



Financial Results Briefing

Fiscal Year Ending March 2024

November 14, 2023
RIZAP Group, Inc.

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

English translation from the original Japanese-language document

Today's Topics

- | | |
|---|-------------|
| 1. Highlight | P 3 |
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Highlight

**The number of chocoZAP members exceeded 1 million.
Steady expansion of members for moving into the black**

1. Continuous growth of chocoZAP

- No. of members: 1.01 million (as of November 14)
- *Active members only (excluding those who have cancelled the membership)
- No. of gyms: 1,160 in 40 prefectures around Japan (as of November 14)
- Full-scale release of new services and continuous improvement of services, to curtail cancellation rate.

2. Upfront investment continued in Q2. We will recoup our investment from the second half of this term.

- Operating loss in the first half: 5.7 billion yen (2.8 billion yen in Q1 and 2.9 billion yen in Q2)
- Upfront investment for increasing the number of chocoZAP members continued (opening new gyms, starter kits, and advertisement).

3. No change to the profit forecast for this term *Unchanged from those disclosed on October 26

- Due to the sale of Sohken Homes, only net sales forecast has been revised (down 8 billion yen).
- Operating profit and net profit forecasts have not been changed from the previous announced one.

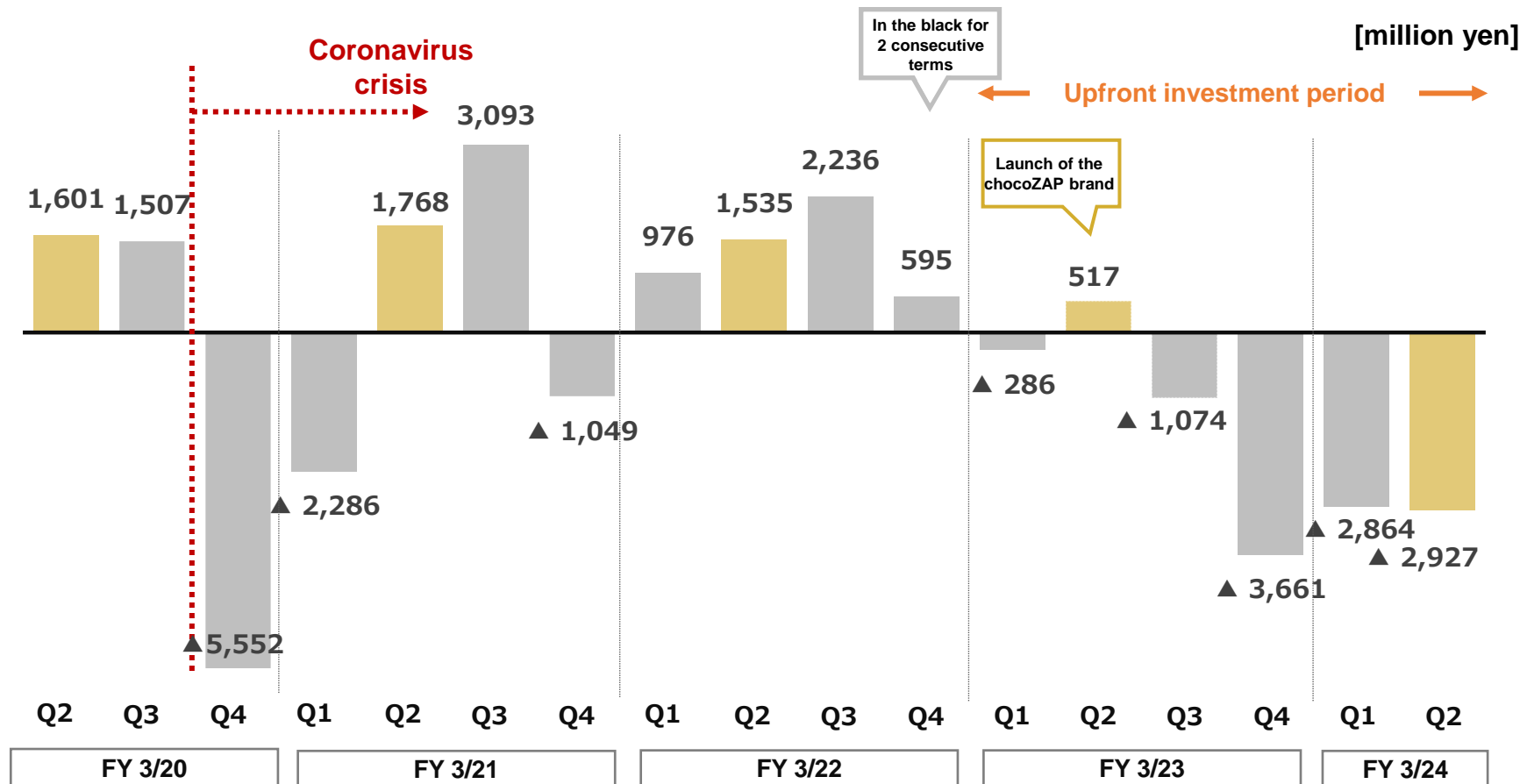
Consolidated Results for Q2 FY 3/24

Summary of the Consolidated Profit and Loss Statement (IFRS)

[million yen]	Q2 of FY 3/23 (Jul. to Sep.)	Q2 of FY 3/24 (Jul. to Sep.)	Change	% Change
Net sales	76,940	81,012	+4,071	105.3%
Cost of sales	42,589	42,735	+ 146	100.3%
SG&A	34,815	43,747	+8,931	125.7%
Other revenues/expenses	695	△320	△1,016	-
Operating profit/loss	230	△5,791	△6,022	-
Profit/loss before income taxes	△714	△7,302	△6,587	-
Income taxes	367	690	323	188.2%
Profit/loss from continuing operations	△1,081	△7,993	△6,911	-
Profit/loss from discontinued operations	△133	△55	+78	-
Profit/loss	△1,215	△8,049	△6,833	-
Profit/loss attributable to owners of the parent	△1,776	△7,596	△5,819	-

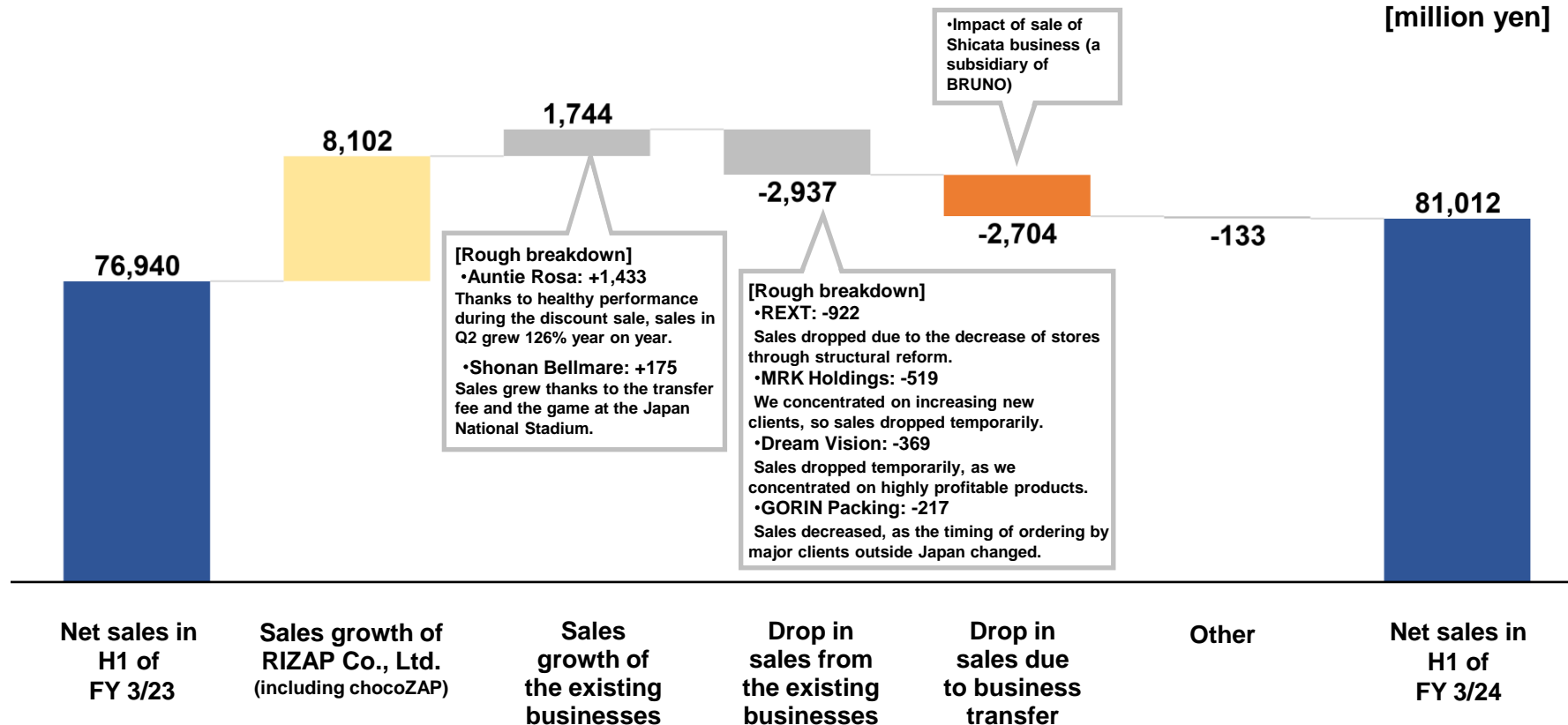
Note: In FY 3/23, the business of B&D Co., Ltd. is categorized into discontinued operations.

Variation in Operating Profit/Loss (IFRS)



Year-on-year Comparison of Consolidated Net Sales

[million yen]



Year-on-year Comparison of Consolidated Operating Profit/Loss

[million yen]

230

[Rough breakdown]

•MRK Holdings: -477

-In the first half, costs for increasing new clients were posted.
(No. of reservations for the first visit to a store: 178% YoY.)

-In the second half, we will intensively release new products, and are expected to recoup the investment.

•REXT: -425

-Expenses for disposing of inventory and closing stores were posted in advance:
-900 million yen

-The performance of existing shops for trading cards, entertainment, used items, etc. recovered, so profit grew virtually.

•BRUNO: -414

•Auntie Rosa: -213
-Profit dropped, due to the worsening of cost rate caused by the prolonged yen depreciation.

-Profit started growing, thanks to the recent pricing strategy and cost reduction measures.

(The gross profit margin of Auntie Rosa recovered from 44% in July to 58% in October.)

-In the first half, profit dropped temporarily due to the full-scale investment in the business of BRUNO in China.

-3,650



- Further investment to open chocoZAP
- Provision of a larger number of starter kits
- Expansion of investment in advertisement

[Rough breakdown]

•SD Entertainment: +190

The childcare business performed well.
The number of fitness club members grew 110% YoY.

255

-1,945

-681

-5,791

Operating
profit/loss in
H1 of
FY 3/23

Drop in profit of
RIZAP Co., Ltd.
(including
chocoZAP)

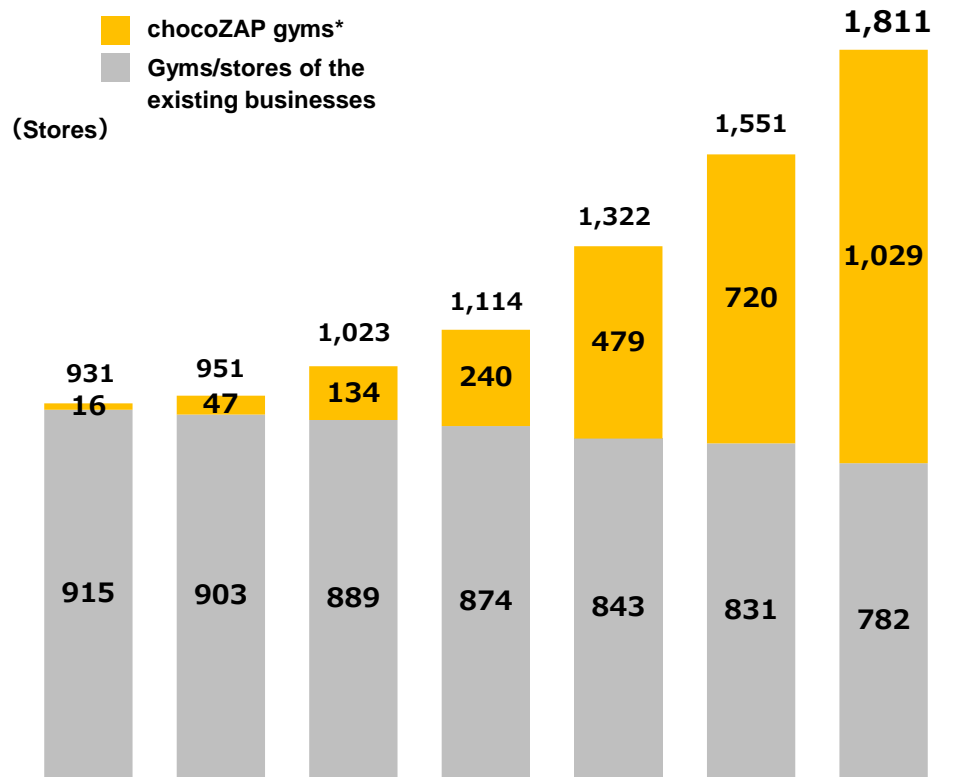
Drop in
profit from
the existing
businesses

Profit growth of
the existing
businesses

Other

Operating
profit/loss in
H1 of
FY 3/24

Number of Gyms/Stores in RIZAP Group



We continued to open new chochoZAP gyms in the “upfront investment period.”

We are renovating the gyms/stores of the existing businesses.

(To improve profitability by changing business models, etc.)



Mar. 2022 Jun. 2022 Sep. 2022 Dec. 2022 Mar. 2023 Jun. 2023 Sep. 2023

*Prior to Jun. 2023, we count the gyms of old gym names other than chocoZAP in the total number of chocoZAP gyms.

