



July 10, 2019

**Summary of Consolidated Financial Results  
for the Third Quarter of the Fiscal Year Ending August 31, 2019  
(Nine Months Ended May 31, 2019)**

**[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  
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 Scheduled date of filing of Quarterly Report: July 12, 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 Third Quarter Ended May 31, 2019 (Sep. 1, 2018 – May 31, 2019)**

(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, 2019	49,133	7.4	7,619	37.3	8,026	42.3	4,977	58.5
Nine months ended May 31, 2018	45,763	11.7	5,547	14.1	5,640	12.8	3,139	14.3

Note: Comprehensive income (million yen) Nine months ended May 31, 2019: 5,346 (up 60.9%)  
 Nine months ended May 31, 2018: 3,323 (up 10.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended May 31, 2019	61.22	-
Nine months ended May 31, 2018	38.61	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2019	70,873	30,905	43.6
As of Aug. 31, 2018	68,357	26,697	37.5

Reference: Shareholders' equity (million yen) As of May 31, 2019: 30,905 As of Aug. 31, 2018: 25,656

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2018	-	20.00	-	5.00	-
Fiscal year ending Aug. 31, 2019	-	6.00	-	-	-
Fiscal year ending Aug. 31, 2019 (forecast)	-	-	-	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 has 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
Full year	66,124	7.0	9,804	24.8	10,212	24.4	6,071	37.1	74.66

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

\* 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 May 31, 2019:	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 May 31, 2019:	981,716 shares	As of Aug. 31, 2018:	981,716 shares
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3) Average number of shares outstanding during the period

Nine months ended May 31, 2019:	81,318,284 shares	Nine months ended May 31, 2018:	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 4 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 nine months of the current fiscal year, internal demand was strong in Japan. On the contrary, external demand has started to fluctuate due to the effects of deepening and protracted U.S.-China trade conflict. Personal income is firm and consumer spending is strong, but their outlook is uncertain in view of the scheduled Consumption tax hike and other factors.

Results by business segment were as follows.

#### Karaoke

We have been increasing the number of locations, mainly in the Tokyo area, and adding rooms to existing locations. We are also taking actions for increasing the number of regular customers in every customer segment, and making investments to provide customers with new services that competitors do not have and to increase the automation and efficiency of our operations. At the same time, we are closing unprofitable locations. These initiatives aim at achieving further growth in Japan and enhancing earnings power.

The number of registered users of “Manekineko App” member-service application has already surpassed 1,736,000 and is still increasing because a points system, a ranking-promotion system and other incorporated functions were well received. “Mafu” (Manekineko Flat Free time), a free-time course for university, junior college and business school students has been well received by the targeted customer segments. It has also been effective in boosting customer numbers which had been falling from night to late night on weekdays. “Maneki de Kazoku-wari” which offers free admissions to elementary and junior high school students who meet certain conditions has been well received by the family segment. They are contributing to increasing the number of customers during the day and at night throughout the week, thus raising the overall customer traffic.

Outside Japan, we further expanded our operations in Southeast Asia by opening our first karaoke location in Thailand and the second location in Malaysia (our first Manekineko location opening).

At the end of the third quarter of the current fiscal year, the number of karaoke locations in Japan totaled 515, five less than at the end of the previous fiscal year, and the number of overseas karaoke facilities totaled 21, consisting of 10 in Singapore, eight in South Korea, two in Malaysia and one in Thailand. Renovations (including increases in the number of rooms) were carried out at 39 karaoke locations in Japan.

Sales in the Karaoke segment were 26,646 million yen, up 12.9% year on year. The segment profit was 3,626 million yen, up 58.8%.

#### 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.

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 explore the possibility of achieving multi-store development in the future.

At the end of the third quarter of the current fiscal year, the number of Curves fitness clubs (excluding Men’s Curves) in Japan was 1,965 (including 63 directly operated facilities), an increase of 53, or 2.7%, from the end of the previous fiscal year. The number of members decreased by 4,000, or 0.9%, to 823,000.

Sales in the Curves segment were 20,945 million yen, up 1.1% year on year, and the segment profit was 4,502 million yen, up 20.6%.

## 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 1,240 million yen, up 2.4% year on year. The segment profit was 71 million yen, up 19.5%.

## Real Estate Management

In February 2019, this segment acquired EKITA Maebashi, a complex facility located in front of Maebashi Station, and recorded all expenses of 39 million yen related to this acquisition.

