

**Summary of Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending August 31, 2018**  
**(Six Months Ended February 28, 2018)**

**[Japanese GAAP]**

Company name: KOSHIDAKA HOLDINGS Co., LTD. Listing: Tokyo Stock Exchange (First Section)  
 Stock code: 2157 URL: <http://www.koshidakaholdings.co.jp/>  
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 Scheduled date of filing of Quarterly Report: April 13, 2018  
 Scheduled date of payment of dividend: May 11, 2018  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

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

**1. Consolidated Financial Results for the Second Quarter Ended February 28, 2018 (Sep. 1, 2017 – Feb. 28, 2018)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Feb. 28, 2018	30,394	13.2	3,687	17.1	3,860	18.0	2,320	28.5
Six months ended Feb. 28, 2017	26,860	10.1	3,149	22.2	3,271	31.8	1,805	29.7

Note: Comprehensive income (million yen) Six months ended Feb. 28, 2018: 2,515 (up 27.7%)  
 Six months ended Feb. 28, 2017: 1,970 (up 29.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Feb. 28, 2018	114.16	-
Six months ended Feb. 28, 2017	100.56	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Feb. 28, 2018	43,664	24,513	54.1
As of Aug. 31, 2017	43,690	22,663	49.6

Reference: Shareholders' equity (million yen) As of Feb. 28, 2018: 23,632 As of Aug. 31, 2017: 21,660

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Aug. 31, 2017	-	18.00	-	18.00	36.00
Fiscal year ending Aug. 31, 2018	-	20.00	-	-	-
Fiscal year ending Aug. 31, 2018 (forecast)	-	-	-	5.00	-

Note: Revisions to the most recently announced dividend forecast: Yes

Koshidaka Holdings plans to conduct a 4-for-1 stock split effective on June 1, 2018. The year-end dividend forecast for the fiscal year ending August 31, 2018 has been adjusted to reflect the stock split.

**3. Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2018 (Sep. 1, 2017 – Aug. 31, 2018)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	59,612	7.8	7,313	19.0	7,306	15.0	4,036	24.0	49.63

Note: Revisions to the most recently announced consolidated earnings forecast: None

Koshidaka Holdings plans to conduct a 4-for-1 stock split effective on June 1, 2018. Net income per share forecast for the fiscal year ending August 31, 2018 has been adjusted to reflect the stock split.

\* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -                      Excluded: -

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of Feb. 28, 2018:	20,575,000 shares	As of Aug. 31, 2017:	20,575,000 shares
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2) Number of treasury shares at the end of the period

As of Feb. 28, 2018:	245,409 shares	As of Aug. 31, 2017:	245,409 shares
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3) Average number of shares outstanding during the period

Six months ended Feb. 28, 2018:	20,329,591 shares	Six months ended Feb. 28, 2017:	17,954,591 shares
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\* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to page 4 of the attachments "(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" for forecast assumptions and notes of caution for usage.

Koshidaka Holdings plans to conduct a 4-for-1 stock split effective on June 1, 2018. The year-end dividend forecast and net income per share forecast for the fiscal year ending August 31, 2018 have been adjusted to reflect the stock split.

## Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statement of Income	
For the Six-month Period	7
Quarterly Consolidated Statement of Comprehensive Income	
For the Six-month Period	8
(3) Quarterly Consolidated Statement of Cash Flows	9
(4) Notes to Quarterly Consolidated Financial Statements	10
Going Concern Assumption	10
Significant Changes in Shareholders' Equity	10
Segment and Other Information	10
Material Subsequent Events	11

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half of the current fiscal year, demands in Japan and other countries increased due to recovery in exports and strong capital expenditures. However, there are concerns about the possibility of negative effects of increasing trade protectionism, particularly in the United States. The pace of recovery in personal income remained slow and consumer spending was sluggish.

Results by business segment were as follows.

#### Karaoke

In Japan's karaoke facility market, the positions of major companies in this business sector are changing amid a lack of growth in overall demand.

To continue to grow in this environment, we are focusing on increasing the number of locations mainly in the Tokyo area. We are also using resources to create new services that our competitors cannot match and to improve automated and efficient operations.

