

Results of Operations for the First Half of the Fiscal Year Ending August 2018 (1H FY8/18)

April 20, 2018



KOSHIDAKA HOLDINGS Co., LTD.

Contents

2

Corporate Overview	3
Organization	4
1H FY8/18 Consolidated Results of Operations	5
Financial Highlights	6
Material Subsequent Events	7
Consolidated Statement of Income	8
Net sales (1H FY8/18)	9
Operating Profit (1H FY8/18)	10
Ordinary Profit (1H FY8/18)	11
Profit Attributable to Owners of Parent	12
YoY Change in Net Sales	13
Consolidated Balance Sheet	14
Consolidated Statement of Cash Flows	15
1H FY8/18 Results by Segment	16

Karaoke Business	17
Results of the Karaoke Business	18
Components of Change	20
Sales and Number of Karaoke Facilities in Japan	21
Sales, Operating Profit and Number of Karaoke Facilities outside Japan	22

Curves Business	23
Results of the Curves Business	24
Components of Change	25
Number of Curves Fitness Clubs	26
Growth in Number of Curves Members	27

Bath House Business	28
Results of the Bath House Business	29
Components of Change	30

FY8/18 Consolidated Forecast	31
FY8/18 Forecast	32
A Strong Start to the 11th Consecutive Year of Sales and Earnings Growth	33
Effects of the Curves International Holdings Acquisition	34

Strategic Objectives	35
Our goal is consistent growth	36
Improvement in Operating Margin	37
Karaoke Business	38
Curves Business	40
Bath House Business	41

Revision (Upgrade) to the Shareholder Benefit Program	43
Shareholder Distributions and Benefits - Dividends	44
The Goal of the Koshidaka Group	45
Inquiries	46

Corporate Overview

3

Company name	KOSHIDAKA HOLDINGS Co., LTD. (As of April 20, 2018)
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	2,070,257,500 yen
Employees	4,053 (all group companies, as of the end of February 2018)
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. / Curves International, Inc.

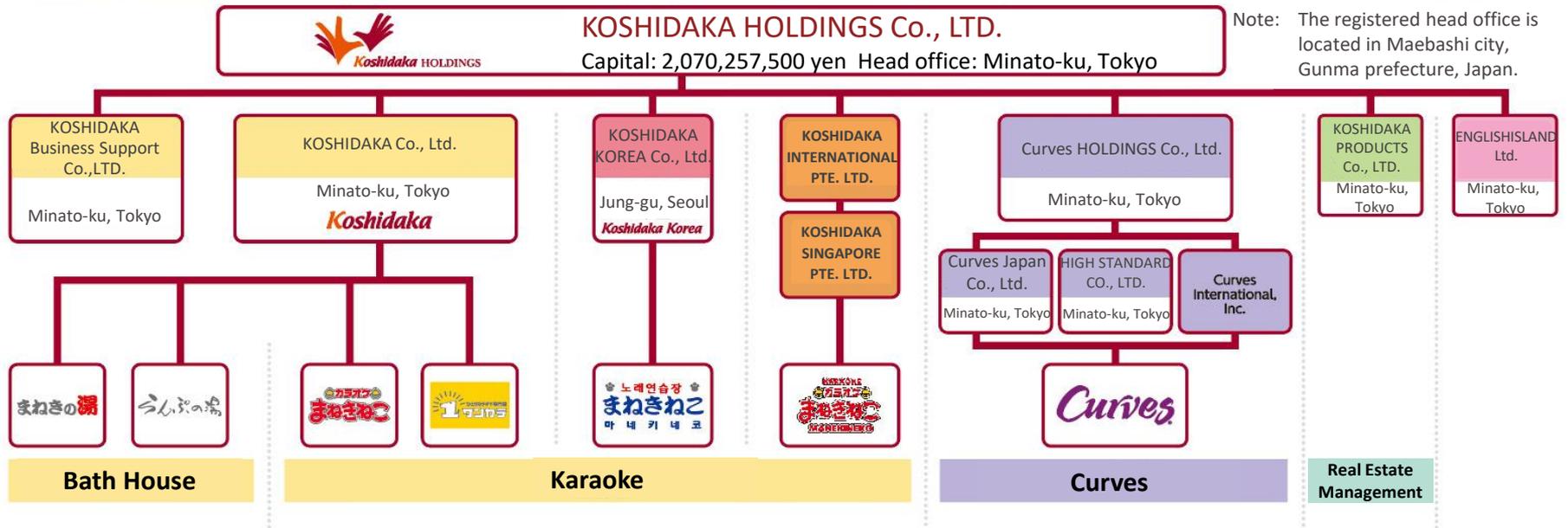
Corporate Philosophy

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

(As of April 20, 2018)

Organizational Chart





**1H FY8/18
Consolidated Results of
Operations**

Financial Highlights

- **Sales and earnings were higher than the first half plan**
- **Karaoke Business —**
Profit margin in this business recovered to double digits
- **Curves Business —**
One-time increase in expenses caused by acquiring Curves International Holdings, the Curves global franchisor

Material Subsequent Events

- **March 31, 2018**
Acquired Curves International Holdings, making this company a wholly owned subsidiary
- **June 1, 2018 (effective date)**
One-to-four stock split
(Also upgraded the shareholder benefit program)

Consolidated Statement of Income

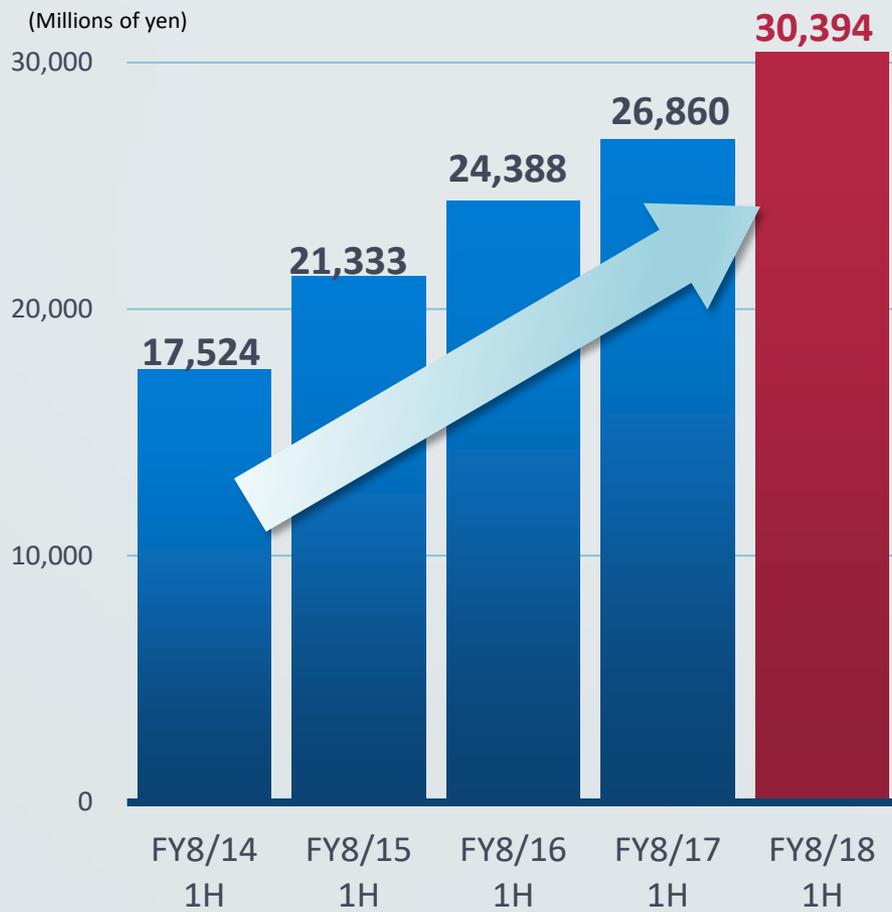
8

(Millions of yen)

	FY8/17 1H	FY8/18 1H	YoY change		(Reference) vs. plan Announced on Oct. 11, 2017	
			Ratio	Amount	Ratio	Amount
Net sales	26,860	30,394	13.2%	3,534	+ 4.1%	1,187
Cost of sales	19,621	22,421	14.3%	2,799	-	-
Gross profit	7,238	7,973	10.2%	734	-	-
SG&A expenses	4,088	4,286	4.8%	197	-	-
Operating profit	3,149	3,687	17.1%	537	+10.5%	349
Ordinary profit	3,271	3,860	18.0%	589	+15.8%	526
Extraordinary income	-	0	-%	0	-	-
Extraordinary losses	96	78	(18.5)%	(17)	-	-
Profit attributable to owners of parent	1,805	2,320	28.5%	515	+27.0%	493

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

Net Sales (1H FY8/18)



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

Net sales
(1H FY8/18)