Summary of the Consolidated Statement of Financial Position (IFRS)

[million yen]	End of Mar. 2023	End of Sep. 2023	Change	Notes
Current assets	67,196	69,746	+ 2,549	Cash and cash equivalents + 257 Operating and other receivables + 903 Inventories + 1,078
Non-current assets	75,452	85,541	+ 10,089	Property, plant and equipment + 6,034 Right-of-use assets + 4,625
Total assets	142,649	155,288	+ 12,639	
Current liabilities	75,921	87,851	+ 11,930	Interest-bearing liabilities + 5,243
Non-current liabilities	42,615	46,012	+ 3,397	Interest-bearing liabilities + 2,779 *Mainly the increase in long-term lease obligations
Total liabilities	118,536	133,864	+ 15,327	
Total equity	24,112	21,424	△2,688	
Total equity and liabilities	142,649	155,288	+ 12,639	

Summary of the Consolidated Statement of Financial Position (IFRS)

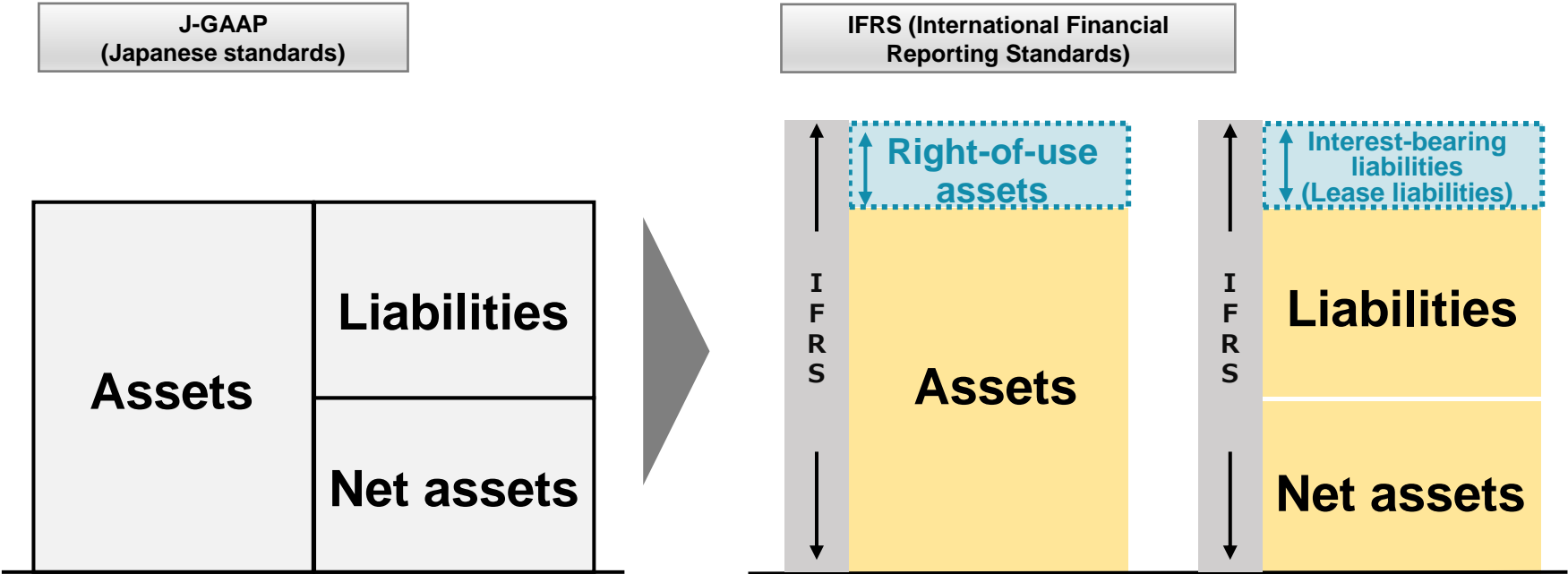


“Total equity and liabilities” (total assets) increased 12.6 billion yen to 155.2 billion yen (or 118.4 billion yen, when the effects of IFRS 16 (lease) amounting to 36.3 billion yen are excluded).

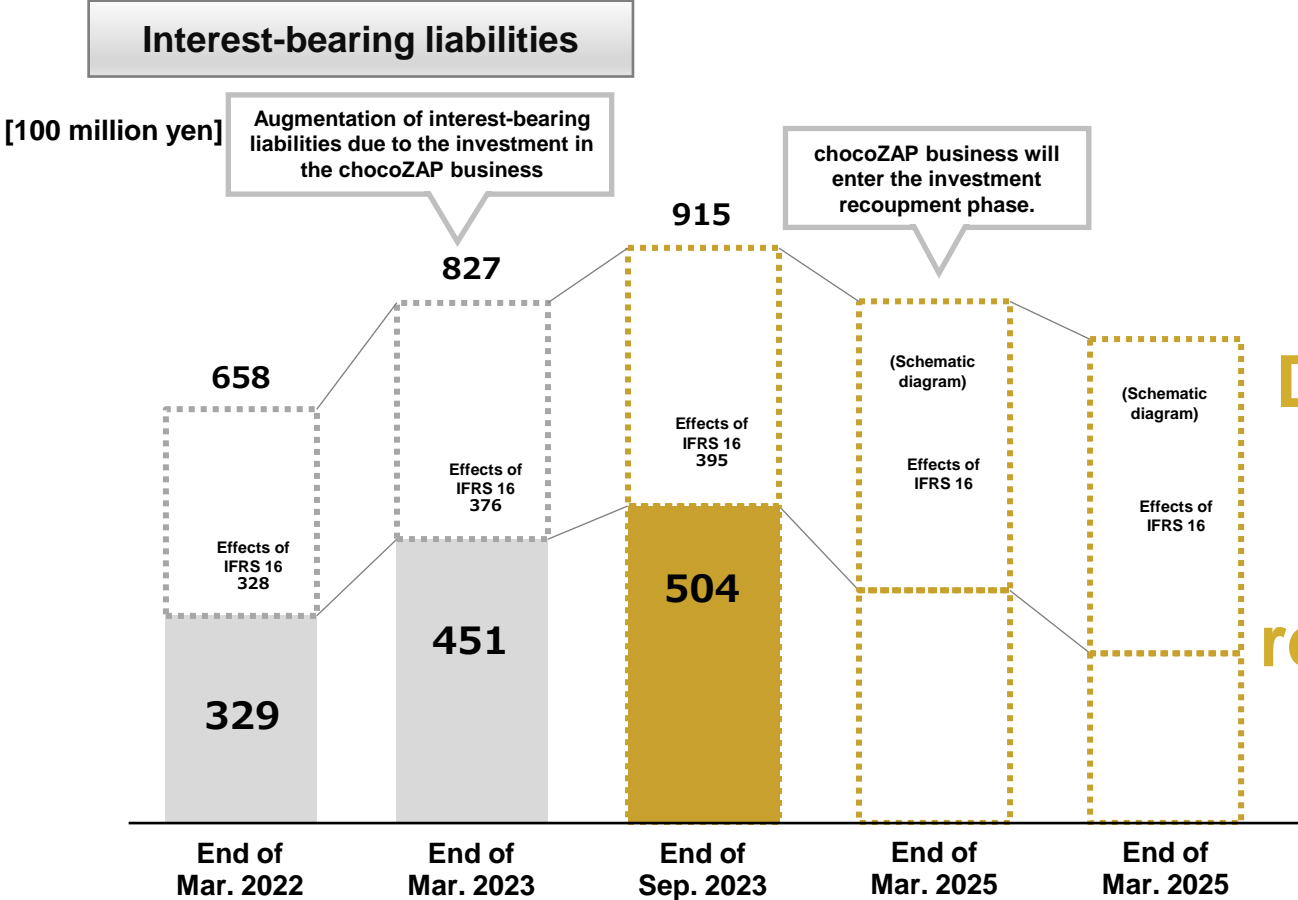
[million yen]	Consolidated Statement of Financial Position (B/S)			Effects of IFRS 16 (B/S)			Effects of IFRS 16 excluded (B/S)		
	End of Mar. 2023	End of Sep. 2023	Change	End of Mar. 2023	End of Sep. 2023	Change	End of Mar. 2023	End of Sep. 2023	Change
Current assets	67,196	69,746	+2,549	868	1,062	+195	68,064	70,811	+2,747
Non-current assets	75,452	85,541	+10,089	-33,173	-37,401	-4,229	42,279	47,687	+5,408
Total assets	142,649	155,288	+12,639	-32,306	-36,340	-4,034	110,343	118,499	+8,155
Current liabilities	75,921	87,851	+11,930	-11,048	-12,763	-1,714	64,873	75,070	+10,197
Non-current liabilities	42,615	46,012	+3,397	-26,369	28,136	-1,768	16,246	17,729	+1,482
Total liabilities	118,536	133,864	+15,327	-37,417	-40,899	-3,481	81,119	92,799	+11,680
Total equity	24,112	21,424	-2,688	5,112	4,559	-553	29,224	25,699	-3,524
Total equity and liabilities	142,649	155,288	+12,639	-32,306	-36,340	-4,034	110,343	118,499	+8,155

Effects of IFRS 16 (Leases)

As the number of chocoZAP increases, rents, which are posted in the balance sheet according to IFRS, increased.



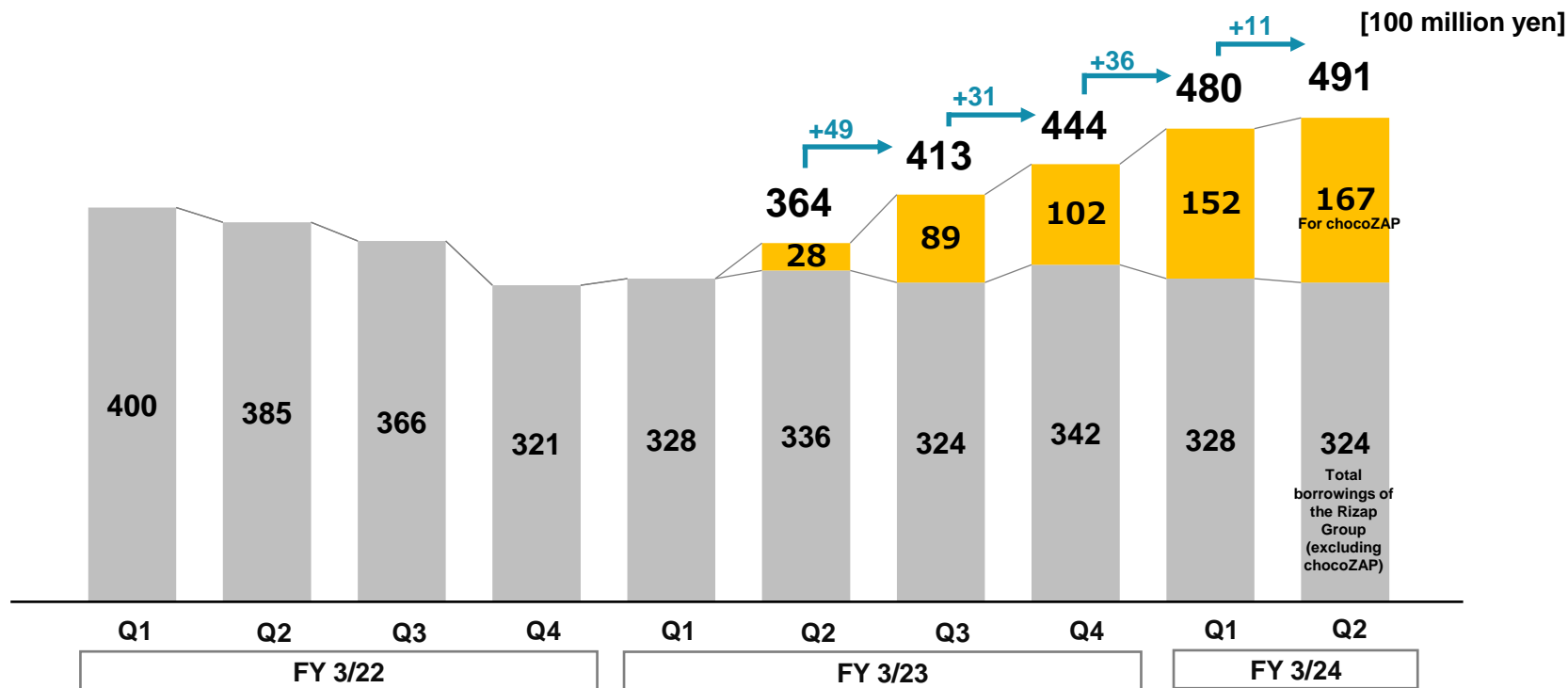
Financial Indicators



Debt will decrease after the start of the investment recoupment phase.

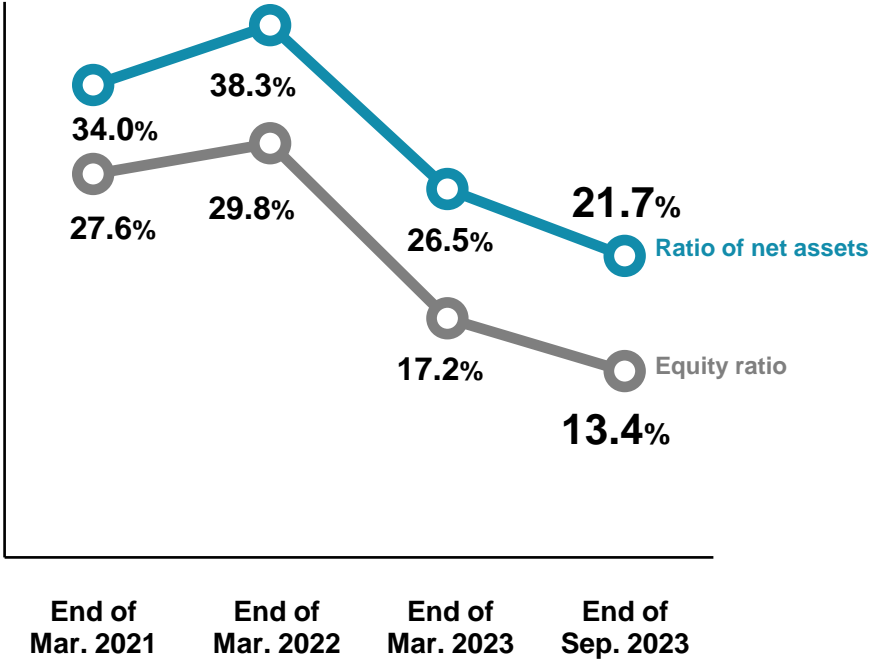
Variation in Debt

The pace of debt augmentation has subsided, thanks to the recent improvement of cash flow.



