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Supplementary Material: Consolidated Results of Operations for 3Q of FY ending August 31, 2021

July 9, 2021

TSE Sec 1: 7085 CURVES HOLDINGS Co., Ltd.

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Consolidated Results of Operations for 3Q of FY 8/2021

Consolidated Statement of Income

(million yen)

	FY 8/2021(current) Nine Months(Sep-May)Actual	FY 8/2020(previous) Nine Months(Sep-May)Actual	Year on year	FY 8/2021(current) 3Q(Mar-May)Actual
Sales	18,170	19,559	92.9%	6,278
Cost of Sales	10,503	12,163	86.4%	3,575
(Cost of Sales Ratio)	57.8%	62.2%		56.9%
SGA	6,352	5,667	112.1%	2,260
incl. Amortization for goodwill and trademarks	805	825	97.6%	271
Operating Profit	1,314	1,728	76.1%	443
(Operating Ratio)	7.2%	8.8%		7.1%
Ordinary Profit	1,421	1,732	82.0%	751
Etraordinary Income	-	-	-	-
Extraordinary Loss	1	4	35.4%	1
Net Profit	824	1,122	73.5%	477
(Net Profit Ratio)	4.5%	5.7%		7.6%



Consolidated Statement of Income (by region)

(million yen)

	FY 8/2021(current)		FY 8/2020(previous)		Voor on voor	FY 8/2021(current)	
	Nine Months(Sep-May)Actual	To Sales	Nine Months(Sep-May)Actual	To Sales	Year on year	3Q(Mar-May)Actual	To Sales
Sales	18,170	100.0%	19,559	100.0%	92.9%	6,278	100.0%
Domestic	17,990	99.0%	19,147	97.9%	94.0%	6,214	99.0%
International	180	1.0%	411	2.1%	43.7%	64	1.0%
Operating Profit	1,314		1,728		76.1%	443	
Domestic	2,680		2,899		92.5%	920	
International	-390		-192		-	-136	
Adjustments	-975		-978		-	-341	

* Sales and Operating Profit for the International segment

The international segment comprises of the global franchise business and European franchiser operations by 2 subsidiaries (Curves International, Inc. and Curves Europe B.V.). Sales and operating profit for the international segment do not include incomes from royalty fees and equipment sales from the domestic business to Curves International, as well as the costs for management fee payments from the 2 subsidiaries to the Japanese entity.

* Adjustments for operating profit

Expenses not attributable to specific regions, including amortizations for goodwill and trademark rights.



Composition of Sales

Spot Income: One time incomes from franchise sales and renewal of FA

- Income from license fee and new equipment sales for new club opening
- Income from Franchise Agreement renewal for equipment sales, etc.

Base Income: Ongoing incomes associated with numbers of clubs and members

Royalty fee, etc.

Royalty fees and membership administrative fees etc received from franchisees

Other incomes from franchisees

Merchandise for members

Merchandise for members

Merchandise sales for members. Direct sale by the group to members and sales commission paid to franchisees.

Corporate-owned clubs

Others

Others

Domestic (Japan)

International



Breakdown of Sales

(million yen)

	FY 8/2021(currer	nt)	FY 8/2020(previo	us)	Year on year	(million yen) FY 8/2021(curr
	Nine Months(Sep-May)Actual	To Sales	Nine Months(Sep-May)Actual	To Sales		3Q(Mar-May)Actual
Sales	18,170	100.0%	19,559	100.0%	92.9%	6,278
Domestic	17,990	99.0%	19,147	97.9%	94.0%	6,214
Spot	382	2.1%	586	3.0%	65.3%	112
Base	17,607	96.9%	18,560	94.9%	94.9%	6,102
Royalty,etc	4,125	22.7%	4,027	20.6%	102.5%	1,420
Franchisees other	1,250	6.9%	1,310	6.7%	95.4%	406
Merchandise	10,637	58.5%	10,787	55.2%	98.6%	3,728
Corporate clubs	1,522	8.4%	1,295	6.6%	117.5%	522
Other	71	0.4%	65	0.3%	108.9%	24
Ad funds*	-	-	1,073	5.5%	-	
International	180	1.0%	411	2.1%	43.7%	64

^{*} Ad funds which was included in the Base Income up to FY 8/2020 is not recognized in Sales as from FY 8/2021. Marketing costs exceeding Ad funds collected from franchisees are recognized as SGA expenses.



