

**Consolidated Financial Results
for the Fiscal Year Ended August 31, 2020
[Japanese GAAP]**



October 9, 2020

Company name: CURVES HOLDINGS Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange Section 1
 Stock code: 7085
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 Scheduled date of Ordinary General Meeting of Shareholders: November 25, 2020
 Scheduled date of commencing dividend payments: November 26, 2020
 Scheduled date of filing annual securities report: November 26, 2020
 Availability of supplementary briefing material on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled

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

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2020 (September 1, 2019 to August 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous fiscal year.)

	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, 2020	25,082	(10.5)	1,167	(78.5)	1,165	(77.8)	764	(79.4)
August 31, 2019	28,036	0.4	5,436	6.7	5,242	(1.0)	3,706	6.2

(Note) Comprehensive income: Fiscal year ended August 31, 2020: 759 million yen [(77.6)%]
 Fiscal year ended August 31, 2019: 3,396 million yen [(13.8)%]

	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, 2020	8.73	-	9.6	3.3	4.7
August 31, 2019	60.89	-	46.0	14.6	19.4

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of August 31, 2020	Million yen	Million yen	%	Yen
As of August 31, 2020	36,837	8,142	22.1	86.76
As of August 31, 2019	34,224	7,742	22.6	94.07

(Reference) Equity: As of August 31, 2020: 8,142 million yen
 As of August 31, 2019: 7,742 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, 2020	1,882	(464)	2,765	9,533
August 31, 2019	5,321	(418)	(5,856)	5,350

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, 2019	-	24.50	-	24.50	49.00	4,032	80.5	-
August 31, 2020	-	0.00	-	5.00	5.00	469	57.3	5.5
Fiscal year ending August 31, 2021 (Forecast)	-	0.00	-	3.00	3.00		46.1	

(Note) Breakdown of the year-end dividends for the fiscal year ended August 31, 2020:
 Ordinary dividend: 3.00 yen Commemorative dividend: 2.00 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2021 (September 1, 2020 to August 31, 2021)

(% 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	11,100	(23.1)	0	(100.0)	(27)	-	(34)	-	(0.25)
Full year	23,500	(6.3)	1,000	(14.3)	940	(19.3)	610	(20.2)	6.51

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): 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, 2020: 93,857,493 shares

August 31, 2019: 82,298,284 shares

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

August 31, 2020: 121 shares

August 31, 2019: - shares

3) Average number of shares during the period:

Fiscal year ended August 31, 2020: 87,633,268 shares

Fiscal year ended August 31, 2019: 60,878,286 shares

* 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 4 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 annual financial results and content of annual financial results briefing session)

Amid the coronavirus disease (COVID-19) pandemic, the Company will provide explanations of its annual financial results by posting videos, filmed in advance, on the Company’s website (<https://www.curvesholdings.co.jp/>) on Friday, October 16, 2020.

The Company will post supplementary briefing material on annual financial results featured in the video on TDnet and the Company’s website 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 Company Group (the Company and consolidated subsidiaries, hereinafter referred to as the “Group”) has been making efforts to contribute to the creation of a society with a healthy and long life expectancy through its core business, “Curves,” a 30-minute fitness club for women. The Group has endeavored to increase the number of facilities and enhance the satisfaction of its members by strengthening customer services as a “community-oriented health infrastructure” and “social issue-solving business” that contribute to solving the issues of a super-aging society.

During the fiscal year ended August 31, 2020 (September 2019 – August 2020), the Group has continued to focus on further strengthening customer services in an aim to “build a society free of worries about illness and caregiving, with togetherness and friendship, full of the energy to live.”

In the second half, as the impact of COVID-19 on social and economic conditions continued, we worked to support both customers and franchisees in “with COVID.” Drastic changes in life amid the COVID-19 pandemic (“Corona shock”), such as lack of exercise and contact with others due to self-quarantine, have caused the development of secondary health impacts such as the exacerbation of chronic diseases and joint pain, deterioration of cognitive function and progression of frailty, and are becoming major social issues. While promoting awareness to prevent such secondary health impacts, the Group operates its facilities taking thorough infection prevention measures to maintain a place where people can exercise safely and securely.

As described in “Notice regarding publication of findings from collaborative research by Institute of Development, Aging and Cancer, Tohoku University and Curves Japan Co., Ltd., a subsidiary of the Company” dated August 5, 2020, it was revealed for the first time that only one 30-minute circuit training instantly improves cognitive function (controllability) and energy. Since its establishment, the Group has been committed to familiarizing the public with evidence-based exercise, and has obtained multiple scientific evidence for its Curves exercise programs to date.