Financial Indicators

Equity ratio



Equity ratio
is expected to rise
from this term.

	IFRS	Adjustment (Effects of IFRS 16)	After adjustment (Excluding the effects of IFRS 16)
Ratio of net assets	13.8%	7.9%	21.7%
Equity ratio	7.7%	5.7%	13.4%

a b a+b

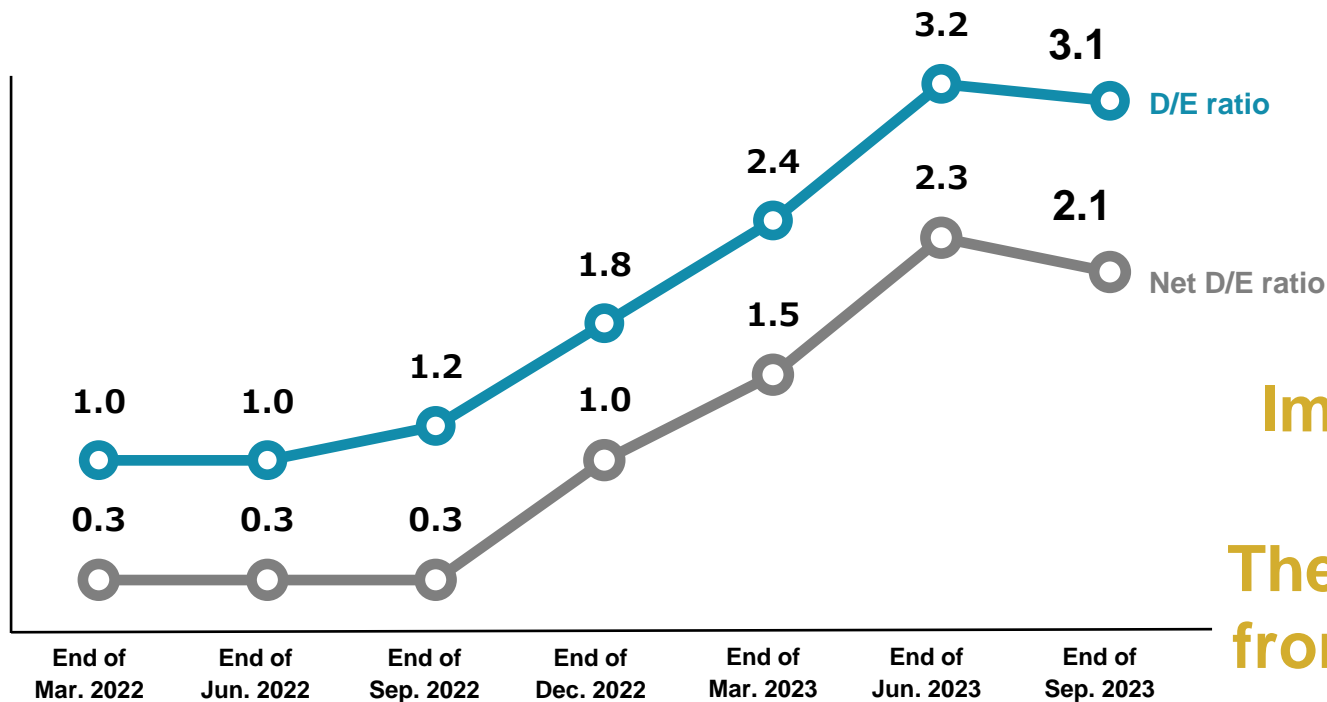
Effect of augmentation of lease obligations through the increase of chocoZAP gyms

*Excluding the effects of IFRS 16
 *Ratio of net assets = Total equity (net assets) ÷ Total assets

*Equity ratio = Total equity attributable to owners of parent ÷ Total assets

Financial Indicators

D/E ratio (net D/E ratio)



Improvement in the D/E ratio.
The ratio will improve from the second half.

*Excluding the effects of IFRS 16

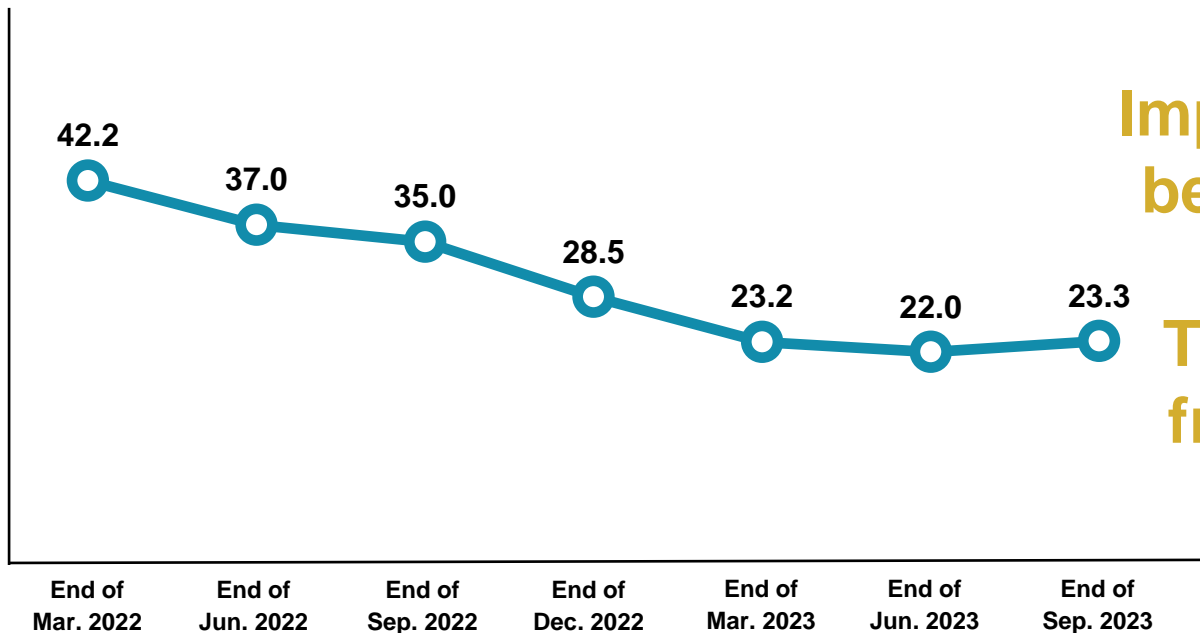
*D/E ratio = Interest-bearing liabilities/Equity attributable to owners of parent

*Net D/E ratio = Net interest-bearing liabilities/Equity attributable to owners of parent

Financial Indicators

Ratio between long-term
and short-term debts

(%)



**Improvement in the ratio
between long-term and
short-term debts.
The ratio will improve
from the second half.**

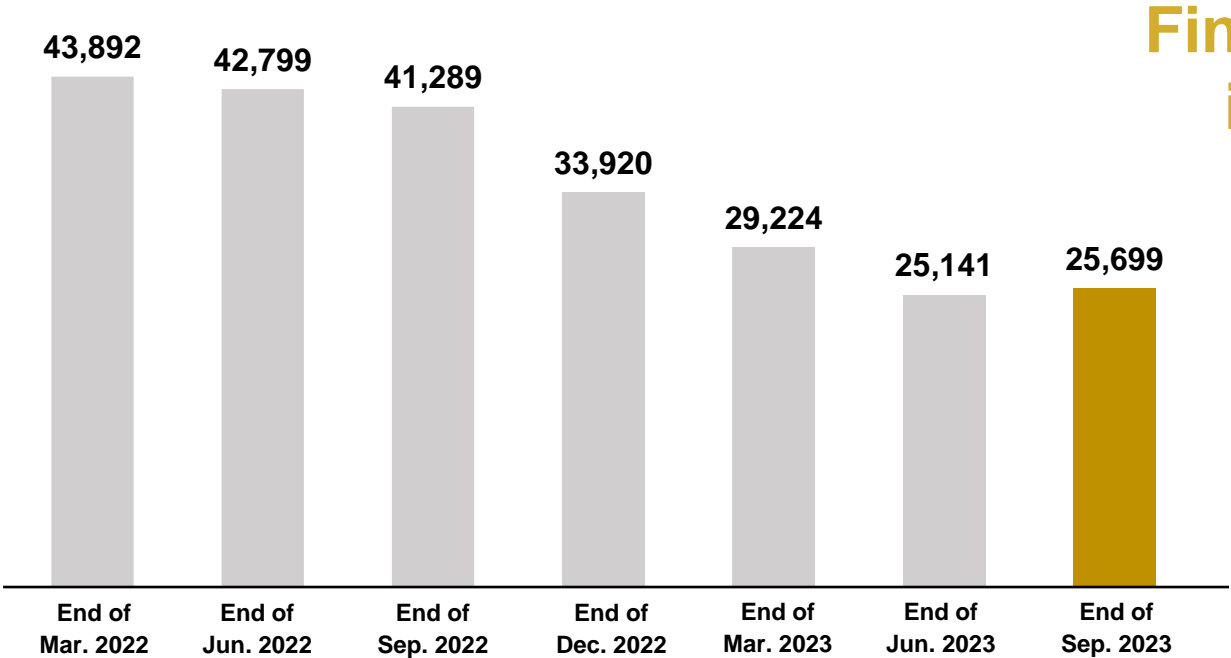
*Ratio between long-term and short-term debts = Long-term debt/Short-term debt + Long-term debt

*Excluding the effects of IFRS 16

Financial Indicators

Total equity

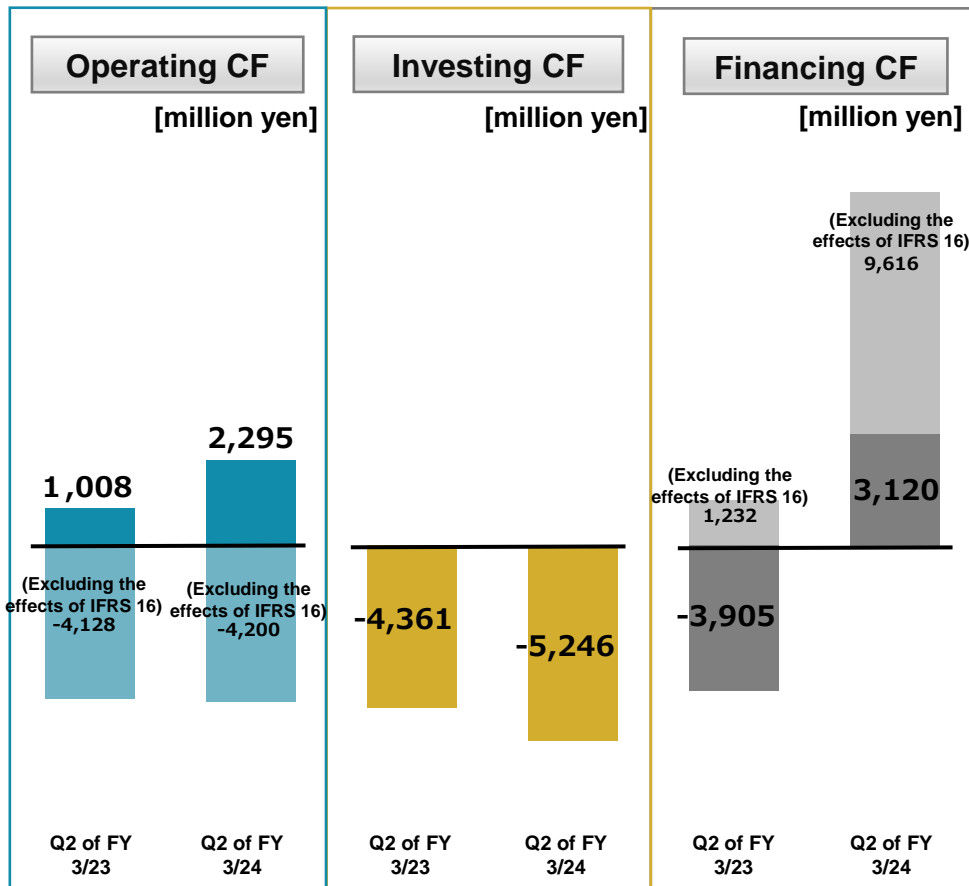
[million yen]



Financial standing will improve from the second half.

*Excluding the effects of IFRS 16

Cash Flows Overview



Operating cash flow: 2,295 million yen (+1,286 from the previous term)

- Adjustment of depreciation (non asset item) 7,660 million yen (+2,065)
- Augmentation of other accounts payable due to upfront investment 3,344 million yen (+3,040)
- Profit/loss before income taxes -7,302 million yen (-6,587)

Investing cash flow: -5,246 million yen (-884 from the previous term)

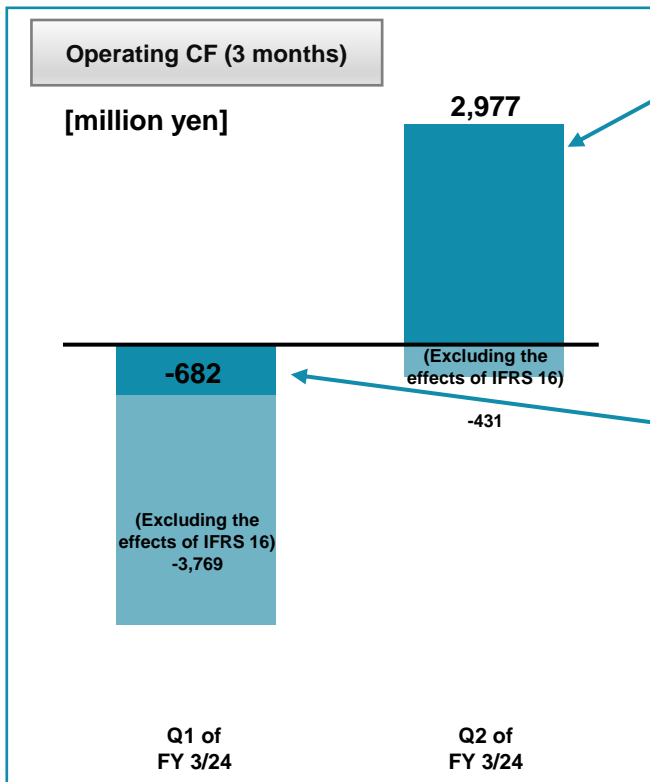
- Purchase of property, plant and equipment -5,401 million yen (-2,175)

Financing cash flow: 3,120 million yen (+7,025 from the previous term)

- Subordinated loan 5,500 million yen (+5,500)
- Revenues from the borrowing of interest-bearing liabilities 6,430 million yen (-463)
- Repayment of interest-bearing liabilities -2,223 million yen (+832)
- Repayment of finance leases -6,686 million yen (-1,314)

Operating Cash Flow Overview

Improvement in operating CF through the rationalization of the payment site and inventory, etc.



