

Financial Results Briefing

Second Quarter of the Fiscal Year Ending March 2023

November 10, 2022 RIZAP Group, Inc.

(Ambitious Market of Sapporo Securities Exchange; Securities Code: 2928)

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Today's Topics

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Highlight

We posted an operating profit in the first half of the term despite the investment in chocozap, the coronavirus pandemic, and the skyrocketing of raw material prices.

1. An operating profit of 230 million yen in the first half

- •Operating profit from the existing businesses, excluding RIZAP-related business: 1.9 billion yen
- •Operating loss from RIZAP-related business: 1.7 billion yen (Investment in chocozap, etc.)

2. The new business "chocozap" performs well. The number of members exceeded 100,000.

- •The number of chocozap members exceeded 100,000.
- •As this business attracted customers favorably, we opened gyms earlier than scheduled (planning to open 204 gyms by the end of November).

3. The existing businesses have been healthy.

The sales of the main retail businesses in September grew year on year.



Consolidated Results for Q2 FY 3/23



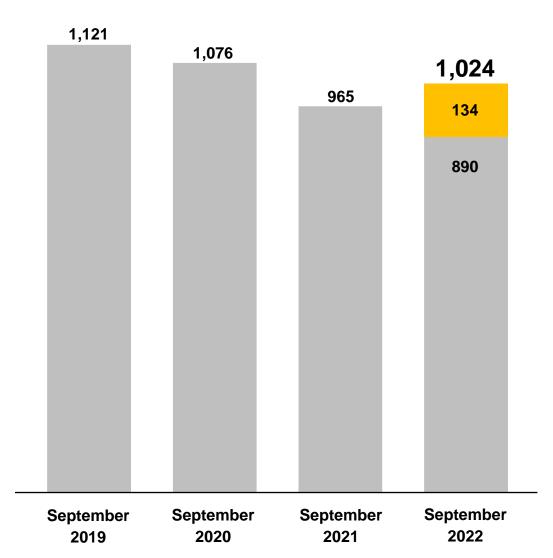
Summary of the Consolidated Profit-and-Loss Statement (IFRS)

[million yen]	Q2 of FY 3/22 (April to September)	Q2 of FY 3/23 (April to September)	Change	% Change
Net sales	78,502	76,940	-1,562	98.0%
Cost of sales	41,281	42,589	+1,308	103.2%
SG&A	35,259	34,815	-443	98.7%
Other revenues/expenses	549	695	+145	126.5%
Operating profit	2,511	230	-2,280	9.2%
Profit before income taxes	1,844	-714	-2,559	-
Profit from continuing operations	1,195	-1,059	-2,254	-
Profit from discontinued operations	-127	-133	-6	-
Profit	1,068	-1,193	-2,261	-
Profit attributable to owners of the parent	643	-1,750	-2,394	-



Variation in the Number of Gyms/Stores in Our Corporate Group





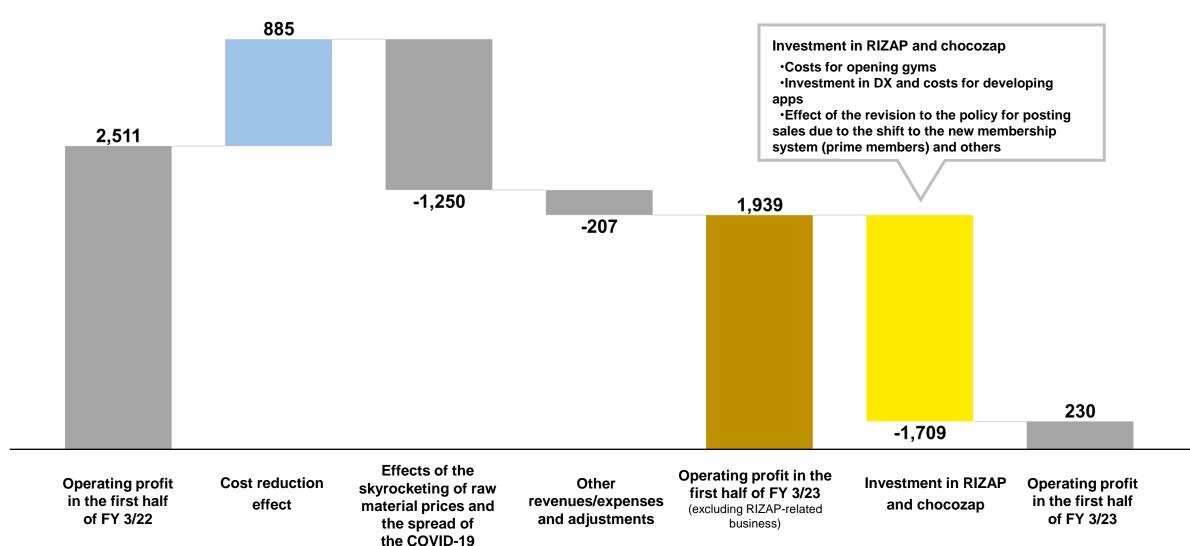
In the new business "chocozap," we are opening gyms steadily.

In the existing businesses, we are integrating or closing unprofitable gyms/stores.

Variation in Consolidated Operating Profit/Loss in the Cumulative 2Q (April to September)



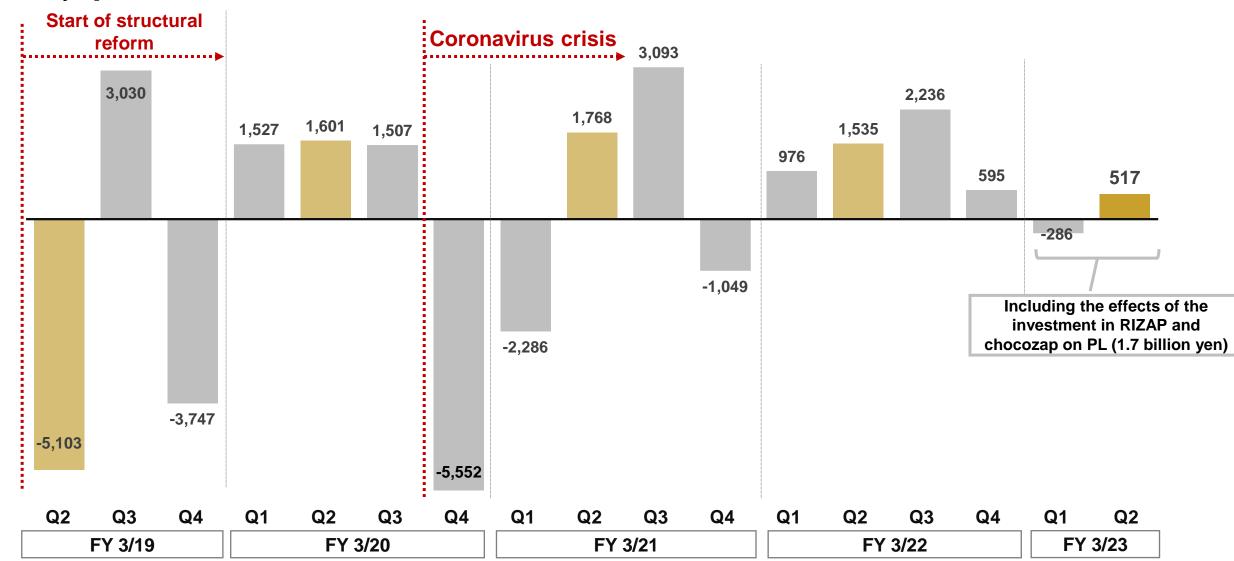
[million yen]





Variation in Quarterly Operating Profit/Loss (IFRS)

[million yen]



