



KOSHIDAKA HOLDINGS Co., LTD.

Results of Operations

for the Fiscal Year Ended
August 2017 (FY8/17)

October 20, 2017

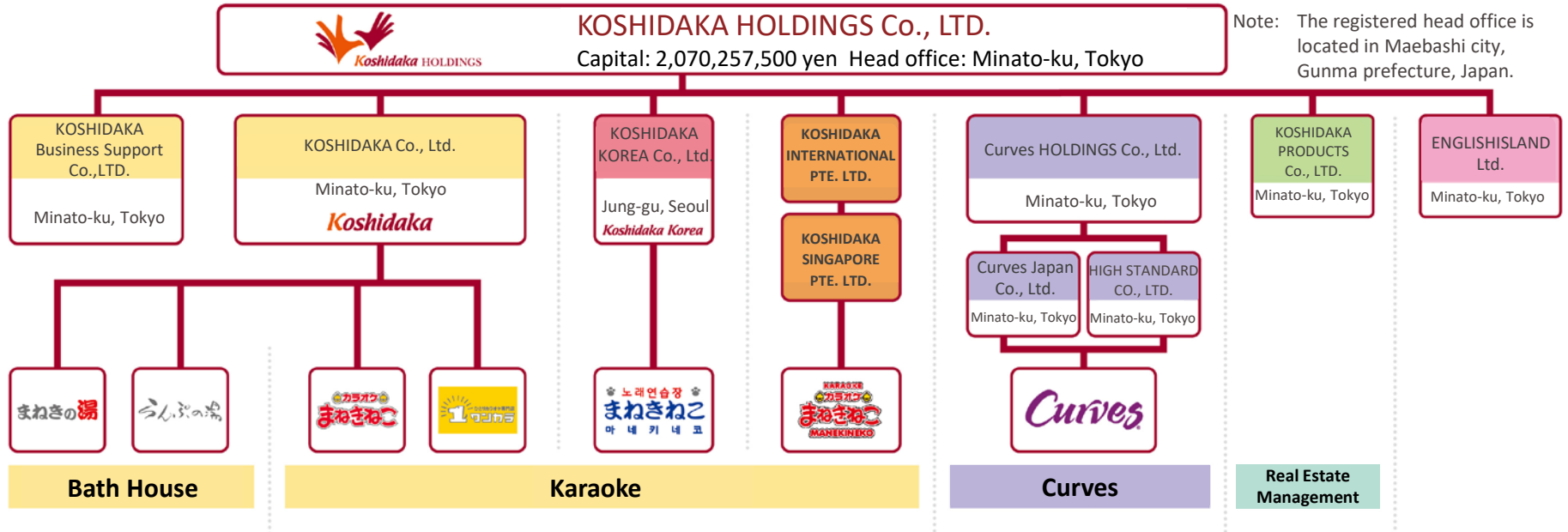



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Company name	KOSHIDAKA HOLDINGS Co., LTD.
Business	Oversight of operating companies, business development and other activities
Established	March 1967
Tokyo Head Office	World Trade Center Building 23F, 2-4-1 Hamamatsucho, Minato-ku, Tokyo, Japan
Maebashi Head Office	1-5-1 Odomomachi, Maebashi-shi, Gunma, Japan
Capital	2,070,257,500 yen
Employees	3,923 (all group companies, as of the end of August 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.



The image features a vibrant blue background with a complex geometric pattern of overlapping triangles and circles. In the lower portion, a panoramic view of a city skyline is visible, including several prominent skyscrapers and a red tower. The text is centered in the upper half of the image.

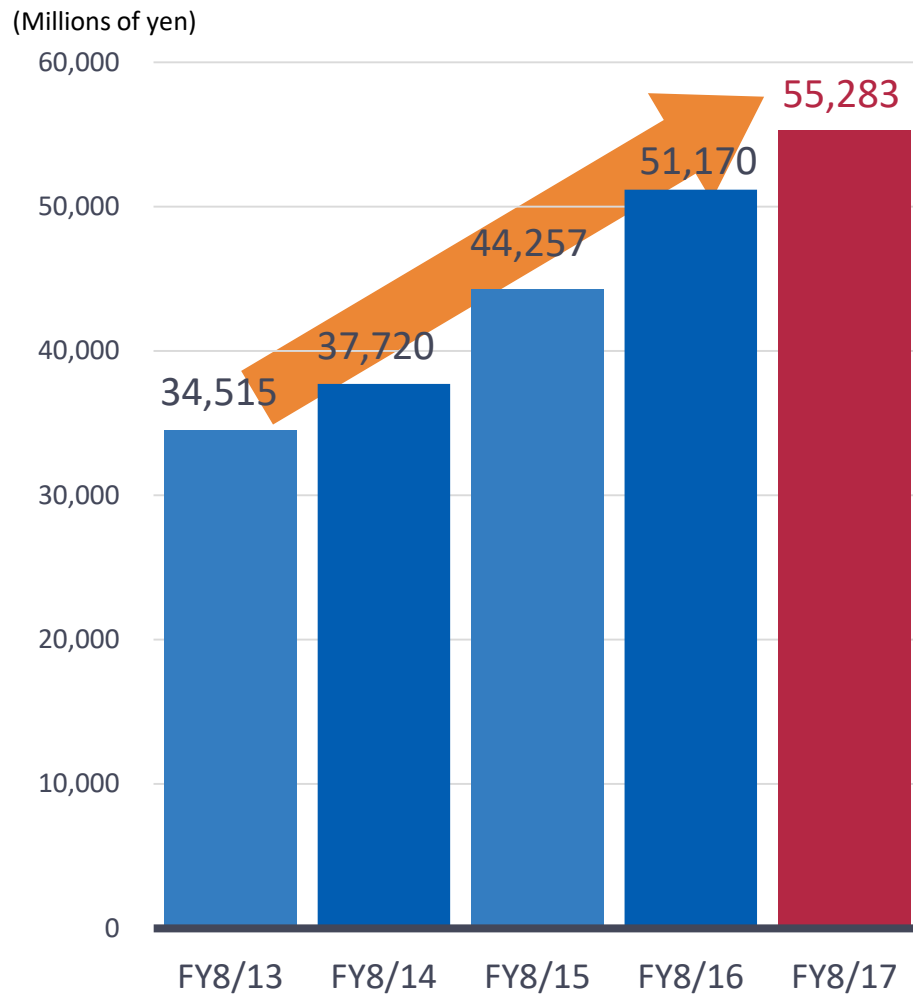
FY8/17
Consolidated Results of Operations

- **Karaoke business recovery**
– **Big increase in earnings**
- **Record-high earnings at Curves**
- **10th consecutive year of sales and earnings growth since the IPO**
- **10th consecutive year of higher dividend since the IPO**

(Millions of yen)

	FY8/16	FY8/17	YoY change		(Reference) vs. plan Announced on Oct. 7, 2016	
			Ratio	Amount	Ratio	Amount
Net sales	51,170	55,283	+8.0%	4,113	+0.3%	171
Cost of sales	38,612	40,826	+5.7%	2,214	-	-
Gross profit	12,557	14,456	+15.1%	1,899	-	-
SG&A expenses	7,747	8,310	+7.3%	563	-	-
Operating profit	4,810	6,146	+27.8%	1,336	+12.4%	678
Ordinary profit	4,699	6,354	+35.2%	1,655	+15.1%	835
Extraordinary income	104	16	-	(88)	-	-
Extraordinary losses	166	662	-	496	-	-
Profit attributable to owners of parent	1,900	3,255	+71.3%	1,355	+20.8%	561

