

To Our Shareholders:

1-5-1 Odomomachi, Maebashi-shi, Gunma, Japan
KOSHIDAKA HOLDINGS Co., LTD.
Hiroshi Koshidaka, Representative Director & President

Notice of Convocation of the 50th General Meeting of Shareholders

Notice is hereby given that the 50th General Meeting of Shareholders of KOSHIDAKA HOLDINGS Co., LTD. (“Koshidaka Holdings” or the “Company”) will be held as described below. You are cordially invited to attend the Meeting.

If you are unable to attend the Meeting in person, please review the “Reference Materials of General Meeting of Shareholders” enclosed herewith. Please send us the enclosed voting form by return mail, indicating your votes for or against proposals, so that such voting form should arrive at the Company by 5:00 p.m., Tuesday, November 26, 2019.

- 1. Date and time** Wednesday, November 27, 2019 at 10:00 a.m. (doors open at 9:00 a.m.)
- 2. Place** New Pier Hall, New Pier Takeshiba North Tower 1F
1-11-1, Kaigan, Minato-ku, Tokyo, Japan

3. Agenda for the Meeting

- Matters to be reported:**
- (1) Report on the Business Report and the Consolidated Financial Statements for the 50th Fiscal Year (September 1, 2018 to August 31, 2019), and audit results on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 - (2) Report on the Non-Consolidated Financial Statements for the 50th Fiscal Year (September 1, 2018 to August 31, 2019)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Five (5) Directors (excluding Directors who are members of Audit & Supervisory Board)
- Proposal 3:** Election of Three (3) Directors who are members of Audit & Supervisory Board
- Proposal 4:** Distribution of Dividend in Kind of Common Shares of Curves HOLDINGS Co., Ltd, a Subsidiary of the Company (Stock Distribution Spin-off)

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- * When attending the Meeting in person, please present the enclosed voting form to the receptionist at the Meeting.
 - * Of the documents to be attached to this notice of convocation, matters to be presented as the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are disclosed on the Company’s website (<https://www.koshidakaholdings.co.jp>) pursuant to laws and regulations and the provisions in Article 16 of the Company’s Articles of Incorporation, and are therefore not included in the documents attached hereto.
 - * If any amendment is made to the Reference Materials of General Meeting of Shareholders, the Business Report and the Consolidated and/or the Non-Consolidated Financial Statements, the amended information will be disclosed on the Company’s website (<https://www.koshidakaholdings.co.jp>).
 - * For “Distribution of Dividend in Kind of Common Shares of Curves HOLDINGS Co., Ltd, a subsidiary of the Company (Stock Distribution Spin-off) (hereinafter referred to as the “Spin-off”)” that the Company brings up in the Proposal 4, please also refer to “Explanation on Dividend in Kind of Subsidiary Shares (Stock Distribution Spin-off) and Change in Specified Subsidiary” attached to this notice of convocation.

Reference Materials of General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

Koshidaka Holdings proposes the appropriation of surplus as follows:

Matters concerning year-end dividends

In view of the current results of operations, future business activities and other items, the year-end dividend for the fiscal year ended August 31, 2019 (FY8/19) is as follows.

(1) Type of dividend

Cash

(2) Matters relevant to allotment of dividends and total amount to be distributed

Koshidaka Holdings proposes a dividend of 6 yen per share of its common shares.

Total dividends will be 493,789,704 yen.

(3) Effective date of the distribution of retained earnings

November 28, 2019

Proposal 2: Election of Five (5) Directors (excluding Directors who are members of Audit & Supervisory Board)

The terms of office of all five (5) Directors (excluding Directors who are members of Audit & Supervisory Board) will expire at the conclusion of this Meeting. Accordingly, we propose the election of five (5) Directors (excluding Directors who are members of Audit & Supervisory Board).

All candidates have been selected after incorporating the conclusions of the Nominations and Remuneration Committee of the Board of Directors following this committee's discussions concerning candidates. The Audit & Supervisory Board has determined that these candidates are suitable to serve as Directors based on assessments of business operations and results of operations in the past fiscal year and other items.

Candidates for Directors (excluding Directors who are members of Audit & Supervisory Board) are as follows:

No.	Name (Date of Birth)	Brief personal record, positions, responsibilities and significant concurrent positions	No. of shares owned
1	Hiroshi Koshidaka (April 2, 1960)	<p>April 1986 Joined the Company</p> <p>August 1995 Representative Director and President of the Company</p> <p>September 2010 Representative Director and CEO & President (current) (Significant concurrent positions)</p> <p>Representative Director & President of KOSHIDAKA Co., Ltd.</p> <p>Representative Director and Chairman of KOSHIDAKA PRODUCTS Co., LTD.</p> <p>Representative Director & President of KOSHIDAKA INTERNATIONAL PTE.LTD.</p> <p>Reasons for nomination as a candidate for Director</p> <p>Since becoming a representative director in 1995, Mr. Koshidaka has overseen the steady growth of the Koshidaka Group, including 12 consecutive years of higher sales and earnings since the initial public offering, by managing operations with accuracy, speed and flexibility. Mr. Koshidaka is a candidate for election as a Director based on the belief that he is leader who is vital to the management of Koshidaka Holdings.</p>	9,240,000

