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Supplementary Material: Consolidated Results of Operations for 1Q of FY ending August 31, 2023

January 11, 2023

TSE Prime Market：7085

CURVES HOLDINGS Co., Ltd.

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Operations results of 1Q of FY 8/2023

Consolidated Statement of Income

(million yen)	FY 8/2023(current) 1Q(Sep-Nov)Actual	FY 8/2022(previous) 1Q(Sep-Nov)Actual	Year on year
Sales	**6,935**	**6,460**	**107.3%**
Cost of Sales	**3,895**	**3,631**	**107.3%**
(COS Ratio)	56.2%	56.2%	
Gross Profit	**3,039**	**2,829**	**107.4%**
(Gross Profit Ratio)	43.8%	43.8%	
SGA	**2,406**	**2,336**	**103.0%**
incl. Amortization expenses for goodwill, trademark rights and intangible fixed assets *	428	341	125.5%
Operating Profit	**632**	**493**	**128.2%**
(Operating Profit Ratio)	9.1%	7.6%	
Ordinary Profit	**720**	**536**	**134.4%**
(Ord Profit Ratio)	10.4%	8.3%	
Net Profit	**466**	**315**	**147.7%**
(Net Profit Ratio)	6.7%	4.9%	

* Amortization expenses in terms of US Dollar converted to Yen.

Consolidated Statement of Income (by region)

(million yen)	FY 8/2023(current) 1Q(Sep-Nov)Actual	To Sales	FY 8/2022(previous) 1Q(Sep-Nov)Actual	To Sales	Year on year
Sales	**6,935**	**100.0%**	**6,460**	**100.0%**	**107.3%**
Domestic	**6,833**	**98.5%**	**6,388**	**98.9%**	**107.0%**
International	**101**	**1.5%**	**71**	**1.1%**	**141.7%**
Operating Profit	**632**	**9.1%**	**493**	**7.6%**	**128.2%**
Domestic	**1,185**		**946**		**125.3%**
International	**-153**		**-125**		**-**
Adjustments	**-399**		**-327**		**-**
(Average Rate)	**138.68 yen/$**		**110.47 yen/$**		**-**

＊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.

Curves

Composition of Sales

Domestic (Japan)

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
Franchisees, other	Other incomes from franchisees
Merchandise for members	Merchandise sales for members. Direct sale by the group to members and sales commission paid to franchisees.
Corporate-owned clubs	Income from operating corporate clubs
Others	Others

International

Breakdown of Sales

(million yen)	FY 8/2023(current) 1Q(Sep-Nov)Actual	FY 8/2023(current) To Sales	FY 8/2022(previous) 1Q(Sep-Nov)Actual	FY 8/2022(previous) To Sales	Year on year
Sales	6,935	100.0%	6,460	100.0%	107.3%
Domestic	6,833	98.5%	6,388	98.9%	107.0%
Spot	156	2.3%	132	2.1%	117.8%
Base	6,676	96.3%	6,256	96.8%	106.7%
Royalty,etc	1,604	23.1%	1,524	23.6%	105.3%
Franchisees, other	485	7.0%	444	6.9%	109.2%
Merchandise*	3,902	56.3%	3,683	57.0%	105.9%
Corporate clubs	656	9.5%	580	9.0%	113.1%
Other	27	0.4%	23	0.4%	118.7%
International	101	1.5%	71	1.1%	141.7%

＊ Merchandise Sales include the sales of products sold to franchisees.

Consolidated Statement of Income – Year on Year comparison

Comparison to 1Q FY 8/2022

	Sales	Operating Profit	Ordinary Profit	Net Profit
1Q 8/2023 (9-11/2022)	6.93 B.yen (YoY +470 M.yen)	630 M.yen (+130 M.yen)	720 M.yen (+180 M.yen)	460 M.yen (+150 M.yen)
1Q 8/2022 (9-11/2021)	6.46 B,yen	490 M.yen	530 M.yen	310 M.yen

Sales 6.93 B.yen +470 M.yen (107.3%) Year-on-Year

① Increase in Royalty Fee Income

- Total Members **748K members → 787K members**

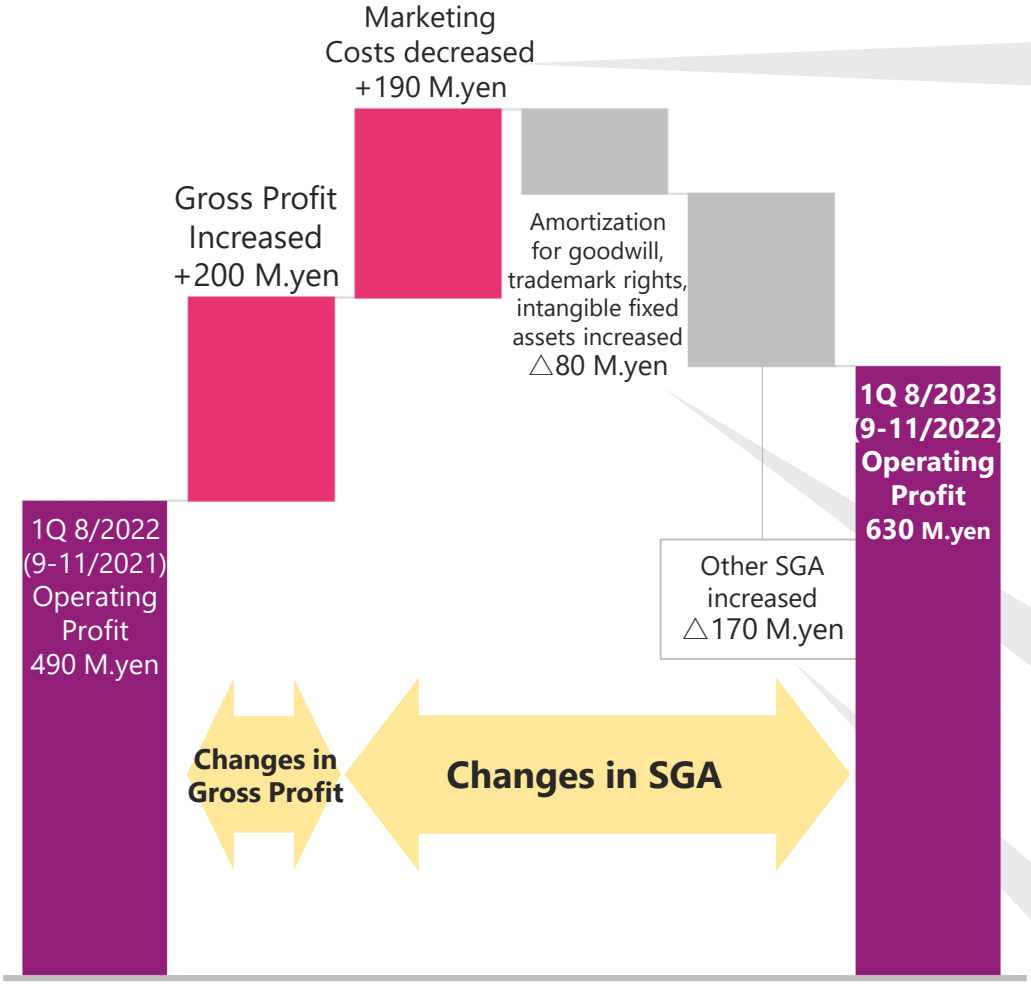
② Increase in Merchandise Sales

- Merchandise Sales **3.68 B.yen → 3.90 B.yen**
- Increase in Protein subscribers and Increase in Per Member Purchase with introduction of high-functions new products

Consolidated Statement of Income – Year on Year comparison

Operating Profit 630 M.yen, +130 M.yen (128.2%) Year-on-Year

Changes in 1Q (Sept-Nov) from 1Q FY 8/2022 (Sept-Nov)



Rolled out aggressive marketing including TVCM as planned.

Marketing costs decreased due to increase in Ad Funds collected from franchisees and improved marketing efficiency

Increase in Amortization expenses in terms of Yen due to weaker Yen

Average exchange rate for 1Q: 138.68 yen per US$

Sales activities normalized, Increase in payrolls, etc.