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



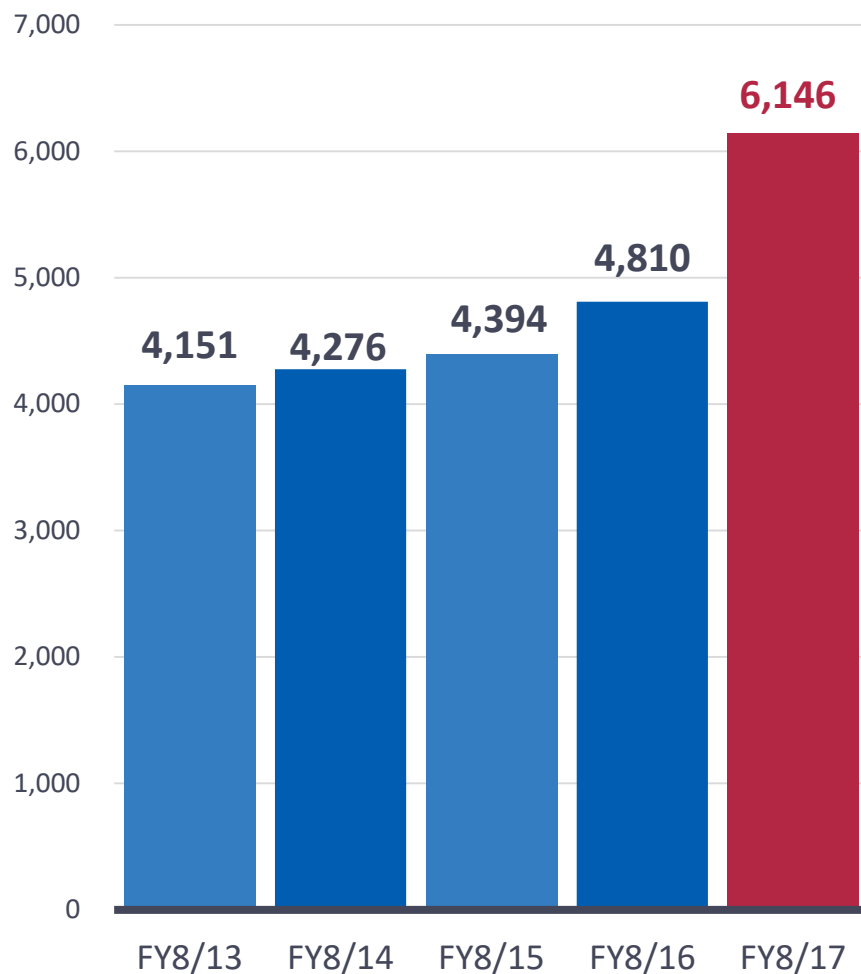
Note: All amounts are rounded down to the nearest million yen.

Net sales

¥55.2 billion

10th consecutive year of sales growth

(Millions of yen)

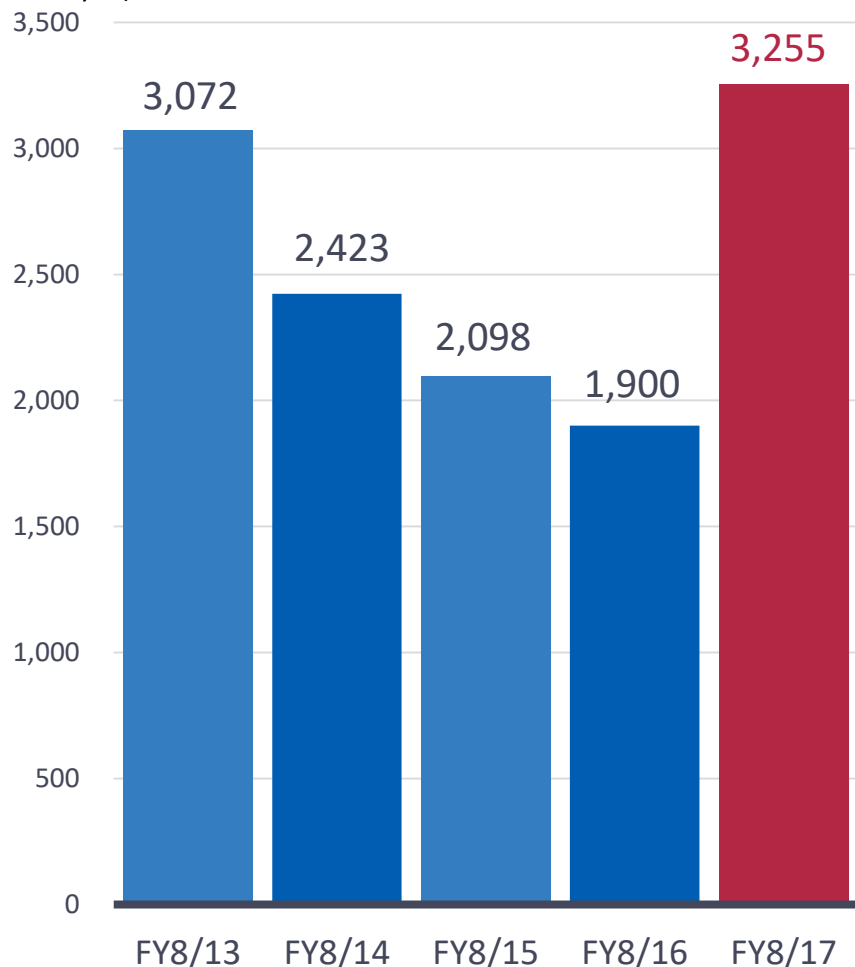


Note: All amounts are rounded down to the nearest million yen.

Operating profit

¥6.1 billion

(Millions of yen)



Profit attributable to owners of parent

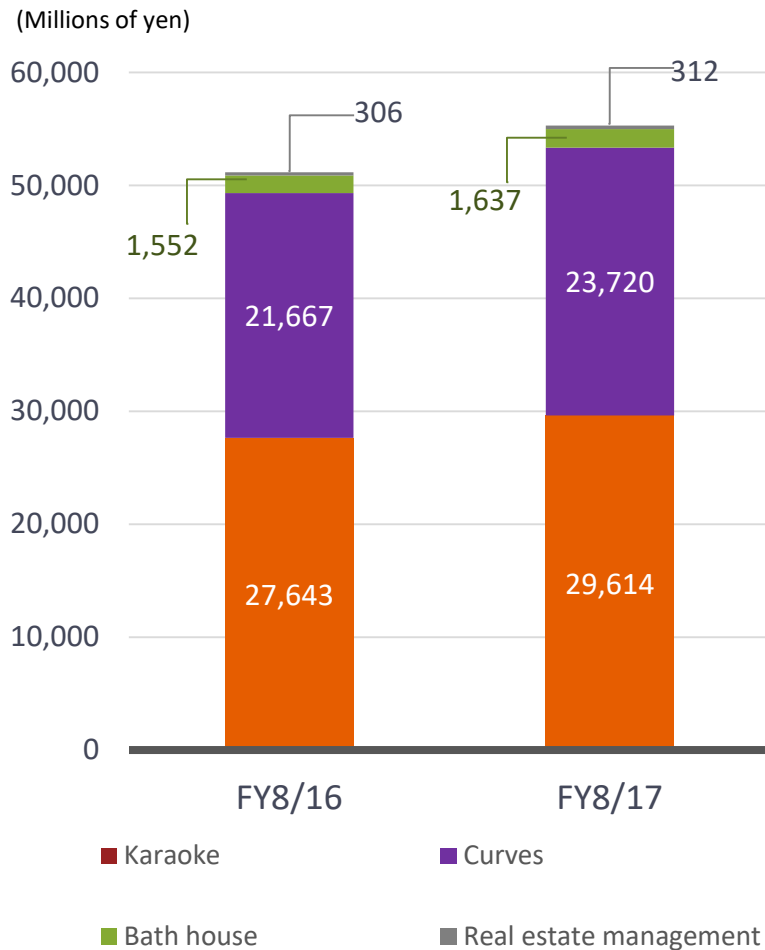
¥**3.2** billion

Record high earnings

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

2. Gain on sales of non-current assets (extraordinary income) of ¥1,541 million was recorded in FY8/13.

YoY Change in Net Sales



(Millions of yen)

	FY8/16	FY8/17	YoY change (%)
Consolidated sales	51,170	55,283	+8.0%
Karaoke	27,643	29,614	+7.1%
Curves	21,667	23,720	+9.5%
Bath house	1,552	1,637	+5.5%
Real estate management	306	312	+1.7%

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

Consolidated Balance Sheet

KOSHIDAKA HOLDINGS Co., LTD.