Furthermore, as an initiative for “with COVID,” the Group has been developing and preparing to commercialize an online fitness program “Ouchi de Curves (Curves at home),” which is slated for full-scale operation next fiscal year.

As a result of these efforts, the number of Curves facilities (excluding Men’s Curves) in Japan as of August 31, 2020 increased by 29 facilities, or 1.5%, compared to the end of the previous fiscal year to 2,020 facilities (including 70 facilities directly managed by the Group). Membership decreased by 121K to 700K (down 14.8% from the end of the previous fiscal year). However, since there were 99K members as of the end of the fiscal year ended August 31, 2020 who were using the special absentee program and to whom membership fees for the applicable period have been refunded in full, total active members at the end of the fiscal year ended August 31, 2020 was 600K.

As a result, business results for the fiscal year ended August 31, 2020 are as follows:

(Net sales)

Net sales for the fiscal year ended August 31, 2020 was 25,082 million yen (down 10.5% year on year).

(Operating profit)

Operating profit for the fiscal year ended August 31, 2020 was 1,167 million yen (down 78.5% year on year).

(Ordinary profit)

Ordinary profit for the fiscal year ended August 31, 2020 was 1,165 million yen (down 77.8% year on year).

(Profit attributable to owners of parent)

Profit attributable to owners of parent for the fiscal year ended August 31, 2020 was 764 million yen (down 79.4% year on year).

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

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

(Assets)

Total assets as of August 31, 2020 increased by 2,613 million yen, compared to the end of the previous fiscal year to 36,837 million yen (up 7.6% from the end of the previous fiscal year).

Current assets increased by 3,994 million yen to 15,275 million yen (up 35.4% year on year). This was mainly due to increases of 4,183 million yen in cash and deposits and 612 million yen in merchandise.

Property, plant and equipment increased by 3 million yen to 326 million yen (up 0.9% year on year). This was mainly due to an increase of 8 million yen in buildings and structures, offsetting a decrease of 5 million yen in tools, furniture and fixtures, net.

Intangible assets decreased by 1,293 million yen to 20,789 million yen (down 5.9% year on year). This was mainly due to decreases of 1,022 million yen in trademark right, 241 million yen in other intangible assets and 63 million yen in goodwill.

Investments and other assets decreased by 90 million yen to 446 million yen (down 16.8% year on year). This was mainly due to a decrease of 117 million yen in deferred tax assets, offsetting an increase of 20 million yen in investment securities.

Total non-current assets decreased by 1,381 million yen to 21,562 million yen (down 6.0% year on year).

(Liabilities)

Current liabilities decreased by 756 million yen to 7,262 million yen (down 9.4% year on year). This was mainly due to decreases of 543 million yen in notes and accounts payable - trade, 576 million yen in income taxes payable and 147 million yen in deposits received, offsetting an increase of 426 million yen in accounts payable - other.

Non-current liabilities increased by 2,968 million yen to 21,432 million yen (up 16.1% year on year). This was mainly due to an increase of 3,160 million yen in long-term borrowings, offsetting a decrease of 266 million yen in deferred tax liabilities.

Total liabilities increased by 2,212 million yen to 28,695 million yen (up 8.4% year on year).

(Net assets)

Net assets increased by 400 million yen to 8,142 million yen (up 5.2% year on year). This was mainly due to increases of 828 million yen each in share capital and capital surplus mainly due to public offering, offsetting a decrease of 5 million yen in foreign currency translation adjustment and a decrease of 1,251 million yen in retained earnings resulting from the recording of profit attributable to owners of parent of 764 million yen in addition to a decrease of 2,016 million yen from the recording of dividends of surplus.

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

The balance of cash and cash equivalents (hereinafter referred to as "cash") as of August 31, 2020 was 9,533 million yen, an increase of 4,183 million yen compared with the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities during the fiscal year ended August 31, 2020 was 1,882 million yen, a decrease in inflow of 3,439 million yen from 5,321 million yen provided in the previous fiscal year. This was mainly attributable to decreases of 3,726 million yen in profit before income taxes, 1,539 million yen in income taxes paid and 610 million yen in trade payables and an increase of 642 million yen in inventories.