Operating cash flow of Q2 (3 months): 2,977 million yen (+3,659 from Q1)

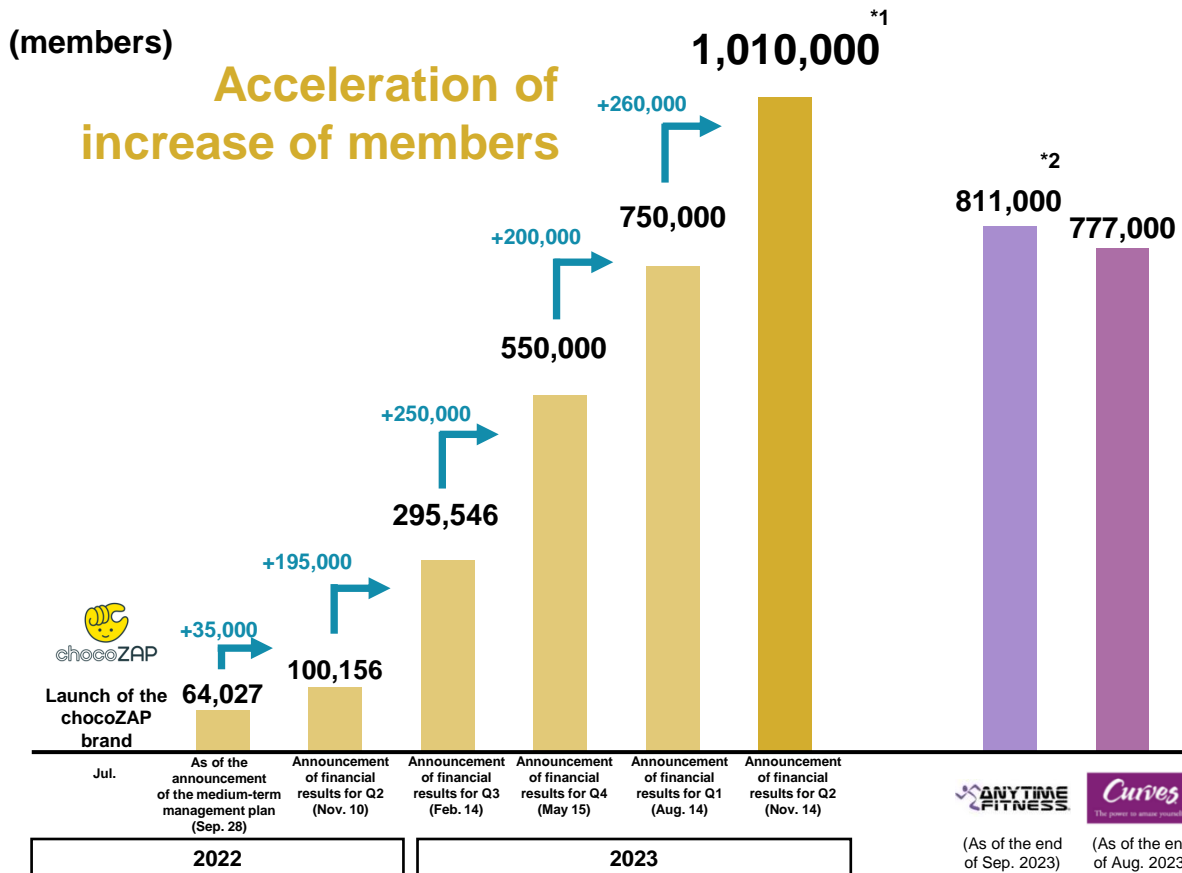
•Profit/loss before income taxes	-3,917 million yen	(-533)
•Increase in trade receivables	-1,637 million yen	(-2,260)
• Increase in inventories	-10 million yen	(+1,066)
• Increase in trade payables	1,396 million yen	(+2,238)
• Augmentation of other accounts payable due to enhanced advertisement and sales promotion	2,155 million yen	(+967)
•Adjustment of depreciation (non asset item)	3,918 million yen	(+177)
•Refund of consumption taxes and income taxes	766 million yen	(+1,895)

Operating cash flow of Q1: -682 million yen

•Profit/loss before income taxes	-3,384 million yen
•Decrease in trade receivables	623 million yen
• Increase in inventories	-1,076 million yen
• Decrease in trade payables	-842 million yen
• Augmentation of other accounts payable due to enhanced advertisement and sales promotion	1,188 million yen
•Adjustment of depreciation (non asset item)	3,741 million yen
•Increase in consumption taxes receivable and payment of income taxes	-1,129 million yen

chocoZAP Business Overview

Number of chocoZAP Members



No. of members exceeded 1 million.

***1 Active members only (excluding those who have cancelled the membership)**

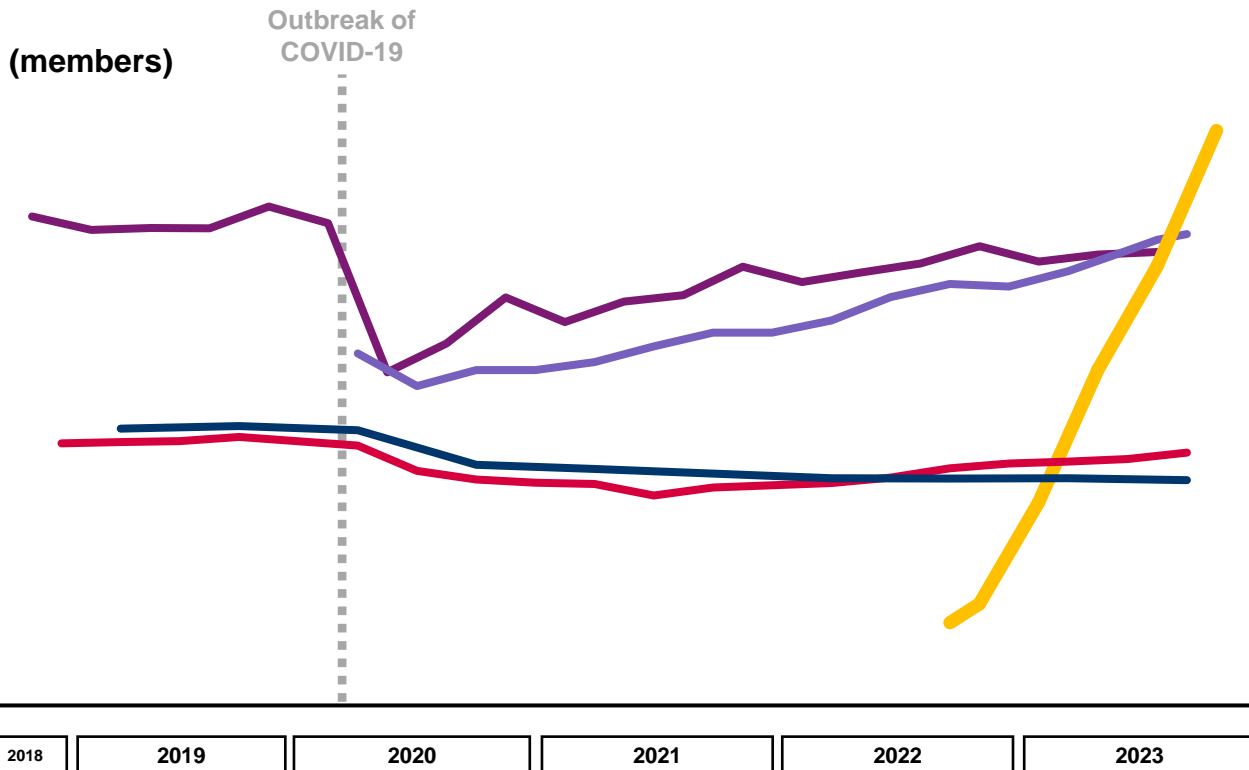
***2 Members of the other companies were surveyed by our company (with reference to the latest material disclosed by each company)**



chocoZAP

Contribution to the Growth of the Fitness Market

Variation in the number of fitness club members



1.01 million
(as of Nov. 14, 2023)



811,000
(as of the end of Sep. 2023)



777,000
(as of the end of Aug. 2023)



391,000
(as of the end of Sep. 2023)



338,000
(as of the end of Sep. 2023)



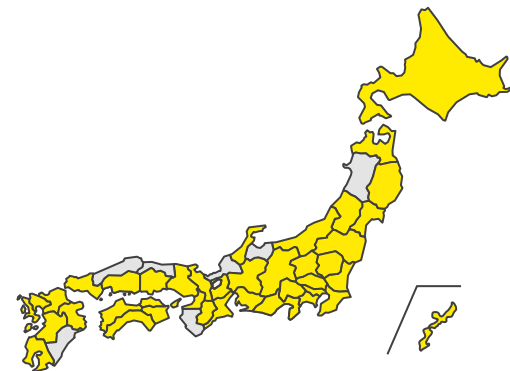
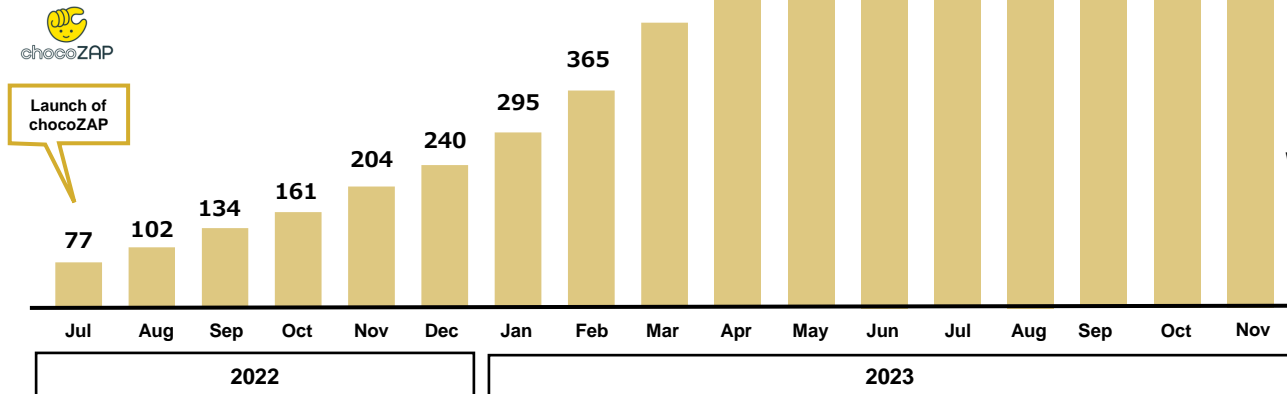
*Members of the other companies were surveyed by our company (with reference to the latest material disclosed by each company)

Variation in the number of chocoZAP gyms

(gyms)

We have opened over 1,000 gyms since the launch of chocoZAP.

The pace of opening gyms has been accelerated



We have opened **1,160** gyms in **40** prefectures in Japan.

*Prior to Jun. 2023, we include the gyms of old gym names other than chocoZAP in the total number of chocoZAP gyms.

Variations in the Number of Gyms, the Number of Members, and Operating Profit/Loss

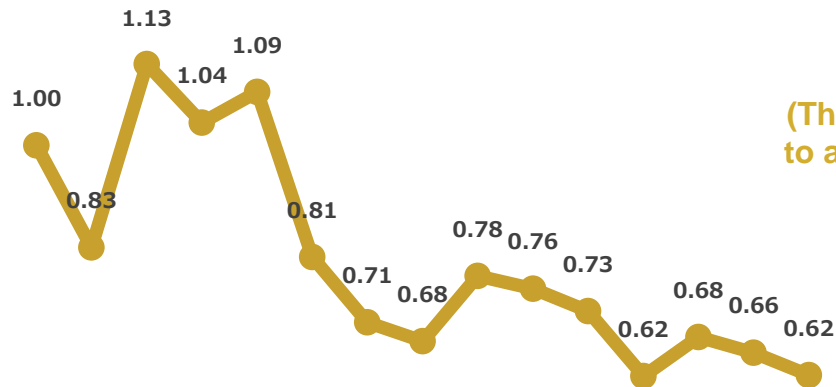
Operating loss remained almost unchanged, while the increase of members and the opening of new gyms were accelerated.

(Additional investment was conducted with funds obtained through sales growth and cost reduction.)

	Q1 of FY 3/24	Q2 of FY 3/24	Increase rate
No. of new gyms	+241	+309	128%
No. of members	+200,000 (750,000 as of Aug. 14)	+260,000 (1.01 million as of Nov. 14)	130%
Operating profit/loss	-2.8 billion yen	-2.9 billion yen	103%

Cancellation Rate of chocoZAP

Cancellation※
rate



(The ratio of members who go to a gym once or more times a week exceeded 80%.)