There are several basic initiatives that target specific time frames and customer segments such as ZERO Kara, Asa-Uta ("Morning Song") and joint activities with content holders. Offering different rates that reflect the operating environment of each karaoke location is one more initiative. The goal of all these measures is to build even stronger ties with the base customer segment.

At the end of 2017, karaoke facilities in the Tokyo area started selling Tsukiji Gindako (octopus dumplings) for a limited time through a tie-up with HotLand Co., Ltd. Due to the strong customer response, the sale of this popular Japanese snack has been expanded to locations nationwide and will continue for longer than was initially planned.

At the end of the second quarter of the current fiscal year, the number of karaoke locations in Japan totaled 506, seven more than at the end of the previous fiscal year, and the number of overseas karaoke facilities totaled 24, consisting of 10 in Singapore and 14 in South Korea.

Renovations of karaoke locations in Japan were completed at 38 locations.

Sales in the Karaoke segment were 15,706 million yen, up 6.9% year on year. The segment profit was 1,571 million yen, up 45.4%.

#### Curves

Curves operate facilities where people can become accustomed to exercising regularly with friends throughout their lives in order to enjoy happy and healthy lives with fewer worries about diseases and the need for nursing care.

We want people who do not exercise regularly to understand the importance of physical exercise and make this a regular part of their lives. Our goal is to maintain the steady growth in the number of members at Curves fitness clubs as we expand our network of these clubs.

We have recorded very strong sales of an upgraded line of protein supplements that have a synergy effect with workouts and are formulated to make these beverages easy to drink. Significant growth in the number of Curves members buying these supplements on a regular basis made a contribution to sales growth.

At the end of the second quarter of the current fiscal year, the number of Curves fitness clubs in Japan was 1,860 (including 60 directly operated facilities), an increase of 37, or 2.0%, from the end of the previous fiscal year. The number of members went down by 15,000, or 1.8%, to 806,000.

Curves Holdings Co., Ltd. purchased the stock of Curves International Holdings, Inc., the global franchisor of Curves fitness clubs, and other companies associated with Curves operations. This action was announced in a February 17, 2018 news release titled "Notice of Acquisition of Stock Resulting in Change in Subsidiaries of Subsidiary" and in a March 31, 2018 news release titled "Notice of Merger of Consolidated Subsidiaries (Subsidiaries of Subsidiary) and Change in Specified Subsidiaries" (Japanese versions only.)

Sales in the Curves segment were 13,711 million yen, up 22.5% year on year, and the segment profit was 2,431 million yen, up 2.6%.

#### Bath House

In this segment, there were measures to enhance activities for attracting customers and bath houses started offering new types of content. There were also more continuous investments in energy-saving equipment and necessary facility renovations conducted on a regular basis. The goal was to improve operations in terms of both quality and quantity.

Sales in the Bath House segment were 819 million yen, down 0.9% year on year. The segment profit was 45 million yen, down 41.4%.

#### Real Estate Management

Sales in the Real Estate Management segment were 157 million yen, up 1.7% year on year, and the segment profit was 63 million yen, up 7.5%.

Overall, the Koshidaka Group (KOSHIDAKA HOLDINGS Co., LTD. and its consolidated subsidiaries) had sales of 30,394 million yen, up 13.2%, operating profit of 3,687 million yen, up 17.1%, ordinary profit of 3,860 million yen, up 18.0%, and profit attributable to owners of parent of 2,320 million yen, up 28.5% in the first half of the current fiscal year.

## **(2) Explanation of Financial Position**

Total assets at the end of the second quarter of the current fiscal year decreased 25 million yen (0.1%) from the end of the previous fiscal year to 43,664 million yen.

#### Current assets

Current assets decreased 945 million yen (4.8%) to 18,791 million yen. This was mainly due to a 3,156 million yen decrease in cash and deposits, while there were increases of 736 million yen in notes and accounts receivable-trade and 234 million yen in merchandise.

#### Non-current assets

Property, plant and equipment increased 597 million yen (3.6%) to 17,407 million yen. This was mainly due to a 449 million yen increase in buildings and structures, and a 158 million yen increase in vehicles, tools, furniture and fixtures.

Intangible assets decreased 74 million yen (4.4%) to 1,596 million yen. This was mainly due to a 203 million yen decrease in goodwill, while there was an increase of 51 million yen in software.

