



Results of Operations

for the Fiscal Year Ended
August 2018 (FY8/2018)



October 19, 2018

KOSHIDAKA HOLDINGS Co., Ltd. (TSE 2157)

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What is Koshidaka Holdings?

A comprehensive leisure service provider

Karaoke Business



520

locations in Japan



- ✓ Second largest number of locations in our industry
- ✓ Quality services at low prices set us apart from competitors
- ✓ An international organization with operations in South Korea, Singapore and Malaysia

Curves Fitness Business



1,912

locations in Japan

827

thousand members

- ✓ First in our industry in terms of volume of business, number of locations and number of members
- ✓ A 30-minute fitness class exclusively for women
- ✓ Acquired Curves International Holdings, Inc. in March 2018

Bath House Business


5

locations in Japan



まねきの湯

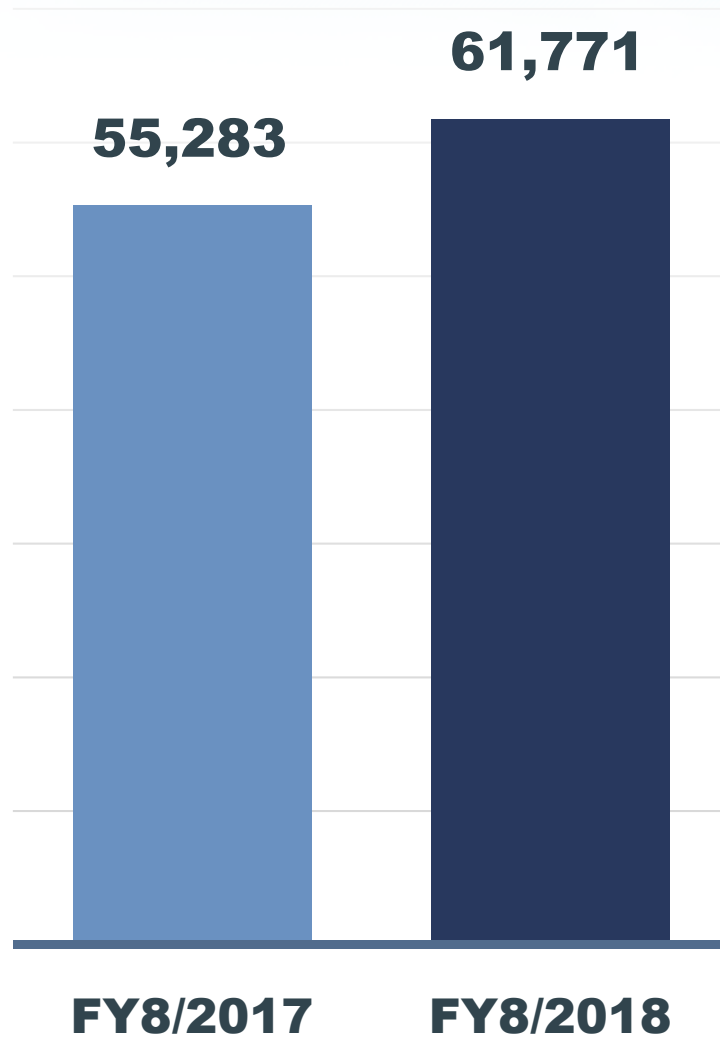
らんぷの湯



FY8/2018

Consolidated Results of Operations

Financial Highlights (Net Sales)



Net sales

JPY 61.7 bn

11th consecutive year of sales growth to a record high

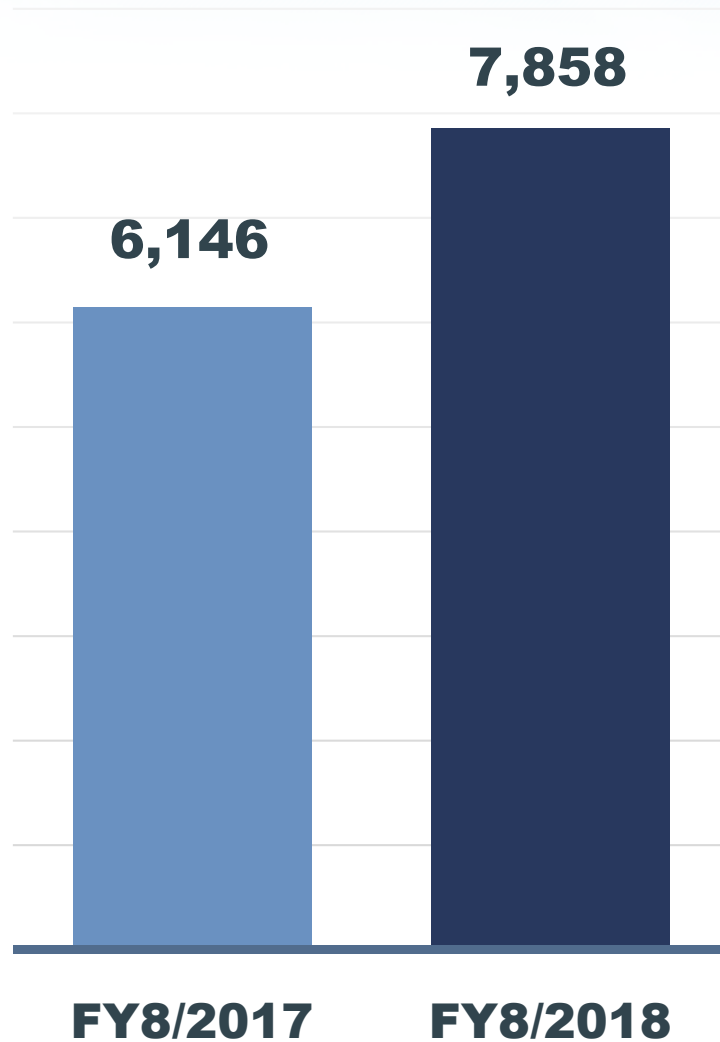
Up 11.7% YoY

Record-high sales at Karaoke and Curves fitness businesses

(Millions of yen)

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

Financial Highlights (Operating Profit)



Operating profit

JPY 7.8 bn

Record-high operating profit

Up 27.8% YoY

(Millions of yen)

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

Financial Highlights (Stock Split)

Split ratio **1:4**

	FY8/2017	FY8/2018
Effective date	Number of shareholders	Number of shareholders
June 1 2018	16,572	22,799

Financial Highlights (Dividend per Share)

Dividend has increased every year since the IPO

After adjustment to reflect the stock split

FY8/2016	FY8/2017	FY8/2018
Interim	Interim	Interim
JPY 3.75	JPY 4.50	JPY 5.00
Year-end	Year-end	Year-end
JPY 4.25	JPY 4.50	JPY 5.00
Total	Total	Total
JPY 8.00	JPY 9.00	JPY 10.00

Consolidated Statement of Income

(Millions of yen)

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

	FY8/2017	FY8/2018	YoY change		Vs. forecast	
			Ratio	Amount	Forecast	Achievement rate
Net sales	55,283	61,771	+11.7%	+6,487	59,612	103.6%
Cost of sales	40,998	45,064	+9.9%	+4,065		
Gross profit	14,284	16,706	+17.0%	+2,421		
SG&A expenses	8,138	8,848	+8.7%	+709		
Operating profit	6,146	7,858	+27.8%	+1,711	7,313	107.5%
Ordinary profit	6,354	8,207	+29.2%	+1,853	7,306	112.3%
Extraordinary income	16	0		(15)		
Extraordinary loss	662	520		(142)		
Profit attributable	3,255	4,426	+36.0%	+1,171	4,036	109.7%

to owners of parent

Results by Segment

(Millions of yen)

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

	FY8/2017	FY8/2018	YoY change		Vs. forecast	
			Ratio	Amount	Forecast	Achievement rate
Net sales	55,283	61,771	+11.7%	+6,487	59,612	103.6%
Karaoke	29,614	31,936	+7.8%	+2,322	32,095	99.5%
Curves fitness	23,720	27,933	+17.8%	+4,213	25,529	109.4%
Bath house	1,637	1,587	(3.0%)	(49)	1,652	96.1%
Real estate mgt	312	313	+0.5%	+1		
Operating profit	6,146	7,858	+27.8%	+1,711	7,313	107.5%
Karaoke	2,050	3,153	+53.8%	+1,102	2,724	115.8%
Curves fitness	4,672	5,345	+14.4%	+672	5,031	106.2%
Bath house	122	71	(41.2%)	(50)	208	34.6%
Real estate mgt	126	133	+5.8%	+7		
Adjustment	(825)	(846)				

Consolidated Balance Sheet

(Millions of yen)

