

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending August 31, 2019
(Three Months Ended November 30, 2018)

[Japanese GAAP]

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange (First Section)
 Stock code: 2157 URL: <http://www.koshidakaholdings.co.jp/>
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 Scheduled date of filing of Quarterly Report: January 15, 2019
 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, 2018 (Sep. 1, 2018 – Nov. 30, 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	%
Three months ended Nov. 30, 2018	14,770	6.7	1,368	29.0	1,581	32.5	1,031	67.9
Three months ended Nov. 30, 2017	13,842	12.3	1,060	73.0	1,193	83.4	614	83.2

Note: Comprehensive income (million yen) Three months ended Nov. 30, 2018: 1,448 (up 109.4%)
 Three months ended Nov. 30, 2017: 691 (up 85.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Nov. 30, 2018	12.69	-
Three months ended Nov. 30, 2017	7.55	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2018	67,387	27,595	39.4
As of Aug. 31, 2018	68,357	26,697	37.5

Reference: Shareholders' equity (million yen) As of Nov. 30, 2018: 26,579 As of Aug. 31, 2018: 25,656

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Aug. 31, 2018	Yen -	Yen 20.00	Yen -	Yen 5.00	Yen -
Fiscal year ending Aug. 31, 2019	-	-	-	-	-
Fiscal year ending Aug. 31, 2019 (forecast)	-	6.00	-	6.00	12.00

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 for the fiscal year ended August 31, 2018 and the year-end dividend forecast for the fiscal year ending August 31, 2019 have been adjusted to reflect the stock split.

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2019 (Sep. 1, 2018 – Aug. 31, 2019)

(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	31,961	5.2	4,123	11.8	4,109	6.4	2,258	(2.7)	27.77
Full year	66,044	6.9	9,345	18.9	9,307	13.4	5,205	17.6	64.01

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

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

As of Nov. 30, 2018:	981,716 shares	As of Aug. 31, 2018:	981,716 shares
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3) Average number of shares outstanding during the period

Three months ended Nov. 30, 2018:	81,318,284 shares	Three months ended Nov. 30, 2017:	81,318,364 shares
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Koshidaka Holdings conducted a 4-for-1 stock split on June 1, 2018. The average number of shares outstanding during the period has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* 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 3 of the attachments "(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year, concerns persisted about the effects on a number of different areas of the global economy of the actions by the United States as it is shunning international cooperation. However, internal and external demand was firm, with personal income staging a solid recovery, and consumer spending recovered.

Results by business segment were as follows.

Karaoke

Major changes are taking place in the structure of Japan's karaoke facility market because of intense competition among major companies in this market. To continue to grow in Japan under this environment, we have been increasing the number of locations, mainly in the Tokyo area, and adding rooms to existing locations. We are also making investments to increase the automation and efficiency of our operations and to provide customers with new services that competitors do not have.

We started offering our "Manekineko App" member-service application in October. We have incorporated a wealth of convenient and affordable functions in the app such as a points system, a ranking-promotion system, mini games, a search function to locate the nearest karaoke location, and useful and convenient store announcements, etc. This is a development designed to improve the quality of the service we offer our customers and to increase the number of our regular customers. It is already clearly proving effective because of the increase in the number of customers and other metrics.

Outside Japan, we opened our second karaoke location in Malaysia (our first Manekineko location opening).

At the end of the first quarter of the current fiscal year, the number of karaoke locations in Japan totaled 531, 11 more than at the end of the previous fiscal year, and the number of overseas karaoke facilities totaled 24, consisting of 10 in Singapore, 12 in South Korea and two in Malaysia. Renovations (including increases in the number of rooms) were carried out at 35 karaoke locations in Japan.

Sales in the Karaoke segment were 7,581 million yen, up 10.8% year on year. The segment profit was 66 million yen, an increase of 234 million yen from the same period of the previous fiscal year.

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. We have worked to maintain the steady growth in the number of members at Curves fitness clubs as we expand our network of these clubs.

In November, we opened a "Men's Curves Ogino Chino" fitness gym for men only in Nagano Prefecture. This is a trial opening as a Men's Curves fitness club, and we will take on the challenge of trying out various trials like this to open up the possibility of achieving multi-store development in the future.

