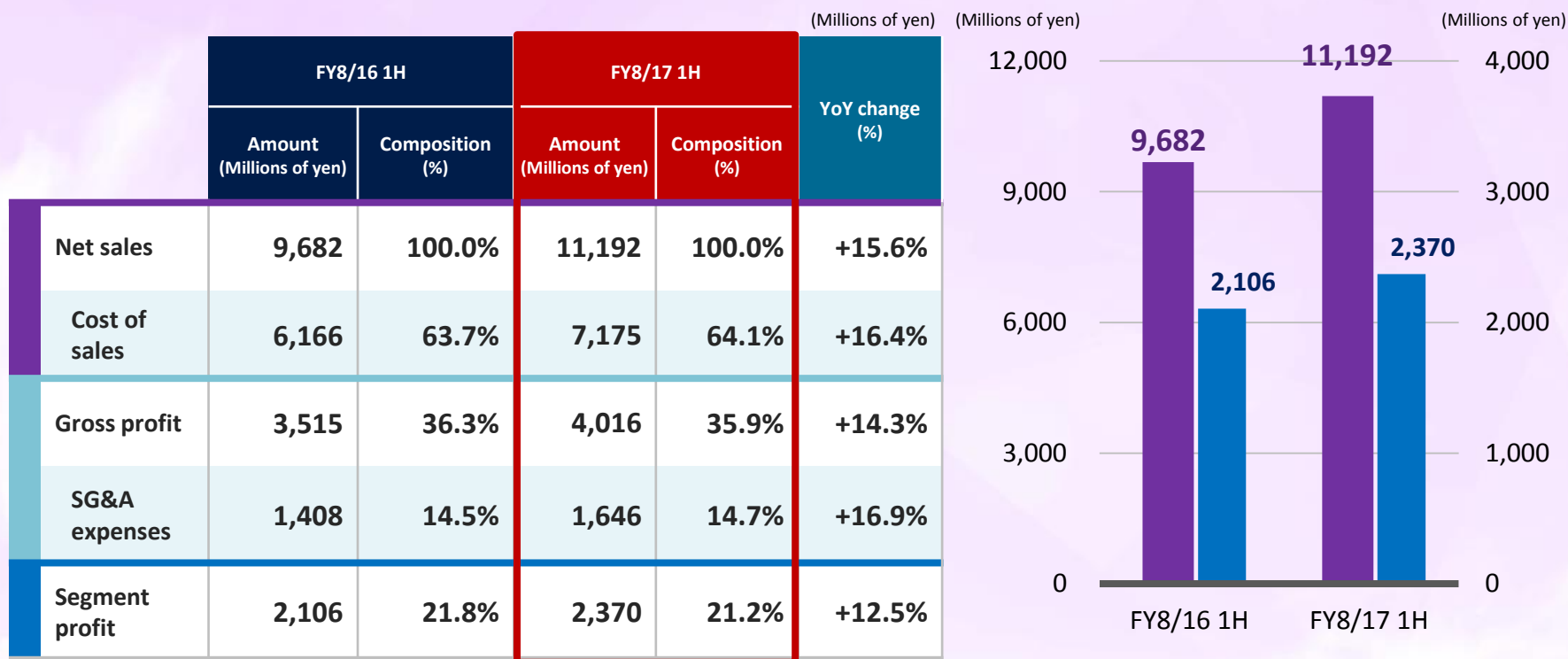
Curves

The power to amaze yourself.®

Curves Business

Results of the Curves Business

Number of locations increased steadily



Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