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

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

(Millions of yen)

(Millions of yen)

	Aug. 31, 2016	Aug. 31, 2017	Change
Total assets	33,517	43,690	10,172
Current assets	12,185	19,737	7,551
Non-current assets	21,331	23,953	2,621
Total liabilities	19,244	21,026	1,781
Current liabilities	10,685	12,641	1,956
Non-current liabilities	8,559	8,384	(175)
Total net assets	14,272	22,663	8,391
Shareholders' equity	13,491	21,565	8,073
Accumulated other comprehensive income	65	94	29
Non-controlling interests	715	1,003	288
Total liabilities and net assets	33,517	43,690	10,172

Assets (major items)		
Current assets	Cash and deposits	13,785
	Notes and accounts receivable-trade	3,021
	Merchandise	900
Non-current assets	Property, plant and equipment	16,810
	Intangible assets	1,670
	Investments and other assets	5,472
Liabilities (major items)		
Current liabilities	Notes and accounts payable-trade	2,193
	Current portion of long-term loans payable	3,355
	Deposits received	1,728
Non-current liabilities	Long-term loans payable	6,381
Net assets (major items)		
Capital stock		2,070
Capital surplus		2,335
Retained earnings		17,461
Treasury shares		(301)

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

(Millions of yen)

	FY8/16	FY8/17	Major items
Cash flows from operating activities	5,737	9,457	<ul style="list-style-type: none"> • Profit before income taxes 5,707 • Depreciation 3,570 • Amortization of goodwill 437 • Income taxes paid (1,923)
Cash flows from investing activities	(6,122)	(6,317)	<ul style="list-style-type: none"> • Purchase of property, plant and equipment (4,978) • Purchase of investment securities (693) • Payments for lease and guarantee deposits (323)
Cash flows from financing activities	532	4,410	<ul style="list-style-type: none"> • Proceeds from long-term loans payable 3,500 • Repayments of long-term loans payable (3,583) • Cash dividends paid (628) • Proceeds from issuance of common shares 3,153 • Proceeds from sales of treasury shares 2,018
Increase (decrease) in cash and cash equivalents	107	7,505	
Cash and cash equivalents at beginning of period	6,142	6,249	
Cash and cash equivalents at end of period	6,249	13,754	

FY8/17 Results by Segment

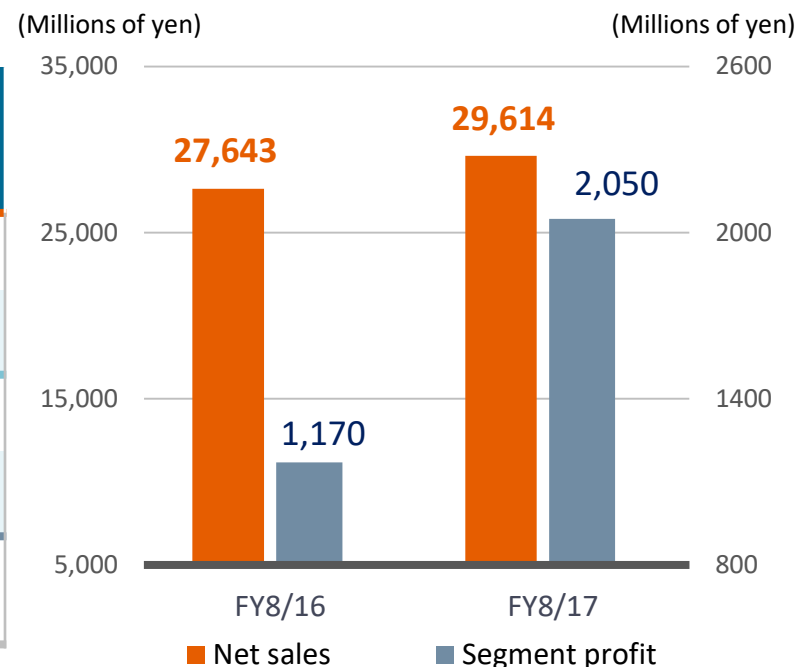




Karaoke Business

Higher efficiency and proper use of resources at karaoke locations

	FY8/16		FY8/17		YoY change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	27,643	100.0%	29,614	100.0%	+7.1%
Cost of sales	22,522	81.5%	23,458	79.2%	+4.2%
Gross profit	5,120	18.5%	6,155	20.8%	+20.2%
SG&A expenses	3,949	14.3%	4,104	13.9%	+3.9%
Segment profit	1,170	4.2%	2,050	6.9%	+75.1%

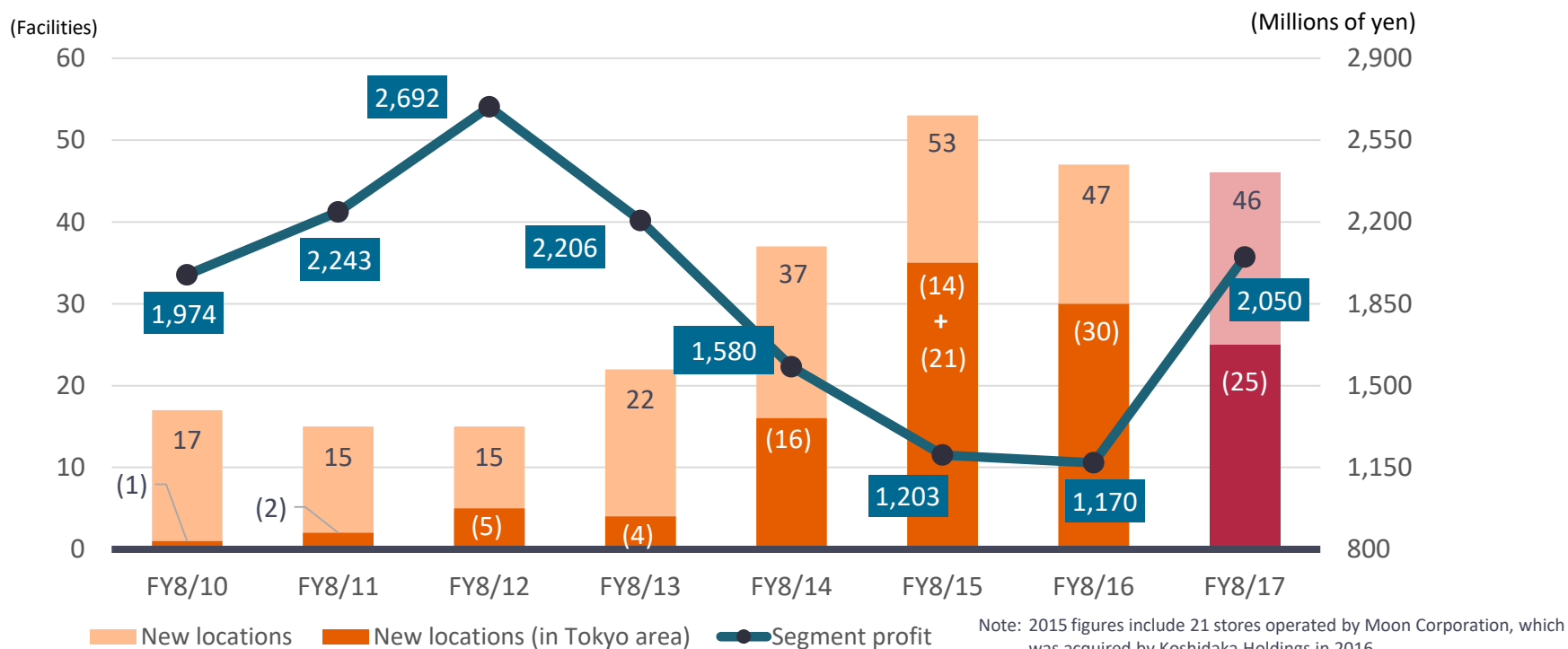


Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

Highlights

Increase capital equipment ratio to improve efficiency of store operations
 Revised operating hours, rates and staffing policies to match the characteristics of each location

