

Consolidated Financial Results for the Fiscal Year Ended August 31, 2024 [Japanese GAAP]



October 15, 2024

Company name: CURVES HOLDINGS Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange Prime Market

Stock code: 7085

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Scheduled date of Ordinary General Meeting of Shareholders: November 26, 2024

Scheduled date of commencing dividend payments: November 27, 2024

Scheduled date of filing annual securities report: November 27, 2024

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2024 (September 1, 2023 to August 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
August 31, 2024	35,465	18.1	5,458	41.7	5,472	42.4	3,566	39.8
August 31, 2023	30,022	9.1	3,851	40.4	3,841	16.0	2,551	13.5

(Note) Comprehensive income:

Fiscal year ended August 31, 2024: 5,369 million yen [up 52.9%]

Fiscal year ended August 31, 2023: 3,511 million yen [down 32.9%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
August 31, 2024	38.75	—	20.7	13.6	15.4
August 31, 2023	27.71	—	18.6	9.9	12.8

(Reference) Equity in earnings (losses) of affiliates:

Fiscal year ended August 31, 2024: — million yen

Fiscal year ended August 31, 2023: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
August 31, 2024	41,374	19,409	46.9	210.83
August 31, 2023	39,111	15,070	38.5	163.70

(Reference) Equity:

As of August 31, 2024: 19,409 million yen

As of August 31, 2023: 15,070 million yen

(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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
August 31, 2024	5,426	(967)	(4,327)	8,002
August 31, 2023	4,920	(891)	(4,091)	7,855

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
August 31, 2023	—	5.00	—	5.00	10.00	938	36.1	6.7
August 31, 2024	—	6.00	—	9.00	15.00	1,407	38.7	8.0
Fiscal year ending August 31, 2025 (Forecast)	—	8.00	—	9.00	17.00		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2025 (September 1, 2024 to August 31, 2025)

(% 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	18,200	6.9	3,025	7.7	3,015	8.0	1,900	20.64
Full year	38,000	7.1	6,300	15.4	6,250	14.2	4,000	43.45

* Notes:

(1) Significant changes in the scope of consolidation during the period: No

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

(2) 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

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

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

August 31, 2024: 93,857,493 shares

August 31, 2023: 93,857,493 shares

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

August 31, 2024: 1,797,434 shares

August 31, 2023: 1,800,123 shares

3) Average number of shares during the period:

Fiscal year ended August 31, 2024: 92,058,860 shares

Fiscal year ended August 31, 2023: 92,057,370 shares

(Note) The total number of treasury shares at the end of the period include shares of the Company (1,797,250 shares on August 31, 2024 and 1,800,000 shares on August 31, 2023) 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. (1,798,500 shares during the fiscal year ended August 31, 2024 and 1,800,000 shares during the fiscal year ended August 31, 2023)

* This summary of the financial results is outside the scope of audit 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. Please refer to “1. Overview of Operating Results, etc. (4) Future Outlook,” on page 6 of the attached material for the assumptions used in the financial results forecast, as well as precautions for using the financial results forecast.

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

The Company will hold a financial results briefing for institutional investors and analysts on Friday, October 18, 2024. The Company plans to post materials to be used at the briefing on TDnet and the Company’s website (<https://www.curvesholdings.co.jp/>) on the same day.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Year under Review

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, 30-minute Fitness for Women, and to solving social issues as “community-based health infrastructure.” The Group endeavors to enhance the satisfaction of its members and expand and increase membership and the number of Curves clubs by strengthening customer services.

Operating results for the fiscal year (September 2023 - August 2024) under review are as follows. Net sales, operating profit, and ordinary profit reached record highs.