(Cash flows from investing activities)

Cash used in investment activities during the fiscal year ended August 31, 2020 was 464 million yen, an increase in outflow of 45 million yen from 418 million yen used in the previous fiscal year. This was mainly attributable to purchase of intangible assets of 311 million yen and purchase of property, plant and equipment of 112 million yen.

(Cash flows from financing activities)

Cash provided by financing activities during the fiscal year ended August 31, 2020 was 2,765 million yen, an increase in inflow of 8,621 million yen from 5,856 million yen used in the previous fiscal year. This was mainly attributable to dividends paid of 2,016 million yen and increases of 4,964 million yen in proceeds from long-term borrowings and 1,657 million yen in proceeds from issuance of shares.

(Reference) Trends in cash flow-related indicators

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Equity ratio (%)	22.6	22.1
Equity ratio based on fair value (%)	-	173.0
Debt redemption period (years)	3.0	10.2
Interest coverage ratio (times)	85.3	32.1

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) Equity ratio based on fair value for the fiscal year ended August 31, 2019 is not presented because the Company's shares were unlisted and it is therefore not possible to identify the closing share price at the end of the fiscal year.

(Note 3) Interest-bearing debt refers to all liabilities on the consolidated balance sheets for which interest is paid.

(Note 4) Operating cash flows refer to cash flows from operating activities on the consolidated statements of cash flows.

(Note 5) Interest expenses refer to interest paid on the consolidated statements of cash flows.

(4) Future Outlook

The Group aims to revive its business and establish business models under the new business environment in approximately two years by the end of 2022.

The Group considers the fiscal year ending August 31, 2021 (September 1, 2020 to August 31, 2021) as the fiscal year for creating a solid path for such achievement.

As for the consolidated financial results forecast for the fiscal year ending August 31, 2021, the Group expects net sales of 23.5 billion yen (down 6.3% year on year), operating profit of 1.0 billion yen (down 14.3% year on year), ordinary profit of 940 million yen (down 19.3% year on year), and profit attributable to owners of parent of 610 million yen (down 20.2% year on year). The Group assumes that while the impact of COVID-19 on socio-economic conditions will gradually improve, it will persist throughout the fiscal year. Details are as follows:

(Japan)

- The Group plans to open 20 new facilities, and to close or integrate 100 franchise (FC) facilities that are significantly affected by the Corona shock. The number of facilities is forecast to be 1,940 at the end of the fiscal year ending August 31, 2021, at a net decrease of 80 facilities.
- The membership decreased to 600K (number of active members) as of August 31, 2020 from 830K as of February 29, 2020, due to the impact of the Corona shock, resulting in a significant decrease in base income including royalty sales. The number of new members is expected to recover from the latter half of the fiscal year ending August 31, 2021, and the expected number of active members at the end of the fiscal year is 660K.
- Number of contracts and sales volume of merchandise sales to members are expected to rise in line with the increase in membership.
- Contribution to profit by new businesses such as the online fitness program "Ouchi de Curves" is not reflected

in the forecast.

- Quantitative and qualitative changes in the market are accelerating, such as the spread of secondary health impacts caused by the Corona shock, increasing health awareness to “take care of one’s own health” and growing demand for contactless services. The Group will steadily develop strategies to identify and capture this potential market. The Group plans to push forward with strategic investment in business development and marketing in an aim to increase membership including membership of the online fitness program “Ouchi de Curves” from the fiscal year ending August 31, 2022 onward.

(Overseas)

- In the focus area Europe (the United Kingdom, Italy, Spain, etc.), approximately 70% of facilities have resumed operations from June after the lockdown was lifted, and membership is on the path to recovery. However, the situation is expected to remain unpredictable. The Group plans to formulate and implement strategies adapted to the new business environment, while experimenting with new business models including provision of online fitness, gradually starting from regions where socio-economic conditions have quieted down.

Any further revisions to the financial results forecast necessitated by changes in the business environment due to future COVID-19 conditions and other factors will be promptly disclosed.

