

January 14, 2020

To whom it may concern

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**Notice Regarding Rate of Distributed Assets (Expected Final Rate)
Relating to Dividend in Kind of Subsidiary Shares (Stock Distribution Spin-off)**

KOSHIDAKA HOLDINGS Co., LTD. (hereinafter referred to as the “Company”) hereby announces that it resolved, at the meeting of the Board of Directors held on October 10, 2019, to submit a proposal to the 50th ordinary general meeting of shareholders held on November 27, 2019 (hereinafter referred to as the “Ordinary General Meeting of Shareholders”) regarding the distribution of all shares of Curves HOLDINGS Co., Ltd, a specified subsidiary of the Company (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”); the proposal relating to the Spin-off was approved at the Ordinary General Meeting of Shareholders; and the rate of distributed assets (the rate stipulated in Article 23, Paragraph (1), Item (iii) of the Order for Enforcement of the Corporation Tax Act and Article 61, Paragraph (2), Item (iii) of the Order for Enforcement of the Income Tax Act, which relate to stock distributions) with respect to the Spin-off is expected to be determined as follows.

The rate of distributed assets will be determined as of the effective date of the Spin-off; however, as no particular change to such rate of distributed assets is expected at this point, the Company hereby announces the rate of distributed assets as the expected final rate. Pursuant to Article 119-8-2, Paragraph (2) of the Order for Enforcement of the Corporation Tax Act and Article 113-2, Paragraph (4) of the Order for Enforcement of the Income Tax Act, the notice of the rate of distributed assets is expected to be sent around the end of March 2020 to the shareholders of the Company as of February 29, 2020, the record date for distribution relating to the Spin-off.

Upon the announcement of the expected final rate of distributed assets, the Company has resolved, at the meeting of the Board of Directors held today, to implement the capital restructuring (hereinafter referred to as the “Capital Restructuring”) stated in “5. Japanese tax treatment with respect to the dividend in kind, (4) Rate of distributed assets” of “Notice Regarding Dividend in Kind of Subsidiary Shares (Stock Distribution Spin-off) and Change in Specified Subsidiary” as of October 10, 2019.

1. Rate of distributed assets

Rate of distributed assets (expected final rate): “0.100”

* The rate of distributed assets is calculated by dividing (a) “the book value of the share of Curves HOLDINGS immediately prior to the stock distribution” by (b) “the amount obtained by deducting the book value of

liabilities of the Company from the book value of assets of the Company at the end of the fiscal year preceding the fiscal year which the date of stock distribution belongs to (taking into account the amount of increase or decrease of stated capital, etc. and certain profit reserve for the period from the end of the preceding fiscal year to the time immediately prior to the stock distribution)”.

2. Tax treatments

(1) In respect of individual shareholders

After the Spin-off, in respect of the shares of the Company and the shares of Curves HOLDINGS, the respective acquisition cost for tax purposes that will apply to the individual shareholders will be the amount calculated based on the following calculation formula using the rate of distributed assets (Article 113-2, Paragraph (1) and Paragraph (2) of the Order for Enforcement of the Income Tax Act).

Acquisition cost per share of Curves HOLDINGS (X) = acquisition cost per share of the Company before adjustment (Y) × rate of distributed assets (“0.100”) ÷ allocation ratio (“1”)

Acquisition cost per share of the Company after the Spin-off (Z) = (Y) - ((Y) × rate of distributed assets (“0.100”))

<Example> Acquisition cost after adjustment assuming that the shares of the Company are purchased at 1,650 yen (the closing price of the shares of common stock of the Company on the 1st Section of the Tokyo Stock Exchange, Inc. as of December 30, 2019) per share

Acquisition cost per share of Curves HOLDINGS = 1,650 yen × 0.100 ÷ 1 = 165 yen

Acquisition cost per share of the Company after the Spin-off = 1,650 yen - (1,650 yen × 0.100) = 1,485 yen

* Please note that the adjustment to each acquisition cost is a treatment solely for tax purposes and each above-mentioned acquisition cost for tax purposes does not represent the stock value of the shares of each of Curves HOLDINGS and the Company after the Spin-off.

(2) In respect of corporate shareholders

After the Spin-off, in respect of the shares of the Company and the shares of Curves HOLDINGS, the respective acquisition cost for tax purposes that will apply to the corporate shareholders will be the amount calculated based on the following calculation formula using the rate of distributed assets (Article 119, Paragraph (1), Item (viii) of the Order for Enforcement of the Corporation Tax Act and Article 119-3, Item (xiv) of the same Order).

Book value (for tax purposes) of the shares of Curves HOLDINGS (P) = book value (for tax purposes) of the shares of the Company before adjustment (Q) × rate of distributed assets (“0.100”)

Book value (for tax purposes) of the shares of the Company after the Spin-off (R) = (Q) - (P)

* The above-mentioned tax treatments under Japanese law do not exhaustively explain the tax procedures, etc. required for the shareholders and do not purport to describe the tax consequences of the Spin-off of any

jurisdiction other than Japan. The specific tax procedures and tax consequences to shareholders differ depending on the circumstances of each shareholder. You are urged to consult your own tax advisor with respect to the tax consequences of the Spin-off in your particular circumstances.

3. Capital Restructuring

(1) Details of the Capital Restructuring

The Company has resolved, at the meeting of the Board of Directors held today, to implement the Capital Restructuring as of January 16, 2020. As a result, extraordinary income and extraordinary loss in equal amounts will be recorded on the Company's non-consolidated financial results.

With respect to the Capital Restructuring, since the book value of the shares of Curves HOLDINGS held by the Company is low due to the background of the establishment of Curves HOLDINGS, the assessed rate of distributed assets does not necessarily reflect the background of the acquisition of the Curves business by the Group of the Company. Therefore, upon the Spin-off, the Company intends to calculate the rate of distributed assets after conforming the book value of the shares of Curves HOLDINGS for tax purposes to the actual acquisition cost for the Curves business. For more details regarding the Capital Restructuring, please refer to "5. Japanese tax treatment with respect to the dividend in kind, (4) Rate of distributed assets" of "Notice Regarding Dividend in Kind of Subsidiary Shares (Stock Distribution Spin-off) and Change in Specified Subsidiary" as of October 10, 2019.

(2) Effects on the financial results of the Company

As a result of the Capital Restructuring, extraordinary income from the amount received in connection with the capital restructuring of approximately 1,796 million yen and extraordinary loss from the amount paid in connection with the capital restructuring of the same amount will be recorded on the Company's non-consolidated financial results for the second quarter of the fiscal year ending August 31, 2020. Such extraordinary income and extraordinary loss will be eliminated for the consolidated financial results.

In addition, since such extraordinary income and extraordinary loss are the same amount, they will not have any effect on the results of operations, financial conditions, etc. of the Company, and since the Capital Restructuring is a transaction within the Group of the Company before the Spin-off, it will not have any effect on the results of operations, financial conditions, etc. of the Group of the Company before the Spin-off, the Group of the Company after the Spin-off or the Curves HOLDINGS Group after the Spin-off.