Growth in the number of locations is driving earnings growth



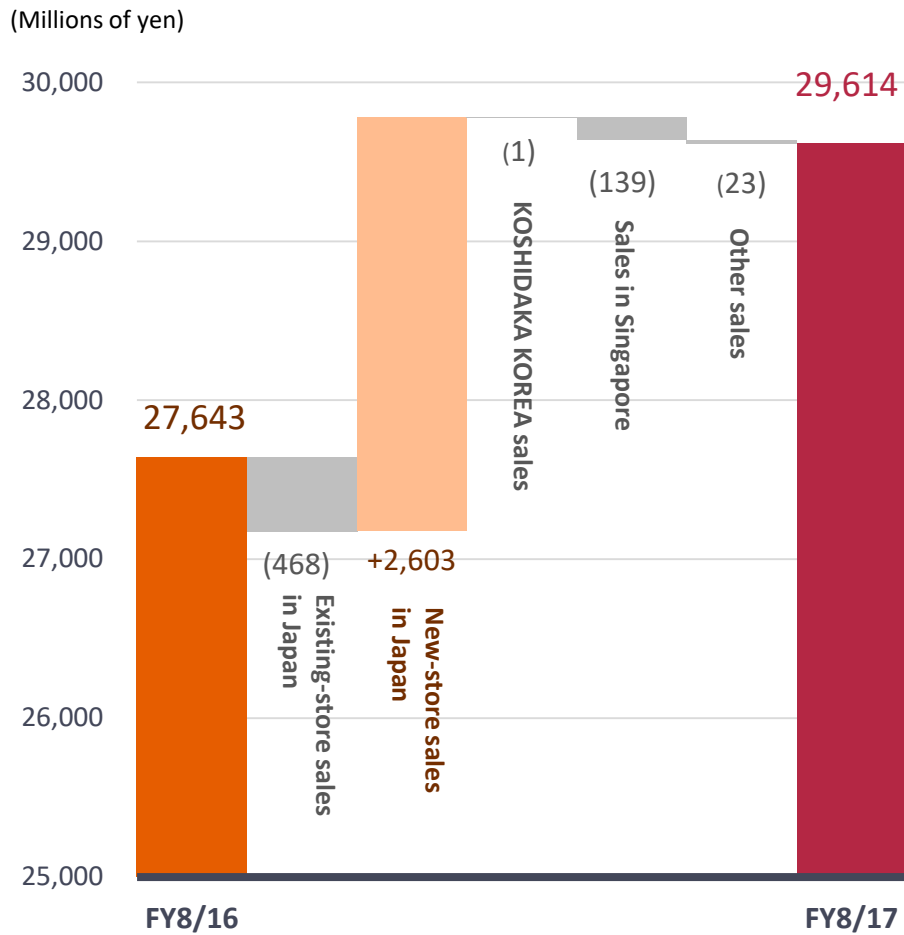
Highlights

New locations: Opened 46 karaoke facilities (31 newly constructed, 15 at existing buildings)
 Of which, 25 facilities were opened in the Tokyo area (Tokyo: 11, Kanagawa: 6, Chiba: 6, Saitama: 2)

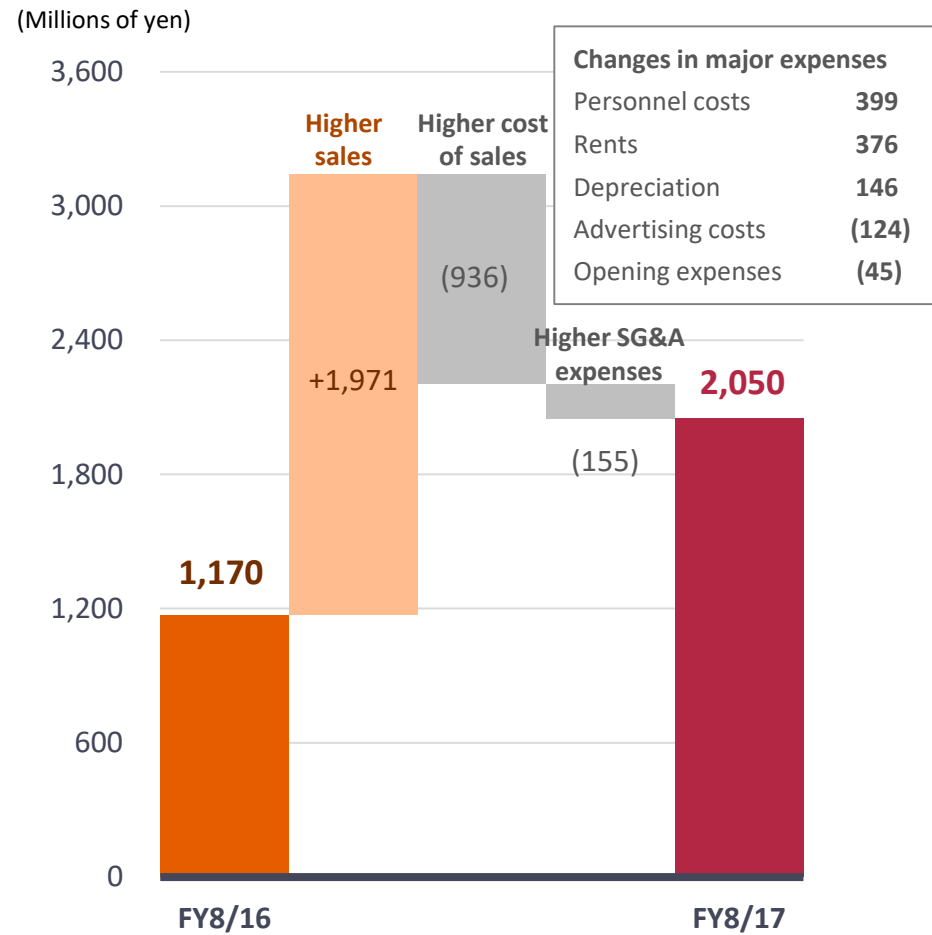
Renovations: Renovated 37 karaoke facilities

The higher pace of openings in Tokyo and three neighboring prefectures since 2014 has firmly established the Manekineko brand and contributed to earnings.

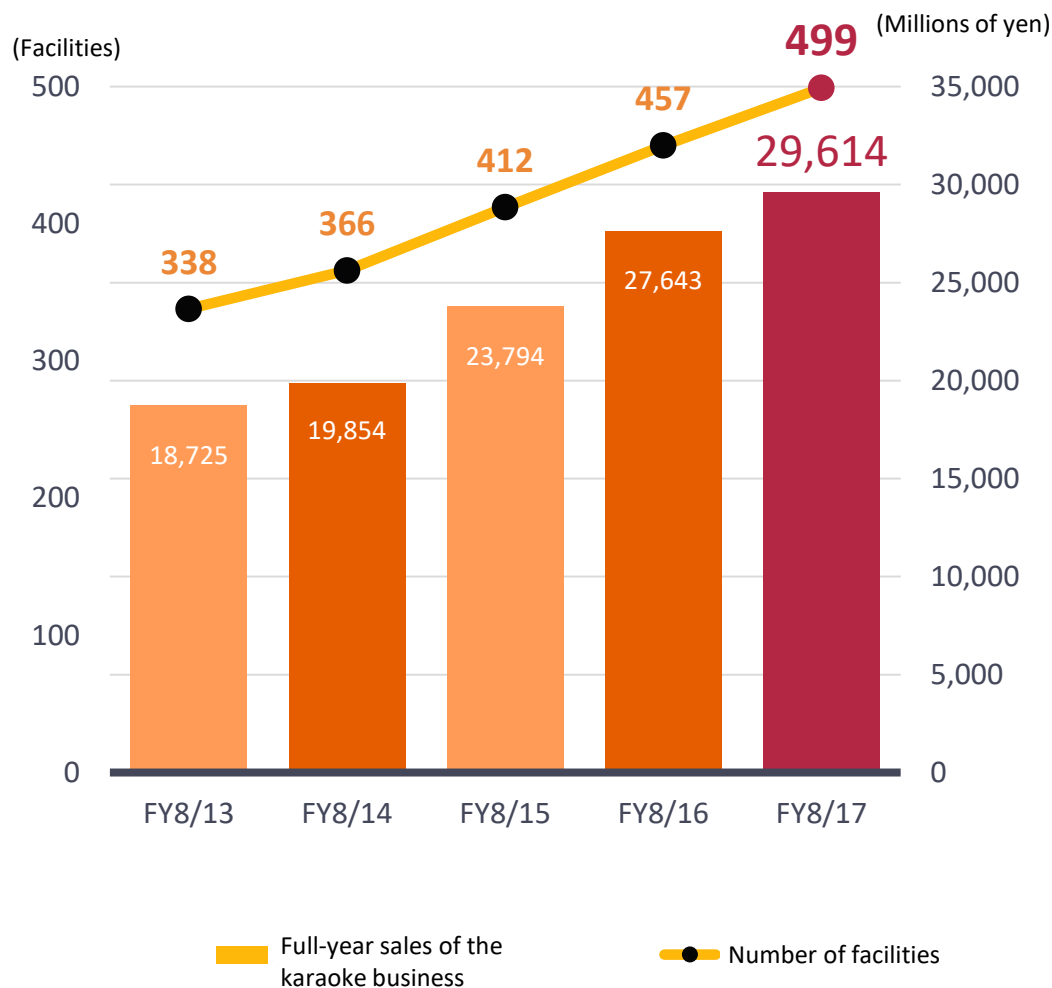
Change in Net Sales



Change in Operating Profit



Growth in the Number of Karaoke Facilities



	FY8/16	FY8/17
Number of karaoke facilities in Japan	457	499
Manekineko	447	488
One Kara	10	11

(As of the end of August 2017)

**Increase of
42 locations**

Sales, Operating Profit and Number of Karaoke Facilities outside Japan

KOSHIDAKA HOLDINGS Co., LTD.

