

# Consolidated Financial Results for the Three Months Ended November 30, 2022 [Japanese GAAP]



January 11, 2023

Company name: CURVES HOLDINGS Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange Prime Market  
 Stock code: 7085  
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 Scheduled date of filing quarterly securities report: January 13, 2023  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary briefing material on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Three Months Ended November 30, 2022 (September 1, 2022 to November 30, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
November 30, 2022	6,935	7.3	632	28.2	720	34.4	466	47.7
November 30, 2021	6,460	13.0	493	–	536	–	315	–

(Note) Comprehensive income: Three months ended November 30, 2022: 1,411 million yen [up 205.3%]  
 Three months ended November 30, 2021: 462 million yen [–%]

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
November 30, 2022	5.07	–
November 30, 2021	3.37	–

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
November 30, 2022	38,446	13,439	35.0
August 31, 2022	38,352	12,355	32.2

(Reference) Equity: As of November 30, 2022: 13,439 million yen  
 As of August 31, 2022: 12,355 million yen

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2022	–	3.50	–	3.50	7.00
Fiscal year ending August 31, 2023	–				
Fiscal year ending August 31, 2023 (Forecast)		5.00	–	5.00	10.00

(Note) Revision to the forecast for dividends announced most recently: No

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2023 (September 1, 2022 to August 31, 2023)

(% indicates changes from the previous corresponding period.)

( % indicates changes from the previous corresponding period.)									
	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	14,600	8.6	1,905	10.2	1,950	5.4	1,269	5.2	13.79
Full year	30,000	9.1	3,700	34.9	3,710	12.0	2,422	7.8	26.32

(Note) Revision to the financial results forecast announced most recently: No

#### \* Notes:

(1) Changes in significant subsidiaries during the three months ended November 30, 2022 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Newly added: — (Name: ) Excluded: — (Name: )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Restatements: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

November 30, 2022: 93,857,493 shares

August 31, 2022: 93,857,493 shares

2) Total number of treasury shares at the end of the period:

November 30, 2022: 1,800,123 shares

August 31, 2022: 1,800,123 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Three months ended November 30, 2022: 92,057,370 shares

Three months ended November 30, 2021: 93,857,372 shares

(Note) The total number of treasury shares at the end of the period include shares of the Company (1,800,000 shares on November 30, 2022 and 1,800,000 shares on August 31, 2022) held by Custody Bank of Japan, Ltd. (Trust Account E). In addition, shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares that are subtracted in calculating the average number of shares during the period. (1,800,000 shares during the three months ended November 30, 2022 and 0 shares during the three months ended November 30, 2021)

\* This summary of the quarterly financial results is outside the scope of quarterly review by certified public accountants or audit firms.

\* Explanation of the proper use of financial results forecast and other notes

(Note on forward-looking statements, etc.)

The financial results forecast and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable by the Company. Such forward-looking statements are not intended to represent a commitment on the part of the Company to achieve them. Actual results may vary significantly due to various factors. See “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” in the section, “1. Qualitative Information on Quarterly Financial Results for the Period under Review,” on page 4 of the attached material for the assumptions used in the financial results forecast and precautions for using the financial results forecast.

(How to obtain supplementary briefing material on the financial results)

The Company will post supplementary briefing material on the financial results for this quarter on TDnet and the Company’s website (<https://www.curvesholdings.co.jp/>) on Wednesday, January 11, 2023.

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# 1. Qualitative Information on Quarterly Financial Results for the Period under Review

## (1) Explanation of Operations Results

The Group (the Company and consolidated subsidiaries, hereinafter referred to as the “Group”) has been striving to contribute to the extension of health life expectancy through its core business, Curves, a 30-minute fitness club for women. The Group has endeavored to enhance the satisfaction of its members and expand membership by strengthening customer services as “community-based health infrastructure” that contributes to solving social issues.

Operating results for the first three-month period (September 2022 - November 2022) under review are as follows.

The net increase in the number of members was 33K, rising from 754K as of the end of the previous fiscal year to total 787K (including the members of Ouchi de Curves, an online fitness program, and those of the “Ouchi de Curves Dual Plan,” a hybrid plan comprising services provided online and at facilities).