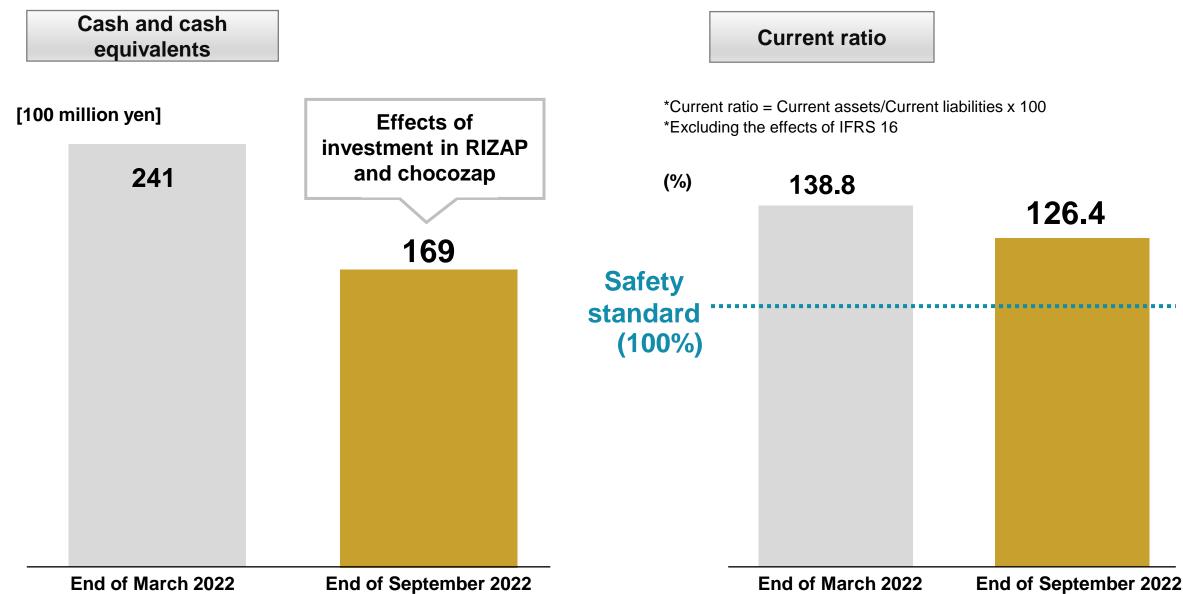


Summary of the Consolidated Statement of Financial Position (IFRS)

[million yen]	End of March 2022	End of September 2022	Change	Notes	
Current assets	73,498	68,561	-4,936	Cash and cash equivalents Operating and other receivables Inventories	-7,124 +446 +1,187
Non-current assets	66,289	74,293	+8,003	Property, plant and equipment Right-of-use assets	+2,506 +4,596
Total assets	139,788	142,855	+3,066		
Current liabilities	62,662	64,168	+1,506	Interest-bearing liabilities Operating and other payables	+4,114 -1,653
Non-current liabilities	41,064	43,614	+2,549	Interest-bearing liabilities *Mainly the increase in long-term lease obligations	+2,556
Total liabilities	103,726	107,782	+4,055		
Total equity	36,061	35,072	-989		
Total equity and liabilities	139,788	142,855	+3,066		

Variations in Financial Indicators (1)





Variations in Financial Indicators (2)

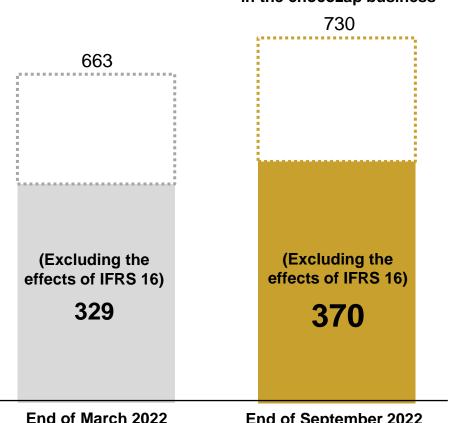
End of September 2022



Interest-bearing liabilities

*Excluding the effects of IFRS 16

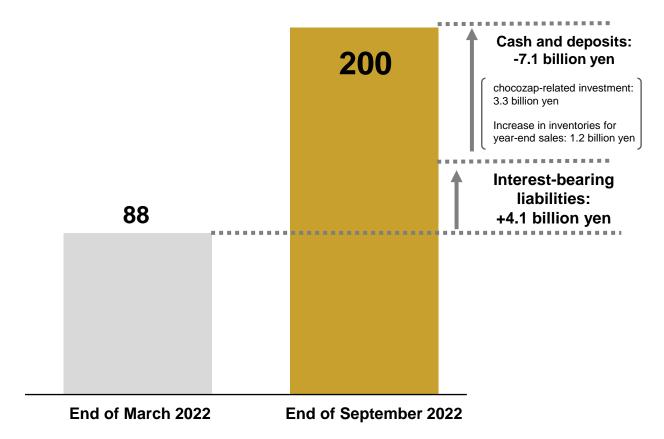
Increase of interest-bearing [100 million yen] liabilities through the investment in the chocozap business



Net interest-bearing liabilities (Net Debt)

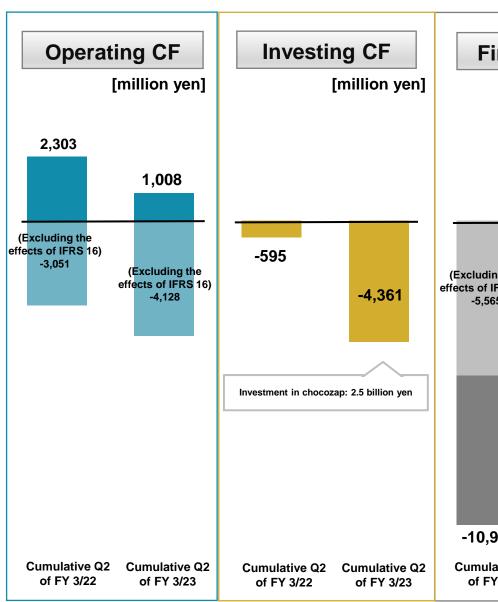
*Excluding the effects of IFRS 16

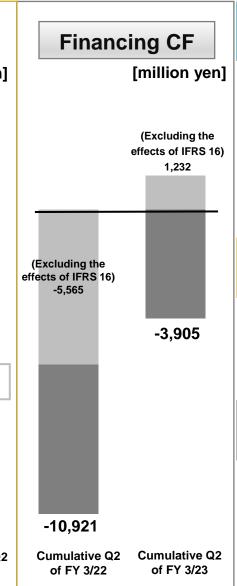
[100 million yen]



Cash Flows Overview







Operating cash flow: 1,008 million yen (-1,294 from the previous term)

•Profit before income taxes -714 million yen (-2,558)

•Adjustment of depreciation (non-asset item) 5,595 million yen (+84)

•Effect of the increase in inventories for year-end sales -1,153 million yen (+672)

•Payment of interest and income taxes -1,408 million yen (+596)

Investing cash flow: -4,361 million yen (-3,766 from the previous term)

•Purchase of property, plant and equipment -3,226 million yen (-2,091)

•Payment of security and guarantee deposits -753 million yen (-652)

Financing cash flow: -3,905 million yen (+7,015 from the previous term)

•Repayment of lease obligations -5,371 million yen (+353)