(As of the end of August 2017)

	FY8/16	FY8/17
Overseas sales (Millions of yen)	1,961	1,800
Manekineko (Korea)	259	238
Singapore	1,701	1,562
Overseas operating profit (Millions of yen)	2	(11)
Manekineko (Korea)	(117)	(115)
Singapore	119	104
Number of facilities overseas	24	24
Manekineko (Korea)	13	14
Singapore	11	10

Korea

Using a new format for operations in Korea



Manekineko (Korea)



Manekineko (Singapore)



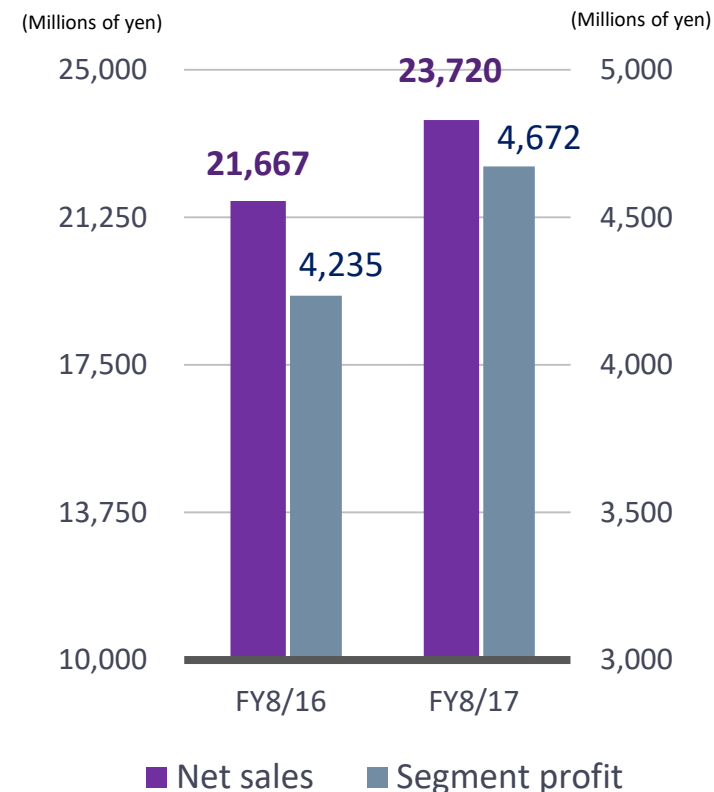


Curves Business

Another year of strong sales and earnings

	FY8/16		FY8/17		YoY change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	21,667	100.0%	23,720	100.0%	+9.5%
Cost of sales	14,484	66.8%	15,740	66.4%	+8.7%
Gross profit	7,183	33.2%	7,979	33.6%	+11.1%
SG&A expenses	2,947	13.6%	3,306	13.9%	+12.2%
Segment profit	4,235	19.5%	4,672	19.7%	+10.3%

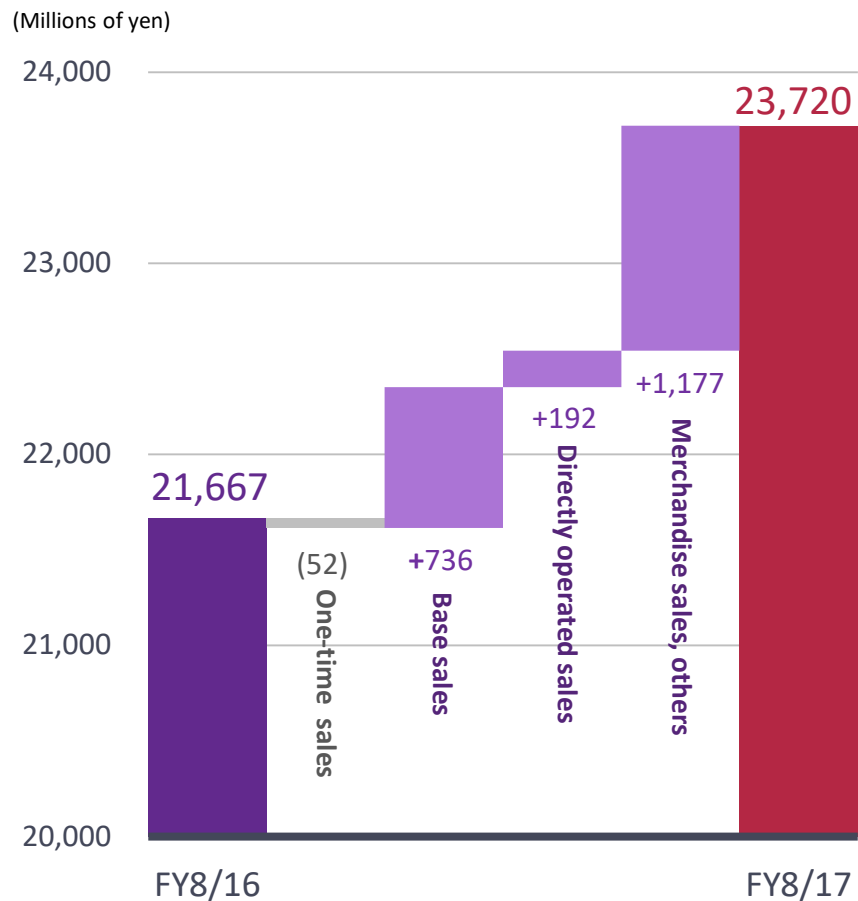
Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.



Highlights

Increases in number of locations and members, and sales of merchandise to members

Change in Net Sales



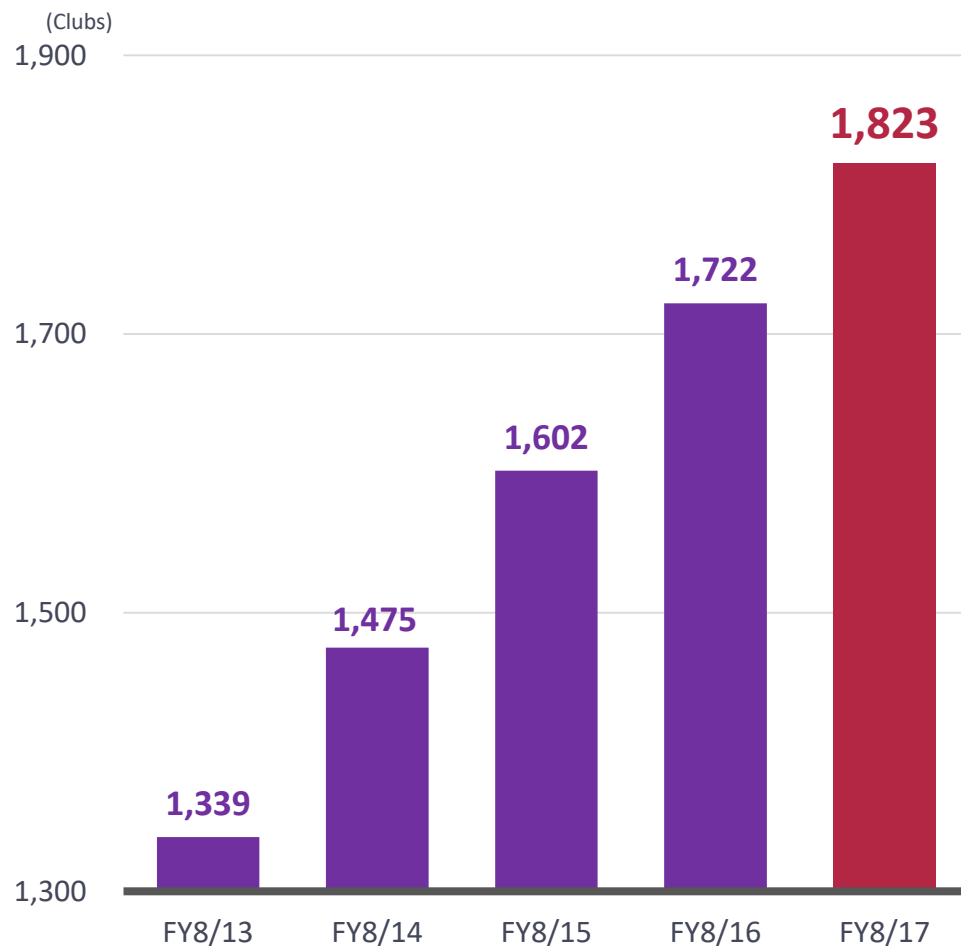
Change in Operating Profit



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.