No.	Name (Date of Birth)	Brief personal record, positions, responsibilities and significant concurrent positions	No. of shares owned
2	Kazuhiro Asakura (September 4, 1955)	<p>April 1979 Joined The Mitsui Bank, Ltd. (current Sumitomo Mitsui Banking Corporation)</p> <p>October 2004 Seconded to the Company (General Manager of Corporate Planning Office)</p> <p>November 2005 Joined the Company as General Manager of Corporate Planning Office</p> <p>November 2005 Director, General Manager of Corporate Planning Office of the Company</p> <p>September 2010 Director, General Manager of Corporate Planning Office of the Company</p> <p>March 2014 Managing Director, General Manager of Corporate Planning Office of the Company (current)</p> <p>(Significant concurrent positions)</p> <p>Director, in charge of Corporate Planning of KOSHIDAKA Co., Ltd.</p> <p>Director of Curves HOLDINGS Co., Ltd.</p> <p>Director of Curves Japan Co., Ltd.</p> <p>Reasons for nomination as a candidate for Director</p> <p>Since his election as a Director in 2005, Mr. Asakura has overseen the planning and execution of the Koshidaka Group's management strategies as a manager involving corporate planning. Mr. Asakura is a candidate for election as a Director based on the belief that he can continue to contribute to the growth and advancement of the Koshidaka Group by using his extensive experience and accomplishments.</p>	640,000
3	Miwako Koshidaka (November 23, 1960)	<p>January 1980 Joined Dai-ichi Securities Co., Ltd. (current Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)</p> <p>May 1986 Joined the Company</p> <p>March 2000 Audit & Supervisory Board member of the Company</p> <p>January 2002 Director, General Manager of General Affairs Department of the Company</p> <p>September 2010 Director, in charge of General Affairs of the Company</p> <p>March 2014 Managing Director, in charge of General Affairs of the Company (current)</p> <p>(Significant concurrent positions)</p> <p>Representative Director and President of KOSHIDAKA Business Support Co.,LTD.</p> <p>Director, General Manager of General Affairs Department of KOSHIDAKA Co., Ltd.</p> <p>Representative Director and President of Yozan Co., Ltd.</p> <p>Reasons for nomination as a candidate for Director</p> <p>Since her election as a Director in 2002, Ms. Koshidaka has properly conducted internal management operations as a manager involving administrative and human resources operations. Ms. Koshidaka is a candidate for election as a Director based on the belief that she can continue to contribute to the growth and advancement of the Koshidaka Group by using her extensive experience and accomplishments.</p>	964,000

No.	Name (Date of Birth)	Brief personal record, positions, responsibilities and significant concurrent positions	No. of shares owned
4	Yoshihito Doi (March 20, 1961)	<p>April 1984 Joined KOKUSAI Securities Co., Ltd. (current Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)</p> <p>June 1999 Joined TAKASAGO ELECTRIC INDUSTRY CO., LTD. (current Konami Amusement Co., Ltd.)</p> <p>July 2009 Joined the Company as General Manager of Internal Control Promotion Office</p> <p>September 2010 Director, in charge of Group Management of the Company</p> <p>March 2015 Managing Director, in charge of Group Management of the Company (current)</p> <p>(Significant concurrent positions)</p> <p>Director, General Manager of Accounting Department of KOSHIDAKA Co., Ltd.</p> <p>Vice President, Director of KOSHIDAKA Business Support Co.,LTD.</p> <p>Representative Director and President of KOSHIDAKA PRODUCTS Co., LTD.</p> <p>Reasons for nomination as a candidate for Director</p> <p>Since his election as a Director in 2010, Mr. Doi has been involved in the management of the Koshidaka Group as a manager by establishing and implementing financial strategies. Mr. Doi is a candidate for election as a Director based on the belief that he can continue to contribute to the growth and advancement of the Koshidaka Group by using his extensive experience and accomplishments.</p>	643,200
5	Akira Zama (November 19, 1972)	<p>April 1997 Joined Circle K Sunkus Co., Ltd.</p> <p>May 2008 Joined METRO Cash & Carry Japan K.K.</p> <p>January 2014 Joined BEATRICE Co., Ltd.</p> <p>January 2015 Joined Regus Group Companies</p> <p>June 2015 Joined the Company</p> <p>March 2017 Operating Officer, in charge of Overseas Operations of the Company (current)</p> <p>(Significant concurrent positions)</p> <p>Representative Director & President of KOSHIDAKA SINGAPORE PTE.LTD.</p> <p>Director of KOSHIDAKA INTERNATIONAL PTE.LTD.</p> <p>Reasons for nomination as a candidate for Director</p> <p>Mr. Zama appointed as Representative Director and President of KOSHIDAKA SINGAPORE PTE LTD. in 2016 and Operating Officer of the Company in 2017. He has been involved in planning and promoting strategies to expand our operations in Southeast Asia as the Koshidaka Group's manager involving overseas operations. Mr. Zama is a candidate for election as a Director based on the belief that he can further contribute to the growth and advancement of the Koshidaka Group by participating in the Company's decision making while making use of his past achievements and accomplishments.</p>	-

- Notes
1. Director candidate Ms. Miwako Koshidaka serves concurrently as Representative Director and President of Yozan Co., Ltd., and Yozan Co., Ltd is one of the Company's major shareholders.
 2. There are no special conflicts of interests between the other candidates for Directors and the Company.
 3. The number of shares owned is as of August 31, 2019.