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 1,936 (including 62 directly operated facilities), an increase of 24, or 1.2%, from the end of the previous fiscal year. The number of members increased by 18,000, or 2.1%, to 845,000.

Sales in the Curves segment were 6,733 million yen, up 2.8% year on year, and the segment profit was 1,501 million yen, up 7.8%.

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 more investments in energy-saving equipment and necessary

renovations conducted. All these activities improved bath house operations in terms of both quality and quantity. Sales in the Bath House segment were 377 million yen, up 1.5% year on year. The segment loss was 22 million yen, which was 17 million yen more than in the same period of the previous fiscal year.

Real Estate Management

Sales in the Real Estate Management segment were 77 million yen, up 1.3% year on year, and the segment profit was 29 million yen, up 8.9%.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 14,770 million yen, up 6.7%, operating profit of 1,368 million yen, up 29.0%, ordinary profit of 1,581 million yen, up 32.5%, and profit attributable to owners of parent of 1,031 million yen, up 67.9% 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 969 million yen (1.4%) from the end of the previous fiscal year to 67,387 million yen.

Current assets

Current assets decreased 2,723 million yen (13.6%) to 17,239 million yen. This was mainly due to a 2,726 million yen decrease in cash and deposits.

Non-current assets

Property, plant and equipment increased 1,630 million yen (9.3%) to 19,182 million yen. This was mainly due to increases of 1,162 million yen in buildings and structures and 499 million yen in vehicles, tools, furniture and fixtures.

Intangible assets increased 178 million yen (0.7%) to 24,805 million yen. This was mainly due to a 282 million yen increase in trademark right and a 77 million yen decrease in goodwill.

Investments and other assets decreased 54 million yen (0.9%) to 6,159 million yen. This was mainly due to a 91 million yen decrease in deferred tax assets.

Total non-current assets increased 1,753 million yen (3.6%) to 50,147 million yen.

Current liabilities

Current liabilities decreased 1,021 million yen (6.9%) to 13,805 million yen. This was mainly due to a 1,282 million yen decrease in income taxes payable.

Non-current liabilities

Non-current liabilities decreased 845 million yen (3.2%) to 25,986 million yen. This was mainly due to a 1,052 million yen decrease in long-term loans payable and a 144 million yen increase in asset retirement obligations.

Total liabilities decreased 1,867 million yen (4.5%) to 39,792 million yen.

Net assets

Net assets increased 897 million yen (3.4%) to 27,595 million yen. This was mainly due to increases of 625 million yen in retained earnings and 297 million yen in foreign currency translation adjustment, and a 25 million yen decrease in non-controlling interests.

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

The first-half and full-year consolidated forecasts announced on October 11, 2018 remain unchanged.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/18 (As of Aug. 31, 2018)	First quarter of FY8/19 (As of Nov. 30, 2018)
Assets		
Current assets		
Cash and deposits	11,926,326	9,199,981
Notes and accounts receivable-trade	3,824,364	3,674,795
Merchandise	944,185	1,070,135
Raw materials and supplies	179,193	210,009
Other	3,105,386	3,103,446
Allowance for doubtful accounts	(16,317)	(18,567)
Total current assets	19,963,138	17,239,799
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,493,852	13,656,035
Vehicles, tools, furniture and fixtures, net	3,030,389	3,530,059
Land	1,965,917	1,965,917
Leased assets, net	30,801	26,498
Construction in progress	31,412	3,962
Total property, plant and equipment	17,552,375	19,182,473
Intangible assets		
Goodwill	1,965,454	1,888,023
Trademark right	20,559,362	20,841,520
Software	791,047	816,897
Other	1,311,693	1,259,341
Total intangible assets	24,627,557	24,805,783
Investments and other assets		
Investment securities	724,085	713,689
Shares of subsidiaries and associates	207,981	239,084
Long-term loans receivable	649,405	636,226
Long-term prepaid expenses	47,986	55,308
Lease and guarantee deposits	3,522,191	3,539,786
Deferred tax assets	984,128	892,816
Other	188,217	198,300
Allowance for doubtful accounts	(109,587)	(115,579)
Total investments and other assets	6,214,409	6,159,633
Total non-current assets	48,394,341	50,147,890
Total assets	68,357,480	67,387,690