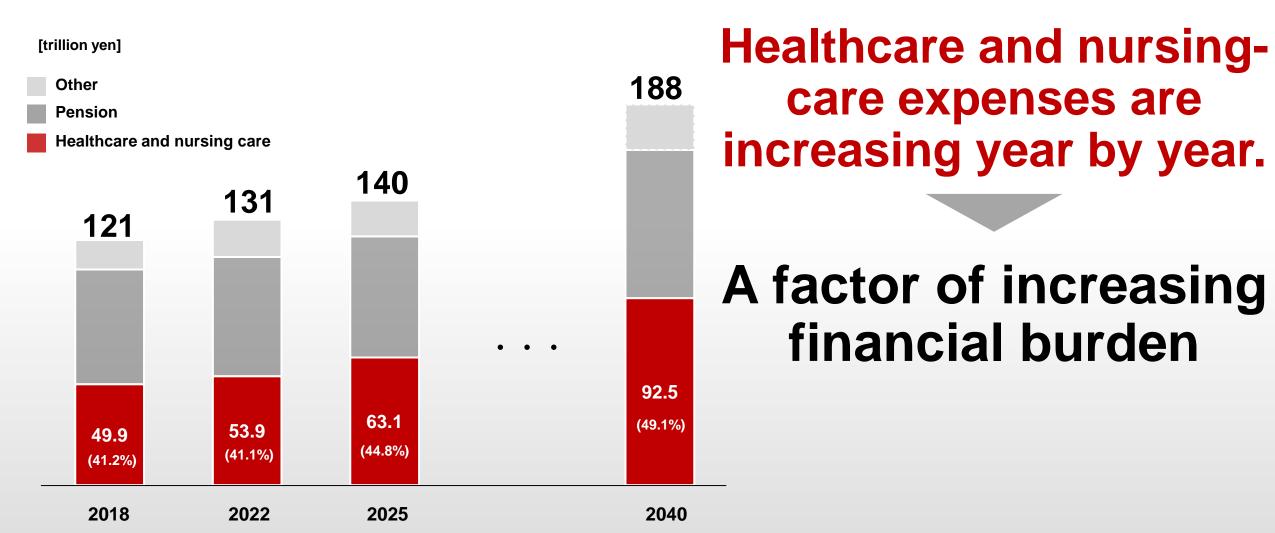
•Repayment of interest-bearing liabilities -2,912 million yen (+704)

•Augmentation of interest-bearing liabilities 6,795 million yen (+8,085)



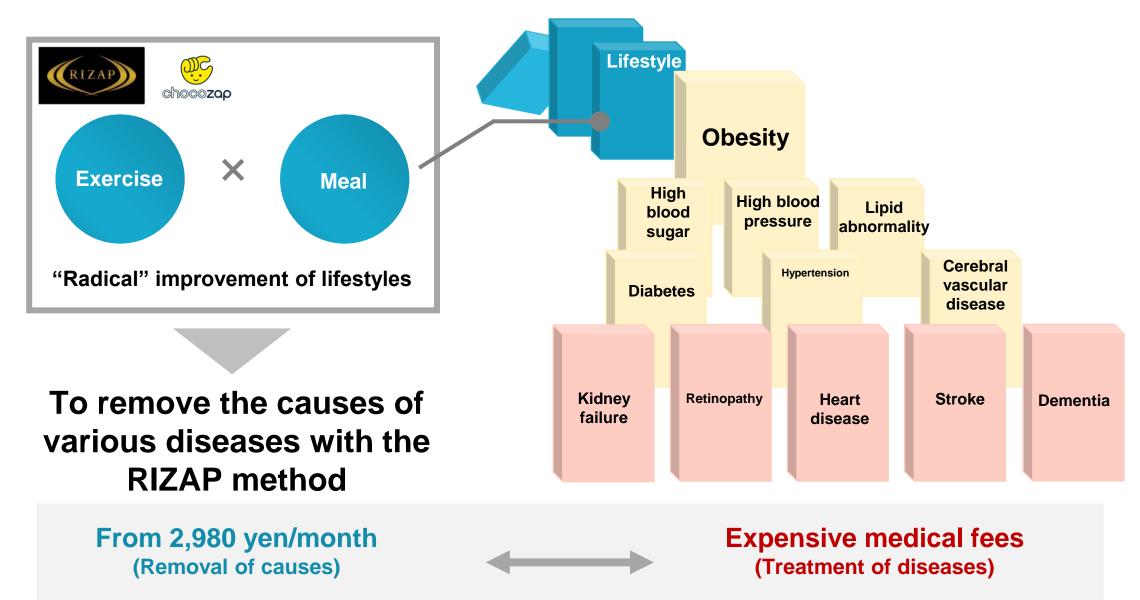
chocozap Business Overview

Trends in Social Security Benefits





Contribute to the Health Promotion by Improving Lifestyles









Development of a "healthy" and sustainable society



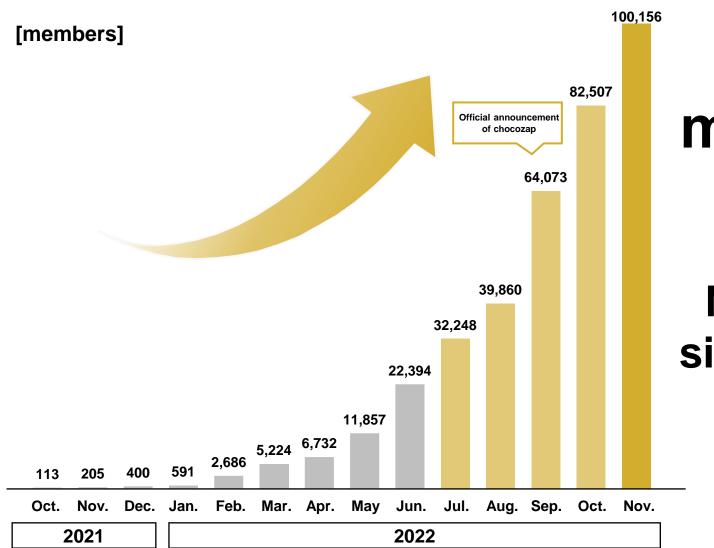




Number of Members





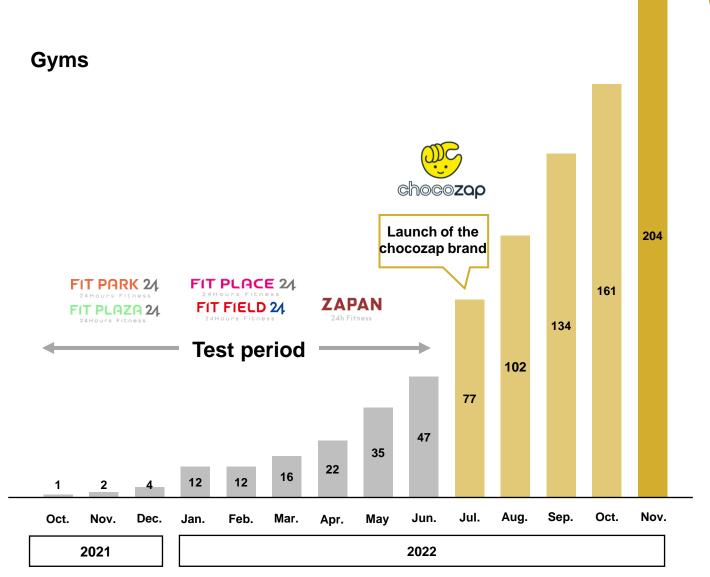


The number of members exceeded 100,000.

Nearly 20,000 people have signed up in the past 9 days.

Number of Gyms





We plan to open 204 gyms by the end of November.

Achieved the plan to be completed by the end of December earlier than scheduled.



*No. of gyms in November: No. of gyms we plan to open as of the end of November

Please watch the video. (The commercial of chocozap aired since October 17)



100 products/services expected to become a hit in 2023 by Nikkei Trendy

No.1: Convenience Gym





The new business "chocozap" is featured as a convenience gym.

A Convenience Gym is Now Part of Daily Life.









Exercise in casual Exercise in a business suit



5 min.

