



Financial Results Briefing

Fiscal Year Ending March 2024

February 14, 2024
RIZAP Group, Inc.

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

English translation from the original Japanese-language document

Today's Topics

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The chocoZAP business has continued to make a profit on a monthly basis since November. Earnings forecast was revised upwardly because chocoZAP achieved profitability early.

1. The chocoZAP business achieved profitability early.

- No. of members: 1.124 million (as of February 14)
- *Active members only (excluding those who have cancelled the membership)
- No. of gyms: 1,333 in 44 prefectures around Japan (as of February 14)
- The chocoZAP business has continued to make a profit on a monthly basis since November 2023. Profit growth is expected further in Q4.
- A temporary plateau will be created by systematically refraining from opening gyms. We will focus on improving quality in the second half of the year. Gym openings will be accelerated again from the next fiscal year onward.

2. Achieved first quarterly profit for consolidated operating profit (since start of full-scale investment in chocoZAP)

- Operating profit in Q3 (Oct. to Dec.): +1.1 billion yen (+2.3 billion yen year-on-year and +4.2 billion yen compared to Q2)
- Achieved first quarterly profit since Q3 in FY 3/23 when we started full-scale investment in the chocoZAP business because the business has achieved profitability early.

3. Full-year earnings forecast revised upwardly

- Operating profit/loss: Revised upwardly from -4.5 billion yen (initial forecast) to -1.8 billion yen (+2.7 billion yen)
- Net profit: Revised upwardly from -9 billion yen (initial forecast) to -6.9 billion yen (+2.1 billion yen)

Consolidated Results for Q3 FY 3/24

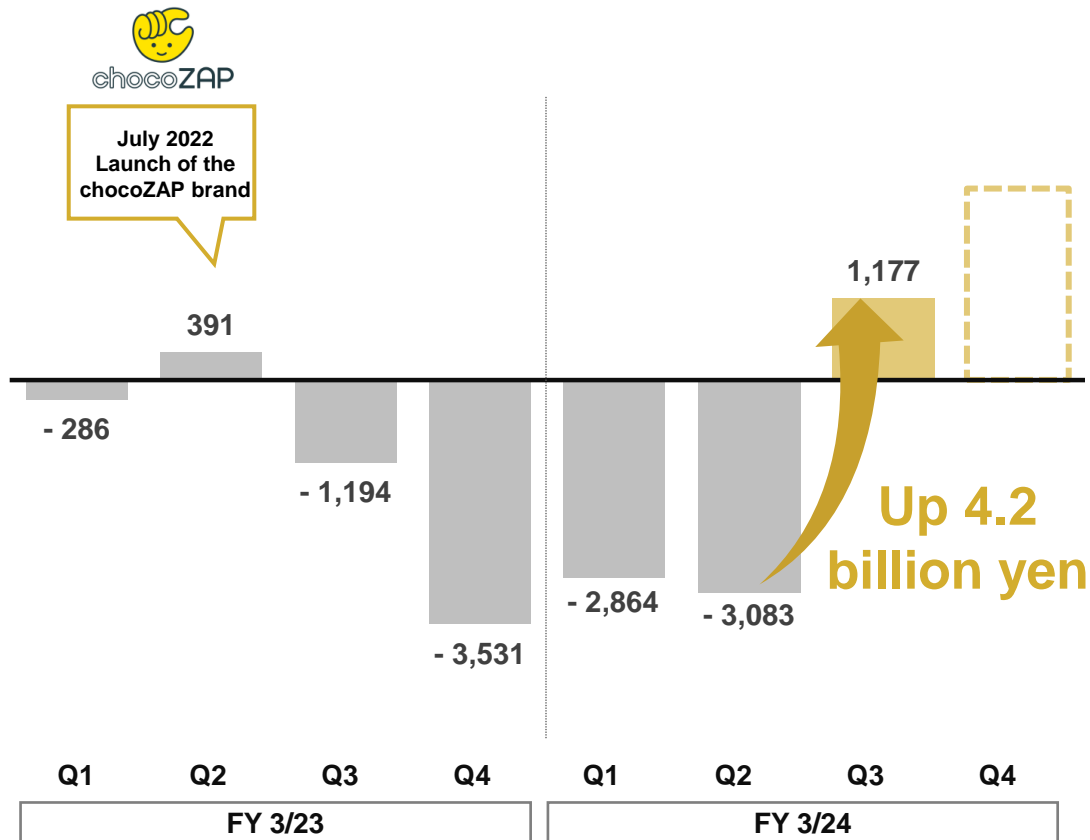
Summary of the Consolidated Profit and Loss Statement (IFRS)

[million yen]	Cumulative Q3 of FY 3/23 (Apr. to Dec.)	Cumulative Q3 of FY 3/24 (Apr. to Dec.)	Change	% Change
Net sales	115,259	122,988	+7,729	106.7%
Cost of sales	62,720	62,934	+214	100.3%
SG&A	53,723	65,308	+11,584	121.6%
Other revenues/expenses	94	483	+389	513.1%
Operating profit/loss	△1,089	△4,769	△3,680	-
Profit/loss before income taxes	△2,595	△7,089	△4,494	-
Income taxes	5,527	935	△4,592	16.9%
Profit/loss from continuing operations	△8,122	△8,025	+97	-
Profit/loss from discontinued operations	△7	△70	△62	-
Profit/loss	△8,130	△8,095	+35	-
Profit/loss attributable to owners of the parent	△8,619	△7,691	+927	-

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

Variation in Operating Profit/Loss (IFRS)

[million yen]

