



January 10, 2020

**Summary of Consolidated Financial Results  
for the First Quarter of the Fiscal Year Ending August 31, 2020  
(Three Months Ended November 30, 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  
 Contact: Yoshihito Doi, Managing Director  
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 Scheduled date of filing of Quarterly Report: January 14, 2020  
 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, 2019 (Sep. 1, 2019 – Nov. 30, 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	%
Three months ended Nov. 30, 2019	15,577	5.5	1,073	(21.5)	1,177	(25.5)	700	(32.1)
Three months ended Nov. 30, 2018	14,770	6.7	1,368	29.0	1,581	32.5	1,031	67.9

Note: Comprehensive income (million yen) Three months ended Nov. 30, 2019: 619 (down 57.2%)  
 Three months ended Nov. 30, 2018: 1,448 (up 109.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Nov. 30, 2019	8.61	-
Three months ended Nov. 30, 2018	12.69	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2019	69,866	32,012	45.8
As of Aug. 31, 2019	72,087	31,815	44.1

Reference: Shareholders' equity (million yen) As of Nov. 30, 2019: 32,012 As of Aug. 31, 2019: 31,815

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2019	-	6.00	-	6.00	12.00
Fiscal year ending Aug. 31, 2020	-	-	-	-	-
Fiscal year ending Aug. 31, 2020 (forecast)	-	8.00	-	8.00	16.00

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

At the Annual General Meeting of Shareholders held on November 27, 2019, shareholders approved a resolution to distribute the stock of a subsidiary to shareholders as dividend in kind with a record date of February 29, 2020 (the "Spin-off") in addition to the cash dividend in the forecast. The above forecast is that in the case where the Spin-off is not implemented. Please refer to [Reference] below for the dividend forecast for the fiscal year ending August 31, 2020 in the case where the distribution of dividend in kind and the Spin-off are implemented.

**3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2020 (Sep. 1, 2019 – Aug. 31, 2020)**

(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	35,290	8.3	5,204	4.4	5,229	4.7	3,489	19.0	42.91
Full year	72,029	9.4	11,054	16.3	11,049	15.5	7,369	18.3	90.62

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

At the Annual General Meeting of Shareholders, shareholders approved a resolution for the Spin-off. The above forecast is that in the case where the Spin-off is not implemented. Please refer to [Reference] below for the earnings forecast for the fiscal year ending August 31, 2020 in the case where the Spin-off is implemented.

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

As of Nov. 30, 2019:	767,296 shares	As of Aug. 31, 2019:	981,716 shares
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3) Average number of shares outstanding during the period

Three months ended Nov. 30, 2019:	81,371,889 shares	Three months ended Nov. 30, 2018:	81,318,284 shares
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\* The current 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.

[Reference]

### 1. Outline of the dividend in kind (distribution of property other than cash)

(1) Record date	Saturday, February 29, 2020
(2) Type of asset	Common stock of Curves HOLDINGS Co., Ltd.
(3) Total book value of the assets and amount per share	18,038,187 yen (0.22 yen per share)
(4) Fair value of the assets and amount per share	- yen (- yen per share) (Note)
(5) Effective date	Sunday, March 1, 2020
(6) Decrease in capital due to distribution of dividend in kind	Retained earnings: 18,038,187 yen As dividends are funded by retained earnings, retained earnings are expected to decrease by an amount equal to the book value of Curve Holdings stock at the time of the Spin-off.

Note: The accounting standard used for a dividend consisting of all of the stock of a subsidiary that is distributed in proportion to the number of Koshidaka Holdings shares owned is based on the proviso of Paragraph 10 of “Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (Accounting Standards Board of Japan (ASBJ) Guidance No. 2). Consequently, the value of the stock of the subsidiary will be determined by using a suitable book value and the same method will be used to determine the amount that can be distributed by Koshidaka Holdings. As a result, no fair value has been determined for the Curves Holdings stock that will be the asset used for the dividend.