Sales in the Real Estate Management segment were 301 million yen, up 28.0% year on year, and the segment profit was 78 million yen, down 19.8%.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 49,133 million yen, up 7.4%, operating profit of 7,619 million yen, up 37.3%, ordinary profit of 8,026 million yen, up 42.3%, and profit attributable to owners of parent of 4,977 million yen, up 58.5% 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 2,516 million yen (3.7%) from the end of the previous fiscal year to 70,873 million yen.

### Current assets

Current assets increased 90 million yen (0.5%) to 20,054 million yen. This was mainly due to an increase of 353 million yen in cash and deposits.

### Non-current assets

Property, plant and equipment increased 3,478 million yen (19.8%) to 21,030 million yen. This was mainly due to increases of 2,846 million yen in buildings and structures and 688 million yen in land.

Intangible assets decreased 1,076 million yen (4.4%) to 23,550 million yen. This was mainly due to decreases of 713 million yen in trademark right and 245 million yen in goodwill.

Investments and other assets increased 23 million yen (0.4%) to 6,238 million yen. This was mainly due to a 274 million yen increase in lease and guarantee deposits and a 160 million yen decrease in shares of subsidiaries and associates.

Total non-current assets increased 2,425 million yen (5.0%) to 50,819 million yen.

### Current liabilities

Current liabilities decreased 1,291 million yen (8.7%) to 13,536 million yen. This was mainly due to decreases of 607 million yen in income taxes payable, 285 million yen in current portion of long-term loans payable and 199 million yen in deposits received.

### Non-current liabilities

Non-current liabilities decreased 401 million yen (1.5%) to 26,431 million yen. This was mainly due to a 621 million yen decrease in long-term loans payable and a 261 million yen increase in asset retirement obligations.

Total liabilities decreased 1,692 million yen (4.1%) to 39,967 million yen.

#### Net assets

Net assets increased 4,208 million yen (15.8%) to 30,905 million yen. This was mainly due to increases of 4,083 million yen in retained earnings and 967 million yen in capital surplus, and a 1,040 million yen decrease in non-controlling interests.

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

Today (July 10, 2019), Koshidaka Holdings has revised the full-year consolidated forecast for the fiscal year ending August 31, 2019.

For more information, see the July 10, 2019 press release titled “Notice of Forecast Revision for the fiscal year ending August 31, 2019” (Japanese version only).

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/18 (As of Aug. 31, 2018)	Third quarter of FY8/19 (As of May 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	11,926,326	12,279,432
Notes and accounts receivable-trade	3,824,364	3,875,435
Merchandise	944,185	1,202,016
Raw materials and supplies	179,193	206,283
Other	3,105,386	2,533,772
Allowance for doubtful accounts	(16,317)	(42,907)
<b>Total current assets</b>	<b>19,963,138</b>	<b>20,054,032</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,493,852	15,340,686
Vehicles, tools, furniture and fixtures, net	3,030,389	2,996,949
Land	1,965,917	2,654,808
Leased assets, net	30,801	21,987
Construction in progress	31,412	15,967
<b>Total property, plant and equipment</b>	<b>17,552,375</b>	<b>21,030,399</b>
Intangible assets		
Goodwill	1,965,454	1,719,566
Trademark right	20,559,362	19,845,800
Software	791,047	869,955
Other	1,311,693	1,115,526
<b>Total intangible assets</b>	<b>24,627,557</b>	<b>23,550,848</b>
Investments and other assets		
Investment securities	724,085	708,309
Shares of subsidiaries and associates	207,981	47,911
Long-term loans receivable	649,405	652,901
Long-term prepaid expenses	47,986	36,903
Lease and guarantee deposits	3,522,191	3,796,344
Deferred tax assets	984,128	922,276
Other	188,217	194,944
Allowance for doubtful accounts	(109,587)	(121,387)
<b>Total investments and other assets</b>	<b>6,214,409</b>	<b>6,238,203</b>
<b>Total non-current assets</b>	<b>48,394,341</b>	<b>50,819,451</b>
<b>Total assets</b>	<b>68,357,480</b>	<b>70,873,484</b>

(Thousands of yen)

