

Results of Operations for the Fiscal Year Ended August 2016 (FY8/16)

October 13, 2016

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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 * Location of the registered head office: Maebashi city, Gunma prefecture, Japan
Capital	493.6 million yen
Employees	3,490 (all group companies, as of the end of August 2016)
Group companies (as of the end of September 2016)	KOSHIDAKA Co., Ltd. / KOSHIDAKA KOREA Co., Ltd. Note: Moon Corporation was merged with KOSHIDAKA Co., Ltd. in September 2016 KOSHIDAKA INTERNATIONAL PTE. LTD. KOSHIDAKA SINGAPORE PTE. LTD. (former K BOX ENTERTAINMENT GROUP PTE.LTD.) Curves HOLDINGS Co., Ltd. / Curves Japan Co., Ltd. / HIGH STANDARD CO., LTD. KOSHIDAKA PRODUCTS Co., LTD. KOSHIDAKA Business Support 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.

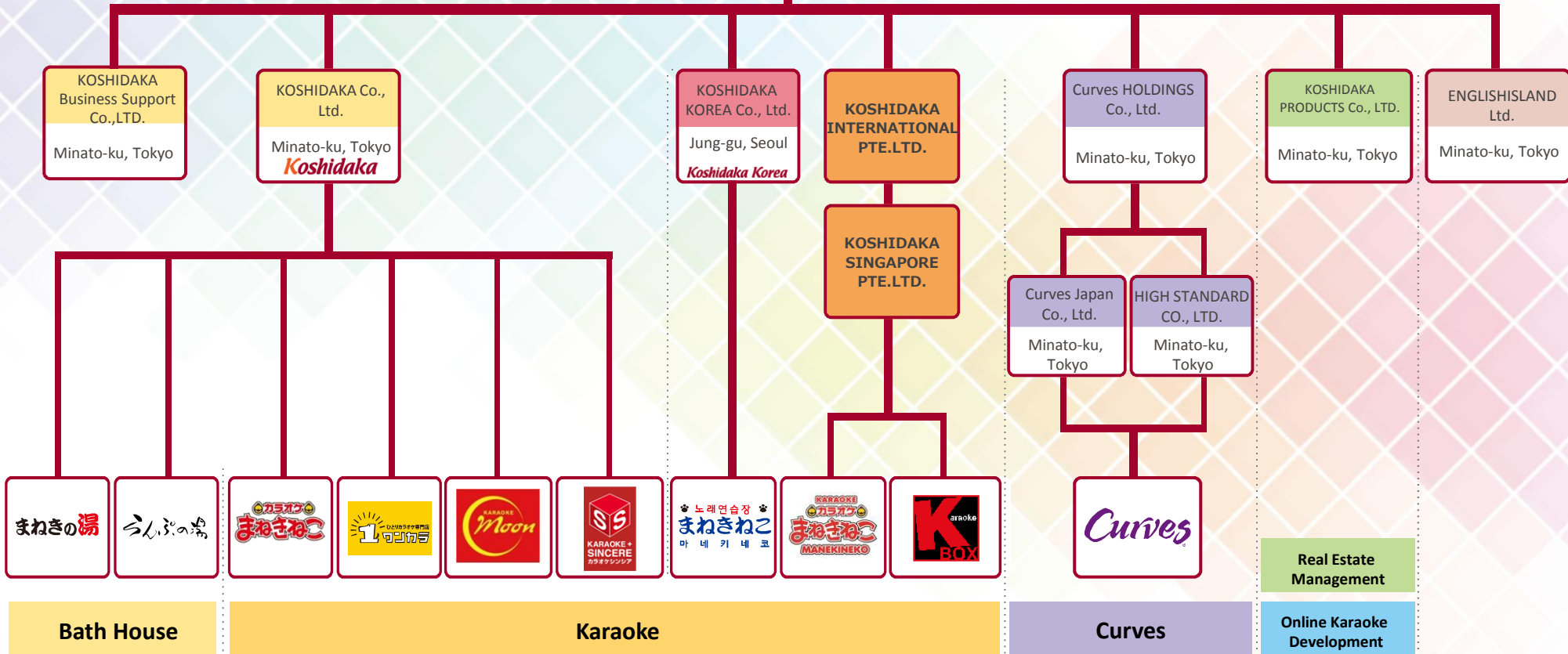
Organization




KOSHIDAKA HOLDINGS Co., LTD.
 Capital: ¥493.6 million Head office: Minato-ku, Tokyo

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

(As of October 13, 2016)





FY8/16
Consolidated
Results of Operations

Financial Highlights



- **Bath House Business became profitable**
- **Ninth consecutive year of sales and earnings growth**
- **Ninth consecutive year of higher dividend**
- **Speeding up structural reform by adding many locations in the Tokyo area**
- **Record-high earnings at Curves**
- **Advanced to a new stage of preparations for more overseas growth**
- **Created new services to further differentiate operations**

Consolidated Statement of Income

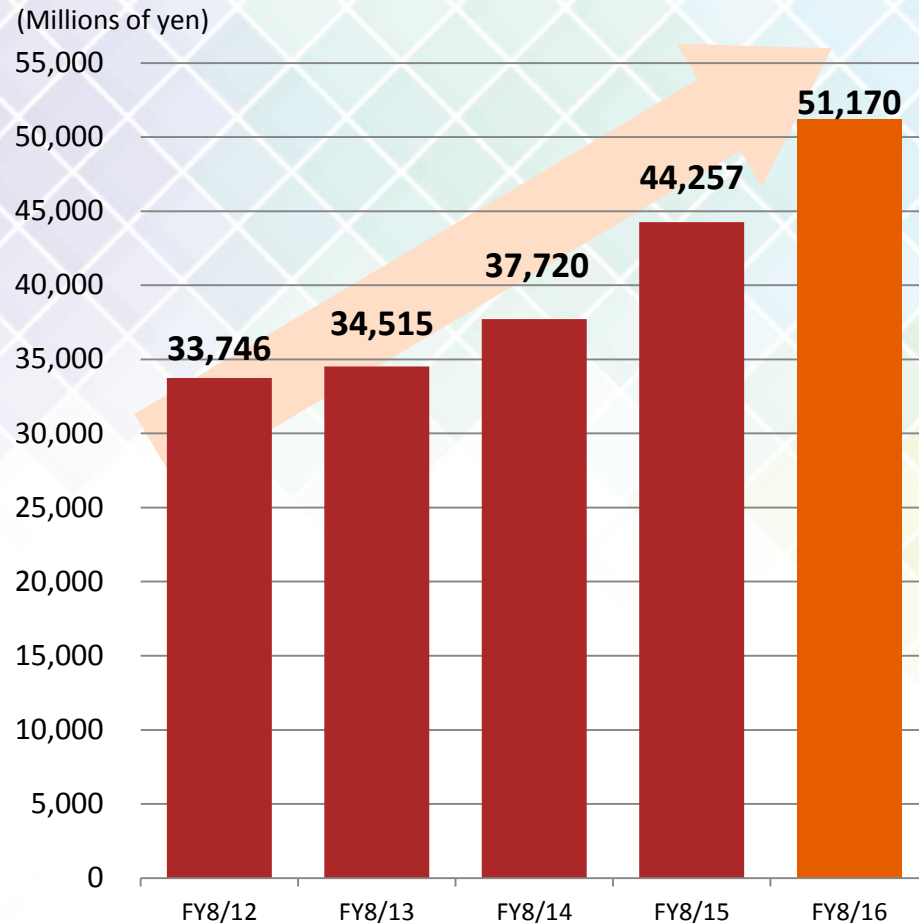


(Millions of yen)

	FY8/15	FY8/16	YoY change		(Reference) vs. plan Announced on Oct. 13, 2015	
			Ratio	Amount	Forecast	Ratio
Net sales	44,257	51,170	115.6%	6,913	49,607	103.2%
Cost of sales	33,323	38,612	115.9%	5,289	-	-
Gross profit	10,933	12,557	114.9%	1,624	-	-
SG&A expenses	6,539	7,747	118.5%	1,208	-	-
Operating income	4,394	4,810	109.5%	416	4,939	97.4%
Ordinary income	4,492	4,699	104.6%	207	5,019	93.6%
Profit attributable to owners of parent	2,098	1,900	90.6%	(198)	2,410	78.8%