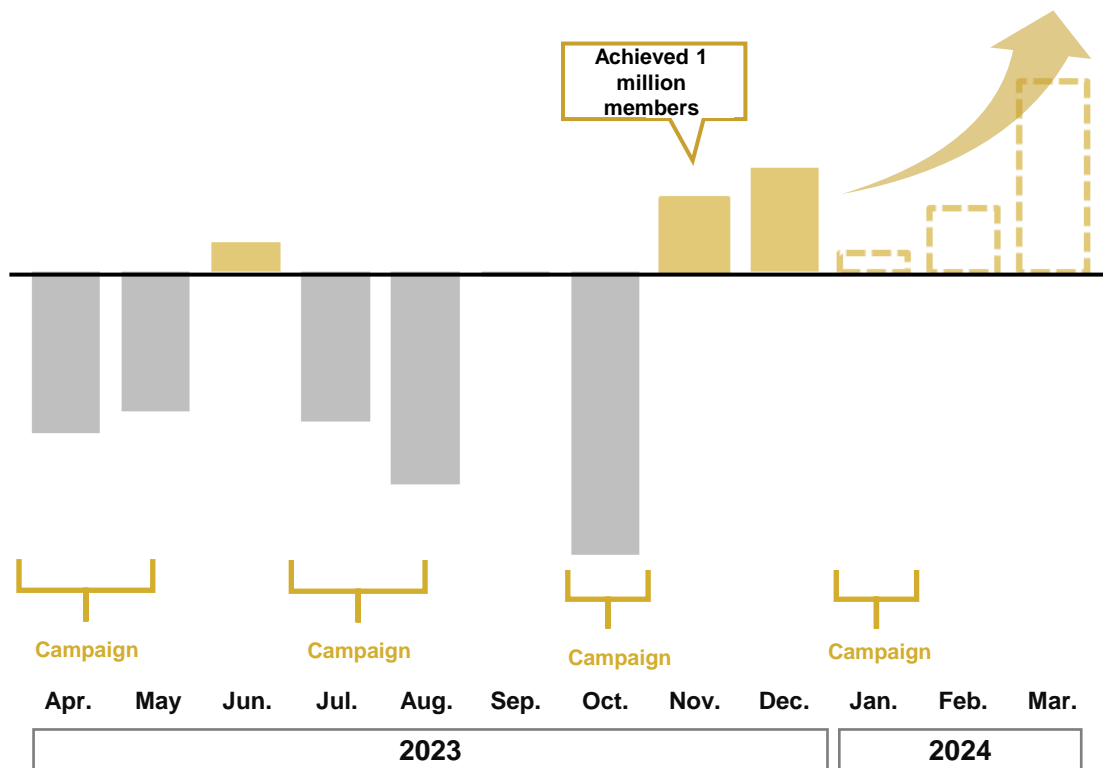


Achieved first quarterly profit since we started full-scale investment in the chocoZAP business.

Profit growth is expected further in Q4.

Variation in Operating Profit/Loss of chocoZAP (IFRS)

Continuing a profit on a monthly basis since November

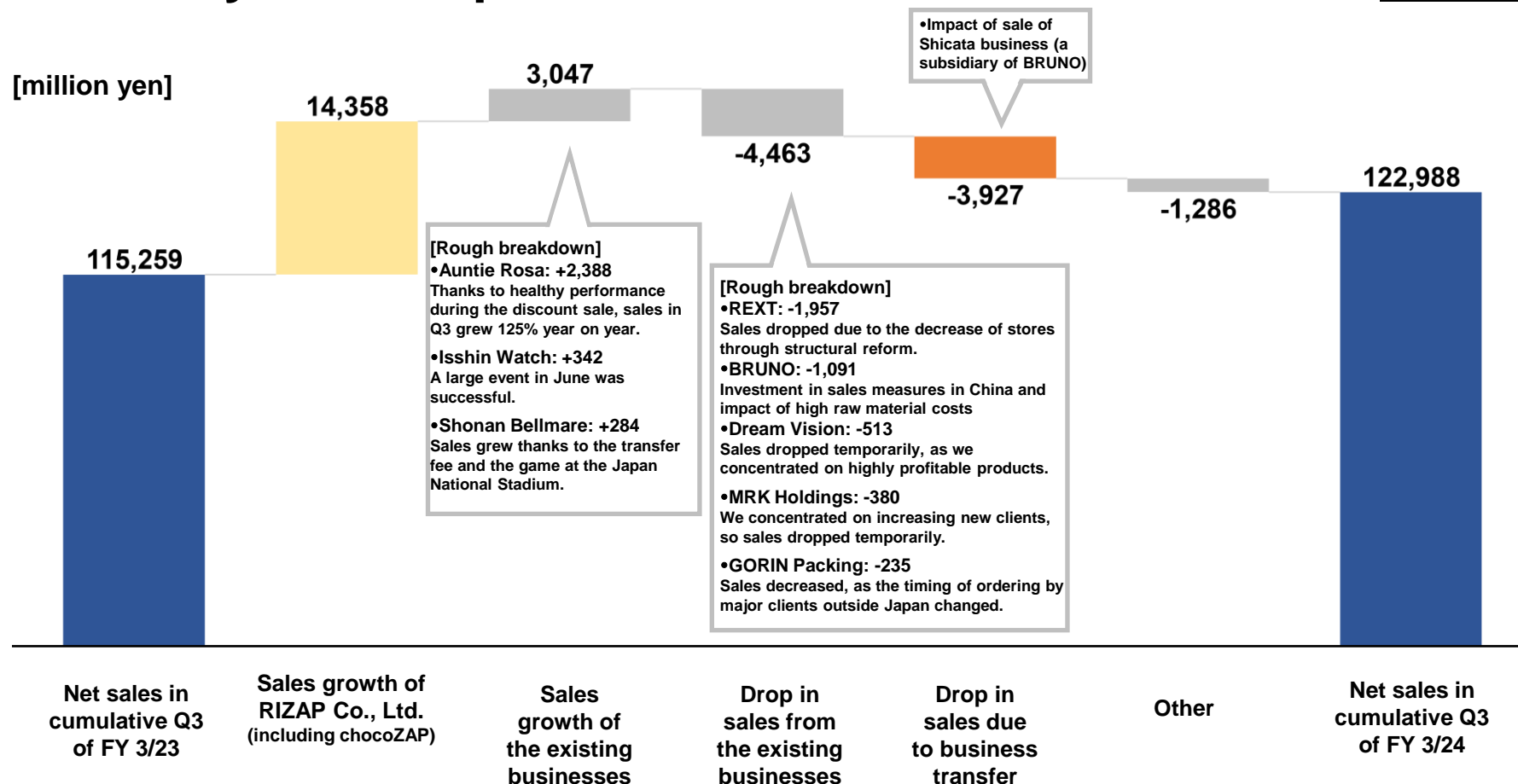


The chocoZAP business achieved profitability early.

(Operating cash flow is expected to be positive in Q4.)

