



July 11, 2018

**Summary of Consolidated Financial Results  
for the Third Quarter of the Fiscal Year Ending August 31, 2018  
(Nine Months Ended May 31, 2018)**

**[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  
 Tel: +81-3-6403-5710  
 Scheduled date of filing of Quarterly Report: July 13, 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 Third Quarter Ended May 31, 2018 (Sep. 1, 2017 – May 31, 2018)**

(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	%
Nine months ended May 31, 2018	45,763	11.7	5,547	14.1	5,640	12.8	3,139	14.3
Nine months ended May 31, 2017	40,971	9.8	4,863	33.6	5,000	41.6	2,746	54.2

Note: Comprehensive income (million yen) Nine months ended May 31, 2018: 3,323 (up 10.8%)  
 Nine months ended May 31, 2017: 2,999 (up 52.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended May 31, 2018	38.61	-
Nine months ended May 31, 2017	37.82	-

Koshidaka Holdings conducted a 4-for-1 stock split on June 1, 2018. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2018	63,493	25,946	37.8
As of Aug. 31, 2017	43,690	22,663	49.6

Reference: Shareholders' equity (million yen) As of May 31, 2018: 23,978 As of Aug. 31, 2017: 21,660

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2017	-	18.00	-	18.00	36.00
Fiscal year ending Aug. 31, 2018	-	20.00	-	-	-
Fiscal year ending Aug. 31, 2018 (forecast)	-	-	-	5.00	-

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

Koshidaka Holdings conducted a 4-for-1 stock split on June 1, 2018. The year-end dividend forecast for the fiscal year ending August 31, 2018 has been adjusted to reflect the stock split.

**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
Full year	59,612	7.8	7,313	19.0	7,306	15.0	4,036	24.0	49.63

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

Koshidaka Holdings conducted a 4-for-1 stock split on June 1, 2018. Net income per share forecast for the fiscal year ending August 31, 2018 has been adjusted to reflect the stock split.

\* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 1 (Curves International, Inc.)

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 May 31, 2018:	82,300,000 shares	As of Aug. 31, 2017:	82,300,000 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2018:	981,636 shares	As of Aug. 31, 2017:	981,636 shares
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3) Average number of shares outstanding during the period

Nine months ended May 31, 2018:	81,318,364 shares	Nine months ended May 31, 2017:	72,618,364 shares
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\* The current quarterly 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.

Koshidaka Holdings conducted a 4-for-1 stock split on June 1, 2018. The year-end dividend forecast and net income per share forecast for the fiscal year ending August 31, 2018 have been adjusted to reflect the stock split.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first nine months of the current fiscal year, demands in Japan and other countries increased due to strong exports and capital expenditures. However, there are concerns about a number of negative effects on the global economy of actions by the United States, which is increasingly shunning international cooperation. Although personal income is recovering, consumer spending remains sluggish.

Results by business segment were as follows.

#### Karaoke

In Japan's karaoke facility market, the positions of major companies in this business sector are significantly changing amid a lack of growth in overall demand.

To continue to grow in this environment, we are focusing on increasing the number of locations mainly in the Tokyo area. We are also using resources to create new services that our competitors cannot match, to increase the automation and efficiency of our operations and to strengthen the management of karaoke facilities.

There are several basic initiatives that target specific time frames and customer segments such as ZERO Kara, Asa-Uta ("Morning Song") and joint activities with content holders. Offering different rates that reflect the operating environment of each karaoke location is one more initiative. The goal of all these measures is to build even stronger ties with the base customer segment.

Some karaoke locations added Tsukiji Gindako (octopus dumplings) to their menus for a limited time through a tie-up with HotLand Co., Ltd. Due to the very strong customer response, the sale of this popular Japanese snack has been expanded to locations nationwide.