Training

Travel

Changing clothes

Training



Shower



Changing clothes and going home





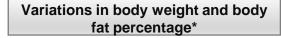


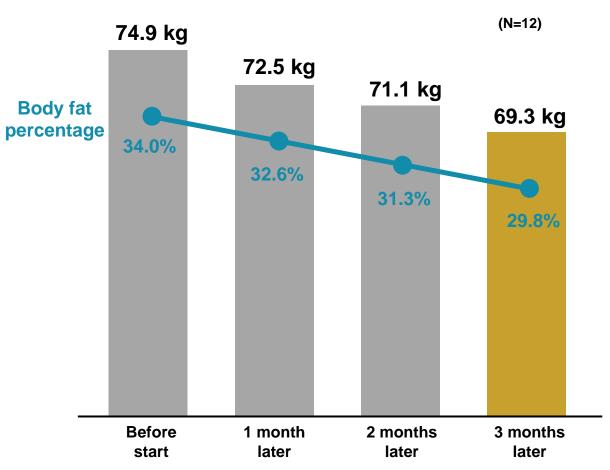


Effect of "Exercising for 5 Min./Day"



We have been proving the effect of "Exercising for 5 min./day," which was developed by RIZAP.







Body weight: Down 5.6 kg Body fat percentage: Down 4.2%*1

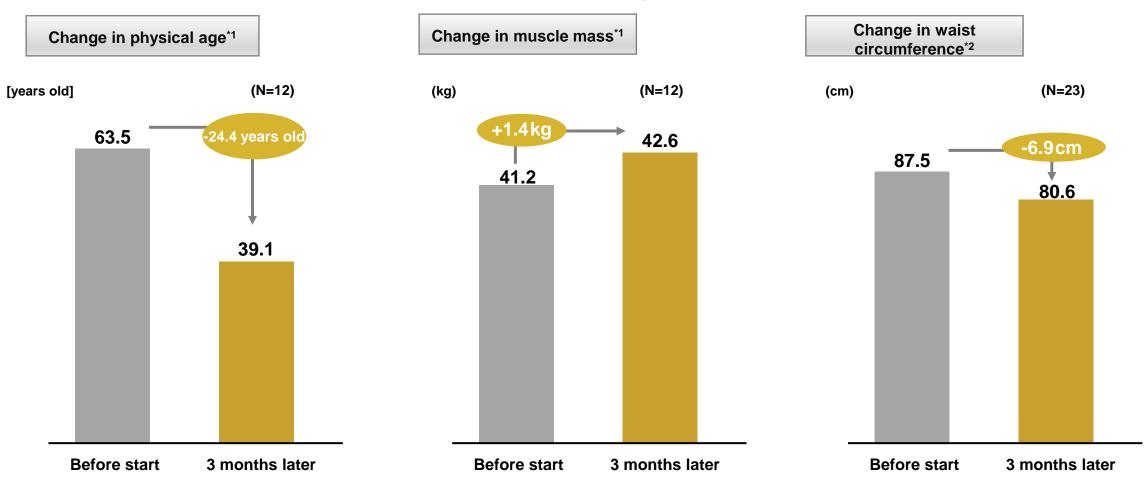
^{*}This slide shows the results of the test for demonstrating the effects of this program as of November 10, 2022. The actual advertisement of this business may be different from the contents of this slide.

^{*1} Statistical results of 12 subjects (aged 38-63 years) who underwent chocozap's programs for fat-burning, beauty, and functional improvement

Effect of "Exercising for 5 Min./Day"



We have been examining the effect of "exercising for 5 min./day" from all aspects.



^{*}This slide shows the results of the test for demonstrating the effects of this program as of November 10, 2022.

The actual advertisement of this business may be different from the contents of this slide.

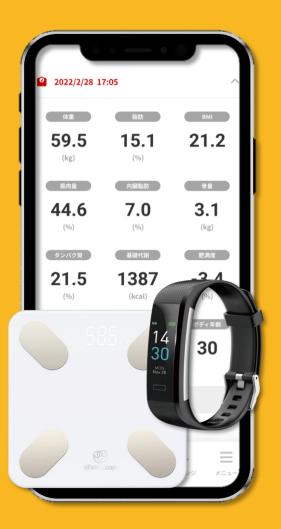
improvement and those for improving physical and muscular strengths and facilitating functional improvement

^{*1} Statistical results of 12 subjects (aged 38-63 years) who underwent chocozap's programs for fat-burning, beauty, and functional

improvement
*2 Statistical results of 23 subjects (aged 38-75 years) who underwent chocozap's programs for fat-burning, beauty, and functional

chocozap App was Launched on October 5.