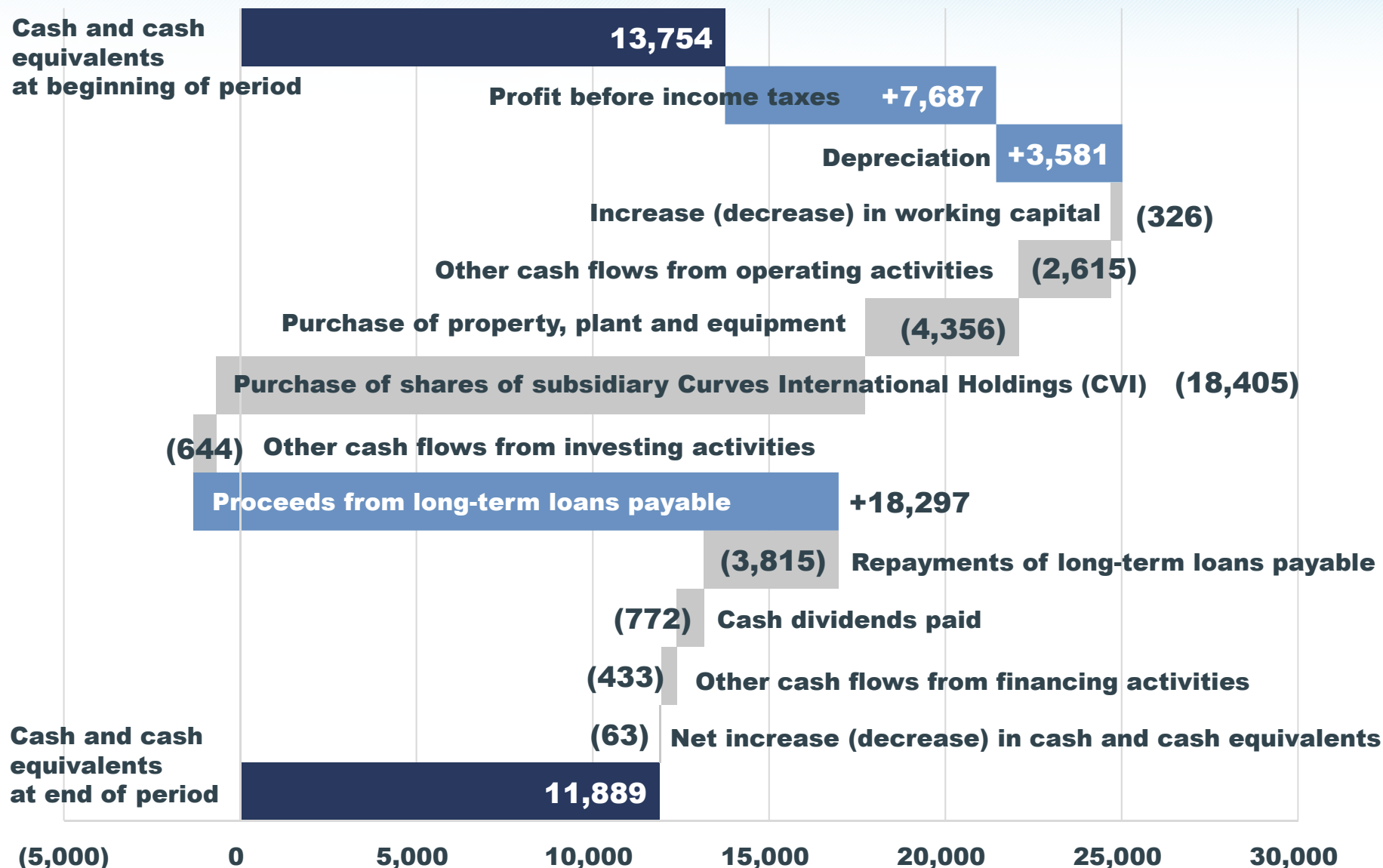
Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

	August 31 2017	August 31 2018	Change
Cash and deposits	13,785	11,926	(1,858)
Current assets	19,737	20,465	+728
Property, plant and equipment	16,810	17,552	+742
Trademark right	-	20,559	+20,559
Intangible assets	1,670	24,627	+22,957
Investments and doubtful accounts	5,472	5,712	+239
Non-current assets	23,953	47,892	+23,938
Current portion of long-term loans payable	3,355	4,787	+1,432
Current liabilities	12,641	14,827	+2,185
Long-term loans payable	6,381	19,533	+13,152
Non-current liabilities	8,384	26,832	+18,448
Total liabilities	21,026	41,660	+20,633
Retained earnings	17,461	21,115	+3,654
Shareholders' equity	21,565	25,219	+3,653
Total net assets	22,663	26,697	+4,033
Total assets / Total liabilities and net assets	43,690	68,357	+24,667

Consolidated Statement of Cash Flows

(Millions of yen)

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





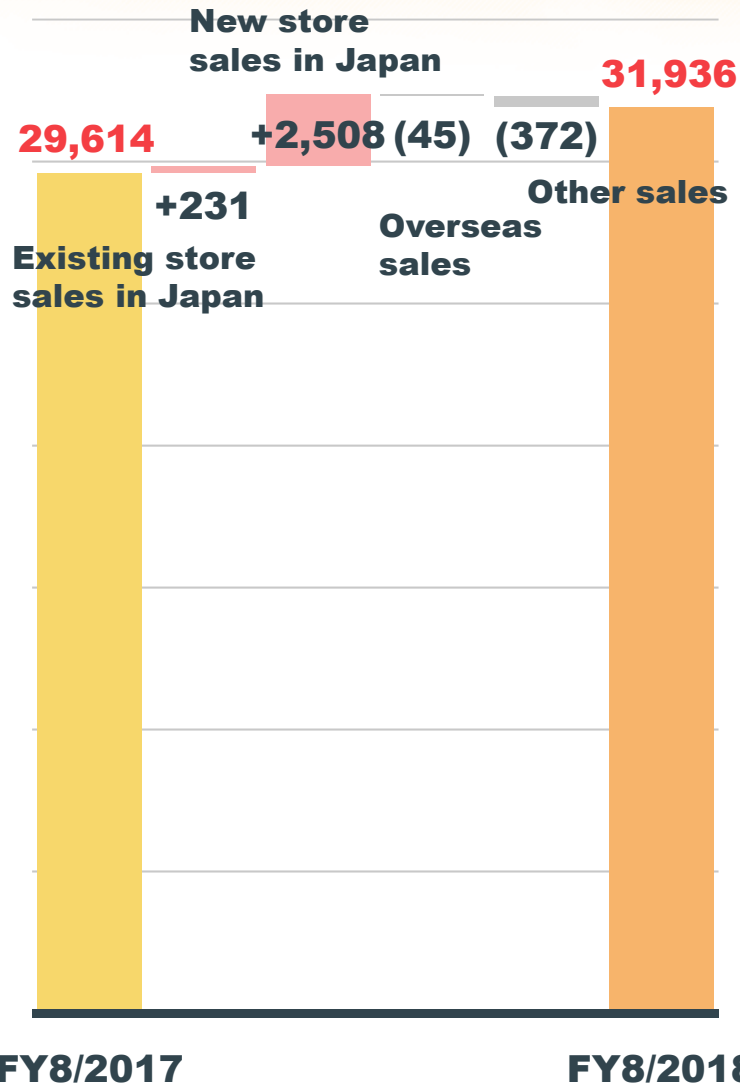
FY8/2018

Results by Segment

Karaoke



Net Sales (Karaoke)