### 2. Dividends in the Case where the Spin-off is Implemented

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Aug. 31, 2019	Yen -	Yen 6.00	Yen -	Yen 6.00	Yen 12.00	Million yen 975	% 15.7	% 3.4
Fiscal year ending Aug. 31, 2020 (forecast)	-	8.00	-	4.00	12.00		17.8	

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2020 in the Case where the Spin-off is Implemented (Sep. 1, 2019 – Aug. 31, 2020)

(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 (Note 1)	35,290	8.3	5,204	4.4	5,229	4.7	3,489	19.0	42.91
Full year (Note 2)	57,209	-	8,084	-	8,125	-	5,482	-	67.41

Notes: 1. Curves Holdings Group is included in the forecast for the first half of the fiscal year.

2. As the above forecast is that in the case where the Spin-off is implemented, Curves Holdings Group is not included in the forecast for the second half of the fiscal year. As a result, no year-on-year changes are shown.

\* For more information about the Spin-off, please refer to the press release announced on October 10, 2019 titled “Notice Regarding Dividend in Kind of Subsidiary Shares (Stock Distribution Spin-off) and Change in Specified Subsidiary” (URL: <https://www.koshidakaholdings.co.jp/news/>) and other materials disclosed thereafter.

## Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Segment and Other Information	9

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the current fiscal year, the pace of the recovery in consumer spending was slow because of unfavorable weather and the October 2019 consumption tax hike. The Japanese economy was also affected by sluggish external demand due to U.S.-China trade conflict and other reasons.

Results by business segment were as follows.

#### Karaoke

There were many activities to increase the number of locations in prime shopping areas and near railway stations and the number of large locations. We are opening new karaoke facilities and adding rooms to existing locations nationwide with emphasis on the Tokyo area. In addition, we are closing unprofitable locations.

To recruit and train a large number of people, we are diversifying our recruiting methods, expanding and upgrading training programs, such as by offering training opportunities in other countries, and upgrading employee benefit programs.

Special rates offered to specific customer segments have been very popular. Two examples are “Mafu” (Manekineko Flat Free Time) and Maneki de Kazoku-wari, a family discount. We are frequently reviewing these measures in order to make these special rates even easier to use.

All karaoke locations became smoke-free in September 2019, prior to enactment of Japan’s amended Health Promotion Act. This step generated a very positive response from customers, especially young people and families.

Outside Japan, we further expanded our operations in Southeast Asia by opening three karaoke locations in Malaysia.

At the end of the first quarter of the current fiscal year, the number of karaoke locations in Japan totaled 532, seven more than at the end of the previous fiscal year, and the number of overseas karaoke facilities totaled 24, consisting of nine in Singapore, eight in South Korea, six in Malaysia and one in Thailand. Renovations were carried out at 23 karaoke locations in Japan.

Sales in the Karaoke segment were 7,759 million yen, up 2.3% year on year. The segment loss was 174 million yen, a decrease of 240 million yen from the same period of the previous fiscal year.

#### Curves

A variety of social issues are emerging in Japan due to the rapid aging of the country’s population and decline in the number of children. One issue is the increasingly urgent need to extend years of good health in order to hold down the growth of medical and nursing care expenses as more people live to an even more advanced age.

The Koshidaka Group is playing a role in extending the healthy lives of seniors by offering the Curves 30-Minute Fitness Class for Women in order to enable more people to start the habit of exercising regularly in the proper manner. This is an example of a business that helps solve social issues involving Japan’s aging population by holding down medical and nursing care expenses and providing other benefits. By increasing the number of Curves locations offering this class and strengthening customer services, Curves aims to further increase customer satisfaction.

Curves conducted a marketing campaign to commemorate the number of locations in Japan surpassing 2,000 in October 2019. This campaign gave many people who had been putting off the start of an exercise regimen the stimulus needed to start visiting a Curves fitness club. The performance of Curves also benefited from a lower attrition rate resulting from customer satisfaction improvement initiatives that started in the previous fiscal year. As a result, Curves attracted 24,000 more new members during the first quarter of the current fiscal year than in the same period of the previous fiscal year, an increase of 138.1%.

At the end of the first quarter of the current fiscal year, the number of Curves fitness clubs (excluding Men's Curves) in Japan was 2,008 (including 64 directly operated facilities), an increase of 17, or 0.8%, from the end of the previous fiscal year. The number of members increased by 42,000, or 5.1%, to 864,000.

Outside Japan, Curves Europe B.V., which was acquired by Koshidaka Holdings in July 2019, is concentrating on building a sound foundation for the growth of the Curves business in Europe.