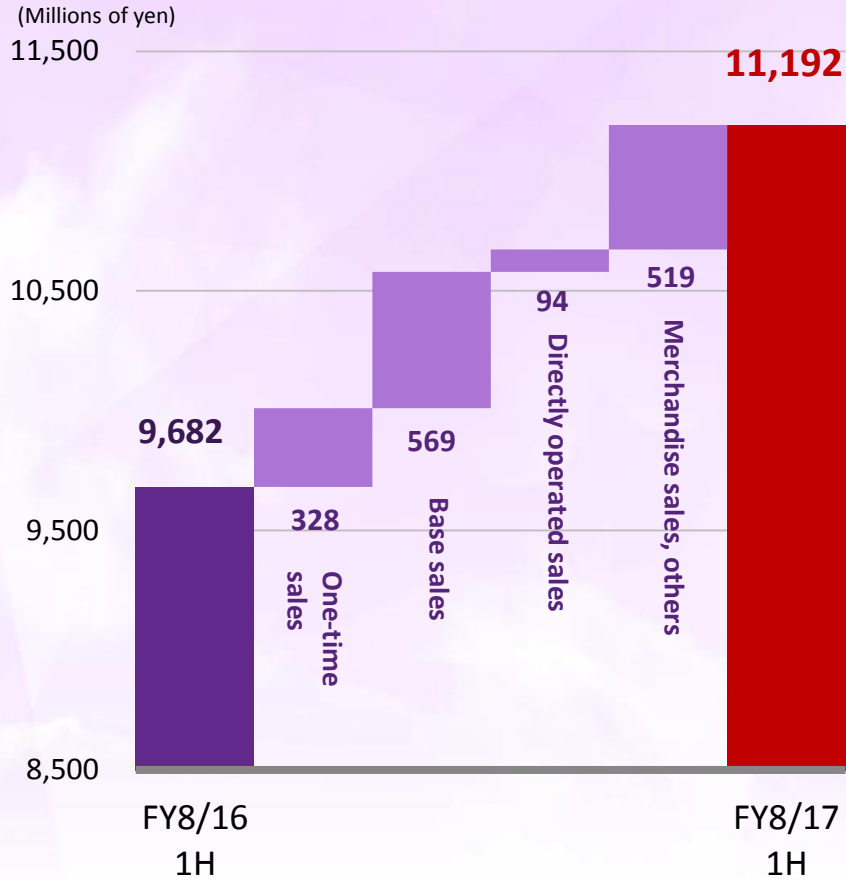
■ Net sales ■ Segment profit

Highlights

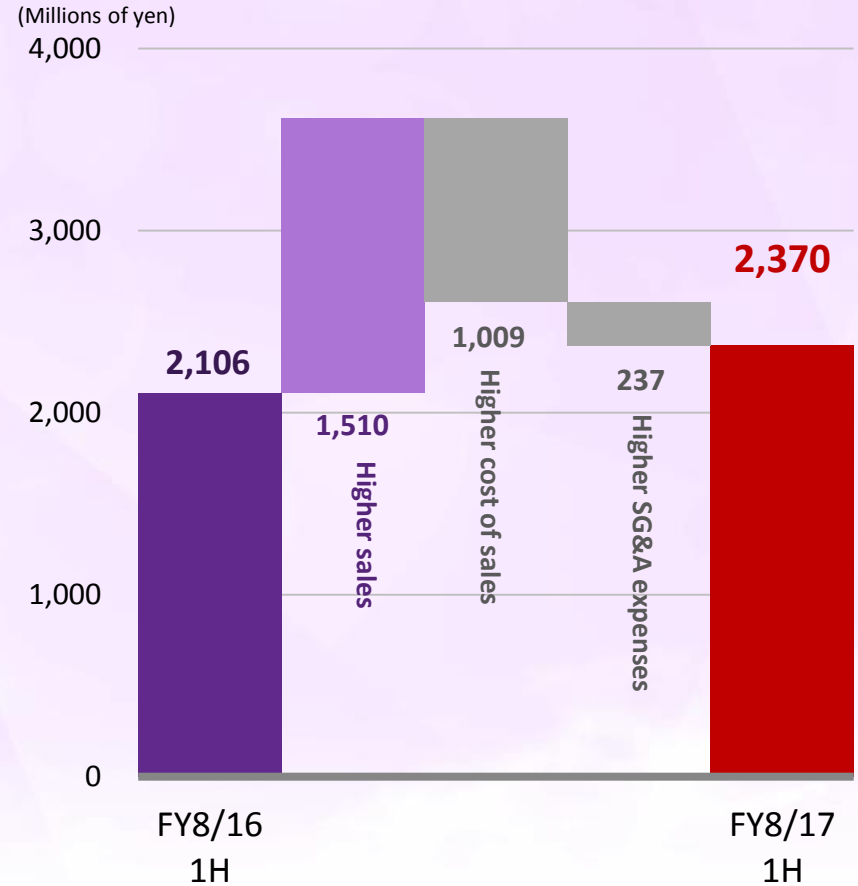
Member attrition rate is at the 2% level
Strong sales of merchandise to members