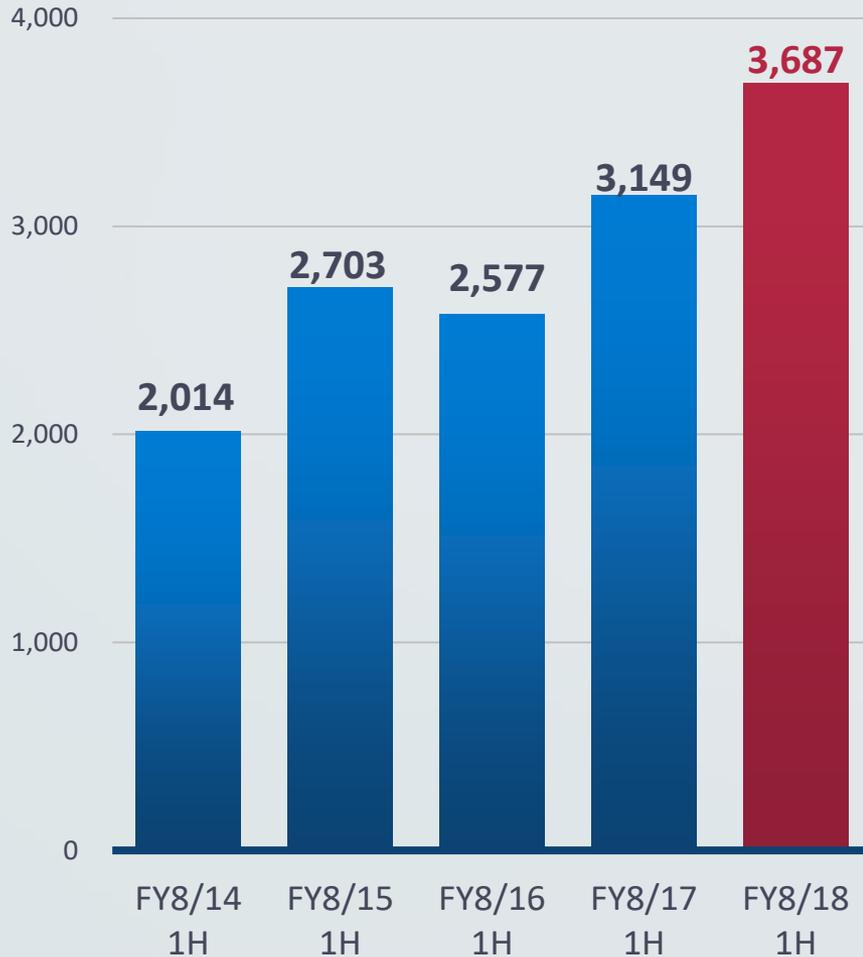
¥**30.3** billion

11th consecutive year
of sales growth

Operating Profit (1H FY8/18)

10

(Millions of yen)



Operating profit

(1H FY8/18)

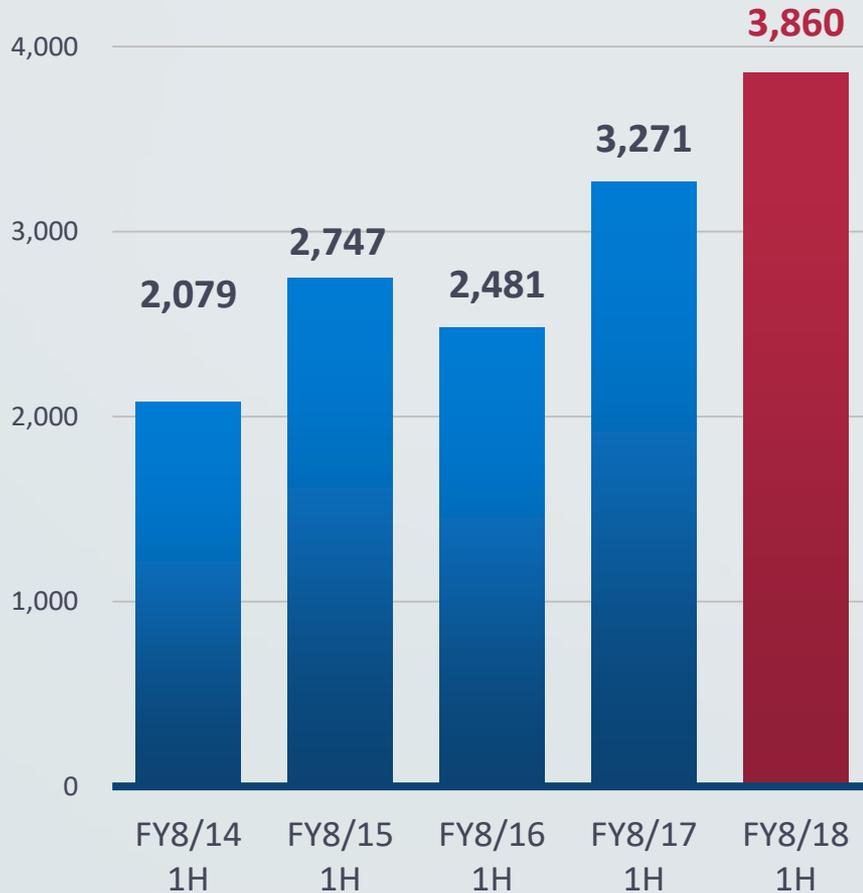
¥3.6 billion

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

Ordinary Profit (1H FY8/18)

11

(Millions of yen)



Ordinary profit

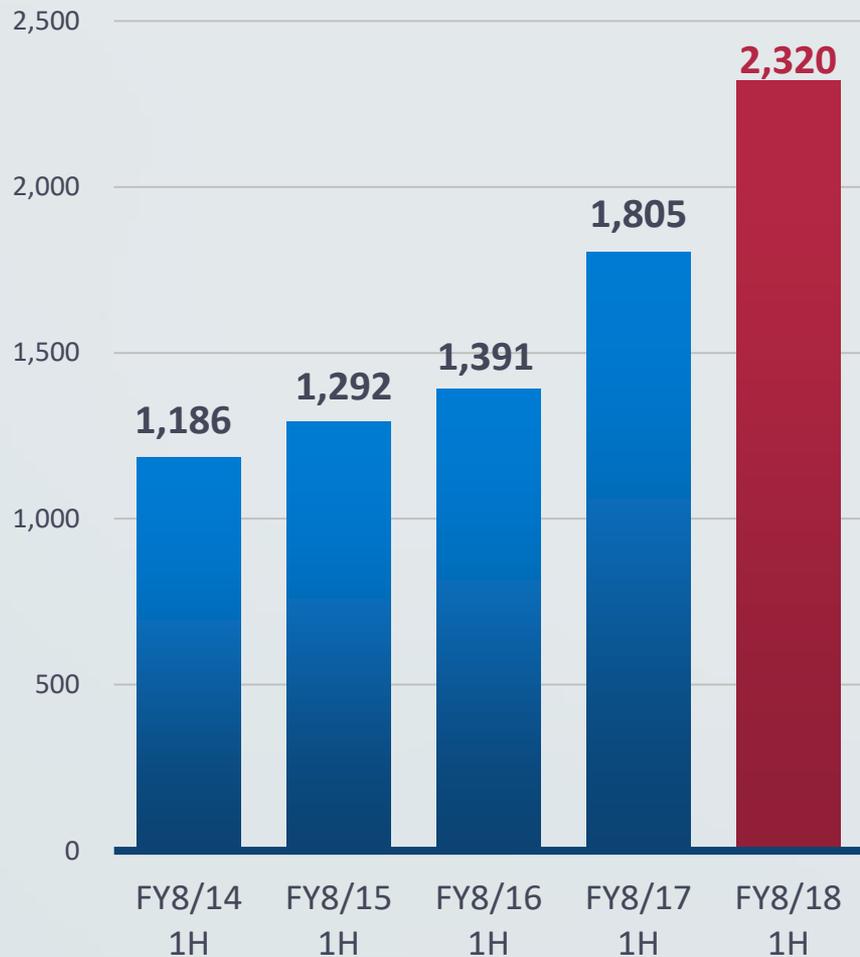
(1H FY8/18)

¥3.8 billion

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

Profit Attributable to Owners of Parent

(Millions of yen)



Profit attributable to owners of parent

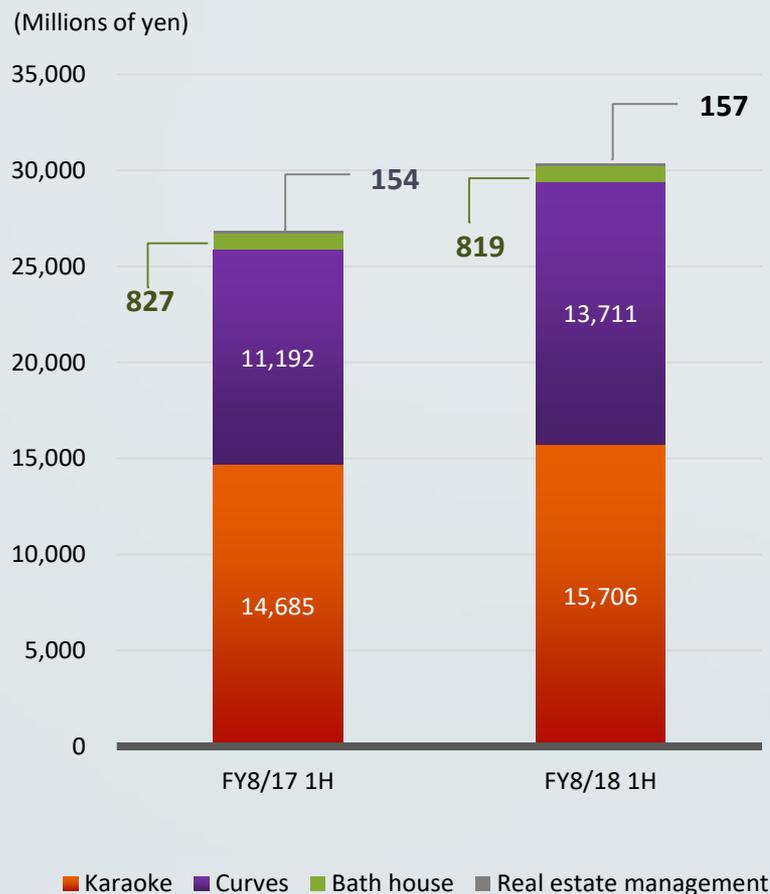
¥2.3 billion

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

YoY Change in Net Sales

13

YoY Change in Net Sales



(Millions of yen)