Net sales

JPY 31.9 bn

Opened 31 locations

Up 7.8% YoY

New openings in the Tokyo area have produced benefits

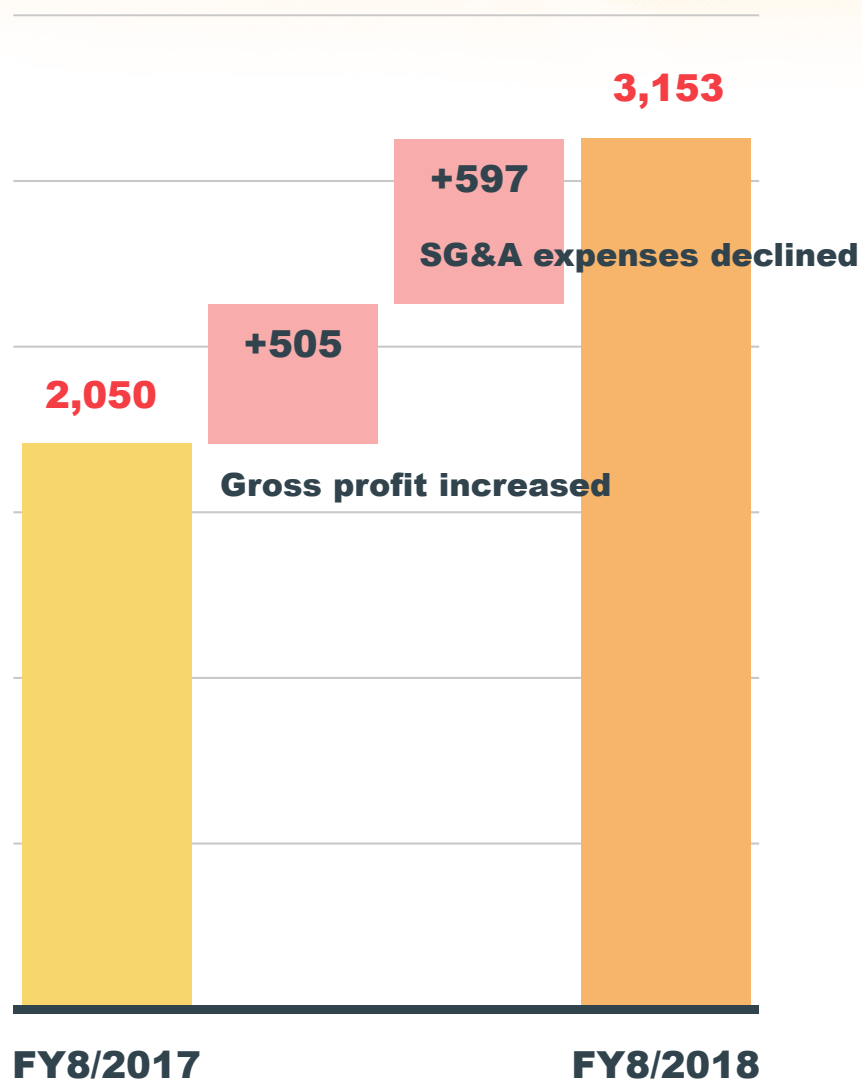
Strong existing-store sales

FY8/2017
(Millions of yen)

FY8/2018

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

Operating Profit (Karaoke)



Operating profit

JPY 3.1 bn

Gross profit margin
From 20.2% to 20.3%

Decrease in SG&A

Depreciation	(219)
Opening expenses	(184)
Fixtures and supplies expenses	(71)
R&D expenses	(60)
Advertising costs	(38)

(Millions of yen)

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

Aggressive Store Openings in Prime Shopping Areas near Railway Stations

New locations in prime shopping areas near railway stations / Total new locations

FY8/2016	FY8/2017	FY8/2018
37 /47	32 /44	18 /31

Larger Stores

**Ability to attract customers is increasing
as the brand becomes more powerful**

FY8/2016	FY8/2017	FY8/2018
Average number of karaoke rooms of new locations	Average number of karaoke rooms of new locations	Average number of karaoke rooms of new locations
18.1 rooms	20.8 rooms	25.5 rooms

Overseas Performance (by Region)

(Millions of yen)

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

	FY8/2017	FY8/2018
Net sales	1,800	1,755
Singapore	1,562	1,509
Korea	238	246
Operating profit	(11)	(58)
Singapore	104	12
Korea	(115)	(70)
No. of facilities	24	23
Singapore	10	10
Korea	14	12
Malaysia	-	1

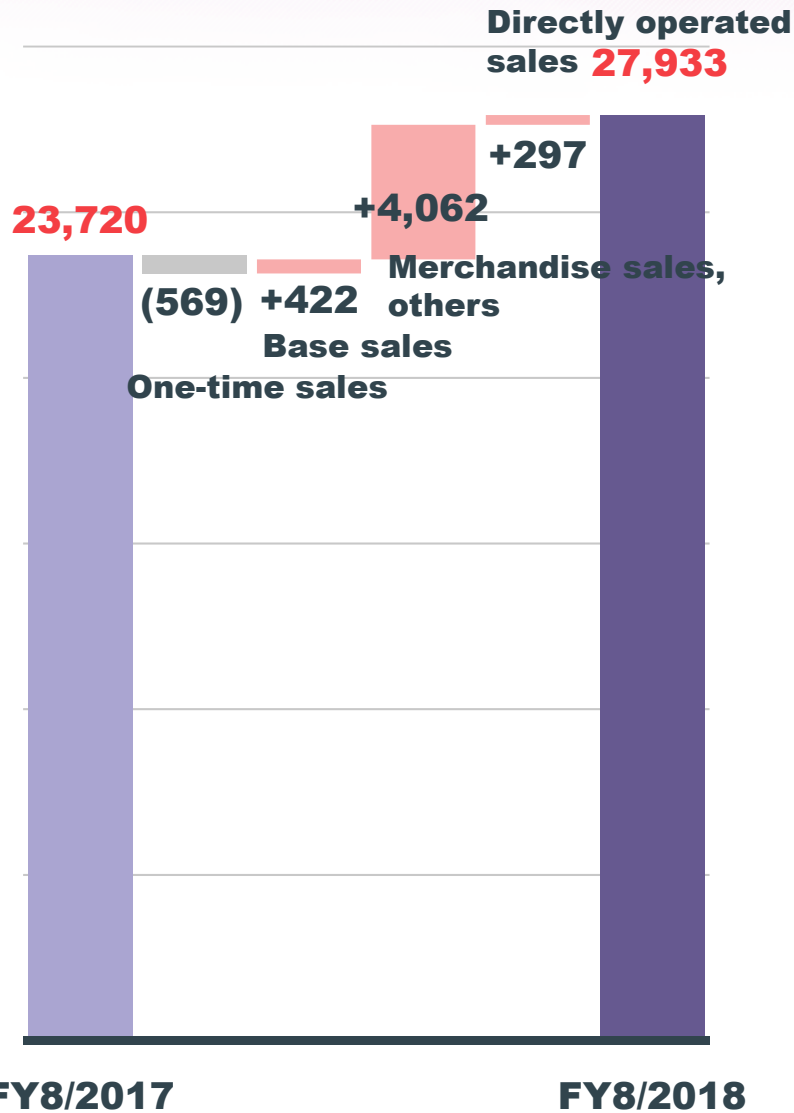
Opened the first location in Malaysia





Curves Fitness

Net Sales (Curves Fitness)



Net sales

JPY 27.9 bn

Opened 89 locations

Up 17.8% YoY

Strong sales of protein supplement

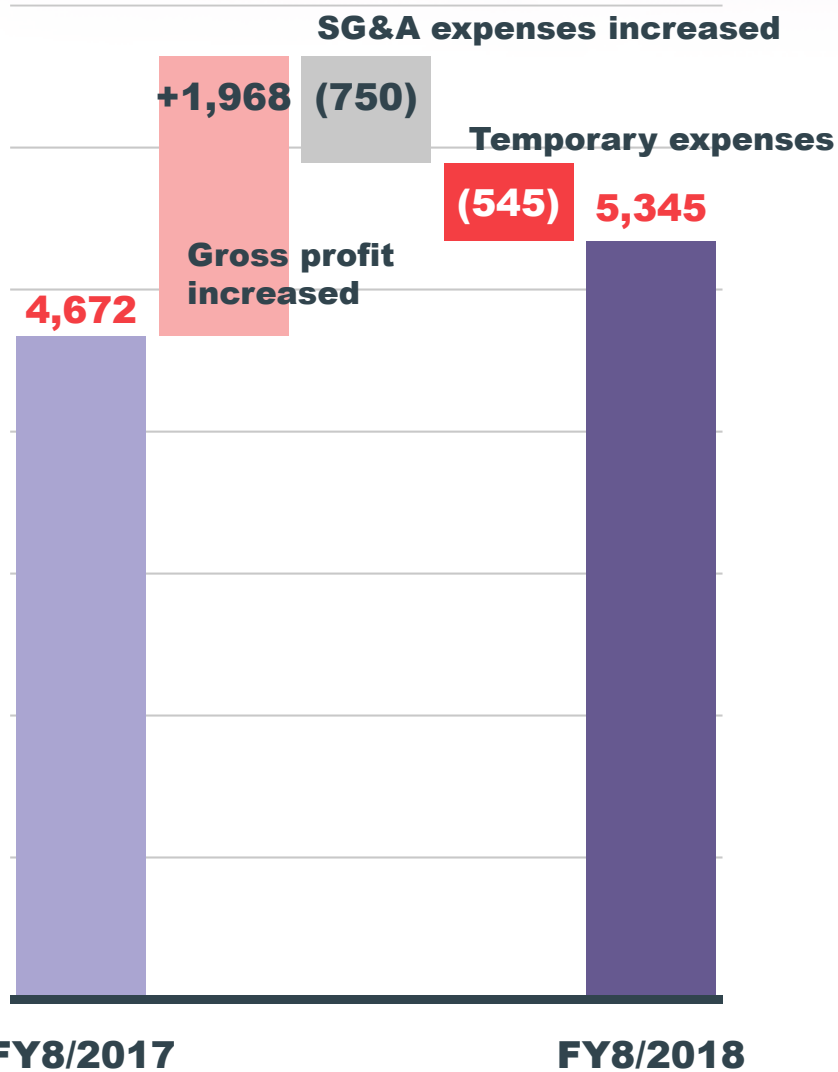
Note:
 One-time sales are franchise fees and other one-time payments received when a new fitness club opens.
 Base sales are royalties and other steady sources of sales.