Consolidated Statement of Income - Comparison to 4Q of Previous FY

Comparison to 4Q of previous FY

	Sales	Operating profit	Ordinary profit	Net profit
1Q 8/2023 (Sept-Nov)	6.93B.yen (To 4Q 8/22 -120 M.yen)	630 M.yen (+320 M.yen)	720 M.yen (+110 M.yen)	460 M.yen (+10 M.yen)
4Q 8/2022 (June-Aug)	7.05 B.yen	310 M.yen	600 M.yen	440 M.yen

Sales were lower by 120 M.yen (98.2%) from 4Q

① Growth in Royalty Income and Corporate Club Sales ☜ Total members increased with the Fall Campaign

- Net membership growth of 33K from 4Q with the Fall Campaign brought total members 787K.
- Over 30K out of total 787K members are enrolled in Ouchi-de-Curves Dual Plan (the hybrid service of in-club and online workout) including nearly 30K having switched from regular in-club membership during 1Q.
- Attrition rate was kept low at 2.1% (Sept-Nov 2022)

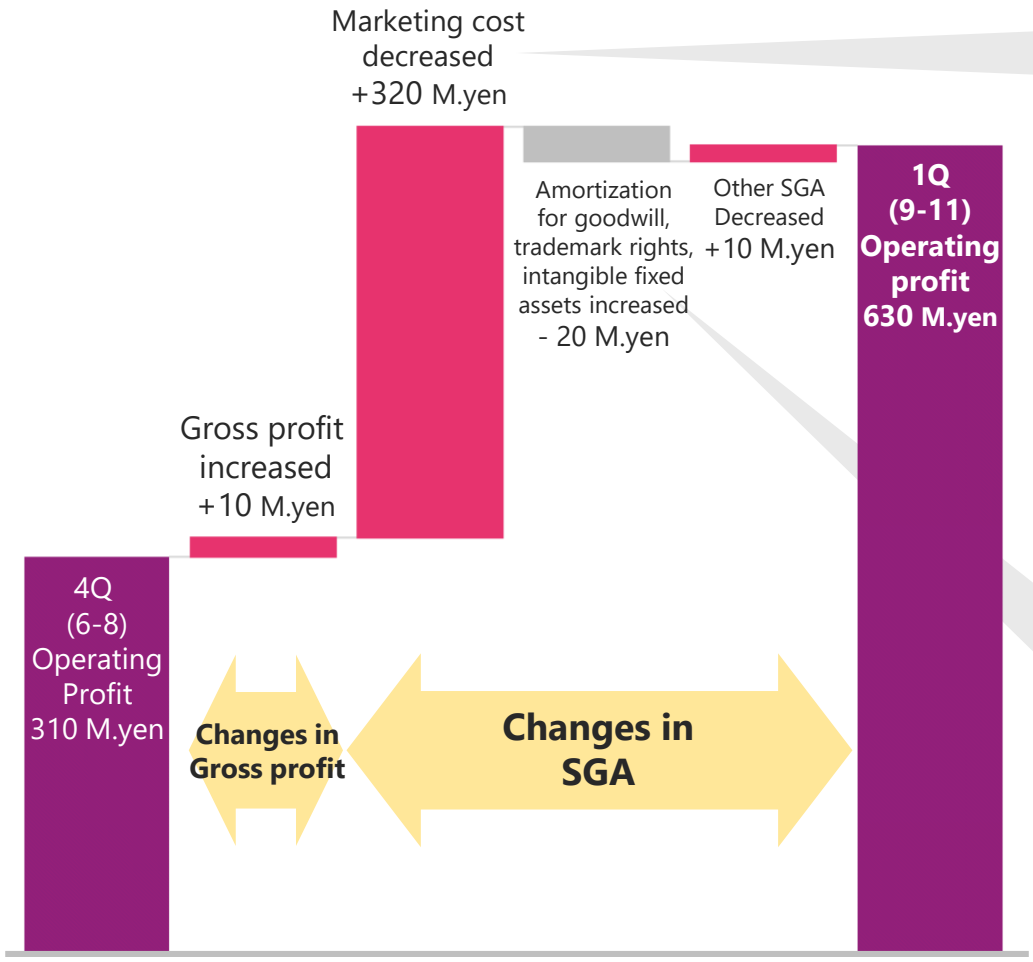
② While merchandise sales dropped, the Protein subscribers maintained steady.

- Normally Protein sales decline in 1Q. "Month of Diet Counseling" is promoted in Dec in 2Q.
- Protein prices revised upward as announced with 185 yen (+tax) increase in 9/2022
  ＊To cope with cost increase of Whey materials etc.

Consolidated Statement of Income - Comparison to 4Q of Previous FY

Operating profit +320 M.yen (203.3%) compared to 4Q

Changes in 1Q (Sept-Nov) from 4Q (Jun-Aug)



Rolled out aggressive marketing including TVCM as planned.

Marketing costs decreased due to increase in Ad Funds collected from franchisees and improved marketing efficiency

Increase in Amortization expenses in terms of Yen due to weaker Yen

Average exchange rate for 1Q: 138.68 yen per US$.

Consolidated Balance Sheet

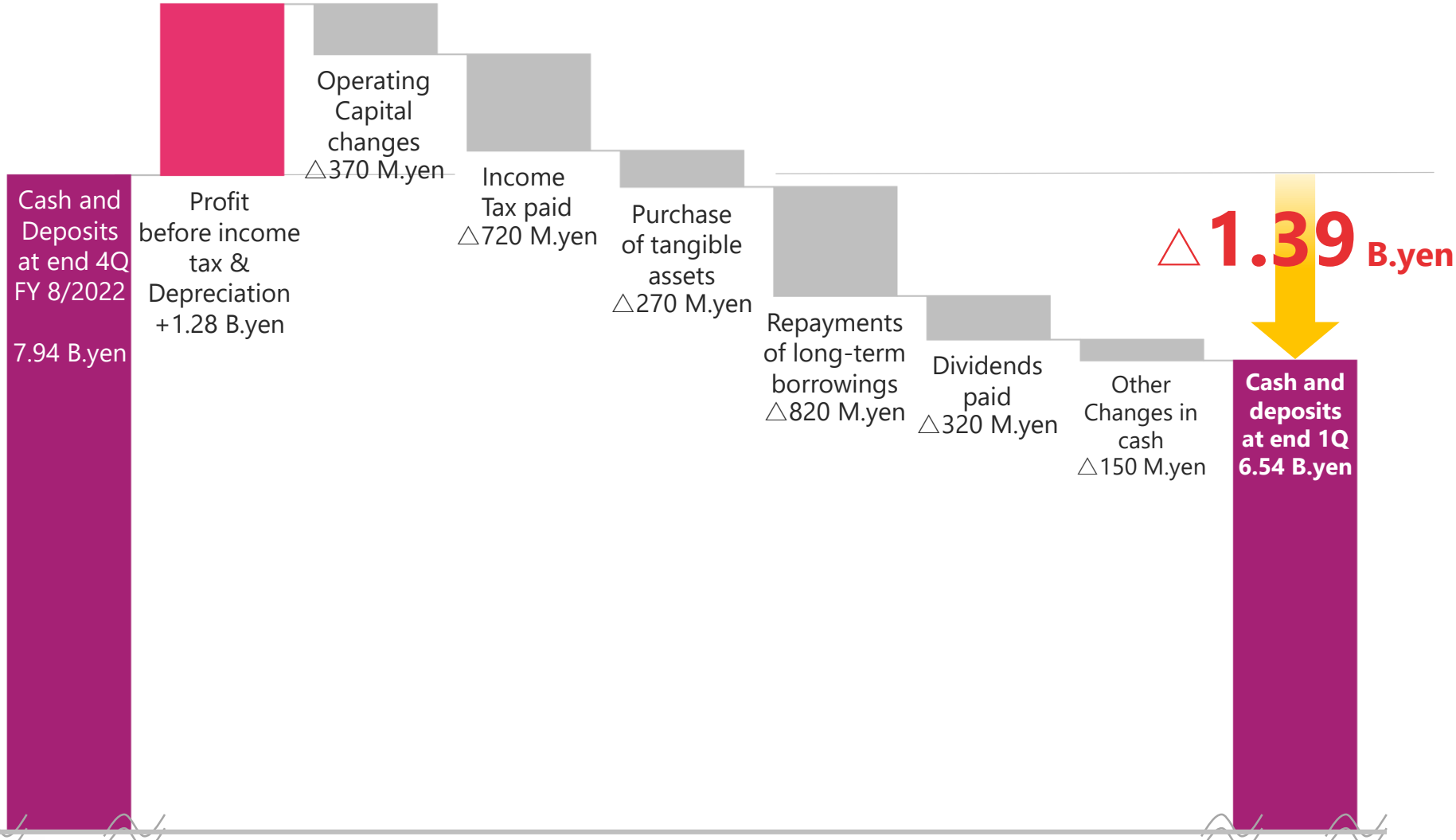
(million yen)	FY 8/2023 End 1Q	FY 8/2022 End fiscal year	Changes
Current assets	**12,937**	**13,739**	**-802**
Cash and deposits*	6,822	8,212	-1,390
Notes and accounts receivable	4,061	4,156	-95
Merchandise	1,413	933	480
Non-current assets	**25,509**	**24,612**	**896**
Property, plant and equipment	**420**	**424**	**-3**
Intangible assets	**24,386**	**23,401**	**984**
Goodwill	1,624	1,559	65
Trademark rights	21,123	20,258	864
Software	1,288	1,204	83
Investments and other assets	**702**	**786**	**-83**
Total assets	**38,446**	**38,352**	**94**
Current liabilities	**8,939**	**9,307**	**-368**
Current portion of long term borrowings	3,290	3,290	-
Non-current liabilities	**16,067**	**16,688**	**-620**
Long-term borrowings	11,133	11,956	-822
Total liabilities	**25,007**	**25,996**	**-988**
Interest-bearing debts	14,423	15,246	-822
Total net assets	**13,439**	**12,355**	**1,083**
Shareholders' equity	9,006	8,868	138
Total liabilities and net assets	**38,446**	**38,352**	**94**
Current Rate	144.81 yen/$	136.68 yen/$	8.13 yen