Components of Change

Change in Net Sales



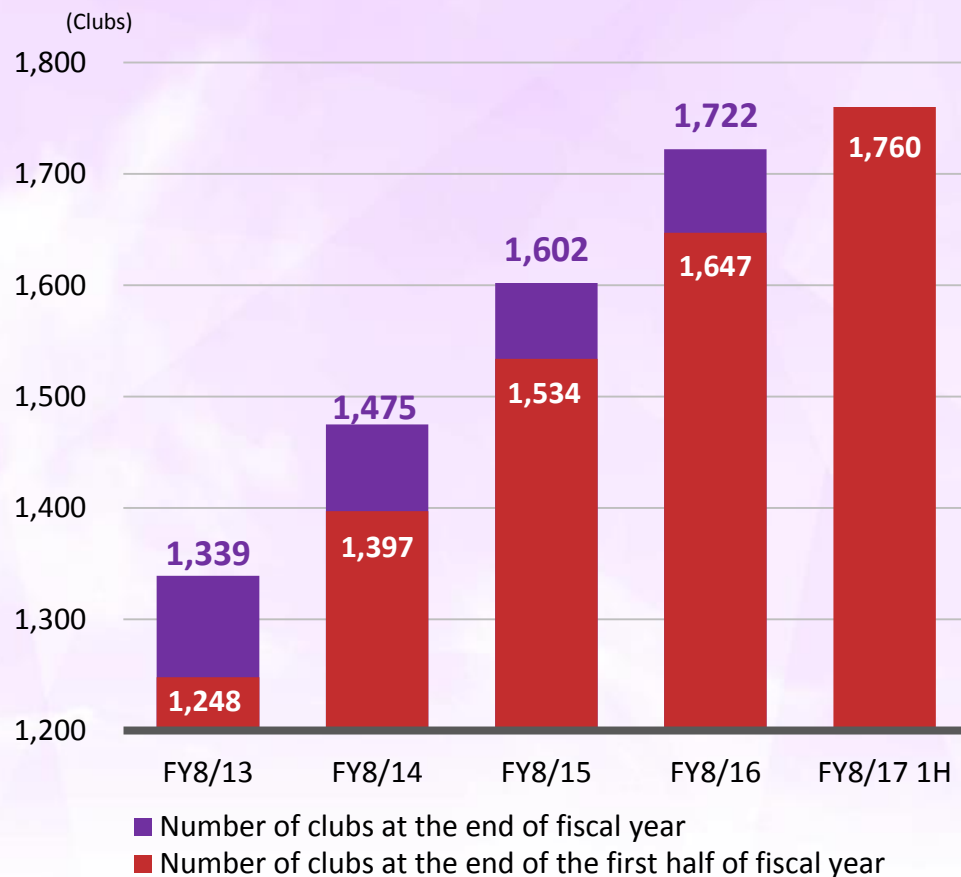
Change in Operating Income



Note: One-time sales are franchise fees and other one-time payments received when a new fitness club opens. Base sales are royalties and other steady sources of sales.

Number of Curves Fitness Clubs

There were **1,760** locations in Japan
at the end of February 2017



	FY8/16 1H	FY8/17 1H
Number of clubs	1,647	1,760
Growth rate (%)	7.4	6.9
Number of members (thousands)	721	784
Growth rate (%)	10.9	8.7