	Previous fiscal year (Million yen)	Fiscal year under review (Million yen)	Change (Million yen)	Change (%)
Net sales	30,022	35,465	5,442	18.1
Operating profit (Operating profit ratio)	3,851 (12.8%)	5,458 (15.4%)	1,606	41.7
Ordinary profit	3,841	5,472	1,630	42.4
Profit attributable to owners of parent	2,551	3,566	1,015	39.8

In the fiscal year under review, membership came to 817K, indicating net increases of 40K from the end of the previous consolidated fiscal year (777K). The Group conducted Membership Drive Campaigns three times during the fiscal year under review and media mix-oriented marketing campaign including TV commercials and online advertising, word-of-mouth referral marketing, as well as community-based promotional activities. As a result, steady progress was made in the acquisition of new members. Moreover, customer satisfaction was further increased as indicated in the fact that Curves was ranked number one for the 10th consecutive year (in the fitness club industry) in the Japanese Customer Satisfaction Index (JCSI) survey conducted by the Service Productivity & Innovation for Growth (SPRING). The Group succeeded in keeping the monthly membership attrition rate the lowest level ever.

In merchandise sales to members, the Group enhanced Diet Counseling for members, completed renewal of its main product, protein, which took place in December 2023, and started sales of new products. Sales of new products were favorable, with results exceeding forecasts.

As a result of the above, revenue from the entire chain business (total amount of revenue from Membership fee & monthly dues income, including the said fees collected at franchisees’ clubs, and merchandise sales to members) came to 80,900 million yen, achieving a record-high. Both Membership fee & monthly dues income and merchandise sales to members reached record highs.

The number of Curves (excluding Men's Curves) clubs, membership and chain-wide sales in Japan as of the end of the fiscal year under review (August 31, 2024) were as follows:

Number of Curves (excluding Men's Curves) clubs, membership and chain-wide sales in Japan

Number of Clubs (excluding Men's Clubs) Clubs, membership and chain-wide sales in Japan					
	As of August 31, 2023	As of August 31, 2024			* Reference: Numbers before COVID-19 As of February 29, 2020
			Changes from end of previous fiscal year		
Number of clubs	1,962 clubs	1,978 clubs	16 clubs	0.8%	2,014 clubs
Of which, number of corporate operated clubs	76 clubs	79 clubs	3 clubs	3.9%	65 clubs
Number of franchisee clubs	1,886 clubs	1,899 clubs	13 clubs	0.7%	1,949 clubs
Membership	777K	817K	40K	5.2%	832K
Chain-wide sales	71,380 million yen	80,970 million yen	9,590 million yen	13.4%	70,240 million yen
Of which, membership fee/ dues income	53,970 million yen	58,910 million yen	4,930 million yen	9.1%	55,750 million yen
Merchandise sales	17,400 million yen	22,060 million yen	4,650 million yen	26.8%	14,480 million yen

- (Notes) 1. In the fiscal year under review, the number of new clubs opened was 22 and the number of clubs closed and merged was six.
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 service offering online and in-club programs.
3. Chain-wide sales are for the full consolidated fiscal year. (Figures before COVID-19 are for the fiscal year ended August 31, 2019)

'Men's Curves', Fitness for Men, opened two new locations during the fiscal year under review, making the total number of clubs to nineteen. Focusing on attracting customers and refining service know-how has resulted in an increase in the number of members at existing clubs and the smooth launch of new clubs, leading to an increase in the number of future club openings.

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 fiscal year under review (June 30, 2024 (two-month lag due to difference in fiscal year end)), the number of Curves clubs in Europe (UK, Italy, Spain and five other countries) stood at 130. As a result of a review of customer attraction and service know-how based on Japanese expertise, the number of members per existing club has exceeded the pre-COVID level and is at an all-time high.

Selling, general and administrative expenses increased 732 million yen year on year. This reflected a number of factors such as increased advertising expenses with a view toward seizing an opportunity for increasing membership in the fiscal year under review, an increase in the amortization of goodwill and trademark rights due to the weakening of the yen (Note 1), and an increase in personnel expenses for investing in the future and other expenses. On the other hand, total amortization expenses decreased by 91 million yen year on year, largely reflecting the completion of the amortization of intangible assets at Curves International, Inc., an overseas subsidiary.