Curves

* Includes 270 million yen of Trust Deposit associated with introduction of J-ESOP and BBT

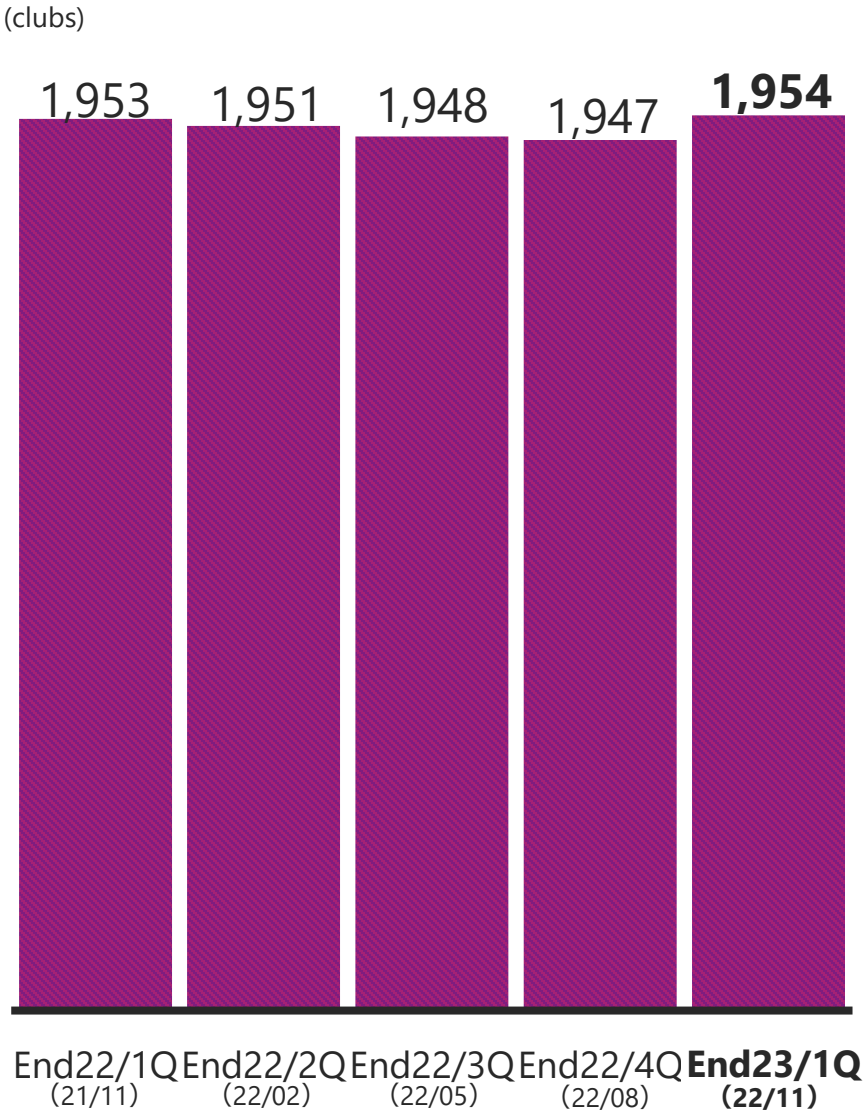
Changes in Cash Flows

Cash and cash deposits decreased by 1.39 B.yen in 1Q (9-11) for the 1Q end balance of 6.54 B. yen



Business outline and updates for 1Q

Total Club Count



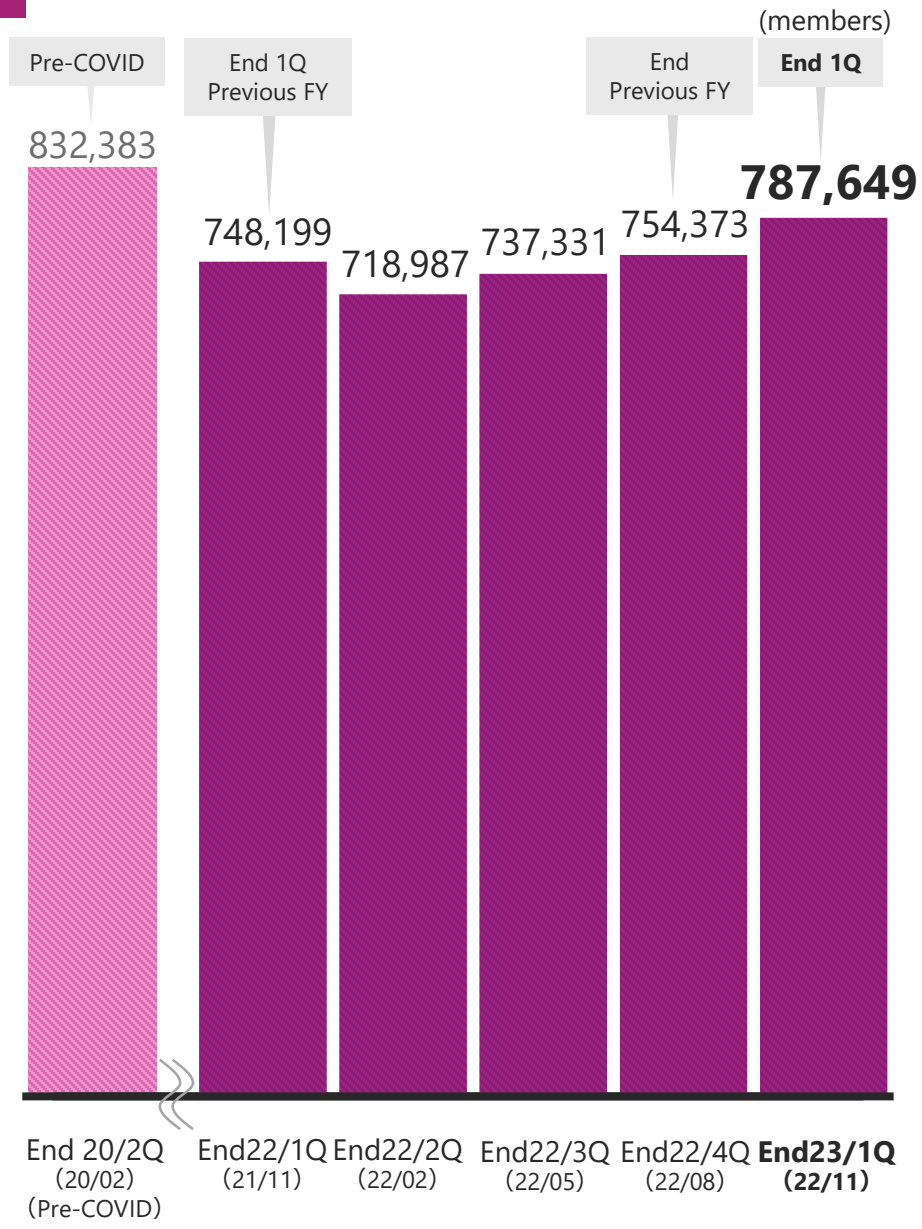
1,954 Clubs in Japan

1Q (Sept-Nov)

New open	**8 clubs**
Closed	**1 club**
Net growth	**+7 clubs**

- First net growth in club count has been achieved quarter by quarter after a 9-quarter interval since 4Q of FY 2020.
- Over 70% of members in closed clubs have transferred to clubs in the region and continued workout.