(Thousands of yen)

	FY8/18 (As of Aug. 31, 2018)	First quarter of FY8/19 (As of Nov. 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,430,957	2,031,119
Current portion of long-term loans payable	4,787,866	4,665,368
Lease obligations	20,452	16,086
Accounts payable-other	1,337,875	2,603,915
Accrued expenses	1,096,081	1,250,983
Income taxes payable	1,873,817	591,521
Provision for bonuses	395,052	158,274
Deposits received	1,806,372	1,876,772
Other	1,079,163	611,673
Total current liabilities	14,827,639	13,805,715
Non-current liabilities		
Long-term loans payable	19,533,844	18,480,845
Lease obligations	6,721	4,225
Deferred tax liabilities	5,028,123	5,105,123
Asset retirement obligations	1,981,839	2,126,306
Other	282,069	270,327
Total non-current liabilities	26,832,597	25,986,827
Total liabilities	41,660,236	39,792,542
Net assets		
Shareholders' equity		
Capital stock	2,070,257	2,070,257
Capital surplus	2,335,577	2,335,577
Retained earnings	21,115,366	21,740,382
Treasury shares	(301,538)	(301,538)
Total shareholders' equity	25,219,662	25,844,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,171	35,125
Foreign currency translation adjustment	402,722	699,943
Total accumulated other comprehensive income	436,893	735,068
Non-controlling interests	1,040,687	1,015,400
Total net assets	26,697,244	27,595,147
Total liabilities and net assets	68,357,480	67,387,690

(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 FY8/18 (Sep. 1, 2017 – Nov. 30, 2017)	First three months of FY8/19 (Sep. 1, 2018 – Nov. 30, 2018)
Net sales	13,842,147	14,770,005
Cost of sales	10,873,353	10,850,781
Gross profit	2,968,793	3,919,224
Selling, general and administrative expenses	1,908,110	2,551,208
Operating profit	1,060,683	1,368,015
Non-operating income		
Interest and dividend income	2,378	3,045
Foreign exchange gains	64,752	203,223
Store relocation compensation	18,000	-
Other	58,861	36,093
Total non-operating income	143,992	242,361
Non-operating expenses		
Interest expenses	4,417	18,651
Other	6,718	10,697
Total non-operating expenses	11,135	29,349
Ordinary profit	1,193,540	1,581,027
Extraordinary income		
Gain on sales of non-current assets	330	3,024
Total extraordinary income	330	3,024
Extraordinary losses		
Loss on retirement of non-current assets	21,227	4,889
Total extraordinary losses	21,227	4,889
Profit before income taxes	1,172,643	1,579,162
Income taxes-current	376,216	473,198
Income taxes-deferred	96,692	(43,922)
Total income taxes	472,908	429,275
Profit	699,735	1,149,886
Profit attributable to non-controlling interests	85,409	118,279
Profit attributable to owners of parent	614,325	1,031,607

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

(Thousands of yen)

	First three months of FY8/18 (Sep. 1, 2017 – Nov. 30, 2017)	First three months of FY8/19 (Sep. 1, 2018 – Nov. 30, 2018)
Profit	699,735	1,149,886
Other comprehensive income		
Valuation difference on available-for-sale securities	6,713	954
Foreign currency translation adjustment	(14,887)	297,220
Total other comprehensive income	(8,174)	298,175
Comprehensive income	691,560	1,448,061
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	606,151	1,329,782
Comprehensive income attributable to non-controlling interests	85,409	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 FY8/18 (Sep. 1, 2017 – Nov. 30, 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	6,840,469	6,553,201	371,500	76,975	13,842,147	-	13,842,147
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	6,840,469	6,553,201	371,500	76,975	13,842,147	-	13,842,147
Segment profit (loss)	(168,185)	1,393,753	(5,531)	26,799	1,246,836	(186,153)	1,060,683

Notes: 1. The -186,153 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 FY8/19 (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.

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.