As a result, net sales for the fiscal year under review were 35,465 million yen (up 18.1% year on year), leading to operating profit of 5,458 million yen (up 41.7% year on year). Ordinary profit was 5,472 million yen (up 42.4% year on year). All figures represent new record highs. Profit attributable to owners of parent was 3,566 million yen (up 39.8% year on year) mainly due to the posting of income taxes - current of 2,166 million yen.

(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 fiscal year by 10,131 thousand dollars according to the straight-line method. With the average exchange rate of the yen against the US dollar for the fiscal year under review down 11.60 yen to the dollar from the year-ago level, the amount of yen-based amortization increased 117 million yen.

The following exchange rates were adopted for relevant items in financial statements for overseas subsidiaries, etc.

1 USD	1st quarter September-November	2nd quarter December-February	3rd quarter March-May	4th quarter June-August
Average foreign exchange rates for the quarter	145.44 yen [138.68 yen]	145.74 yen [139.22 yen]	146.98 yen [137.49 yen]	149.58 yen [137.98 yen]
Foreign exchange rates at the end of the quarter	149.58 yen [144.81 yen]	141.83 yen [132.70 yen]	151.41 yen [133.53 yen]	161.07 yen [144.99 yen]

Figures in parentheses are exchange rates for the same period of the previous year.

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

(2) Overview of Financial Position for the Year under Review

(Assets)

Total assets as of the end of the fiscal year under review increased by 2,263 million yen from the end of the previous fiscal year to 41,374 million yen (up 5.8% from the end of the previous fiscal year).

Current assets increased by 1,151 million yen to 15,490 million yen (up 8.0% year on year). This was mainly due to increases of 683 million yen in notes and accounts receivable-trade and 240 million yen in merchandise.

Property, plant and equipment increased by 46 million yen to 483 million yen (up 10.6% year on year).

Intangible assets increased by 1,055 million yen to 24,238 million yen (up 4.6% year on year) (Note 2).

Investments and other assets increased by 10 million yen to 1,163 million yen (up 0.9% year on year).

Total non-current assets increased by 1,111 million yen to 25,884 million yen (up 4.5% year on year).

(Note 2) Under intangible assets, the asset value of goodwill and trademark rights arising from the acquisition of Curves International, Inc. decreased in US dollar terms due to annual amortization, and increased in yen terms by 771 million yen due to the weakening yen by 16.08 yen against the dollar at the end of the fiscal year under review compared to a year ago.

As of the end of the previous fiscal year: 149,435 thousand dollars, 144.99 yen for the dollar, equivalent to 21,666 million yen on a yen basis
Decrease due to amortization: 10,131 thousand dollars
As of the end of the fiscal year: 139,304 thousand dollars, 161.07 yen for the dollar, equivalent to 22,437 million yen on a yen basis

(Liabilities)

Current liabilities increased by 967 million yen to 11,654 million yen (up 9.1% year on year). This was primarily due to increases of 310 million yen in notes and accounts payable - trade and 397 million yen in accounts payable - other.

Non-current liabilities decreased by 3,043 million yen to 10,311 million yen (down 22.8% year on year). This was mainly due to a decrease of 3,290 million yen in long-term borrowings.

Total liabilities decreased by 2,075 million yen to 21,965 million yen (down 8.6% year on year).

(Net assets)

Net assets increased by 4,339 million yen, to 19,409 million yen (up 28.8% year on year). Shareholders' equity increased by 2,536 million yen, to 13,158 million yen (up 23.9% year on year).

This chiefly reflected an increase of 2,534 million yen in retained earnings due to the posting of profit attributable to owners of parent of 3,566 million yen and the payment of dividends of 1,032 million yen. In addition, foreign currency translation adjustment increased by 1,801 million yen to 6,251 million yen (up 40.5% year on year) due to a weaker yen.