	FY8/18 (As of Aug. 31, 2018)	Third quarter of FY8/19 (As of May 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,430,957	2,252,061
Current portion of long-term loans payable	4,787,866	4,501,996
Lease obligations	20,452	11,057
Accounts payable-other	1,337,875	1,145,806
Accrued expenses	1,096,081	1,408,042
Income taxes payable	1,873,817	1,265,829
Provision for bonuses	395,052	201,350
Deposits received	1,806,372	1,607,255
Other	1,079,163	1,142,821
Total current liabilities	14,827,639	13,536,222
Non-current liabilities		
Long-term loans payable	19,533,844	18,912,347
Lease obligations	6,721	-
Deferred tax liabilities	5,028,123	4,901,456
Asset retirement obligations	1,981,839	2,243,734
Other	282,069	373,926
Total non-current liabilities	26,832,597	26,431,465
Total liabilities	41,660,236	39,967,687
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,070,257	2,070,257
Capital surplus	2,335,577	3,302,786
Retained earnings	21,115,366	25,198,821
Treasury shares	(301,538)	(301,538)
Total shareholders' equity	25,219,662	30,270,326
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,171	39,523
Foreign currency translation adjustment	402,722	595,946
Total accumulated other comprehensive income	436,893	635,470
Non-controlling interests	1,040,687	-
Total net assets	26,697,244	30,905,796
Total liabilities and net assets	68,357,480	70,873,484



**(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 FY8/18 (Sep. 1, 2017 – May 31, 2018)	First nine months of FY8/19 (Sep. 1, 2018 – May 31, 2019)
Net sales	45,763,896	49,133,720
Cost of sales	33,752,497	34,014,421
Gross profit	12,011,398	15,119,298
Selling, general and administrative expenses	6,464,031	7,500,040
Operating profit	5,547,367	7,619,258
Non-operating income		
Interest and dividend income	9,816	11,368
Foreign exchange gains	34,151	-
Store relocation compensation	41,000	-
Cancellation income	-	441,120
Other	178,843	116,537
Total non-operating income	263,810	569,025
Non-operating expenses		
Interest expenses	28,529	54,398
Foreign exchange losses	-	34,585
Provision of allowance for doubtful accounts	-	11,379
Commission fee	102,200	26,500
Other	39,617	34,454
Total non-operating expenses	170,346	161,318
Ordinary profit	5,640,831	8,026,966
Extraordinary income		
Gain on sales of non-current assets	380	3,252
Total extraordinary income	380	3,252
Extraordinary losses		
Loss on retirement of non-current assets	53,489	47,482
Impairment loss	22,508	59,381
Loss on valuation of shares of subsidiaries and associates	22,550	212,548
Total extraordinary losses	98,548	319,411
Profit before income taxes	5,542,663	7,710,806
Income taxes-current	2,073,674	2,733,685
Income taxes-deferred	96,906	(170,636)
Total income taxes	2,170,580	2,563,049
Profit	3,372,083	5,147,757
Profit attributable to non-controlling interests	232,095	169,801
Profit attributable to owners of parent	3,139,988	4,977,955

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

(Thousands of yen)

	First nine months of FY8/18 (Sep. 1, 2017 – May 31, 2018)	First nine months of FY8/19 (Sep. 1, 2018 – May 31, 2019)
Profit	3,372,083	5,147,757
Other comprehensive income		
Valuation difference on available-for-sale securities	9,830	5,352
Foreign currency translation adjustment	(58,826)	193,224
Total other comprehensive income	(48,995)	198,576
Comprehensive income	3,323,087	5,346,333
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,090,992	5,176,532
Comprehensive income attributable to non-controlling interests	232,095	169,801

**(3) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Koshidaka Holdings acquired additional shares of consolidated subsidiary Curves HOLDINGS Co., Ltd. in December 2018. As a result, capital surplus increased 967,208 thousand yen and amounted to 3,302,786 thousand yen at the end of the third quarter of the current fiscal year.

**Segment and Other Information**

## Segment Information

I. 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

	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 17,261,746 thousand 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.

## II. First nine months of FY8/19 (Sep. 1, 2018 – May 31, 2019)

## 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	26,646,094	20,945,543	1,240,514	301,568	49,133,720	-	49,133,720
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	26,646,094	20,945,543	1,240,514	301,568	49,133,720	-	49,133,720
Segment profit (loss)	3,626,043	4,502,255	71,738	78,480	8,278,518	(659,260)	7,619,258

Notes: 1. The -659,260 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.*