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

Net Sales



Net sales

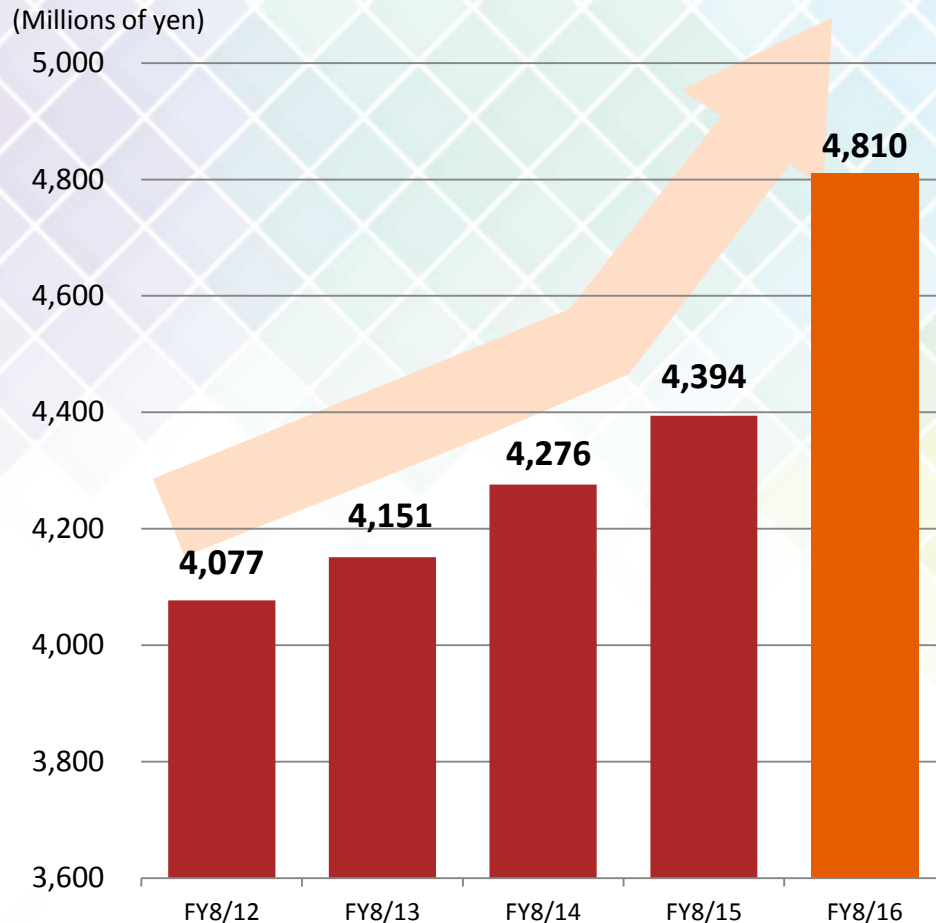
¥51.1 billion

Ninth consecutive year of sales growth

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

KOSHIDAKA HOLDINGS Co., LTD.

Operating Income



Operating income

¥4.8 billion

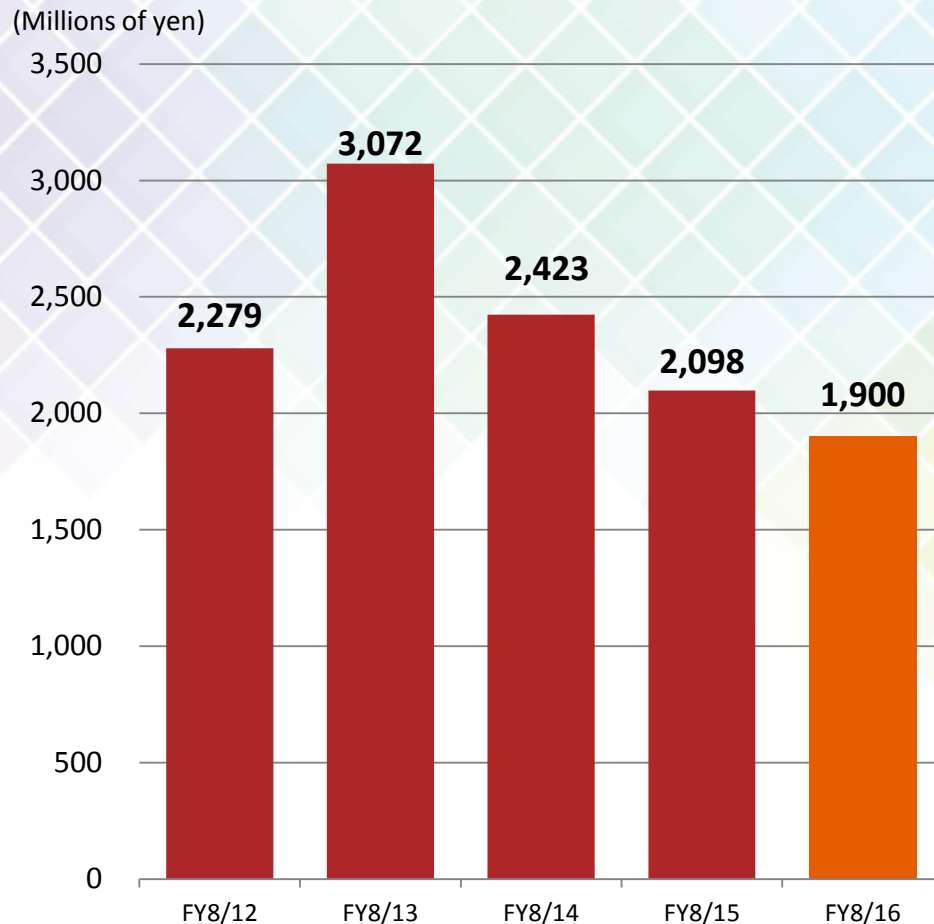
All business segments
were profitable

Ninth consecutive year of
higher earnings

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

KOSHIDAKA HOLDINGS Co., LTD.

Profit Attributable to Owners of Parent



Profit attributable to
owners of parent

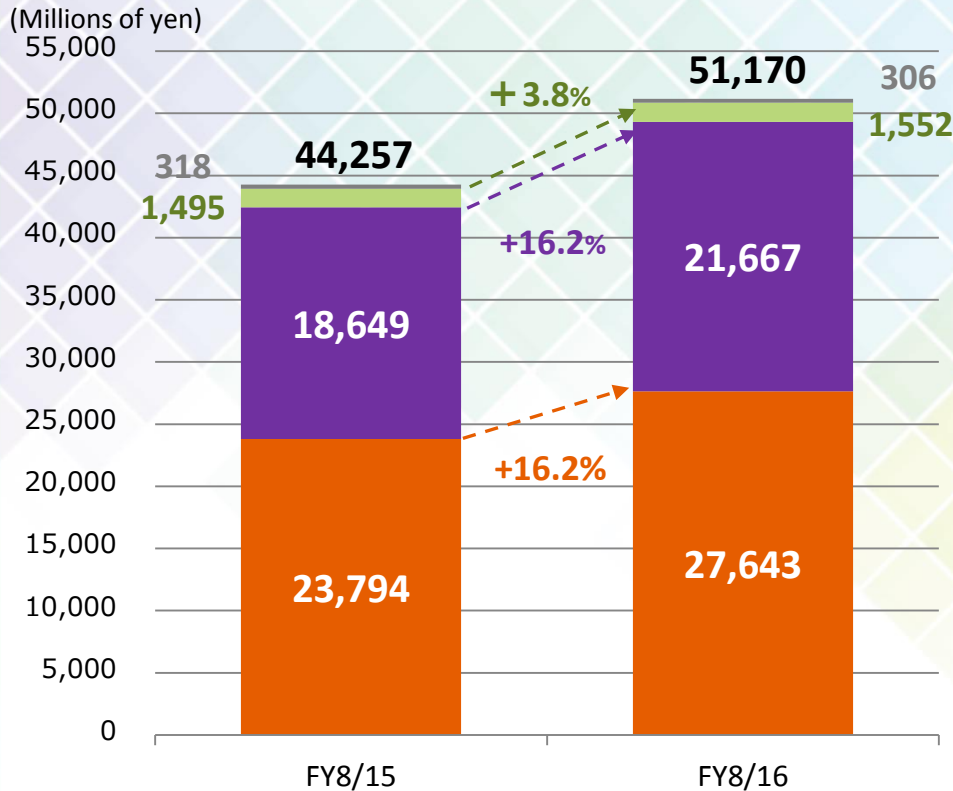
¥1.9 billion

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

KOSHIDAKA HOLDINGS Co., LTD.

