



October 10, 2019

Summary of Consolidated Financial Results for the Fiscal Year Ended August 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/>
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Scheduled date of Annual General Meeting of Shareholders: November 27, 2019
 Scheduled date of filing of Annual Securities Report: November 28, 2019
 Scheduled date of payment of dividend: November 28, 2019
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2019 (Sep. 1, 2018 – Aug. 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	%
Fiscal year ended Aug. 31, 2019	65,840	6.6	9,507	21.0	9,562	16.5	6,226	40.7
Fiscal year ended Aug. 31, 2018	61,771	11.7	7,858	27.8	8,207	29.2	4,426	36.0

Note: Comprehensive income (million yen) Fiscal year ended Aug. 31, 2019: 6,255 (up 21.9%)
 Fiscal year ended Aug. 31, 2018: 5,133 (up 43.5%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Aug. 31, 2019	76.57	-	21.7	13.6	14.4
Fiscal year ended Aug. 31, 2018	54.44	-	18.7	14.7	12.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Aug. 31, 2019	72,087	31,815	44.1	391.24
As of Aug. 31, 2018	68,357	26,697	37.5	315.51

Reference: Shareholders' equity (million yen) As of Aug. 31, 2019: 31,815 As of Aug. 31, 2018: 25,656

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Aug. 31, 2019	12,577	(8,732)	(3,193)	12,530
Fiscal year ended Aug. 31, 2018	8,327	(23,405)	13,276	11,889

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Aug. 31, 2018	-	20.00	-	5.00	-	822	18.4	3.4
Fiscal year ended Aug. 31, 2019	-	6.00	-	6.00	12.00	975	15.7	3.4
Fiscal year ending Aug. 31, 2020 (forecast)	-	8.00	-	8.00	16.00		17.7	

Koshidaka Holdings conducted a 4-for-1 stock split on June 1, 2018. The 2Q-end dividend for the fiscal year ended August 31, 2018 is the actual amounts before the stock split.

The Koshidaka Holdings Board of Directors approved a resolution today to submit a proposal to the Annual General Meeting of Shareholders to be held on November 27, 2019 to distribute the stock of a subsidiary to shareholders as dividend in kind with the record date of February 29, 2020 (the "Spin-off") in addition to the cash dividend in the forecast. The above forecast is that in the case where the Spin-off is not implemented. Please refer to [Reference] below for the dividend forecast for the fiscal year ending August 31, 2020 in the case where the distribution of dividend in kind and the Spin-off are implemented.

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2020 (Sep. 1, 2019 – Aug. 31, 2020)

(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	35,290	8.3	5,204	4.4	5,229	4.7	3,489	19.0	42.91
Full year	72,029	9.4	11,054	16.3	11,049	15.5	7,369	18.3	90.62

The Koshidaka Holdings Board of Directors approved a resolution today to submit a proposal to the Annual General Meeting of Shareholders to be held on November 27, 2019 for the Spin-off. The above forecast is that in the case where the Spin-off is not implemented. Please refer to [Reference] below for the earnings forecast for the fiscal year ending August 31, 2020 in the case where the Spin-off is implemented.

* 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) 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

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Aug. 31, 2019: 82,300,000 shares As of Aug. 31, 2018: 82,300,000 shares

2) Number of treasury shares at the end of the period

As of Aug. 31, 2019: 981,716 shares As of Aug. 31, 2018: 981,716 shares

3) Average number of shares outstanding during the period

Fiscal year ended Aug. 31, 2019: 81,318,284 shares Fiscal year ended Aug. 31, 2018: 81,318,345 shares

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 financial report is not subject to audit 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 "1. Overview of Results of Operations, (4) Outlook" for forecast assumptions and notes of caution for usage.

[Reference]

1. Outline of the dividend in kind (distribution of property other than cash)

(1) Record date	Saturday, February 29, 2020
(2) Type of asset	Common stock of Curves HOLDINGS Co., Ltd.
(3) Total book value of the assets and amount per share	18,038,187 yen (0.22 yen per share)
(4) Fair value of the assets and amount per share	- yen (- yen per share) (Note 1)
(5) Effective date	Sunday, March 1, 2020
(6) Decrease in capital due to distribution of dividend in kind	Retained earnings: 18,038,187 yen As dividends are funded by retained earnings, retained earnings are expected to decrease by an amount equal to the book value of Curve Holdings stock at the time of the Spin-off.