Investments and other assets increased 396 million yen (7.3%) to 5,869 million yen. This was mainly due to a 265 million yen increase in investment securities and a 151 million yen increase in lease and guarantee deposits.

Total non-current assets increased 920 million yen (3.8%) to 24,873 million yen.

#### Current liabilities

Current liabilities decreased 479 million yen (3.8%) to 12,162 million yen. This was mainly due to decreases of 296 million yen in accounts payable-other and 160 million yen in income taxes payable.

#### Non-current liabilities

Non-current liabilities decreased 1,395 million yen (16.6%) to 6,988 million yen. This was mainly due to a 1,564 million yen decrease in long-term loans payable.

Total liabilities decreased 1,875 million yen (8.9%) to 19,151 million yen.

#### Net assets

Net assets increased 1,849 million yen (8.2%) to 24,513 million yen. This was mainly due to a 1,954 million yen increase in retained earnings.

#### Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the second quarter of the current fiscal year decreased 3,160 million yen (compared with a 1,180 million yen increase in the same period of the previous fiscal year) from 7,430 million yen at the end of the previous fiscal year to 10,594 million yen.

#### Cash flows from operating activities

Net cash provided by operating activities totaled 2,184 million yen, a decrease of 1,756 million yen from 3,940 million yen provided in the same period of the previous fiscal year. Main factors include increases of 607 million yen in profit before income taxes and 1,689 million yen in income taxes paid, and a decrease of 758 million yen in notes and accounts receivable-trade.

#### Cash flows from investing activities

Net cash used in investing activities totaled 2,973 million yen, a decrease of 293 million yen from 3,266 million yen used in the same period of the previous fiscal year. Main factors include a decrease of 714 million yen in purchase of property, plant and equipment, and increases of 253 million yen in purchase of investment securities and 77 million yen in purchase of intangible assets.

#### Cash flows from financing activities

Net cash used in financing activities totaled 2,384 million yen, an increase of 2,944 million yen from 560 million yen provided in the same period of the previous fiscal year.

Main factors include a decrease of 2,500 million yen in proceeds from long-term loans payable and an increase of 295 million yen in cash dividends paid to minority shareholders.

### **(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements**

The full-year consolidated forecasts announced on October 11, 2017 remain unchanged.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY8/17 (As of Aug. 31, 2017)	Second quarter of FY8/18 (As of Feb. 28, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	13,785,094	10,628,952
Notes and accounts receivable-trade	3,021,695	3,758,578
Merchandise	900,386	1,134,509
Raw materials and supplies	196,282	201,009
Deferred tax assets	434,772	435,007
Other	1,418,940	2,651,580
Allowance for doubtful accounts	(20,104)	(18,074)
Total current assets	19,737,068	18,791,564
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,716,737	12,166,004
Vehicles, tools, furniture and fixtures, net	3,072,030	3,230,304
Land	1,965,917	1,965,917
Leased assets, net	49,238	39,440
Construction in progress	6,310	5,755
Total property, plant and equipment	16,810,233	17,407,422
Intangible assets		
Goodwill	1,034,950	831,835
Software	601,509	653,329
Other	33,861	111,132
Total intangible assets	1,670,321	1,596,297
Investments and other assets		
Investment securities	1,176,052	1,441,834
Shares of subsidiaries and associates	28,977	7,427
Long-term loans receivable	613,541	641,034
Long-term prepaid expenses	59,526	64,094
Lease and guarantee deposits	3,008,647	3,160,093
Deferred tax assets	457,433	420,138
Other	163,327	167,926
Allowance for doubtful accounts	(34,959)	(33,123)
Total investments and other assets	5,472,548	5,869,426
Total non-current assets	23,953,103	24,873,146
<b>Total assets</b>	<b>43,690,171</b>	<b>43,664,711</b>

(Thousands of yen)