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, 2019	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	5,350,073	9,533,587
Notes and accounts receivable - trade	3,780,423	3,243,741
Merchandise	898,663	1,511,593
Raw materials and supplies	2,154	6,116
Other	1,346,906	1,127,615
Allowance for doubtful accounts	(97,098)	(147,384)
Total current assets	11,281,123	15,275,269
Non-current assets		
Property, plant and equipment		
Buildings and structures	438,813	517,248
Accumulated depreciation	(227,252)	(296,868)
Buildings and structures, net	211,560	220,379
Tools, furniture and fixtures	586,157	632,144
Accumulated depreciation	(474,579)	(526,337)
Tools, furniture and fixtures, net	111,578	105,807
Total property, plant and equipment	323,138	326,187
Intangible assets		
Goodwill	1,456,101	1,392,773
Trademark right	19,020,017	17,997,264
Software	632,543	666,101
Other	974,676	733,374
Total intangible assets	22,083,339	20,789,513
Investments and other assets		
Investment securities	0	20,000
Leasehold and guarantee deposits	245,807	253,498
Deferred tax assets	273,159	155,771
Other	24,014	21,166
Allowance for doubtful accounts	(5,772)	(3,492)
Total investments and other assets	537,209	446,943
Total non-current assets	22,943,687	21,562,644
Total assets	34,224,810	36,837,913

(Thousands of yen)

	As of August 31, 2019	As of August 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,106,050	1,562,764
Current portion of long-term borrowings	1,840,000	1,840,000
Accounts payable - other	493,465	919,875
Accrued expenses	326,542	291,399
Income taxes payable	940,561	364,394
Provision for bonuses	198,227	223,835
Provision for point card certificates	-	44,320
Provision for shareholder benefit program	-	30,622
Deposits received	1,801,177	1,653,990
Other	312,656	331,404
Total current liabilities	8,018,682	7,262,606
Non-current liabilities		
Long-term borrowings	14,260,000	17,420,000
Deferred tax liabilities	4,153,324	3,887,324
Asset retirement obligations	50,778	125,377
Total non-current liabilities	18,464,102	21,432,701
Total liabilities	26,482,785	28,695,308
Net assets		
Shareholders' equity		
Share capital	20,018	848,666
Capital surplus	18	828,666
Retained earnings	7,579,658	6,328,053
Treasury shares	-	(76)
Total shareholders' equity	7,599,694	8,005,310
Accumulated other comprehensive income		
Foreign currency translation adjustment	142,331	137,294
Total accumulated other comprehensive income	142,331	137,294
Total net assets	7,742,025	8,142,605
Total liabilities and net assets	34,224,810	36,837,913

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

(Thousands of yen)

	For the fiscal year ended August 31, 2019	For the fiscal year ended August 31, 2020
Net sales	28,036,238	25,082,276
Cost of sales	16,531,702	15,914,099
Gross profit	11,504,536	9,168,177
Selling, general and administrative expenses	6,068,057	8,000,895
Operating profit	5,436,478	1,167,282
Non-operating income		
Interest income	457	178
Subsidy income	1,380	86,396
Income insurance	1,344	4,475
Other	6,255	11,807
Total non-operating income	9,436	102,857
Non-operating expenses		
Interest expenses	62,416	58,592
Commission expenses	1,000	37,189
Foreign exchange losses	137,781	3,704
Other	2,121	5,642
Total non-operating expenses	203,320	105,128
Ordinary profit	5,242,595	1,165,011
Extraordinary losses		
Loss on retirement of non-current assets	2,461	5,993
Impairment loss	-	11,815
Loss on valuation of investment securities	221,758	-
Loss on liquidation of subsidiaries and associates	144,410	-
Total extraordinary losses	368,630	17,809
Profit before income taxes	4,873,964	1,147,202
Income taxes - current	1,862,901	530,629
Income taxes - deferred	(695,685)	(148,131)
Total income taxes	1,167,215	382,498
Profit	3,706,748	764,703
Profit attributable to owners of parent	3,706,748	764,703

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended August 31, 2019	For the fiscal year ended August 31, 2020
Profit	3,706,748	764,703
Other comprehensive income		
Foreign currency translation adjustment	(309,829)	(5,036)
Total other comprehensive income	(309,829)	(5,036)
Comprehensive income	3,396,918	759,666
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,396,918	759,666
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Equity
 For the fiscal year ended August 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,000	-	7,889,217	-	7,909,217
Changes 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
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	18	18	(309,559)	-	(309,523)
Balance at end of 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 period	452,160	452,160	8,361,378
Changes during period			
Issuance of new shares			36
Dividends of surplus			(4,016,307)
Profit attributable to owners of parent			3,706,748
Purchase of treasury shares			-
Net changes in items other than shareholders' equity	(309,829)	(309,829)	(309,829)
Total changes during period	(309,829)	(309,829)	(619,353)
Balance at end of period	142,331	142,331	7,742,025