Note: 1. The accounting standard used for a dividend consisting of all of the stock of a subsidiary that is distributed in proportion to the number of Koshidaka Holdings shares owned is based on the proviso of Paragraph 10 of “Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (ASBJ Guidance No. 2). Consequently, the value of the stock of the subsidiary will be determined by using a suitable book value and the same method will be used to determine the amount that can be distributed by Koshidaka Holdings. As a result, no fair value has been determined for the Curves Holdings stock that will be the asset used for the dividend.

2. Dividends in the Case where the Spin-off is Implemented

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Aug. 31, 2018	-	20.00	-	5.00	-	822	18.4	3.4
Fiscal year ended Aug. 31, 2019	-	6.00	-	6.00	12.00	975	15.7	3.4
Fiscal year ending Aug. 31, 2020 (forecast)	-	8.00	-	4.00	12.00		17.8	

Koshidaka Holdings conducted a 4-for-1 stock split on June 1, 2018. The 2Q-end dividend for the fiscal year ended August 31, 2018 is the actual amounts before the stock split.

3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2020 in the Case where the Spin-off is Implemented (Sep. 1, 2019 – Aug. 31, 2020)

(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 (Note 1)	35,290	8.3	5,204	4.4	5,229	4.7	3,489	19.0	42.91
Full year (Note 2)	57,209	-	8,084	-	8,125	-	5,482	-	67.41

Notes: 1. Curves Holdings Group is included in the forecast for the first half of the fiscal year.

2. As the above forecast is that in the case where the Spin-off is not implemented, Curves Holdings Group is not included in the forecast for the second half of the fiscal year. As a result, no year-on-year changes are shown.

* For more information about the Spin-off, please refer to the press release announced today titled “Notice Regarding Dividend in Kind of Subsidiary Shares (Stock Distribution Spin-off) and Change in Specified Subsidiary” (URL: <https://www.koshidakaholdings.co.jp/news/>).

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1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year that ended in August 2019, Japan's exports were slow and manufacturing output was flat due mainly to the effects of the prolonged U.S.-China trade conflict. However, the non-manufacturing sector continued to grow with the support of firm internal demand.

Furthermore, consumer spending remained solid because of stable personal income.

Due to numerous initiatives in all business segments, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 65,840 million yen, up 6.6%, operating profit of 9,507 million yen, up 21.0%, ordinary profit of 9,562 million yen, up 16.5%, and profit attributable to owners of parent of 6,226 million yen, up 40.7% in the current fiscal year.

Results by business segment were as follows.

Karaoke

We increased the number of locations and added rooms to existing locations nationwide, mainly in the Tokyo area. We also took actions aimed at increasing the number of regular customers in every customer segment. There were also investments to add services that competitors do not have and to increase automation and efficiency of our operations. In addition, we are closing unprofitable locations. All of these activities have the goal of more growth and higher earnings in Japan.

The number of registered users of "Manekineko App" member-service application has surpassed 2,462,000 and is increasing because a points system, a ranking-promotion system and other incorporated functions were well received. Furthermore, "Mafu" (Manekineko Flat Free Time), which is exclusively for university, junior college and business school students, has reversed the decline in the number of customers during the night and late-night hours on weekdays. Also, Maneki de Kazoku-wari, which allows elementary and junior high school students who meet certain requirements to enjoy karaoke at no cost, has helped increase the number of daytime and evening customers on both weekdays and weekends. Overall, these two promotions enabled the karaoke business to achieve a big increase in the number of customers.

Outside Japan, we further expanded our operations in Southeast Asia by opening our first karaoke location in Thailand and two karaoke locations in Malaysia.

At the end of the current fiscal year, the number of karaoke locations in Japan totaled 525, five more than at the end of the previous fiscal year, and the number of overseas karaoke facilities totaled 21, consisting of nine in Singapore, eight in South Korea, three in Malaysia and one in Thailand. Renovations were carried out at 42 karaoke locations in Japan.

Sales in the Karaoke segment were 35,732 million yen, up 11.9% year on year. The segment profit was 4,518 million yen, up 43.3%.

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 are taking 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 current fiscal year, the number of Curves fitness clubs in Japan was 1,991 (including 64 directly operated facilities), an increase of 79, or 4.1%, from the end of the previous fiscal year. The number of members decreased by 5,000, or 0.6%, to 822,000.