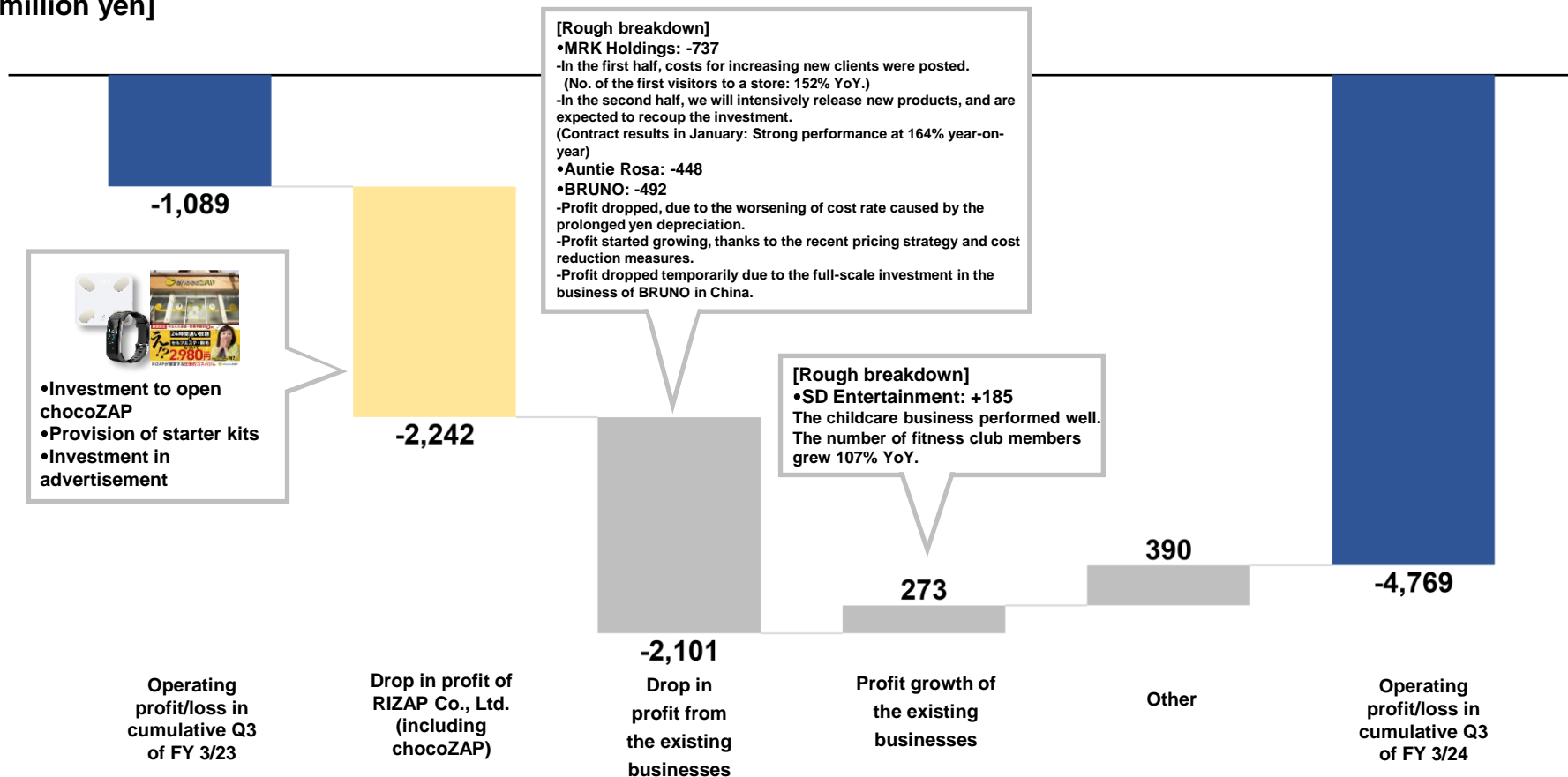


Year-on-year Comparison of Consolidated Net Sales

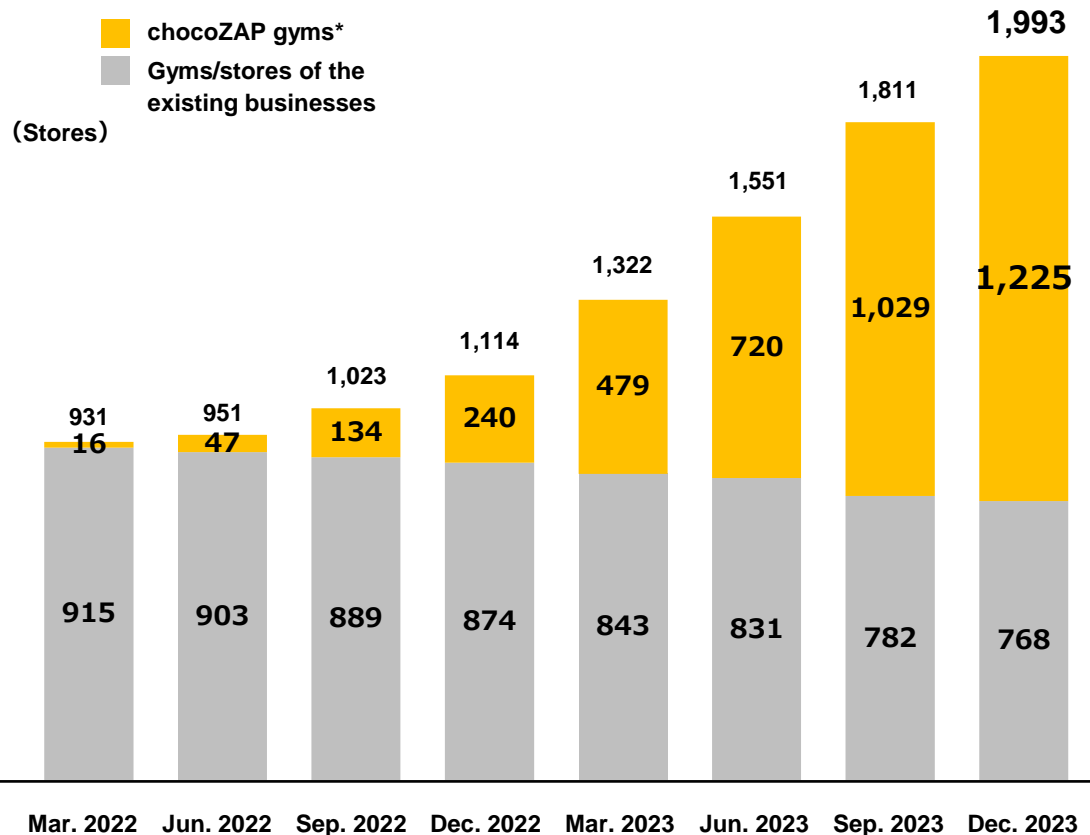


Year-on-year Comparison of Consolidated Operating Profit/Loss

[million yen]



Number of Gyms/Stores in RIZAP Group



We continued to open new chocoZAP gyms.