At the end of the third quarter of the current fiscal year, the number of karaoke locations in Japan totaled 517, 18 more than at the end of the previous fiscal year, and the number of overseas karaoke facilities totaled 22, consisting of 10 in Singapore and 12 in South Korea.

Renovations of karaoke locations in Japan were completed at 40 locations.

Sales in the Karaoke segment were 23,606 million yen, up 7.5% year on year. The segment profit was 2,282 million yen, up 48.2%.

#### 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.

We have recorded very strong sales of an upgraded line of protein supplements that have a synergy effect with workouts and are formulated to make these beverages easy to drink. Significant growth in the number of Curves members buying these supplements on a regular basis made a contribution to sales and earnings growth.

At the end of the third quarter of the current fiscal year, the number of Curves fitness clubs in Japan was 1,891 (including 61 directly operated facilities), an increase of 68, or 3.7%, from the end of the previous fiscal year. The number of members went down by 1,000, or 0.1%, to 820,000.

Curves Holdings Co., Ltd. purchased the stock of Curves International Holdings, Inc., the global franchisor of Curves fitness clubs, and other companies associated with Curves operations. This action was announced in a February 17, 2018 news release titled "Notice of Acquisition of Stock Resulting in Change in Subsidiaries of Subsidiary" and in a March 31, 2018 news release titled "Notice of Merger of Consolidated Subsidiaries (Subsidiaries of Subsidiary) and Change in Specified Subsidiaries" (Japanese versions only.)

Sales in the Curves segment were 20,710 million yen, up 18.1% year on year, and the segment profit was 3,732 million yen, down 0.7%.

#### 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 continuous investments in energy-saving equipment and facility renovations conducted on a regular basis. The goal was to improve operations in terms of both quality and quantity.

Sales in the Bath House segment were 1,210 million yen, down 2.0% year on year. The segment profit was 60 million yen, down 35.1%.

#### Real Estate Management

Sales in the Real Estate Management segment were 235 million yen, up 0.6% year on year, and the segment profit was 97 million yen, up 3.2%.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 45,763 million yen, up 11.7%, operating profit of 5,547 million yen, up 14.1%, ordinary profit of 5,640 million yen, up 12.8%, and profit attributable to owners of parent of 3,139 million yen, up 14.3% in the first nine months of the current fiscal year.

## **(2) Explanation of Financial Position**

Total assets at the end of the third quarter of the current fiscal year increased 19,803 million yen (45.3%) from the end of the previous fiscal year to 63,493 million yen.

#### Current assets

Current assets decreased 1,484 million yen (7.5%) to 18,252 million yen. This was mainly due to a 3,705 million yen decrease in cash and deposits, while there were increases of 661 million yen in notes and accounts receivable-trade and 385 million yen in merchandise.

#### Non-current assets

Property, plant and equipment increased 991 million yen (5.9%) to 17,801 million yen. This was mainly due to an 827 million yen increase in buildings and structures, and a 176 million yen increase in vehicles, tools, furniture and fixtures.

Intangible assets increased 19,545 million yen (1,170.2%) to 21,216 million yen. This was mainly due to a 16,929 million yen increase in goodwill.

Investments and other assets increased 750 million yen (13.7%) to 6,223 million yen. This was mainly due to a 262 million yen increase in investment securities and a 304 million yen increase in lease and guarantee deposits.

Total non-current assets increased 21,287 million yen (88.9%) to 45,240 million yen.

#### Current liabilities

Current liabilities increased 1,262 million yen (10.0%) to 13,904 million yen. This was mainly due to increases of 1,557 million yen in current portion of long-term loans payable and 405 million yen in accrued expenses.

#### Non-current liabilities

Non-current liabilities increased 15,257 million yen (182.0%) to 23,642 million yen. This was mainly due to a 14,377 million yen increase in long-term loans payable.

Total liabilities increased 16,520 million yen (78.6%) to 37,546 million yen.