Sales in the Curves segment were 28,036 million yen, up 0.4% year on year, and the segment profit was 5,679 million yen, up 6.3%.

Bath House

Bath houses made improvements to create an atmosphere that makes people want to stay longer and added new food and beverage items. There were also more investments in energy-saving equipment. All these activities improved bath house operations in terms of both quality and quantity.

Sales in the Bath House segment were 1,640 million yen, up 3.3% year on year. The segment profit was 108 million yen, up 51.0%.

Real Estate Management

Sales in the Real Estate Management segment were 431 million yen, up 37.6% year on year, and the segment profit was 59 million yen, down 55.6%.

(2) Financial Position

Financial position at the end of the current fiscal year is as follows.

Assets

Total assets at the end of the current fiscal year increased 3,729 million yen (5.5%) from the end of the previous fiscal year to 72,087 million yen.

Current assets increased 799 million yen (4.0%) to 20,762 million yen.

Property, plant and equipment increased 4,640 million yen (26.4%) to 22,192 million yen. This was mainly due to a 3,325 million yen increase in buildings and structures, net.

Intangible assets decreased 2,091 million yen (8.5%) to 22,536 million yen. This was mainly due to decreases of 1,539 million yen in trademark right and 353 million yen in goodwill.

Investments and other assets increased 381 million yen (6.1%) to 6,596 million yen. This was mainly due to a 436 million yen increase in leasehold and guarantee deposits.

Total non-current assets increased 2,930 million yen (6.1%) to 51,324 million yen.

Liabilities

Current liabilities increased 195 million yen (1.3%) to 15,023 million yen. This was mainly due to a decrease of 641 million yen in current portion of long-term loans payable, and increases of 520 million yen in accounts payable-other and 335 million yen in accrued expenses.

Non-current liabilities decreased 1,583 million yen (5.9%) to 25,249 million yen. This was mainly due to a 1,436 million yen decrease in long-term loans payable.

Total liabilities decreased 1,387 million yen (3.3%) to 40,272 million yen.

Net assets

Net assets increased 5,117 million yen (19.2%) to 31,815 million yen. This was mainly due to an increase of 5,332 million yen in retained earnings.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year increased 641 million yen from the end of the previous fiscal year to 12,530 million yen.

The cash flow components during the current fiscal year and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities totaled 12,577 million yen, an increase of 4,250 million yen from 8,327 million yen provided in the previous fiscal year. Main factors include increases of 1,140 million yen in profit before income taxes and 816 million yen in amortization of trademarks, and a decrease of 722 million yen in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities totaled 8,732 million yen, a decrease of 14,673 million yen from 23,405 million yen used in the previous fiscal year. Main factors include a decrease of 18,405 million yen in purchase of investments in subsidiaries resulting in change in scope of consolidation and an increase of 3,271 million yen in purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities totaled 3,193 million yen, a decrease of 16,469 million yen from 13,276 million yen provided in the previous fiscal year. Main factors include a decrease of 15,597 million yen in proceeds from long-term loans payable.

(4) Outlook

Changes in various global events, notably the U.S.-China trade conflict, will have a significant effect on the economic outlook. However, Japan’s economy will probably remain stable with the support of strong corporate earnings and consumer spending as well is expected to be steady as the labor market continues to recover.

In this environment, business segment forecasts are as follows.

Karaoke

To increase the number of large karaoke facilities along with the total number of rooms we operate, we are opening new locations, chiefly in prime shopping areas near railway stations, and enlarging and relocating existing locations. Other actions are aimed at raising the efficiency of our karaoke network and boosting the productivity of each location. The objective of all these initiatives is more growth.

As one important step to accomplish this goal, we plan to recruit and train a large number of people. At our Maneki-Juku training center, we are further upgrading the employee education skills that we have acquired over many years. We will step up activities to make services even more systemized and automated so that employees can spend more of their time serving customers. Another goal is to create new services that involve development activities.

In other countries, we opened the first karaoke location in Thailand and started increasing the number of locations in Malaysia. In addition, preparations are under way to start karaoke operations in other countries in this region.

Due to these initiatives, we forecast a 13.4% increase in Karaoke segment sales to 40,511 million yen.

Curves

As Japan’s population rapidly ages, Curves is dedicated to helping solve the social problem of enabling people to enjoy more years of good health. However, we believe that the size and breadth of business operations is still inadequate to accomplish this goal.