	FY8/17 1H	FY8/18 1H	YoY change (%)
Consolidated sales	26,860	30,394	13.2%
Karaoke	14,685	15,706	6.9%
Curves	11,192	13,711	22.5%
Bath house	827	819	(0.9)%
Real estate management	154	157	1.7%

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

Consolidated Balance Sheet

14

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.
(Millions of yen)

	Aug. 31, 2017	Feb. 28, 2018	Change
Total assets	43,690	43,664	(25)
Current assets	19,737	18,791	(945)
Non-current assets	23,953	24,873	920
Total liabilities	21,026	19,151	(1,875)
Current liabilities	12,641	12,162	(479)
Non-current liabilities	8,384	6,988	(1,395)
Total net assets	22,663	24,513	1,849
Shareholders' equity	21,565	23,520	1,954
Accumulated other comprehensive income	94	111	17
Non-controlling interests	1,003	880	(122)
Total liabilities and net assets	43,690	43,664	(25)

Assets (major items)		
Current assets	Cash and deposits	10,628
	Notes and accounts receivable-trade	3,758
	Merchandise	1,134
Non-current assets	Property, plant and equipment	17,407
	Intangible assets	1,596
	Investments and other assets	5,869
Liabilities (major items)		
Current liabilities	Notes and accounts payable-trade	2,385
	Current portion of long-term loans payable	3,214
	Deposits received	1,693
Non-current liabilities	Long-term loans payable	4,817
Net assets (major items)		
Capital stock		2,070
Capital surplus		2,335
Retained earnings		19,416
Treasury shares		(301)

Consolidated Statement of Cash Flows

15

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

(Millions of yen)

	FY8/17 1H	FY8/18 1H	Major items
Cash flows from operating activities	3,940	2,184	<ul style="list-style-type: none"> • Profit before income taxes 3,782 • Depreciation 1,678 • Amortization of goodwill 226 • Income taxes paid (2,592)
Cash flows from investing activities	(3,266)	(2,973)	<ul style="list-style-type: none"> • Purchase of property, plant and equipment (2,320) • Purchase of investment securities (253) • Payments for lease and guarantee deposits (171)
Cash flows from financing activities	560	(2,384)	<ul style="list-style-type: none"> • Repayments of long-term loans payable (1,705) • Cash dividends paid (365)
Increase (decrease) in cash and cash equivalents	1,180	(3,160)	
Cash and cash equivalents at beginning of period	6,249	13,754	
Cash and cash equivalents at end of period	7,430	10,594	



1H FY8/18

Results by Segment

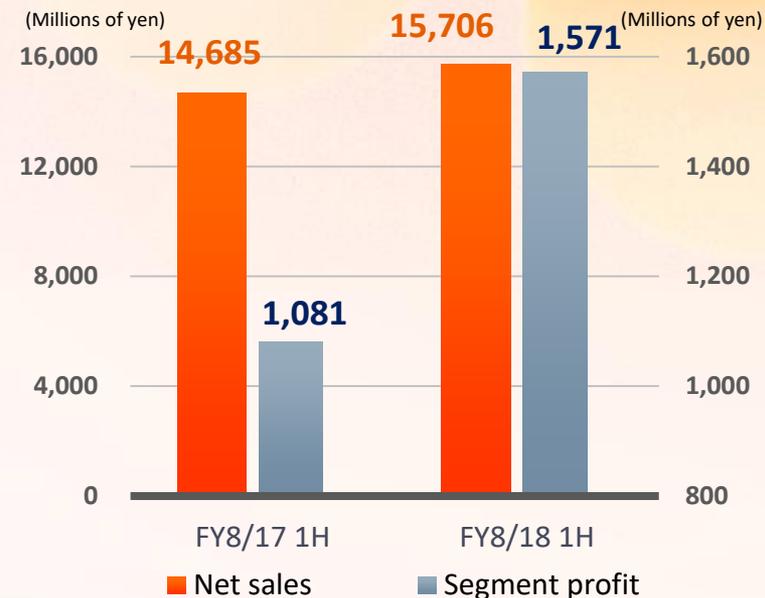
Karaoke Business



Results of the Karaoke Business

Segment profit margin recovered to double digits

	FY8/17 1H		FY8/18 1H		YoY Change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	14,685	100.0%	15,706	100.0%	+6.9%
Cost of sales	11,634	79.2%	12,498	79.6%	+7.4%
Gross profit	3,050	20.8%	3,207	20.4%	+5.1%
SG&A expenses	1,969	13.4%	1,635	10.4%	(16.9)%
Segment profit	1,081	7.4%	1,571	10.0%	+45.4%



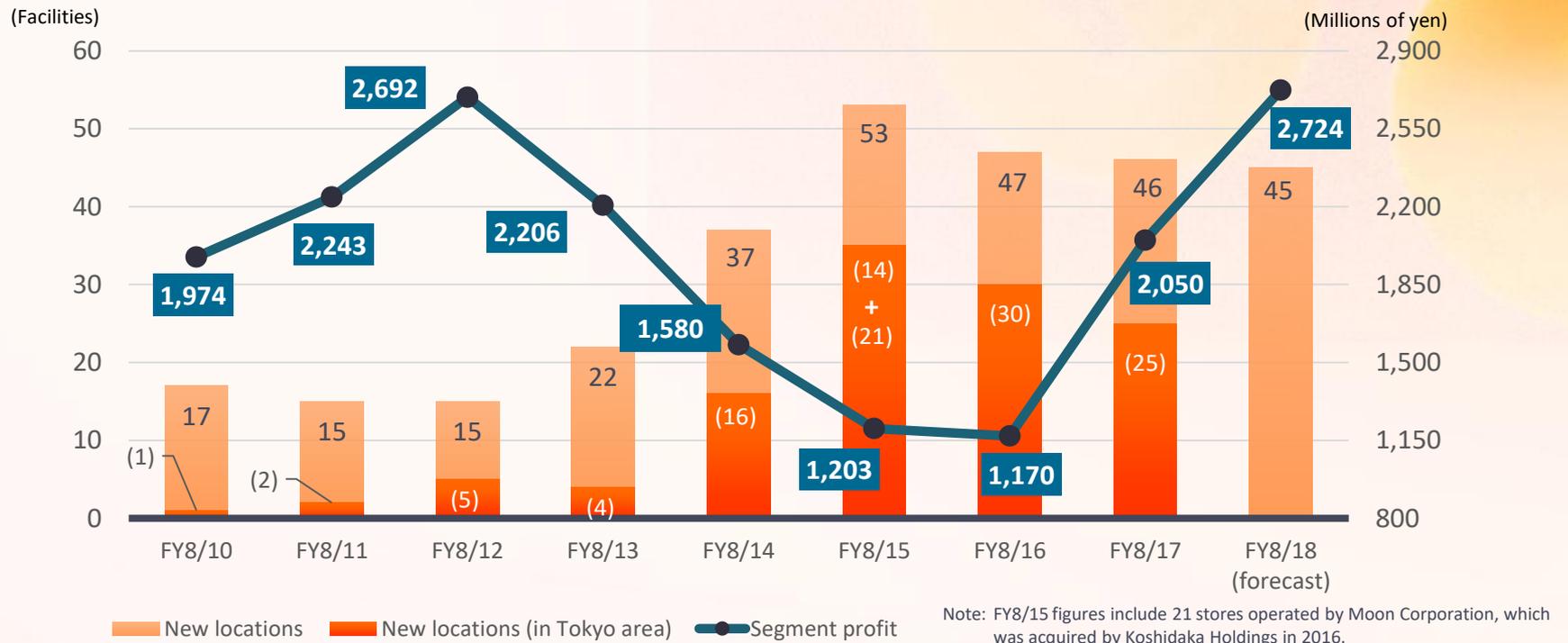
Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

Highlights

- Higher efficiency and proper use of resources at karaoke locations
- Held many special events – Strong sales of Tsukiji Gindako (octopus dumplings)