Breakdown of Sales by Quarter

(million yen)

							(million yen)
		20/	/08			21/08	
	1Q (9-11)	2Q (12-2)	3Q (3-5)	4Q (6-8)	1Q (9-11)	2Q (12-2)	3Q (3-5)
Sales	7,335	7,096	5,127	5,523	5,719	6,172	6,278
Domestic	7,200	6,979	4,967	5,474	5,679	6,096	6,214
Spot	233	186	167	194	141	128	112
Base	6,967	6,793	4,800	5,280	5,537	5,968	6,102
Royalty, etc.	1,676	1,611	738	1,182	1,346	1,359	1,420
Franchisees other	560	453	296	253	485	358	406
Merchandise	3,376	3,892	3,518	3,246	3,193	3,716	3,728
Corporate clubs	555	567	173	401	488	511	522
Other	21	28	15	18	23	23	24
Ad funds	776	239	57	177	-	-	-
International	134	117	159	49	40	75	64
Active members end period	864K	832K	545K	600K	689K	641K	681K
Club count	2,008	2,014	2,019	2,020	2,000	1,988	1,974

^{*} Ad funds which was included in the Base Income up to FY 8/2020 is not recognized in Sales as from FY 8/2021. Marketing costs exceeding Ad funds collected from franchisees are recognized as SGA expenses.



Consolidated Statement of Income - Topics

mparison to				
	Sales	Operating Profit	Ordinary Profit	Net Profit
3Q	6,270 M yen	440 M yen	750 M yen	470 M yen
(Mar-May)	(+100 M yen to 2Q)	(-430 M yen to 2Q)	(- 20 M yen to 2Q)	(-10 M yen to 2Q)
2Q (Dec - Feb)	6,170 M yen	880 M yen	770 M yen	490 M yen

Sales

1 Royalty Fee incomes are in recovery trend

- Royalty fee income and corporate club sales are steady with recovery of total actual members.
- Media mix marketing with TV CM and Web advertisements was enhanced in Apr/May, new sign-ups were steady even under the State of Emergency declared, attrition rate came in lower than pre-Covid 19 level, and actual members increased by 39K from 2Q end, reaching 681K members.

②Merchandise sales saw growth from 2Q with higher per-customer sales

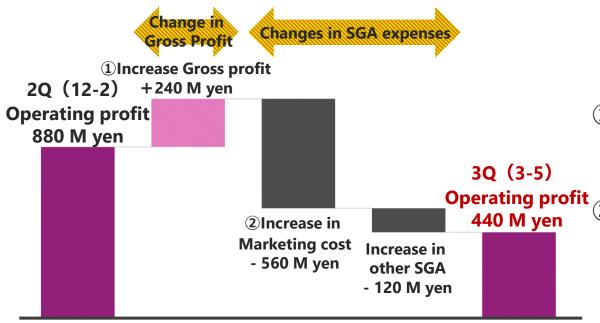
• In merchandise sales, the subscription rate slightly dropped with no active campaign for new subscriptions done under the State of Emergency. Overall sales, however, grew strong with higher per-customer sales resulting from existing subscribers having switched to new high-function products.



Consolidated Statement of Income - Topics

Profit

[Operating Profit] Changes in 3Q (Mar-May) from 2Q (Dec-Feb)



- ①Gross profit increased with higher sales and lower cost of goods sold.
- **2** SGA expenses increased due to enhanced marketing including TV CM etc.

[Ordinary Profit]

In 3Q (Mar-May), we had 80 million yen of currency exchange gain (non-operating incomes) from the yen-based loans to overseas subsidiaries due to weaker yen (compared to 100 million yen loss in 2Q). No effects in cash flows.



Consolidated Balance Sheet

(million yen)

	FY 8/2021 End 3Q	FY 8/2020 End fiscal year	Changes
Current assets	14,970	15,275	-304
Cash and deposits	9,819	9,533	285
Notes and accounts receivable	3,662	3,243	419
Merchandise	1,231	1,511	-279
Income taxes refunds receivable	26	480	-454
Non-current assets	21,518	21,562	-44
Property, plant and equipment	491	326	164
Intangible assets	20,449	20,789	-339
Goodwill	1,368	1,392	-24
Trademark rights	17,711	17,997	-285
Software	783	666	117
Investments and other assets	577	446	130
Total assets	36,488	36,837	-349
Current liabilities	8,552	7,262	1,289
Current portion of long term borrowings	2,777	1,840	937
Non-current liabilities	19,065	21,432	-2,367
Long-term borrowings	15,102	17,420	-2,317
Total liabilities	27,617	28,695	-1,077
Interest-bearing debts	17,880	19,260	-1,380
Total net assets	8,871	8,142	728
Shareholders' equity	8,360	8,005	355
Total liabilities and net assets	36,488	36,837	-349