Thanks to the intensive placement of TV commercials in September and October, coupled with marketing through a mix of media, mainly online, the Group was able to continue producing steady results in terms of efforts to increase the membership of younger seniors (50 to 64 years old). In addition, the Group succeeded in maintaining monthly membership attrition rates, which continued to fall below the pre-COVID-19 crisis level, thanks to a further rise in customer satisfaction.

In online fitness programs, the Group ran a campaign to offer the Ouchi de Curves Dual Plan, a hybrid plan comprising services provided online and at facilities, to members of facility-based fitness plans, which resulted in approximately 30K members switching to the Dual Plan.

The net increase in the number of facilities was 7, rising from 1,947 clubs at the end of the previous fiscal year to total 1,954 clubs. This reflected the opening of 8 new clubs and the closure of 1 club for a merger during the first quarter of the fiscal year under review. Meanwhile, more than 70% of the members of closed and merged clubs moved to other clubs and have been continuing their fitness programs.

Accordingly, the number of Curves facilities (excluding Men’s Curves) and membership in Japan as of November 30, 2022 were as follows.

Number of Curves facilities (excluding Men’s Curves) and membership in Japan

Number of Curves facilities (excluding Men's Curves) and membership in Japan					* Reference: Numbers before COVID-19 As of February 29, 2020
	As of August 31, 2022	As of November 30, 2022			
			Changes from end of previous fiscal year		
Number of facilities	1,947 facilities	1,954 facilities	7 facilities	0.4%	2,014 facilities
Of which, number of corporate operated facilities	75 facilities	76 facilities	1 facility	1.3%	65 facilities
Number of franchisee facilities	1,872 facilities	1,878 facilities	6 facilities	0.3%	1,949 facilities
Membership	754K	787 K	33 K	4.4%	832 K

- (Notes) 1. In the first quarter of the fiscal year under review, the number of new club opening was 8 and the number of clubs closed and merged was 1.
2. Membership of Curves in Japan includes members of Ouchi de Curves, an online fitness program, and the Ouchi de Curves Dual Plan, a hybrid plan comprising services provided online and at facilities.

Men’s Curves, a fitness club for men, opened two facilities in October 2022, increasing the total number of clubs to 14.

In overseas business, the Group considers Europe where it acquired the franchiser operations in July 2019 to be its priority market. As of the end of the first three months of the fiscal year under review (September 30, 2022 (two-month lag due to difference in fiscal year end)), there were 143 Curves facilities in Europe (UK, Italy, Spain and five other countries, all facilities are franchisees’ facilities).

During the first quarter of the fiscal year under review, selling, general and administrative expenses increased 70 million yen year on year. This reflected an increase in the amortization of goodwill and trademark rights due to the weakening of the yen (Note 1) and higher expenses attributable to the gradual normalization of sales activities such as the resumption of training programs nationwide, among other factors. On the other hand, advertising expenses decreased from the year-ago level. The decrease mainly reflected an increase in Advertisement Funds collected from franchised clubs as a result of a rise in the number of members and an improvement in marketing efficiency.

(Note 1) Goodwill and trademark rights are based on those recorded in US dollars when the acquisition of Curves International, Inc. took place and are amortized for each quarter by 2,532 thousand dollars according to the straight-line method. With the average exchange rate of the yen against the US dollar for the first quarter down 28.21 yen to the dollar from the year-ago level, the amount of yen-based amortization increased 71 million yen.

As a result, net sales for the three months of the fiscal year under review were 6,935 million yen (up 7.3% year on year), leading to operating profit of 632 million yen (up 28.2% year on year). Ordinary profit was 720 million yen (up 34.4% year on year) due to the generation of foreign exchange gains at Curves International, Inc., which did not have an impact on changes in cash. Profit attributable to owners of parent was 466 million yen (up 47.7% year on year) mainly due to the posting of income taxes - current of 227 million yen.

Since the Group operates in a single business segment, the Curves business, the segment information is omitted.

## (2) Explanation of Financial Position

### (Assets)

Total assets as of November 30, 2022 increased by 94 million yen from the end of the previous fiscal year to 38,446 million yen (up 0.2% from the end of the previous fiscal year).

Current assets decreased by 802 million yen to 12,937 million yen (down 5.8% year on year). This was mainly due to a decrease of 1,390 million yen in cash and deposits.

Property, plant and equipment decreased by 3 million yen to 420 million yen (down 0.9% year on year).