Results of the Karaoke Business

Growth in the number of locations is driving earnings growth



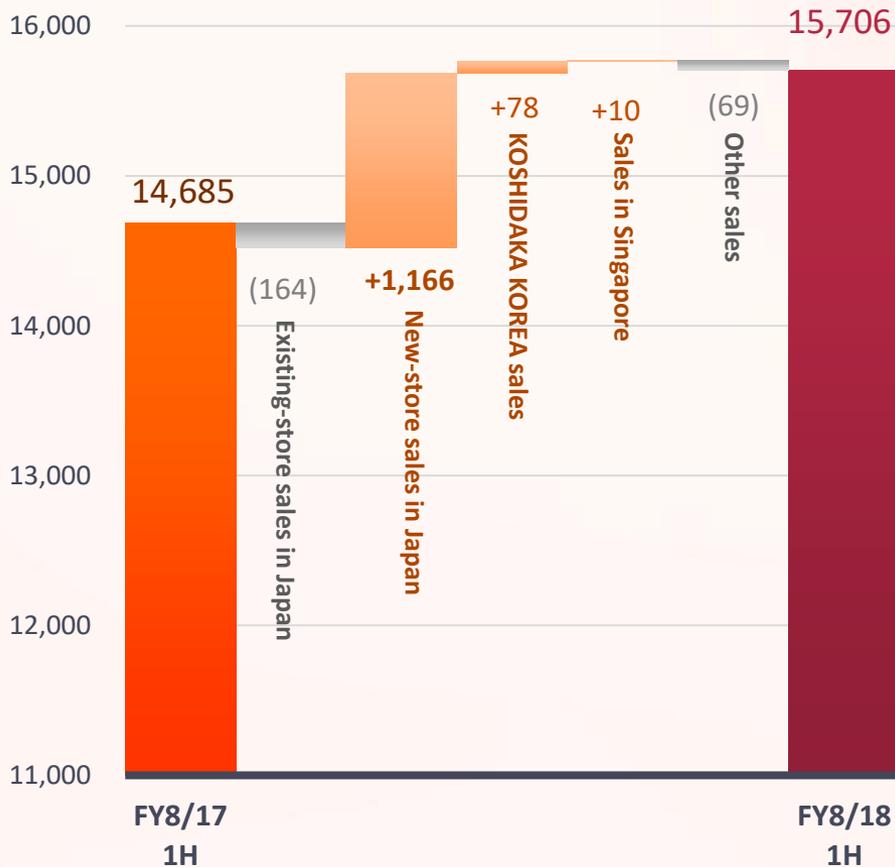
Highlights

- A higher pace of opening new locations in the Tokyo area (metropolitan and three prefectures) since 2014; earnings have been recovering rapidly since the downturn ended in 2016
- Opening more locations, mainly in the Tokyo area
Nine of the 15 locations opened during the first half are in the Tokyo area

Components of Change

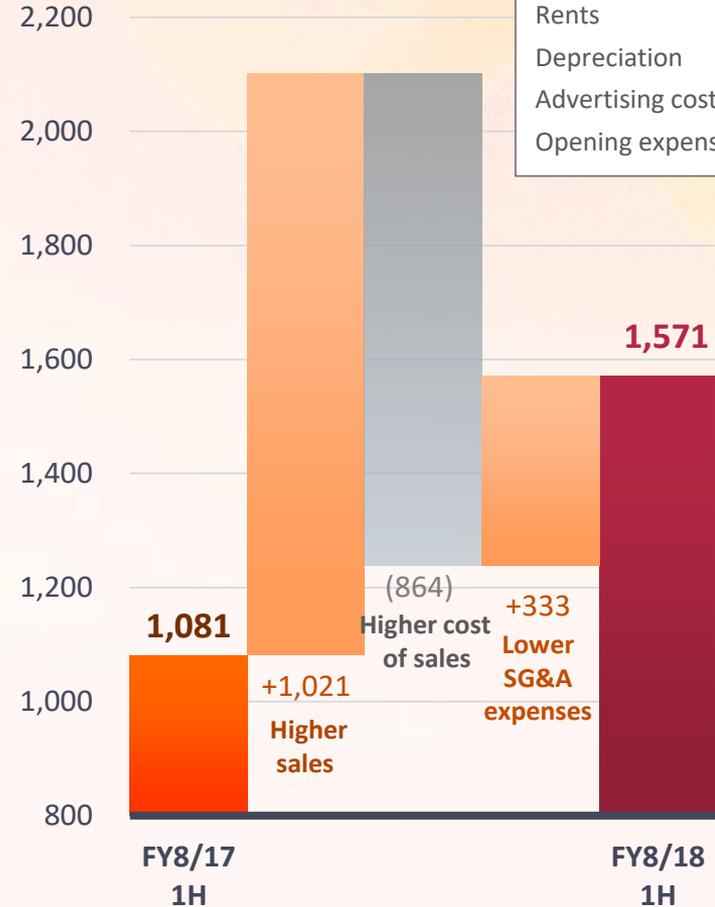
Change in Net Sales

(Millions of yen)



Change in Operating Profit

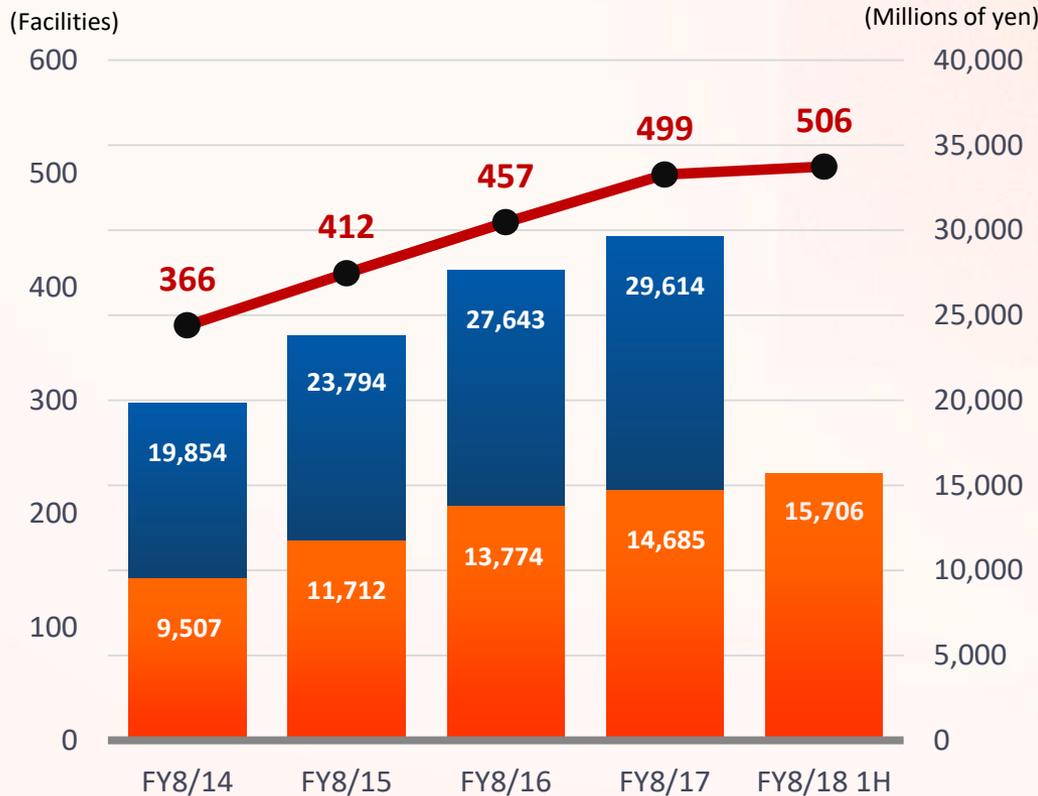
(Millions of yen)



Changes in major expenses	
Personnel costs	129
Rents	190
Depreciation	(29)
Advertising costs	(61)
Opening expenses	(35)

Sales and Number of Karaoke Facilities in Japan

■ Growth in the Number of Karaoke Facilities



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

	FY8/17 1H	FY8/18 1H
Number of karaoke facilities in Japan	477	506
Manekineko	467	497
One Kara	10	9

(As of the end of February 2018)

Opened **15** facilities during the first half of FY8/18

Sales, Operating Profit and Number of Karaoke Facilities outside Japan

(As of the end of February 2018)

	FY8/17 1H	FY8/18 1H
Overseas sales (Millions of yen)	965	1,052
Manekineko (South Korea)	138	216
Singapore	826	836
Overseas operating profit (Millions of yen)	31	46
Manekineko (South Korea)	(53)	(30)
Singapore	85	76
Number of facilities overseas	24	24
Manekineko (South Korea)	13	14
Singapore	11	10



Manekineko (South Korea)



Manekineko (Singapore)

Curves Business

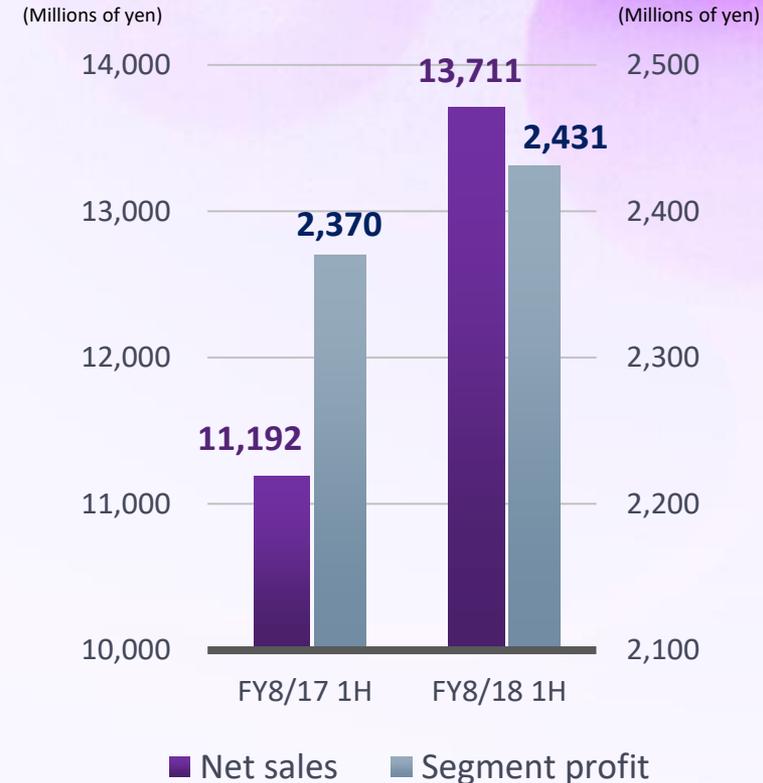


Results of the Curves Business

An upgraded line of protein supplements contributed to sales growth

	FY8/17 1H		FY8/18 1H		YoY Change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	11,192	100.0%	13,711	100.0%	+22.5%
Cost of sales	7,175	64.1%	9,087	66.3%	+26.6%
Gross profit	4,016	35.9%	4,623	33.7%	+15.1%
SG&A expenses	1,646	14.7%	2,191	16.0%	+33.1%
Segment profit	2,370	21.2%	2,431	17.7%	+2.6%