Proposal 3: Election of Three (3) Directors who are members of Audit & Supervisory Board

The terms of office of all three (3) Directors who are members of Audit & Supervisory Board will expire at the conclusion of this Meeting. Accordingly, we propose the election of three (3) Directors who are members of Audit & Supervisory Board.

We have obtained approval for this proposal from the Audit & Supervisory Board.

Candidate for Directors who are members of Audit & Supervisory Board are as follows:

No.	Name (Date of Birth)	Brief personal record, positions, responsibilities and significant concurrent positions	No. of shares owned
1	Tomohiko Nishi (October 10, 1954)	April 1978 Joined Nomura Securities Investment Trust Sales Co., Ltd. (current Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	3,200
		February 2012 Outside Audit & Supervisory Board Member of Curves HOLDINGS Co., Ltd. November 2012 Full-time Audit & Supervisory Board Member of the Company November 2015 Outside Director (Full-time Member of Audit & Supervisory Board) of the Company (current)	
Reasons for nomination as a candidate for Outside Director Although Mr. Nishi has not been directly involved in company management, he has served as a corporate manager and a branch manager of a major securities company. We proposed the election of him as an Outside Director to supervise the Koshidaka Group's management based on his extensive experience.			
2	Shigeyuki Moriuchi (February 26, 1957)	October 1982 Joined Price Waterhouse Certified Public Accountants Office July 1998 Senior Partner of Aoyama Audit Corporation October 2005 Director of ChuoAoyama Audit Corporation May 2007 Senior Partner of Kasumigaseki Audit Corporation January 2010 Managing Partner of Kasumigaseki Audit Corporation November 2012 Outside Audit & Supervisory Board Member of the Company November 2015 Outside Director (Member of Audit & Supervisory Board) of the Company (current) December 2016 Outside Audit & Supervisory Board Member of KATO SANGYO CO., LTD. (current) (Significant concurrent positions) Partner of Grant Thornton Taiyo LLC Outside Audit & Supervisory Board Member of KATO SANGYO CO., LTD. Outside Corporate Auditor of DyDo GROUP HOLDINGS, INC.	-
		Reasons for nomination as a candidate for Outside Director Although Mr. Moriuchi has not been directly involved in company management, he has been engaged in company audit for many years in major audit firms. The Company proposed the election of him as an Outside Director to contribute to strengthening the Koshidaka Group's corporate governance based on his extensive knowledge and experience, obtained in successively filling various posts, such as Senior Partner and Director.	
3	Kenichi Takai (July 10, 1952)	April 1976 Joined The Gunma Bank,Ltd. June 2007 Executive Officer, General Manager of Corporate Planning Department of the Gunma Bank Ltd. June 2009 Director and Executive Officer, General Manager of Head Office Sales Department of the Gunma Bank Ltd., under contract June 2011 Managing Director of the Gunma Bank Ltd. June 2014 Senior Managing Director of the Gunma Bank Ltd. June 2016 Board Chairman of Gunma economic Research Institute , General Incorporated Foundation (current) (Significant concurrent positions) Outside Auditor of YAMATO Inc.	-
		Reasons for nomination as a candidate for Outside Director The Company proposed the election of Mr. Takai as an Outside Director to contribute to strengthening the Koshidaka Group's corporate governance based on his extensive experience and a wide range of knowledge as a manager of the financial institution for many years.	

- Notes
1. There are no special conflicts of interests between each candidate and the Company.
 2. All the candidates are those for Outside Director.
 3. Of three candidates, Mr. Tomohiko Nishi and Mr. Shigeyuki Moriuchi, currently Outside Directors (Members of Audit & Supervisory Board) of the Company. Their term of office as Outside Directors shall be four years at the conclusion of this Meeting. In the past, both Mr. Tomohiko Nishi and Mr. Shigeyuki Moriuchi have been officers (Audit & Supervisory Board members) who are not business executives of the Company.
 4. Liability limitation contract
The Company has entered into a contract with Mr. Tomohiko Nishi and Mr. Shigeyuki Moriuchi to limit their liability to damages in Article 423, Paragraph 1 of the Company Law, in accordance with the provisions of Article 427, Paragraph 1 of the said Law. If approval is given for these three candidates to be appointed as Outside Directors, the Company intends to continue the above-mentioned liability limitation contracts and enter into the same contract with Mr. Kenichi Takai. These contracts limit the amount of their liability for compensation to the legally stipulated amounts.
 5. The Company has registered two candidates, Mr. Tomohiko Nishi and Mr. Shigeyuki Moriuchi as qualified independent directors (Outside Directors who are Members of Audit and Supervisory Board) as stipulated in the rules of the Tokyo Stock Exchange. If both are reappointed, the Company will continue to make them independent directors (Outside Directors).
 6. The number of shares owned is as of August 31, 2019.

Proposal 4: Distribution of Dividend in Kind of Common Shares of Curves HOLDINGS Co., Ltd, a Subsidiary of the Company (Stock Distribution Spin-off)

We propose the distribution of all shares of Curves HOLDINGS Co., Ltd (hereinafter referred to as “Curves HOLDINGS”), which are held by the Company, to the shareholders of the Company as dividend in kind (distribution of property other than cash) (hereinafter referred to as the “Spin-off”) as set out below, aiming for further growth in corporate value from Karaoke and Curves Business.