There were **1,823** locations in Japan
at the end of August 2017



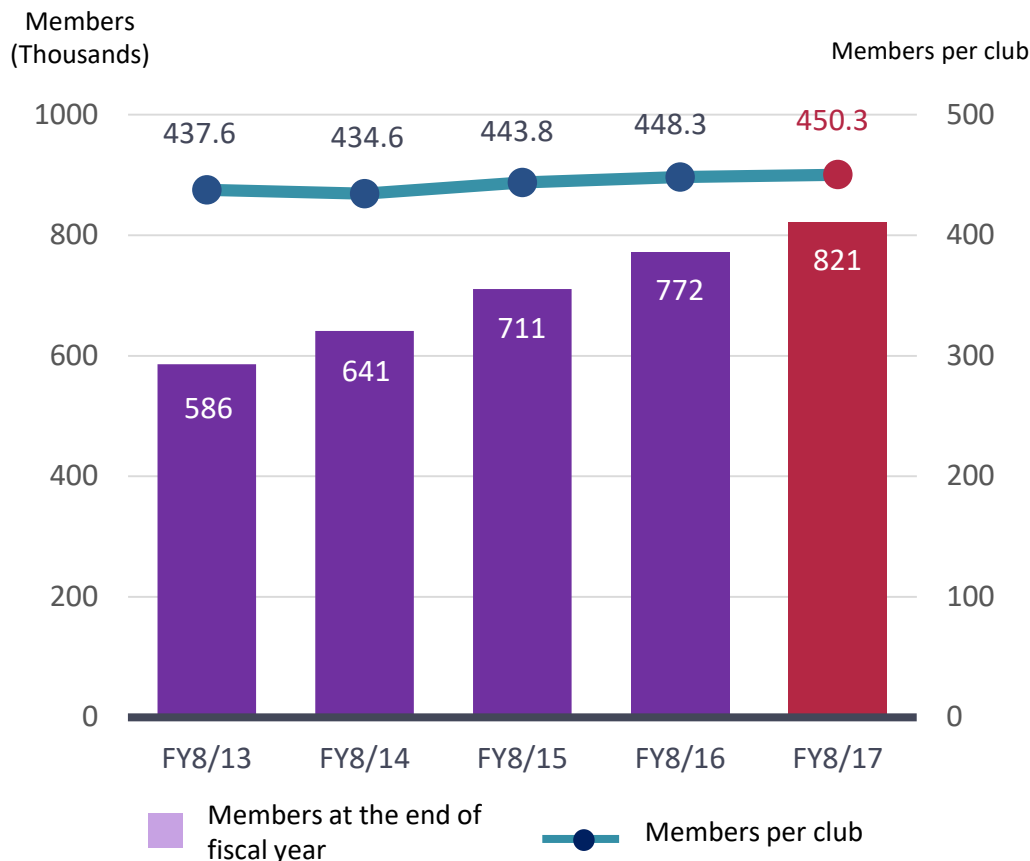
	FY8/16	FY8/17
Number of clubs	1,722	1,823
Growth rate (%)	7.5	5.9
Number of members (thousands)	772	821
Growth rate (%)	8.6	6.3

Opened **104** clubs
during **FY8/17**

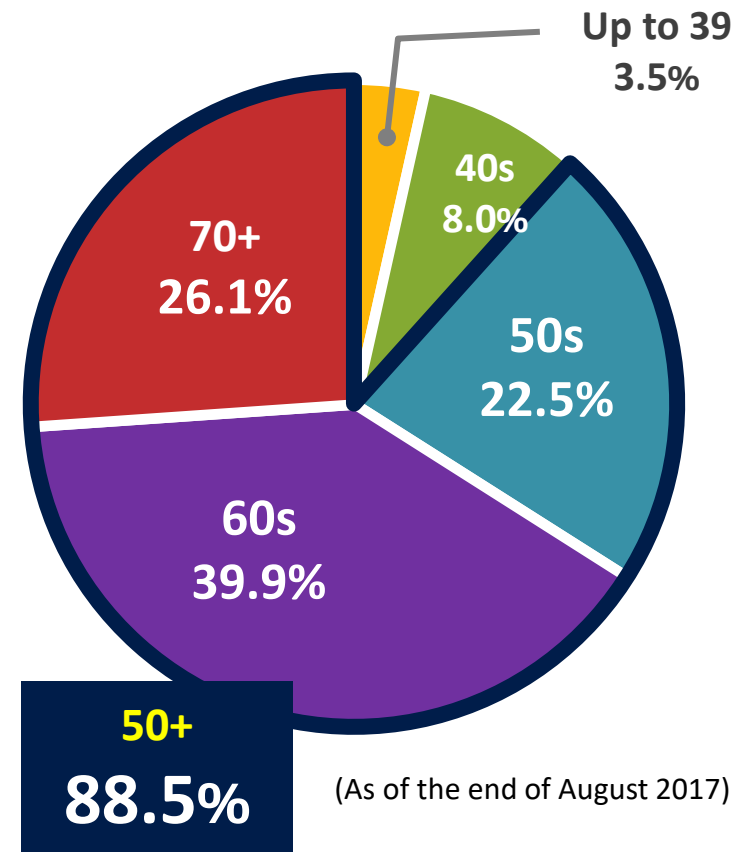
Note: There were 1,846 locations as of October 20, 2017.

821,000 members at the end of August 2017

Growth in the Number of Curves Members



Age Composition of Members



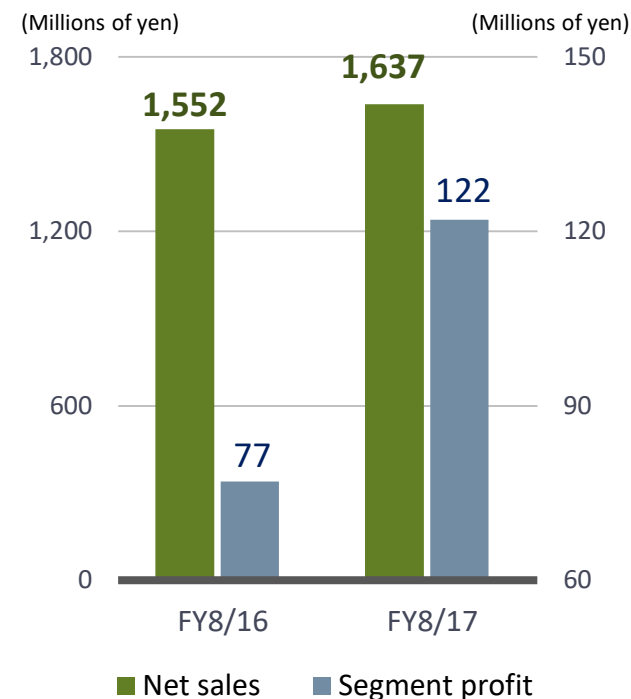


Bath House Business



Higher sales and earnings

	FY8/16		FY8/17		YoY change (%)
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	
Net sales	1,552	100.0%	1,637	100.0%	+5.5%
Cost of sales	1,414	91.1%	1,452	88.7%	+2.8%
Gross profit	138	8.9%	184	11.3%	+33.4%
SG&A expenses	60	3.9%	61	3.8%	+1.9%
Segment profit	77	5.0%	122	7.5%	+58.2%