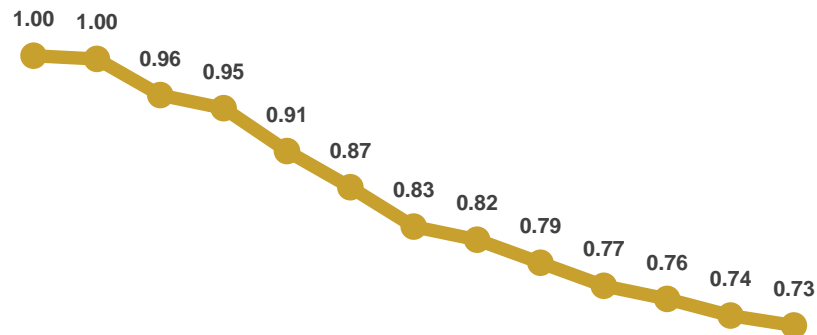
To encourage customers who have not visited a gym for over 1 week to go to a gym with an app window.

Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
2022						2023								

*The value obtained by dividing the number of members who have cancelled the membership in a relevant month by the number of active members (excluding those who have cancelled the membership) as of the end of a previous month. (Value in July 2022 was assumed to be 1.00.)

Reduction of Costs for Opening chocoZAP Gyms

Equipment installation cost
per tsubo* ($\approx 3.3 \text{ m}^2$)



Sep. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May Jun. Jul. Aug. Sep.

2022

2023

We reduced the cost by about 30% with the economies of scale as the number of gyms increased.

We conducted additional investment in new services with funds obtained through cost reduction.



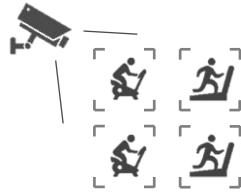
*Value in September 2022 was assumed to be 1.00.

Reliability and Safety Realized with AI and DX

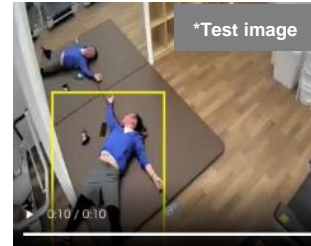
Over 10,000 “AI-based surveillance cameras” are installed at gyms around Japan.
Monitoring by a remote monitoring center 24 hours a day, 365 days a year



Only members can enter
and leave gyms.
Security is secured.



- Minimization of blind spots
- The number of cameras around lockers is two times the normal number or more.



Average number
of surveillance
cameras/gym

10



Automatic detection of over 4,000 “**dubious moves**” and “**falls**” per day and notification to our company and management firms



A remote monitoring center records and monitors videos 24 hours a day, 365 days a year, and makes reports.

Nearby staff would respond.

Patrol with DX audit by the internal audit division (Over 100 gyms per week)

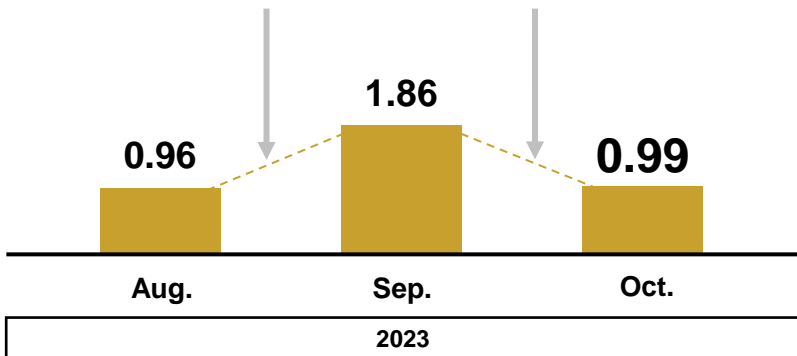
Improvement in Machine Failure Rate

Machine failure rate*

(%)

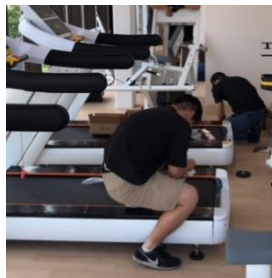
Visualization of possible failure information through the display in the app

To make troubleshooting swifter by increasing maintenance and cleaning partners



*Value obtained by dividing the number of machine failures by the total number of machines

We improved machine failure rate and the speed of response to failure thoroughly.



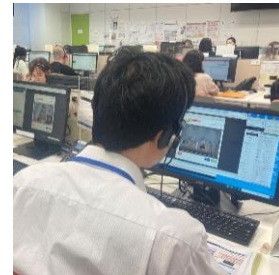
Prompt repair by RIZAP trainers



Installation of new machines with a low failure rate



To swiftly check failure with a self-check tool



To find out-of-order machines within 24 hours after failure with AI-based surveillance cameras

Measures for Improving Sanitation

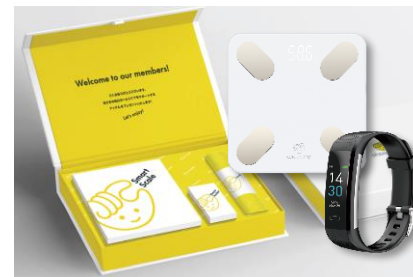
We significantly enhanced the measures for the sanitation of unmanned gyms.



Increase of cleaning partners



Improvement of sanitation surveys
(It became possible to identify problems in more detail.)



Strengthening of the system for replenishing goods
〔 Starter kits, wet tissue, etc. 〕



Increase of the frequency of checking the images of AI-based surveillance cameras in gyms



Increase of the frequency of trash collection



Enrichment of cleaning goods
(including those for deodorization and pest control)



Introduction of New Services

(on Full-scale Basis from October 2023)

いちよこざつぷならい

運動美容ケアも
リフレッシュも
ぜんぶ
使い放題!

24時間・365日全店使い放題

月額 **2,980円**

税込 **3,278円**



ジム



セルフ
ネイル



セルフ
ホワイト
ニング



セルフ
脱毛



ドリンク
サービス



デスク
パイク



マッサージ
チェア



ワーク
スペース



ゴルフ

To motivate workout beginners to improve their health To realize gyms where “members grow fond of themselves and every day”

(Members can use any services as they want without paying any additional fees.)

Existing services

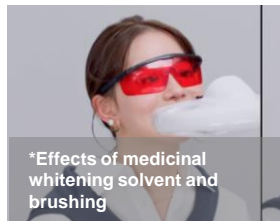
Exercise



Self-beauty care



Self-whitening



New services

Self-manicuring



Choco Cafe



Self-removal of hair



Golf



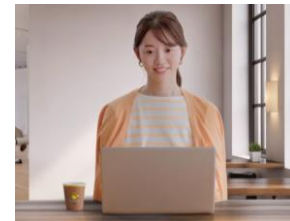
Massage chair



Desk-attached bike






Workspace


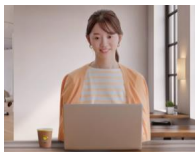


Schedule of Release of New Services

To make special services more familiar and accessible to anyone

New services	No. of gyms offering new services*1	
	As of Nov. 14	Nov. to Dec.
 <p>*Effects of medicinal whitening solvent and brushing</p> <p>Self-whitening</p>	92	To become available in all gyms
 <p>Self-manicuring</p>	107	To become available in all gyms
 <p>Choco Cafe</p>	79	To become available in all gyms in 2024

*1 For details about gyms offering new services, please see the page of each gym in the chocoZAP website.

New services	No. of gyms offering new services*1	
	As of Nov. 14	Nov. to Dec.
 <p>Massage chair</p>	104	To become available in all gyms
 <p>Desk-attached bike</p>	191	To become available in all gyms
 <p>Workspace</p>	67	To become available one after another*2

*2 The workspace will become available one after another in all gyms in 2024.

To motivate workout beginners to make a habit of exercising To contribute to the expansion of each market, too



※Effects of medicinal whitening solvent and brushing

Self-whitening
(2.5 million people)



Self-manicuring
(10 million people)



Choco Cafe
(70 million people)



Massage chair
(4 million people)



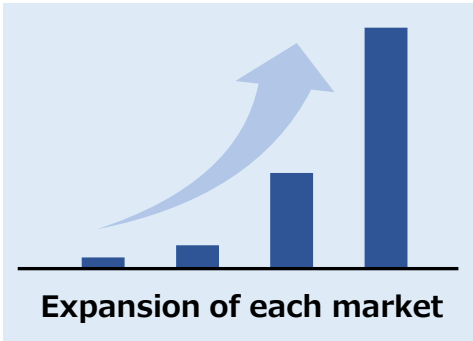
Desk-attached Bike
(700 thousand people)



Workspace
(2 million people)



Habit of Exercising



Self-actualization needs

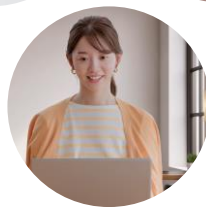
Esteem needs

Love/Belonging needs

Safety needs

Physiological needs

Maslow's hierarchy of needs



To make “special experiences” for self-actualization “more familiar”



Habit of Exercising



Ratio of Fitness
Club Members
3.3%

Ratio of Fitness
Club Members
20%
for Improvement
in Happiness levels



Introduction of New Functions of the App and Other Topics

New Function of the chocoZAP App: Meal Management

(released on September 5, 2023)



Recording each meal by taking a photo with one-touch action, to manage everyday meals and nutrition enjoyably



< 食事記録 >

解析中: 0件

解析する写真を指定



今日 2023/9/13(水) 17時頃

- 1 温野菜 (つけ合わせ)
- 2 温野菜の盛り合わせ
- 3 野菜マリネ (パプリカ・ズッキーニ・なす)
- 4 ポテトにんじ
- 5 スライス
- 6 たまね

メニューを探す

< 今日9/13(水) >

栄養サマリー

詳細を見る>

カロリー

685 / 1,924kcal

たんぱく質

21.9 / 86.6g

脂質

18.2 / 57.7g

炭水化物

115.2 / 264.6g

糖質

108 / 243.6g

食物繊維

7.2 / 21g

塩分

2.01 / 7.5g

食事を記録する

写真で食事記録する

朝食 (0品 0kcal)

記録する

New Function of the chocoZAP App: Sleep Recording

(to be released by the end of this year)



Close “support for sound sleep” based on measurement data and scientific statistics

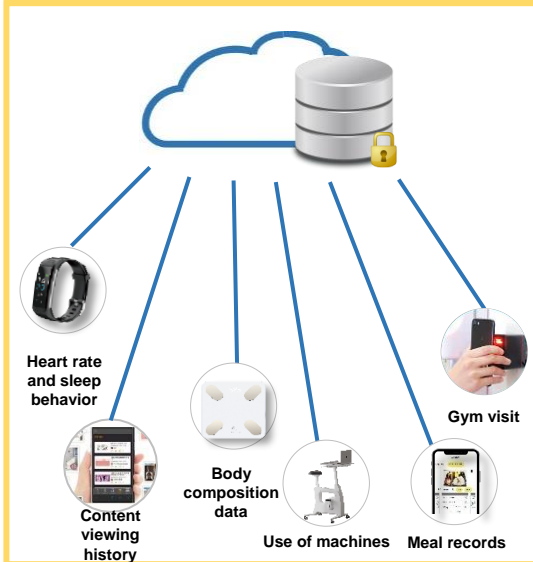


*These images show those under development.

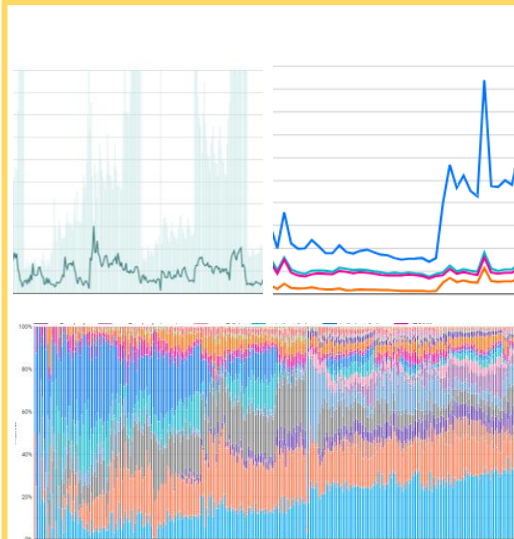
Utilization of Member IDs and Life Logs

To propose optimal solutions by utilizing member IDs and life logs

Accumulation of life logs linked with member IDs



Visualization and analysis of data



To propose personalized solutions



*These images are conceptual.

Example of Cooperation with Another Company

(We plan to actively cooperate or make an alliance with another company in the same way.)

To distribute 1 million bottles of Healthya-Green Tea as samples

To cooperate with Kao Corporation in supporting healthy habits through the member ID linkage



■Outline of the distribution of 1 million bottles of Healthya-Green Tea as samples

Period: Nov. 13 to 30, 2023

*To end when we have distributed 1 million bottles

Subjects: Fee-paying members of chocoZAP

Detail: To give each member 1 bottle per week and up to 3 bottles in total free of charge when they visit a gym

■Other measures

- To distribute 30%-off coupons for Healthya-Green Tea

- To present gifts to members according to the number of visits by lot

- To distribute "100-day body reports" to participants

Received Awards of Nikkei Trendy (announced on November 3, 2023)



Received the award of Nikkei Trendy
for 2 years in a row.

Hit forecast for 2023

1st place: Convenience gym

Hit products in 2023

2nd place: chocoZAP



2023年ヒット商品ベスト30	
順位	製品などの名称
1	ChatGPT
2	chocoZAP
3	THE FIRST SLAM DUNK
4	ゼルダの伝説 ティアーズ オブ ザ キングダム
5	ビオレUV 瞬感ミストUV

Commercial Favorability Ranking

Commercial favorability ranking by brand in
the second half of August 2023

Rank	Company 「Title」
1	NISSIN FOOD PRODUCTS 「CUP NOODLES SEAFOOD」
2	McDonald's Company (Japan) 「Promotion of visit to the store」
3	RIZAP 「chocoZAP」
4	Kao 「Attack ZERO」
5	KDDI 「au」
6	SoftBank 「Y!mobile」
7	「Universal Studios Japan」
8	Kirin Beverage 「Gogo-no-Kocha」
9	P&G 「レノアクエン酸in超消臭」
10	Uber Japan 「Uber Eats」

Rank 3rd in the
commercial favorability
ranking



*Source: CM Soken Consulting: "Top 10 in Commercial Favorability Ranking by Brand in the Second Half of August 2023"

*Research period: August 5 to 19, 2023; five key TV stations in Tokyo (Total number of products/services introduced with commercials: 1,969)

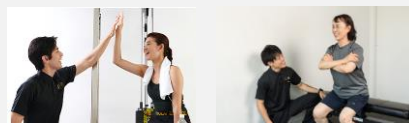
Research subjects: 1,500 people in Tokyo and 6 prefectures in the Kanto region

Competitive Advantages of chocoZAP



Advantages

Reliability of the RIZAP brand, which “is committed to producing good results”



**Economies of scale with over 1,000 gyms and over 1 million members
(Convenient locations, all gyms available, procurement capacity, price competitiveness, etc.)**



Highly reproducible operation of unmanned gyms realized through DX



Development of new services and provision of optimal solutions by utilizing member IDs and life logs



Provision of diverse services for workout beginners



RIZAP Body Transformation Business Overview

Overview of Prime Members

(RIZAP Body Transformation Business)

＼おトクに通い続けたい方必見！／

新 プラン誕生！

PRIME SERVICE

ープライムサービスー

月々のお支払いがおトクに！

セッション
1回あたり

8,750円
(税込9,625円)

※プライム月額コース8回の場合

Description of prime membership system (Started in Feb. 2022)

3 benefits (Prime membership registration fee: 400,000 yen)

Benefit 1

Monthly course with a special price (about 50% off)



Benefit 2

The prices of all RIZAP products are always 50% off.