Total Membership Count



Total 787K members

To end FY 8/22 **+ 33K**

Pre-COVID
To end 2Q/20 **△ 44K**

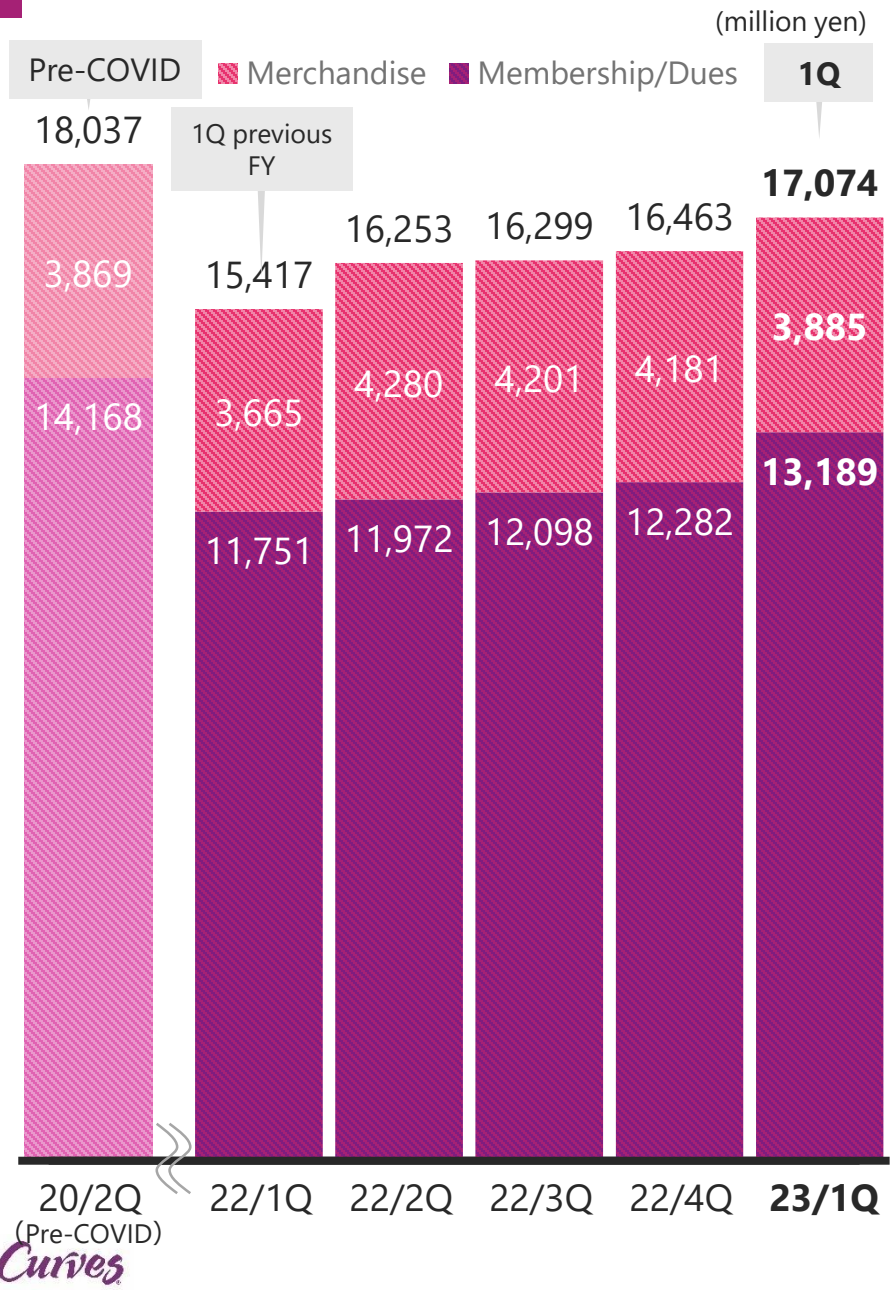
- Net growth achieved by Fall Membership Drive Campaign.
- Attrition rate maintained low. (2.1% during Sept-Nov)

Hybrid service of in-club and online workout

- **Dual Plan with Ouchi-de-Curves** was promoted in campaign to regular in-club members.
  →**Nearly 30K members** have switched to Dual Plan.

Curves

Chain-wide Sales

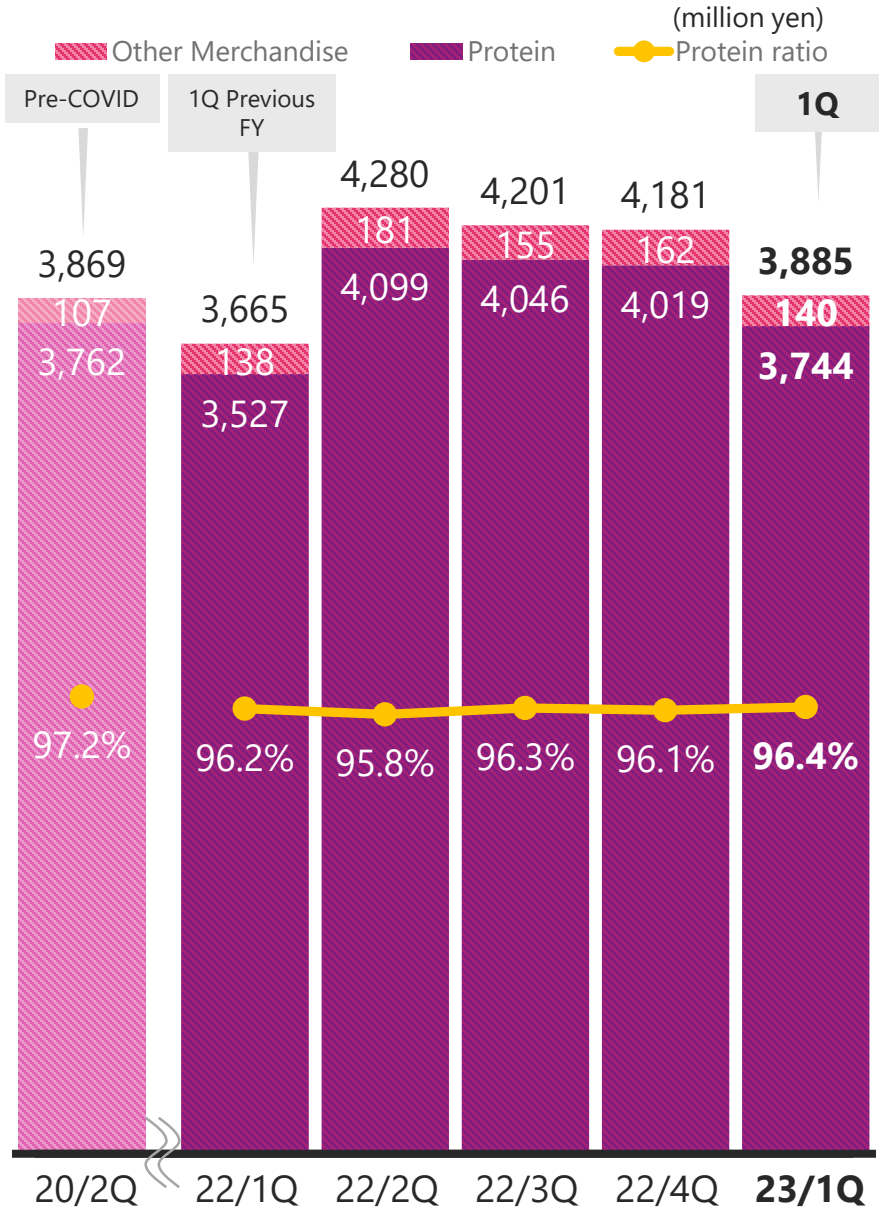


1Q FY 8/2023 Actual 17.07 B.yen

To 4Q FY 8/22 **103.7%**

Pre-COVID
To 2Q FY 8/20 **94.7%**

Merchandise Sales



1Q FY 8/2023
Actual 3.88 B.yen

To 4Q FY 8/22 **92.9%**

Pre-COVID
To 2Q FY 8/20 **100.4%**

(Protein Sales Ratio **96.4%**)

Raising Service Level for Members

Online Fitness



Hybrid service of in-club and online workout

Dual Plan with Ouchi-de-Curves was promoted in campaign to regular in-club members

→ **Nearly 30K members** have switched to Dual Plan.

Over 45K out of total 787K members are currently enrolled in Online Service including those enrolled with the "Ouchi-de-Curves" online fitness only.