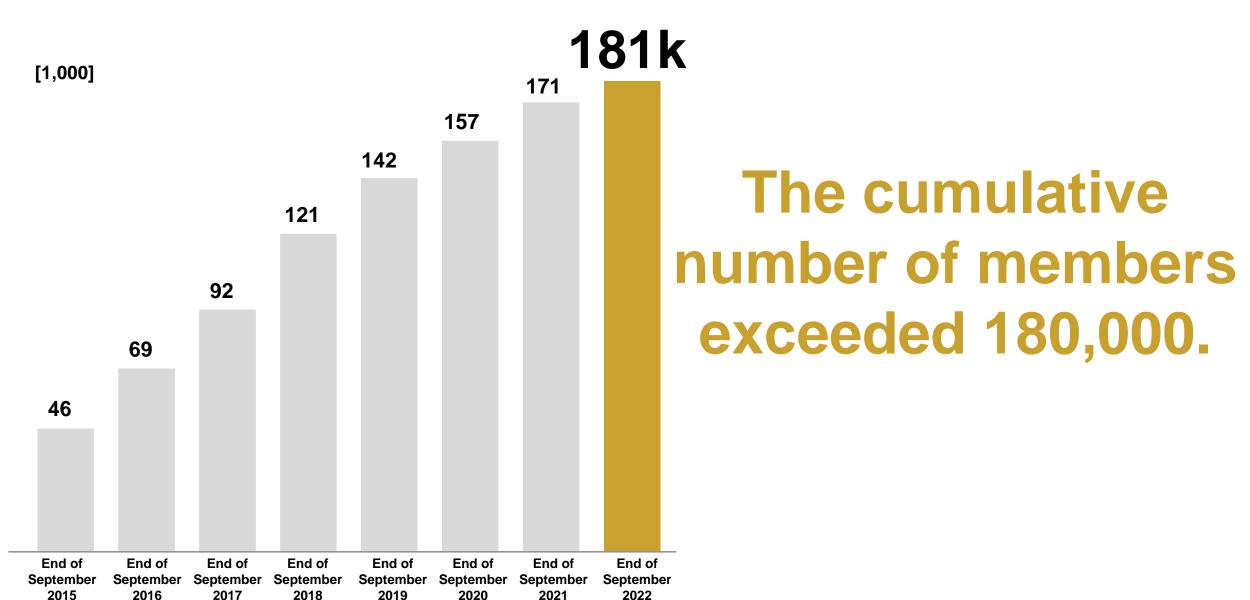


Existing Businesses Overview

RIZAP Business Overview

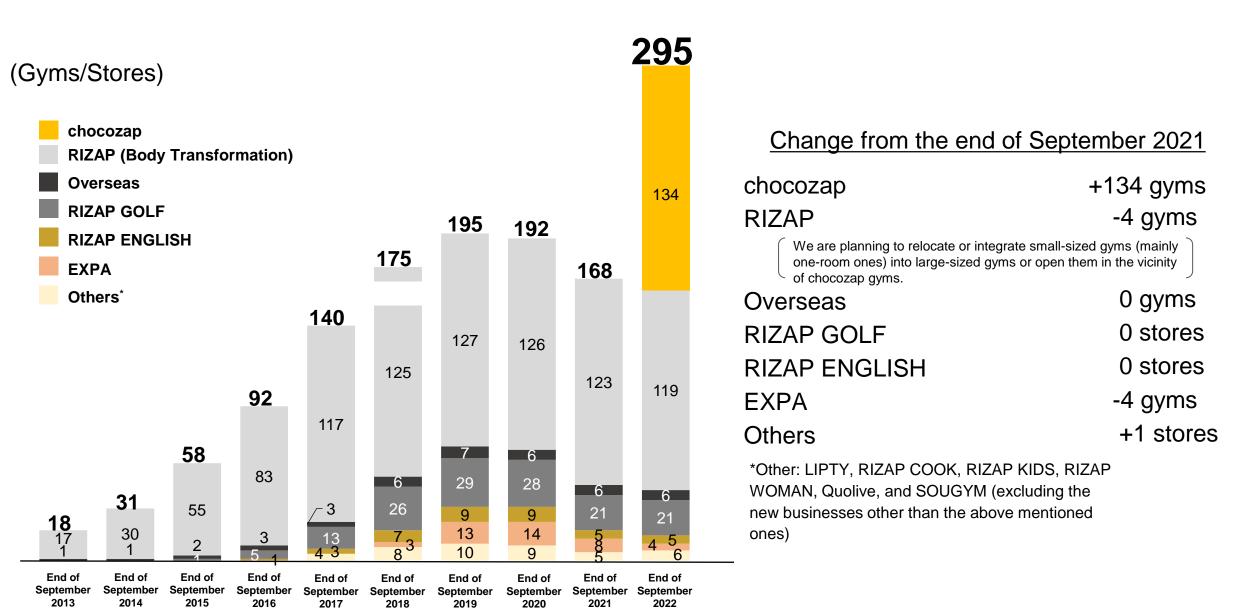
Cumulative Number of RIZAP Members (Body Transformation)





Number of Gyms/Stores





Growth Strategy of RIZAP





Shift to lifelong services



Enhancement of the healthcare field (Increase of senior members)



Direct marketing targeted at chocozap members



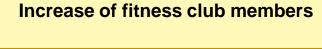




Improvement in value through the use of chocozap
Creation of an entry-level model



"Programs exclusively for beginners" for chocozap members

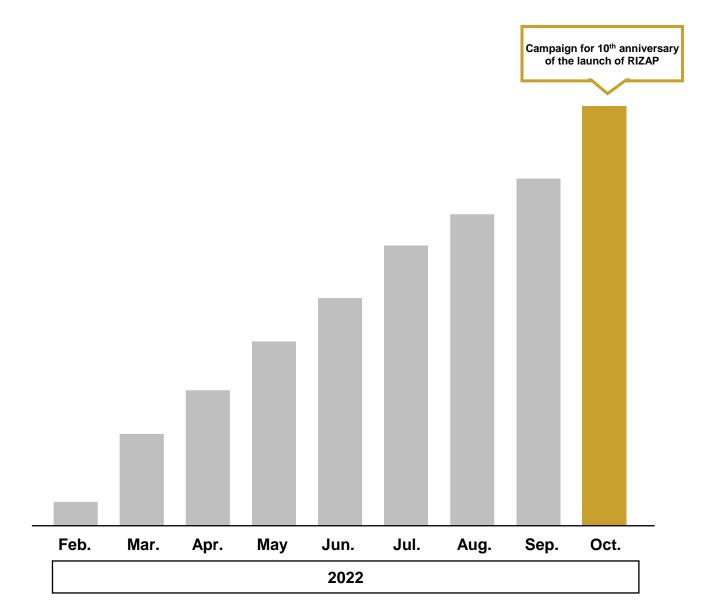


chocozap

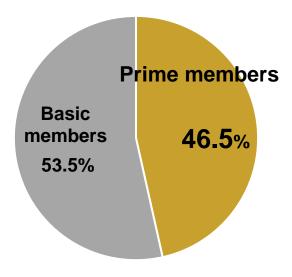
To increase new customers (Expansion of the customer base)

Number of Prime Members





The number of prime members have increased steadily.

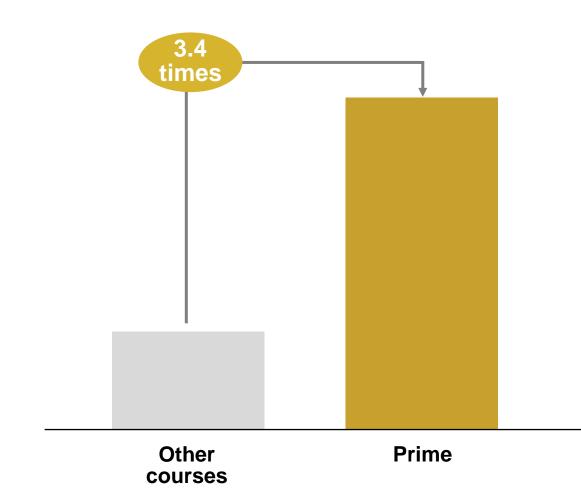


Ratio of prime members (as of the end of October)

To "Lifelong" Services Where We Will Support Customers for the Rest of Their Lives



Retention rate half a year later



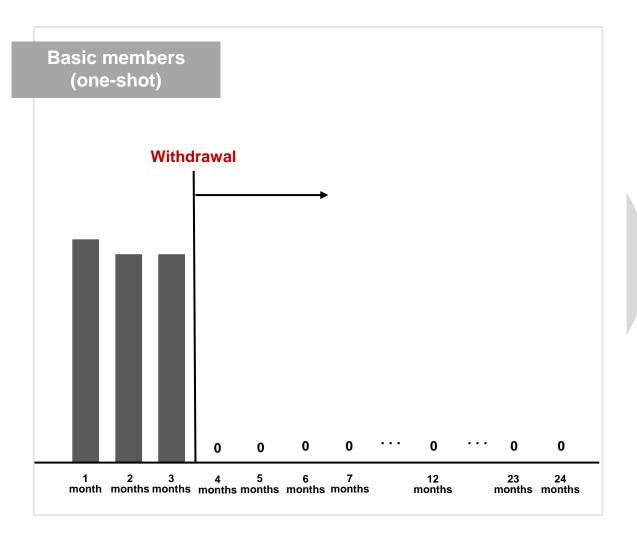
The retention rate half a year later is 3.4 times higher than that of other courses.

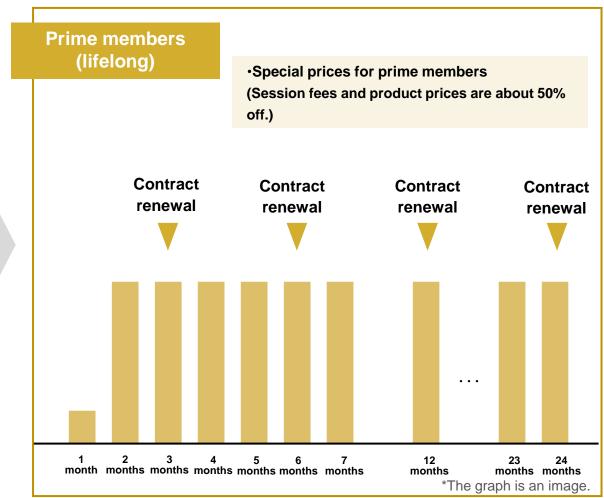
From one-shot services to "lifelong" services



Shift to Lifelong Services (RIZAP Business for Body Transformation)

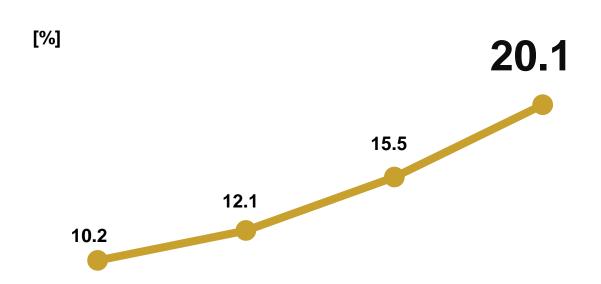
Revision to the sales posting policy following the shift to the RIZAP prime membership system (from one-shot to lifelong services)





Ratio of Senior Members





We succeeded in improving the retention rate of senior members.