(3) Overview of Cash Flows for the Year under Review

The balance of cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review increased by 147 million yen from the end of the previous fiscal year to 8,002 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year under review stood at 5,426 million yen (4,920 million yen in the previous fiscal year). This was mainly attributable to profit before income taxes of 5,446 million yen and amortization of trademark rights of 1,407 million yen, which was partly offset by income taxes paid of 2,076 million yen.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review came to 967 million yen (891 million yen used in the previous fiscal year). This was mainly attributable to purchase of intangible assets of 805 million yen and purchase of property, plant and equipment of 149 million yen.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review was 4,327 million yen (4,091 million yen used in the previous fiscal year). This was caused primarily by repayments of long-term borrowings of 3,290 million yen and dividends paid of 1,032 million yen.

(Reference) Trends in cash flow-related indicators

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023	Fiscal year ended August 31, 2024 (fiscal year under review)
Equity ratio (%)	22.1	25.3	32.2	38.5	46.9
Equity ratio based on fair value (%)	173.0	217.3	199.2	171.6	177.3
Debt redemption period (years)	10.2	5.3	4.6	2.4	1.5
Interest coverage ratio (times)	32.1	48.9	58.2	96.9	123.8

Equity ratio:

Shareholders' equity / Total assets

Equity ratio based on fair value:

Total market capitalization (Closing share price at the end of the fiscal year × Total number of issued shares at the end of the fiscal year (excluding treasury shares)) / Total assets

Debt redemption period:

Interest-bearing debt / Operating cash flows

Interest coverage ratio:

Operating cash flows / Interest expenses

(Note 1) Total market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year.

(Note 2) Interest-bearing debt refers to all liabilities on the consolidated balance sheets for which interest is paid.

(Note 3) Operating cash flows refer to cash flows from operating activities on the consolidated statements of cash flows.

(Note 4) Interest expenses refer to interest paid on the consolidated statements of cash flows.

(4) Future Outlook

Extending healthy life expectancy has become an important issue in Japan's super-aging society. In order to contribute to solving social issues through its business as "community-based health infrastructure" that contributes to the extension of health life expectancy, and to achieve further growth, the Group plans to make strategic investments such as strengthening marketing to expand the market.

In January 2024, the Ministry of Health, Labour and Welfare released the Physical Activity and Exercise Guide for Health Promotion 2023, in which the government officially recommended strength training for the first time. Especially for middle-aged and elderly people, it was recommended that multifactorial exercise such as aerobic exercise, strength training, balance exercises, and stretching exercises be performed at least three days a week. (Note 1) CURVES Workout, the 30-minute exercise program that the Company has offered since its inception, meets the very requirements for recommended exercise in the Physical Activity and Exercise Guide. The Company will further increase the number of people with exercise habits in order to fulfill its mission as community-based health infrastructure.

(Note 1) Source: The Ministry of Health, Labour and Welfare's Physical Activity and Exercise Guide for Health Promotion 2023

https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kenkou_iryuu/kenkou/undou/index.html

In the full-year consolidated financial forecasts for the fiscal year ending August 31, 2025, the Group expects net sales of 38,000 million yen (up 7.1% year on year), operating profit of 6,300 million yen (up 15.4% year on year), ordinary profit of 6,250 million yen (up 14.2% year on year), and profit attributable to owners of parent of 4,000 million yen (up 12.1% year on year).

Details are as follows.

Domestic Business

- The number of Curves, 30-minute Fitness for Women is expected to increase by 13 clubs to 1,991 clubs at the end of the fiscal year ending August 31, 2025.
- The number of members is projected to be 840K to 850K at the end of the fiscal year. In the fiscal year ending August 31, 2025, we expect a net increase of about 23K to 33K members by continuing to reduce the membership attrition rate through further improvement of customer satisfaction and by strengthening new memberships through the implementation of attractive campaigns three times a year.
- Merchandise sales to members are expected to increase due to an increase in the number of subscription-based product lines sold in response to an increase in the number of members and an increase in the subscription rate for Healthy Beauty, a new product launched last year.
- The Group will continue to aggressively expand its marketing efforts in the fiscal year ending August 31, 2025. Advertising expenses (covered by the Company) are expected to decrease from the previous fiscal year due to improved marketing efficiency and increased advertising contributions from franchisees resulting from an increase in the number of members.
- The Group regards investment in human resources as an important strategy and expects an increase in personnel expenses, including base increases for all employees.
- The Group will continue to aggressively invest in IT to further improve productivity in club operations.
- The number of 'Men's Curves', Fitness for Men, is expected to increase by 10 clubs to 29 clubs at the end of the fiscal year. The Group plans to continue to refine its know-how and increase the number of club openings.