There will be many actions aimed at growth. We plan to create new ways to increase the number of members at current business formats. Also, in order to operate a large number of fitness clubs, we will upgrade the business format of Men's Curves, a fitness gym exclusively for men, and plan to create completely new types of services that enable people to enjoy exercising. Another goal is developing new protein products with even better health benefits.

Consequently, we forecast a 4.3% increase in Curves segment sales to 29,236 million yen.

Bath House

We are taking a variety of actions to increase customer satisfaction, such as update of existing amenities in bath houses. We are also making investments for even better energy efficiency. Our goals are the growth of this business along with higher profitability.

We forecast a 1.5% increase in the Bath House segment sales to 1,664 million yen.

Real Estate Management

We forecast a 43.2% increase in Real Estate Management segment sales to 618 million yen.

Overall, we forecast consolidated net sales of 72,029 million yen, up 9.4%, operating profit of 11,054 million yen, up 16.3%, ordinary profit of 11,049 million yen, up 15.5%, and profit attributable to owners of parent of 7,369 million yen, up 18.3% for the fiscal year ending August 31, 2020.

The above forecast is that in the case where the Spin-off is not implemented. Please refer to [Reference] in the summary information for earnings forecast for the fiscal year ending August 31, 2020 in the case where the Spin-off is implemented.

2. Basic Approach to the Selection of Accounting Standards

The Koshidaka Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will consider the use of International Financial Reporting Standards (IFRS) in the future based on changes in foreign ownership of our stock, the growth of our overseas operations and other factors.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY8/18 (As of Aug. 31, 2018)	FY8/19 (As of Aug. 31, 2019)
Assets		
Current assets		
Cash and deposits	11,926,326	12,582,028
Notes and accounts receivable-trade	3,824,364	3,870,289
Merchandise	944,185	915,186
Raw materials and supplies	179,193	196,689
Other	3,105,386	3,233,954
Allowance for doubtful accounts	(16,317)	(35,701)
Total current assets	19,963,138	20,762,447
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,149,729	28,522,017
Accumulated depreciation	(10,655,877)	(12,702,893)
Buildings and structures, net	12,493,852	15,819,123
Vehicles, tools, furniture and fixtures	12,399,499	14,020,752
Accumulated depreciation	(9,369,109)	(10,561,915)
Vehicles, tools, furniture and fixtures, net	3,030,389	3,458,837
Land	1,965,917	2,815,162
Leased assets	538,486	538,486
Accumulated depreciation	(507,684)	(518,171)
Leased assets, net	30,801	20,314
Construction in progress	31,412	79,280
Total property, plant and equipment	17,552,375	22,192,717
Intangible assets		
Goodwill	1,965,454	1,611,996
Trademark right	20,559,362	19,020,017
Software	791,047	855,811
Other	1,311,693	1,048,297
Total intangible assets	24,627,557	22,536,122
Investments and other assets		
Investment securities	932,066	867,230
Long-term loans receivable	649,405	628,150
Long-term prepaid expenses	47,986	31,115
Leasehold and guarantee deposits	3,522,191	3,958,898
Deferred tax assets	984,128	1,109,984
Other	188,217	176,689
Allowance for doubtful accounts	(109,587)	(175,965)
Total investments and other assets	6,214,409	6,596,103
Total non-current assets	48,394,341	51,324,943
Total assets	68,357,480	72,087,391

(Thousands of yen)

	FY8/18 (As of Aug. 31, 2018)	FY8/19 (As of Aug. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,430,957	2,476,545
Current portion of long-term loans payable	4,787,866	4,146,163
Lease obligations	20,452	6,957
Accounts payable-other	1,337,875	1,858,567
Accrued expenses	1,096,081	1,431,285
Income taxes payable	1,873,817	1,715,689
Provision for bonuses	395,052	406,421
Deposits received	1,806,372	1,893,317
Other	1,079,163	1,088,143
Total current liabilities	14,827,639	15,023,091
Non-current liabilities		
Long-term loans payable	19,533,844	18,097,681
Lease obligations	6,721	-
Deferred tax liabilities	5,028,123	4,329,366
Asset retirement obligations	1,981,839	2,427,259
Other	282,069	394,912
Total non-current liabilities	26,832,597	25,249,219
Total liabilities	41,660,236	40,272,310
Net assets		
Shareholders' equity		
Capital stock	2,070,257	2,070,257
Capital surplus	2,335,577	3,302,786
Retained earnings	21,115,366	26,447,399
Treasury shares	(301,538)	(301,538)
Total shareholders' equity	25,219,662	31,518,904
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,171	41,656
Foreign currency translation adjustment	402,722	254,520
Total accumulated other comprehensive income	436,893	296,176
Non-controlling interests	1,040,687	-
Total net assets	26,697,244	31,815,081
Total liabilities and net assets	68,357,480	72,087,391