Growth in Net Sales

YoY Change in Net Sales



■ Karaoke
 ■ Curves
 ■ Bath house
 ■ Real estate management

(Millions of yen)

	FY8/15	FY8/16	YoY change (%)
Consolidated sales	44,257	51,170	115.6
Karaoke	23,794	27,643	116.2
Curves	18,649	21,667	116.2
Bath house	1,495	1,552	103.8
Real estate management	318	306	96.2

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

Consolidated Balance Sheet



	Aug. 31, 2015	Aug. 31, 2016	Change
Total assets	30,663	33,517	2,854
Current assets	11,448	12,185	737
Non-current assets	19,214	21,331	2,117
Total liabilities	16,611	19,244	2,633
Current liabilities	10,030	10,685	655
Non-current liabilities	6,581	8,559	1,978
Total net assets	14,052	14,272	220
Shareholders' equity	13,256	13,491	235
Accumulated other comprehensive income	141	65	(76)
Non-controlling interests	654	715	61
Total liabilities and net assets	30,663	33,517	2,854

Assets (major items)		
Current assets	Cash and deposits	6,304
	Notes and accounts receivable-trade	2,725
	Merchandise	938
Non-current assets	Property, plant and equipment	14,802
	Intangible assets	2,361
Liabilities (major items)		
Current liabilities	Notes and accounts payable-trade	2,146
	Current portion of long-term loans payable	2,964
	Income taxes payable	1,006
	Deposits received	1,659
Non-current liabilities	Long-term loans payable	6,855
Net assets (major items)		
	Capital stock	493
	Capital surplus	483
	Retained earnings	14,834
	Treasury shares	(2,319)

KOSHIDAKA HOLDINGS Co., LTD.

Consolidated Statement of Cash Flows



(Millions of yen)

	FY8/15	FY8/16	Major items
Cash flows from operating activities	4,649	5,737	<ul style="list-style-type: none"> • Profit before income taxes 4,638 • Depreciation 3,355 • Amortization of goodwill 457 • Income taxes paid (2,328)
Cash flows from investing activities	(4,276)	(6,122)	<ul style="list-style-type: none"> • Purchase of property, plant and equipment (5,601) • Payments for lease and guarantee deposits (308)
Cash flows from financing activities	445	532	<ul style="list-style-type: none"> • Proceeds from long-term loans payable 5,560 • Repayments of long-term loans payable (3,086) • Purchase of treasury shares (1,118)
Increase (decrease) in cash and cash equivalents	829	107	
Cash and cash equivalents at beginning of period	5,169	6,142	
Cash and cash equivalents at end of period	6,142	6,249	

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

Capital expenditures increased due to accelerated store openings in the Tokyo area



FY8/16
Results by Segment

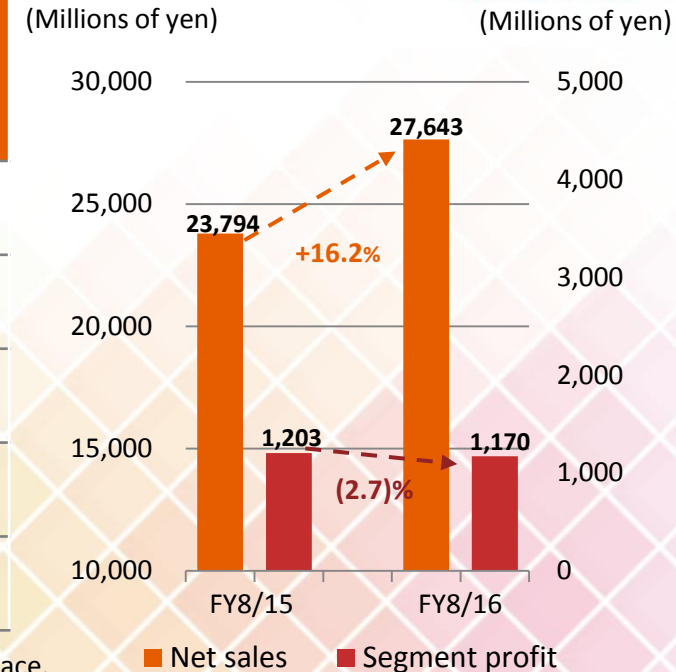


Results of the Karaoke Business

Results of the Karaoke Business



	FY8/15		FY8/16		YoY change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	23,794	100.0%	27,643	100.0%	116.2%
Cost of sales	19,657	82.6%	22,522	81.5%	114.6%
Gross profit	4,137	17.4%	5,120	18.5%	123.8%
SG&A expenses	2,933	12.3%	3,949	14.3%	134.6%
Segment profit	1,203	5.1%	1,170	4.8%	97.3%



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

Sales up but earnings down:

New locations: Opened 47 karaoke facilities (15 at existing buildings, 32 newly constructed)

ZERO Kara: Strong performance of Asa-Uta (“Morning Song”)

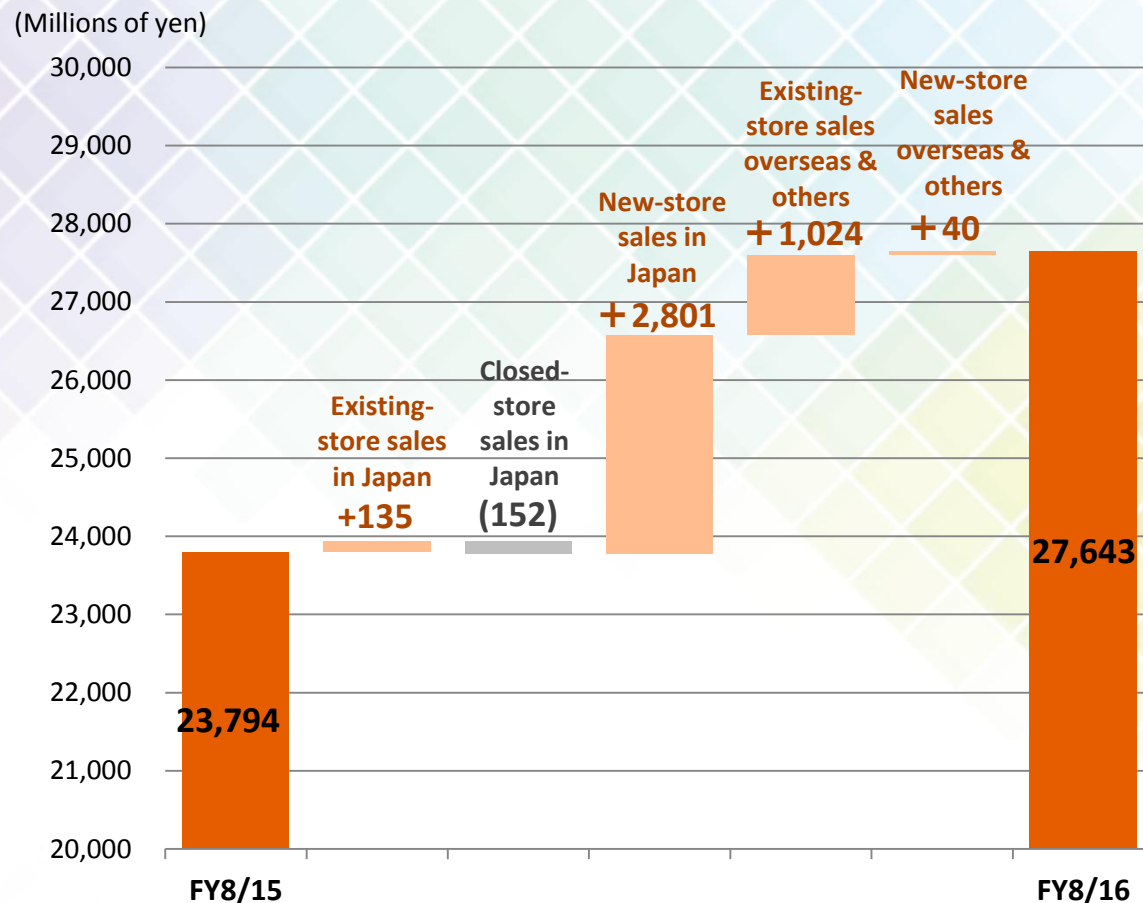
Strategy for the Tokyo area: Aggressively opening new stores to match regional needs