FY8/2017
(Millions of yen)

FY8/2018

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

Operating Profit (Curves Fitness)



Operating profit

JPY 5.3 bn

Gross profit margin
From 33.6% to 35.6%

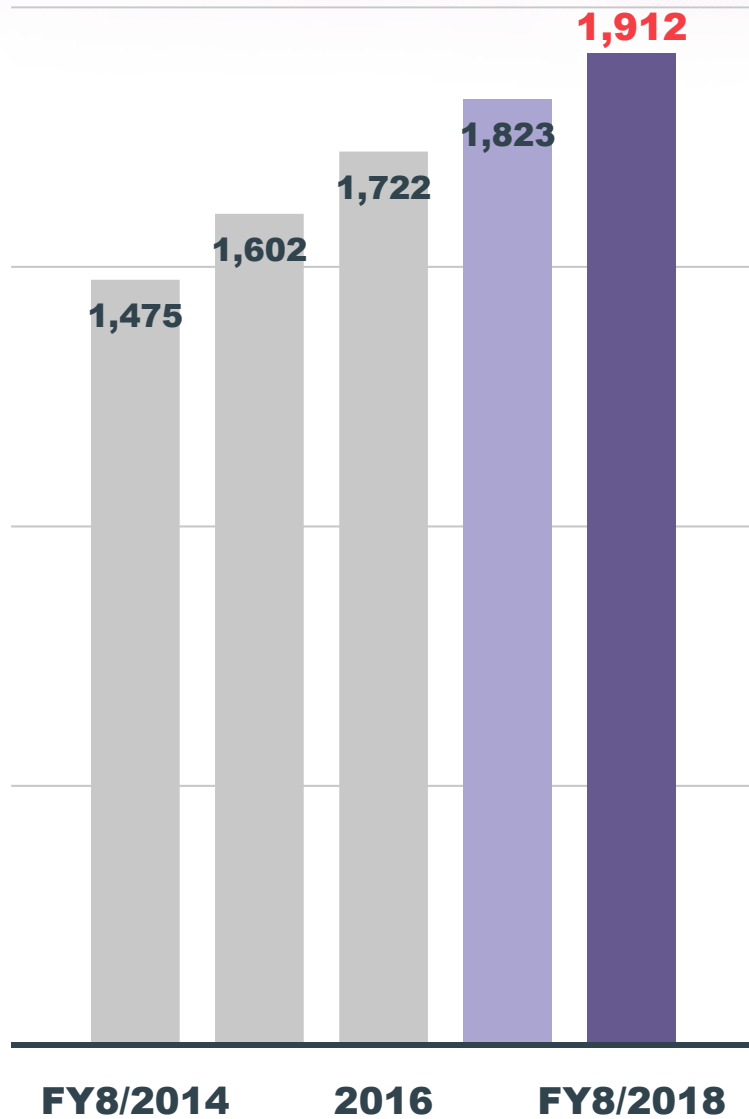
Temporary expenses associated with acquisition of CVI, the Curves global headquarters
JPY 0.54 bn

FY8/2017
(Millions of yen)

FY8/2018

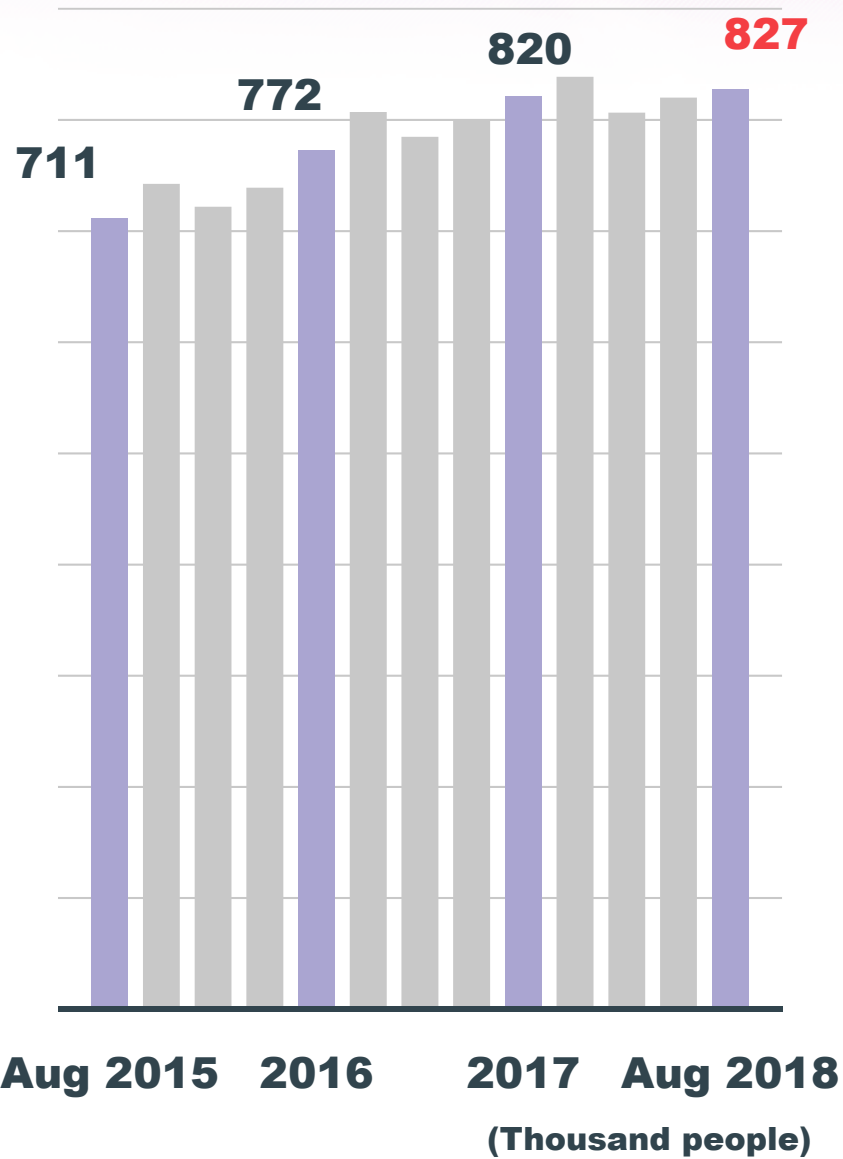
Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

Number of Curves Fitness Clubs: Increasing Steadily



1,912
locations in Japan

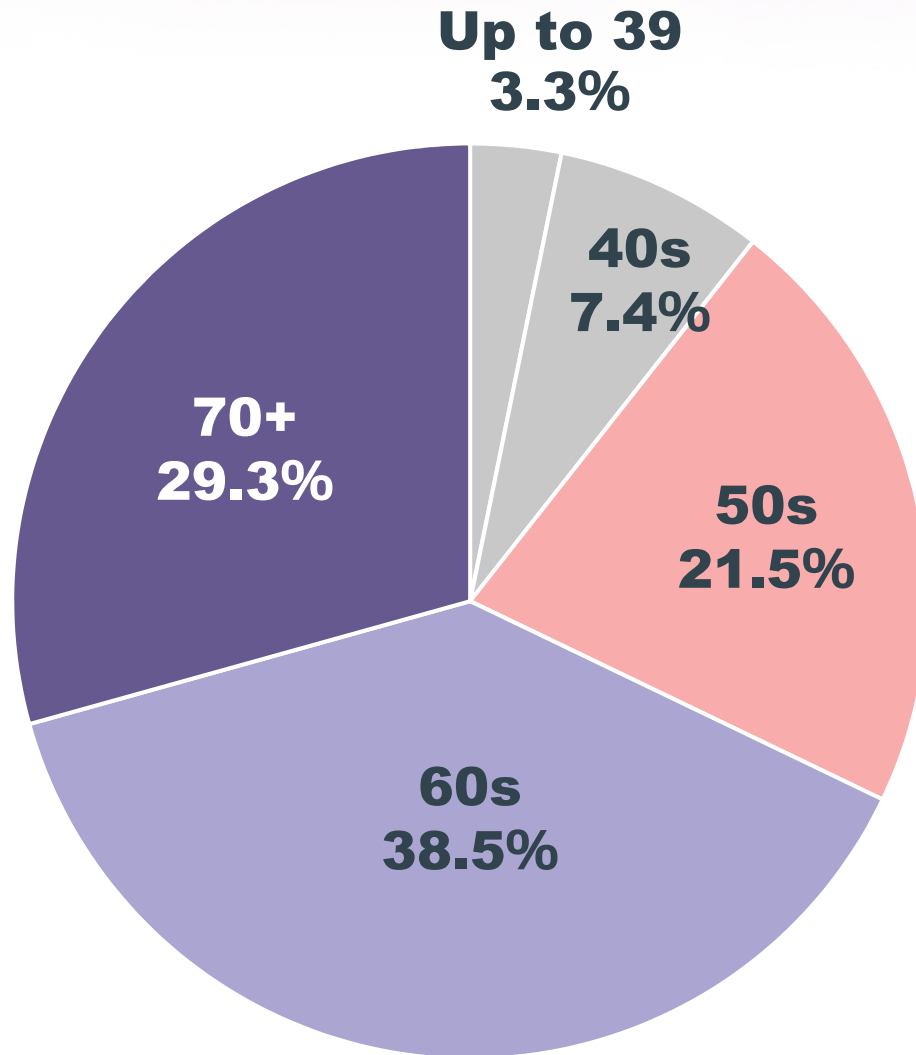
Number of Curves Members: Growth Slows Slightly