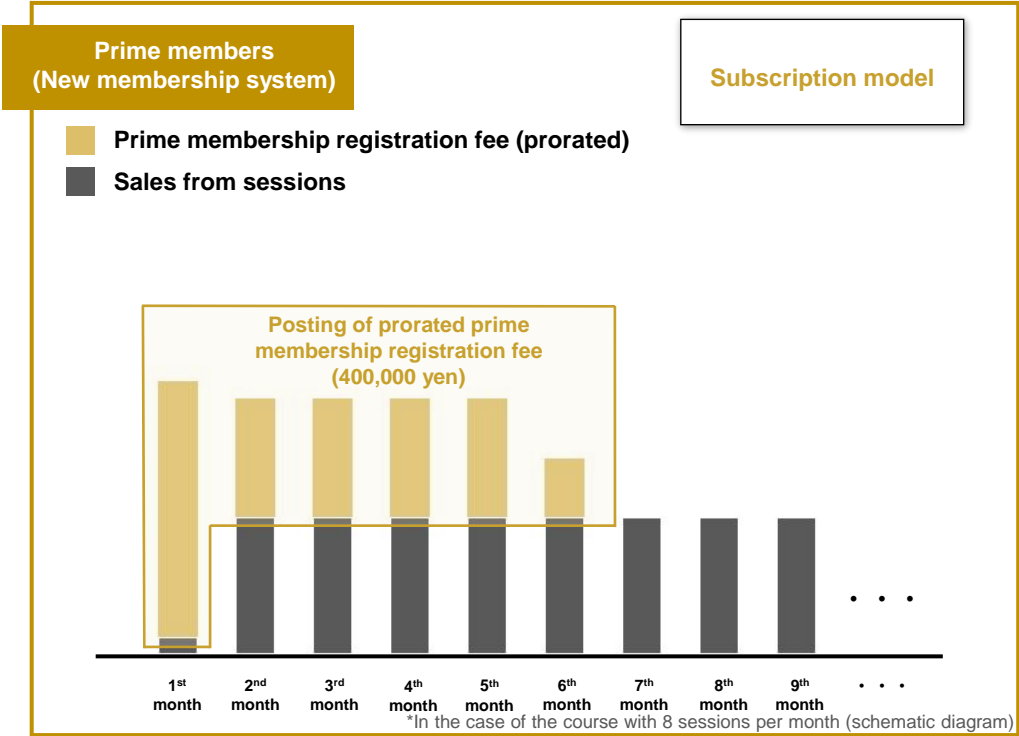
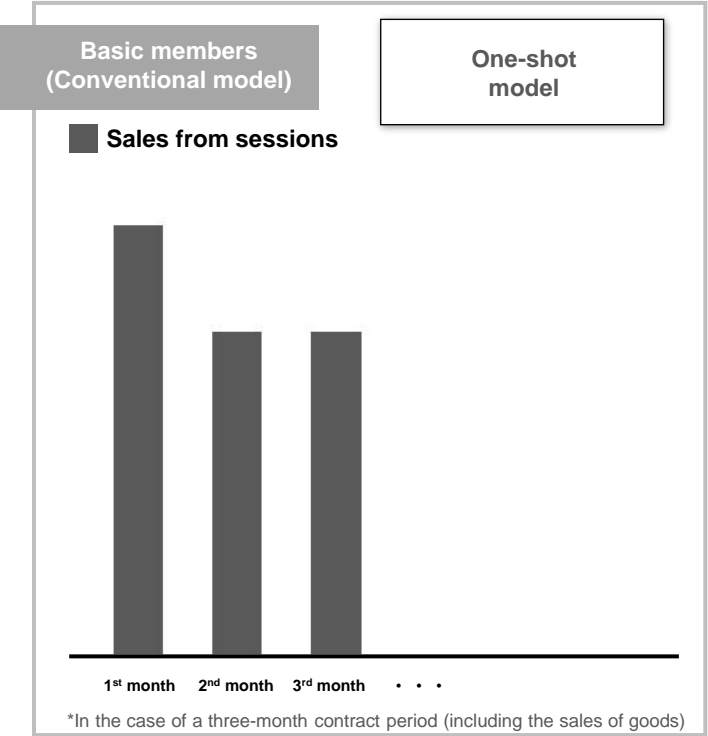
Benefit 3

Starter kit worth 140,000 yen will be presented to each prime member.

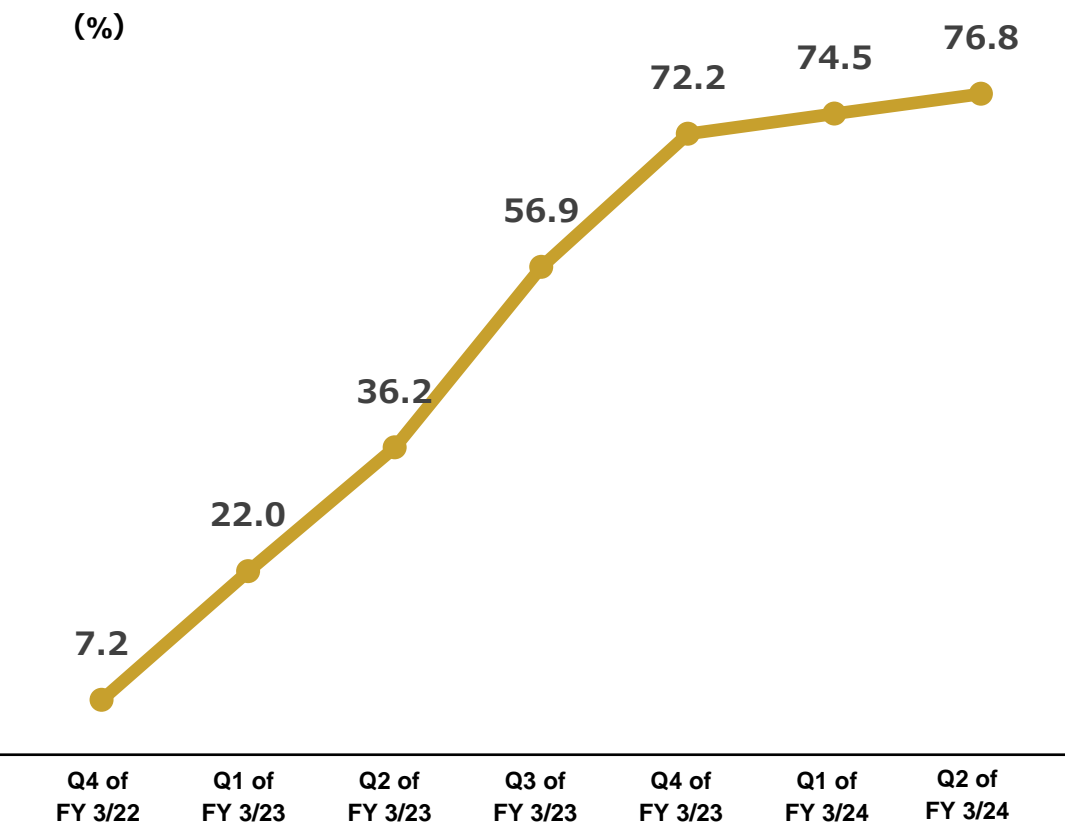


Shift to the Subscription Model

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



Ratio of Prime Members

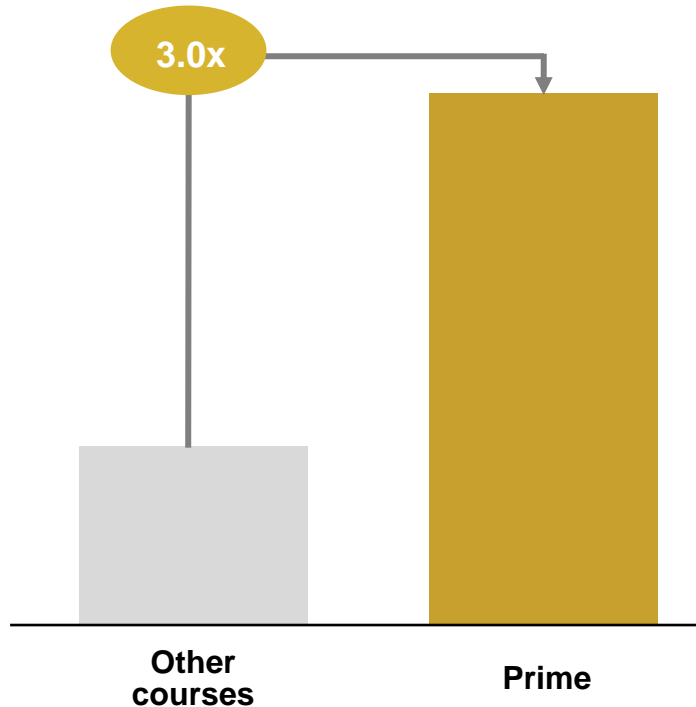


Ratio of
prime members
is 76.8%

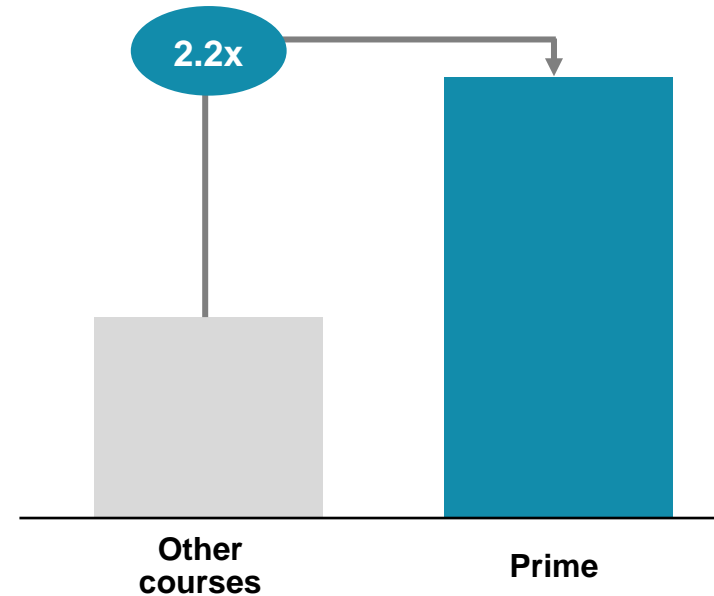
To “Lifelong” Services Where We Will Support Customers for the Rest of Their Lives

Retention rate a year later and average spending per customer have improved considerably.

Retention rate a year later



Average spending per customer (LTV)
12 months after sign-up



List of chocoZAP × RIZAP Measures

To promote members to join RIZAP with the experiences in chocoZAP

Brief one-on-one training



Point 1

Professional trainers propose optimal plans. 20-min. “super-efficient” training

Point 2

Charge-free counseling for members who feel uneasy when working out by themselves

RIZAP room rental



Point 1

Well-equipped space for individuals. Members can focus on a workout with peace of mind in a private room.

Point 2

With special prices only for chocoZAP members, they can use RIZAP training rooms as many times as they want.

Staffed hours



Point 1

RIZAP trainers stay in chocoZAP gyms.

Point 2

No additional expenses. Members can ask trainers about how to use machines and training methods casually.

Group lesson



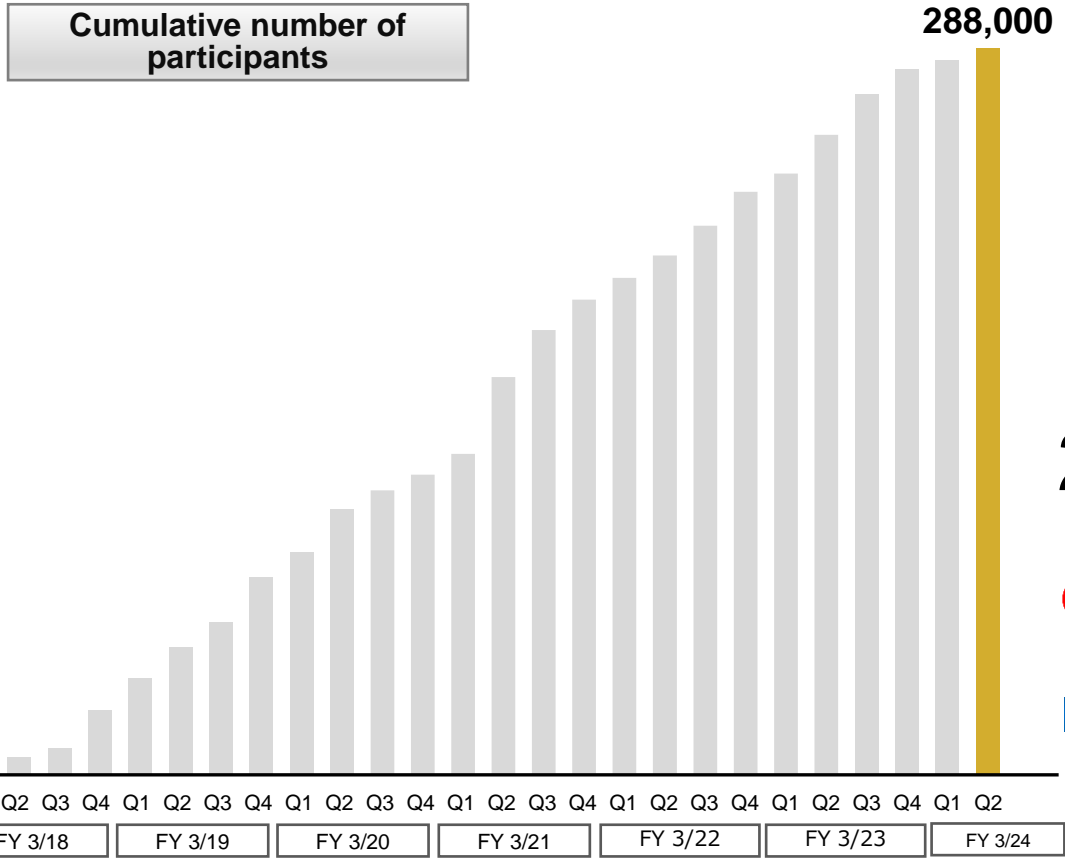
Point 1

Members can experience a one-on-one lesson of RIZAP by paying just 500 yen per lesson.