One Kara business became profitable for the full fiscal year

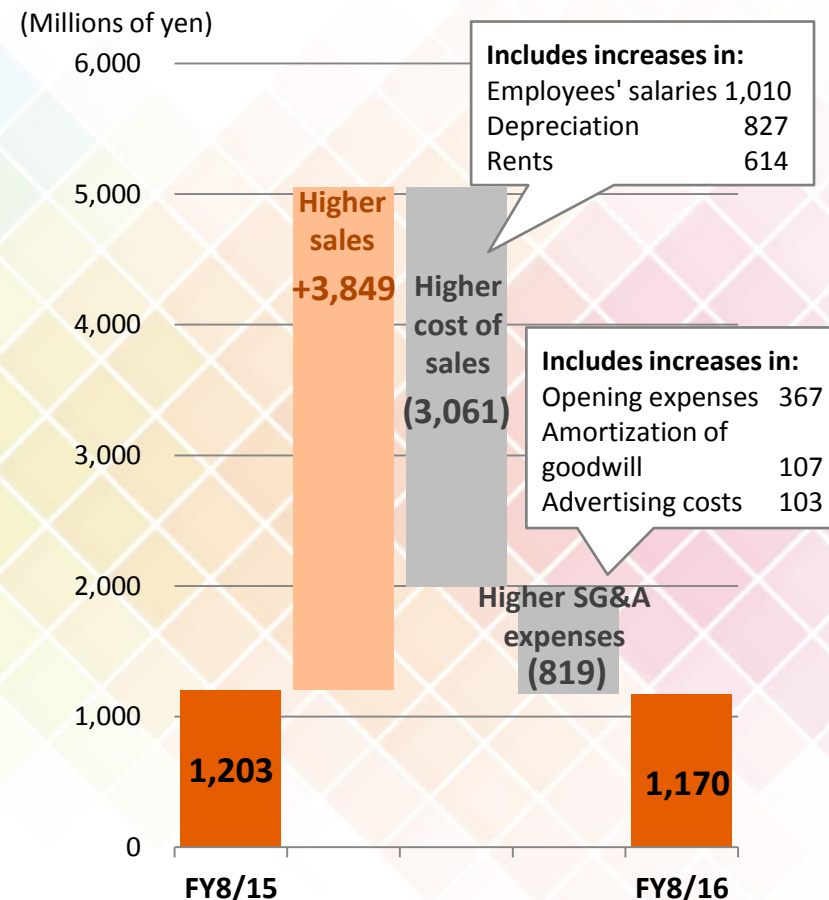
Structural reform is under way

Components of Change

Change in Net Sales



Change in Operating Income

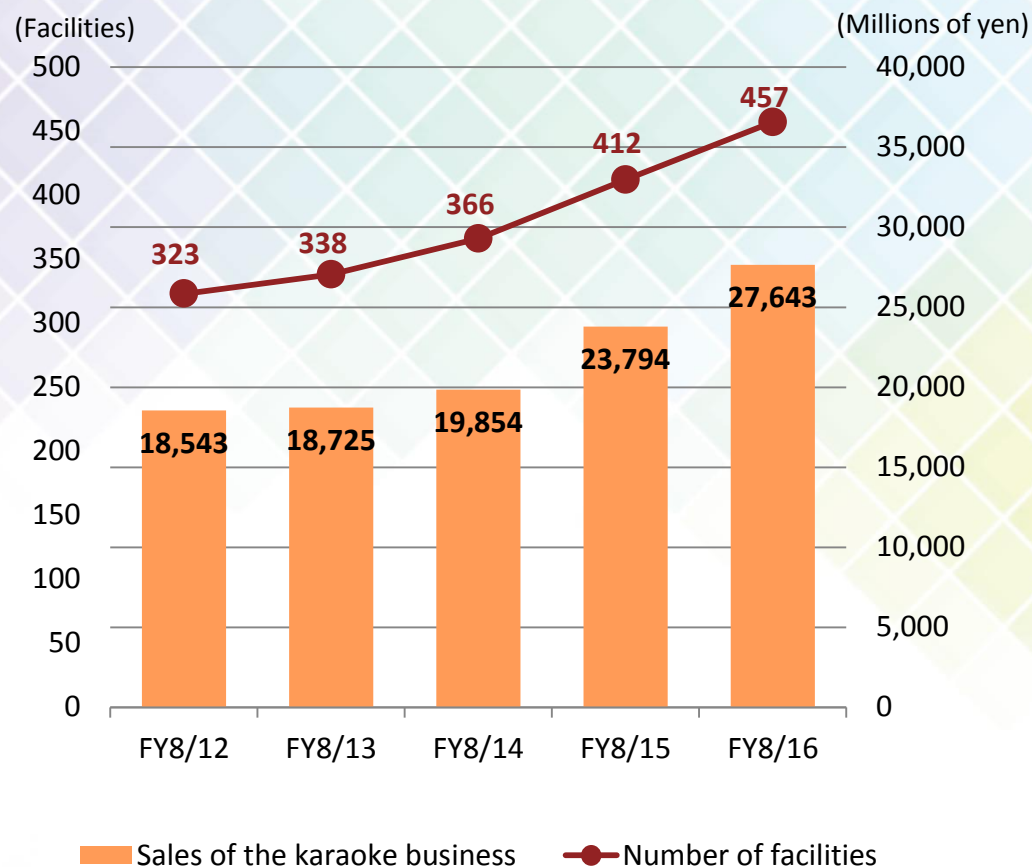


Sales and Number of Karaoke Facilities in Japan



(As of the end of August 2016)

Growth in the Number of Karaoke Facilities



	FY8/15	FY8/16
Number of karaoke facilities in Japan	412	457
Manekineko	381	426
One Kara	10	10
Moon / Sincere	21	21

Initiatives at All Karaoke Locations

ZERO Kara

- ✓ No room charge for high school student groups!

Background

15% drop in the number of high school student customers

Japan's aging population and declining number of children

Increasing diversity of interests among consumers

Asa-Uta ("Morning Song")

- ✓ Only ¥10 room charge for 30 minutes until noon

Background

Another way to attract more seniors

Makes Karaoke facilities more accessible

Growing interest in healthy life styles



Results

- Growth in sales and numbers of customers (with a very big increase in high school students!)
- Customers are using ZERO Kara for purposes other than karaoke
- Asa-Uta has increased the number of groups, contributing greatly to higher sales and customer numbers
- Higher brand recognition; Manekineko is becoming the leading karaoke brand

ZERO Kara

ZERO

高校生無料!

高校生のカラオケルーム料金が0円!

カラ

ZEROカラ

わたしは、ゼロカラ、はじめる!

高校生無料!

ZEROカラ がさらに進化して
ZEROカラ+ (ゼロカラプラス) 登場!
 高校卒業してから**20歳**までの
カラオケルーム料金が半額!
 さらに! 高校生は学生証不要!そして、卒業してもお得な特典!

- 登録方法
- 1 「すきっとリコンアプリ」をダウンロード
 - 2 「必要事項」を入力
 - 3 店頭で「ZEROカラ会員画面」を見せるだけ!

※他サービスとの併用不可となります。※各地域ごとにサービス内容は異なる場合がございますので最寄りの店舗にご確認ください。
 ※原則2名様以上にて適用。※地域条件に限り、18歳未満のお客様のご利用は、当社自主規制基準に定められた通り規制させていただきます。

登録方法など詳しくはwebへ! ZEROカラ

Asa-Uta (“Morning Song”)



歌って健康

朝うた

朝うたから始まる。一日の始まりを笑顔に、優しく歌って朝を始める。家族の笑顔が輝く朝を、朝うたで迎えます。

2016年7月1日から
 カラオケまねきねこ全店一斉スタート!

昼12時まで 室内料 30分10円!