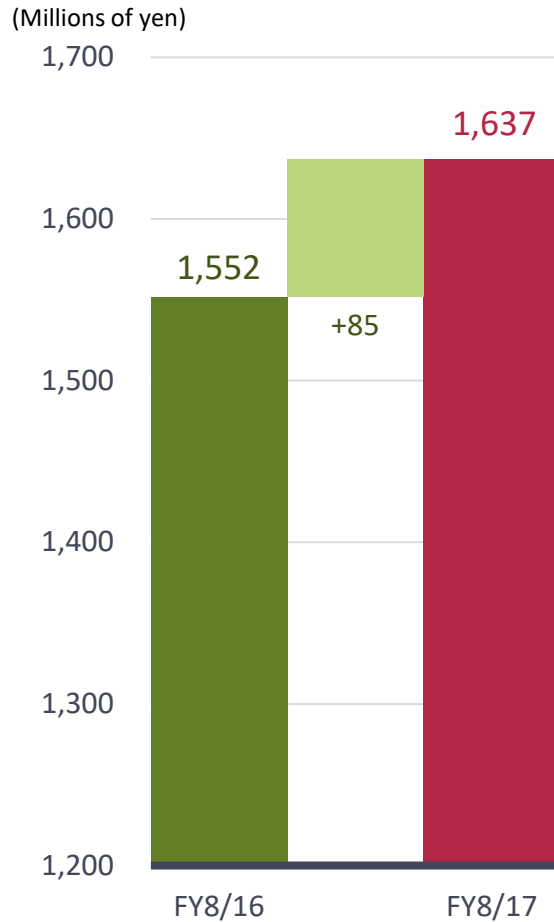
Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

Highlights

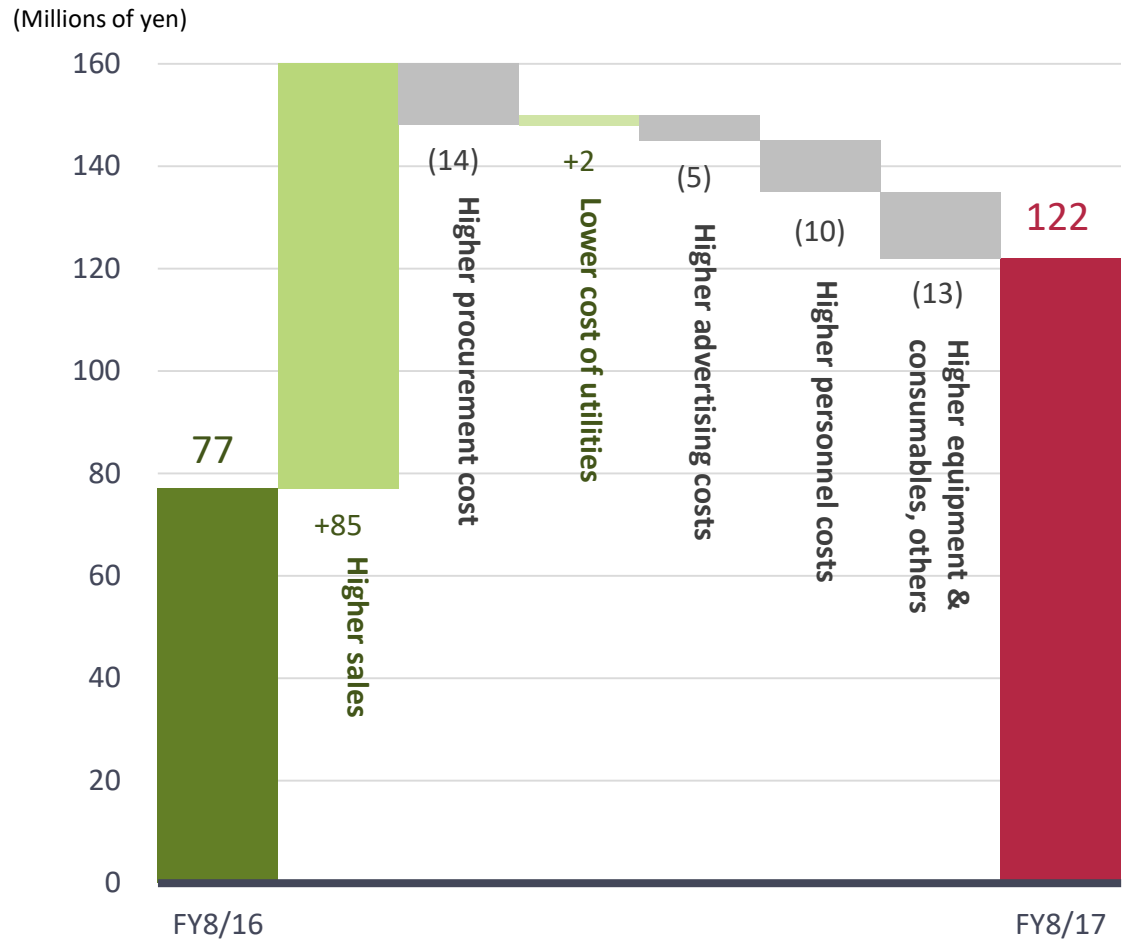
Activities to attract more customers produced a strong positive response (Free entry for elementary school students, MANEKI town, Stone spa, bingo events, etc.)

Continuing to make investments for energy conservation

Change in Net Sales



Change in Operating Profit



FY8/18 Consolidated Forecast



(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)	36.0	40.0	-	-

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

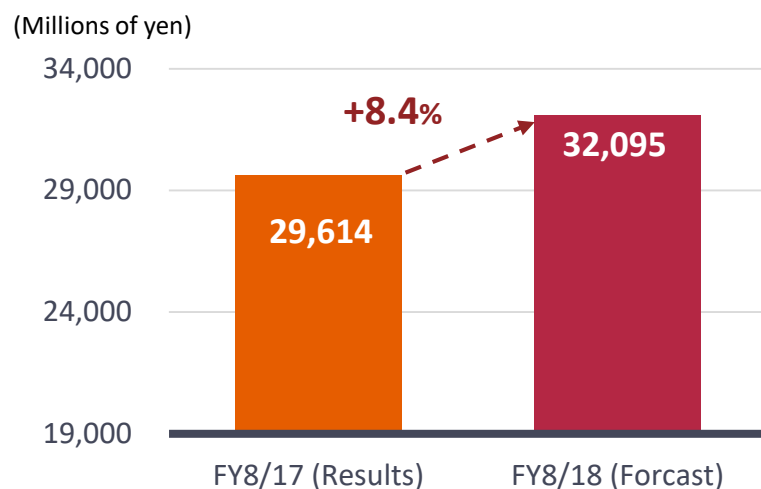


Dividend forecast for FY8/18 is 40 yen

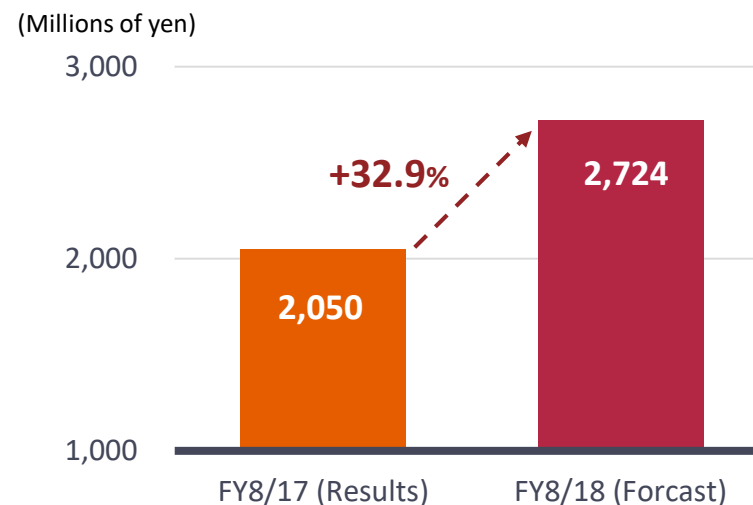
	FY8/17	FY8/18 (Forecast)		
	Amount (Millions of yen)	Amount (Millions of yen)	Composition (%)	YoY change (%)
Net sales	29,614	32,095	100.0%	+8.4%
Segment profit	2,050	2,724	8.5%	+32.9%