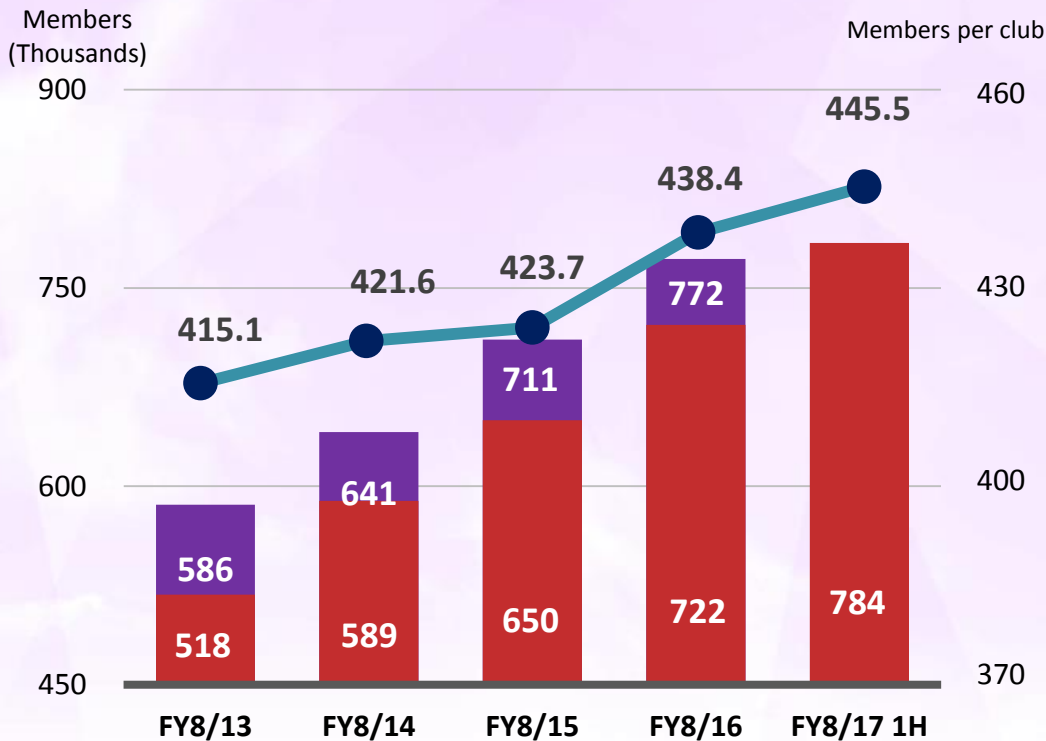
Opened **38** clubs during
the first half of FY8/17

Note: There were 1,768 locations as of April 14, 2017.

Growth in Number of Curves Members

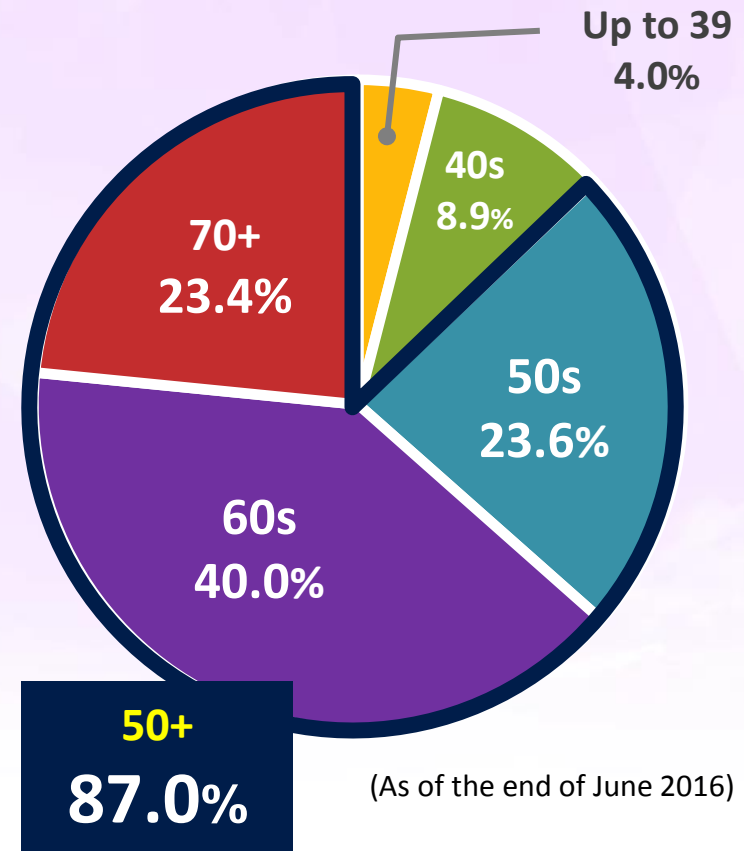
784,000 members at the end of February 2017

Growth in the Number of Curves Members



■ Members at the end of fiscal year
 ■ Members at the end of the first half of fiscal year
 —●— Members per club at the end of the first half of fiscal year