Since the Spin-off will not grant the shareholders of the Company the right to demand distribution of monies to fulfill some requirements in terms of the tax code, the Company needs approval by the special resolution at the Ordinary General Meeting of Shareholders in principle. However, the Company obtained approval for the business reconstruction plan under the Act on Strengthening Industrial Competitiveness from the Minister of Economy, Trade and Industry as of October 9, 2019; therefore, the Spin-off is expected to be approved by the ordinary resolution at the Ordinary General Meeting of Shareholders as special treatment under the Act on Strengthening Industrial Competitiveness.

1. Matters relevant to the dividend in kind (distribution of property other than cash)

(1) Type of dividend property

Common stock of Curves HOLDINGS

(2) Total book value of dividend property

18,038,187yen

(3) Matters relevant to allotment of dividends

The Company stipulates the record date as Saturday, February 29, 2020 and distributes dividend at a rate of one share of common stock of Curves HOLDINGS to one share of common stock of the Company (excluding treasury shares of the Company). We will not grant the shareholders of the Company the right to demand distribution of monies.

(4) Effective date of dividend

Sunday, March 1, 2020

(5) Conditions of dividend

The followings will be subject to the effectiveness of the dividend: (i) the common stock of Curves HOLDINGS will gain the approval for listing on Tokyo Stock Exchange, Inc. (hereinafter referred to as the “TSE”), and (ii) the issuance of new shares of Curves HOLDINGS (hereinafter referred to as the “Issuance of New Shares”) is planned to be implemented upon new listing (i.e., the decisions necessary for the issuance have been made and there has been no cancellation).

2. Purpose and reason for the Spin-off

Group of the Company (hereinafter referred to as the “Group”) upholds the management philosophy that “Our mission is to contribute to the realization of lifestyles full of leisure and to the establishment of a peaceful world filled with hope

by continuing to create, offer and provide the world with new and meaningful products and services". With "health" and "vitality" as keywords, the Group set the development of "new business models in existing industries" as the foundation of its growth strategy and has operated its business in four fields, "amusement", "sports and fitness", "tourism and recreation" and "hobby and culture", as a corporate group that provides a comprehensive leisure service. Currently, the business segments of the Group consist of the "karaoke business", "Curves business", "bath house business" and "real estate management business".

Since listing of the Company in 2007, the Group has achieved growth both in sales and earnings for 12 consecutive fiscal years. In light of the rapidly changing business climate in recent years, the Group became aware of the need to implement business strategies in each business segment promptly and flexibly in order to realize further growth in the business segments, including the karaoke business and Curves business, of the current Group (hereinafter, the Group before the Spin-off shall be referred to as the "current Group", the Group after the Spin-off shall be referred to as the "new Group" and Curves HOLDINGS Group after the Spin-off shall be referred to as the "new Curves HOLDINGS Group"). In particular, with respect to the Curves business, where the Group acquired Curves International, Inc., (hereinafter referred to as "CVI"), a global franchiser of the Curves business in March 2018, the Group anticipates broad expansion of the business operations of the Curves business both in Japan and overseas. In addition, as Japan's population continues to age, the business is expected to expand in collaboration with local governments and through industry-university-government cooperation in order to extend the healthy life expectancy and control medical and nursing care expenses. Therefore, the Group believes that for further growth in the future, it is essential to further strengthen and construct an independent governance system and establish a disciplined management system in the Curves business.

Under these circumstances, the Group was considering to separate and make the Curves business, which is currently operated as one of the business segments of the current Group, independent in terms of its management, capital, and listing, and thereby implement business strategies steadily and accelerate business growth. In addition, the 2017 Japan Tax Reform enabled exemption of taxation on the gain or loss arising from the transfer of a subsidiary to be imposed on companies that conduct share distribution and on the dividend to be imposed on shareholders that receive such dividend distributions, and deferments of taxation on the gain and/or loss arising from share transfer to be imposed on such shareholders in the case of stock distribution spin-offs, and the tax benefits of stock distribution spin-offs have increased compared to the cases where companies aim for the separation and independence of their subsidiary through sales of shares of the subsidiary or its business in general. Therefore, the Group has come to the conclusion that the separation and independence of Curves HOLDINGS through the Spin-off is optimal for further improving of shareholder value.

In addition to the growth of the Curves business, the Group considers that the Spin-off will lead to further growth of the karaoke business as well, by enabling the new Group to concentrate management resources on further facility development both in Japan and overseas, and promoting marketing initiatives and content development etc. As a result of the Spin-off, shareholders of the Company will be able to retain their rights as shareholders of both the Company and Curves HOLDINGS, which is to be separate and independent from the Company. For the reasons stated above, the Group believes that the Spin-off will contribute to the enhancement of the shareholder value of the new Group and the new Curves HOLDINGS Group, and has resolved to implement the Spin-off subject to the approval for listing by the TSE and other conditions.

