

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending August 31, 2018
(Three Months Ended November 30, 2017)

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange (First Section)
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 Scheduled date of filing of Quarterly Report: January 15, 2018
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the First Quarter Ended November 30, 2017 (Sep. 1, 2017 – Nov. 30, 2017)

(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	%
Three months ended Nov. 30, 2017	13,842	12.3	1,060	73.0	1,193	83.4	614	83.2
Three months ended Nov. 30, 2016	12,328	10.6	613	(1.6)	650	2.0	335	9.2

Note: Comprehensive income (million yen) Three months ended Nov. 30, 2017: 691 (up 85.0%)
 Three months ended Nov. 30, 2016: 373 (up 12.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Nov. 30, 2017	30.22	-
Three months ended Nov. 30, 2016	18.67	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2017	42,597	22,727	51.5
As of Aug. 31, 2017	43,690	22,663	49.6

Reference: Shareholders' equity (million yen) As of Nov. 30, 2017: 21,938 As of Aug. 31, 2017: 21,660

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Aug. 31, 2017	Yen -	Yen 18.00	Yen -	Yen 18.00	Yen 36.00
Fiscal year ending Aug. 31, 2018	-	-	-	-	-
Fiscal year ending Aug. 31, 2018 (forecast)	-	20.00	-	20.00	40.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2018 (Sep. 1, 2017 – Aug. 31, 2018)

(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
First half	29,207	8.7	3,338	6.0	3,334	1.9	1,827	1.2	89.86
Full year	59,612	7.8	7,313	19.0	7,306	15.0	4,036	24.0	198.52

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 Nov. 30, 2017:	20,575,000 shares	As of Aug. 31, 2017:	20,575,000 shares
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2) Number of treasury shares at the end of the period

As of Nov. 30, 2017:	245,409 shares	As of Aug. 31, 2017:	245,409 shares
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3) Average number of shares outstanding during the period

Three months ended Nov. 30, 2017:	20,329,591 shares	Three months ended Nov. 30, 2016:	17,954,591 shares
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* The current quarterly financial report is not subject to quarterly review procedures.

* 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 3 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 quarter of the current fiscal year, demands in Japan and other countries increased due to recovery in exports and strong capital expenditures. However, the pace of recovery in personal income was slow and consumer spending was sluggish.

Results by business segment were as follows.

Karaoke

In Japan's karaoke facility market, a few big companies are capturing an increasing share of this market. As a result, the overall structure of this business sector is changing.

To succeed and grow in this challenging environment, we are focusing on increasing the number of locations nationwide, mainly in the Tokyo area. We are also using resources to offer even more and better events and services that our competitors cannot match.

There are several basic initiatives that target specific customer segments and time frames such as ZERO Kara, Asa-Uta ("Morning Song") and joint activities with content holders. There are also activities for enlarging the base customer segment by using special rates that reflect each location's operating environment during the off-season.

The karaoke business continues to offer a program that encourages employees to become independent operators of karaoke facilities. Former employees currently operate 31 of our karaoke facilities, one more than at the end of the previous fiscal year.

At the end of the first quarter of the current fiscal year, the number of karaoke locations in Japan totaled 507, eight more than at the end of the previous fiscal year, and the number of overseas karaoke facilities totaled 24, consisting of 10 in Singapore and 14 in South Korea.

Renovations of karaoke locations in Japan were completed at 32 locations.

Sales in the Karaoke segment were 6,840 million yen, up 6.7% year on year. The segment loss was 168 million yen, which was 240 million yen less than in the same period of the previous fiscal year.

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. Our goal is to maintain the steady growth in the number of members at Curves fitness clubs as we expand our network of these clubs.

Curves fitness clubs have started selling a completely upgraded lineup of protein supplements that have a synergy effect with workouts and are formulated to make these beverages easier to drink. The response of customers has been very positive. The steady increase in the number of members buying these supplements on a regular basis is contributing to sales growth.

At the end of the first quarter of the current fiscal year, the number of Curves fitness clubs in Japan was 1,856 (including 60 directly operated facilities), an increase of 33 or 1.8%, from the end of the previous fiscal year. The number of members went up by 17,000, or 2.0%, to 838,000.