Curves App

Free App for members released in 9/22

As of 12/2022

Nearly 160K members enrolled

Strongly supported by users commenting "Helpful for making exercise a habit".



Raising Awareness of Preventing the Secondary Health Impacts

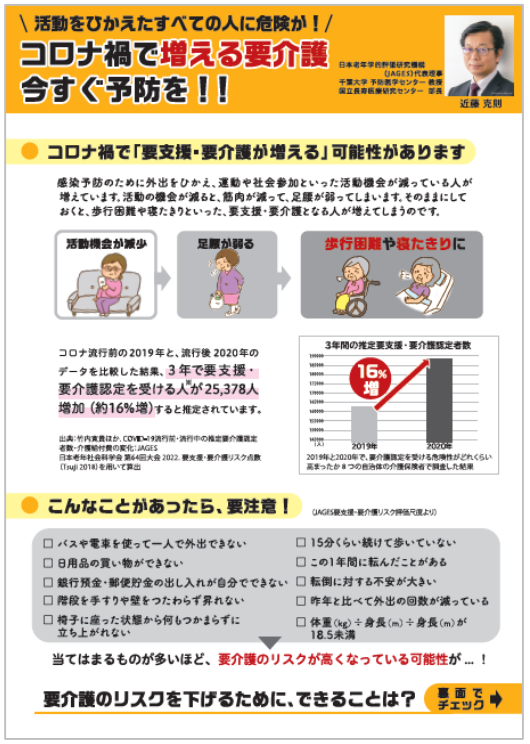
28,570K copies released

Awareness promotion continues with Educational Brochure

Consortium Participants (as of 12/2022)

Local governments	**119**
Businesses	**263**
Individuals (experts)	**367**

This organization offers awareness activities to prevent secondary health impacts caused by excessive refraining from going out due to the pandemic. Participants are medical/academic experts, local governments and businesses. Curves is one of the organizers and acts as the secretariat office.



Consortium's official website: https://kenko-nijihigai.com/

Started in Oct 2022

KOBAYASHI Pharmaceutical X Curves in City of Hannan

"Active Seniors Project"

＊ For additional information released on 9/15/2022: https://pdf.irpocket.com/C7085/vlQV/g1cM/wCEQ.pdf

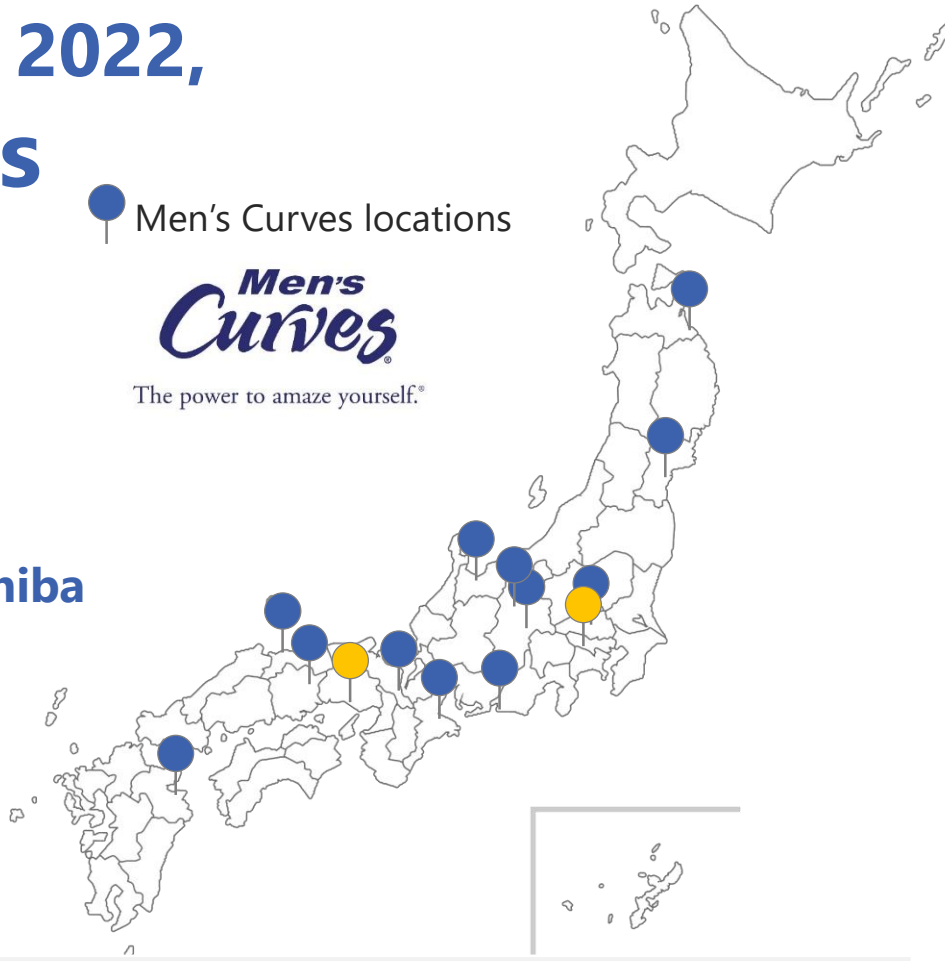
Experiments to verify relationship between cognitive function/health indicators and exercise habits supported by Hannan, Osaka

Curves

Men's Curves

2 new clubs opened in Oct 2022, making total 14 clubs

- Hachioji, Tokyo
- Takasago, Hyogo



15th club opened in Dec 2022 in Asahi, Chiba



Attrition rate continues lowering. Further brushing up guest production know-how.

International Segments

Updates of Key Markets

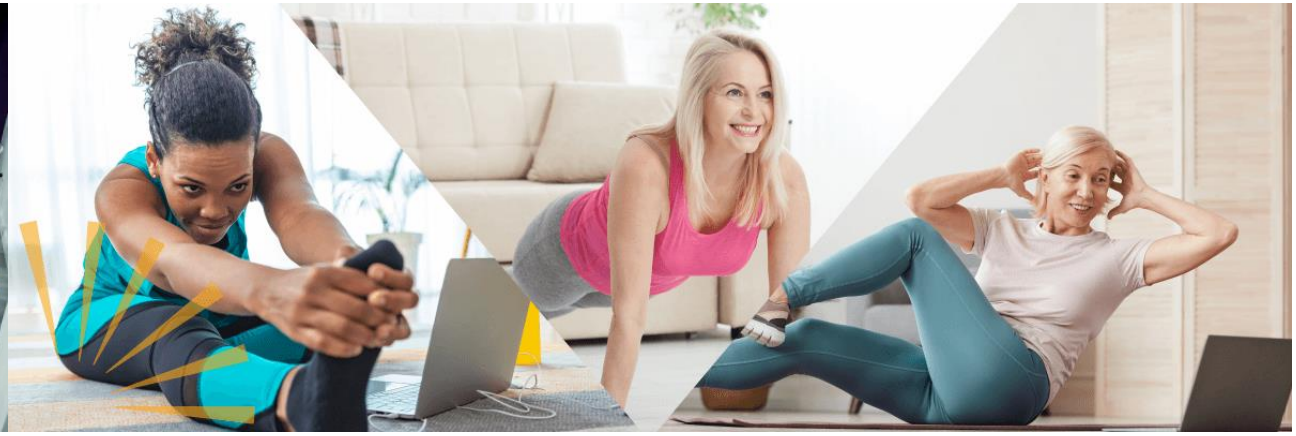
Europe (8 countries including Spain, Italy and UK):

Total **143** clubs open as of end 9/2022

* Direct territories only where the group runs the franchise headquarters.
* 2 months delay in consolidating the international segments.

Currently building a new business model with growth strategy in markets with/post-COVID.