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)	FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)
Net sales	61,771,031	65,840,277
Cost of sales	45,064,587	46,077,885
Gross profit	16,706,443	19,762,391
Selling, general and administrative expenses	8,848,328	10,254,457
Operating profit	7,858,115	9,507,934
Non-operating income		
Interest and dividend income	14,727	13,806
Foreign exchange gains	302,944	-
Store relocation compensation	91,000	-
Co-sponsor fee	58,291	-
Cancellation income	-	442,765
Reversal of allowance for doubtful accounts	-	4,557
Other	132,811	159,562
Total non-operating income	599,774	620,691
Non-operating expenses		
Interest expenses	47,185	71,582
Commission expenses	102,200	26,500
Foreign exchange losses	-	262,813
Loss on valuation of investment securities	-	53,623
Provision of allowance for doubtful accounts	73,359	75,000
Other	27,251	76,833
Total non-operating expenses	249,996	566,353
Ordinary profit	8,207,893	9,562,273
Extraordinary income		
Gain on sales of non-current assets	381	2,972
Total extraordinary income	381	2,972
Extraordinary losses		
Loss on retirement of non-current assets	60,115	50,179
Impairment loss	435,548	320,253
Loss on liquidation of subsidiaries and associates	-	144,410
Loss on valuation of shares of subsidiaries and associates	24,650	221,758
Total extraordinary losses	520,314	736,601
Profit before income taxes	7,687,959	8,828,644
Income taxes-current	3,013,682	3,225,065
Income taxes-deferred	(116,979)	(792,757)
Total income taxes	2,896,703	2,432,308
Profit	4,791,256	6,396,335
Profit attributable to non-controlling interests	364,657	169,801
Profit attributable to owners of parent	4,426,599	6,226,534

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)	FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)
Profit	4,791,256	6,396,335
Other comprehensive income		
Valuation difference on available-for-sale securities	(736)	7,485
Foreign currency translation adjustment	343,063	(148,202)
Total other comprehensive income	342,326	(140,717)
Comprehensive income	5,133,583	6,255,618
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,768,925	6,085,817
Comprehensive income attributable to non-controlling interests	364,657	169,801

(3) Consolidated Statement of Changes in Equity

FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,070,257	2,335,577	17,461,291	(301,401)	21,565,724
Changes of items during period					
Dividends of surplus			(772,524)		(772,524)
Profit attributable to owners of parent			4,426,599		4,426,599
Purchase of treasury shares				(136)	(136)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,654,074	(136)	3,653,938
Balance at end of current period	2,070,257	2,335,577	21,115,366	(301,538)	25,219,662

(Thousands of yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	34,907	59,659	94,567	1,003,506	22,663,798
Changes of items during period					
Dividends of surplus					(772,524)
Profit attributable to owners of parent					4,426,599
Purchase of treasury shares					(136)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity	(736)	343,063	342,326	37,180	379,506
Total changes of items during period	(736)	343,063	342,326	37,180	4,033,445
Balance at end of current period	34,171	402,722	436,893	1,040,687	26,697,244

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,070,257	2,335,577	21,115,366	(301,538)	25,219,662
Changes of items during period					
Dividends of surplus			(894,501)		(894,501)
Profit attributable to owners of parent			6,226,534		6,226,534
Purchase of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests		967,208			967,208
Net changes of items other than shareholders' equity					
Total changes of items during period	-	967,208	5,332,033	-	6,299,241
Balance at end of current period	2,070,257	3,302,786	26,447,399	(301,538)	31,518,904

(Thousands of yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	34,171	402,722	436,893	1,040,687	26,697,244
Changes of items during period					
Dividends of surplus					(894,501)
Profit attributable to owners of parent					6,226,534
Purchase of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests					967,208
Net changes of items other than shareholders' equity	7,485	(148,202)	(140,717)	(1,040,687)	(1,181,404)
Total changes of items during period	7,485	(148,202)	(140,717)	(1,040,687)	5,117,837
Balance at end of current period	41,656	254,520	296,176	-	31,815,081