Sales in the Curves segment were 7,302 million yen, up 8.5% year on year, and the segment profit was 1,559 million yen, up 3.9%.

#### Bath House

Bath houses made improvements to create an atmosphere that makes people want to stay longer and added new food and beverage items. There were also more investments in energy-saving equipment. All these activities improved bath house operations in terms of both quality and quantity.

Sales in the Bath House segment were 382 million yen, up 1.5% year on year. The segment profit was 4 million yen, an increase of 27 million yen from the same period of the previous fiscal year.

#### Real Estate Management

Sales in the Real Estate Management segment were 133 million yen, up 70.9% year on year, and the segment loss was 89 million yen, a decrease of 118 million yen from the same period of the previous fiscal year.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 15,577 million yen, up 5.5%, operating profit of 1,073 million yen, down 21.5%, ordinary profit of 1,177 million yen, down 25.5%, and profit attributable to owners of parent of 700 million yen, down 32.1% 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 2,221 million yen (3.1%) from the end of the previous fiscal year to 69,866 million yen.

#### Current assets

Current assets decreased 3,196 million yen (15.4%) to 17,565 million yen. This was mainly due to a decrease of 3,654 million yen in cash and deposits.

#### Non-current assets

Property, plant and equipment increased 840 million yen (3.8%) to 23,033 million yen. This was mainly due to increases of 720 million yen in buildings and structures and 199 million yen in vehicles, tools, furniture and fixtures.

Intangible assets decreased 285 million yen (1.3%) to 22,250 million yen. This was mainly due to decreases of 230 million yen in trademark right and 63 million yen in goodwill.

Investments and other assets increased 420 million yen (6.4%) to 7,016 million yen. This was mainly due to increases of 300 million yen in leasehold and guarantee deposits and 54 million yen in investment securities, and a 74 million yen decrease in allowance for doubtful accounts.

Total non-current assets increased 975 million yen (1.9%) to 52,300 million yen.

#### Current liabilities

Current liabilities decreased 1,589 million yen (10.6%) to 13,433 million yen. This was mainly due to a decrease of 1,294 million yen in income taxes payable.

#### Non-current liabilities

Non-current liabilities decreased 828 million yen (3.3%) to 24,420 million yen. This was mainly due to an 893 million yen decrease in long-term borrowings.

Total liabilities decreased 2,418 million yen (6.0%) to 37,854 million yen.

#### Net assets

Net assets increased 197 million yen (0.6%) to 32,012 million yen. This was mainly due to a 212 million yen increase in retained earnings and decreases of 85 million yen in foreign currency translation adjustment and 65 million yen in treasury shares.

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

The first-half and full-year consolidated forecasts announced on October 10, 2019 remain unchanged.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/19 (As of Aug. 31, 2019)	First quarter of FY8/20 (As of Nov. 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	12,582,028	8,927,263
Notes and accounts receivable-trade	3,870,289	4,201,675
Merchandise	915,186	1,054,725
Raw materials and supplies	196,689	213,555
Other	3,233,954	3,216,155
Allowance for doubtful accounts	(35,701)	(47,702)
Total current assets	20,762,447	17,565,672
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,819,123	16,539,942
Vehicles, tools, furniture and fixtures, net	3,458,837	3,657,885
Land	2,815,162	2,815,162
Leased assets, net	20,314	18,909
Construction in progress	79,280	1,613
Total property, plant and equipment	22,192,717	23,033,513
Intangible assets		
Goodwill	1,611,996	1,548,782
Trademark right	19,020,017	18,789,050
Software	855,811	919,146
Other	1,048,297	993,803
Total intangible assets	22,536,122	22,250,781
Investments and other assets		
Investment securities	816,900	871,589
Shares of subsidiaries and associates	50,329	49,425
Long-term loans receivable	628,150	677,973
Long-term prepaid expenses	31,115	26,247
Leasehold and guarantee deposits	3,958,898	4,258,998
Deferred tax assets	1,109,984	1,058,819
Other	176,689	174,736
Allowance for doubtful accounts	(175,965)	(101,376)
Total investments and other assets	6,596,103	7,016,414
Total non-current assets	51,324,943	52,300,709
<b>Total assets</b>	<b>72,087,391</b>	<b>69,866,382</b>



(Thousands of yen)