3. Other matters regarding the Spin-off

(1) Listing of the shares of Curves HOLDINGS

From the perspective of securing trading opportunities for shareholders, Curves HOLDINGS is scheduled to apply, before the implementation of the Spin-off, for listing of its distributed shares on the TSE and the Spin-off is subject to the approval for listing of shares on the TSE and other conditions. The listing of shares of Curves HOLDINGS and the timing thereof are subject to the approval for listing of shares on the TSE as a result of the listing examination by Japan Exchange Regulation in the future, and, therefore, are not assured at this point in time. In addition, another condition for the Spin-off is that the Issuance of New Shares is planned to be implemented upon new listing (i.e., the decisions necessary for the issuance have been made and there has been no cancellation). In case the Issuance of New Shares is to

be carried out, a price for such issuance is determined by book-building method set forth in Article 233 of the Enforcement Rules for the Securities Listing Regulations stipulated by the TSE (a method of determining the issue price after presenting the offering price range upon solicitation for application for acquisition of shares and ascertaining the demand from investors concerning shares). The timing of the Issuance of New Shares has not been decided yet.

(2) Schedule of the dividend in kind

Date	Description
Thursday, February 27, 2020	Ex-rights date with respect to the shares of the Company
Saturday, February 29, 2020	Record date for distribution
Sunday, March 1, 2020	Effective date of dividend in kind
Monday, March 2, 2020	Distribution date Date from which the distributed shares of Curves HOLDINGS can be traded on the TSE (the date on which the shares are listed on the TSE)

(Notes) The above is the schedule for dividend in kind and listing of the distributed shares on the TSE, and the schedule for the Issuance of New Shares has not been decided.

For other precautions regarding the Spin-off, please also refer to “Explanation on Dividend in Kind of Subsidiary Shares (Stock Distribution Spin-off) and Change in Specified Subsidiary” attached to this notice of convocation.

4. Overview of Curves HOLDINGS (i.e., the subsidiary to be spun off), which is the issuer of the shares to be distributed as dividend in kind (as of August 31, 2019)

(1) Company name	Curves HOLDINGS Co., Ltd.	
(2) Location	3-9-1, Shibaura, Minato-ku, Tokyo	
(3) Name and title of representative	Takeshi Masumoto, Representative Director and President	
(4) Business activities	Operation of Curves business (fitness club business)	
(5) Capital stock	20,018,000 yen	
(6) Date of establishment	October 17, 2008	
(7) Major shareholders and shareholding ratio	KOSHIDAKA HOLDINGS Co., LTD.: 100%	
(8) Total number of shares outstanding (Note 2)	82,298,284 shares	
(9) Number of dilutive shares of stock acquisition rights	9,144,209 shares Takeshi Masumoto: 5,029,315 shares (Note 1) Maki Sakamoto: 2,057,447 shares (Note 1) Yoko Masumoto: 2,057,447 shares (Note 1)	
(10) Relationships between the Company and this subsidiary	Capital relationship	This subsidiary is a wholly owned subsidiary of the Company.
	Personnel relationship	There are two directors concurrently serving as directors of the Company and Curves HOLDINGS at the end of the immediately preceding fiscal year, namely, Osamu Koshidaka, the Senior Executive Director of the Company, and Kazuhiro Asakura, the Managing Director of the Company. Osamu Koshidaka will resign from his office as a Senior Executive Director of the Company due to the expiration of his term of office at the conclusion of the Ordinary General Meeting of Shareholders, and Kazuhiro Asakura will resign from his office as a Director of Curves HOLDINGS due to the expiration of his term of office at the conclusion of the 11th Ordinary General Meeting of Shareholders of Curves HOLDINGS to be held on November 28, 2019 (hereinafter referred to as the “Ordinary General Meeting of Shareholders of Curves HOLDINGS”).

		Therefore, after the Spin-off, there will be no directors concurrently serving as directors of the Company and Curves HOLDINGS. There is no other personnel relationship that should be stated.		
	Business relationship	In the immediately preceding fiscal year, the Company had business relationships with Curves HOLDINGS and its group companies, such as business guidance, license of brand agreements, system use contracts, etc. However, all those business relationships are expected to be terminated at the time of the implementation of the Spin-Off. There is no other business relationship that should be stated.		
	Status as related party	This subsidiary is a related party of the Company because the Company is a parent company that directly holds shares of this subsidiary; provided, however, that, after the Spin-off, this subsidiary will cease to be a related party of the Company.		
(11) Consolidated results of operations and consolidated financial position of this subsidiary for the last three fiscal years (for the fiscal year ended August 31, 2017, on a non-consolidated basis)				
	Fiscal year	Fiscal year ended August 31, 2017	Fiscal year ended August 31, 2018	Fiscal year ended August 31, 2019
	Net assets	3,170 million yen	8,361 million yen	7,742 million yen
	Total assets	5,328 million yen	37,402 million yen	34,224 million yen
	Net assets per share (Note 2)	7,925,668.35 yen	20,903,445.64 yen	94.07 yen
	Net sales	1,472 million yen	27,937 million yen	28,036 million yen
	Operating profit	994 million yen	5,095 million yen	5,436 million yen
	Ordinary profit	996 million yen	5,293 million yen	5,242 million yen
	Profit attributable to owners of parent	997 million yen	3,488 million yen	3,706 million yen
	Profit per share (Note 2)	2,494,139.16 yen	8,721,863.06 yen	60.89 yen
	Dividend per share (Notes 2 and 3)	7,500,000 yen	7,500,000 yen	49 yen
(12) Composition of directors and corporate auditors (Note 4)	Takeshi Masumoto, Representative Director and President Maki Sakamoto, Director Yoko Masumoto, Director Shinya Matsuda, Director Osamu Koshidaka, Director Kazuhiro Asakura, Director Motoaki Kuniyasu, Full-Time Corporate Auditor Sadayoshi Yamamoto, Corporate Auditor			
(13) Listing	Curves HOLDINGS is scheduled to apply for the listing of its shares on the TSE before the implementation of the Spin-off. For more details, please refer to “3. Summary of the Spin-off, (1) Listing of the shares of Curves HOLDINGS” above.			
(14) Major shareholders and shareholding ratio after the Spin-off (Major shareholders of the Company and shareholding ratio) (Note 5)	Yozan Co., Ltd.			25.9%
	Hiroshi Koshidaka			11.2%
	NOTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS (Standing proxy: Custody Business Department of The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)			6.1%
	IMO Co., Ltd.			4.6%
	The Master Trust Bank of Japan, Ltd. (Trustee account)			4.5%
	Osamu Koshidaka			2.7%
	Japan Trustee Services Bank, Ltd. (Trustee account)			2.4%