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

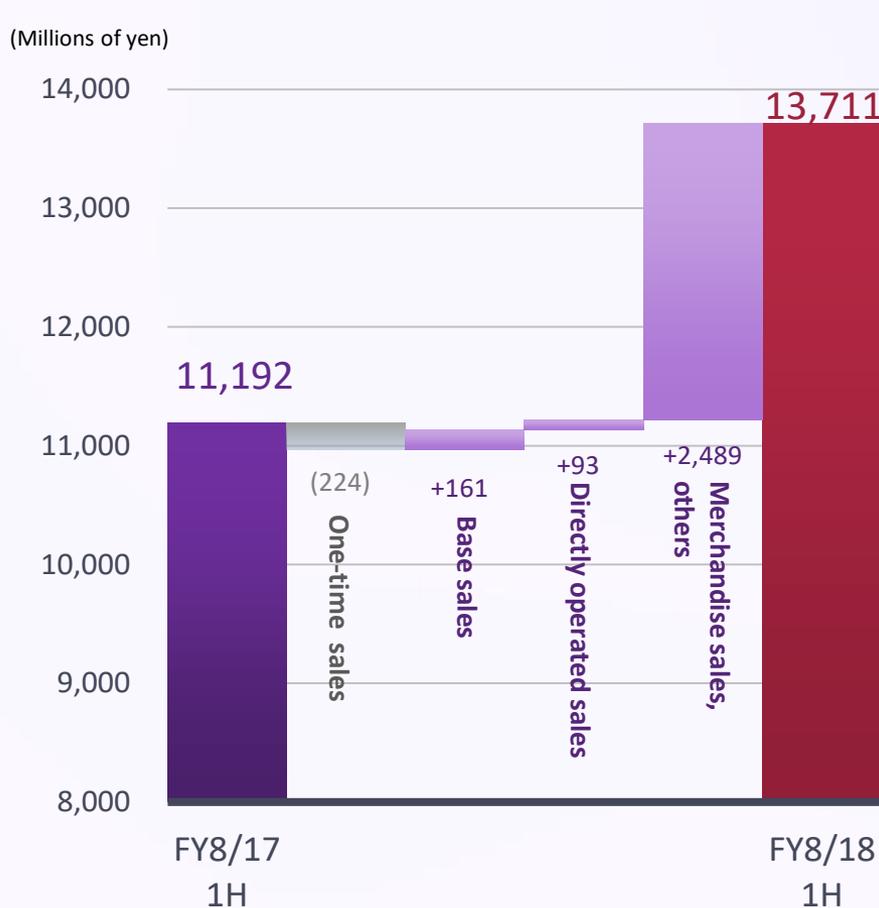


Highlights

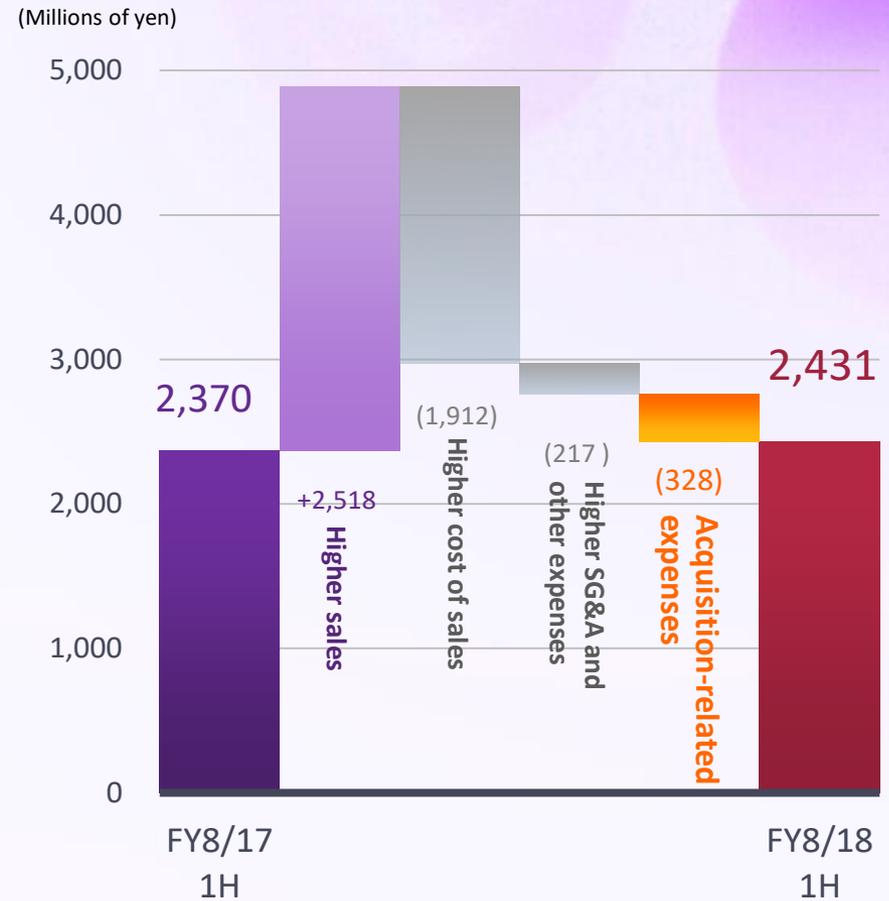
- Expenses caused by acquiring Curves International Holdings were recorded

Components of Change

Change in Net Sales



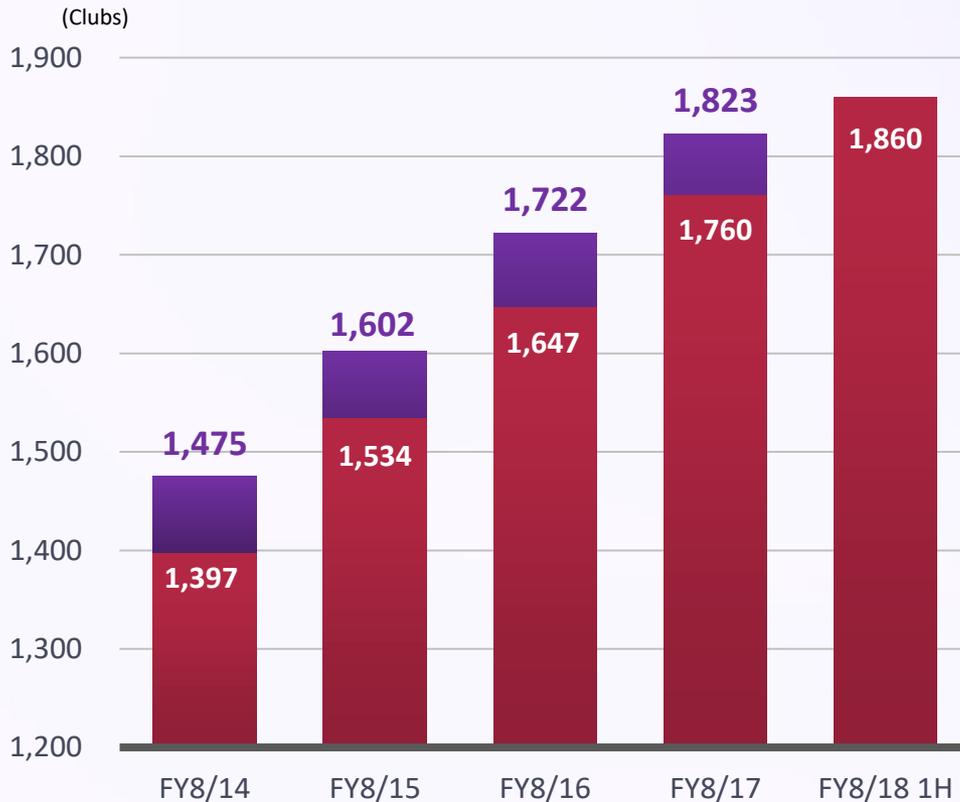
Change in Operating Profit



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 **1,860** locations in Japan at the end of February 2018