	FY8/17 (As of Aug. 31, 2017)	Second quarter of FY8/18 (As of Feb. 28, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,193,275	2,385,212
Current portion of long-term loans payable	3,355,738	3,214,112
Lease obligations	33,289	33,289
Accounts payable-other	1,345,766	1,048,855
Accrued expenses	1,124,858	1,434,407
Income taxes payable	1,516,796	1,356,442
Provision for bonuses	334,518	304,879
Deposits received	1,728,024	1,693,873
Other	1,009,693	691,566
Total current liabilities	12,641,960	12,162,637
Non-current liabilities		
Long-term loans payable	6,381,710	4,817,342
Lease obligations	23,286	8,199
Deferred tax liabilities	119,680	115,908
Asset retirement obligations	1,628,153	1,805,451
Other	231,581	241,820
Total non-current liabilities	8,384,411	6,988,720
Total liabilities	21,026,372	19,151,358
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,070,257	2,070,257
Capital surplus	2,335,577	2,335,577
Retained earnings	17,461,291	19,416,218
Treasury shares	(301,401)	(301,401)
Total shareholders' equity	21,565,724	23,520,651
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,907	34,064
Foreign currency translation adjustment	59,659	77,787
Total accumulated other comprehensive income	94,567	111,851
Non-controlling interests	1,003,506	880,850
Total net assets	22,663,798	24,513,353
Total liabilities and net assets	43,690,171	43,664,711



**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY8/17 (Sep. 1, 2016 – Feb. 28, 2017)	First six months of FY8/18 (Sep. 1, 2017 – Feb. 28, 2018)
Net sales	26,860,275	30,394,667
Cost of sales	19,621,873	22,421,326
Gross profit	7,238,402	7,973,341
Selling, general and administrative expenses	4,088,643	4,286,117
Operating profit	3,149,758	3,687,224
Non-operating income		
Interest and dividend income	4,001	6,225
Foreign exchange gains	98,055	44,286
Store relocation compensation	27,259	23,000
Other	36,922	132,382
Total non-operating income	166,239	205,894
Non-operating expenses		
Interest expenses	13,393	8,074
Loss on investments in silent partnership	11,791	-
Other	19,638	24,336
Total non-operating expenses	44,822	32,410
Ordinary profit	3,271,175	3,860,708
Extraordinary income		
Gain on sales of non-current assets	-	380
Total extraordinary income	-	380
Extraordinary losses		
Loss on retirement of non-current assets	92,610	42,036
Impairment loss	3,956	14,115
Loss on valuation of shares of subsidiaries and associates	-	22,550
Total extraordinary losses	96,566	78,702
Profit before income taxes	3,174,608	3,782,387
Income taxes-current	1,194,152	1,251,293
Income taxes-deferred	29,392	32,890
Total income taxes	1,223,544	1,284,183
Profit	1,951,063	2,498,203
Profit attributable to non-controlling interests	145,435	177,343
Profit attributable to owners of parent	1,805,628	2,320,859

**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Six-month Period)**

(Thousands of yen)

	First six months of FY8/17 (Sep. 1, 2016 – Feb. 28, 2017)	First six months of FY8/18 (Sep. 1, 2017 – Feb. 28, 2018)
Profit	1,951,063	2,498,203
Other comprehensive income		
Valuation difference on available-for-sale securities	11,377	(843)
Foreign currency translation adjustment	7,770	18,127
Total other comprehensive income	19,148	17,283
Comprehensive income	1,970,212	2,515,487
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,824,776	2,338,143
Comprehensive income attributable to non-controlling interests	145,435	177,343