#### Net assets

Net assets increased 3,283 million yen (14.5%) to 25,946 million yen. This was mainly due to increases of 2,367 million yen in retained earnings and 964 million yen in non-controlling interests.

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

The 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)	Third quarter of FY8/18 (As of May 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	13,785,094	10,079,601
Notes and accounts receivable-trade	3,021,695	3,683,375
Merchandise	900,386	1,285,664
Raw materials and supplies	196,282	177,952
Deferred tax assets	434,772	348,212
Other	1,418,940	2,701,044
Allowance for doubtful accounts	(20,104)	(23,170)
Total current assets	19,737,068	18,252,681
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,716,737	12,544,321
Vehicles, tools, furniture and fixtures, net	3,072,030	3,248,744
Land	1,965,917	1,965,917
Leased assets, net	49,238	35,113
Construction in progress	6,310	7,152
Total property, plant and equipment	16,810,233	17,801,250
Intangible assets		
Goodwill	1,034,950	17,964,374
Software	601,509	699,687
Other	33,861	2,552,228
Total intangible assets	1,670,321	21,216,291
Investments and other assets		
Investment securities	1,176,052	1,438,671
Shares of subsidiaries and associates	28,977	210,081
Long-term loans receivable	613,541	626,332
Long-term prepaid expenses	59,526	62,259
Lease and guarantee deposits	3,008,647	3,312,970
Deferred tax assets	457,433	435,409
Other	163,327	173,420
Allowance for doubtful accounts	(34,959)	(36,006)
Total investments and other assets	5,472,548	6,223,139
Total non-current assets	23,953,103	45,240,680
<b>Total assets</b>	<b>43,690,171</b>	<b>63,493,361</b>

(Thousands of yen)

	FY8/17 (As of Aug. 31, 2017)	Third quarter of FY8/18 (As of May 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,193,275	2,233,261
Current portion of long-term loans payable	3,355,738	4,912,864
Lease obligations	33,289	33,289
Accounts payable-other	1,345,766	1,176,902
Accrued expenses	1,124,858	1,529,897
Income taxes payable	1,516,796	925,553
Provision for bonuses	334,518	159,642
Deposits received	1,728,024	1,850,084
Other	1,009,693	1,082,932
Total current liabilities	12,641,960	13,904,427
Non-current liabilities		
Long-term loans payable	6,381,710	20,759,343
Lease obligations	23,286	1,337
Deferred tax liabilities	119,680	711,346
Asset retirement obligations	1,628,153	1,933,297
Other	231,581	236,746
Total non-current liabilities	8,384,411	23,642,071
Total liabilities	21,026,372	37,546,498
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,070,257	2,070,257
Capital surplus	2,335,577	2,335,577
Retained earnings	17,461,291	19,828,755
Treasury shares	(301,401)	(301,401)
Total shareholders' equity	21,565,724	23,933,188
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,907	44,738
Foreign currency translation adjustment	59,659	833
Total accumulated other comprehensive income	94,567	45,571
Non-controlling interests	1,003,506	1,968,102
Total net assets	22,663,798	25,946,862
Total liabilities and net assets	43,690,171	63,493,361



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

(Thousands of yen)