	THE CHASE MANHATTAN BANK 385036 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	2.2%
	Japan Trustee Services Bank, Ltd. (Trustee account 9)	2.1%
	THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	1.6%

- (Notes)
1. Takeshi Masumoto, Maki Sakamoto, and Yoko Masumoto, Directors of Curves HOLDINGS, will exercise their stock acquisition rights promptly after the listing of Curves HOLDINGS. They have agreed with Curves HOLDINGS that they will continue to hold the shares of Curves HOLDINGS acquired as a result of the exercise of their stock acquisition rights, until the date on which two years have passed from the date of listing of the shares of Curves HOLDINGS.
 2. The total number of shares outstanding as of the fiscal year ended August 31, 2017 and the fiscal year ended August 31, 2018 was 400 shares. Thereafter, in the fiscal year ended August 31, 2019, the total number of shares outstanding of Curves HOLDINGS was increased to 82,298,284 shares, which figure corresponds to the total number of shares outstanding (excluding treasury shares) of the Company, so that the ratio of distribution of the shares of Curves HOLDINGS with respect to the Spin-off becomes a ratio of one share of common stock of Curves HOLDINGS to one share of common stock of the Company.
 3. The dividend per share for the fiscal year ended August 31, 2019 includes forecasted dividend as of the end of the fiscal year ended August 31, 2019.
 4. The composition of directors and corporate auditors of the subsidiary to be changed as of August 31, 2019 is stated. Osamu Koshidaka, the Senior Executive Director of the Company, will resign from his office due to the expiration of his term of office at the conclusion of the Ordinary General Meeting of Shareholders, and Kazuhiro Asakura, the Managing Director of the Company, will resign from his office as a Director of Curves HOLDINGS due to the expiration of his term of office at the conclusion of the Ordinary General Meeting of Shareholders of Curves HOLDINGS to be held on November 28, 2019. Therefore, after the Spin-off, there will be no directors concurrently serving as directors of the Company and Curves HOLDINGS. Masahide Teraishi, an Outside Director of the Company as of today, will resign from his office due to the expiration of his term of office at the conclusion of the Ordinary General Meeting of Shareholders, and will assume the office of an Outside Director of Curves HOLDINGS at the conclusion of the Ordinary General Meeting of Shareholders of Curves HOLDINGS. Curves HOLDINGS will transform itself into a company with an audit and supervisory committee at the conclusion of the Ordinary General Meeting of Shareholders of Curves HOLDINGS. At the conclusion of the Ordinary General Meeting of Shareholders of Curves HOLDINGS, Motoaki Kuniyasu, the Full-time Corporate Auditor, and Sadayoshi Yamamoto, the Corporate Auditor, will resign from their offices as Corporate Auditors of Curves HOLDINGS due to the expiration of their terms of offices, assume the offices of Outside Directors of Curves HOLDINGS, and, together with Masahide Teraishi, who will assume the office of an Outside Director of Curves HOLDINGS, become the members of the Audit and Supervisory Committee of Curves HOLDINGS.
 5. The status of shareholders of the Company as of August 31, 2019 is stated. Since the dividend in kind through the Spin-off will be distributed by the shares of common stock of Curves HOLDINGS at the ratio of one share of common stock of Curves HOLDINGS per one share of common stock of the Company held by each of the shareholders recorded in the register of shareholders on the record date, i.e., Saturday, February 29, 2020, the status of shareholders of the Company is stated for reference. Therefore, upon the Spin-off becoming effective, the composition of shareholders of Curves HOLDINGS at the time of distribution will be the same as the composition of shareholders of the Company as of the record date. However, as stated in “3. Other matters regarding the Spin-off, (1) Listing of the shares of Curves HOLDINGS” above and (Note 1) above, the total number of shares outstanding is expected to increase as a result of the Issuance of New Shares, and Takeshi Masumoto, Maki Sakamoto, and Yoko Masumoto, Directors of Curves HOLDINGS, will exercise their stock acquisition rights promptly after the listing of Curves HOLDINGS. They have agreed with Curves HOLDINGS that they will continue to hold the shares of Curves HOLDINGS acquired as a result of the exercise of their stock acquisition rights, until the date on which two years have passed from the date of listing of the shares of Curves HOLDINGS.