+40 M yen

Changes in Cash Flows

Cash and cash equivalents increased by 300 million yen in 3Q (Mar-May), Balance at end period 9.8 billion yen

1 Profit before tax/depreciation/amortization	+1.2 _{B yen}
②Increase in accounts payables	$+380_{M yen}$
3 Currency exchange gain due to weaker yen	$-280_{M yen}$
4 Payments of income taxes	$-250_{M yen}$
⑤ Acquisition of fixed assets	$-330_{M yen}$
© Repayments of borrowings per plan ②Increase in Accounts payables + 380 M yen T/D/A +1.2 B yen ③ Exchange gain -280 M yen ④ Payments of Income taxes -250 M yen ⑤ Acquisition of Fixed assets	-460 _{M yen} Increase other cash +300 M yer

-330 M yen



Business Outline and Updates for 3Q

Effects of the COVID State of Emergency

State of Emergency issued in Tokyo/Osaka since April 25 No direct requirement to close Curves

- Except, some Curves clubs were closed inside large retail facilities like shopping centers exceeding 1000 m2 that were required to close (including Sat/Sun only).
- Since June 1, sports clubs were not required to close regardless of sizes as "essential services", but hours were limited until 8 pm. (No effects on Curves because no clubs are open after 8 pm.)

Period	Closed	Area
Sun 4/25 – Tue 5/11	Up to 31 clubs closed all day	Tokyo, Osaka, Kyoto, Hyogo
Wed 5/12 – Mon 5/31	Up to 6 clubs closed all day	Tokyo, Osaka
Wed 6/1 – Sun 6/20	No clubs closed all day	

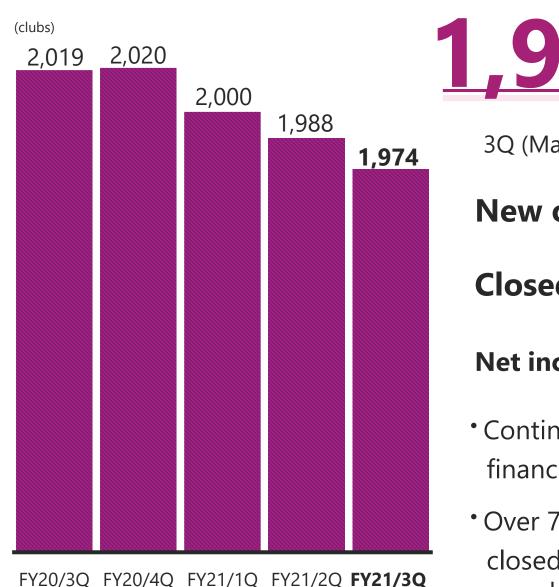
^{*} Up to 34 clubs after 5/12 and up to 7 clubs after 6/1 were closed on Saturday only.

Relief measures taken for members during closures

- Recommended special plans to allow members to use other clubs or Online Fitness "Ouchi-de-Curves" to encourage them to continue their exercise habit.
 Approx. 70% members have registered.
- Refunded fees for closed days to those members not registering special plans.
- Clubs closed Saturday only opened alternative days in following months.



Total Club Count



.974 clubs in Japan

3Q (March-May)

New open

Closed

Net increase

17_{clubs}

-14_{clubs}

- Continued to close/merge clubs financially affected by COVID.
- Over 70% of members in clubs closed in 3Q have transferred to near-by clubs.