We are renovating the gyms/stores of the existing businesses.
 (To improve profitability by changing business models, etc.)



*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 Dec. 2023	Change	Notes	
Current assets	67,196	60,459	△6,737	Cash and cash equivalents	△6,107
				Operating and other receivables	+2,444
				Inventories	△3,399
Non-current assets	75,452	87,710	+12,258	Property, plant and equipment	+7,884
				Right-of-use assets	+5,740
Total assets	142,649	148,169	+5,520		
Current liabilities	75,921	83,308	+7,386	Interest-bearing liabilities	+4,474
Non-current liabilities	42,615	43,553	+938	Interest-bearing liabilities	+290
				*Mainly the increase in long-term lease obligations	
Total liabilities	118,536	126,861	+8,325		
Total equity	24,112	21,307	△2,804		
Total equity and liabilities	142,649	148,169	+5,520		

Summary of the Consolidated Statement of Financial Position (IFRS)

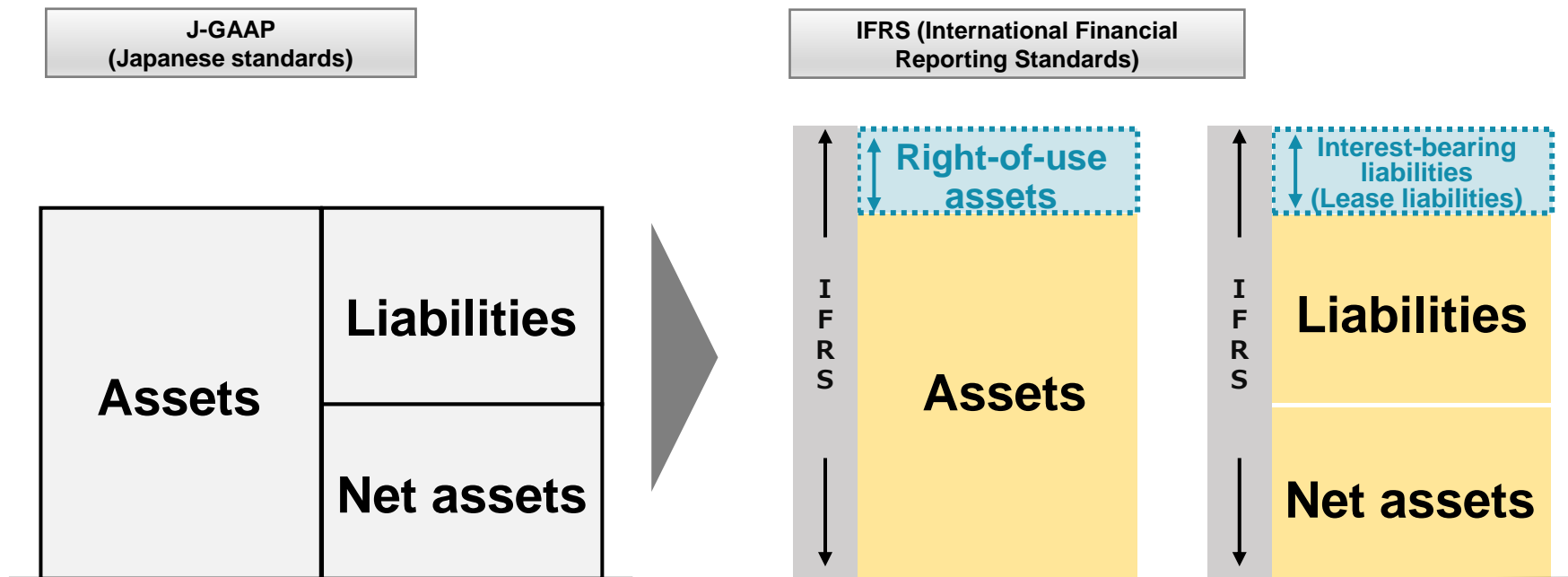


“Total equity and liabilities” (total assets) increased 5.5 billion yen to 148.1 billion yen (or 110.3 billion yen, when the effects of IFRS 16 (lease) amounting to 37.8 billion yen are excluded).