827

Thousand members

Age Composition of Members



50+

89.3%

Big Increase in Merchandise Sales

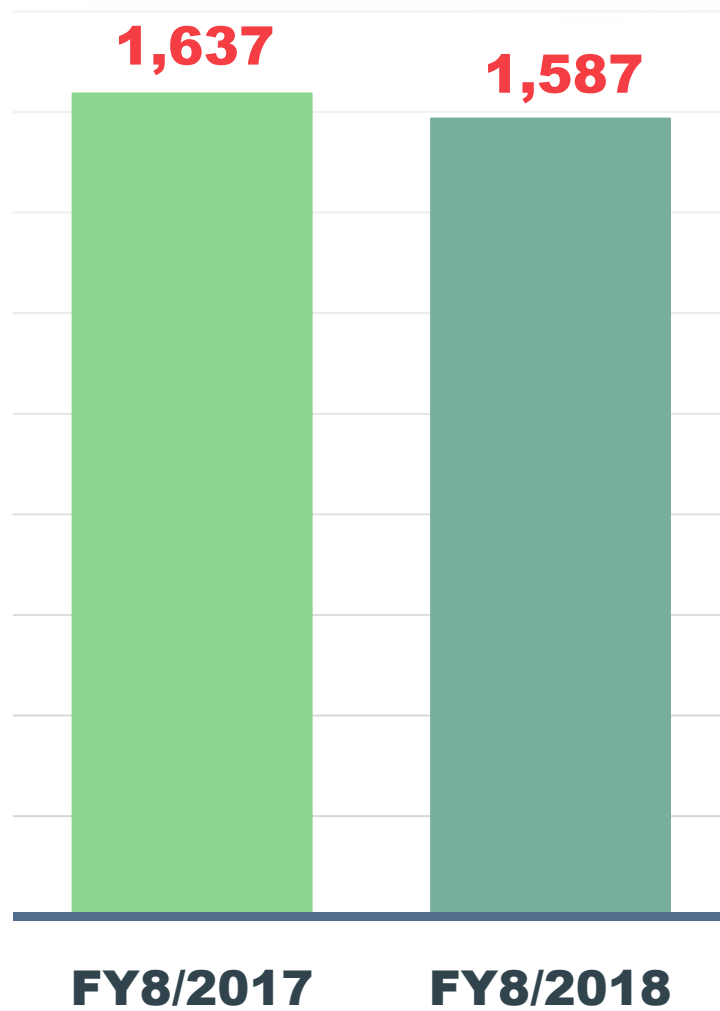
**An upgraded line of protein supplements
contributed to sales growth**

FY8/2016	FY8/2017	FY8/2018
JPY 8.9 bn	JPY 10.1 bn	JPY 14.4 bn



Bath House

Net Sales (Bath House)



(Millions of yen)

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

Net sales

JPY **1.5** bn

Down 3.0% YoY

Operating Profit (Bath House)



Operating profit

JPY 0.07 bn

Gross profit margin
From 11.3% to 8.0%

Energy expenses increased

FY8/2017
(Millions of yen)

FY8/2018

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

Actions and Issues

Actions

Store renovations

Upgraded food and beverage selection

Self-checkout units

System for placing orders directly

Issues

Measures to cut energy expenses

Initiatives to increase sales per customer



FY8/2019

Consolidated Forecast

FY8/2019 Forecast

(Millions of yen)

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

	FY8/2018	FY8/2019	YoY change	
			Ratio	Amount
Net sales	61,771	66,044	+6.9%	+4,273
Operating profit	7,858	9,345	+18.9%	+1,487
Ordinary profit	8,207	9,307	+13.4%	+1,100
Profit attributable to owners of parent	4,426	5,205	+17.6%	+779
Dividend per share	10.0	12.0		

Segment Information

(Millions of yen)

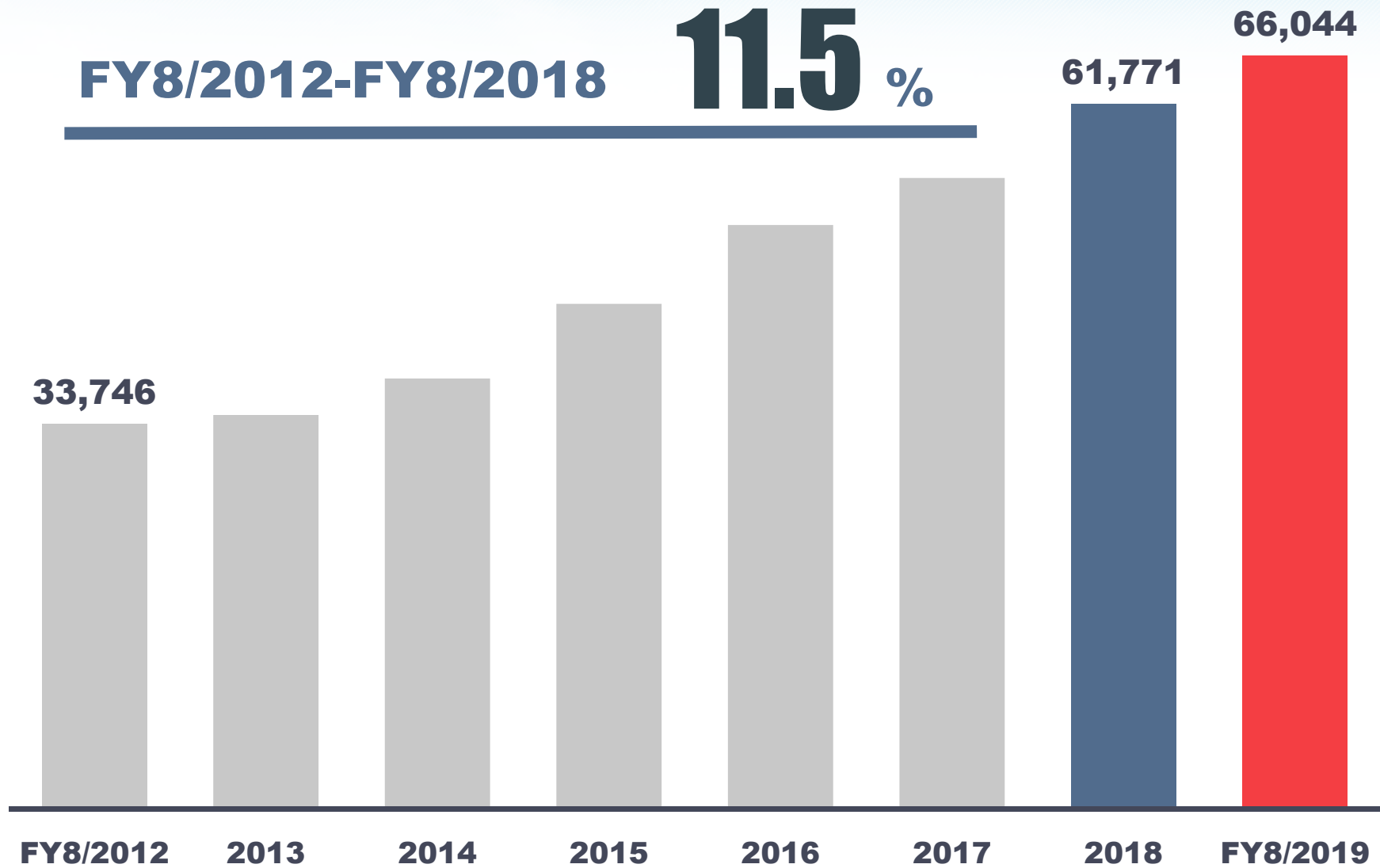
Note: All amounts are rounded down to the nearest million yen; all percentages are rounded to one decimal place.