Overseas Business

- In Europe (including the UK, Italy and Spain), which is a priority region, the Group plans to continue experimenting and verifying new business models for business growth by refining its know-how at existing clubs and opening experimental clubs that adapt to the changing business environment. The Group continues to position the fiscal year ending August 31, 2025 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.

In addition, the Group will strive to achieve the following two consolidated financial index standards for the next five years.

- CAGR (Compound Annual Growth Rate) of operating profit, EBITDA, and free cash flow of at least 10% (Note 2)
- Maintain ROIC of 12% or more, aiming for 15% (Note 3)

(Note 2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) = Operating profit + Depreciation + Amortization of goodwill and trademarks

Free cash flow = Net cash provided by (used in) operating activities + Net cash provided by (used in) investment activities

(Note 3) ROIC (Return On Invested Capital) = Operating profit after tax / Invested capital (working capital + non-current assets)

2. Basic Policy for the Selection of Accounting Standards

Taking into account the comparability of consolidated financial statements between periods and companies, the Group intends to prepare consolidated financial statements in accordance with Japanese standards in the foreseeable future.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of August 31, 2023	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	8,134,555	8,296,270
Notes and accounts receivable - trade	4,444,932	5,128,122
Merchandise	985,744	1,225,995
Raw materials and supplies	46,825	218,102
Other	921,909	789,958
Allowance for doubtful accounts	(195,813)	(168,377)
Total current assets	14,338,155	15,490,072
Non-current assets		
Property, plant and equipment		
Buildings and structures	633,814	722,853
Accumulated depreciation	(378,035)	(401,430)
Buildings and structures, net	255,779	321,422
Tools, furniture and fixtures	906,410	922,450
Accumulated depreciation	(727,404)	(778,807)
Tools, furniture and fixtures, net	179,005	143,642
Other, net	2,293	18,252
Total property, plant and equipment	437,078	483,318
Intangible assets		
Goodwill	1,546,327	1,598,088
Trademark right	20,126,174	20,842,437
Software	1,361,644	1,672,178
Other	148,927	125,576
Total intangible assets	23,183,073	24,238,281
Investments and other assets		
Investment securities	17,240	—
Leasehold and guarantee deposits	313,702	331,384
Deferred tax assets	721,325	724,588
Other	106,921	113,266
Allowance for doubtful accounts	(6,112)	(6,036)
Total investments and other assets	1,153,077	1,163,203
Total non-current assets	24,773,230	25,884,802
Total assets	39,111,385	41,374,875

(Thousands of yen)

	As of August 31, 2023	As of August 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,028,197	2,338,805
Current portion of long-term borrowings	3,290,400	3,290,400
Accounts payable - other	570,548	967,721
Accrued expenses	317,655	379,025
Income taxes payable	1,153,823	1,066,464
Provision for bonuses	320,050	384,420
Provision for point card certificates	136,499	166,126
Provision for shareholder benefit program	25,602	25,791
Deposits received	2,269,969	2,444,136
Other	573,833	591,327
Total current liabilities	10,686,579	11,654,219
Non-current liabilities		
Long-term borrowings	8,665,700	5,375,300
Provision for share awards	272,745	326,621
Lease liabilities	–	6,974
Deferred tax liabilities	4,272,014	4,441,392
Asset retirement obligations	144,186	161,034
Total non-current liabilities	13,354,646	10,311,322
Total liabilities	24,041,226	21,965,542
Net assets		
Shareholders' equity		
Share capital	848,666	848,666
Capital surplus	828,666	828,666
Retained earnings	10,192,047	12,726,555
Treasury shares	(1,247,477)	(1,245,620)
Total shareholders' equity	10,621,903	13,158,268
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,805)	–
Foreign currency translation adjustment	4,450,060	6,251,065
Total accumulated other comprehensive income	4,448,255	6,251,065
Total net assets	15,070,159	19,409,333
Total liabilities and net assets	39,111,385	41,374,875