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)	FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	7,687,959	8,828,644
Depreciation	3,581,895	4,095,905
Impairment loss	435,548	320,253
Amortization of goodwill	473,118	262,137
Amortization of trademarks	242,178	1,059,054
Increase (decrease) in provision for bonuses	60,533	11,369
Increase (decrease) in allowance for doubtful accounts	70,841	85,761
Interest and dividend income	(14,727)	(13,806)
Interest expenses	47,185	71,582
Loss (gain) on sales of property, plant and equipment	(381)	(1,743)
Decrease (increase) in notes and accounts receivable-trade	(587,477)	(52,974)
Decrease (increase) in inventories	27,731	9,332
Increase (decrease) in notes and accounts payable-trade	232,970	46,500
Increase (decrease) in accounts payable-other and accrued expenses	71,506	451,143
Other, net	136,201	845,095
Subtotal	12,465,087	16,018,256
Interest and dividend income received	14,727	13,806
Interest expenses paid	(47,119)	(71,633)
Income taxes paid	(4,105,573)	(3,382,664)
Net cash provided by (used in) operating activities	8,327,121	12,577,764
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,356,427)	(7,628,404)
Proceeds from sales of property, plant and equipment	381	5,579
Purchase of intangible assets	(465,809)	(420,505)
Purchase of investment securities	(267,863)	(165,549)
Proceeds from sales of investment securities	718,939	29,252
Payments for leasehold and guarantee deposits	(574,868)	(602,548)
Proceeds from collection of leasehold and guarantee deposits	52,025	89,708
Payments of loans receivable	(111,996)	(218,848)
Collection of loans receivable	61,806	251,799
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(18,405,198)	-
Purchase of shares of subsidiaries	-	(108,897)
Proceeds from sales of shares of subsidiaries	-	0
Other, net	(56,652)	36,033
Net cash provided by (used in) investing activities	(23,405,662)	(8,732,380)

	(Thousands of yen)	
	FY8/18	FY8/19
	(Sep. 1, 2017 – Aug. 31, 2018)	(Sep. 1, 2018 – Aug. 31, 2019)
Cash flows from financing activities		
Proceeds from long-term loans payable	18,297,800	2,700,000
Repayments of long-term loans payable	(3,815,738)	(4,777,866)
Purchase of treasury shares	(136)	-
Repayments of lease obligations	(33,383)	(21,037)
Cash dividends paid	(772,524)	(894,501)
Dividends paid to non-controlling interests	(400,000)	(200,000)
Net cash provided by (used in) financing activities	13,276,016	(3,193,404)
Effect of exchange rate change on cash and cash equivalents	(63,353)	(10,849)
Net increase (decrease) in cash and cash equivalents	(1,865,877)	641,130
Cash and cash equivalents at beginning of period	13,754,885	11,889,007
Cash and cash equivalents at end of period	11,889,007	12,530,137

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Segment and Other Information

Segment information

1. Overview of reportable segments

(1) Method of determining the reportable segments

Segments used for financial reporting are the Koshidaka Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Koshidaka Group uses a holding company structure. Under Koshidaka Holdings, a holding company, each subsidiary determines comprehensive strategies for services they provide and develops business operations.

Consequently, business operations are divided into segments based on services provided by each subsidiary, resulting in the following four reportable segments.

(2) Services by each reportable segment

- 1) Karaoke is the operations of the network of karaoke facilities.
- 2) Curves is the operations of Curves fitness clubs, both franchised and directly operated locations.
- 3) Bath House is the operation of bath house facilities.
- 4) Real Estate Management is the leasing and management of real estate.