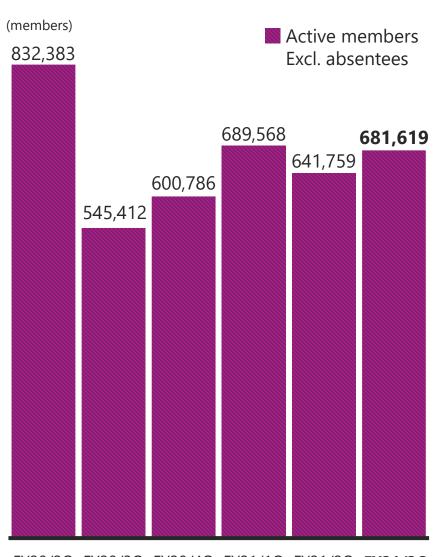
(May/2020)

(Aug/2020)

(Nov/2020)

(Feb/2021)

Total Active Members



FY20/2Q FY20/3Q FY20/4Q FY21/1Q FY21/2Q **FY21/3Q** (Feb/2020) (May/2020) (Aug/2020) (Nov/2020) (Feb/2021) (May/2021)

681 K active members excl. absentees

Compared to end 2Q FY 2021

Compared to end 2Q = 150K

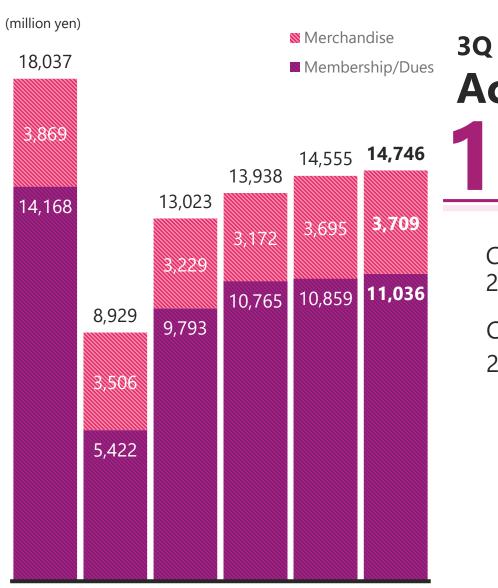
+ 39K

- •Special Absentee Program ended in March about 50% of absentees returned.
- ·New sign-ups increased with membership drive in Apr/May.
- ·Attrition rate stayed low (2.4% for March/May)



Have achieved net growth each month March thru May. Still in the process of returning back to the pre-COVID level.

Chain-wide Sales



3Q FY 8/2021

Actual

14.74 Billion yen

Compared to end 2Q FY 2021

Compared to end 2Q FY 2020

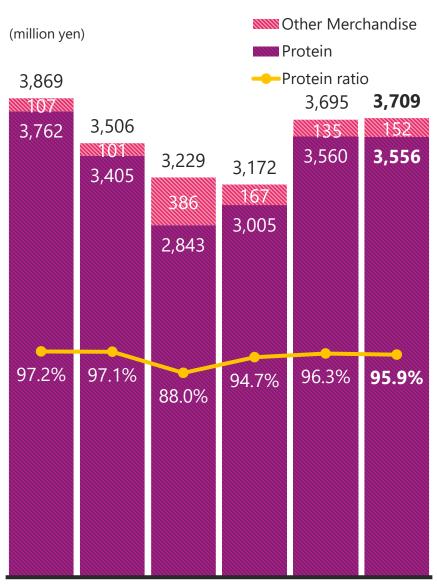
101.3%

81.8%

FY20/2Q FY20/3Q FY20/4Q FY21/1Q FY21/2Q **FY21/3Q**



Merchandise Sales



3Q FY 8/2021

Actual

Billion yen

2Q FY 2021

Compared to end 2Q FY 2020

(Protein ratio)

Compared to end 100.4%

95.9%

95.9%

FY20/2Q FY20/3Q FY20/4Q FY21/1Q FY21/2Q FY21/3Q Curves

Framework of 2nd Half Strategies

Offering opportunities to start and make habit of exercising to more people in communities

Top priority strategy for 2nd Half of FY 8/2021:

Fast recovery of active members

Restore and solidify business foundations

-Raise member Satisfaction

-Recover and Stabilize franchisee earnings

Enhance marketing activities

-Word-of-mouth referral marketing -Media-mix marketing

Membership Drive (Apr-June)

New business model goes in full speed

Full roll-out of "Ouchi-de-Curves" online workout program

Membership Drive Campaign

1.Enhanced marketing with TV CM and membership drive campaign in Apr/June

- April: "5 workouts free for 'try and compare!' campaign"
- May/June: "2-week trial for body shapeup" free ticket campaign
 - **→**Under the impacts of the State of Emergency, new sign-ups exceeded the pre-COVID level in 2019.



2.Updates of Protein sales

- Over 30% of current Protein subscribers have switched to the new product, "Super Protein Premium Plus".
 - **→** Per-customer sales increased compared to 2Q.