5. Consolidated financial statements (unaudited) of Curves HOLDINGS

(1) Consolidated balance sheets

(Thousands of yen)

	FY 8/18 (As of August 31, 2018)	FY 8/19 (As of August 31, 2019)
Assets		
Current assets		
Cash and deposits	6,308,728	5,350,073
Notes and accounts receivable-trade	3,691,218	3,780,423
Merchandise	921,760	898,663
Raw materials and supplies	5,798	2,154
Other	1,364,505	1,346,906
Allowance for doubtful accounts	(13,188)	(97,098)
Total current assets	12,278,822	11,281,123
Non-current assets		
Property, plant and equipment		
Buildings and structures	204,346	211,560
Tools, furniture and fixtures	120,651	111,578
Total property, plant and equipment	324,998	323,138
Intangible assets		
Goodwill	1,639,258	1,456,101
Trademark right	20,559,362	19,020,017
Software	557,694	632,543
Other	1,234,126	974,676
Total intangible assets	23,990,441	22,083,339
Investments and other assets		
Investment securities	220,720	0
Lease and guarantee deposits	240,126	245,807
Deferred tax assets	304,555	273,159
Other	56,998	24,014
Allowance for doubtful accounts	(14,394)	(5,772)
Total investments and other assets	808,005	537,209
Total non-current assets	25,123,445	22,943,687
Total assets	37,402,268	34,224,810

	(Thousands of yen)	
	FY 8/18	FY 8/19
	(As of August 31, 2018)	(As of August 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,033,694	2,106,050
Current portion of long-term loans payable	1,840,000	1,840,000
Accounts payable-other	352,681	493,465
Accrued expenses	322,332	326,542
Income taxes payable	1,110,605	940,561
Provision for bonuses	194,262	198,227
Deposit received	1,748,225	1,801,177
Other	305,520	312,656
Total current liabilities	7,907,321	8,018,682
Non-current liabilities		
Long-term loans payable	16,100,000	14,260,000
Deferred tax liabilities	4,982,988	4,153,324
Asset retirement obligations	50,580	50,778
Total non-current liabilities	21,133,568	18,464,102
Total liabilities	29,040,889	26,482,785
Net assets		
Shareholders' equity		
Capital stock	20,000	20,018
Capital surplus	-	18
Retained earnings	7,889,217	7,579,658
Total shareholders' equity	7,909,217	7,599,694
Accumulated other comprehensive income		
Foreign currency translation adjustments	452,160	142,331
Total accumulated other comprehensive income	452,160	142,331
Total net assets	8,361,378	7,742,025
Total liabilities and net assets	37,402,268	34,224,810

(2) Consolidated statement of income and comprehensive income
Consolidated statement of income

(Thousands of yen)

	FY 8/18 (September 1, 2017 - August 31, 2018)	FY 8/19 (September 1, 2018 - August 31, 2019)
Net sales	27,937,496	28,036,238
Cost of sales	18,013,100	16,531,702
Gross profit	9,924,396	11,504,536
Selling, general and administrative expenses	4,828,945	6,068,057
Operating profit	5,095,450	5,436,478
Non-operating income		
Interest income	2,656	457
Foreign exchange gain	291,796	-
Subsidy	1,740	1,380
Insurance	-	1,344
Other	42,570	6,255
Total non-operating income	338,763	9,436
Non-operating expenses		
Interest expenses	27,981	62,416
Commission fee	102,200	1,000
Foreign exchange losses	-	137,781
Other	10,959	2,121
Total non-operating expenses	141,140	203,320
Ordinary profit	5,293,073	5,242,595
Extraordinary losses		
Loss on retirement of non-current assets	1,356	2,461
Loss on valuation of investment securities	-	221,758
Loss on liquidation of subsidiaries and associates	-	144,410
Total extraordinary losses	1,356	368,630
Profit before income taxes	5,291,716	4,873,964
Income taxes-current	1,889,437	1,862,901
Income taxes-deferred	(86,465)	(695,685)
Total income taxes	1,802,971	1,167,215
Profit	3,488,745	3,706,748
Profit attributable to owners of parent	3,488,745	3,706,748

Consolidated statements of comprehensive income

(Thousands of yen)

	FY 8/18 (September 1, 2017 - August 31, 2018)	FY 8/19 (September 1, 2018 - August 31, 2019)
Profit	3,488,745	3,706,748
Other comprehensive income		
Foreign currency translation adjustment	452,160	(309,829)
Total other comprehensive income	452,160	(309,829)
Comprehensive income	3,940,905	3,396,918
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,940,905	3,396,918
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated statement of changes in equity
 FY 8/18 (From September 1, 2017 to August 31, 2018)

(Thousands of yen)

	Shareholders' equity		
	Capital stock	Retained earnings	Total shareholders' equity
Balance at beginning of current period	20,000	8,400,472	8,420,472
Changes of items during period			-
Issuance of new shares			-
Dividends of surplus		(4,000,000)	(4,000,000)
Profit attributable to owners of parent		3,488,745	3,488,745
Disposal of treasury shares			-
Net changes of items other than shareholders' equity			-
Total changes of items during period	-	(511,254)	(511,254)
Balance at end of current period	20,000	7,889,217	7,909,217