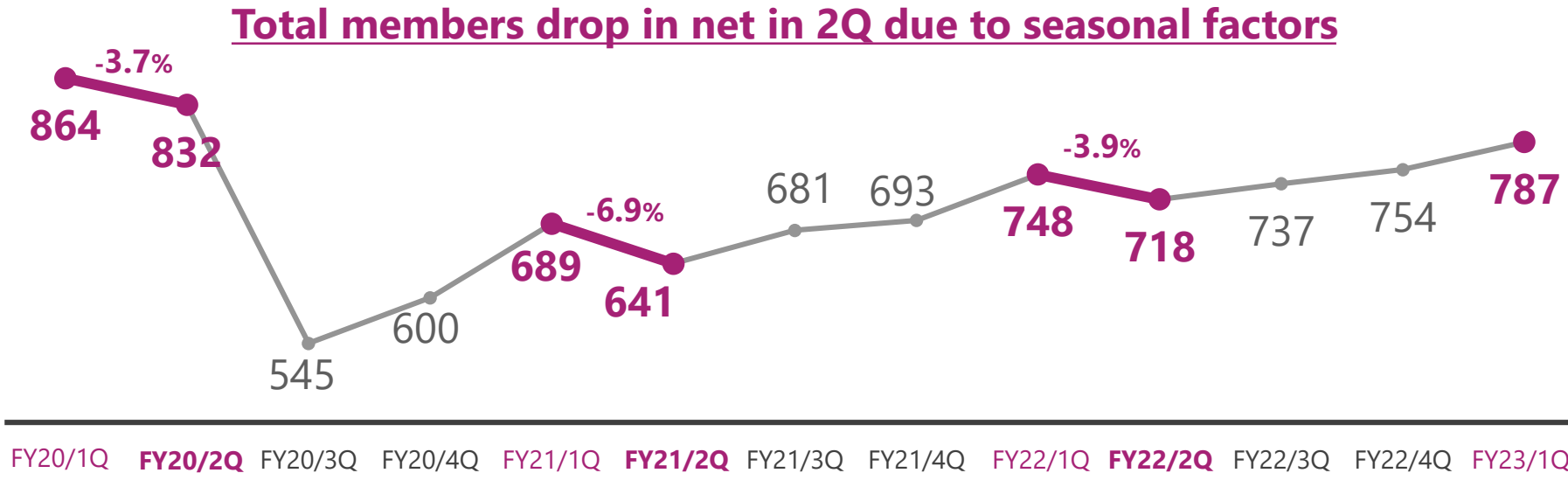
Forecasts and strategies of 2Q and beyond

Seasonality of 2Q(in comparison with 1Q)

Forecasted net decrease of membership

Normally in 2Q, due to seasonal factors, new sign-ups would drop compared to 1Q, and total membership sees net decrease from the end of 1Q.

【Historical Changes of Total Members by Quarter (in 000)】



Forecasted increase of merchandise subscriptions

In December each year, we would promote the month of "Diet Counseling" and recommend members to take protein to address dietary needs.

Curves

Strategies in 2Q of FY 8/2023

Dec 2022

Promoted the Month of Diet Counseling

New High-function Protein product Super Protein Premium+

The 5th new product release in Premium+ series

Function-claimed Food

Protein + Hyaluronic Acid has been release.



Premium+ Existing lineups



- **Featured Diet Counseling along with training exercise and habit building → Increase of subscribers through recommending Protein products**
- **Enhancing the line-up of Super Protein Premium+ → for raising per member purchase**
  (+1,000 yen higher than regular proteins)

Jan-Feb 2023

Service enhancement ➡ Improving customer satisfaction

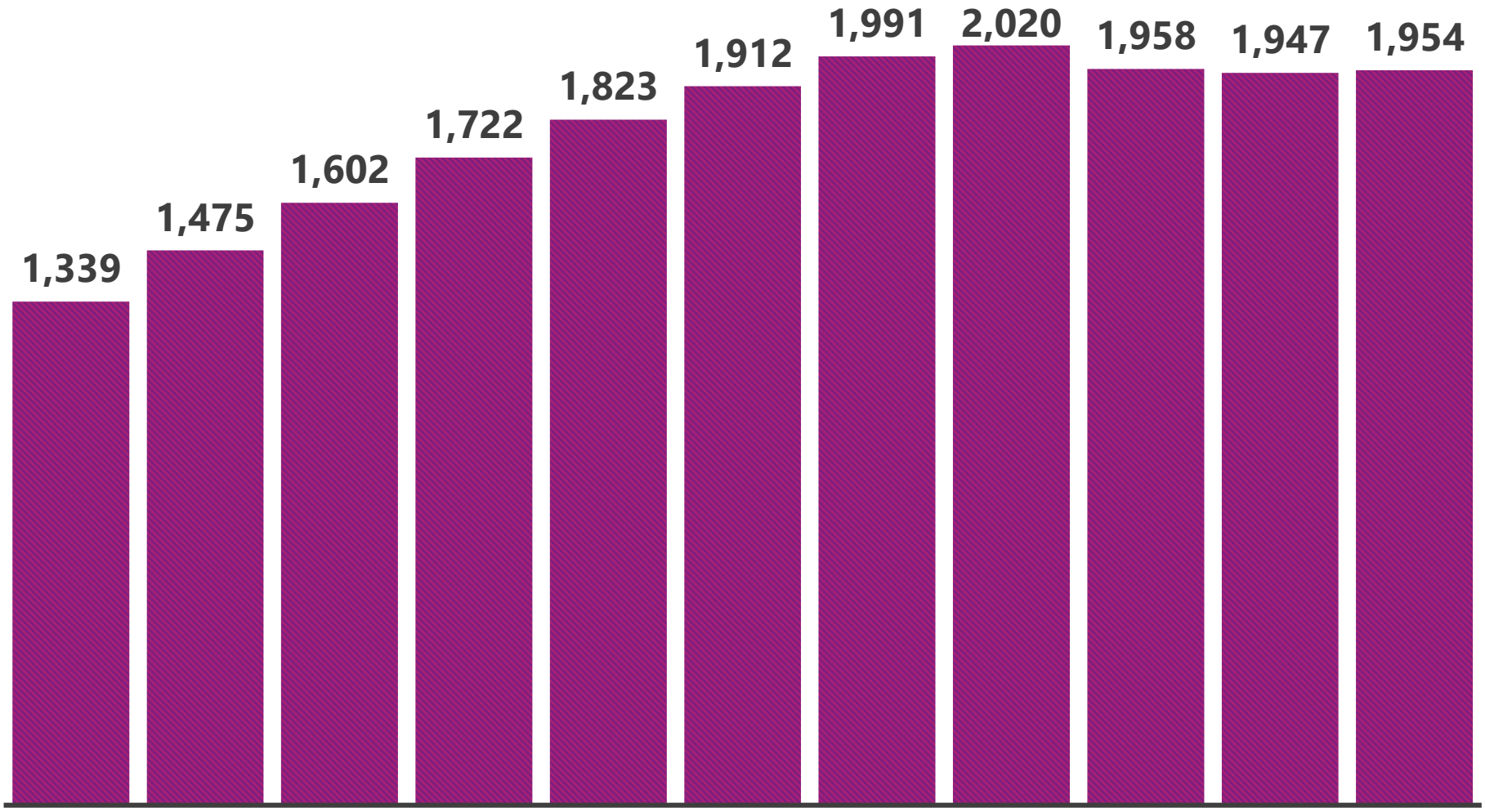
➡ Total membership growth beyond this spring