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY8/17 (Sep. 1, 2016 – Feb. 28, 2017)	First six months of FY8/18 (Sep. 1, 2017 – Feb. 28, 2018)
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,174,608	3,782,387
Depreciation	1,621,399	1,678,908
Impairment loss	3,956	14,115
Amortization of goodwill	216,921	226,062
Increase (decrease) in provision for bonuses	11,156	(29,639)
Increase (decrease) in allowance for doubtful accounts	978	(3,865)
Interest and dividend income	(4,001)	(6,225)
Interest expenses	13,393	8,074
Loss (gain) on sales of property, plant and equipment	-	(380)
Loss on retirement of non-current assets	92,610	42,036
Decrease (increase) in notes and accounts receivable-trade	23,196	(735,554)
Decrease (increase) in inventories	(118,042)	(237,914)
Increase (decrease) in notes and accounts payable-trade	(280,549)	190,621
Other, net	96,875	(149,155)
Subtotal	4,852,502	4,779,470
Interest and dividend income received	4,001	6,225
Interest expenses paid	(12,849)	(8,088)
Income taxes paid	(902,884)	(2,592,857)
Net cash provided by (used in) operating activities	3,940,770	2,184,749
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,035,675)	(2,320,719)
Proceeds from sales of property, plant and equipment	-	381
Purchase of intangible assets	(157,200)	(234,945)
Purchase of investment securities	(7)	(253,631)
Proceeds from sales of investment securities	3,244	18,633
Payments for lease and guarantee deposits	(123,824)	(171,268)
Proceeds from collection of lease and guarantee deposits	7,066	13,406
Payments of loans receivable	(523)	(50,453)
Collection of loans receivable	40,120	30,229
Decrease (increase) in time deposits	(1,200)	-
Other, net	1,378	(4,685)
Net cash provided by (used in) investing activities	(3,266,621)	(2,973,053)
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	2,500,000	-
Repayments of long-term loans payable	(1,599,122)	(1,705,994)
Repayments of lease obligations	(26,324)	(12,800)
Cash dividends paid	(309,393)	(365,932)
Dividends paid to non-controlling interests	(5,000)	(300,000)
Net cash provided by (used in) financing activities	560,160	(2,384,727)
Effect of exchange rate change on cash and cash equivalents	(53,719)	12,475
Net increase (decrease) in cash and cash equivalents	1,180,589	(3,160,556)
Cash and cash equivalents at beginning of period	6,249,594	13,754,885
Cash and cash equivalents at end of period	7,430,183	10,594,329

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment and Other Information**

## Segment Information

I. First six months of FY8/17 (Sep. 1, 2016 – Feb. 28, 2017)

1. Information related to net sales, profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Karaoke	Curves	Bath House	Real Estate Management			
Net sales							
External sales	14,685,635	11,192,670	827,420	154,548	26,860,275	-	26,860,275
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	14,685,635	11,192,670	827,420	154,548	26,860,275	-	26,860,275
Segment profit (loss)	1,081,287	2,370,555	77,326	58,896	3,588,065	(438,306)	3,149,758

Notes: 1. The -438,306 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

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

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.

II. First six months of FY8/18 (Sep. 1, 2017 – Feb. 28, 2018)

1. Information related to net sales, profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Karaoke	Curves	Bath House	Real Estate Management			
Net sales							
External sales	15,706,153	13,711,705	819,565	157,242	30,394,667	-	30,394,667
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	15,706,153	13,711,705	819,565	157,242	30,394,667	-	30,394,667
Segment profit (loss)	1,571,661	2,431,994	45,316	63,313	4,112,286	(425,062)	3,687,224

Notes: 1. The -425,062 thousand yen adjustment to segment profit mainly includes general and administrative expenses that cannot be attributed to reportable segments.

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

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.

## Material Subsequent Events

### Business combination through acquisition

The Board of Directors of Curves Holdings Co., Ltd., a consolidated subsidiary of Koshidaka Holdings, approved a resolution on February 17, 2018 to use a special-purpose company called Cyclone CV, Inc. to purchase the stock of Curves International Holdings, Inc. and Curves For Women II, L.C. in order to make these two companies subsidiaries. This stock was purchased on March 31, 2018.

#### (1) Summary of business combination

##### 1) Acquired companies and their business activities

Acquired companies: Curves International Holdings, Inc. and Curves For Women II, L.C.

Business activities: Curves fitness club business

##### 2) Reasons for acquisition

Curves Holdings acquired the two companies for the purposes of keeping royalty payments based on master franchise contracts within the Koshidaka Group and permanently retaining intellectual property rights involving Curves. In addition, making Curves Holdings the global franchisor for Curves fitness clubs is expected to improve prospects for growth by greatly increasing the strategic flexibility of the Curves business.

##### 3) Acquisition date

March 31, 2018

##### 4) Legal form of acquisition

Acquisition of shares

##### 5) Company's name after acquisition

There is no change in the company's name.

##### 6) Percentage of voting rights acquired

100%

##### 7) Basis for choosing the companies to acquire

Koshidaka acquired the shares in exchange for consideration in cash.

#### (2) Acquisition cost of acquired companies and breakdown by type of consideration

Payment for the acquisition:	Cash	75,937 thousand dollars
Acquisition cost:		75,937 thousand dollars

#### (3) Details of major acquisition-related costs

Not yet determined.