2. Calculation methods for net sales, profit/loss, assets, liabilities and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are operating profit.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit/loss, assets, liabilities and other items for each reportable segment

FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)

(Thousands of yen)

	Reportable segment				Total	Adjustment (Notes 1 and 2)	Amounts shown on consolidated financial statements (Note 3)
	Karaoke	Curves	Bath House	Real Estate Management			
Net sales							
External sales	31,936,452	27,933,448	1,587,484	313,644	61,771,031	-	61,771,031
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	31,936,452	27,933,448	1,587,484	313,644	61,771,031	-	61,771,031
Segment profit (loss)	3,153,438	5,345,320	71,885	133,570	8,704,215	(846,100)	7,858,115
Segment assets	19,942,277	37,433,323	679,331	3,746,393	61,801,325	6,556,155	68,357,480
Other items							
Depreciation	3,044,097	578,400	86,040	79,647	3,788,185	35,889	3,824,074
Amortization of goodwill	451,247	21,870	-	-	473,118	-	473,118
Impairment loss	435,548	-	-	-	435,548	-	435,548
Increase in property, plant and equipment and intangible assets	4,028,979	424,176	133,552	3,459	4,590,168	13,695	4,603,864

Notes: 1. The -846,100 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. The 6,556,155 thousand yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly include excess working capital (cash and investment securities) and assets related to the administrative division.

3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

(Thousands of yen)

	Reportable segment				Total	Adjustment (Notes 1 and 2)	Amounts shown on consolidated financial statements (Note 3)
	Karaoke	Curves	Bath House	Real Estate Management			
Net sales							
External sales	35,732,033	28,036,688	1,640,035	431,518	65,840,277	-	65,840,277
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	35,732,033	28,036,688	1,640,035	431,518	65,840,277	-	65,840,277
Segment profit (loss)	4,518,899	5,679,427	108,513	59,354	10,366,194	(858,259)	9,507,934
Segment assets	22,499,400	34,133,666	656,777	6,810,705	64,100,549	7,986,841	72,087,391
Other items							
Depreciation	3,125,314	1,757,421	89,439	144,720	5,116,895	38,063	5,154,959
Amortization of goodwill	181,701	80,435	-	-	262,137	-	262,137
Impairment loss	320,253	-	-	-	320,253	-	320,253
Increase in property, plant and equipment and intangible assets	5,332,144	388,853	51,940	2,730,666	8,503,604	22,652	8,526,256

Notes: 1. The -858,259 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

2. The 7,986,841 thousand yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly include excess working capital (cash and investment securities) and assets related to the administrative division.

3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

Related information

FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

This information is omitted because external sales in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of net sales on the consolidated statement of income.

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

This information is omitted because external sales in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of net sales on the consolidated statement of income.

Information related to impairment losses on non-current assets for each reportable segment

FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)

This information is omitted because the same information is presented in segment information.

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

This information is omitted because the same information is presented in segment information.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)

(Thousands of yen)

	Karaoke	Curves	Bath House	Real Estate Management	Elimination or corporate	Total
Goodwill amortization	451,247	21,870	-	-	-	473,118
Balance at the end of the period	323,803	1,641,651	-	-	-	1,965,454

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

(Thousands of yen)

	Karaoke	Curves	Bath House	Real Estate Management	Elimination or corporate	Total
Goodwill amortization	181,701	80,435	-	-	-	262,137
Balance at the end of the period	155,895	1,456,101	-	-	-	1,611,996

Information related to gain on bargain purchase for each reportable segment

FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)

Not applicable.

FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)

Not applicable.

Per-share Information

(Yen)

FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)	FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)
Net assets per share 315.51	Net assets per share 391.24
Net income per share 54.44	Net income per share 76.57
Diluted net income per share is not presented because there are no outstanding dilutive securities.	Diluted net income per share is not presented because there are no outstanding dilutive securities.

Notes: 1. The Company's stock held by the employee stock ownership plan (J-ESOP) is included in treasury shares and is thus deducted from the number of shares outstanding at the end of each fiscal year that was used to calculate net assets per share. (The number of shares of the Company's stock held by the trust was 980,000 shares each as of August 31, 2018 and 2019.)

In addition, for the calculation of net income per share, this J-ESOP trust stock is included in treasury shares, which is deducted from the calculation of the average number of shares outstanding during the fiscal year. (The number of shares of the Company's stock held by the trust was 980,000 shares each as of August 31, 2018 and 2019.)

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

3. The basis for calculating net income per share is as follows:

(Thousands of yen)

	FY8/18 (Sep. 1, 2017 – Aug. 31, 2018)	FY8/19 (Sep. 1, 2018 – Aug. 31, 2019)
Profit attributable to owners of parent	4,426,599	6,226,534
Amounts not available to common shareholders	-	-
Net income available to common stock	4,426,599	6,226,534
Average number of shares outstanding during the period (Shares)	81,318,345	81,318,284

Material Subsequent Events

Not applicable.

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.