Intangible assets increased by 984 million yen to 24,386 million yen (up 4.2% year on year) (Note 2).

Investments and other assets decreased by 83 million yen to 702 million yen (down 10.7% year on year).

Total non-current assets increased by 896 million yen to 25,509 million yen (up 3.6% year on year).

(Note 2) The value of goodwill and trademark rights, which are part of intangible assets and were recorded when the acquisition of Curves International, Inc. took place, increased 930 million yen on a yen basis because the foreign exchange rate at the end of the first quarter of the fiscal year under review fell 8.13 yen for the dollar from the end of the previous fiscal year, although the value has been decreasing on a US dollar basis due to yearly amortization.

<p>As of the end of the previous fiscal year: 159,566 thousand dollars, 136.68 yen for the dollar, equivalent to 21,809 million yen on a yen basis</p> <p>Decrease due to amortization: 2,532 thousand dollars</p> <p>As of the end of the first quarter of the fiscal year under review: 157,033 thousand dollars, 144.81 yen for the dollar, equivalent to 22,740 million yen</p>	}
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### (Liabilities)

Current liabilities decreased by 368 million yen to 8,939 million yen (down 4.0% year on year). This was primarily due to a decrease of 487 million yen in income taxes payable.

Non-current liabilities decreased by 620 million yen to 16,067 million yen (down 3.7% year on year). This was mainly due to a decrease of 822 million yen in long-term borrowings.

Total liabilities decreased by 988 million yen to 25,007 million yen (down 3.8% year on year).

(Net assets)

Net assets increased by 1,083 million yen to 13,439 million yen (up 8.8% year on year).

This chiefly reflected an increase of 138 million yen in retained earnings due to the posting of profit attributable to owners of parent of 466 million yen and the payment of dividends of 328 million yen, coupled with an increase of 945 million yen in foreign currency translation adjustment attributable to the weakening of the yen.

### (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Group's outlook for the full-year consolidated results for the fiscal year ending August 31, 2023 has not changed since the announcement on October 7, 2022. The Group expects net sales of 30,000 million yen (up 9.1% year on year), operating profit of 3,700 million yen (up 34.9% year on year), ordinary profit of 3,710 million yen (up 12.0% year on year), and profit attributable to owners of parent of 2,422 million yen (up 7.8% year on year).

Details of the outlook for the full-year consolidated results are provided below.

#### Domestic Business

- For the full fiscal year ending August 31, 2023, the Group plans to open 25 new facilities and close or merge 20 franchisee facilities. The number of facilities is expected to be 1,952 at the end of the period, a net increase of 5 facilities.
- The number of members was 832K as of February 29, 2020, decreased to 545K (excluding absent members) by May 31, 2020, due to the pandemic, and recovered to 754K by August 31, 2022. The Group will continuously work to strengthen recruitment of new members toward a recovery in membership, by means such as the implementation of appealing promotional campaigns three times a year, in the fiscal year ending August 31, 2023 and expects the number of members at the end of the period to be 824K (including online members), a net increase of 70K from a year ago.
- The net sales of merchandise to members are expected to rise by forecasting increases in subscriptions and sales quantity in line with the increase in membership. The Group also anticipates cost increases, mainly due to rising prices of raw materials for its core protein products.
- In the first half of the fiscal year ending August 31, 2023, the Group plans to continuously allocate advertising expenses toward a recovery in membership through proactive marketing. However, advertising expenses will likely decrease year on year, mainly due to an increase in franchisees' contribution to Advertisement Funds associated with rises in membership.
- Goodwill and trademark amortization costs are expected to increase compared to the levels of the previous fiscal year, due to exchange fluctuations (a weakening yen).
- The Group plans to open 5 Men's Curves, fitness club for men, making the total number of the said clubs to 17 as of the end of the fiscal year ending August 31, 2023. With an eye on full-fledged development of facilities at multi-locations, the Group is determined to improve relevant knowhow.

#### Overseas Business

- The number of members is recovering in Europe (including the UK, Italy and Spain), a priority region, following the resumption of operations. To facilitate the growth of business, the Group will continue to experiment with new business models, including the provision of online fitness programs, and strive to plan and implement strategies in response to changing management environments. The Group positions the fiscal year ending August 31, 2023 as a preparation period for growth and expects it will continue to record an operating loss on a full-year basis.