For the fiscal year ended August 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,018	18	7,579,658	-	7,599,694
Changes during period					
Issuance of new shares	828,648	828,648			1,657,297
Dividends of surplus			(2,016,307)		(2,016,307)
Profit attributable to owners of parent			764,703		764,703
Purchase of treasury shares				(76)	(76)
Net changes in items other than shareholders' equity					
Total changes during period	828,648	828,648	(1,251,604)	(76)	405,616
Balance at end of period	848,666	828,666	6,328,053	(76)	8,005,310

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	142,331	142,331	7,742,025
Changes during period			
Issuance of new shares			1,657,297
Dividends of surplus			(2,016,307)
Profit attributable to owners of parent			764,703
Purchase of treasury shares			(76)
Net changes in items other than shareholders' equity	(5,036)	(5,036)	(5,036)
Total changes during period	(5,036)	(5,036)	400,579
Balance at end of period	137,294	137,294	8,142,605

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended August 31, 2019	For the fiscal year ended August 31, 2020
Cash flows from operating activities		
Profit before income taxes	4,873,964	1,147,202
Depreciation	572,047	581,525
Loss on valuation of investment securities	221,758	-
Loss on liquidation of subsidiaries and associates	144,410	-
Impairment loss	-	11,815
Amortization of goodwill	80,009	78,386
Amortization of trademarks	1,059,054	1,019,482
Increase (decrease) in allowance for doubtful accounts	13,292	48,327
Increase (decrease) in provision for bonuses	3,965	25,706
Interest and dividend income	(457)	(178)
Interest expenses	62,416	58,592
Foreign exchange losses (gains)	137,781	3,704
Loss on retirement of non-current assets	2,461	5,993
Decrease (increase) in trade receivables	37,901	536,327
Decrease (increase) in inventories	24,947	(617,102)
Decrease (increase) in prepaid expenses	58,685	39,902
Increase (decrease) in trade payables	67,727	(543,197)
Increase (decrease) in accounts payable - other	161,364	457,189
Increase (decrease) in accrued expenses	834	(35,430)
Other, net	(47,295)	(325,770)
Subtotal	7,474,869	2,492,476
Interest and dividends received	457	178
Interest paid	(62,416)	(58,592)
Income taxes paid	(2,091,373)	(551,754)
Net cash provided by (used in) operating activities	5,321,537	1,882,307
Cash flows from investing activities		
Purchase of property, plant and equipment	(138,572)	(112,322)
Purchase of intangible assets	(274,079)	(311,808)
Purchase of investment securities	-	(20,000)
Purchase of long-term prepaid expenses	(6,447)	(11,374)
Payments of leasehold and guarantee deposits	(8,897)	(13,228)
Proceeds from refund of leasehold and guarantee deposits	-	4,537
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	9,066	-
Net cash provided by (used in) investing activities	(418,929)	(464,196)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	4,964,100
Repayments of long-term borrowings	(1,840,000)	(1,840,000)
Proceeds from issuance of shares	36	1,657,297
Purchase of treasury shares	-	(76)
Dividends paid	(4,016,307)	(2,016,307)
Net cash provided by (used in) financing activities	(5,856,271)	2,765,013
Effect of exchange rate change on cash and cash equivalents	(4,991)	389
Net increase (decrease) in cash and cash equivalents	(958,655)	4,183,514
Cash and cash equivalents at beginning of period	6,308,728	5,350,073
Cash and cash equivalents at end of period	5,350,073	9,533,587

(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)

	As of and for the fiscal year ended August 31, 2019	As of and for the fiscal year ended August 31, 2020
Net assets per share	94.07 yen	86.76 yen
Earnings per share	60.89 yen	8.73 yen

(Notes) 1. Diluted earnings per share are not presented, because despite there being a balance of share acquisition rights, the Company's shares were unlisted and it is therefore not possible to identify an average share price for the fiscal year ended August 31, 2019, and because there were no residual shares for the fiscal year ended August 31, 2020.

2. The basis for the calculation of earnings per share is as follows:

	For the fiscal year ended August 31, 2019	For the fiscal year ended August 31, 2020
Earnings per share		
Profit attributable to owners of parent (Thousands of yen)	3,706,748	764,703
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent relating to common shares (Thousands of yen)	3,706,748	764,703
Average number of common shares during the period (Shares)	60,878,286	87,633,268
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	The 1st issue of share acquisition rights Number of share acquisition rights: 4,000 units (Common shares: 9,144,209 shares)	-

(Significant subsequent events)

Not applicable.