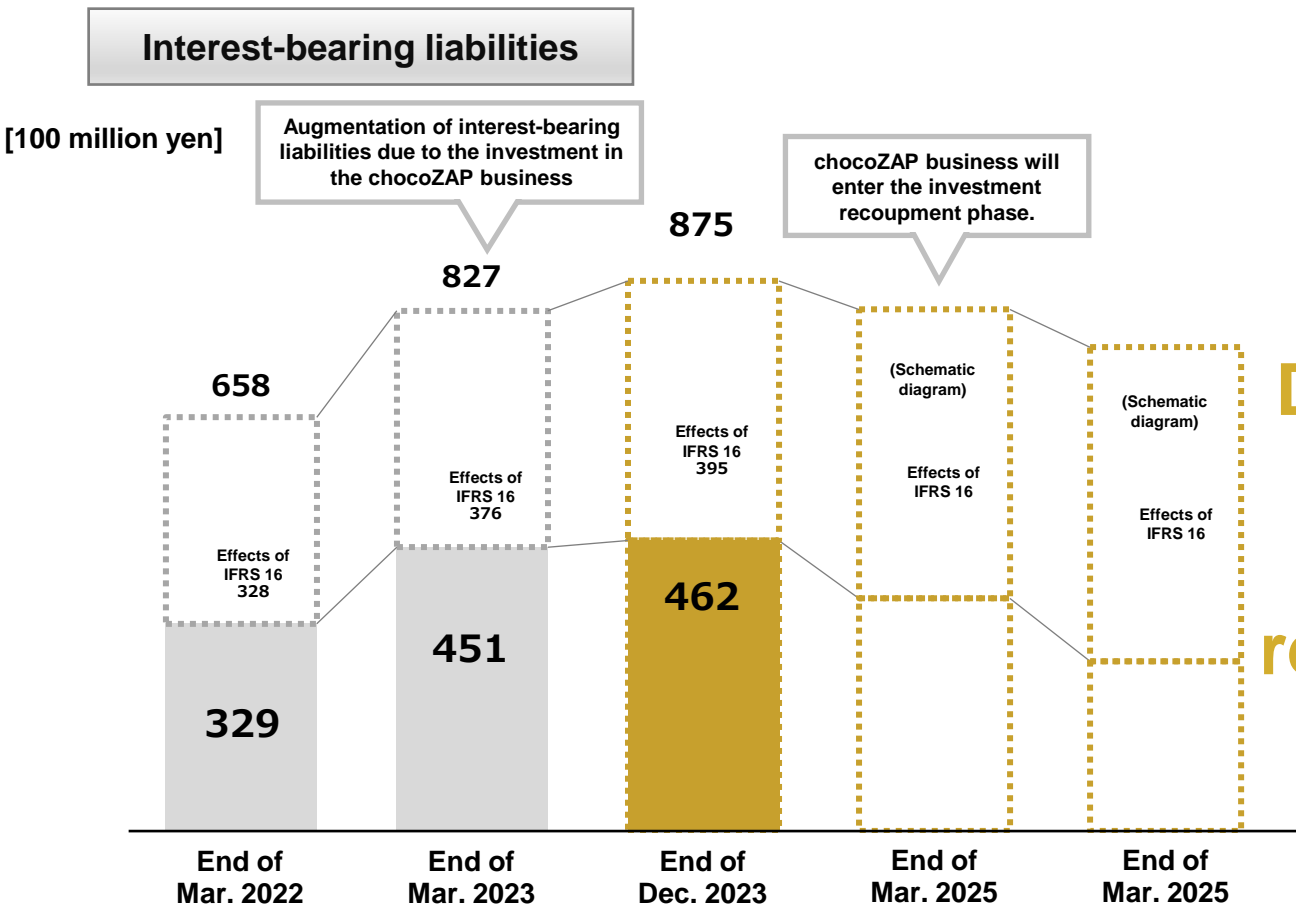
[million yen]	Consolidated Statement of Financial Position (B/S)			Effects of IFRS 16 (B/S)			Effects of IFRS 16 excluded (B/S)		
	End of Mar. 2023	End of Dec. 2023	Change	End of Mar. 2023	End of Dec. 2023	Change	End of Mar. 2023	End of Dec. 2023	Change
Current assets	67,196	60,459	△6,737	868	1,130	+ 263	68,064	61,589	△6,474
Non-current assets	75,452	87,710	+ 12,258	△33,173	△38,959	△5,787	42,279	48,751	+ 6,471
Total assets	142,649	148,169	+ 5,520	△32,306	△37,828	△5,522	110,343	110,341	△2
Current liabilities	75,921	83,308	+ 7,386	△11,048	△13,193	△2,144	64,873	70,115	+ 5,242
Non-current liabilities	42,615	43,553	+ 938	△26,369	△28,020	△1,650	16,246	15,533	△712
Total liabilities	118,536	126,861	+ 8,325	△37,417	△41,212	△3,796	81,119	85,649	+ 4,529
Total equity	24,112	21,307	△2,804	5,112	3,385	△1,728	29,224	24,692	△4,532
Total equity and liabilities	142,649	148,169	+ 5,520	△32,306	△37,828	△5,522	110,343	110,341	△2

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

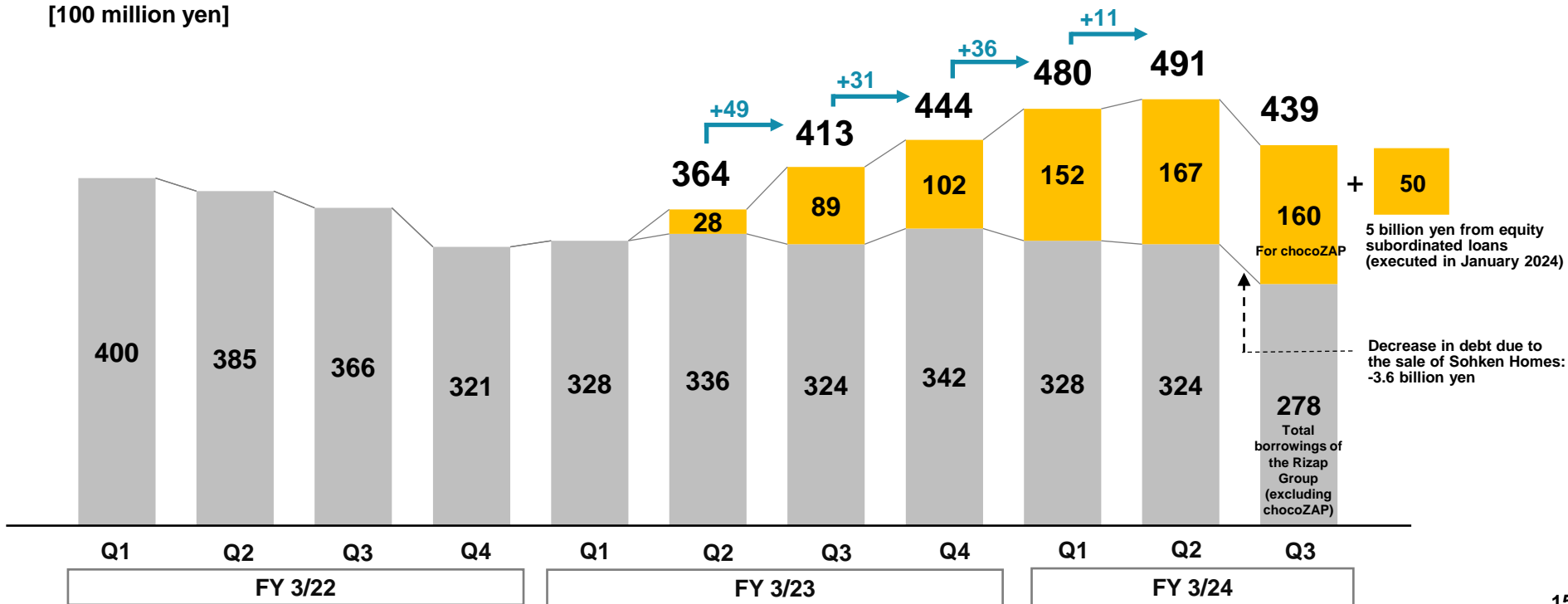


Debt will decrease after the start of the investment recoupment phase.