	FY8/2018	FY8/2019	YoY change	
			Ratio	Amount
Net sales	61,771	66,044	+6.9%	+4,273
Karaoke	31,936	35,234	+10.3%	+3,298
Curves fitness	27,933	28,793	+3.1%	+860
Bath house	1,587	1,707	+7.5%	+120
Real estate mgt	313	311	(0.8%)	(2)
Operating profit	7,858	9,345	+18.9%	+1,487
Karaoke	3,153	3,839	+21.8%	+686
Curves fitness	5,345	5,930	+10.9%	+585
Bath house	71	205	+188.5%	+134
Real estate mgt	133	157	+18.3%	+24
Adjustment	(846)	(787)		

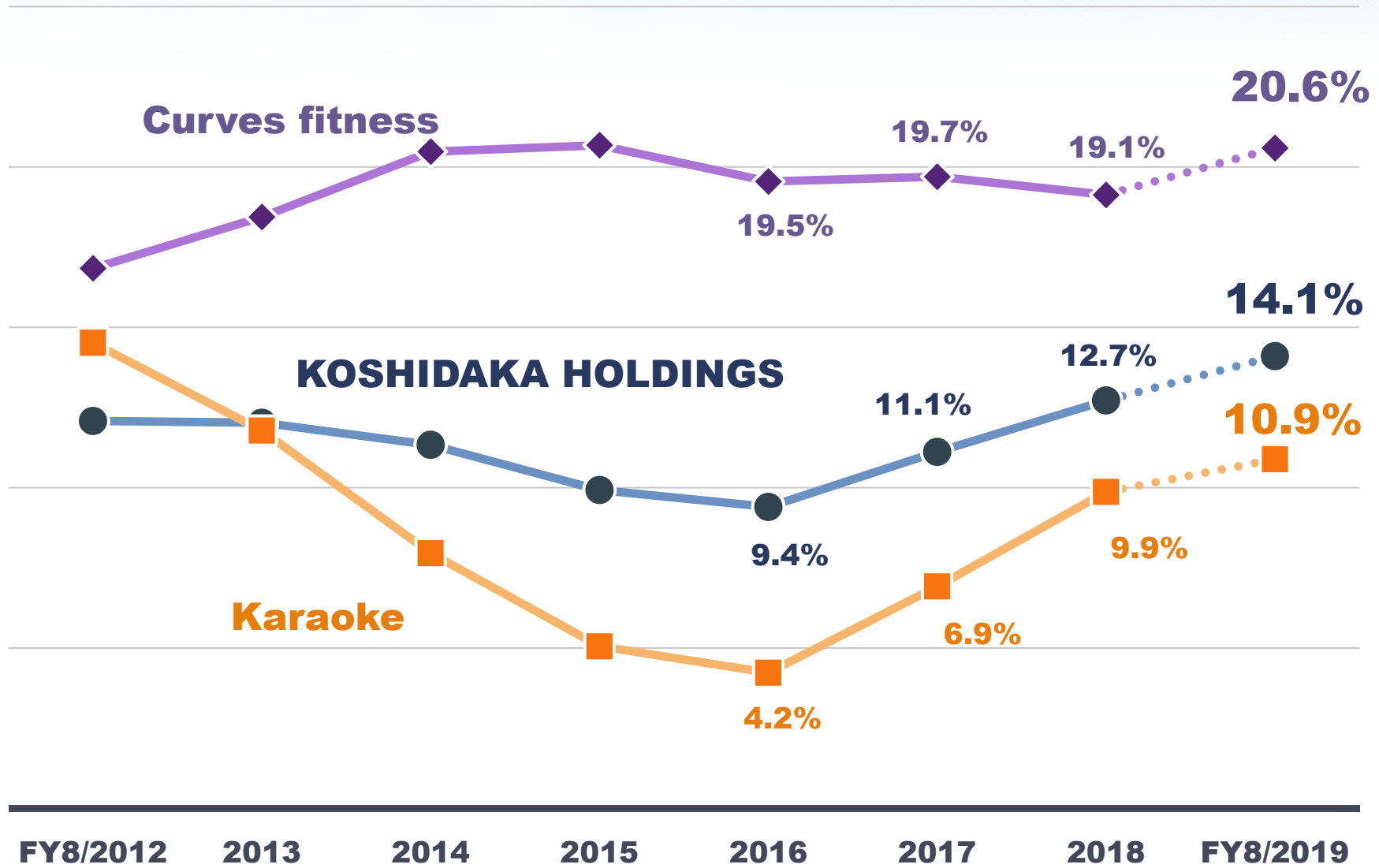
Average Annual Sales Growth

FY8/2012-FY8/2018 **11.5%**

(Millions of yen)



Improvement in Operating Margin





Strategic Objectives

Karaoke



1. Continue Aggressive Store Openings

Target : 35 new locations

Omiya West Exit 55 rooms	X 60 rooms
Shinjuku West Exit 55 rooms	X 41 rooms

**Focus in prime shopping areas
near railway stations**

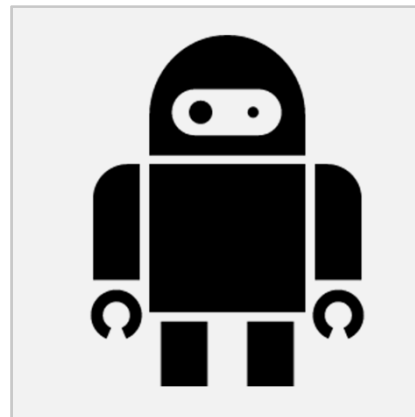
Larger stores

**More karaoke rooms in each
location**

Continue store renovations

2. Automate Operations and Take Other Steps to Improve Efficiency

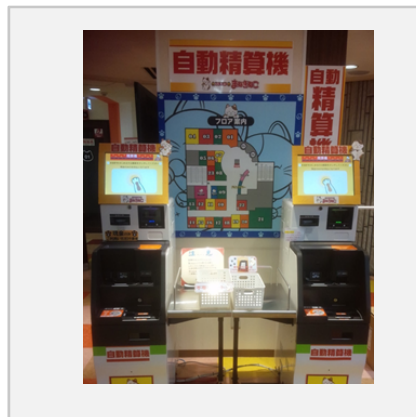
Reduce the volume of administrative work at karaoke locations and upgrade customer services



Simplify the check-in process

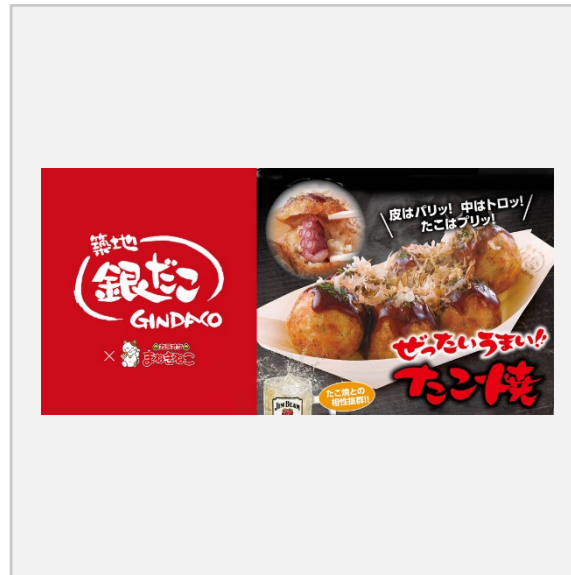
Introduce self-checkout units

Centralize administrative tasks at the head office



3. Use Food and Beverages to Differentiate from Competitors

Add competitive food and beverage items



4. Use New Technologies to Create Innovative Services

Consider adding private entertainment rooms

Consider adding entertainment other than karaoke



5. Rapidly Increase Overseas Locations

**Start operations in “blue oceans”
– new markets with no competition**



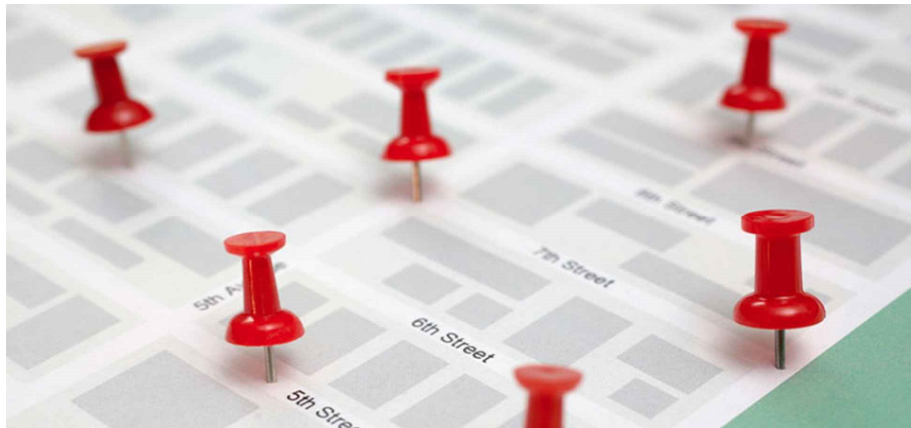


Curves Fitness

1. Build a network of Curves in convenient locations for customers

Target :