3Q Topics

3.Updates of "Ouchi-de-Curves"

- Started enrolling new users in mid April
- About 13K members were registered at end May.
- Introduced new price plans offering flexible options to meet a variety of lifestyles and needs of members.

"Ouchi" Plan
 Dual Plan
 Both in-club and online are available.
 In-Club Plan
 In-club only as is in the regular membership

3Q Topics

4.Updates on "Men's Curves"

Men's Curves Hachinohe Lapia
 opened in May. (Hachinohe, Aomori)

First Men's Curves in Tohoku, Currently 7 clubs nation-wide



5. <u>Updates of International Operations</u>

- As of end 3/2021 in Europe, our key market, 51 only out of total 159 clubs are open.
 - * In the territories directly operated by the group franchisors only. Other territories, including Holland, Greece, East Europe, Russia, Ukraine, are operated by master licensees as franchisors.
 - * Operation results in international markets are consolidated in reports 2 months late due to the fiscal year ends.



Forecasts and Strategies for 4Q and Beyond

Positioning of FY 8/2021

[Changes in market environments]

- Expansion of health-related markets
 (Weight loss, improve immune system, prevent underlying illnesses)
- Rising demands for services requiring no physical contact (COVID After Effects)

Growth with new business model of in-club/online integration

Pursuing strong earnings recovery and establishing new business model by the end of 2022

FY 8/2021: Create a solid path to goals

Enhanced Marketing Continued

Media-mix marketing tied with TVCM rolled out in June/July

- "Word-of-mouth referral promotion marketing" is combined simultaneously, effectively supported by TVCM.
- Focusing on media-mix advertising including the web marketing and local promotion flyers.



"Diet Counseling Month" in July

 "Diet Counseling Month" in July offers counseling to members for achieving healthier diet and nutrition balance, tied with the promotion of dietary supplements such as Protein products.

Collaboration with Fujii Megumi, popular dietitian

15 min. easy and professional cooking

Healthy Protein Recipes, Tasty and Lean

Delivers a message of "Curves gets you both Exercise + Diet".

80,000 copies released

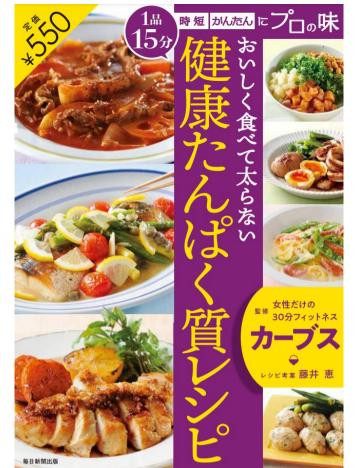
Amazon ranking

in 5 categories of "Easy recipes", "Nutrition", etc

No. 1 (6/2/2021)

Also ranked #1 in total monthly sales in many bookstores nation-wide





Revisions of Forecasts

Forecasts are revised reflecting operation results in 3Q and the current business environments

	9 months FY 8/2021		Annual FY 8/2021	
	Actual	Revised forecast	Previous forecast	Difference
Sales	18,170 Mil yen	24,400 Mil yen	24,000 Mil yen	+400 Mil yen
Operating profit	1,310 Mil yen	1,500 Mil yen	1,300 Mil yen	+200 Mil yen
Ordinary profit	1,420 Mil yen	1,590 Mil yen	1,100 Mil yen	+490 Mil yen
Net profit	820 Mil yen	950 Mil yen	720 Mil yen	+230 Mil yen
Total active members end period	681K members	680K members	700K members	-20K members
Club count	1,974 Clubs	1,958 Clubs	1,940 Clubs	+18 Clubs



Revision of Dividend Forecast

Our basic policy on the dividends is to achieve the consolidated payout ratio at 50%, while ensuring to maintain sufficient reserves needed for future operations and the optimization of financial strength.