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

(Thousands of yen)

	For the fiscal year ended August 31, 2023	For the fiscal year ended August 31, 2024
Net sales	30,022,487	35,465,349
Cost of sales	17,216,462	20,320,078
Gross profit	12,806,024	15,145,270
Selling, general and administrative expenses	8,954,478	9,687,073
Operating profit	3,851,546	5,458,197
Non-operating income		
Interest and dividend income	254	511
Foreign exchange gains	31,025	30,311
Subsidy income	1,513	1,063
Income insurance	2,587	169
Compensation income	—	27,624
Goods proceeds of sales	—	9,085
Other	10,398	9,284
Total non-operating income	45,780	78,049
Non-operating expenses		
Interest expenses	47,800	45,323
Commission expenses	1,900	2,049
Other	5,711	16,351
Total non-operating expenses	55,412	63,725
Ordinary profit	3,841,914	5,472,521
Extraordinary losses		
Loss on retirement of non-current assets	9,421	6,244
Impairment losses	10,026	19,782
Total extraordinary losses	19,447	26,026
Profit before income taxes	3,822,467	5,446,495
Income taxes - current	1,957,181	2,166,103
Income taxes - deferred	(686,083)	(286,547)
Total income taxes	1,271,098	1,879,556
Profit	2,551,368	3,566,938
Profit attributable to owners of parent	2,551,368	3,566,938

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended August 31, 2023	For the fiscal year ended August 31, 2024
Profit	2,551,368	3,566,938
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,561)	1,805
Foreign currency translation adjustment	968,190	1,801,004
Total other comprehensive income	960,628	1,802,809
Comprehensive income:	3,511,997	5,369,748
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,511,997	5,369,748
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended August 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	848,666	828,666	8,438,466	(1,247,477)	8,868,322
Changes during period					
Dividends of surplus			(797,787)		(797,787)
Profit attributable to owners of parent			2,551,368		2,551,368
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,753,581	—	1,753,581
Balance at end of period	848,666	828,666	10,192,047	(1,247,477)	10,621,903

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	5,756	3,481,870	3,487,626	12,355,949
Changes during period				
Dividends of surplus				(797,787)
Profit attributable to owners of parent				2,551,368
Net changes in items other than shareholders' equity	(7,561)	968,190	960,628	960,628
Total changes during period	(7,561)	968,190	960,628	2,714,210
Balance at end of period	(1,805)	4,450,060	4,448,255	15,070,159

For the fiscal year ended August 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	848,666	828,666	10,192,047	(1,247,477)	10,621,903
Changes during period					
Dividends of surplus			(1,032,431)		(1,032,431)
Profit attributable to owners of parent			3,566,938		3,566,938
Purchase of treasury shares				(48)	(48)
Disposal of treasury shares by stocks payment trust				1,905	1,905
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,534,507	1,856	2,536,364
Balance at end of period	848,666	828,666	12,726,555	(1,245,620)	13,158,268

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(1,805)	4,450,060	4,448,255	15,070,159
Changes during period				
Dividends of surplus				(1,032,431)
Profit attributable to owners of parent				3,566,938
Purchase of treasury shares				(48)
Disposal of treasury shares by stocks payment trust				1,905
Net changes in items other than shareholders' equity	1,805	1,801,004	1,802,809	1,802,809
Total changes during period	1,805	1,801,004	1,802,809	4,339,174
Balance at end of period	–	6,251,065	6,251,065	19,409,333