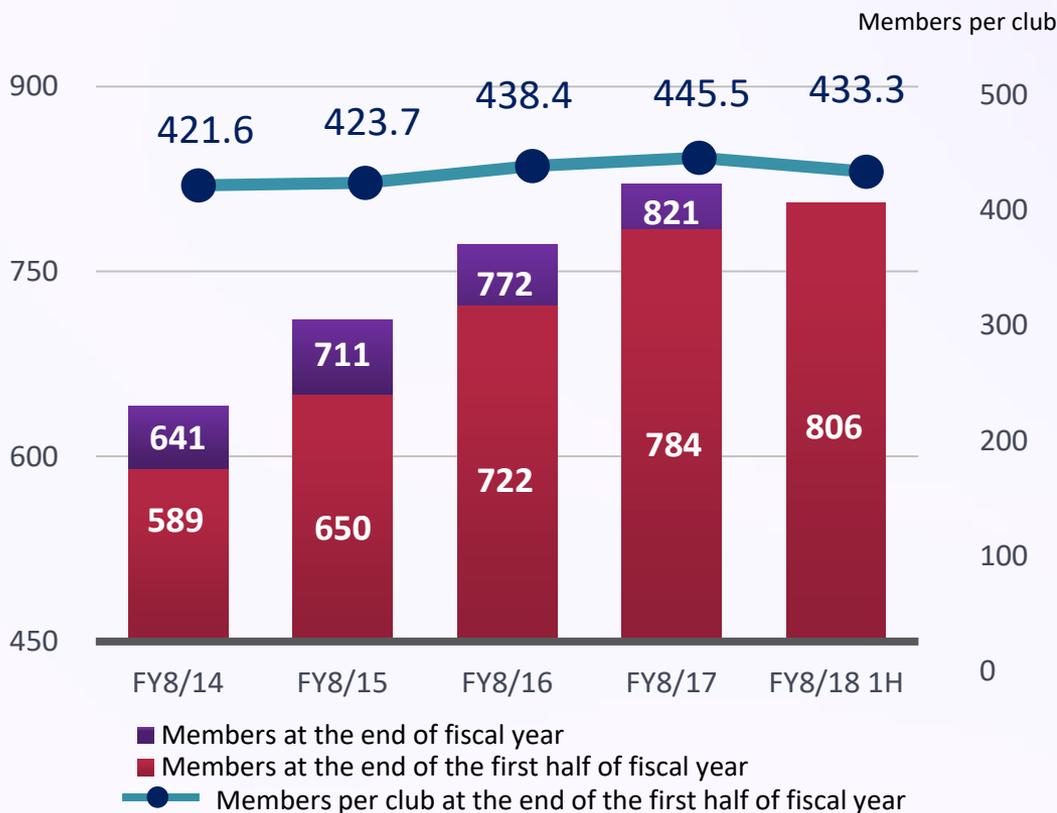


■ Number of clubs at the end of fiscal year
 ■ Number of clubs at the end of the first half of fiscal year

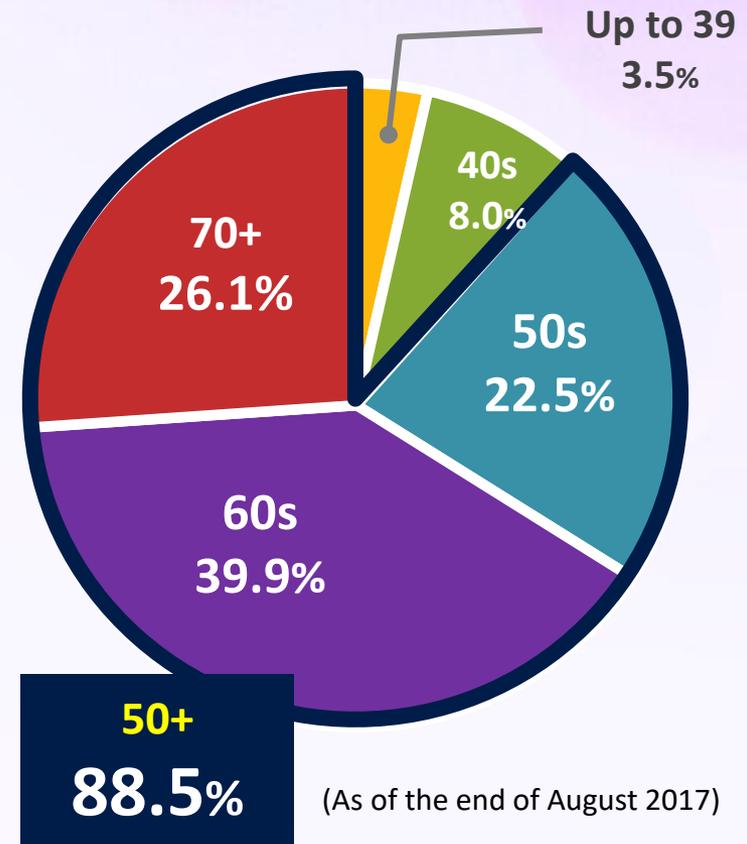
	FY8/17 1H	FY8/18 1H
Number of clubs	1,760	1,860
Growth rate (%)	6.9%	5.7%
Number of members (thousands)	784	806
Growth rate (%)	8.7%	2.8%

Opened **38** clubs during the first half of FY8/18

Growth in Number of Curves Members



Age Composition of Members



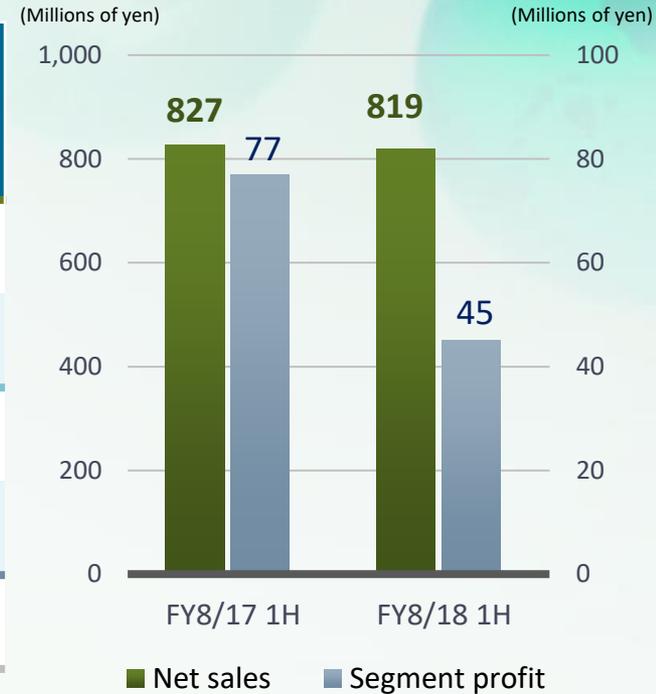
Bath House Business



Results of the Bath House Business

Operations improved

	FY8/17 1H		FY8/18 1H		YoY Change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	827	100.0%	819	100.0%	(0.9)%
Cost of sales	720	87.1%	745	91.0%	+3.5%
Gross profit	107	12.9%	74	9.0%	(30.9)%
SG&A expenses	29	3.5%	28	3.5%	(3.8)%
Segment profit	77	9.3%	45	5.5%	(41.4)%



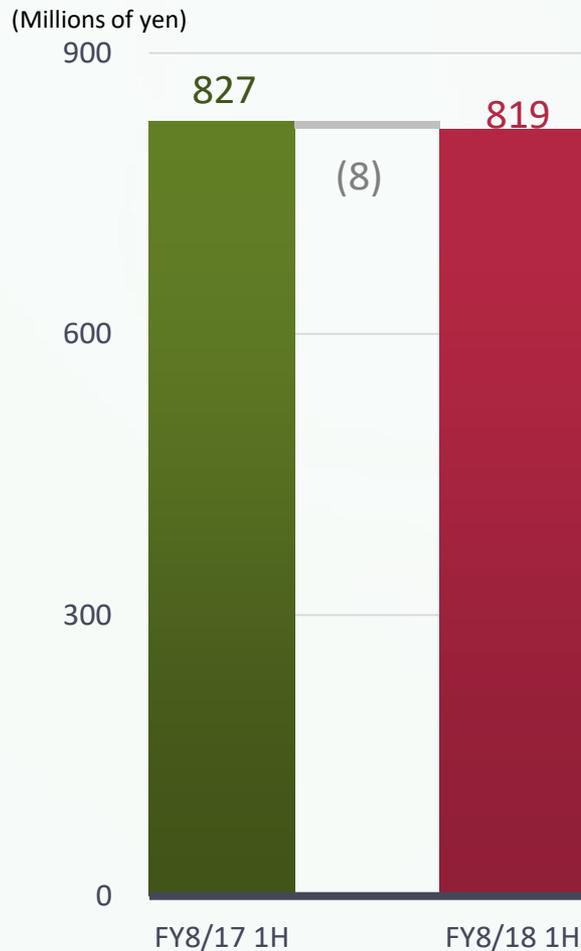
Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