Based on the basic policy and the revised forecasts of operations, the dividend forecast for FY 8/2021 is revised:

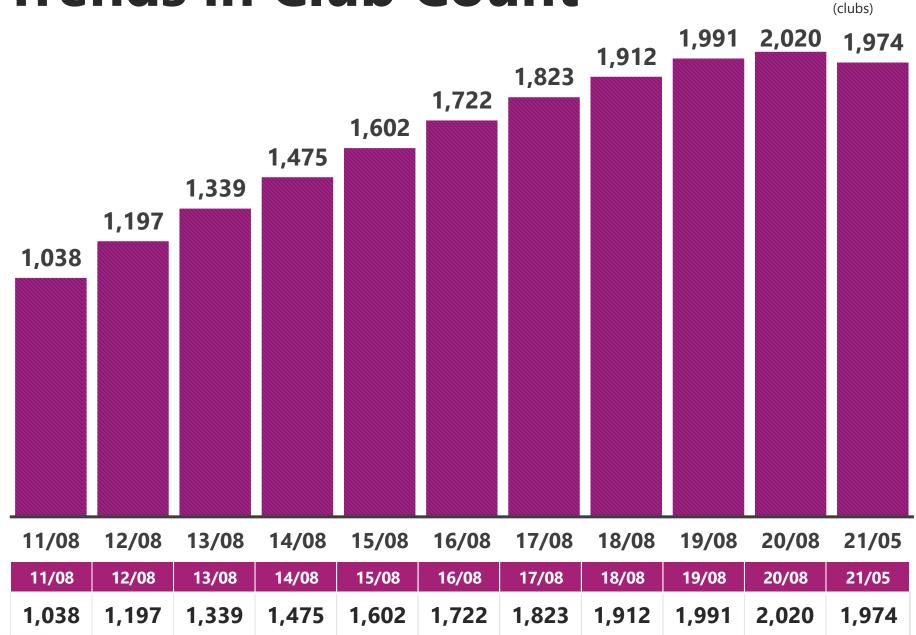
Annual dividend 4.0 yen (previous forecast 3.0 yen)

(Net earning per share: 10.15 yen, Consolidated payout ratio 39.4%)

Appendix

History of Curves Business

Trends in Club Count

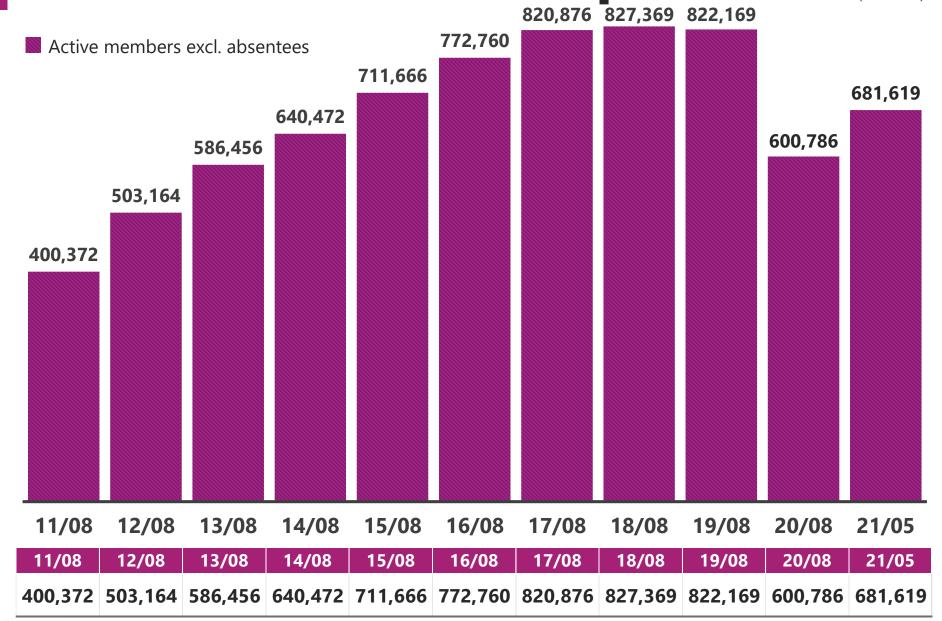


Curves



(members)