Age Composition of Members





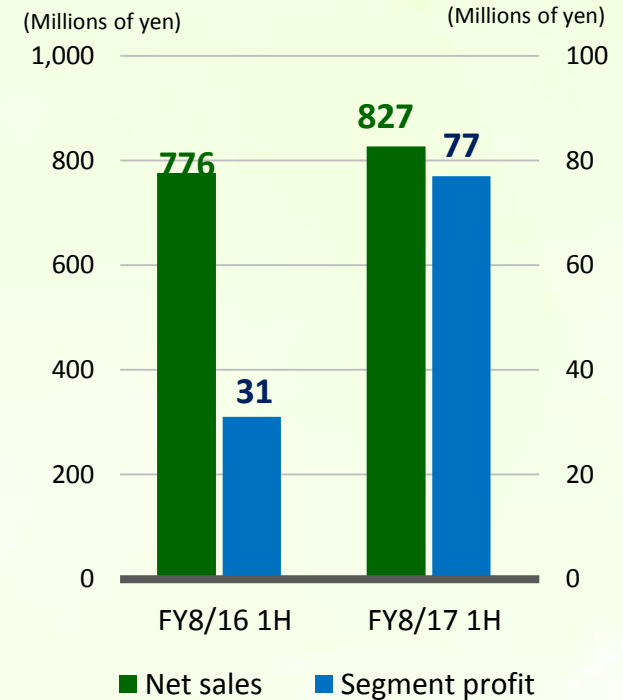
Bath House Business



Results of the Bath House Business

Higher sales and profits

	FY8/16 1H		FY8/17 1H		YoY change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	776	100.0%	827	100.0%	+6.6%
Cost of sales	712	91.8%	720	87.1%	+1.1%
Gross profit	64	8.2%	107	12.9%	+67.1%
SG&A expenses	32	4.1%	29	3.5%	(9.4)%
Segment profit	31	4.0%	77	9.3%	+143.6%



Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

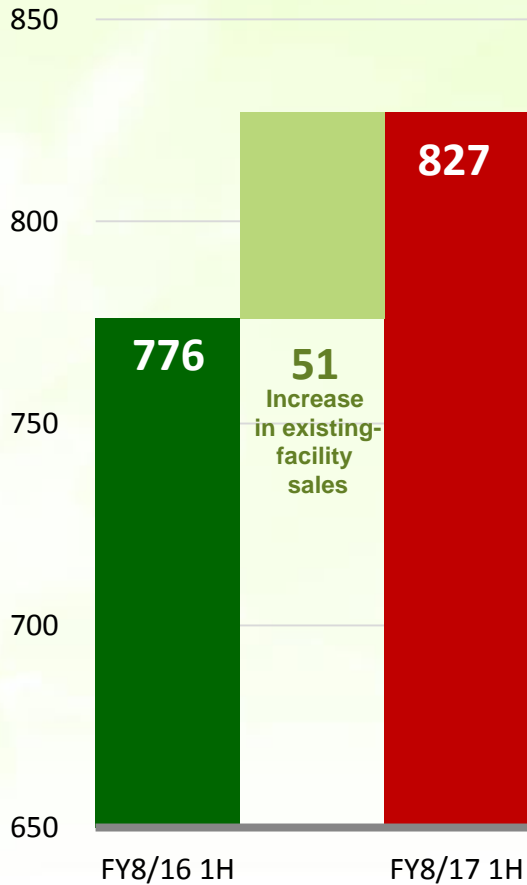
Highlights

Free entry for elementary school students and bingo events are popular
 Larger selection of comics to attract new customers and increase the time customers spend at bath houses
 More energy conservation