Highlights

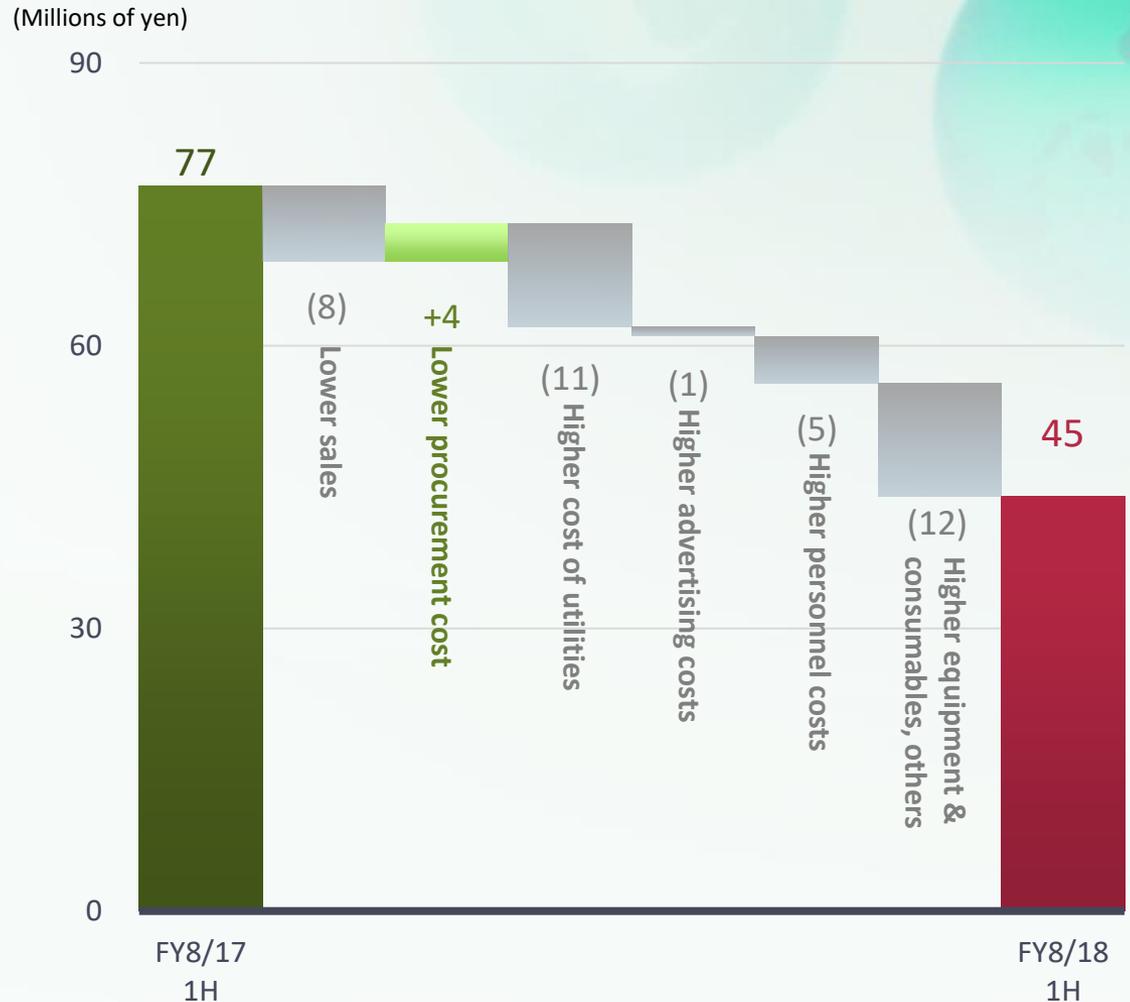
- Conducted facility renovations

Components of Change

Change in Net Sales



Change in Operating Profit





FY8/18 Consolidated Forecast

FY8/18 Forecast

32

(Millions of yen)

	FY8/17 Results	FY8/18 Forecast	Amount of change	Ratio (%)
Net sales	55,283	59,612	4,329	+7.8%
Operating profit	6,146	7,313	1,167	+19.0%
Ordinary profit	6,354	7,306	952	+15.0%
Profit	3,255	4,036	781	+24.0%
Dividend (yen)	9.0	10.0	-	-

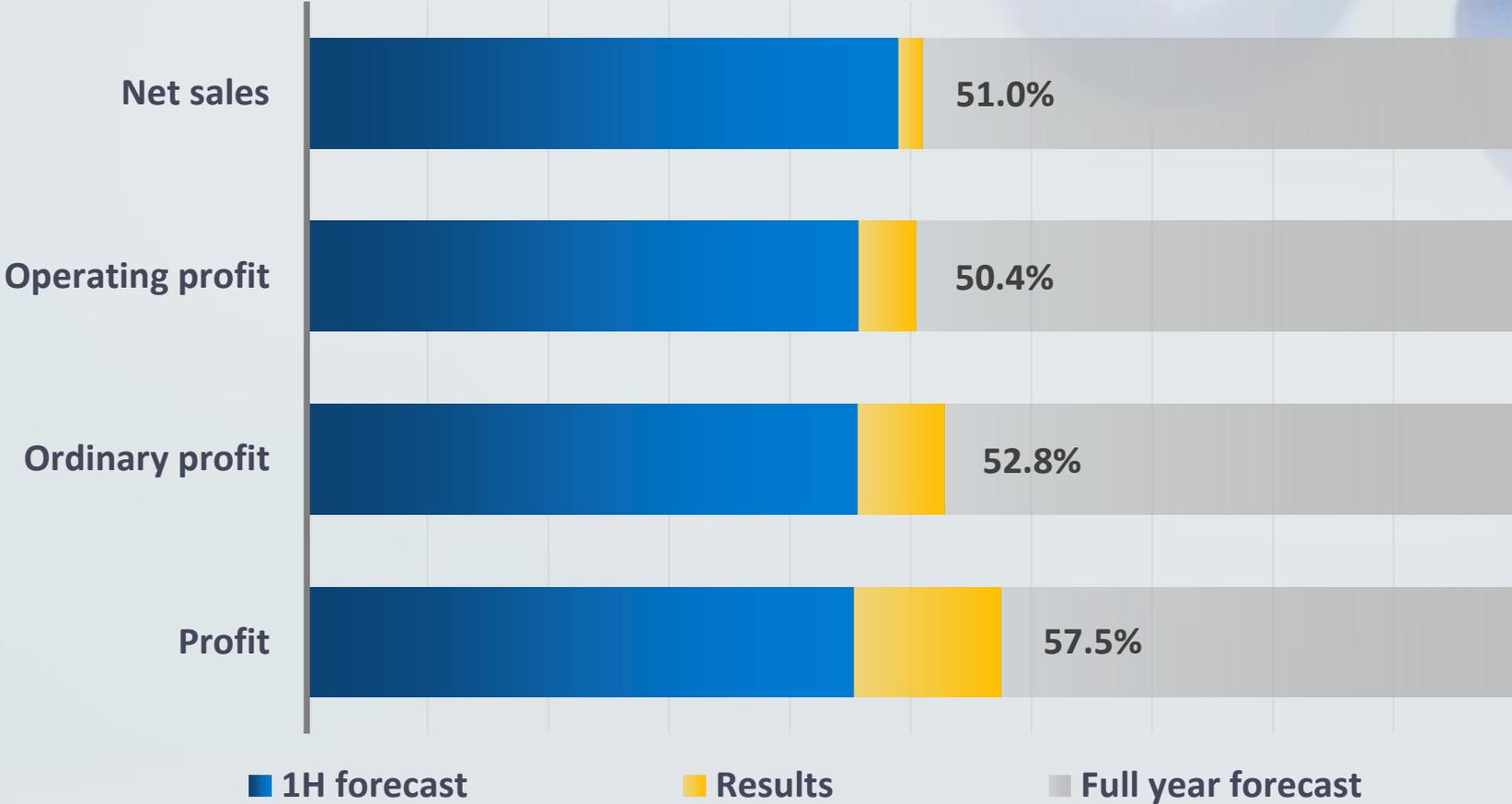
Notes: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

Koshidaka Holdings plans to conduct a 4-for-1 stock split effective on June 1, 2018. Dividends have been adjusted to reflect the stock split.

A strong start to the 11th consecutive year of sales and earnings growth

■ First half performance vs. forecasts

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%



Acquisition

1 Acquisition date is May 31, 2018 for accounting purposes

2 Consolidated balance sheet

Consolidation starts at the end of the third quarter

(Asset)

Goodwill + Trademarks and other intangible assets

¥18.4 billion

(Liabilities)

Long-term loans payable

¥18.4 billion

No decision yet concerning value of trademarks and goodwill amortization period

3 Consolidated statement of income

Consolidation starts in the fourth quarter

Royalties paid and expenses for purchasing machinery in prior years will now instead be included in the cost of sales (about ¥2 billion every FY) due to this acquisition

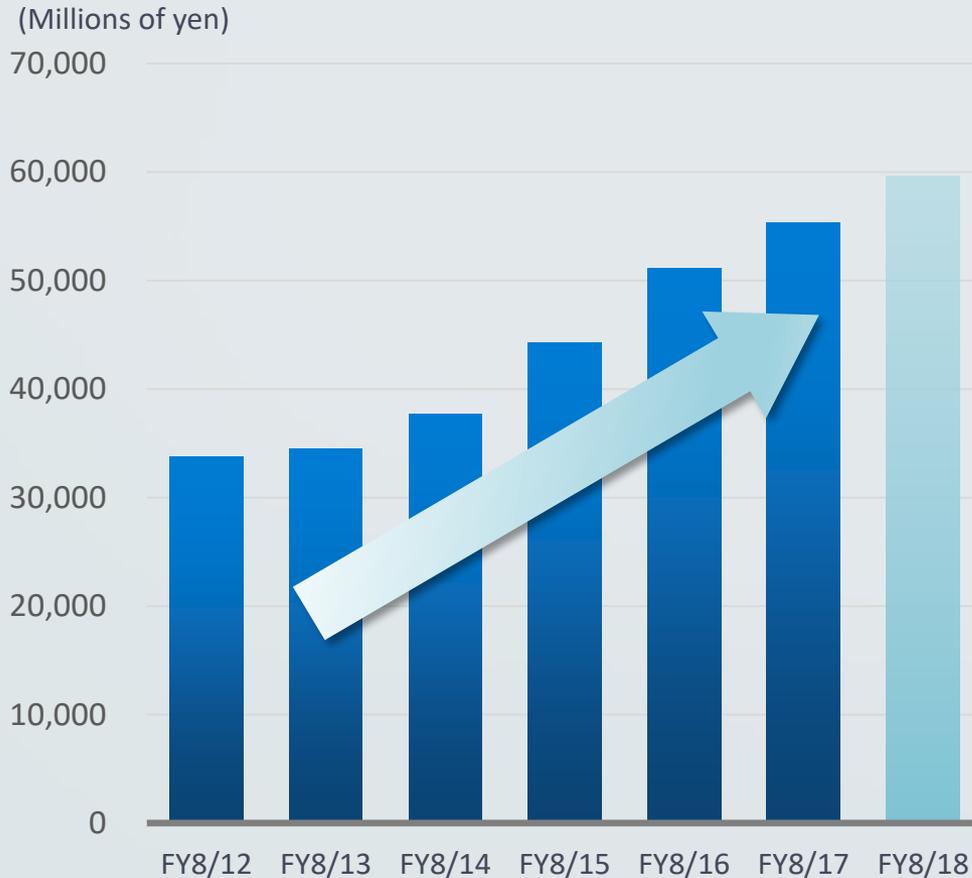
Two globes are positioned in the upper right corner of the slide. The globe on the left is white with green landmasses, and the globe on the right is blue with green landmasses. Both globes are resting on a light-colored, reflective surface, creating clear reflections below them. The background of the slide is a light, neutral color.