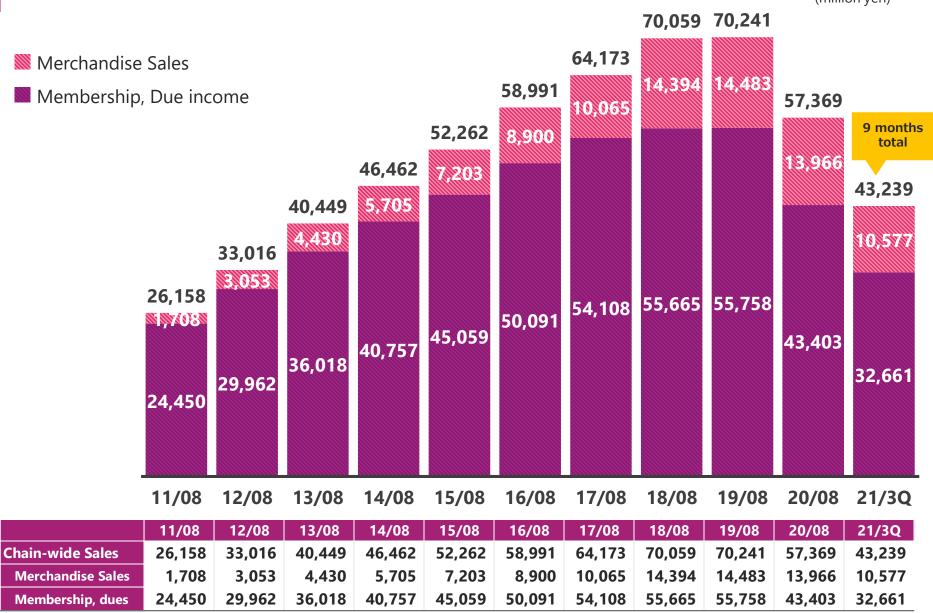
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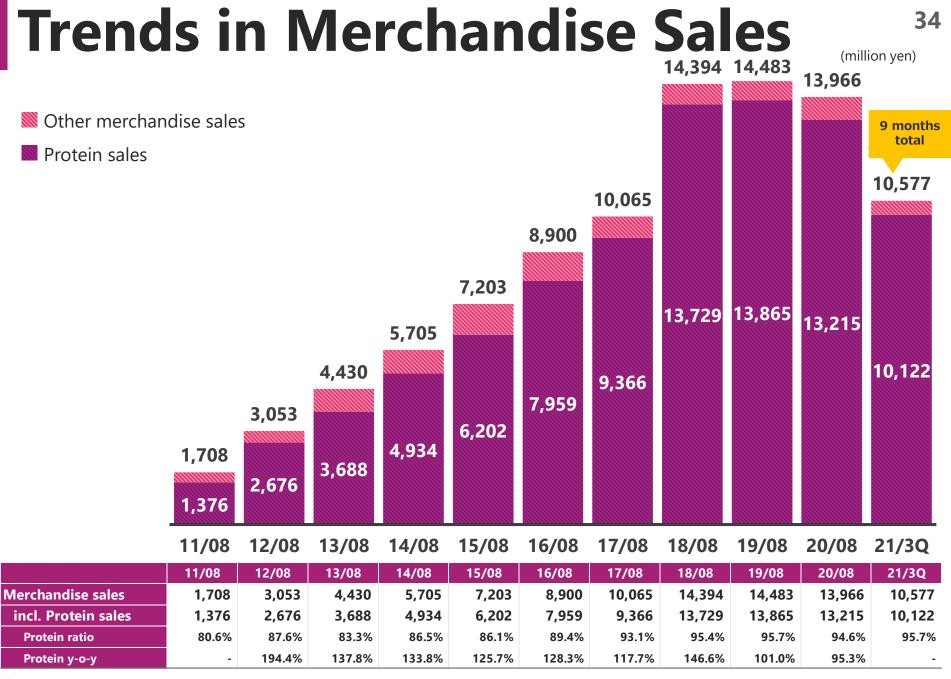


Curves

Trends in Chain-wide Sales

(million yen)







Trends in Consolidated Income Statement

(million yen)

_							(million yen)
		20/0	8			21/08	
	1Q	2Q	3Q	4Q	1Q	2Q	3 Q
Sales	7,335	7,096	5,127	5,523	5,719	6,172	6,278
Domestic	7,200	6,979	4,967	5,474	5,679	6,096	6,214
Spot	233	186	167	194	141	128	112
Base	6,967	6,793	4,800	5,280	5,537	5,968	6,102
Royalty, etc	1,676	1,611	738	1,182	1,346	1,359	1,420
Franchisee other	560	453	296	253	485	358	406
Merchandise	3,376	3,892	3,518	3,246	3,193	3,716	3,728
Corporate clubs	555	567	173	401	488	511	522
Other	21	28	15	18	23	23	24
Ad funds	776	239	57	177	-	-	
International	134	117	159	49	40	75	64
Gross profit	3,031	3,071	1,292	1,772	2,507	2,455	2,703
Operating profit	1,603	1,384	-1,259	-561	-10	882	443
Ordinary profit	1,592	1,453	-1,314	-567	-103	772	751
Net profit	1,099	956	-933	-358	-143	490	477
Active members end period	864K	832K	545K	600K	689K	641K	681k
Club count	2,008	2,014	2,019	2,020	2,000	1,988	1,974

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Curves Group Profile

Our Mission

By spreading the habits of correct exercise, we will help ourselves and our members have a better life, and resolve problems in our society.