カラオケ まねきねこ

Sales, Operating Income and Number of Karaoke Facilities outside Japan

	FY8/15	FY8/16
Overseas sales (Millions of yen)	2,007	1,961
Manekineko (Korea)	140	259
K BOX (Singapore)	1,867	1,701
Overseas operating income (Millions of yen)	(272)	2
Manekineko (Korea)	(91)	(117)
K BOX (Singapore)	(181)	119
Number of facilities overseas	19	24
Manekineko (Korea)	9	13
K BOX (Singapore)	10	11



A Singapore karaoke location that was converted to Manekineko



Manekineko at the Singapore Cathay Cineleisure Orchard youth lifestyle mall

Singapore: Establishing the Manekineko brand

- (1) Remodeled 6 locations for conversion to Manekineko; post-conversion sales significantly increased
- (2) Used Japanese-style operations to boost efficiency; became profitable for the full fiscal year

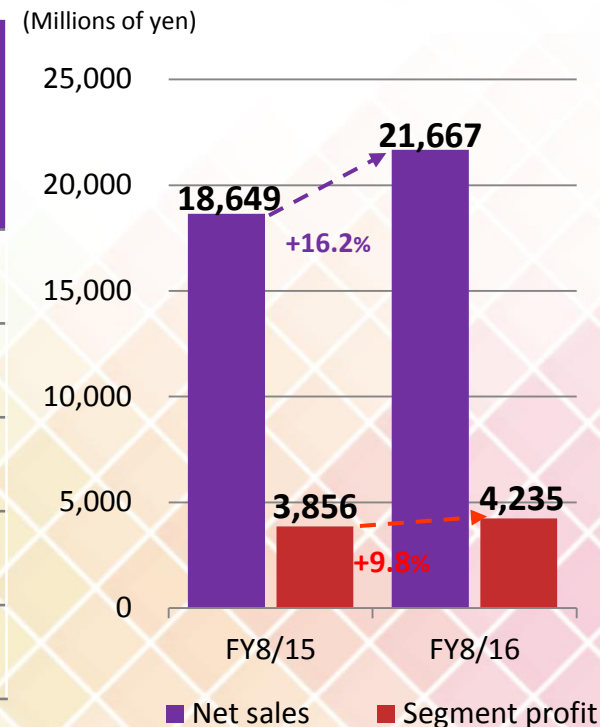
South Korea: Sales weakened after the New Year holiday; currently reexamining the business model



Results of the Curves Business

Results of the Curves Business

	FY8/15		FY8/16		YoY change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	18,649	100.0%	21,667	100.0%	116.2%
Cost of sales	12,198	65.4%	14,484	66.8%	118.7%
Gross profit	6,451	34.6%	7,183	33.2%	111.3%
SG&A expenses	2,595	13.9%	2,947	13.6%	113.6%
Segment profit	3,856	20.7%	4,235	19.5%	109.8%



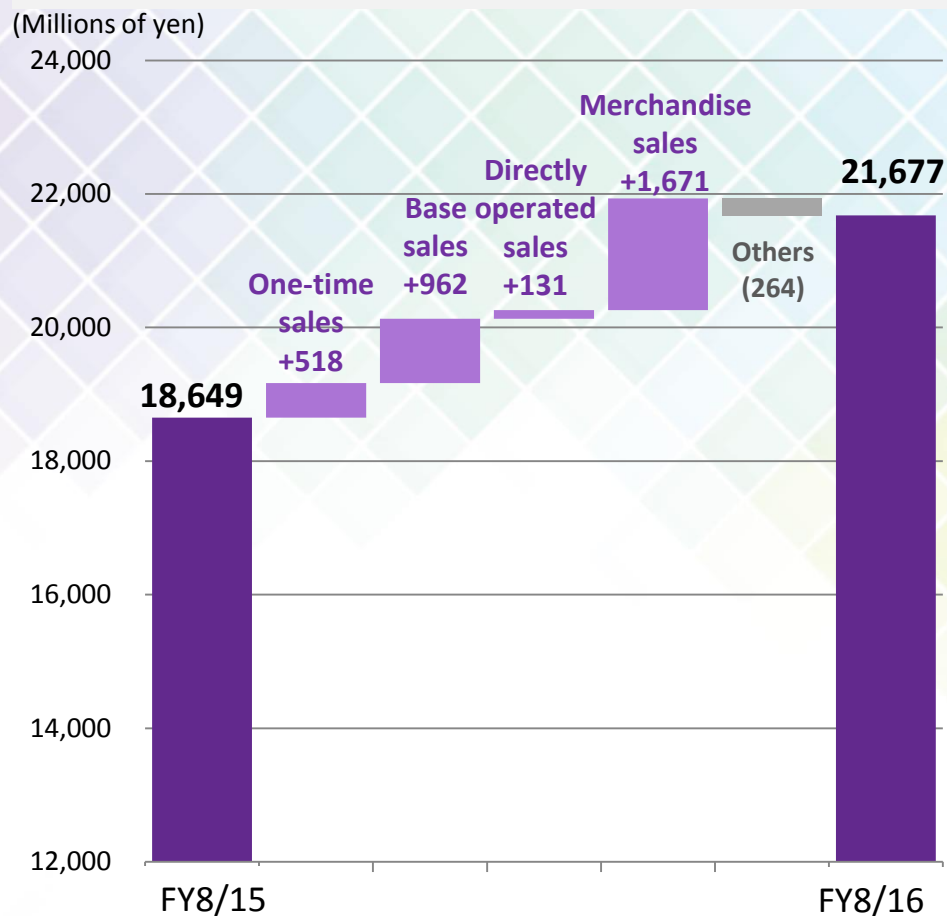
Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

Opened 122 clubs

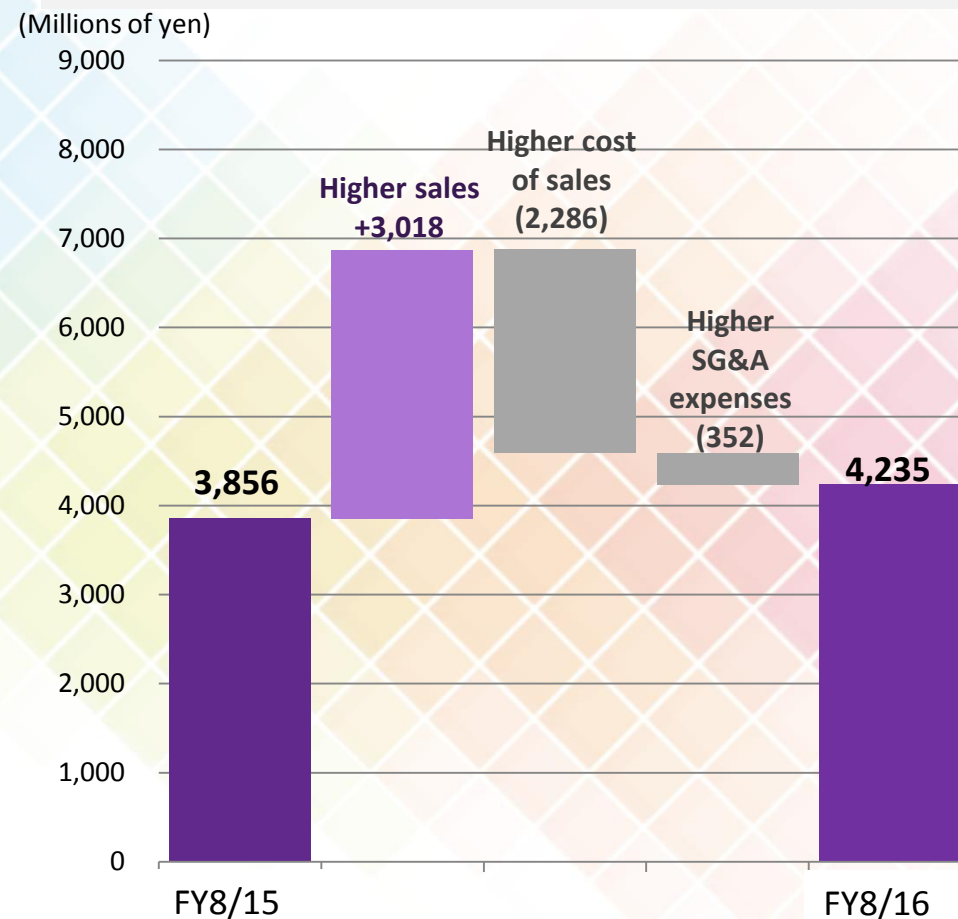
Commemorate tenths anniversary of the opening of the first store

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 1,722 locations in Japan at the end of August 2016