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended August 31, 2023	For the fiscal year ended August 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,822,467	5,446,495
Depreciation	908,992	715,593
Impairment losses	10,026	19,782
Amortization of goodwill	102,458	110,805
Amortization of trademark right	1,298,515	1,407,682
Increase (decrease) in allowance for doubtful accounts	(33,080)	(44,502)
Increase (decrease) in provision for bonuses	30,437	62,065
Increase (decrease) in provision for share awards	50,053	55,919
Interest and dividend income	(254)	(511)
Interest expenses	47,800	45,323
Foreign exchange losses (gains)	(31,025)	(30,311)
Loss on retirement of non-current assets	9,421	6,244
Decrease (increase) in trade receivables	(252,928)	(620,027)
Decrease (increase) in inventories	(87,887)	(395,568)
Decrease (increase) in prepaid expenses	(29,179)	(23,140)
Increase (decrease) in trade payables	274,600	299,739
Increase (decrease) in accounts payable - other	(38,352)	298,353
Increase (decrease) in accrued expenses	10,958	55,630
Other, net	333,083	136,710
Subtotal	6,426,107	7,546,284
Interest and dividends received	254	511
Interest paid	(50,804)	(43,845)
Income taxes refund (paid)	(1,454,691)	(2,076,498)
Net cash provided by (used in) operating activities	4,920,866	5,426,451
Cash flows from investing activities		
Purchase of property, plant and equipment	(162,390)	(149,035)
Purchase of intangible assets	(687,566)	(805,359)
Purchase of long-term prepaid expenses	(22,678)	(15,114)
Proceeds from sale of investment securities	—	20,000
Payments of leasehold and guarantee deposits	(38,353)	(22,711)
Proceeds from refund of leasehold and guarantee deposits	19,085	5,213
Net cash provided by (used in) investing activities	(891,903)	(967,007)
Cash flows from financing activities		
Repayments of long-term borrowings	(3,290,400)	(3,290,400)
Purchase of treasury shares	—	(48)
Repayments of lease liabilities	(3,619)	(4,673)
Dividends paid	(797,787)	(1,032,431)
Net cash provided by (used in) financing activities	(4,091,807)	(4,327,553)
Effect of exchange rate change on cash and cash equivalents	(25,564)	15,227
Net increase (decrease) in cash and cash equivalents	(88,408)	147,118
Cash and cash equivalents at beginning of period	7,943,566	7,855,158
Cash and cash equivalents at end of period	7,855,158	8,002,276

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

(Segment information)

Description is omitted as the Group operates in a single segment, which is the Curves business.

(Per share information)

	Previous fiscal year (September 1, 2022-August 31, 2023)	Fiscal year under review (September 1, 2023-August 31, 2024)
Net assets per share	163.70 yen	210.83 yen
Earnings per share	27.71 yen	38.75 yen

(Notes) 1. Diluted earnings per share is not stated since the Group has no dilutive shares.

2. The shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets under stock benefit trust schemes (J-ESOP and board benefit trust (BBT)) are included in treasury stock that is subtracted from the total number of outstanding shares when calculating net assets per share (1,800,000 shares in the previous fiscal year and 1,797,250 shares in the fiscal year under review), and that is subtracted in the calculation of average number of shares outstanding during the period when calculating net income (1,800,000 shares in the previous fiscal year and 1,798,500 shares in the fiscal year under review).

3. The following is the basis of calculating earnings per share.

	Previous fiscal year (September 1, 2022-August 31, 2023)	Fiscal year under review (September 1, 2023-August 31, 2024)
Earnings per share		
Profit attributable to owners of parent (Thousands of yen)	2,551,368	3,566,938
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousands of yen)	2,551,368	3,566,938
Average number of common shares during the period (Shares)	92,057,370	92,058,860
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	—

(Significant subsequent events)

Not applicable.