Point 2

Full-scale lessons at RIZAP gyms. Several members attend the lesson and enjoy exercise.

Corporate Users of RIZAP Programs



Cumulative number of companies/participants
Over
1,800 companies
280k participants



(Random order)

*As of the end of Sep. 2023

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



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

Over 270 companies and 23,000 people are expected to sign up.

In addition to the significant price revisions, we will refund if customers fail to attain goals.



**Exercise at
chocoZAP**



**Management of
meals and health
with the app**



**Health guidance by
national registered
dietitians**



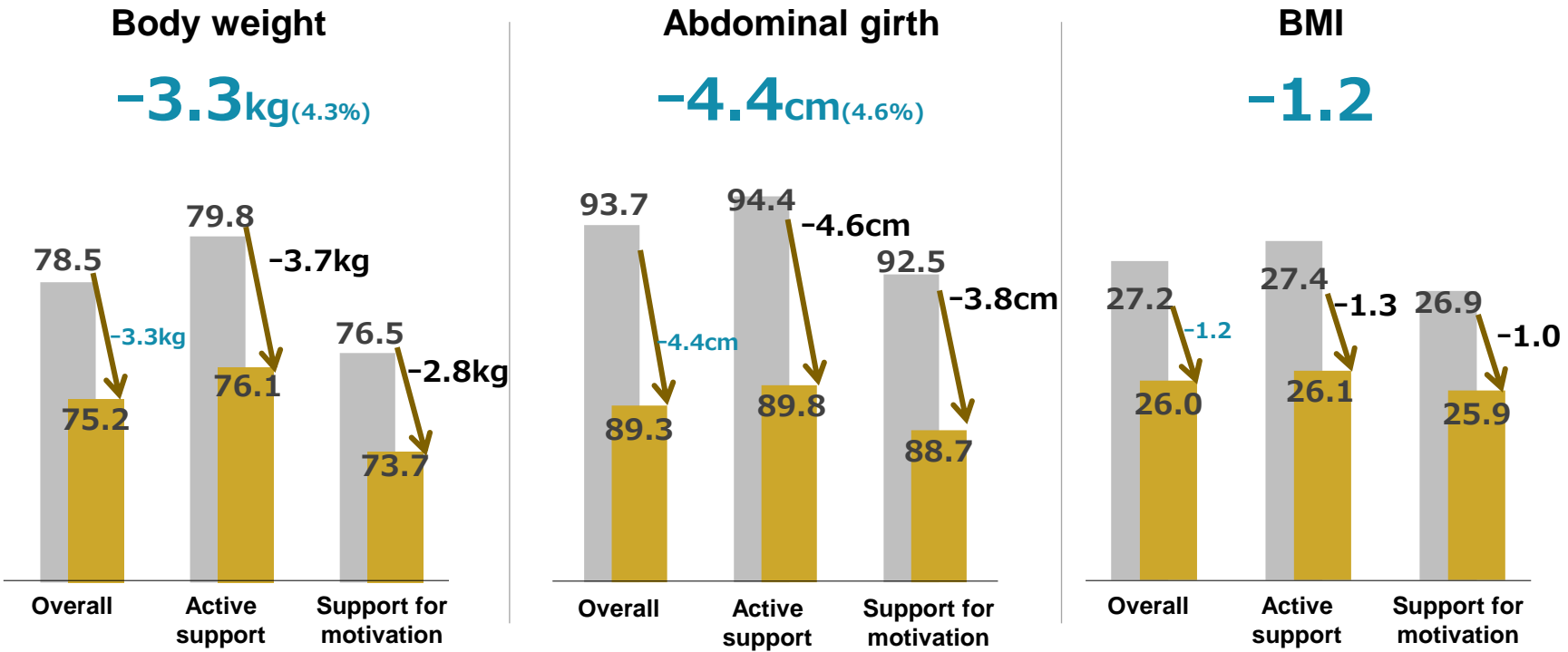
**Provision of
training videos**

	Previous plan		New plan	
	Support for motivation course	Active support course	Support for motivation course	Active support course
Price (tax included)	33,900 yen	49,900 yen	19,800 yen	29,800 yen
Refund guarantee	-	-	5,000 yen	10,000 yen

Results of RIZAP Program for Specific Health Guidance

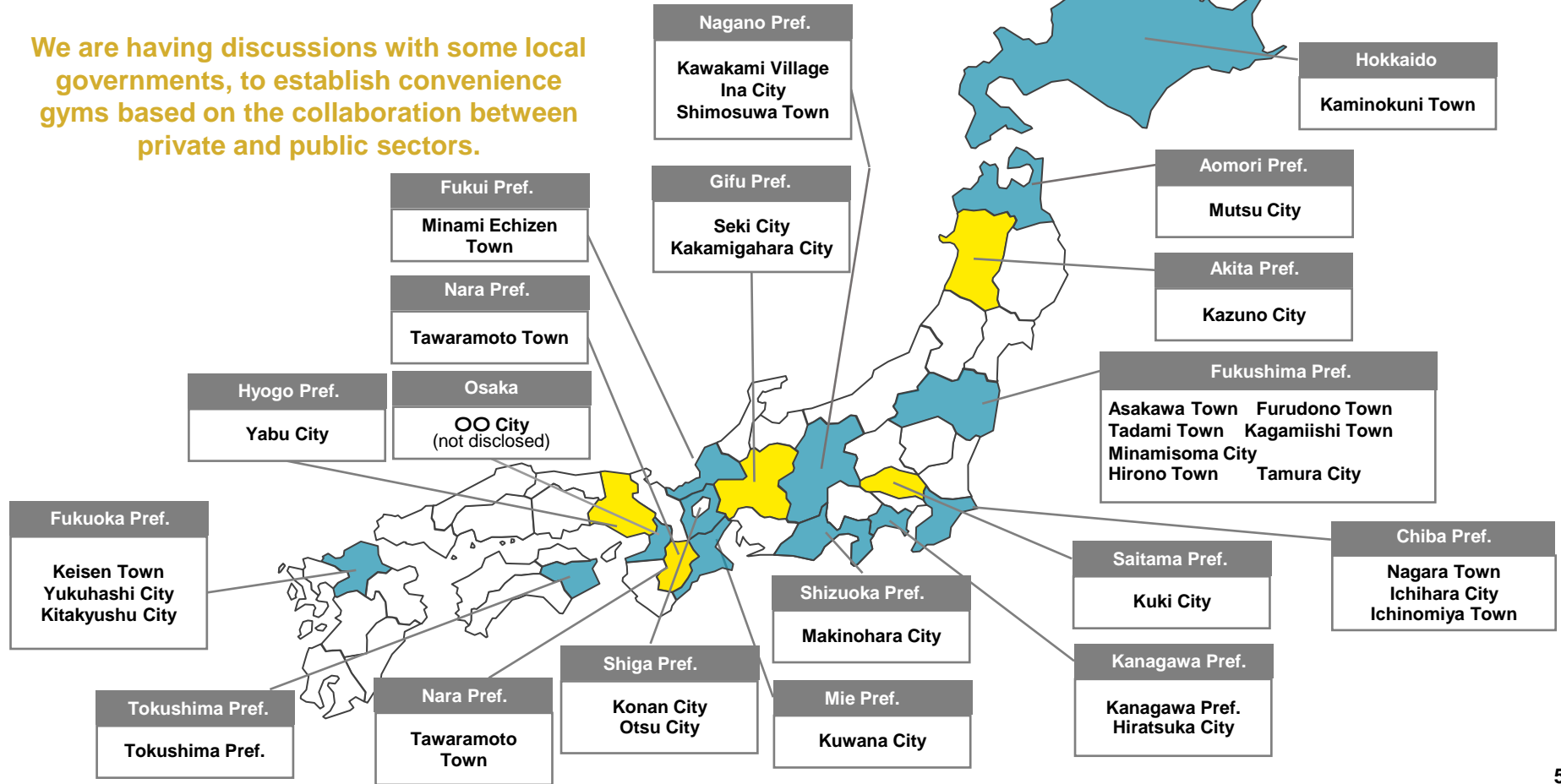
(Over 270 companies and 5,900 people have adopted this program)

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.



Collaboration with Local Governments (33 Municipalities)

We are having discussions with some local governments, to establish convenience gyms based on the collaboration between private and public sectors.



Group Companies Overview

Profitability improved through the shift to highly profitable business models.

Trading cards business



(Bato-loco Kawasaki-ekimae shop)

**As trading cards remained popular, we opened 6 new shops in Q2.
Sales grew 144% year on year.**

Entertainment business



(Event at Shinseido Akishima Store)

Due to the continuous efforts to rationalize costs, operating profit increased 158% year on year.

Reuse business



(WonderREX Hitachino Ushiku shop)

**We further concentrated on highly profitable items.
Gross profit: Up 106% year on year
Gross profit margin improved 2.3%.**

Hybrid Facility of chocoZAP and REXT

REXT

To enhance profitability with hybrid facilities

(As of November 2023, six stores are operated together with a chocoZAP or RIZAP gym.)



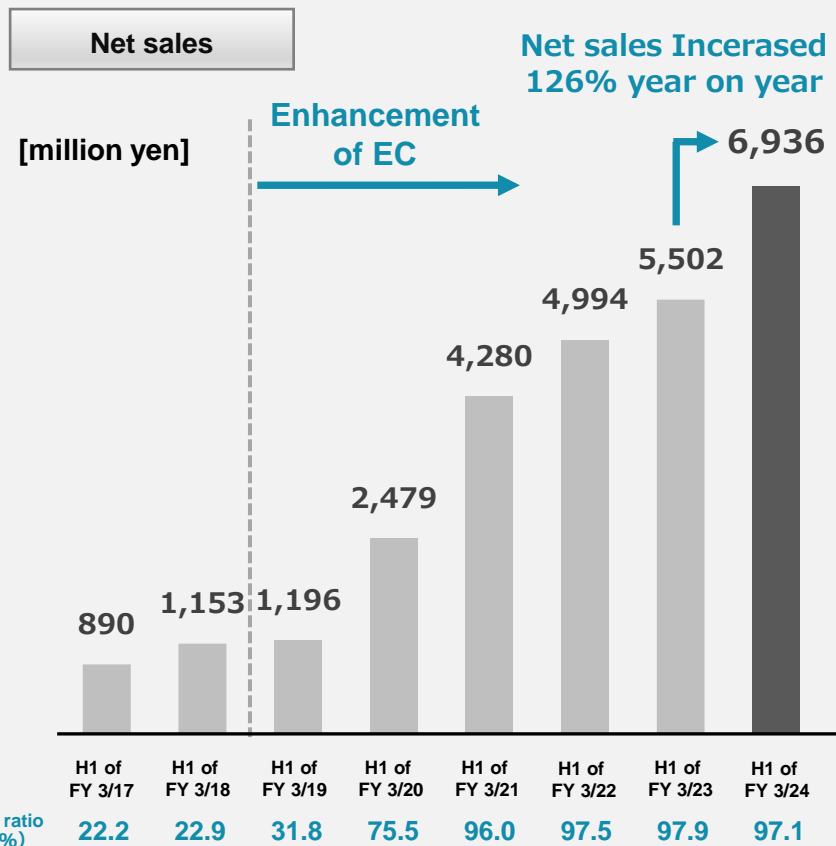
(chocoZAP and WonderGOO in Naka City)



(RIZAP GOLF Minami-Koshigaya and WonderGOO Koshigaya)

Auntie Rosa (J-GAAP)

Auntie Rosa



Sales in Q1 increased for 5 consecutive terms, as we enhanced EC sale measures.