	FY8/19 (As of Aug. 31, 2019)	First quarter of FY8/20 (As of Nov. 30, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,476,545	2,244,873
Current portion of long-term borrowings	4,146,163	3,941,996
Lease obligations	6,957	2,959
Accounts payable-other	1,858,567	2,332,881
Accrued expenses	1,431,285	1,387,166
Income taxes payable	1,715,689	421,538
Provision for bonuses	406,421	192,081
Deposits received	1,893,317	2,120,697
Other	1,088,143	789,632
Total current liabilities	15,023,091	13,433,826
Non-current liabilities		
Long-term borrowings	18,097,681	17,203,849
Deferred tax liabilities	4,329,366	4,301,779
Asset retirement obligations	2,427,259	2,573,418
Other	394,912	341,206
Total non-current liabilities	25,249,219	24,420,252
<b>Total liabilities</b>	<b>40,272,310</b>	<b>37,854,079</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,070,257	2,070,257
Capital surplus	3,302,786	3,302,786
Retained earnings	26,447,399	26,660,319
Treasury shares	(301,538)	(235,690)
Total shareholders' equity	31,518,904	31,797,672
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,656	45,184
Foreign currency translation adjustment	254,520	169,445
Total accumulated other comprehensive income	296,176	214,629
<b>Total net assets</b>	<b>31,815,081</b>	<b>32,012,302</b>
<b>Total liabilities and net assets</b>	<b>72,087,391</b>	<b>69,866,382</b>

**(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 FY8/19 (Sep. 1, 2018 – Nov. 30, 2018)	First three months of FY8/20 (Sep. 1, 2019 – Nov. 30, 2019)
Net sales	14,770,005	15,577,884
Cost of sales	10,850,781	11,856,410
Gross profit	3,919,224	3,721,473
Selling, general and administrative expenses	2,551,208	2,647,624
Operating profit	1,368,015	1,073,849
Non-operating income		
Interest and dividend income	3,045	2,979
Foreign exchange gains	203,223	17,391
Store relocation compensation	-	90,000
Other	36,093	26,182
Total non-operating income	242,361	136,552
Non-operating expenses		
Interest expenses	18,651	16,798
Other	10,697	16,098
Total non-operating expenses	29,349	32,897
Ordinary profit	1,581,027	1,177,505
Extraordinary income		
Gain on sales of non-current assets	3,024	-
Gain on sales of investment securities	-	592
Total extraordinary income	3,024	592
Extraordinary losses		
Loss on retirement of non-current assets	4,889	6,531
Total extraordinary losses	4,889	6,531
Profit before income taxes	1,579,162	1,171,566
Income taxes-current	473,198	518,029
Income taxes-deferred	(43,922)	(47,292)
Total income taxes	429,275	470,736
Profit	1,149,886	700,829
Profit attributable to non-controlling interests	118,279	-
Profit attributable to owners of parent	1,031,607	700,829

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

(Thousands of yen)

	First three months of FY8/19 (Sep. 1, 2018 – Nov. 30, 2018)	First three months of FY8/20 (Sep. 1, 2019 – Nov. 30, 2019)
Profit	1,149,886	700,829
Other comprehensive income		
Valuation difference on available-for-sale securities	954	3,528
Foreign currency translation adjustment	297,220	(85,075)
Total other comprehensive income	298,175	(81,546)
Comprehensive income	1,448,061	619,282
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,329,782	619,282
Comprehensive income attributable to non-controlling interests	118,279	-

**(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 FY8/19 (Sep. 1, 2018 – Nov. 30, 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	7,581,300	6,733,590	377,123	77,990	14,770,005	-	14,770,005
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	7,581,300	6,733,590	377,123	77,990	14,770,005	-	14,770,005
Segment profit (loss)	66,192	1,501,823	(22,758)	29,171	1,574,429	(206,414)	1,368,015

Notes: 1. The -206,414 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 FY8/20 (Sep. 1, 2019 – Nov 30, 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	7,759,237	7,302,650	382,734	133,262	15,577,884	-	15,577,884
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	7,759,237	7,302,650	382,734	133,262	15,577,884	-	15,577,884
Segment profit (loss)	(174,580)	1,559,858	4,386	(89,619)	1,300,044	(226,194)	1,073,849

Notes: 1. The -226,194 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.*