#### (4) Goodwill resulting from the acquisition

Not yet determined.

#### (5) Breakdown of assets acquired and liabilities assumed on the acquisition date

Not yet determined.

**Merger of consolidated subsidiaries**

The Board of Directors of Koshidaka Holdings approved a resolution on March 31, 2018 to merge Curves International Inc., a subsidiary of consolidated subsidiary Curves Holdings Co., Ltd., with four subsidiaries of Curves International: Cyclone CV, Inc., Curves International Holdings, Inc., Curves For Women II L.C., and Curves International Japan, LLC.

**(1) Purpose of merger**

The purpose of this merger is to increase the pace of the post-merger integration in order to manage the global Curves fitness club business more efficiently.

**(2) Purpose of merger and absorption****1) Name and business activities of merging companies**

Surviving company

Name of company: Curves International Inc.

Business activities: Global franchisor for Curves fitness clubs

Dissolved companies after absorption-type merger

Name of companies: Cyclone CV, Inc., Curves International Holdings, Inc.,  
Curves For Women II, L.C., Curves International Japan, LLC

Business activities:	Cyclone CV, Inc.	Management of subsidiaries
	Curves International Holdings, Inc.	Franchising of fitness clubs
	Curves For Women II, L.C.	Sale of fitness club equipment
	Curves International Japan, LLC	Administrative tasks for master licensing fees

**2) Acquisition date**

April 20, 2018 (tentative)

**3) Legal form of acquisition**

An absorption-type merger between Curves International Inc., which will be the surviving company, and Cyclone CV, Inc., Curves International Holdings, Inc., Curves For Women II, L.C. and Curves International Japan, LLC., which will be dissolved.

**4) Allocation of stock and payments for the absorption-type merger**

There is no allocation of stock or cash payments associated with this absorption-type merger because this is a merger of wholly owned subsidiaries.

**5) Summary of accounting methods applied**

Accounting methods used for this merger as a transaction under common control are based on “Accounting Standard for Business Combinations” and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.”

**Stock split and revision to Articles of Incorporation following the split**

On April 10, 2018, the Board of Directors of Koshidaka Holdings approved a resolution for a stock split and an associated revision to the Articles of Incorporation.

**(1) Purpose of stock split**

The stock split will lower the cost of an investment unit of Koshidaka Holdings stock. This is expected to increase the liquidity of this stock and expand ownership to more investor segments.

**(2) Summary of stock split**

Shareholders listed in the final shareholder register on the record date of May 31, 2018 will receive four shares of common stock for each share held on the record date.

## (3) Schedule

Announcement date: May 16, 2018  
 Record date: May 31, 2018  
 Effective date: June 1, 2018

## (4) Increase in the number of shares due to the stock split

Total number of shares outstanding before the stock split: 20,575,000 shares  
 Increase in the number of shares due to the stock split: 61,725,000 shares  
 Total number of shares outstanding after the stock split: 82,300,000 shares  
 Total number of shares authorized after the stock split: 307,200,000 shares

## (5) Effect of these changes on per share information

Per-share information calculated as if this split had taken place at the beginning of previous fiscal year is presented below.

	First six months of FY8/17 (Sep. 1, 2016 – Feb. 28, 2017)	First six months of FY8/18 (Sep. 1, 2017 – Feb. 28, 2018)
Net income per share	25.14	28.54

(Yen)

## (6) Partial revision to the Articles of Incorporation following the stock split

## 1) Reason for the revision

In association with this stock split, Article 6 of the Koshidaka Holdings Articles of Incorporation will be amended on June 1, 2018 to revise the total number of shares authorized in accordance with Article 184, Paragraph 2 of the Companies Act.

## 2) Details of the revision

Underlined parts are revised.

Current	After revision
Total Number of Shares Authorized Article 6: The total number of shares authorized to be issued by the Company shall be <u>76,800,000 shares</u> .	Total Number of Shares Authorized Article 6: The total number of shares authorized to be issued by the Company shall be <u>307,200,000 shares</u> .

## 3) Schedule

Effective date: June 1, 2018

## (7) Others

## Change in capital stock

The stock split will have no effect on the capital stock.

*This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*