Sales in the Curves segment were 6,553 million yen, up 19.8% year on year, and the segment profit was 1,393 million yen, up 14.1%.

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. The goal was to improve operations in terms of both quality and quantity.

Sales in the Bath House segment were 371 million yen, down 0.5% year on year. The segment loss was 5 million yen, which was 11 million yen more than in the same period of the previous fiscal year.

Real Estate Management

Sales in the Real Estate Management segment were 76 million yen, up 2.3% year on year, and the segment profit was 26 million yen, down 0.9%.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 13,842 million yen, up 12.3%, operating profit of 1,060 million yen, up 73.0%, ordinary profit of 1,193 million yen, up 83.4%, and profit attributable to owners of parent of 614 million yen, up 83.2% in the first quarter of the current fiscal year.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the current fiscal year decreased 1,092 million yen (2.5%) from the end of the previous fiscal year to 42,597 million yen.

Current assets

Current assets decreased 2,140 million yen (10.8%) to 17,596 million yen. This was mainly due to a 2,705 million yen decrease in cash and deposits, while there was an increase of 508 million yen in notes and accounts receivable-trade.

Non-current assets

Property, plant and equipment increased 800 million yen (4.8%) to 17,610 million yen. This was mainly due to a 502 million yen increase in buildings and structures, and a 287 million yen increase in vehicles, tools, furniture and fixtures.

Intangible assets decreased 63 million yen (3.8%) to 1,606 million yen. This was mainly due to a 102 million yen decrease in goodwill.

Investments and other assets increased 311 million yen (5.7%) to 5,783 million yen. This was mainly due to a 210 million yen increase in investment securities.

Total non-current assets increased 1,047 million yen (4.4%) to 25,000 million yen.

Current liabilities

Current liabilities decreased 555 million yen (4.4%) to 12,086 million yen. This was mainly due to decreases of 1,122 million yen in income taxes payable and 190 million yen in provision for bonuses, while there was an increase of 904 million yen in accounts payable-other.

Non-current liabilities

Non-current liabilities decreased 600 million yen (7.2%) to 7,783 million yen. This was mainly due to a 715 million yen decrease in long-term loans payable.

Total liabilities decreased 1,156 million yen (5.5%) to 19,870 million yen.

Net assets

Net assets increased 63 million yen (0.3%) to 22,727 million yen. This was mainly due to a 286 million yen increase in retained earnings, while there was a decrease of 214 million yen in non-controlling interests.

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

The first-half and full-year consolidated forecasts announced on October 11, 2017 remain unchanged.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/17 (As of Aug. 31, 2017)	First quarter of FY8/18 (As of Nov. 30, 2017)
Assets		
Current assets		
Cash and deposits	13,785,094	11,079,855
Notes and accounts receivable-trade	3,021,695	3,530,041
Merchandise	900,386	1,253,335
Raw materials and supplies	196,282	200,257
Deferred tax assets	434,772	369,741
Other	1,418,940	1,183,234
Allowance for doubtful accounts	(20,104)	(19,740)
Total current assets	19,737,068	17,596,726
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,716,737	12,219,540
Vehicles, tools, furniture and fixtures, net	3,072,030	3,359,315
Land	1,965,917	1,965,917
Leased assets, net	49,238	43,768
Construction in progress	6,310	21,933
Total property, plant and equipment	16,810,233	17,610,476
Intangible assets		
Goodwill	1,034,950	932,644
Software	601,509	629,449
Other	33,861	44,251
Total intangible assets	1,670,321	1,606,345
Investments and other assets		
Investment securities	1,176,052	1,386,958
Shares of subsidiaries and associates	28,977	29,977
Long-term loans receivable	613,541	655,910
Long-term prepaid expenses	59,526	70,053
Lease and guarantee deposits	3,008,647	3,083,980
Deferred tax assets	457,433	420,930
Other	163,327	169,181
Allowance for doubtful accounts	(34,959)	(33,110)
Total investments and other assets	5,472,548	5,783,883
Total non-current assets	23,953,103	25,000,705
Total assets	43,690,171	42,597,432

(Thousands of yen)