Components of Change

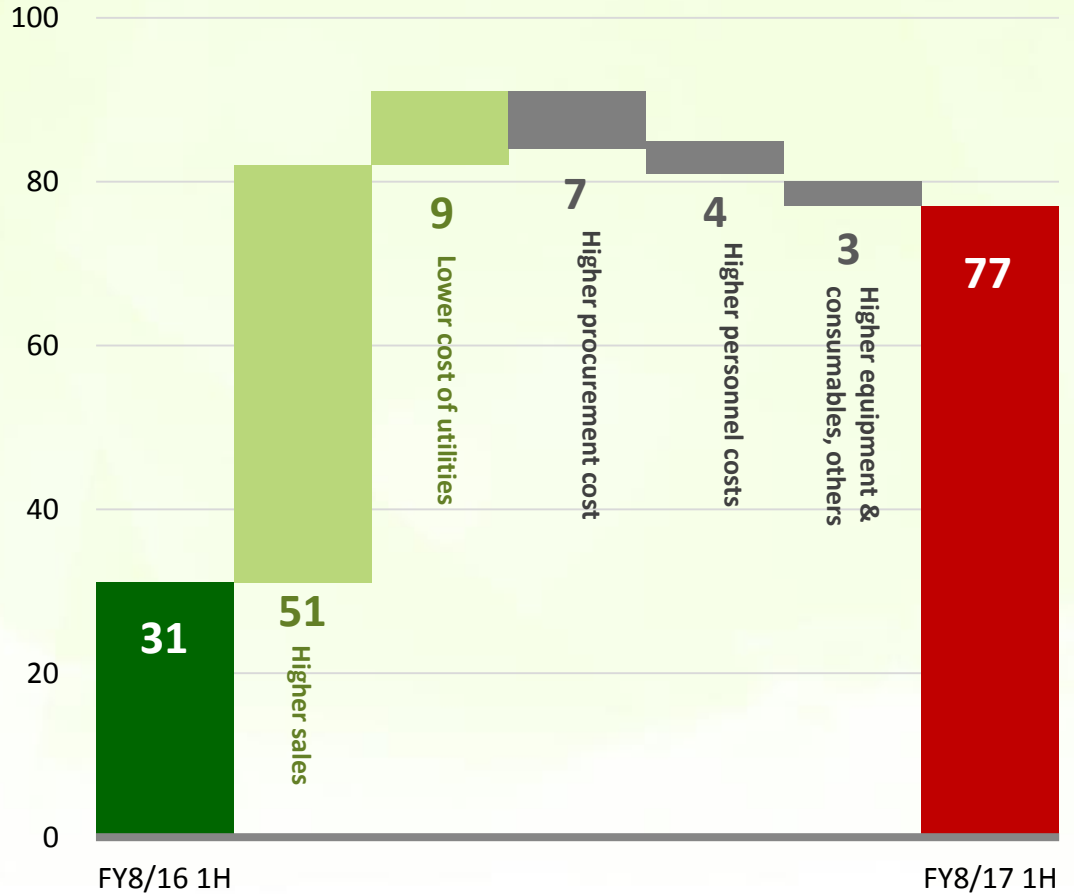
Change in Net Sales

(Millions of yen)



Change in Operating Income

(Millions of yen)



The background of the slide is a vibrant blue with a complex geometric pattern of overlapping triangles and circles. At the bottom, there is a horizontal band showing a clear blue sky with wispy white clouds. A dark blue horizontal bar is positioned across the middle of the slide, containing the title text in white.

FY8/17 Consolidated Forecast

FY8/17 Forecast

(Millions of yen)

	FY8/16 Results	FY8/17 Forecast	Amount of change	Ratio (%)
Net sales	51,170	55,112	3,942	+7.7%
Operating income	4,810	5,468	658	+13.7%
Ordinary income	4,699	5,519	820	+17.4%
Profit	1,900	2,694	794	+41.8%
Dividend (yen)	32	34	-	-

Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

! Dividend forecast for FY8/17 is 34 yen

The background features a complex geometric pattern of overlapping triangles and circles in various shades of blue. At the bottom, there is a horizontal band showing a bright blue sky with wispy white clouds, which fades into the white background at the very bottom of the slide.

Shareholder Distributions and Benefits

Shareholder Distributions and Benefits **Shareholder benefits**

Shareholder Gift Catalog



Shareholders of 100 or more Koshidaka Holdings shares:

▶ **Catalogue gift worth about 3,000 yen**

Shareholders of 1,000 or more Koshidaka Holdings shares:

▶ **Catalogue gift worth about 5,000 yen**

Shareholder Coupon



Shareholders of 100 or more KOSHIDAKA Holdings shares:

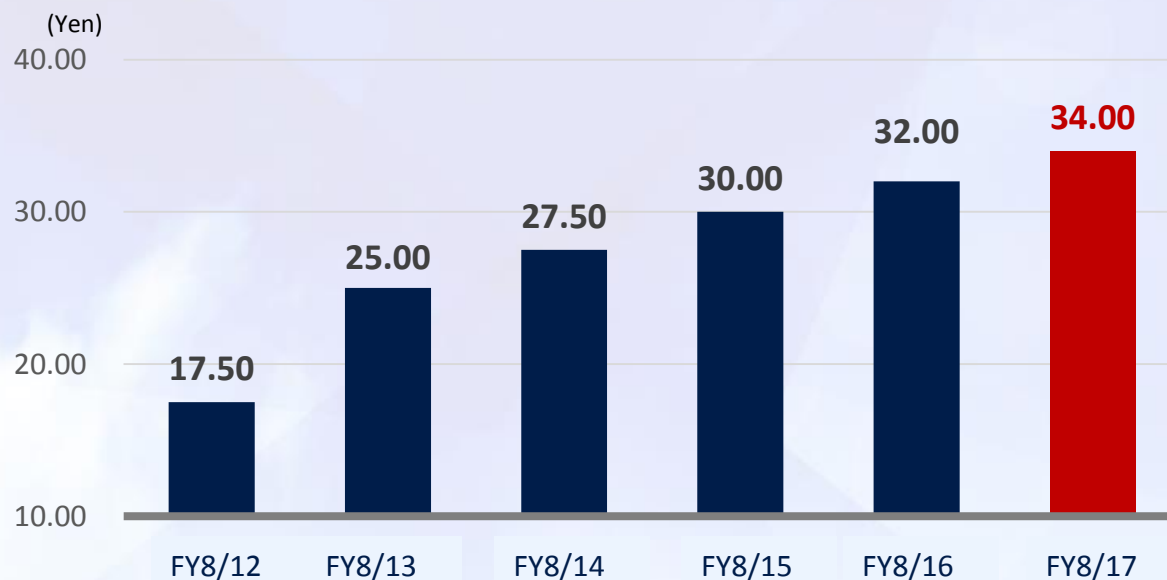
▶ **Coupon worth about 5,000 yen**

◆ Forecast for FY8/17 dividend is 34 yen.

Basic Policy for Profit Distribution

Returning profits to shareholders is one of the highest priorities of Koshidaka Holdings. The basic policy is to make stable and consistent dividend payments while taking into consideration securing retain earnings for future business operations and building a sounder base of operations.

Shareholder Distributions and Benefits **Dividends**



Ninth
consecutive year
of higher
dividend since its
IPO

		(Yen)					
		FY8/12	FY8/13	FY8/14	FY8/15	FY8/16	FY8/17 (forecast)
Dividends (yen)	2Q	8.75	12.50	12.50	15.00	15.00	18.00
	Year-end	8.75	12.50	15.00	15.00	17.00	16.00
	Total	17.50	25.00	27.50	30.00	32.00	34.00

The background features a complex geometric pattern of overlapping triangles and circles in various shades of blue. A semi-transparent dark blue horizontal band is positioned across the middle, containing the main title. Below this band, a lighter blue sky with wispy white clouds is visible, creating a sense of depth and openness.

2H FY8/17 Strategic Goals and Future Outlook

2H FY8/17 Strategic Goals (Karaoke Business)

1

Continue to open more Karaoke Manekineko

Continue opening locations in prime shopping areas near railway stations;
Higher pct. of new locations at newly constructed buildings;
Resume opening new One Kara locations

2

Strengthen new services and other initiatives

ZERO Kara, ZERO Kara +, Asa-Uta

3

Improve the efficiency of all operations

More automation and more IT and other systems

4

Advance to the next stage of overseas growth

Korea – Reexamine the business model

Singapore – Speed up contribution to earnings/Open karaoke locations in other countries

2H FY8/17 Strategic Goals (Curves Business)

1 Continue to open 90-100 clubs during year

2 Build a club infrastructure for one million members

3 Further enhance customer satisfaction

Placed first in the FY16 Japan Customer Satisfaction Index survey for the third consecutive year in the fitness category



4 Conduct activities that help solve social problems

More activities with local governments, increase awareness of the importance and benefits of regular exercise

2H FY8/17 Strategic Goals (Bath House Business)

1

Add and upgrade facilities and services for higher earnings

Continue and upgrade marketing campaigns, such as free entry for elementary school students and bingo events

Start offering a carbonated spring bath at bath house locations nationwide

Open MANEKI Town, a place to relax at Tokyo Kenko Land

2

More energy conservation

Install heat exchange units, Improve energy efficiency by replacing HVAC systems, filters, boilers and other basic equipment

3

Consider the resumption of opening new bath houses

The Goal of the Koshidaka Group

**We are dedicated to constantly
creating and expanding
new business models in existing
industries.**

Inquiries



▶ IR Contact

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Stock code : 2157

The purpose of this presentation is to provide information about the Koshidaka Group based on results of operations for the first half of the fiscal year that ending in August 2017. This is not a solicitation to purchase securities issued by Koshidaka Holdings.

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