

February 14, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under IFRS)

Company name: RIZAP Group, Inc.
 Listing: Sapporo Stock Exchange
 Securities code: 2928
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 Scheduled date to file quarterly securities report: February 14, 2024
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2023	122,988	6.7	(4,769)	-	(7,089)	-	(8,095)	-
December 31, 2022	115,259	(1.6)	(1,089)	-	(2,595)	-	(8,130)	-

	Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%
Nine months ended				
December 31, 2023	(7,691)	-	(8,172)	-
December 31, 2022	(8,619)	-	(8,062)	-

	Basic earnings per share (Yen)		Diluted earnings per share (Yen)	
	Yen		Yen	
Nine months ended				
December 31, 2023	(13.83)		(13.83)	
December 31, 2022	(15.50)		(15.50)	

(2) Consolidated financial position

	Total assets		Total equity		Equity attributable to owners of parent		Ratio of equity attributable to owners of parent to total assets	
	Millions of yen		Millions of yen		Millions of yen		%	
As of								
December 31, 2023	148,169		21,307		11,784		8.0	
March 31, 2023	142,649		24,112		14,142		9.9	

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2024	-	0.00	-	-	-
Fiscal year ending March 31, 2024 (Forecast)				0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2024	172,000	11.0	(1,800)	-	(5,000)	-	(7,000)	-

	Profit attributable to owners of parent		Basic earning per share (Yen)	
	Millions of yen	%	Yen	
Fiscal year ending March 31, 2024	(6,900)	-	(12.41)	

Note: Revisions to the earnings forecasts most recently announced: Yes

*For details, please refer to "1. Qualitative Information on Financial Results for this quarter (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements".

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates

(i) Changes in accounting policies required by IFRS: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(Note) For details, please refer to "2. Summary Consolidated Financial Statements and Major Notes (5) Notes to Summary Consolidated Financial Statements, 1. Significant Accounting Policies" in the attached document.

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	556,218,400 shares
As of March 31, 2023	556,218,400 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2023	1,232 shares
As of March 31, 2023	1,165 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	556,217,170 shares
Nine months ended December 31, 2022	556,217,235 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Method of accessing the contents of the financial results briefing)

The Company plans to hold an online presentation for institutional investors, analysts, and the press on Wednesday, February 14, 2024. A video of this presentation will be posted on the Company's website (<https://www.rizapgroup.com/>) along with the financial results presentation materials to be used.

Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	15,832	9,724
Trade and other receivables	18,377	20,822
Inventories	28,541	25,142
Income taxes receivable	954	322
Other financial assets	149	108
Other current assets	2,476	3,481
Subtotal	66,331	59,602
Assets held for sale	865	856
Total current assets	67,196	60,459
Non-current assets		
Property, plant and equipment	23,640	31,524
Right-of-use assets	33,494	39,235
Goodwill	1,792	1,792
Intangible assets	2,568	2,174
Other financial assets	11,264	10,815
Deferred tax assets	2,006	1,715
Other non-current assets	684	452
Total non-current assets	75,452	87,710
Total assets	142,649	148,169

	As of March 31, 2023	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	23,637	27,410
Interest-bearing liabilities	46,156	50,631
Income taxes payable	602	224
Provisions	1,884	1,710
Other financial liabilities	11	8
Other current liabilities	2,829	2,543
Subtotal	75,121	82,528
Liabilities directly associated with assets held for sale	799	779
Total current liabilities	75,921	83,308
Non-current liabilities		
Interest-bearing liabilities	36,628	36,918
Retirement benefit liability	607	474
Provisions	3,394	3,896
Other financial liabilities	1,093	1,279
Deferred tax liabilities	676	806
Other non-current liabilities	215	178
Total non-current liabilities	42,615	43,553
Total liabilities	118,536	126,861
Equity		
Share capital	19,200	19,200
Capital surplus	3,167	3,193
Other equity financial instruments	-	5,500
Retained earnings	(8,744)	(16,537)
Other components of equity	519	428
Total equity attributable to owners of parent	14,142	11,784
Non-controlling interests	9,969	9,522
Total equity	24,112	21,307
Total liabilities and equity	142,649	148,169

Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Continuing operations		
Revenue	115,259	122,988
Cost of sales	62,720	62,934
Gross profit	52,539	60,054
Selling, general and administrative expenses	53,723	65,308
Other income	3,403	2,113
Other expenses	3,308	1,629
Operating profit	(1,089)	(4,769)
Finance income	96	96
Finance costs	1,602	2,416
Loss before tax	(2,595)	(7,089)
Income tax expense	5,527	935
Profit (loss) from continuing operations	(8,122)	(8,025)
Discontinued operations		
Loss from discontinued operations (IFRS)	(7)	(70)
Profit (loss)	(8,130)	(8,095)
Profit attributable to		
Owners of parent	(8,619)	(7,691)
Non-controlling interests	488	(404)
Profit (loss)	(8,130)	(8,095)
Earnings per share		
Basic earnings per share		
Continuing operations	(15.49)	(13.70)
Discontinued operations	(0.01)	(0.12)
Basic earnings (loss) per share	(15.50)	(13.83)
Diluted earnings per share		
Continuing operations	(15.49)	(13.70)
Discontinued operations	(0.01)	(0.12)
Diluted earnings (loss) per share	(15.50)	(13.83)

Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit (loss)	(8,130)	(8,095)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	10	4
Remeasurements of defined benefit plans	31	(72)
Total	41	(67)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	26	(10)
Total	26	(10)
Total other comprehensive income	68	(77)
Comprehensive income	(8,062)	(8,172)
Comprehensive income attributable to		
Owners of parent	(8,567)	(7,780)
Non-controlling interests	504	(392)
Comprehensive income	(8,062)	(8,172)

Condensed quarterly consolidated statement of changes in equity

Nine months ended December 31, 2022

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Other equity financial instruments	Retained earnings	Other components of equity	Total		
Balance at beginning of period	19,200	4,928	-	2,266	236	26,631	9,430	36,061
aaa	-	-	-	(147)	-	(147)	(3)	(151)
aaa	19,200	4,928	-	2,118	236	26,483	9,426	35,910
Profit (loss)	-	-	-	(8,619)	-	(8,619)	488	(8,130)
Other comprehensive income	-	-	-	-	52	52	15	68
Comprehensive income	-	-	-	(8,619)	52	(8,567)	504	(8,062)
Issuance of share acquisition rights	-	-	-	-	164	164	-	164
Transfer of Stock Acquisition Rights to Other Income Associated with Fair Value Measurement								
Dividends of surplus	-	-	-	-	-	-	(73)	(73)
Changes in ownership interest in subsidiaries	-	52	-	-	-	52	38	91
Transfer to retained earnings	-	(1,809)	-	1,809	-	-	-	-
Issuance of other equity financial instruments								
Other	-	0	-	-	-	0	0	0
Total transactions with owners	-	(1,756)	-	1,809	164	217	(34)	183
Balance at end of period	19,200	3,172	-	(4,691)	452	18,134	9,896	28,031

Condensed quarterly consolidated statement of changes in equity

Nine months ended December 31, 2023

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Other equity financial instruments	Retained earnings	Other components of equity	Total		
Balance at beginning of period	19,200	3,167	-	(8,744)	519	14,142	9,969	24,112
aaa								
aaa								
Profit (loss)	-	-	-	(7,691)	-	(7,691)	(404)	(8,095)
Other comprehensive income	-	-	-	-	(88)	(88)	11	(77)
Comprehensive income	-	-	-	(7,691)	(88)	(7,780)	(392)	(8,172)
Issuance of share acquisition rights	-	-	-	-	110	110	-	110
Transfer of Stock Acquisition Rights to Other Income Associated with Fair Value Measurement	-	-	-	-	(109)	(109)	-	(109)
Dividends of surplus	-	-	-	-	-	-	(73)	(73)
Changes in ownership interest in subsidiaries	-	26	-	-	-	26	19	45
Transfer to retained earnings								
Issuance of other equity financial instruments	-	-	5,500	-	-	5,500	-	5,500
Other	-	0	-	(101)	(2)	(104)	-	(104)
Total transactions with owners	-	26	5,500	(101)	(2)	5,422	(54)	5,368
Balance at end of period	19,200	3,193	5,500	(16,537)	428	11,784	9,522	21,307

Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Loss before tax	(2,595)	(7,089)
Profit (loss) before tax from discontinued operations	56	(24)
Depreciation and amortization	8,828	12,216
Impairment losses	1,969	310
Finance income and finance costs	1,192	1,864
Decrease (increase) in inventories	(1,605)	(1,468)
Decrease (increase) in trade and other receivables	(3,310)	(2,242)
Increase (decrease) in trade and other payables	1,744	2,327
Increase (decrease) in retirement benefit liability	(145)	(175)
Increase (decrease) in provisions	(91)	(194)
Other	(2,770)	(2,640)
Subtotal	3,273	2,883
Interest and dividends received	41	13
Interest paid	(885)	(1,409)
Income taxes paid	(1,290)	(1,204)
Income taxes refund	228	978
Net cash provided by (used in) operating activities	1,367	1,261
Cash flows from investing activities		
Payments into time deposits	(92)	(82)
Proceeds from withdrawal of time deposits	151	65
Purchase of property, plant and equipment	(5,014)	(9,279)
Proceeds from sale of property, plant and equipment	37	54
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	2,789
Payments of leasehold deposits and guarantee deposits	(1,135)	(1,485)
Proceeds from refund of leasehold and guarantee deposits	723	1,349
Proceeds from sale of businesses	-	100
Other	(1,077)	(319)
Net cash provided by (used in) investing activities	(6,406)	(6,808)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	10,960	762
Proceeds from long-term borrowings	1,993	6,563
Repayments of long-term borrowings	(4,112)	(3,375)
Proceeds from issuance of bonds	98	200
Redemption of bonds	(189)	(78)
Repayments of lease liabilities	(8,179)	(10,299)
Proceeds from issuance of other equity instruments	-	5,500
Capital contribution from non-controlling interests	91	43
Payments for acquisition of interests in subsidiaries from non-controlling interests	(2,519)	(0)
Dividends paid to non-controlling interests	(73)	(73)
Other	161	128
Net cash provided by (used in) financing activities	(1,769)	(629)
Effect of exchange rate changes on cash and cash equivalents	73	52
Net increase (decrease) in cash and cash equivalents	(6,733)	(6,123)
Cash and cash equivalents at beginning of period	24,119	15,832
Reclassification of cash and cash equivalents included in assets held for sales in the opening balance	15	17
Reclassification of cash and cash equivalents included in assets held for sale at the end of the period	(15)	(1)
Cash and cash equivalents	17,385	9,724