Growth in the Number of Clubs



■ Number of clubs at the end of fiscal year

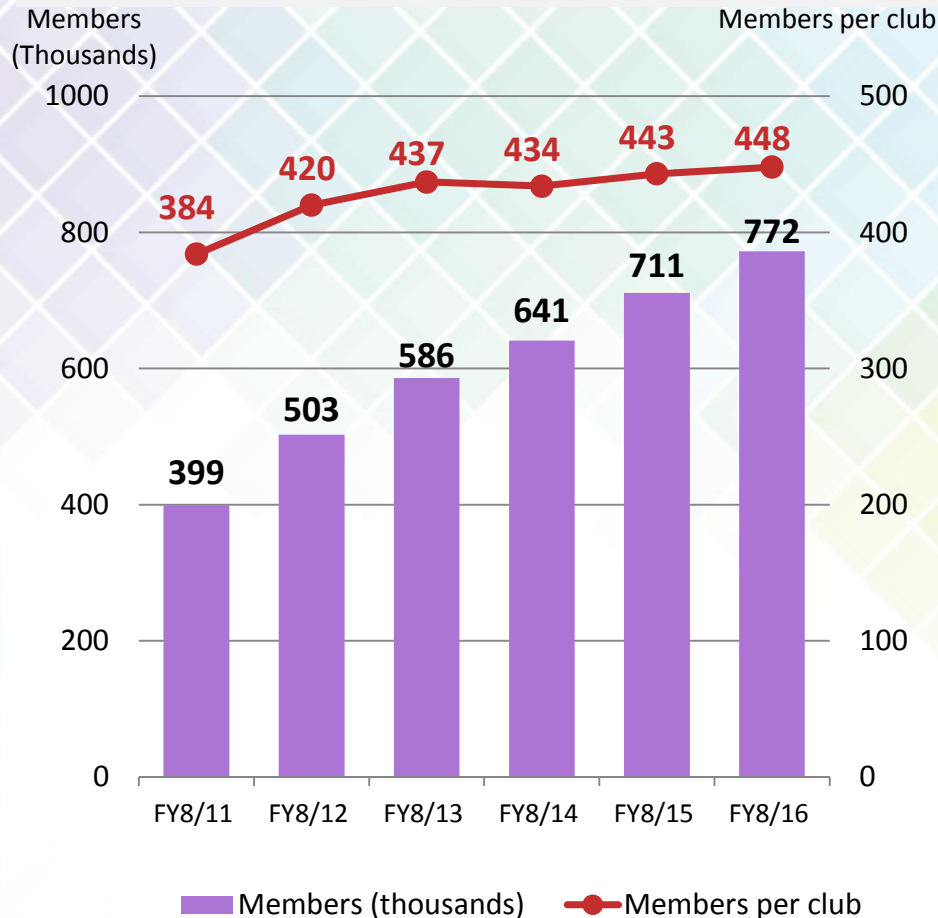
	FY8/15	FY8/16
Number of clubs	1,602	1,722
Growth rate (%)	8.6	7.5
Number of members (thousands)	711	772
Growth rate (%)	10.9	8.6

Opened 122 clubs during FY8/16

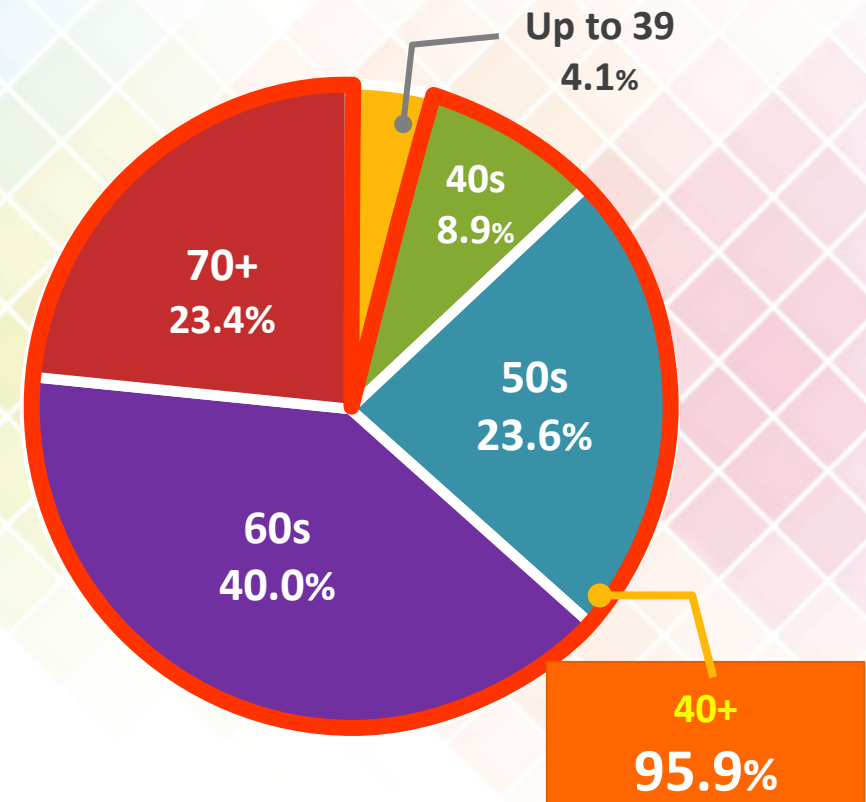
Growth in Number of Curves Members

772,000 members at the end of August 2016

Growth in the Number of Curves Members



Age Composition of Members



(As of the end of August 2016)

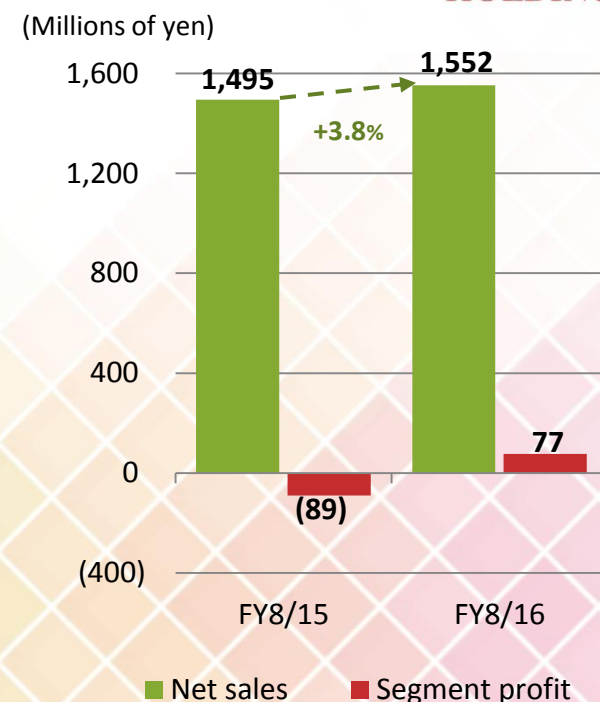


Results of the Bath House Business

Results of the Bath House Business



	FY8/15		FY8/16		YoY change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	1,495	100.0%	1,552	100.0%	103.8%
Cost of sales	1,492	99.8%	1,414	91.1%	94.8%
Gross profit	2	0.1%	138	8.9%	6,900.0%
SG&A expenses	92	6.2%	60	3.9%	65.2%
Segment profit	(89)	(6.0)%	77	5.0%	-