The ratio of senior members exceeded 20% for the first time.





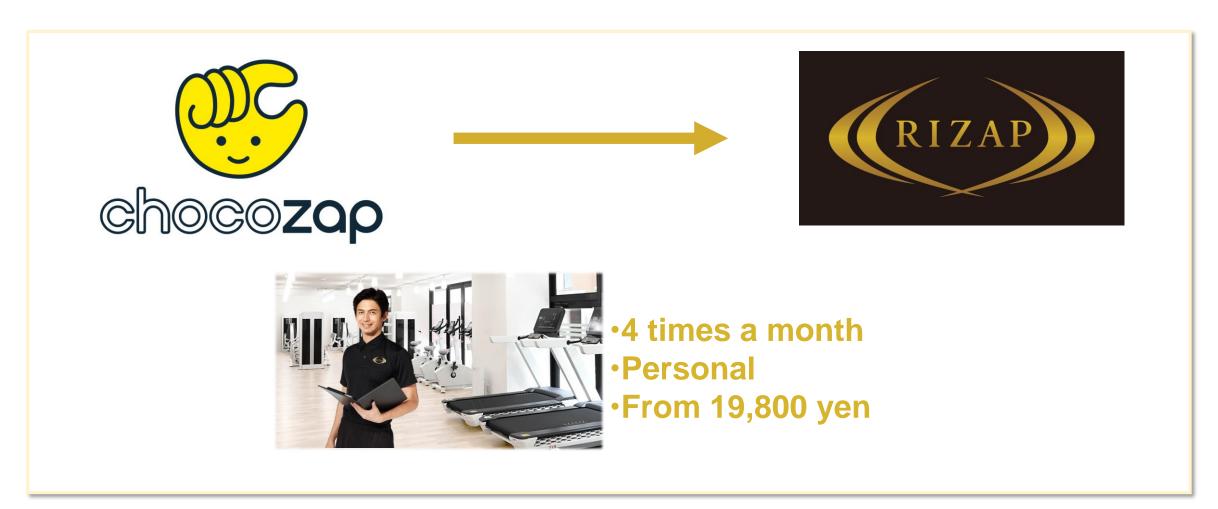
^{*}Senior members = Members aged 60 years or older

^{*}Ratio of senior members = No. of senior members ÷ No. of all members



Introducing chocozap Members to RIZAP Services

RIZAP trainers provide chocozap members with the a "program exclusively for beginners" for supporting workout beginners.



あなたの目的・目標に合った効果的

気になる部位へのアプローチ法、マシンの重さ調整、フォーム、 個々に合った回数や頻度をトレーナーがマンツーマン指導!











いきなりベダルを理ぎ始めるのは、跡を復めるなど誰 隣の原因になるため、簡単なストレッチを教えます。



プラン組み立てから直接指導まで! トレーニングの質がワンランク上がる!

まずは初回カウンセリングで、あなたに合ったトレー ニングブランを組み立てます。その後、実際に店舗に あるマシンを使って、適切な使用法、さらに効果アッ 直接指導、1ヶ月のレッスンを終えた後も、学んだ内 容を活かしてトレーニングできるから、効果実施が背 進えるほど変わります。



けていくためのコワが身につきます。



RIZAPパーソナルプランで、 ちょこざっぷをさらに充実!







1ヶ月×全4回

1ヶ月×全4回

運動初心者向けに開発したプログラムだから

効果のあるダイエット、運動方法がわからないを解決できます



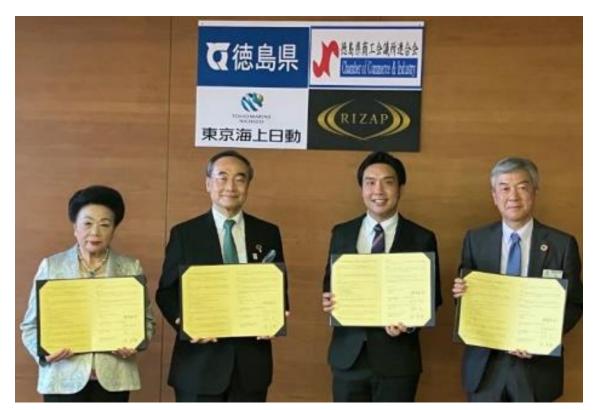






Four parties signed an agreement for comprehensive collaboration in "initiatives for revitalizing local communities."

(October 13, 2022)



Chairperson of the Chamber of Commerce & Industry in Tokushima Prefecture

Governor of Tokushima Prefecture

Director of RIZAP Co. Ltd.

Managing executive officer of Tokio Marine & Nichido Fire Insurance Co., Ltd.

To improve the diabetes mortality, which is one of the worst death causes in Japan

Measure 1

Provision of a course committed to producing good results for reducing the number of people who may suffer from the metabolic syndrome

Measure 2

Holding of health seminars for the purpose of introducing healthoriented business administration to the enterprises that have joined the Chamber of Commerce & Industry





1,700 companies have adopted our program, and over 250,000 people have joined our program.



*As of the end of September 2022





RIZAP program for specific health guidance

Start of a new plan that guarantees good outcomes with outstanding cost-effectiveness

To be started in July 2023

What is specific health guidance? To conduct health checkups for insured people and non-working dependents aged 40 to 74 years to prevent the metabolic syndrome,

and select the subjects for specific

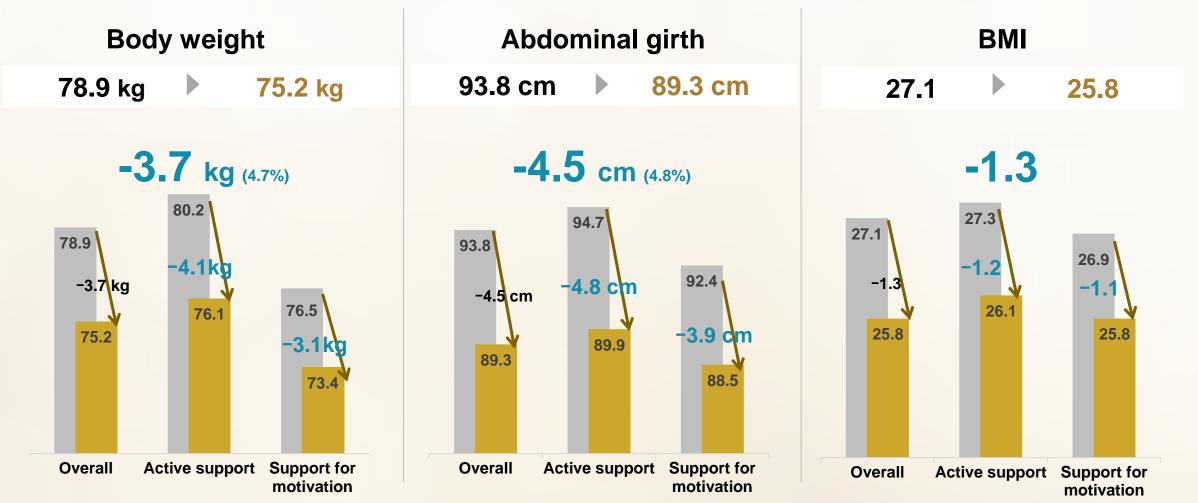
health guidance

Giving instructions on specific health guidance

Results of RIZAP Program for Specific Health Guidance

(Over 100 companies have adopted this program)

The measurements exceeded the evaluation standards set by the Ministry of Health, Labor and Welfare (body weight: -2.0 kg, abdominal girth: -2.0 cm) considerably.