Variation in Debt

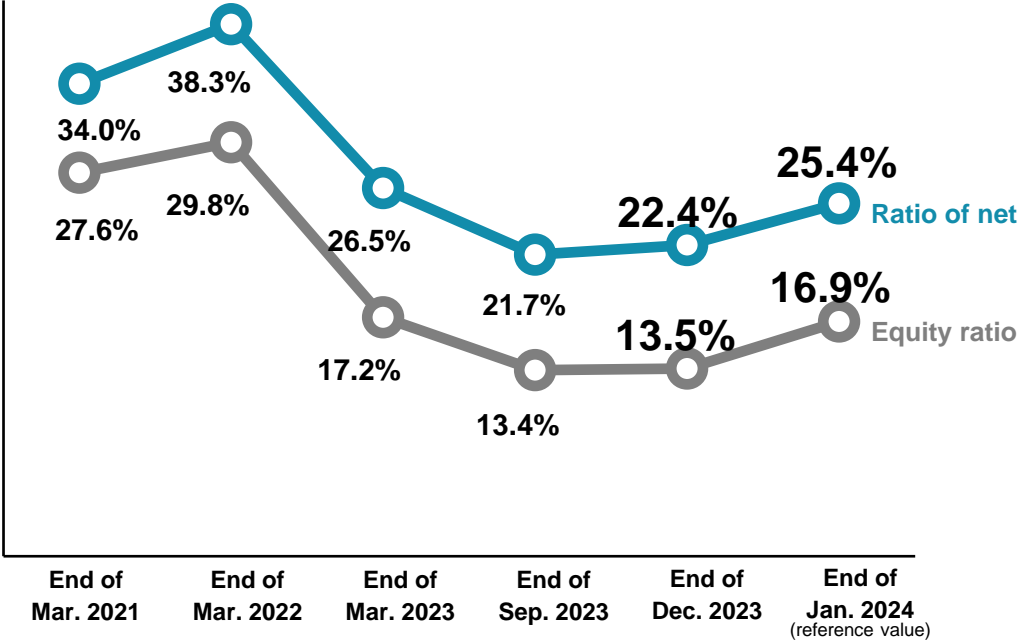
The chocoZAP business achieved profitability early and the increase of debt has peaked out.

[100 million yen]



Financial Indicators

Equity ratio



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

*The values for the end of Jan. 2024 are the reference values with the equity subordinated loans added to the values for the end of Dec. 2023.
 *Equity ratio = Total equity attributable to owners of parent ÷ Total assets

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 (end of Jan.)	14.4% (16.9%)	8.0% (8.5%)	22.4% (25.4%)
Equity ratio (end of Jan.)	8.0% (10.7%)	5.5% (6.2%)	13.5% (16.9%)
	a	b	a+b

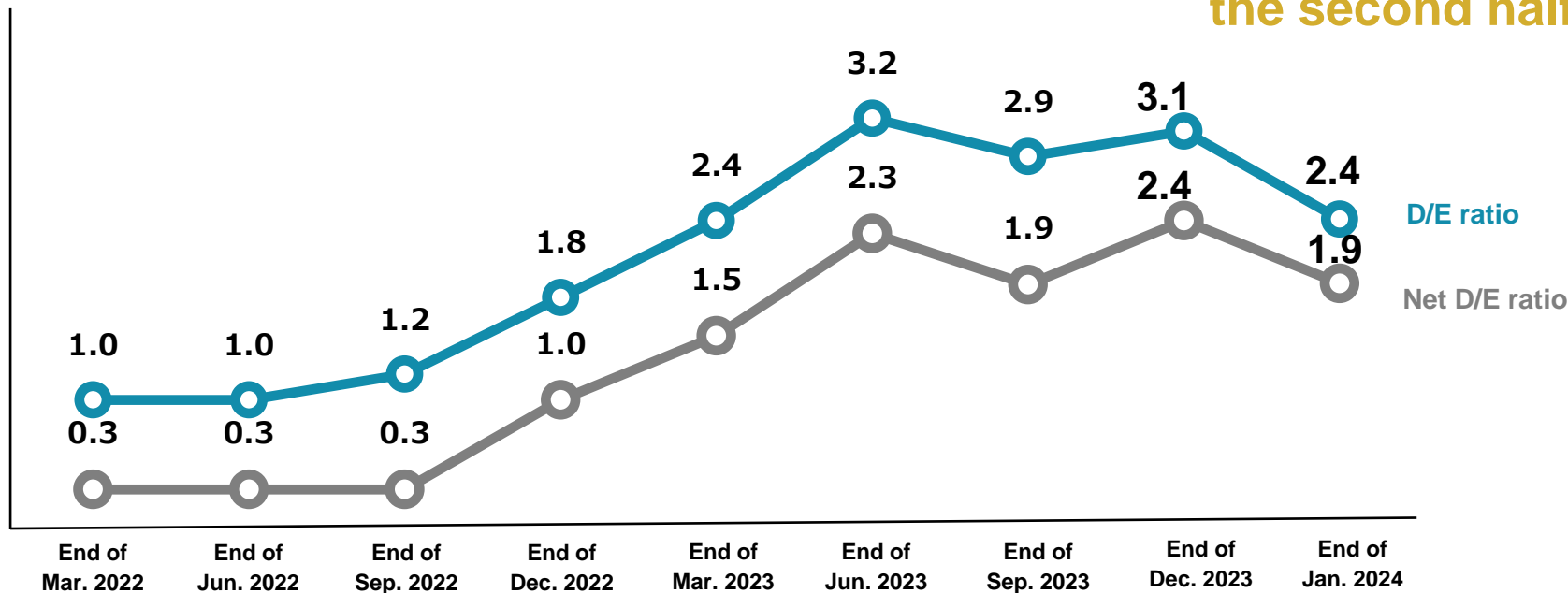
Effect of augmentation of lease obligations through the increase of chocoZAP gyms

*Calculated from figures disclosed at the time prior to FY3/23.
 .(Retroactive revision of the impact from the sale of Sohken Homes in November 2023 is not applied.)

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

*The values for the end of Jan. 2024 are the reference values with the equity subordinated loans added to the values for the end of Dec. 2023.