Strategic Objectives

Our goal is consistent growth

36

■ Growth of Koshidaka Holdings Sales



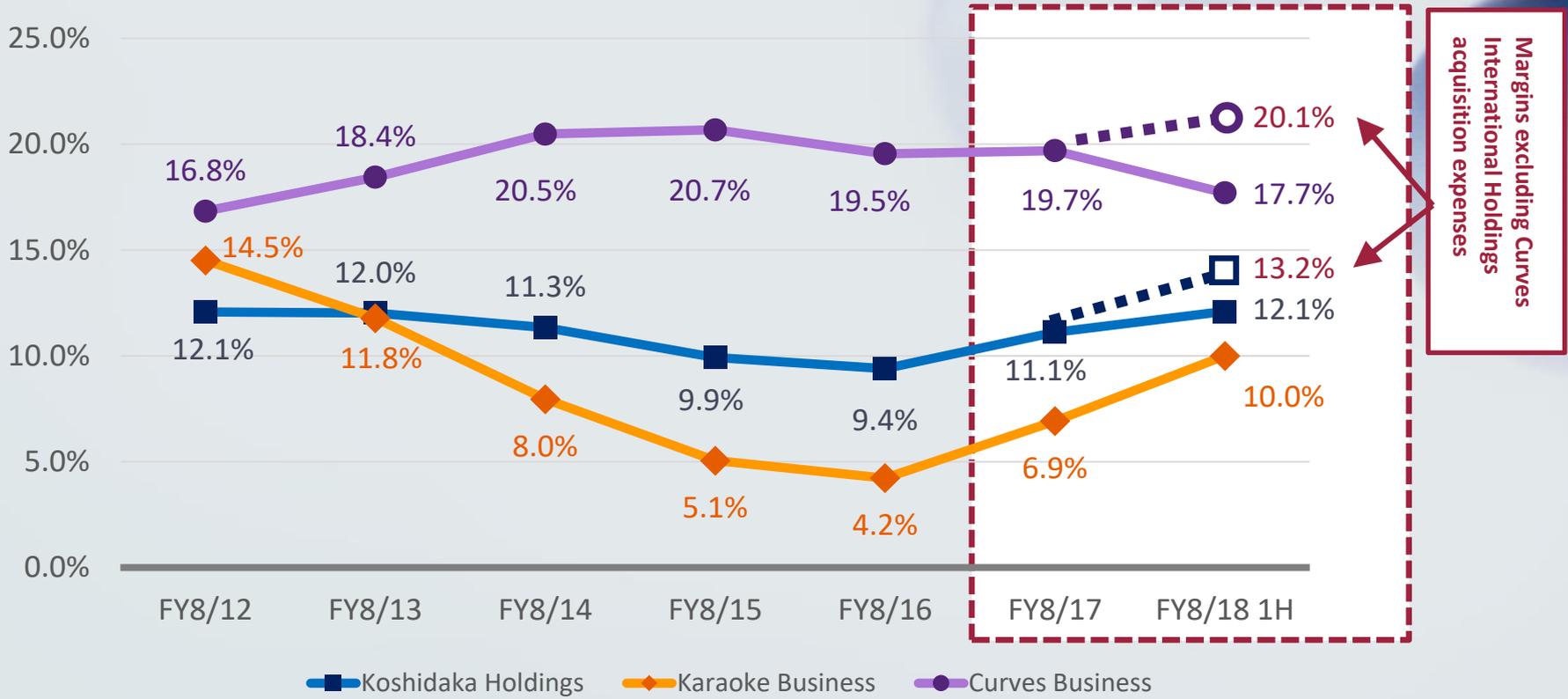
Average annual sales growth

(FY8/12-FY8/17)

11.3%

Improvement in Operating Margin

■ Operating Margin Trends



Margins excluding Curves International Holdings acquisition expenses

Highlights

The consolidated operating margin increased in FY8/17 and FY8/18 1H due to the improvement in the Karaoke Business operating margin. (The acquisition of Curves International Holdings temporarily brought down the Curves Business operating margin.)

Strategic Goals (Karaoke Business)

1

Open more locations to build an even stronger network of stores

45 new locations (25 newly constructed, 20 at existing buildings)

Focus on the Tokyo area; continue opening locations in prime shopping areas near railway stations;
Higher pct. of new locations at newly constructed buildings



2

Automate operations and take other steps to improve efficiency

Use the Maneki Pad (a tablet), start using self-checkout units and use other measures for higher efficiency



Strategic Goals (Karaoke Business)

3 Use new technologies to create innovative services

4 Grow rapidly in other countries

Open Karaoke facilities in Southeast Asian countries



Strategic Goals (Curves Business)

1

Make Curves International Holdings (global franchisor) a subsidiary

Numerous benefits: Royalties paid to this company are now included in consolidated sales; permanent ownership of intellectual property; more strategic flexibility for Curves in Japan; a sound base for global expansion

2

Plan to open 85 clubs during year

3

Build a club network with outstanding services for a membership base of one million

4

Start creating new and innovative business models



Strategic Goals (Bath House Business)

1

Continue adding and upgrading facilities and services for higher earnings

- Continue marketing campaigns, such as free entry for elementary school students
- Open new facilities where people can spend a long time (such as MANEKI Town)
- Enhance food and beverage operations

**2**

More investments for energy conservation

- Install more heat exchange units and consider establishing new measures

3

Consider opening new bath houses

Two globes are positioned in the upper right corner of the slide. The globe on the left is white with green landmasses, and the globe on the right is blue with green landmasses. Both globes are resting on a light-colored, reflective surface, creating clear reflections below them. The background of the slide is a light, neutral color.

Shareholder Distributions and Benefits

Revision (Upgrade) to the Shareholder Benefit Program

Before revision

Number of shares held (Before stock split)	
100-999 shares	Shareholder coupon worth about 5,000 yen* Catalogue gift worth about 3,000 yen
1,000 or more shares	Shareholder coupon worth about 5,000 yen* Catalogue gift worth about 5,000 yen

Note: Shareholder coupons can be used at Karaoke Manekineko, One Kara (locations solely for people who sing alone) and bath house facilities all over Japan operated by Koshidaka Holdings



After revision

Number of shares held (After stock split)	Holding period of less than three years	Holding period of three years or more
100-399 shares	Shareholder coupon worth about 2,000 yen*	Shareholder coupon worth about 4,000 yen*
400-3,999 shares	Shareholder coupon worth about 5,000 yen* Catalogue gift worth about 3,000 yen	Shareholder coupon worth about 10,000 yen* Catalogue gift worth about 3,000 yen
4,000 or more shares	Shareholder coupon worth about 5,000 yen* Catalogue gift worth about 5,000 yen	Shareholder coupon worth about 10,000 yen* Catalogue gift worth about 5,000 yen

Shareholder Distributions and Benefits - Dividends

44



11th
consecutive year
of higher
dividend since
the IPO

		FY8/12	FY8/13	FY8/14	FY8/15	FY8/16	FY8/17	FY8/18 (forecast)
Dividends (yen)	2Q	2.1875	3.125	3.125	3.75	3.75	4.5	5.0
	Year-end	2.1875	3.125	3.75	3.75	4.25	4.5	5.0
	Total	4.375	6.25	6.875	7.5	8.0	9.0	10.0

(Yen)

Note: Koshidaka Holdings plans to conduct a 1-to-4 stock split effective on June 1, 2018. Dividends have been adjusted to reflect the stock split.

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



▶ IR Contact

KOSHIDAKA HOLDINGS Co., LTD.

TEL : +81-3-6403-5710

e-Mail : i-koshidaka@koshidaka.co.jp

URL : <http://www.koshidakaholdings.co.jp>

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 ending in August 31, 2018. This is not a solicitation to purchase securities issued by Koshidaka Holdings.

This presentation is based on information as of April 10, 2018. Opinions, forecasts and other information that is not a fact represent the judgments of management at the time this presentation was prepared. Koshidaka Holdings provides no guarantee or other assurance that the information in this presentation is accurate or complete and may revise information without prior notice.

Information about other companies and industries in this presentation use public information and other sources. Koshidaka Holdings does not guarantee the accuracy of this information.