86 new locations



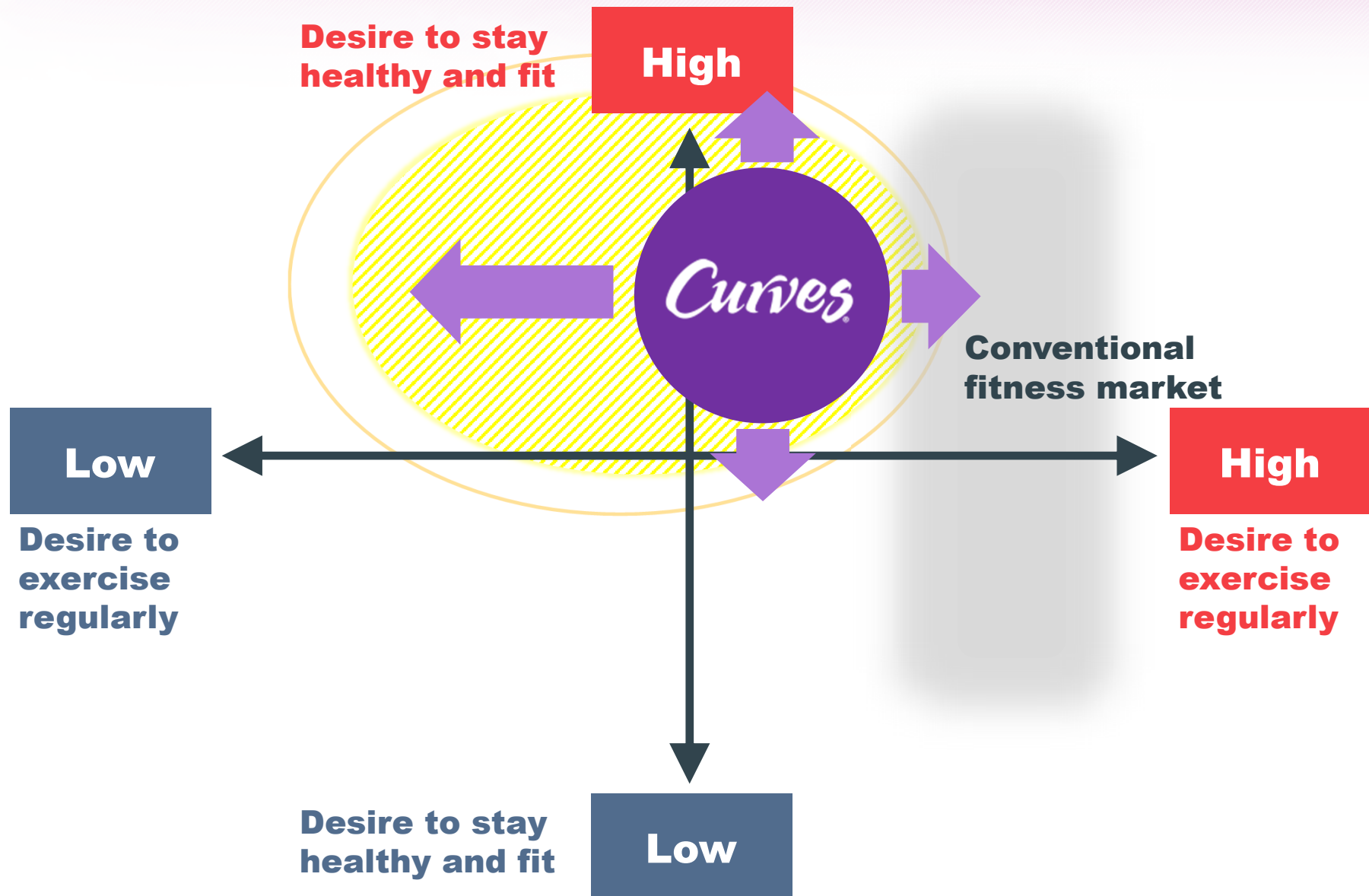
Conventional new Curves fitness clubs

+

New clubs using the “amoeba” approach*

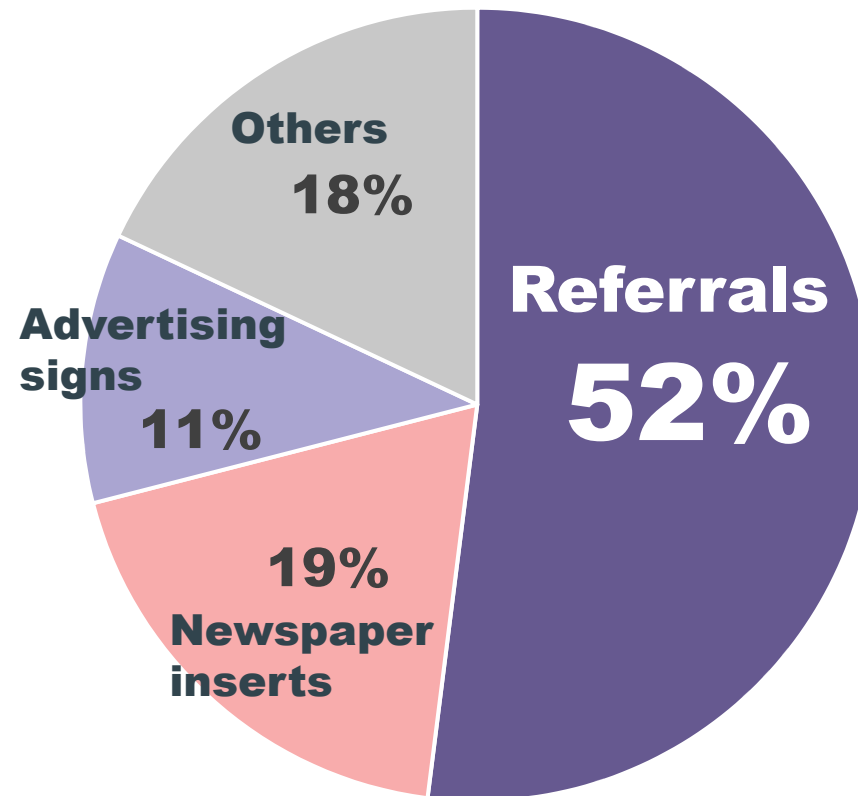
***A nearby club is opened in locations where an existing club is operating above capacity and there is a prospective market area for another club**

2. Growth of the health and fitness market



3. More improvements in customer services

The majority of new members are referrals



3. More improvements in customer services



4. New Activities –Men’s Curves

Will start operating a trial club on November 13



**Curves Ogino
Chino Store
(Nagano Pref.)**

2F *Men's
Curves*

1F *Curves*
The power to amaze yourself®

**Referrals by current Curves
members**

Word-of-mouth

4. New Activities –Global expansion



Acquired Curves World Headquarters (Curves International Holdings, Inc.) in March 2018

Curves is currently examining market conditions in other countries and formulating strategies with the goal of completing this process within one year.



Bath House

Activities and Initiatives

Strengthen sales activities

Attract more female customers

Emphasize the safety and security of bath house facilities

**Open hot spring facility
(Koriyama Maneki no Yu)**

Upgrade and offer new types of content

Improve efficiency

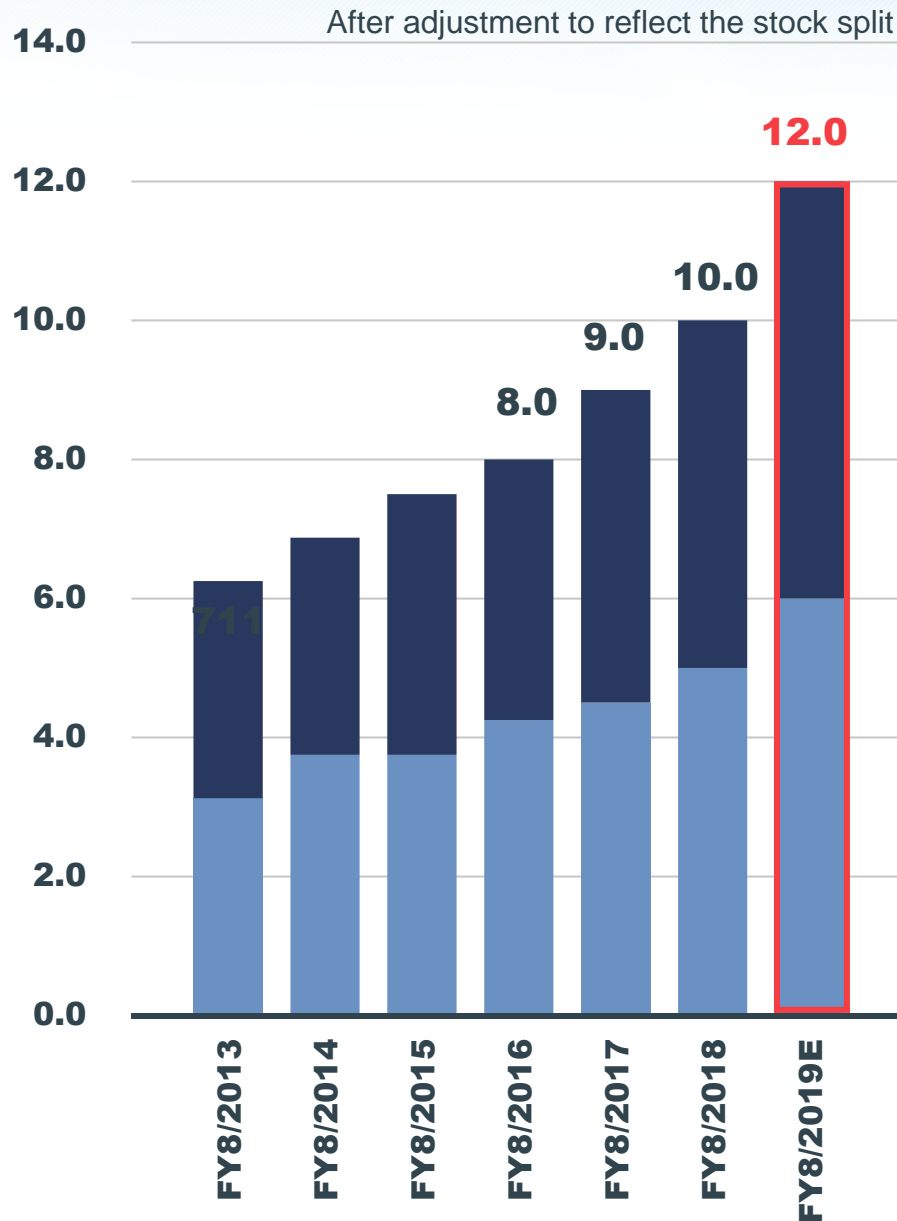
More investments for energy conservation