*Calculated from figures disclosed at the time prior to FY3/23. (Retroactive revision of the impact from the sale of Sohken Homes in November 2023 is not applied.)

*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

Cash Flows Overview

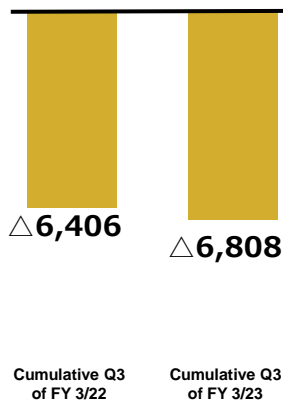
Operating CF

[million yen]



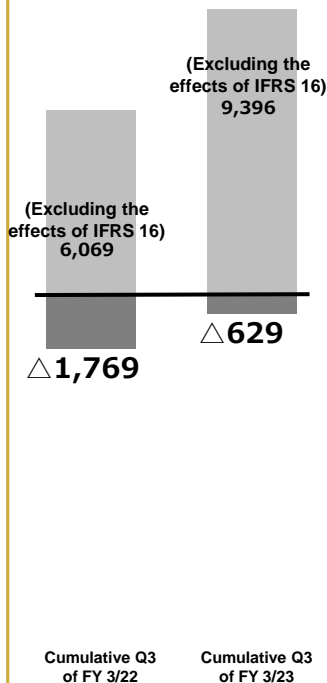
Investing CF

[million yen]



Financing CF

[million yen]



Operating cash flow: 1,261 million yen (△106 from the previous term)

· Adjustment of depreciation (non asset item)	12,216 million yen(+3,388)
· interest expense	1,883 million yen(+719)
· Profit/loss before income taxes	△7,089 million yen(△4,494)
· Expenditure for Increase in trade receivables	△2,242 million yen(+1,068)
· other current assets	△1,828 million yen(△1,420)
· Expenditure due to the increase in inventories	△1,468 million yen(+136)

Investing cash flow: △6,808 million yen (△402 from the previous term)

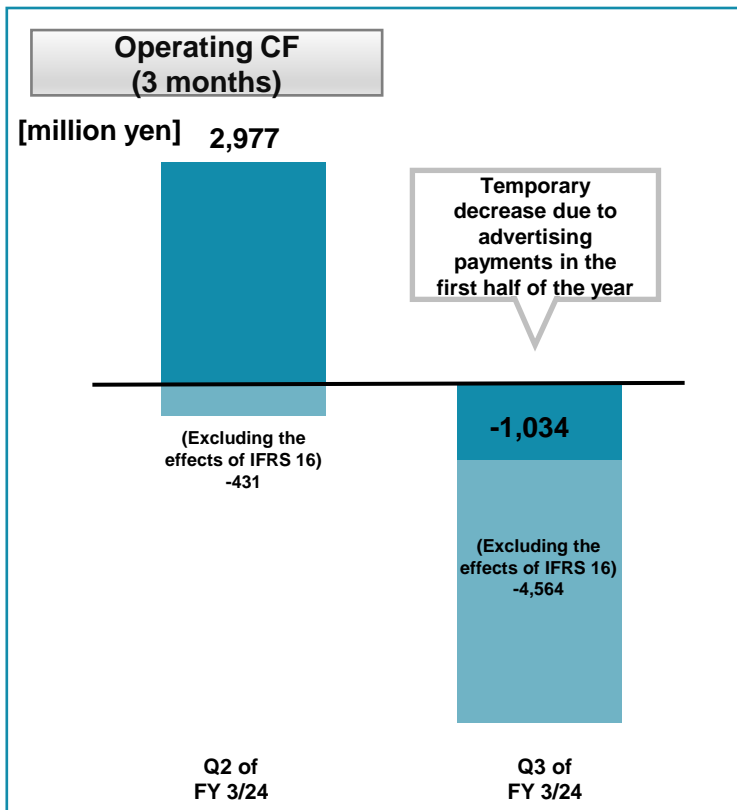
· Purchase of property, plant and equipment	△9,279 million yen(△4,265)
· Sale of shares of subsidiaries	2,789 million yen(+2,789)

Financing cash flow: △629 million yen (+1,139 from the previous term)

· Repayment of finance leases	△10,299 million yen(△2,119)
· Repayment of interest-bearing liabilities	△3,453 million yen(+848)
· Revenues from the borrowing of interest-bearing liabilities	7,525 million yen(△5,526)
· Subordinated loan	5,500 million yen(+5,500)

Operating Cash Flow Overview

Operating cash flow decreased temporarily due to the payment website change, but an improvement is expected from Q4 onward.



Operating cash flow of Q3 (3 months): -1,034 million yen (-4,012 from Q2)

•Adjustment of depreciation (non asset item)	4,555 million yen	(+636)
•Increase in trade receivables	-1,227 million yen	(+409)
• Decrease of other accounts payable due to adjustment of advertisement and sales promotion	-3,497 million yen	(-5,653)
•Other increase/decrease in current assets	-1,273 million yen	(-936)

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)

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

Full-year earnings forecast was revised upwardly as the chocoZAP business achieved profitability early.

[100 million yen]

	Previously announced forecast (October 26, 2023)
Net sales	1,720
Operating profit	-45
Net profit	-90