	First nine months of FY8/17 (Sep. 1, 2016 – May 31, 2017)	First nine months of FY8/18 (Sep. 1, 2017 – May 31, 2018)
Net sales	40,971,063	45,763,896
Cost of sales	29,991,142	33,752,497
Gross profit	10,979,920	12,011,398
Selling, general and administrative expenses	6,116,042	6,464,031
Operating profit	4,863,877	5,547,367
Non-operating income		
Interest and dividend income	6,413	9,816
Foreign exchange gains	93,059	34,151
Store relocation compensation	27,259	41,000
Other	86,450	178,843
Total non-operating income	213,183	263,810
Non-operating expenses		
Interest expenses	19,080	28,529
Commission fee	-	102,200
Share issuance cost	22,677	-
Other	34,489	39,617
Total non-operating expenses	76,248	170,346
Ordinary profit	5,000,812	5,640,831
Extraordinary income		
Gain on sales of non-current assets	15,843	380
Total extraordinary income	15,843	380
Extraordinary losses		
Loss on retirement of non-current assets	95,107	53,489
Impairment loss	3,956	22,508
Loss on valuation of shares of subsidiaries and associates	-	22,550
Total extraordinary losses	99,063	98,548
Profit before income taxes	4,917,592	5,542,663
Income taxes-current	1,948,818	2,073,674
Income taxes-deferred	(10,066)	96,906
Total income taxes	1,938,751	2,170,580
Profit	2,978,840	3,372,083
Profit attributable to non-controlling interests	232,077	232,095
Profit attributable to owners of parent	2,746,763	3,139,988

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

(Thousands of yen)

	First nine months of FY8/17 (Sep. 1, 2016 – May 31, 2017)	First nine months of FY8/18 (Sep. 1, 2017 – May 31, 2018)
Profit	2,978,840	3,372,083
Other comprehensive income		
Valuation difference on available-for-sale securities	12,455	9,830
Foreign currency translation adjustment	8,229	(58,826)
Total other comprehensive income	20,684	(48,995)
Comprehensive income	2,999,525	3,323,087
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,767,448	3,090,992
Comprehensive income attributable to non-controlling interests	232,077	232,095

**(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 nine months of FY8/17 (Sep. 1, 2016 – May 31, 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	21,959,738	17,541,424	1,235,666	234,234	40,971,063	-	40,971,063
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	21,959,738	17,541,424	1,235,666	234,234	40,971,063	-	40,971,063
Segment profit (loss)	1,540,143	3,759,837	92,502	94,744	5,487,228	(623,350)	4,863,877

Notes: 1. The -623,350 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

Omitted due to immateriality.

## II. First nine months of FY8/18 (Sep. 1, 2017 – May 31, 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	23,606,744	20,710,708	1,210,889	235,553	45,763,896	-	45,763,896
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	23,606,744	20,710,708	1,210,889	235,553	45,763,896	-	45,763,896
Segment profit (loss)	2,282,910	3,732,218	60,045	97,800	6,172,975	(625,608)	5,547,367

Notes: 1. The -625,608 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

## Significant change in goodwill

In the Curves segment, Curves International Holdings, Inc. and one other company became subsidiaries in the third quarter of FY8/18 due to the purchase of these companies' stock by the Koshidaka Holdings' group company.

As a result, goodwill in the Curves segment increased by 17,261 million yen in the first nine months of FY8/18. The amount of goodwill is calculated provisionally because the acquisition cost is undecided and its distribution is incomplete at the end of the third quarter of FY8/18.

**Material Subsequent Events****Stock split and revision to Articles of Incorporation following the split**

In accordance with a resolution approved by the Board of Directors of Koshidaka Holdings on April 10, 2018, Koshidaka Holdings conducted a stock split and an associated revision to the Articles of Incorporation.

**(1) Summary of stock split**

On June 1, 2018, shareholders listed in the final shareholder register on the record date of May 31, 2018 will receive four shares of common stock for each share held on the record date.

**(2) Increase in the number of shares due to the stock split**

Total number of shares outstanding before the stock split:	20,575,000 shares
Increase in the number of shares due to the stock split:	61,725,000 shares
Total number of shares outstanding after the stock split:	82,300,000 shares
Total number of shares authorized after the stock split:	307,200,000 shares

**(3) Partial revision to the Articles of Incorporation following the stock split**

Following the stock split, Article 6 of the Koshidaka Holdings Articles of Incorporation was amended on June 1, 2018 in accordance with Article 184, Paragraph 2 of the Companies Act and the total number of shares authorized was revised to 307,200,000 shares.

**(4) Others**

The stock split will have no effect on the capital stock.

*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.*