	FY8/17 (As of Aug. 31, 2017)	First quarter of FY8/18 (As of Nov. 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,193,275	2,384,705
Current portion of long-term loans payable	3,355,738	3,286,988
Lease obligations	33,289	33,289
Accounts payable-other	1,345,766	2,250,108
Accrued expenses	1,124,858	1,120,109
Income taxes payable	1,516,796	394,084
Provision for bonuses	334,518	143,917
Deposits received	1,728,024	1,834,290
Other	1,009,693	639,253
Total current liabilities	12,641,960	12,086,746
Non-current liabilities		
Long-term loans payable	6,381,710	5,666,213
Lease obligations	23,286	15,060
Deferred tax liabilities	119,680	120,928
Asset retirement obligations	1,628,153	1,746,899
Other	231,581	234,428
Total non-current liabilities	8,384,411	7,783,530
Total liabilities	21,026,372	19,870,276
Net assets		
Shareholders' equity		
Capital stock	2,070,257	2,070,257
Capital surplus	2,335,577	2,335,577
Retained earnings	17,461,291	17,747,413
Treasury shares	(301,401)	(301,401)
Total shareholders' equity	21,565,724	21,851,846
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,907	41,621
Foreign currency translation adjustment	59,659	44,772
Total accumulated other comprehensive income	94,567	86,393
Non-controlling interests	1,003,506	788,916
Total net assets	22,663,798	22,727,156
Total liabilities and net assets	43,690,171	42,597,432

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

(Thousands of yen)

	First three months of FY8/17 (Sep. 1, 2016 – Nov. 30, 2016)	First three months of FY8/18 (Sep. 1, 2017 – Nov. 30, 2017)
Net sales	12,328,424	13,842,147
Cost of sales	9,567,536	10,873,353
Gross profit	2,760,887	2,968,793
Selling, general and administrative expenses	2,147,685	1,908,110
Operating profit	613,201	1,060,683
Non-operating income		
Interest and dividend income	2,147	2,378
Foreign exchange gains	9,216	64,752
Store relocation compensation	27,259	18,000
Other	21,631	58,861
Total non-operating income	60,255	143,992
Non-operating expenses		
Interest expenses	7,427	4,417
Other	15,072	6,718
Total non-operating expenses	22,500	11,135
Ordinary profit	650,957	1,193,540
Extraordinary income		
Gain on sales of non-current assets	-	330
Total extraordinary income	-	330
Extraordinary losses		
Loss on retirement of non-current assets	40,039	21,227
Total extraordinary losses	40,039	21,227
Profit before income taxes	610,917	1,172,643
Income taxes-current	441,441	376,216
Income taxes-deferred	(240,547)	96,692
Total income taxes	200,894	472,908
Profit	410,023	699,735
Profit attributable to non-controlling interests	74,746	85,409
Profit attributable to owners of parent	335,276	614,325

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

(Thousands of yen)

	First three months of FY8/17 (Sep. 1, 2016 – Nov. 30, 2016)	First three months of FY8/18 (Sep. 1, 2017 – Nov. 30, 2017)
Profit	410,023	699,735
Other comprehensive income		
Valuation difference on available-for-sale securities	3,516	6,713
Foreign currency translation adjustment	(39,717)	(14,887)
Total other comprehensive income	(36,201)	(8,174)
Comprehensive income	373,822	691,560
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	299,075	606,151
Comprehensive income attributable to non-controlling interests	74,746	85,409

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment Information

I. First three months of FY8/17 (Sep. 1, 2016 – Nov. 30, 2016)

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	6,410,549	5,469,141	373,522	75,210	12,328,424	-	12,328,424
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	6,410,549	5,469,141	373,522	75,210	12,328,424	-	12,328,424
Segment profit (loss)	(408,827)	1,222,044	5,709	27,042	845,968	(232,766)	613,201

Notes: 1. The -232,766 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 three months of FY8/18 (Sep. 1, 2017 – Nov. 30, 2017)

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	6,840,469	6,553,201	371,500	76,975	13,842,147	-	13,842,147
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	6,840,469	6,553,201	371,500	76,975	13,842,147	-	13,842,147
Segment profit (loss)	(168,185)	1,393,753	(5,531)	26,799	1,246,836	(186,153)	1,060,683

Notes: 1. The -186,153 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.