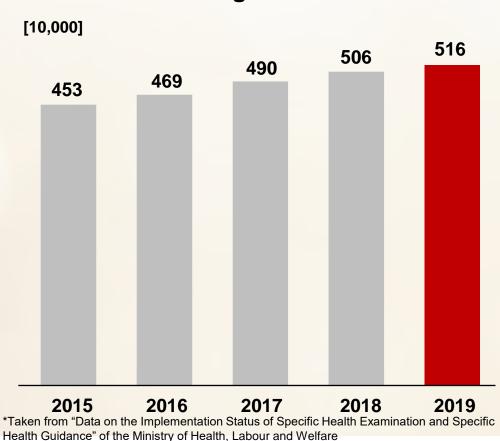


*Survey period: April 2021 to August 2022, N = 2239 (Active support: N = 1448, support for motivation: N = 791)

Contributing to the Health-oriented Business Administration of Enterprises with Our New Plan

RIZAP approaches the increasing people subject to the specific health guidance.

Change in the number of people subject to specific health guidance









Exercise at chocozap

Management of meals and health with an app

Health guidance by national registered dietitians

Active support course: 29,800 yen (tax included)

10,000 yen will be refunded if the target body weight or abdominal girth is not achieved.

Support for motivation course: 19,800 yen (tax included)

5,000 yen will be refunded if the target body weight or abdominal girth is not achieved.

(Current prices)

Active support course: 49,900 yen (tax included)

Support for motivation course: 33,900 yen (tax included)

"Diet Support Chips" received a special award



Received a special award at "Food and Health Award 2022."



Diet Support Chips Rich Consomme



"Snack that should be eaten while you are on a diet" with a protein content of 15 g, a dietary fiber content of 6.2 g and a sugar content of 6.2 g was highly evaluated.*2

¹ Food and Health Award

[•]Held by the Japan Association of Chain Drug Stores (currently having 122 member companies)

[•]Held since 2018 as "Award for products that contribute to the creation and expansion of the healthcare market for the purpose of maintaining the health of

people and prolonging healthy lifespan"

A total of 152 products submitted/1 Grand Prize/3 Second Prizes/3 Special Prizes/45 Excellent Prizes



Premium Alcohol-free Beer Developed under the Supervision of RIZAP

(released on Tuesday, September 27, 2022)

For health-conscious people who like beer after training or for rewarding themselves



Collaborative product with Mitsubishi Shokuhin Co., Ltd.

It is available at convenience stores, drugstores, etc. It made a good start with its shipment volume exceeding the forecast.









Management reform was completed, and we have entered the new growth phase.

Reform amid the COVID-19 pandemic (March 2020 to March 2022)

New growth phase

(From April 2022)

FY 3/20 FY 3/22

Closure of unprofitable stores

Reduction of SG&A

Improvement of break-even point

Corporate reorganization

518 stores

388 stores (closed 130 stores)

22.2 billion yen (curtailed 7.6 billion yen)

79%

With going private (March 2022)

Completion of urgent management reform measures Enhancement of investment for growth

<Measures in this term>

To develop new business



New business "it 300" Shop of lifestyle goods priced at 300 yen

To open 30 stores by the end of this term

DX



Self-checkout stands will be installed in all stores by the end of December 2022.

Optimal staffing in stores

To redefine our brands



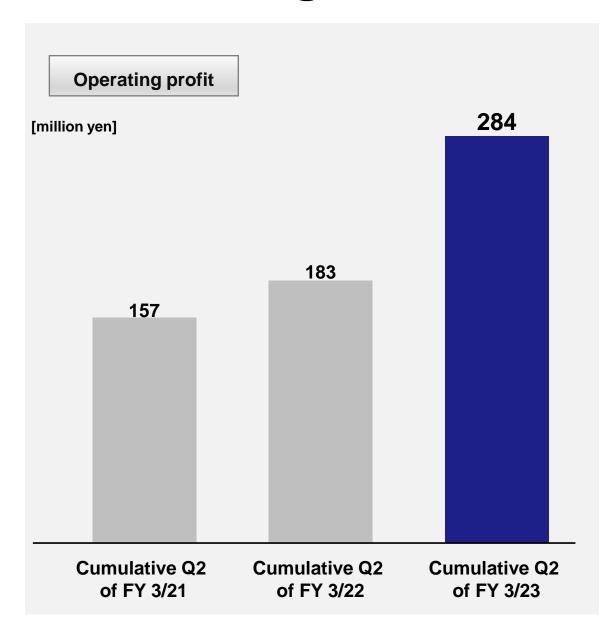


Cute goods for adults



MRK Holdings Inc. (J-GAAP)





Sales and profit grew year on year, as the new TV commercial and online sales promotion were effective.

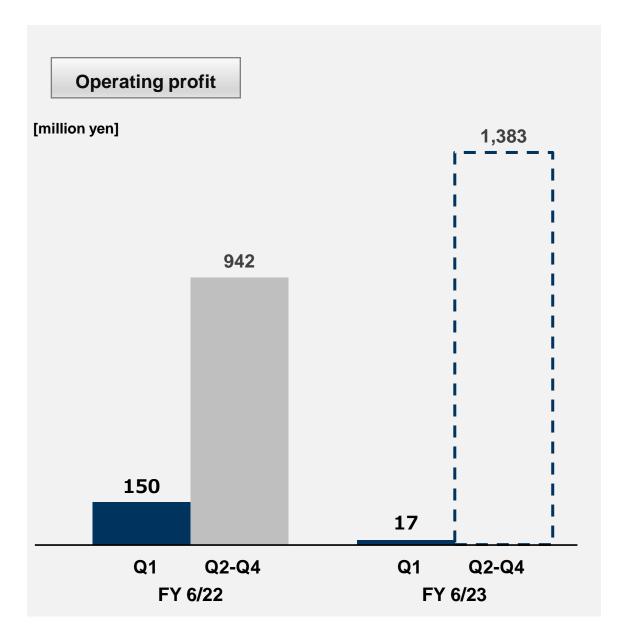
- Women's underwear and related businesses
 - •The number of new bookings increased 21.5% from the previous term.
 - •The average spending per customer in the first half grew 16.4% from the previous term.
- Wedding and feast-related business
 - •The number of bridal shows, inquiries, and previews increased steadily.





BRUNO (J-GAAP)



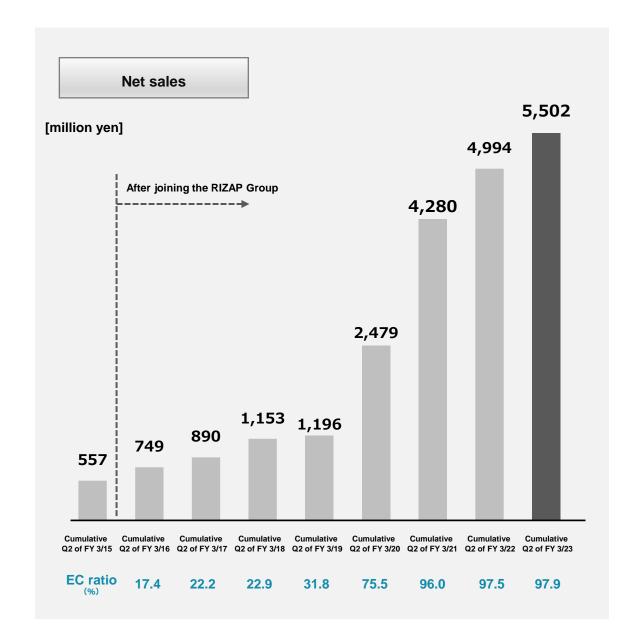


We posted a profit, amid the depreciation of the yen and the skyrocketing of raw material prices

- •We plan to hold many events for commemorating the 10th anniversary of the launch of the BRUNO brand.
- •Thanks to the recovery of demand for travel, the sales of the travel goods brand "MILESTO" grew 133%.
- •From Q2, gross profit margin improved thanks to the price revision.