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	-	-	8,420,472
Changes of items during period			-
Issuance of new shares			-
Dividends of surplus			(4,000,000)
Profit attributable to owners of parent			3,488,745
Disposal of treasury shares			-
Net changes of items other than shareholders' equity	452,160	452,160	452,160
Total changes of items during period	452,160	452,160	(59,094)
Balance at end of current period	452,160	452,160	8,361,378

FY 8/19 (From September 1, 2018 to August 31, 2019)

(Thousands of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	20,000	-	7,889,217	7,909,217
Changes of items during period				
Issuance of new shares	18	18		36
Dividends of surplus			(4,016,307)	(4,016,307)
Profit attributable to owners of parent			3,706,748	3,706,748
Disposal of treasury shares				
Net changes of items other than shareholders' equity				
Total changes of items during period	18	18	(309,559)	(309,523)
Balance at end of current period	20,018	18	7,579,658	7,599,694

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	452,160	452,160	8,361,378
Changes of items during period			
Issuance of new shares			36
Dividends of surplus			(4,016,307)
Profit attributable to owners of parent			3,706,748
Disposal of treasury shares			
Net changes of items other than shareholders' equity	(309,829)	(309,829)	(309,829)
Total changes of items during period	(309,829)	(309,829)	(619,353)
Balance at end of current period	142,331	142,331	7,742,025

(4) Consolidated statements of cash flows

(Thousands of yen)

	FY 8/18 (September 1, 2017 - August 31, 2018)	FY 8/19 (September 1, 2018 - August 31, 2019)
Cash flows from operating activities		
Profit before income taxes	5,291,716	4,873,964
Depreciation	281,121	572,047
Loss on valuation of investment securities	-	221,758
Loss on liquidation of subsidiaries and associates	-	144,410
Amortization of goodwill	20,415	80,009
Amortization of trademarks	242,178	1,059,054
Increase (decrease) in allowance for doubtful accounts	(77)	13,292
Increase (decrease) in provision for bonuses	49,773	3,965
Interest and dividend income	(2,656)	(457)
Interest expenses	27,981	62,416
Foreign exchange gains and losses	(295,373)	137,781
Loss on retirement of non-current assets	1,356	2,461
Decrease (increase) in notes and accounts receivable-trade	(613,561)	37,901
Decrease (increase) in inventories	11,486	24,947
Increase (decrease) in prepaid expenses	(106,164)	58,685
Increase (decrease) in notes and accounts payable-trade	162,423	67,727
Increase (decrease) in accounts payable-other	65,167	161,364
Increase (decrease) in accounts accrued expenses	73,631	834
Other, net	84,985	(47,295)
Subtotal	5,294,404	7,474,869
Interest and dividend income received	15,639	457
Interest expenses paid	(17,117)	(62,416)
Income taxes paid or refunded	(2,416,895)	(2,091,373)
Net cash provided by (used in) operating activities	2,876,029	5,321,537
Cash flows from investing activities		
Purchase of property, plant and equipment	(137,325)	(138,572)
Purchase of intangible assets	(269,261)	(274,079)
Long-term prepaid expenses	(15,085)	(6,447)
Payments for lease and guarantee deposits	(11,176)	(8,897)
Proceeds from collection of lease and guarantee deposits	2,908	-
Proceeds from or expenses for purchase of shares of subsidiaries resulting in change in scope of consolidation	(18,410,165)	9,066
Collection of loans receivable	2,200,000	-
Net cash provided by (used in) investing activities	(16,640,105)	(418,929)
Cash flows from financing activities		
Proceeds from long-term loans payable	18,297,800	-
Repayments of long-term loans payable	(460,000)	(1,840,000)
Proceeds from issuance of shares	-	36
Cash dividends paid	(4,000,000)	(4,016,307)
Net cash provided by (used in) financing activities	13,837,800	(5,856,271)
Effect of exchange rate change on cash and cash equivalents	4,468	(4,991)
Net increase (decrease) in cash and cash equivalents	78,192	(958,655)
Cash and cash equivalents at beginning of period	6,230,535	6,308,728
Cash and cash equivalents at end of period	6,308,728	5,350,073

6. Planned issuance of new shares in association with the new listing of Curves HOLDINGS

New shares of Curves HOLDINGS may be issued up to a number of shares equivalent to approximately 5% of the number of Curves HOLDINGS shares currently issued. No decision has been made at this time regarding the Issuance of New Shares.

If new shares of Curves HOLDINGS are issued, the Company believes that it will be necessary to use the book-building method in order to determine the offering price. The reason is to calculate a suitable price of Curves HOLDINGS stock and ensure that the determination of the price of this stock following the Company's ex-rights date will take place in an efficient and transparent manner.

As was announced on October 10, 2019 in the press release titled "Notice Regarding Dividend in Kind of Subsidiary Shares (Stock Distribution Spin-off) and Change in Specified Subsidiary" (page 12, "6. Future outlook, (3) Policy on holding the shares of Curves HOLDINGS after the Spin-off of the founding family of the Company and the asset management companies funded by the founding family, who are the Company's shareholders), Representative Director & President Hiroshi Koshidaka and other major shareholders have no intention whatsoever to sell any shares of Curves HOLDINGS in the near future, including sales as a secondary offering. These major shareholders have confirmed their intention to continue to hold their shares of Curves HOLDINGS.