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

New initiatives and services produced big benefits

A variety of marketing campaigns, including events for specific days of the week

Started offering high-density artificially carbonated water baths

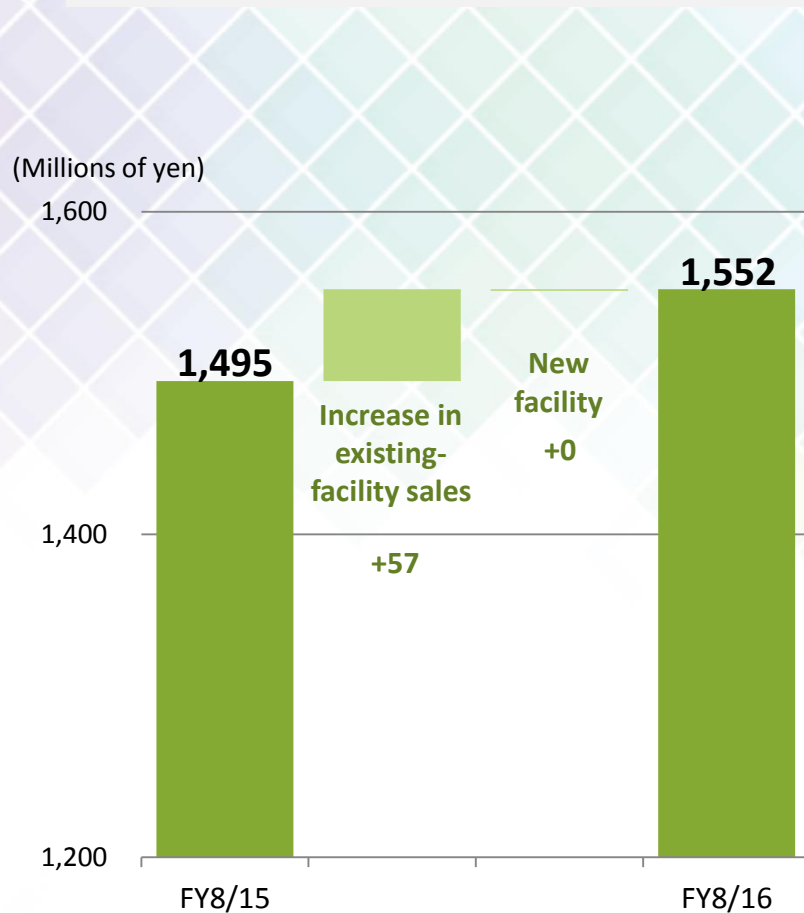
Elementary school age and younger free; discount for older students

More energy conservation measures produced additional benefits

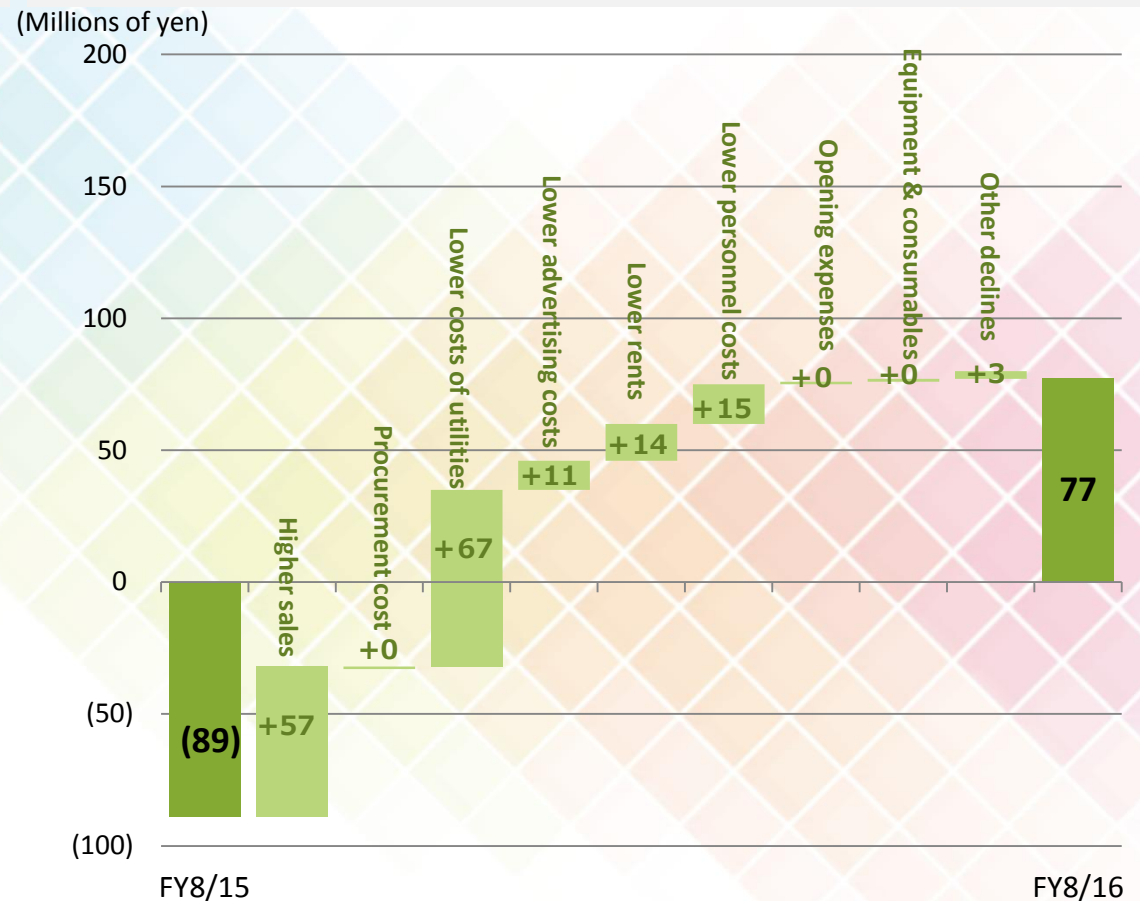
Components of Change

Energy conservation measures lowered expenses – Costs were down by 20%

Change in Net Sales



Change in Operating Income





FY8/17 Consolidated Forecast

FY8/17 Forecast

Expect growth in sales and earnings to continue



(Millions of yen)

	FY8/16 Results	FY8/17 Forecast	Amount of change	YoY change (%)
Net sales	51,170	55,112	3,942	107.7%
Operating income	4,810	5,468	658	113.7%
Ordinary income	4,699	5,519	820	117.5%
Profit attributable to owners of parent	1,900	2,694	794	141.8%
Dividend (yen)	32.00	32.00	-	-

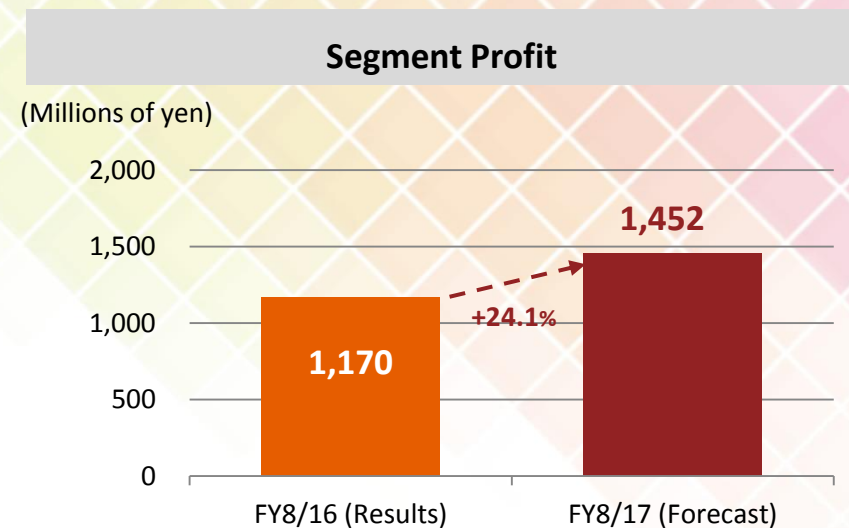
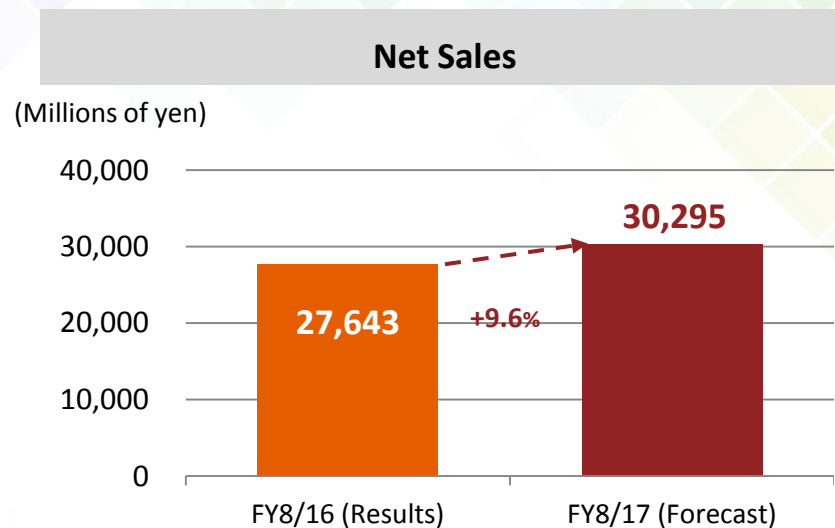
Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

- Dividend forecast for FY8/17 is 32 yen
- Expect all business segments to raise sales

FY8/17 Outlook (Karaoke Business)