Auntie Rosa (J-GAAP)



Achieved record-high EC sales. The performance of existing stores is steadily recovering.

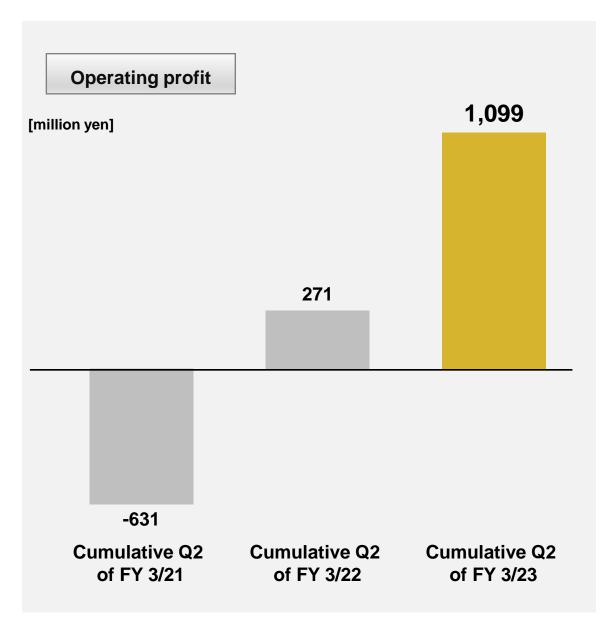
- •The delivery of products was delayed due to the lockdown in China, but EC sales hit a record high, thanks to appropriate sales measures.
- •The sales of the existing real stores, too, recovered steadily. In all months of the first half, the sales of the existing stores increased from the previous year.
- •Profit grows considerably thanks to the further growth of EC.





Investment Segment





A significant profit was posted thanks to the management reform.

夢展望

•Improvement in profit margin through the increase of the ratio of sales of regular products

The apparel business, which is the mainstay, posted profit.

•In the childcare and nursing-care domain, the ratio of nursery school children to the quota has been healthy, so sales grew year on year.



•Through management reform, break-point sales increased 63.6% from Q2 of FY 3/21.





In the first half of the term, we struggled amid the COVID-19 pandemic, but the performance has been recovering steadily recently.

	REXT		BRUNO		夢展望		Auntie Rosa	
	Net sales	YoY						
	million yen	%						
First half	24,192	94.9%	3,843	100.8%	2,616	111.7%	5,502	110.2%
September	4,154	104.6%	1,461	105.1%	535	141.0%	963	118.7%



Actions by retail companies in the Second Half (Price Revisions Overview)

In response to the continued rise in raw material prices and yen depreciation, we continued to revise prices, to secure more profit from the second half.

	Target products	Price revision rate	Reason for revision	Scheduled date of revision	
REXT	PB apparel for the winter season Lounge wear Jewelry	Up 5 to 20%	Rise in raw material prices and the yen depreciation	August to October 2022	
BRUNO	Home appliances Lifestyle goods	Up 10 to 16%	Yen depreciation, the rise in raw material prices, and the skyrocketing of distribution costs	December 2022	
MRK HOLDINGS INC.	Controlling undergarments Supplements	Up 2 to 8%	Rise in raw material prices and the yen depreciation	September to October 2022	
夢展望	Apparel and women's clothing (products for autumn and winter in 2022)	Up 5 to 20%	Rise in raw material prices, the yen depreciation, and the skyrocketing of distribution costs	From August 2022	

Actions by retail companies in the Second Half (Meet the Demand from Foreign Visitors to Japan and Expensive Products)



Purchase of expensive products



Full renovation of the watch salon in Matsuzakaya in Nagoya (completed on October 12)

The ratio of sales in the first half to the forecast was as healthy as 135%.



In the second half, we currently plan to hold three large-scale events.

Foreign visitors to Japan

Removal of the upper limit of the number of visitors to Japan

The consumption by foreign visitors in Japan could reach 5.7 trillion yen per year.*





Auntie Rosa





MARACAMICIE:









Many group companies are preparing for meeting the demand from foreign visitors.



Summary

1. An operating profit of 230 million yen in the first half

- •Operating profit from the existing businesses, excluding RIZAP-related business: 1.9 billion yen
- Operating loss from RIZAP-related business: 1.7 billion yen (Investment in chocozap, etc.)

2. Acceleration of the strategic growth investment in the thriving chocozap business

- The number of members exceeded 100,000.
- •Ranked first based on convenience gyms in "100 products/services expected to become a hit in 2023" by Nikkei Trendy.
- •We developed our original method for "producing good results with a 5-min. workout" based on the knowledge accumulated in 10 years of history of RIZAP.

3. Healthy performance of existing businesses

- •RIZAP is shifting to a lifelong business model (prime membership system) smoothly.
- •In the RIZAP business for body transformation, the ratio of senior members reached 20.1%, hitting a record high.
- •In the major retail businesses, the sales in September grew from the previous term.

Enrichment of Shareholders' Benefits

Offering of "special benefits for commemorating the launch of chocozap" at the end of this December



To present a coupon for using chocozap for 3 months as much as shareholders want.

The coupon will be effective at all gyms around Japan.

Requirements for use

- ·For new members
- •Can be used by family members of shareholders (within the second degree of kinship)
- •Body composition analyzers and health watches will be sent to members from the fourth month, from which they will start paying fees.

*Shareholders as of the end of December 2022



We are here so that everyone can lead a life to realize his/her own value.



Corporate Profile (As of the End of March 2022)

Corporate

name

RIZAP Group, Inc.

Securities

2928 (Ambitious Market of Sapporo

code Securities Exchange)

Established

April 2003

Representative

Takeshi Seto,

Founder / CEO

Capital

19,200,440,000 yen

No. of

outstanding

556,218,400 shares

No. of

shares

consolidated

employees

5,034 (excluding temporary staff)

December 28, 2018

Head office: 2-21-1 Kita-Shinjuku, Shinjuku-ku, Tokyo, Japan

Company name: RIZAP GROUP, Inc.

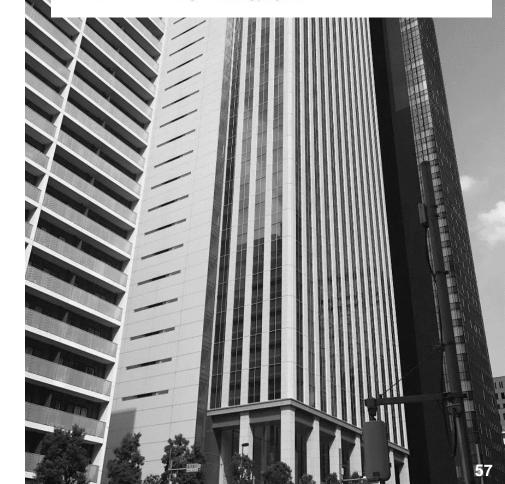
Representative: Takeshi Seto, Representative Director, President

(2928, Sapporo Securities Exchange's Ambitious market)

Contact: Takayuki Kamaya, Executive General Manager of Group Management Department

(TEL: +81-3-5337-1337)

URL: https://www.rizapgroup.com





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