Any further revisions to the financial results forecast necessitated by changes in the business environment will be promptly disclosed.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of August 31, 2022	As of November 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	8,212,746	6,822,126
Notes and accounts receivable - trade	4,156,396	4,061,159
Merchandise	933,076	1,413,254
Raw materials and supplies	4,117	5,663
Other	651,892	886,406
Allowance for doubtful accounts	(219,018)	(251,499)
Total current assets	13,739,210	12,937,112
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	197,547	202,344
Vehicles, tools, furniture and fixtures, net	227,200	212,785
Other, net	—	5,691
Total property, plant and equipment	424,748	420,821
Intangible assets		
Goodwill	1,559,559	1,624,942
Trademark right	20,258,938	21,123,282
Software	1,204,818	1,288,688
Other	378,365	349,187
Total intangible assets	23,401,682	24,386,100
Investments and other assets		
Investment securities	28,800	28,360
Leasehold and guarantee deposits	294,434	297,226
Deferred tax assets	398,555	303,852
Other	69,855	78,731
Allowance for doubtful accounts	(5,083)	(5,505)
Total investments and other assets	786,562	702,665
Total non-current assets	24,612,993	25,509,587
Total assets	38,352,203	38,446,699

(Thousands of yen)

	As of August 31, 2022	As of November 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,747,409	2,048,633
Current portion of long-term borrowings	3,290,400	3,290,400
Accounts payable - other	627,131	472,310
Accrued expenses	304,046	295,260
Income taxes payable	649,044	162,023
Provision for bonuses	288,495	135,569
Provision for point card certificates	109,583	110,355
Provision for shareholder benefit program	21,764	–
Deposits received	1,894,295	2,056,052
Other	375,720	369,075
Total current liabilities	9,307,891	8,939,680
Non-current liabilities		
Long-term borrowings	11,956,100	11,133,500
Provision for share awards	222,692	229,334
Deferred tax liabilities	4,390,359	4,579,959
Asset retirement obligations	119,211	119,262
Other	–	5,793
Total non-current liabilities	16,688,363	16,067,849
Total liabilities	25,996,254	25,007,530
<b>Net assets</b>		
Shareholders' equity		
Share capital	848,666	848,666
Capital surplus	828,666	828,666
Retained earnings	8,438,466	8,576,527
Treasury shares	(1,247,477)	(1,247,477)
Total shareholders' equity	8,868,322	9,006,383
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,756	5,468
Foreign currency translation adjustment	3,481,870	4,427,316
Total accumulated other comprehensive income	3,487,626	4,432,784
Total net assets	12,355,949	13,439,168
Total liabilities and net assets	38,352,203	38,446,699



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statement of Income

Three Months Ended November 30, 2022

(Thousands of yen)

	For the three months ended November 30, 2021	For the three months ended November 30, 2022
Net sales	6,460,861	6,935,121
Cost of sales	3,631,189	3,895,986
Gross profit	2,829,671	3,039,135
Selling, general and administrative expenses	2,336,374	2,406,959
Operating profit	493,297	632,176
Non-operating income		
Interest income	43	77
Foreign exchange gains	41,607	94,139
Subsidy income	9,944	375
Other	5,084	7,431
Total non-operating income	56,679	102,023
Non-operating expenses		
Interest expenses	13,961	12,363
Other	2	1,459
Total non-operating expenses	13,963	13,822
Ordinary profit	536,013	720,377
Extraordinary losses		
Loss on retirement of non-current assets	643	128
Total extraordinary losses	643	128
Profit before income taxes	535,370	720,248
Income taxes - current	170,415	227,848
Income taxes - deferred	49,037	25,838
Total income taxes	219,453	253,686
Profit	315,916	466,562
Profit attributable to owners of parent	315,916	466,562

Quarterly Consolidated Statement of Comprehensive Income  
Three Months Ended November 30, 2022

(Thousands of yen)

	For the three months ended November 30, 2021	For the three months ended November 30, 2022
Profit	315,916	466,562
Other comprehensive income		
Valuation difference on available-for-sale securities	(18,550)	(287)
Foreign currency translation adjustment	164,976	945,446
Total other comprehensive income	146,426	945,158
Comprehensive income	462,342	1,411,720
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	462,342	1,411,720
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.