	FY8/16	FY8/17 (Forecast)		
	Amount (Millions of yen)	Amount (Millions of yen)	Composition (%)	YoY change (%)
Net sales	27,643	30,295	100.0%	109.6%
Segment profit	1,170	1,452	4.8%	124.1%

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



FY8/17 Outlook (Curves Business)

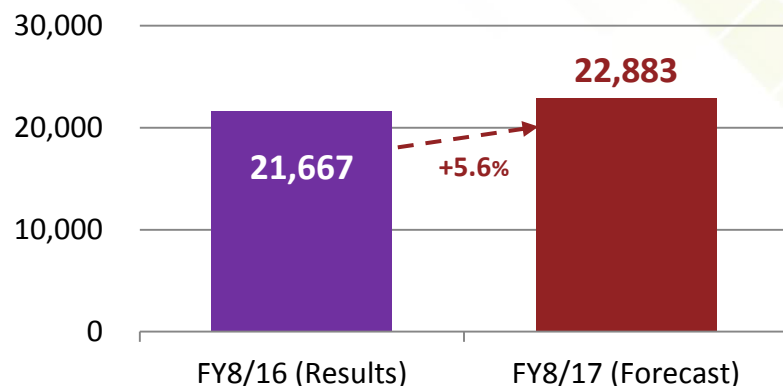


	FY8/16	FY8/17 (Forecast)		
	Amount (Millions of yen)	Amount (Millions of yen)	Composition (%)	YoY change (%)
Net sales	21,667	22,883	100.0%	105.6%
Segment profit	4,235	4,547	19.9%	107.4%

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

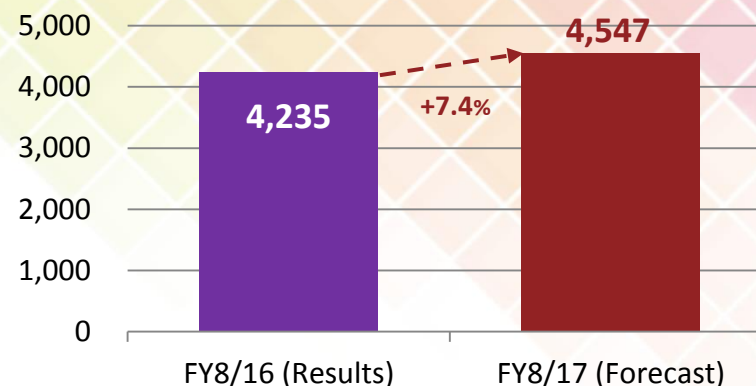
Net Sales

(Millions of yen)



Segment Profit

(Millions of yen)



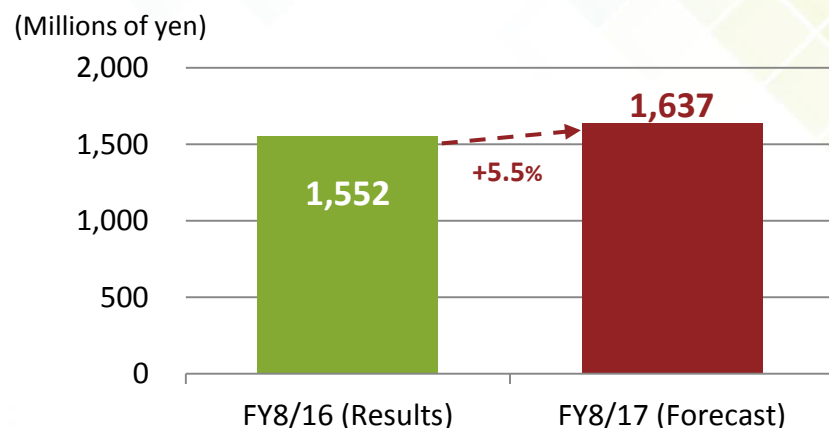
FY8/17 Outlook (Bath House Business)



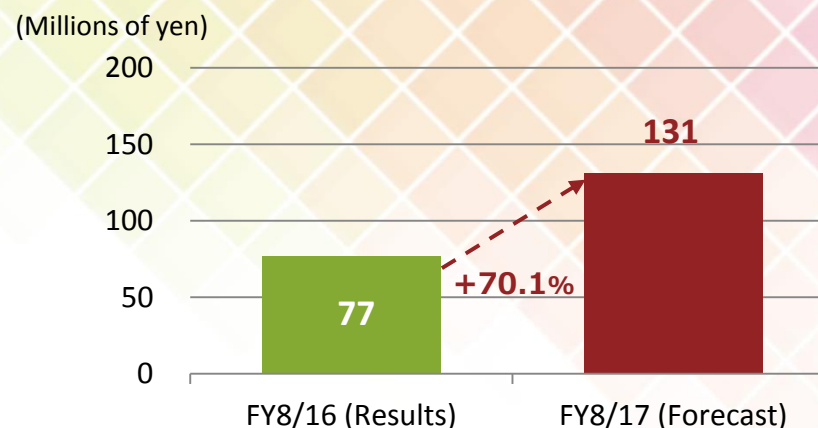
	FY8/16	FY8/17 (Forecast)		
	Amount (Millions of yen)	Amount (Millions of yen)	Composition (%)	YoY change (%)
Net sales	1,552	1,637	100.0%	105.5%
Segment profit	77	131	8.0%	170.1%

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

Net Sales



Segment Profit





Strategic Objectives

FY8/17 Strategic Goals (Karaoke Business)



1 Network expansion

- 50 new locations (35 newly constructed, 15 at existing buildings)
- Speeding up structural reform by focusing on the Tokyo area
- Strengthen Kanagawa (Yokohama) operations by converting from Moon to the Manekineko brand
- Make all One Kara locations profitable and consider opening more locations

2 New services and other initiatives

- More ZERO Kara services
- Use Asa-Uta to attract more seniors
- Create new services
 - Mane-Jyo
 - Internet reservation
- More collaborations using SKIT
- No smoking in all rooms at the Tokyo area Manekineko locations

3 Overseas growth

- Korea
 - Rethink targeted customer segments
 - Revise the business model (goal is spring of 2017)
- Singapore
 - Switch karaoke operations to the Manekineko brand
- Prepare to start operations in Indonesia, Philippines and Vietnam

4 Workforce

- Increase motivation
 - Ensure that everyone uses time off
 - Maneki-mile (bonuses after working specified lengths of time)
 - Be-Ambitious (enable employees to become independent operators)


FY8/17 Strategic Goals (Karaoke Business)

Create new services



Kid's room



東京・神奈川・千葉・埼玉のカラオケまねきねこは
9月1日から全室禁煙となります。 
 喫煙スペース
まねきねこ

No smoking in all rooms at the Tokyo area Manekineko locations



Mane-Jyo

Internet reservation



ラクラク予約で
 快適に♪



Narikiri CV



Expand Manekineko brand overseas

FY8/17 Strategic Goals (Curves Business)

1 Network expansion strategy

- Plan to open 90 clubs during year
- Build a club infrastructure for one million members

Miyanokawara-motomachi Store



2 New services and other initiatives

- Create new products and develop new business categories
- Strengthen infomercial activities (30-minute TV commercial)
- Increase brand recognition by using the Curves Food Drive
- More joint promotions with well-known brands
Started a campaign with Morinaga Milk in October aimed at promoting healthy life style



Curves カーブス 健康体操教室
1教室 先着50名様! (先着順です)
「1週間体験」を無料でご提供!
0120-888-355
24時間受付中
ご予約の変更・キャンセルも可能

カーブスは月会費制の健康教室です。健康状態をお用いた上で、
随時利用をされる際の割引特典や入会のご案内をさせていただきます。
販売元:株式会社カーブスジャパン
東京都港区芝浦3-9-1
定額ルネサンスタワー11F

3 More activities with local governments

FY8/17 Strategic Goals (Bath House Business)

1 Actions to become profitable

- Measures to attract 10% more customers at all locations
 - Started free entry for elementary school students
 - Marketing campaigns every day
- Considering opening more bath houses



2 More energy conservation

- Make updates and improve efficiency at existing bath houses
- Consider new HVAC systems and other equipment

3 Immediate goals

- Aim for an operating margin of 10%

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 32 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.

A Firm Commitment to Our Corporate Philosophy



Create new services by using
innovative facilities and ideas

The Goal of the Koshidaka Group



**We are dedicated to constantly
creating and expanding new
formats in existing business sectors.**

Inquiries



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