Strengths of Curves Group

Essential value offered to our customers

"Making Habit of Healthy Lifestyle"

- Workout in club is not our essential value.
- Our essential value is to create the "habit of exercise" for those people with no experiences to start and continue exercises lifelong.
- The group's true strengths are to provide a space for the "exercise habit", communications and community.

We are currently reinventing the business model based on this principle.

Strengths of Curves Group

Our (Invisible) Assets

5 Engagements

(Strong bonds beyond simple customer satisfaction)

- **1** Engagement with customers
- **2** Engagement with franchisees
- **3** Engagement with employees
- **4** Engagement with society and community
- **5** Engagement with shareholders

Will continue to enhance the 5 engagements in the COVID preventive measures.

Strengths of Curves Group

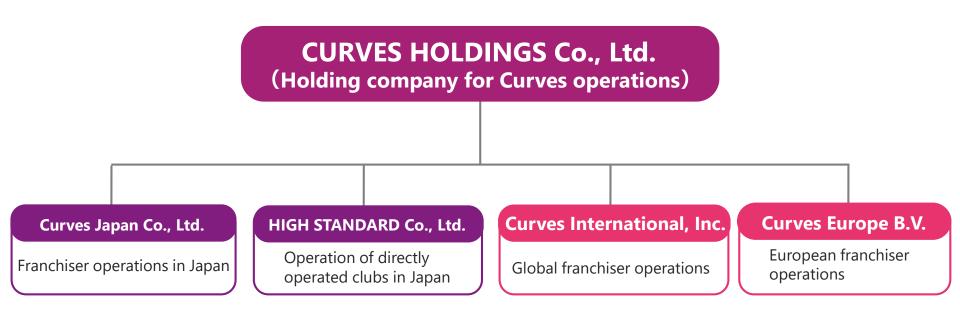
Management Technology

We have created new fitness market for elderly populations with franchisees

Experimental Thinking, Collective Wisdom, Management with Science

Speeding up the development of new business models and services.

Group Companies



Company Profile

Business Profile

- Operations of "Curves 30-min fitness clubs for women only"
- 1,974 clubs in Japan (75 corporate owned, 1,899 Franchisees)
 (as of the end May 2021)

Basic Data

Corporate Address: 11F, Shibaura Renasite Tower, 3-9-1
 Shibaura, Minato-ku, Tokyo

■ Founded(1): Feb 2005

■ Sales (2) : 25.0 billion Yen

■ Capital (2): 800 million Yen

Note:

(1) Shows date of incorporation of Curves Japan Co., Ltd. Curves Holdings was founded in October 2008. (2) Results of the FY August 31, 2020.

History

2/2005	Curves Japan founded by Venture Link Co. Ltd. (Acquired master license from Curves International)
3/2006	Rollout in Japan in franchising
6/2006	Opened 100 clubs
10/2008	Becomes Koshidaka Holdings' subsidiary
6/2011	Reached 1,000 clubs
6/2015	Opened 'Prevention Center Curves Odawara', the 1st Prevention Center certified by Kanagawa Pref
3/2018	Acquired Curves International, Inc. (global franchisor)
11/2018	Started Men's Curves (Chino)
7/2019	Acquired CFW International Management B.V. (currently Curves Europe B.V., European franchisor)
10/2019	Topped 2,000 clubs
3/2020	Listed in Tokyo Stock Exchange Section 1 with Stock Allocation Spin-off



For more information

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The purpose of this presentation is to provide information about the Curves Group based on results of operations for the 9months of the fiscal year ending August 31, 2021. This is not a solicitation to purchase securities issued by CURVES HOLDINGS Co., Ltd.

This presentation is based on information available as of July 9, 2021. Opinions, forecasts and other information represent the judgments of management at the time this presentation was prepared. Curves Holdings provides no guarantee or other assurance that the information in this presentation is accurate or complete and may revise information without prior notice.

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