Appendix

History of Curves Business

Trends in Club Count

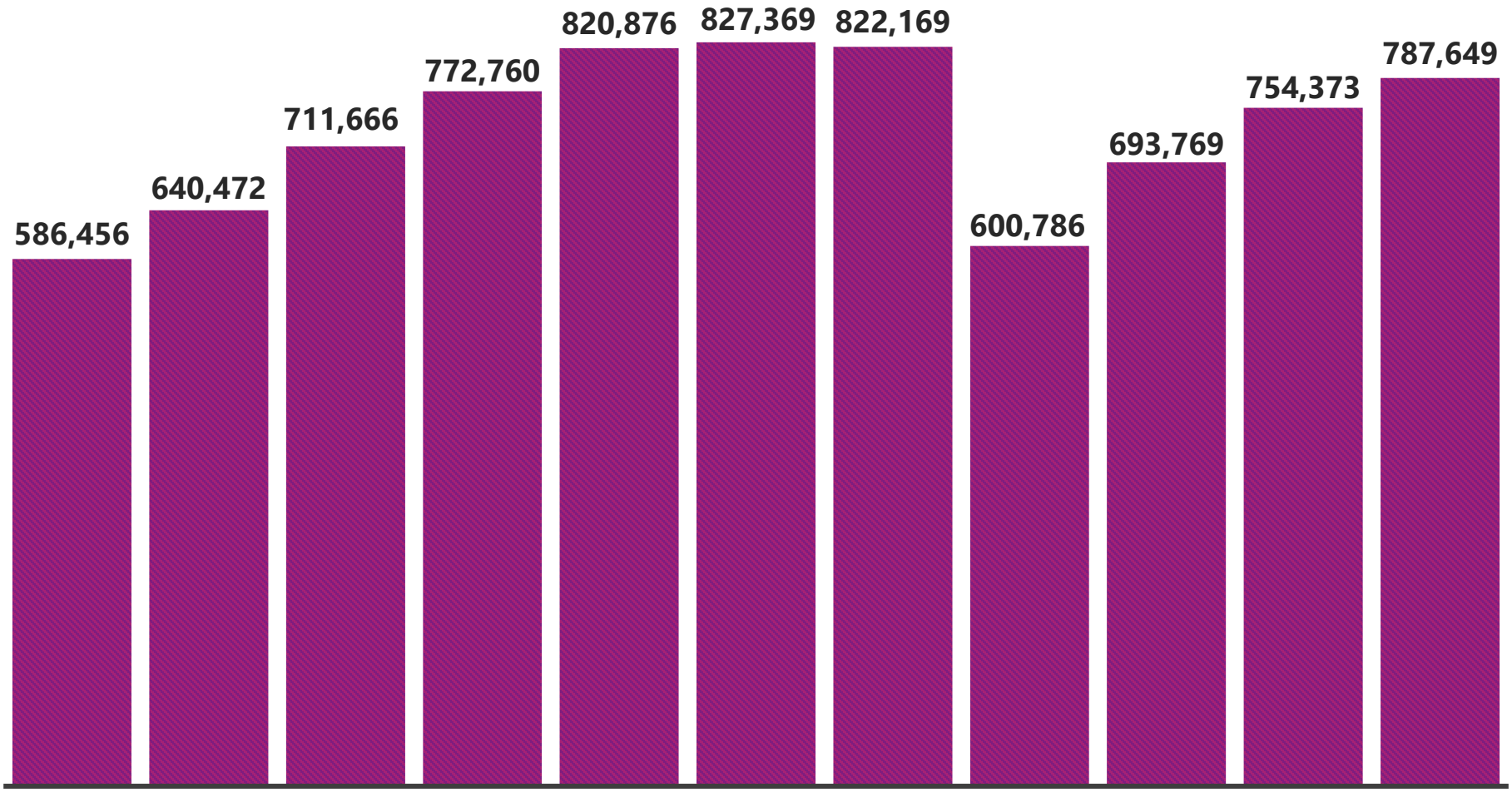
(clubs)



13/08	14/08	15/08	16/08	17/08	18/08	19/08	20/08	21/08	22/08	23/1Q
1,339	1,475	1,602	1,722	1,823	1,912	1,991	2,020	1,958	1,947	1,954

Trends in Membership

(members)

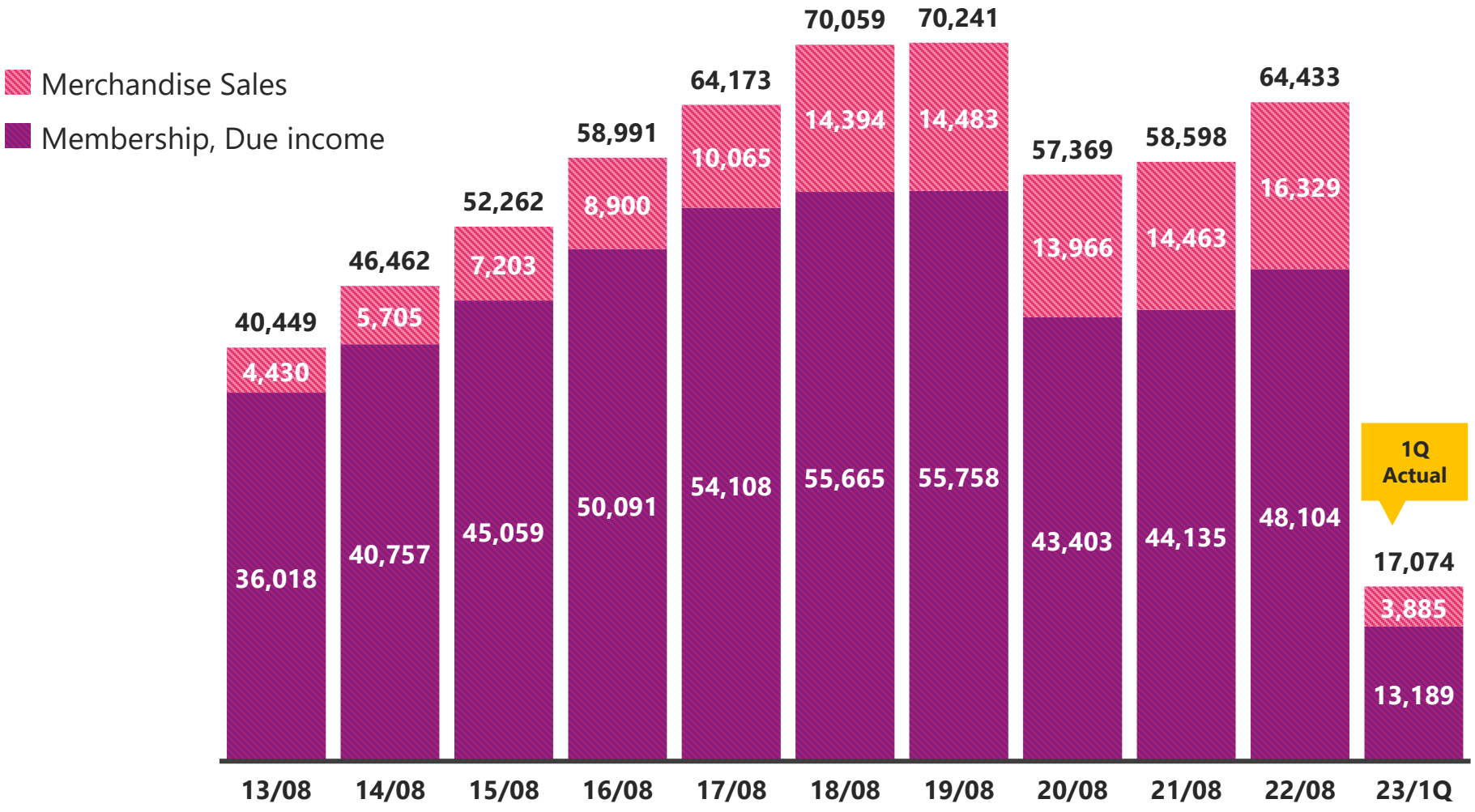


13/08	14/08	15/08	16/08	17/08	18/08	19/08	20/08 *	21/08	22/08	23/1Q
586,456	640,472	711,666	772,760	820,876	827,369	822,169	600,786	693,769	754,373	787,649

* FY 8/20 shows active members excluding absentees.

Trends in Chain-wide Sales

(million yen)