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

Net Sales



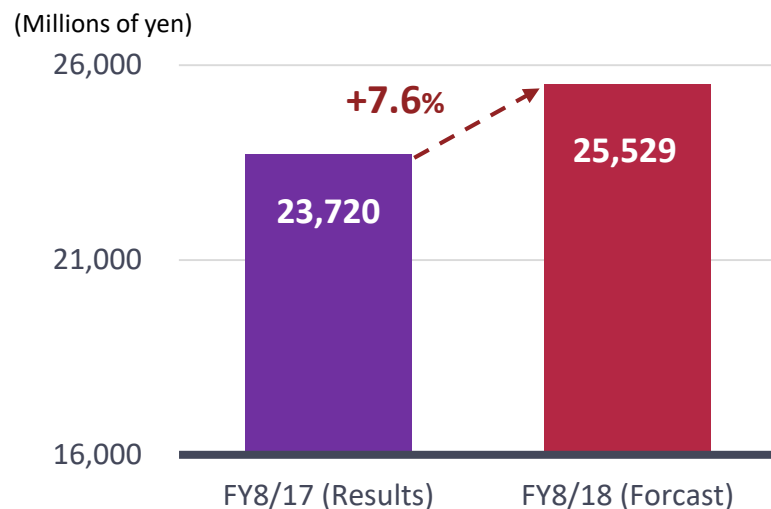
Segment Profit



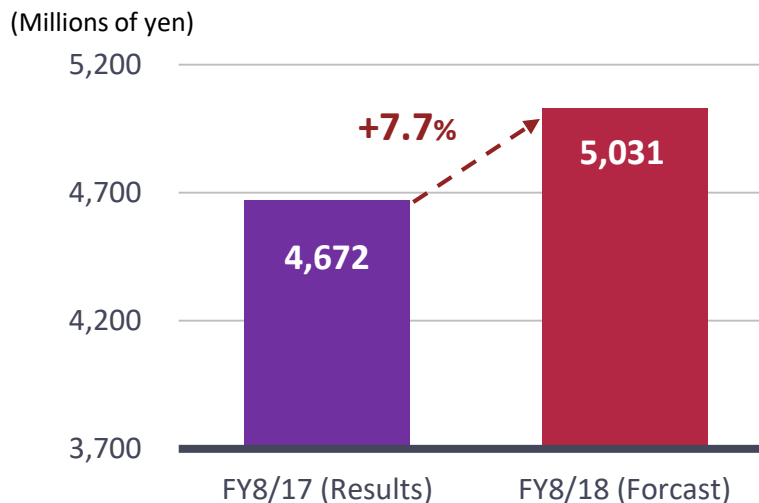
	FY8/17	FY8/18 (Forecast)		
	Amount (Millions of yen)	Amount (Millions of yen)	Composition (%)	YoY change (%)
Net sales	23,720	25,529	100.0%	+7.6%
Segment profit	4,672	5,031	19.7%	+7.7%

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

Net Sales



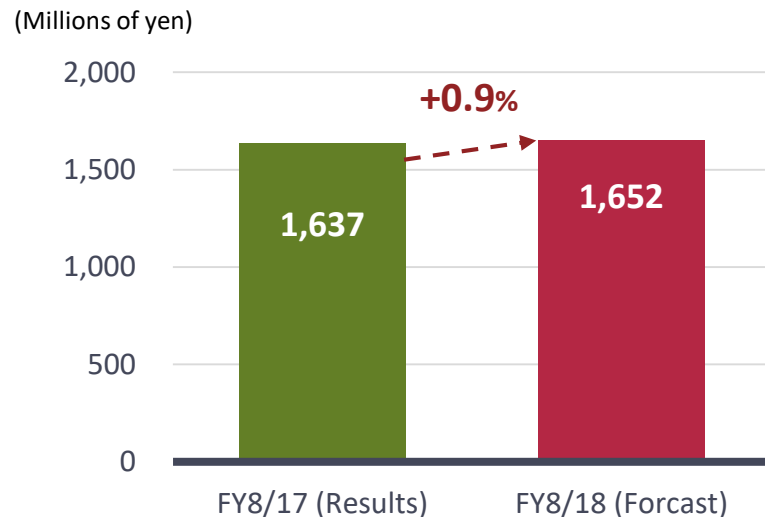
Segment Profit



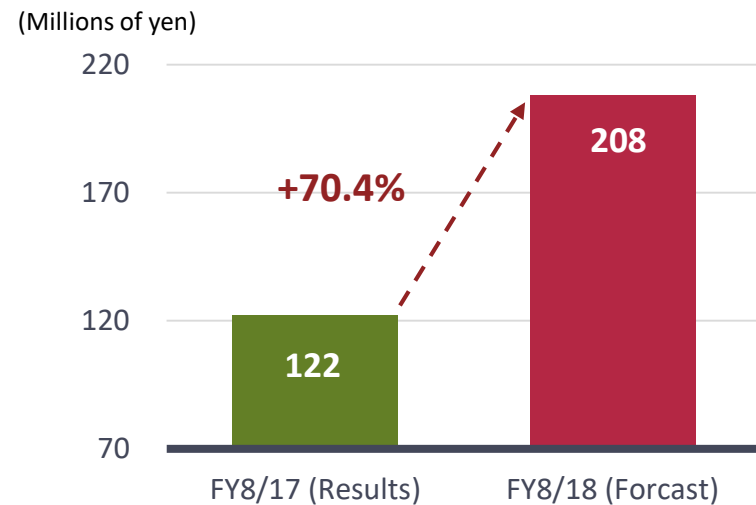
	FY8/17	FY8/18 (Forecast)		
	Amount (Millions of yen)	Amount (Millions of yen)	Composition (%)	YoY change (%)
Net sales	1,637	1,652	100.0%	+0.9%
Segment profit	122	208	12.6%	+70.4%

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



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



3

Use new technologies to create innovative services

Start using AI (artificial intelligence) and IoT (Internet of Thing)

4

Grow rapidly in other countries

Open Karaoke facilities in Southeast Asian countries (Indonesia, Vietnam and the Philippines)



1 Plan to open **85** clubs during year

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

3 Conduct activities that help solve social problems

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

4 Improve the cost structure
Consider revising terms for royalty payments to the US headquarters
Take other actions



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)
Expand food and beverage operations



MANEKI Town

2 More investments for energy conservation

Install more heat exchange units and consider establishing new measures



Heat exchange units

3 Consider opening new bath houses

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



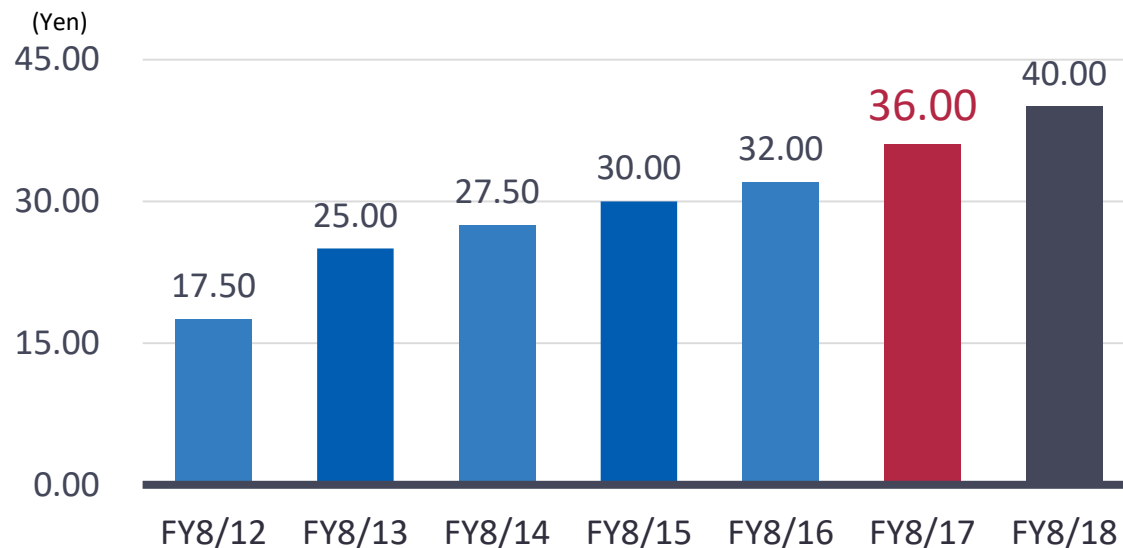
Shareholders of 100 or more Koshidaka Holdings shares:

▶ Coupon worth about 5,000 yen

Forecast for FY8/18 dividend is 40 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.



10th
consecutive year
of higher
dividend since
the IPO

		(Yen)						
		FY8/12	FY8/13	FY8/14	FY8/15	FY8/16	FY8/17	FY8/18 (forecast)
Dividends (yen)	2Q	8.75	12.50	12.50	15.00	15.00	18.00	20.00
	Year-end	8.75	12.50	15.00	15.00	17.00	18.00	20.00
	Total	17.50	25.00	27.50	30.00	32.00	36.00	40.00

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



▶ IR Contact

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Stock code : 2157

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