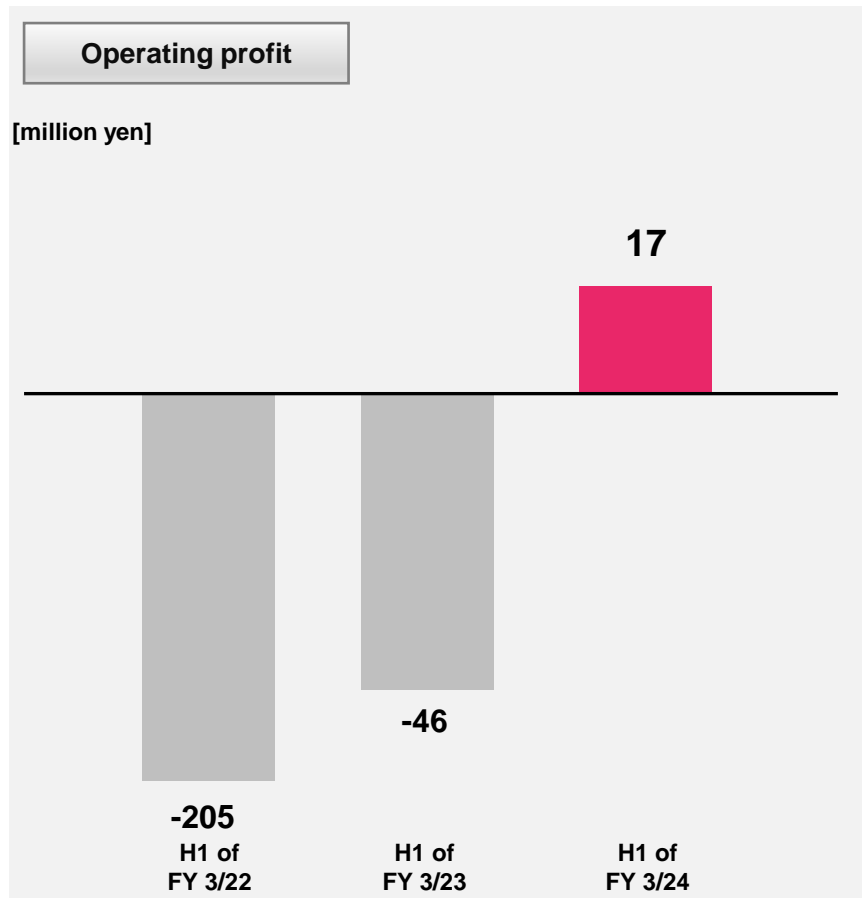


AUNT MARIE'S



AIVER

SD Entertainment (J-GAAP)



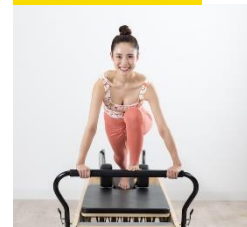
Moved into the black, thanks to the recovery of the fitness business after the subsiding of the coronavirus pandemic.

- The childcare business performed well. The sales in the first half were up 107% year on year.
- The fitness business recovered, and the number of members in September was up 110%* year on year.
- The successful new measure “Pilates with Machines” will be introduced at all gyms.

SD fitness

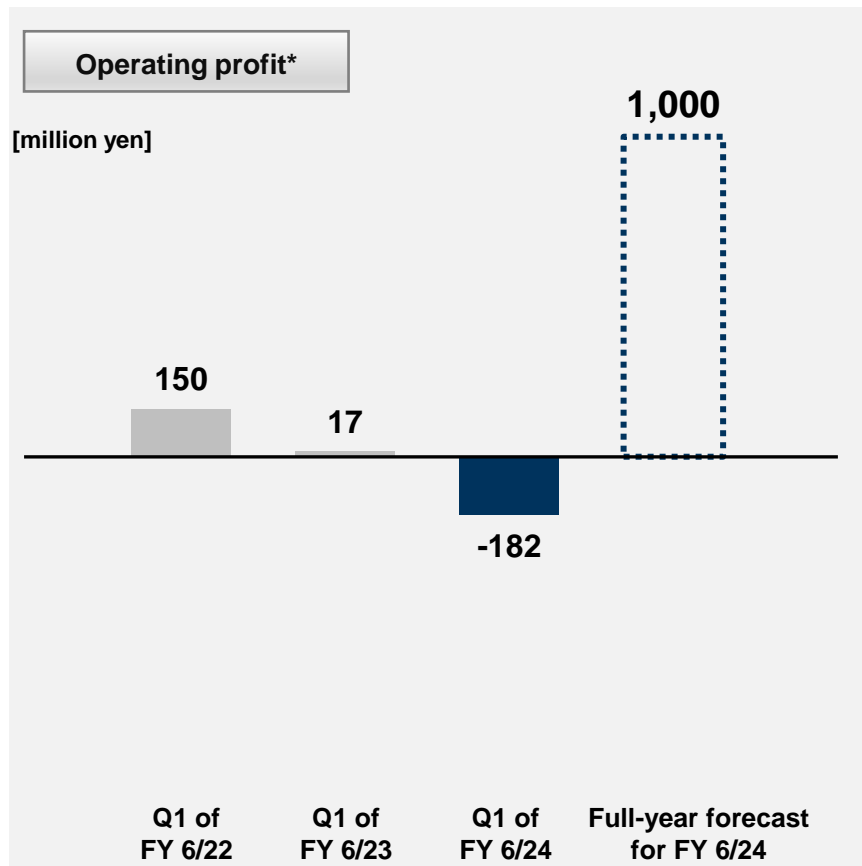


STAR Pilates



*Closed gyms were not taken into account in comparison.

BRUNO (J-GAAP)



Profit dropped considerably due to the yen depreciation and the skyrocketing of prices of raw materials
We will turn the company into the black early by reducing costs and strengthening the business in China.

•Due to the subsided demand from housebound consumers and the revision to overseas sales strategies, the sales of kitchen appliances of the brand “BRUNO” dropped. Sales were 84% of the same period of the previous year.

The company will secure profit by reducing costs and fixed costs by reforming production sites.

•The sales of the travel goods of the brand “MILESTO” increased 143% year on year.

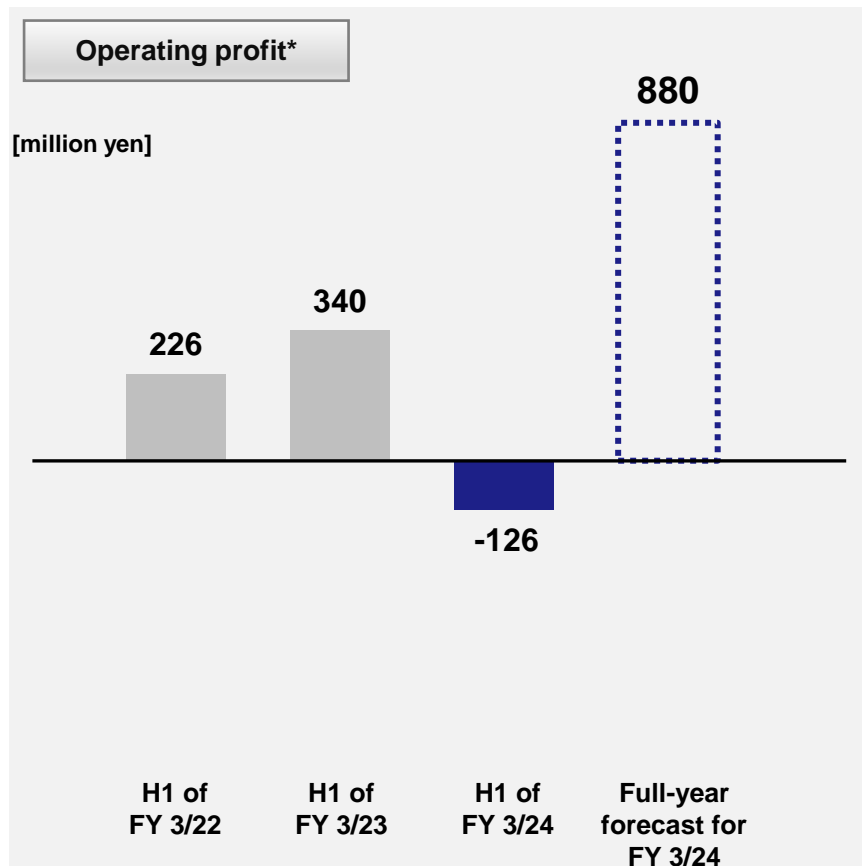
•To enter the market of beauty appliance on a full-scale basis in cooperation with JAPAN GALS. Profit will start growing around the end of this term through the full-scale expansion of the business in China.



*The account closing month is June, so the figures in the first quarter (Jul. to Sep.) of each accounting period (disclosed in quarterly reports of BRUNO) are written.

*Transferred all shares of Shicata Co., a consolidated subsidiary, on March 22, 2023, and acquired all shares of JAPAN GALS Co., Ltd. on July 31, 2023.

MRK Holdings



In the first half of this term, we conducted upfront investment for increasing new clients. The investment is expected to be recouped after the release of new products.

(Annual operating profit is expected to be 880 million yen.)

•In the first half of this term, the company enhanced online advertisement to reel in new clients.

No. of reservations for the first visit to a store: Up 178% from the previous term

•In the second half of this term, the company will enrich the product lineup, including the controlling undergarment “Curvaceous Kales” of limited colors.

Annual sales and profit are expected to grow.



*Since the third quarter of FY 3/23, the revenue from interest for in-house installment sale, which had been posted in the section of non-operating revenues, has been posted in the section of net sales. The operating profit before the change was recalculated while reflecting the change.

Restructuring in Our Group (As of July 31, 2023)

Through the acquisition of JAPAN GALS as a subsidiary, BRUNO started the beauty appliance business on a full-scale basis.

BRUNO



Excellent designs and strong brand power
(The cumulative sales quantity of hot plates is over 3.36 million units*.)
*As of the end of September 2023



JAPAN GALS co.,ltd.



Capability as an original equipment manufacturer
(face masks, beauty appliances, etc.)

Expected synergy

1. Development of our original beauty appliances (beauty treatment machines, ultrasonic facial massagers, optical hair removers, etc.)
2. Upgrade of beauty equipment for chocoZAP

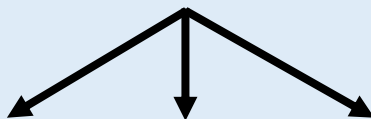


Policy for Selection and Concentration

Investment for improving the services of existing chocoZAP gyms and developing new services

Selection and concentration

Sale of 10 businesses since 2018



Investment for growth of chocoZAP



Improvement of the existing businesses



To make the financial standing sound

Investment recoupment in the past business sale projects*1

- Total investment amount: 8,750 million yen*2
- Total investment recoupment amount: 14,145 million yen*3
- IRR (average): 12.5%*4

*1: Among a total of 10 projects for business sale since 2019, we researched the four companies for which acquisition prices, transfer prices, and IRR were disclosed (PADO Corporation, SYS inc., Hokuto Printing Co., Ltd., and Nihonbungeisha Co., Ltd.) and Sohken Homes Co., Ltd.

*2: Sum of the acquisition price and additional investment amount.

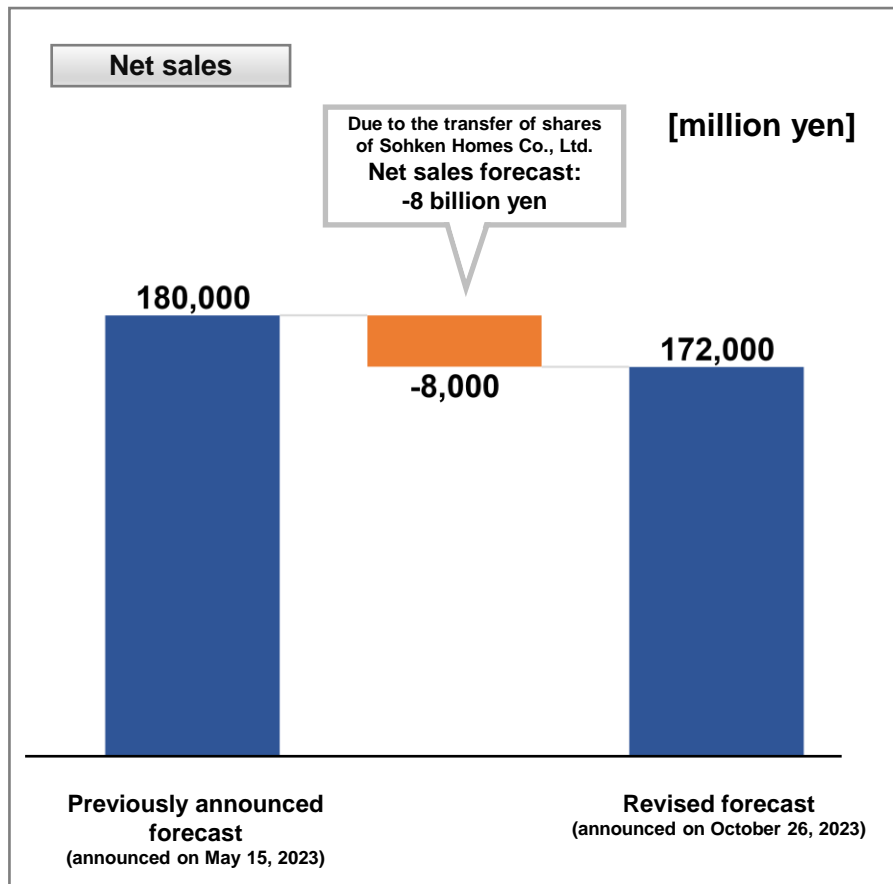
*3: Sum of the transfer price, dividend received, and the management guidance fee

*4: Abbreviation of Internal Rate of Return

Indicator for evaluating the efficiency and profitability of an investment project

Revision to the Full-year Consolidated Earnings Forecast for FY 3/24

(announced on October 26, 2023)



We did not revise the profit forecast, as the chocoZAP business is performing well.

Operating profit: -4.5 billion yen

Net profit: -9 billion yen

Summary

1. The number of chocoZAP members* exceeded 1 million.

- In one year and five months after the launch of the brand, the number of members reached 1.01 million and the number of gyms reached 1,160 (as of November 14).
- As the new services were highly evaluated, members started visiting gyms more often and retention rate improved further.

2. Growth potential was maximized, by utilizing the business base with over 1,000 gyms and over 1 million members in Japan.

- Competitive advantages were enhanced further by utilizing the economies of scale.
- Development of new services and provision of optimal solutions based on member IDs and life logs.
- Active cooperation with other companies based on our customer base.

3. Investment recoupment phase from the second half

- We did not revise the full-year profit forecast, as the chocoZAP business is performing well.
- Operating loss in Q1 and Q2 remained almost unchanged, while the increase of members and the opening of new gyms were accelerated.

The financial standing is expected to improve on a full-scale basis from the second half of this term.

*The number of chocoZAP members means active members only (excluding those who have cancelled the membership).



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



Corporate Profile (As of the End of March 2023)

Corporate name	RIZAP Group, Inc.
Securities code	2928 (Ambitious Market of Sapporo Securities Exchange)
Established	April 2003
Representative	Takeshi Seto, Founder / CEO
Capital	19,200,440,000 yen
No. of outstanding shares	556,218,400 shares
Consolidated number of employees	4,606



Disclaimer

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