Reexamine the food and beverage selection



Shareholder Distributions and Benefits

Shareholder Distributions and Benefits (Dividends)



FY8/2019 (forecast)

JPY 12.00

11th consecutive year of higher dividend since the IPO

Year-end
Interim

Shareholder Distributions and Benefits (Shareholder Benefits)

	Less than 3 years	3 years or more
100 shares or more	Coupon worth about JPY 2,000	Coupon worth about JPY 4,000
400 shares or more	Coupon worth about JPY 5,000 Catalogue gift worth about JPY 3,000	Coupon worth about JPY 10,000 Catalogue gift worth about JPY 3,000
4,000 shares or more	Coupon worth about JPY 5,000 Catalogue gift worth about JPY 5,000	Coupon worth about JPY 10,000 Catalogue gift worth about JPY 5,000

The Goal of the Koshidaka Group

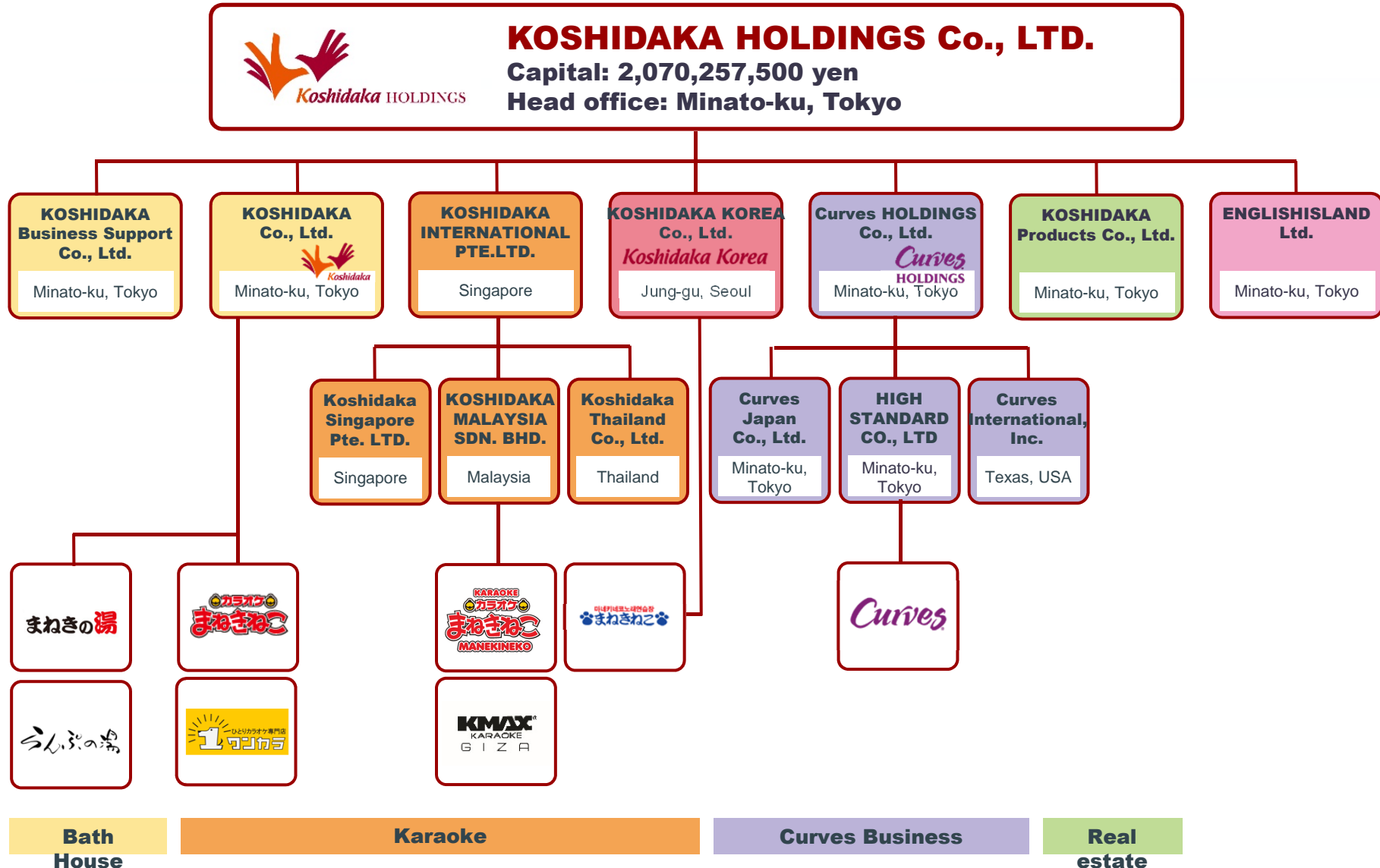
**We are dedicated to constantly
creating and expanding
new business models in existing
industries.**

Appendix

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
Maebashi Head Office	1-5-1 Odomomachi, Maebashi-shi, Gunma, Japan
Capital	JPY 2,070,257,500
Employees	4,244 (all group companies, as of the end August 2018)
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. Curves International, Inc.
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



Results by Segment (Details)

(Millions of yen)

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

	FY8/2014	FY8/2015	FY8/2016	FY8/2017	FY8/2018	FY8/2019E
Net sales	37,720	44,257	51,170	55,283	61,771	66,044
Karaoke	19,854	23,794	27,643	29,614	31,936	35,234
Curves fitness	16,028	18,649	21,667	23,720	27,933	28,793
Bath house	1,538	1,495	1,552	1,637	1,587	1,707
Real estate	299	318	306	312	313	311
Cost of sales	27,759	33,323	38,612	40,998	45,064	
Karaoke	15,600	19,657	22,522	23,630	25,447	
Curves fitness	10,241	12,198	14,484	15,740	17,985	
Bath house	1,757	1,492	1,414	1,452	1,460	
Gross profit	9,960	10,933	12,557	14,284	16,706	
Karaoke	4,254	4,137	5,120	5,983	6,489	
Curves fitness	5,786	6,451	7,183	7,979	9,947	
Bath house	(219)	2	138	184	127	
SG&A expenses	5,684	6,539	7,747	8,138	8,848	
Karaoke	2,674	2,933	3,949	3,933	3,336	
Curves fitness	2,504	2,595	2,947	3,306	4,602	
Bath house	19	92	60	61	55	
Operating profit	4,276	4,394	4,810	6,146	7,858	9,345
Karaoke	1,580	1,203	1,170	2,050	3,153	3,839
Curves fitness	3,282	3,856	4,235	4,672	5,345	5,930
Bath house	(239)	(89)	77	122	71	205
Real estate	130	127	98	126	133	157

Karaoke Business –Growth in the Number of Locations

	Aug-09	Aug-10	Aug-11	Aug-12	Aug-13	Aug-14	Aug-15	Aug-16	Aug-17	Aug-18
Total number of karaoke locat	294	309	315	323	338	366	412	457	499	520
Manekineko	292	305	313	317	332	353	381	425	486	510
One Kara				6	6	13	10	10	11	8
Other	2	4	2				21	22	2	2
Number of locations opened	28	17	15	13	22	37	53	47	44	31
Manekineko	26	15	14	7	21	30	32	46	43	31
One Kara				6	1	7			1	
Other	2	2	1				21	1		
Number of locations closed	10	2	9	5	7	9	7	2	2	10
Manekineko	10	2	6	3	6	9	4	2	2	7
One Kara					1		3			3
Other			3	2						
Number of overseas locations			1	2	3	14	19	24	24	23
Korea			1	2	3	3	9	13	14	12
Singapore						11	10	11	10	10
Malaysia										1

Inquiries



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Stock code : 2157

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