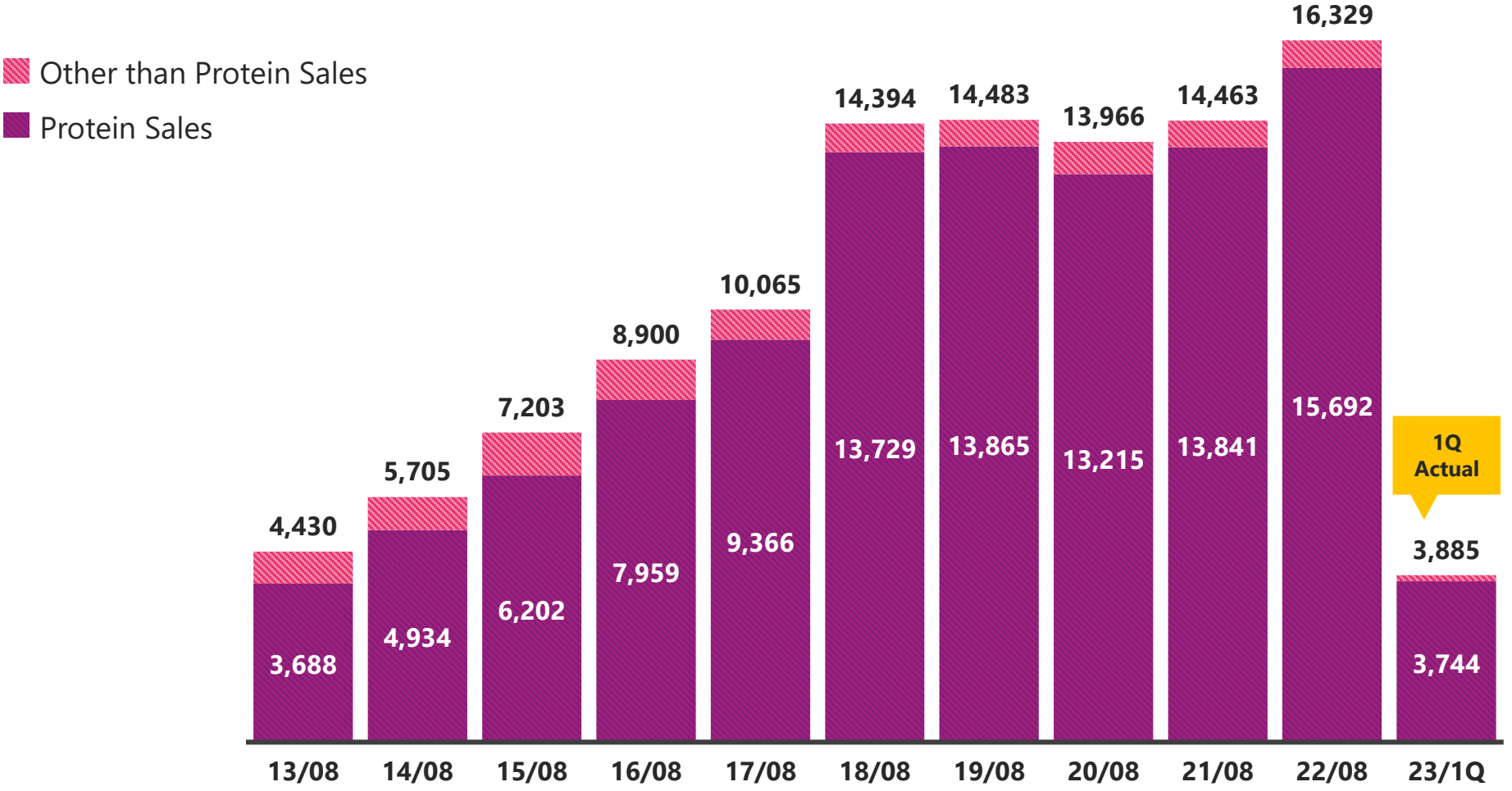


	13/08	14/08	15/08	16/08	17/08	18/08	19/08	20/08	21/08	22/08	23/1Q
Chain-wide Sales	40,449	46,462	52,262	58,991	64,173	70,059	70,241	57,369	58,598	64,433	17,074
Merchandise Sales	4,430	5,705	7,203	8,900	10,065	14,394	14,483	13,966	14,463	16,329	3,885
Membership, Dues	36,018	40,757	45,059	50,091	54,108	55,665	55,758	43,403	44,135	48,104	13,189

Curves

Trends in Merchandise Sales

(million yen)



	13/08	14/08	15/08	16/08	17/08	18/08	19/08	20/08	21/08	22/08	23/1Q
Merchandise Sales	4,430	5,705	7,203	8,900	10,065	14,394	14,483	13,966	14,463	16,329	3,885
incl. Protein Sales	3,688	4,934	6,202	7,959	9,366	13,729	13,865	13,215	13,841	15,692	3,744
Protein sales ratio	83.3%	86.5%	86.1%	89.4%	93.1%	95.4%	95.7%	94.6%	95.7%	96.1%	96.4%
Protein Y-o-Y	137.8%	133.8%	125.7%	128.3%	117.7%	146.6%	101.0%	95.3%	104.7%	113.4%	-

Curves Group Profile

Our Mission

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







Business purpose:
To create a society free from fears of illness,
nursing cares and loneliness,
filled with vitality for life.

Video “Curves in 10 Years”
https://youtu.be/XKuPtwwnNlE

Sustainability Management

Basic Sustainability Policy

In Pursuit of Community-based Health Infrastructure, We Will Contribute to Solving Social Issues.

The CURVES Group has the following management philosophy which dates back to its founding.

Business purpose : To create a society free from fears of illness, nursing cares and loneliness, filled with vitality for life.

Our mission: : By spreading the habits of correct exercises, we will help our members and ourselves have a better life, and solve problems in our society.

Based on the philosophy, the Group has been operating as the community-based health infrastructure to contribute to provide **solutions to the social challenges.** We will put into practice sustainability management by striving to improve society and the environment in cooperation with all stakeholders including customers, our franchisees and coworkers.

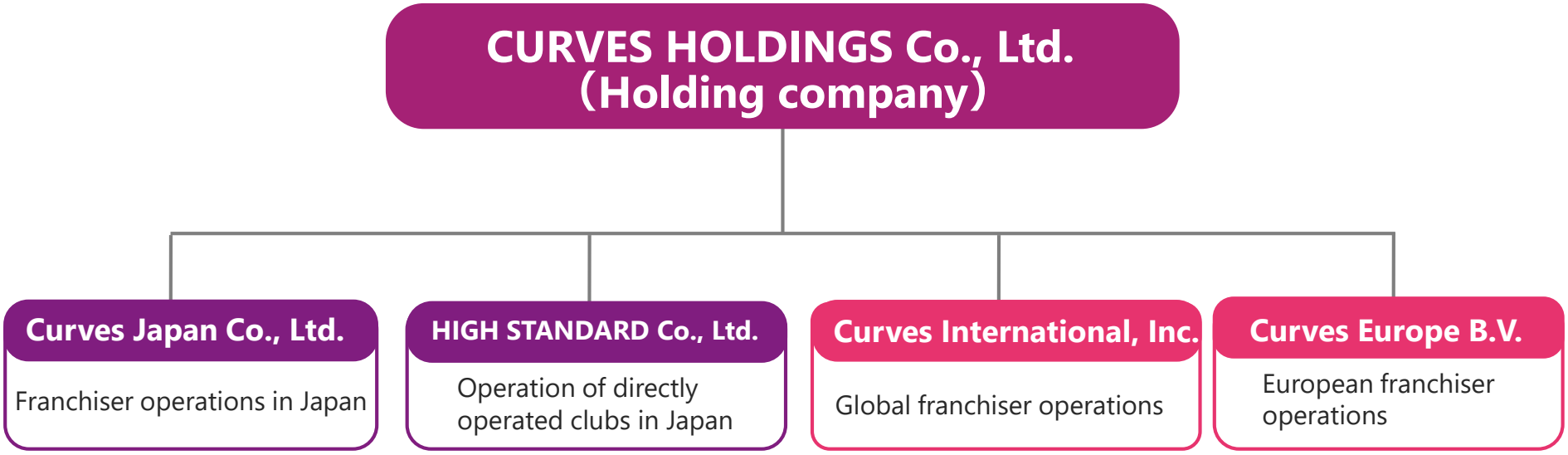
Sustainability-related Material Issues

1. **Serving as community-based health infrastructure to help customers and society get mentally and physically healthier**
2. **Business operation aimed at the highest safety and reliability for customers**
3. **Create business models and operate outlets in a way that is eco-friendly and entails smaller risks of climate change**
4. **Develop human resources and workplaces and operate organizations for each motivated individual to shine**
5. **Contributing to local communities**
6. **Respect fair trade, human rights and human nature in the supply chain**
7. **Effective corporate governance**

Upcoming Schedule (Disclosure Policy)

The schedule can be viewed on our website until the end of January 2023.
After that, information on the status of related activities will be updated.
ESG Report will be issued in February 2024.

Group Companies



Company Profile

Business Profile

- Operations of “Curves 30-min fitness clubs for women only”
- 1,954 clubs in Japan (76 corporate owned, 1,878 Franchisees)

  (as of the end November 2022)

Basic Data

- Corporate Address: 11F, Shibaura Renasite Tower, 3-9-1 Shibaura, Minato-ku, Tokyo
- Founded(1)：Feb 2005
- Sales (2)　：27.5 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, 2022.

History

02/2005	Curves Japan founded by Venture Link Co., Ltd. (Acquired master license from Curves International)
03/2006	Rollout in Japan in franchising
06/2006	Opened 100 clubs
10/2008	Becomes Koshidaka Holdings’ subsidiary
06/2011	Reached 1,000 clubs
06/2015	Opened ‘Prevention Center Curves Odawara’, the 1st Prevention Center certified by Kanagawa Pref
03/2018	Acquired Curves International, Inc. (global franchiser)
11/2018	Started Men’s Curves (Chino)
07/2019	Acquired CFW International Management B.V. (currently Curves Europe B.V., European franchiser)
10/2019	Topped 2,000 clubs
03/2020	Listed in Tokyo Stock Exchange Section 1 with Stock Allocation Spin-off
04/2022	Transferred to “Prime Market” of Tokyo Stock Exchange.

For more information

▶ For IR related inquiries

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TSE Code : 7085

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This presentation is based on information available as of January 11, 2023. 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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