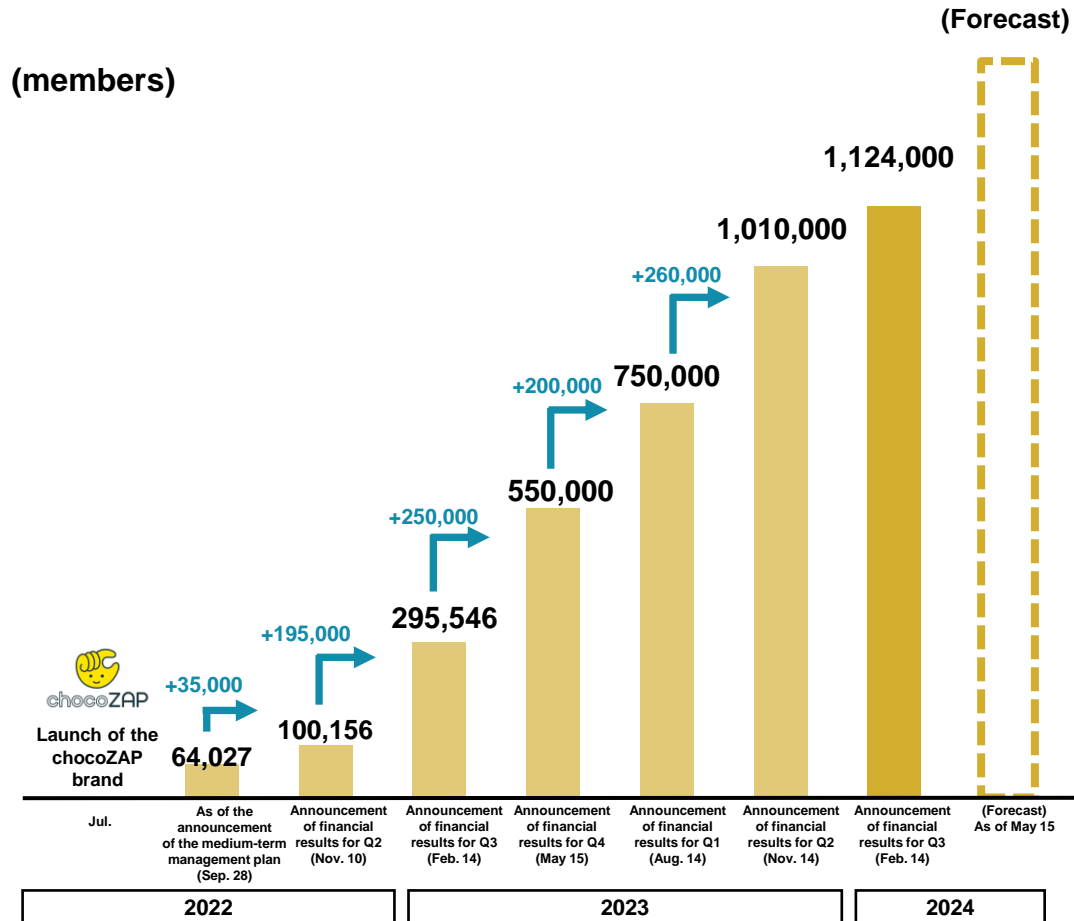
Profit growth as the
chocoZAP business
achieved profitability
early: +2.7 billion yen



Revised forecast	Change
1,720	-
-18	+27
-69	+21

chocoZAP Business Overview

Number of chocoZAP Members



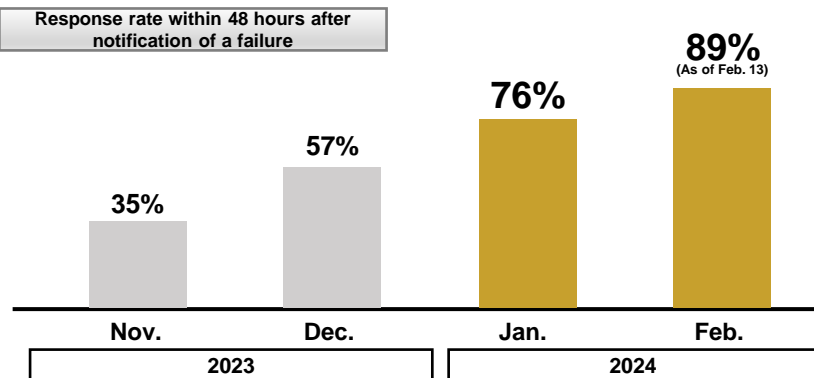
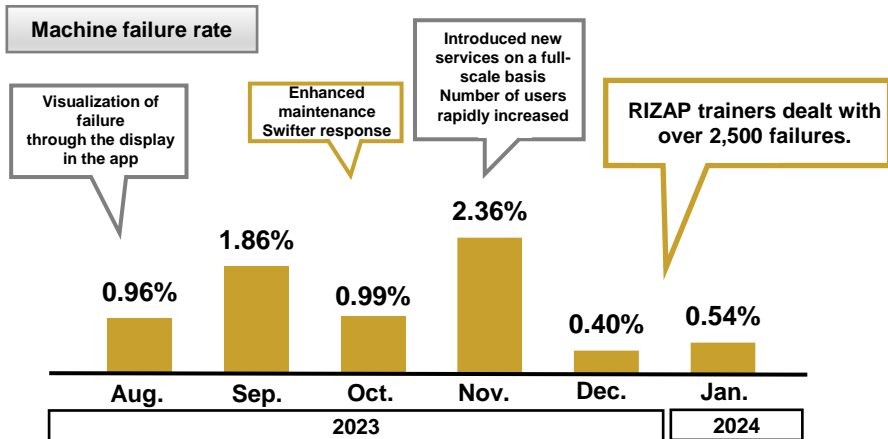
We will focus on improving quality in the second half of the year.



We will accelerate the pace to increase members again from the next fiscal year onward.

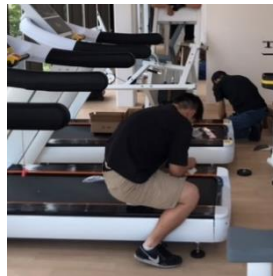
*Active members only (excluding those who have cancelled the membership)

Improvement in Machine Failure Rate



*Failure rate = Number of machine failures ÷ Total number of machines

We will focus on improving quality in the second half of the year.



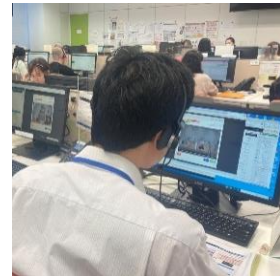
Prompt repair by RIZAP trainers



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 and Management Systems

We will focus on improving quality and strengthening management structures in the second half of the year.



Increase of cleaning partners



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



Enhancement of DX-based monitoring at remote monitoring centers



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



Strengthening of the system for replenishing goods

[Starter kits, wet tissue, etc.]



Digitalization of machine repair structure

Initiatives to Improve Exercise Habits

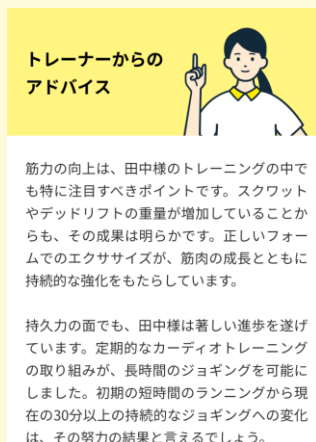
We will focus on improving quality and customer satisfaction in the second half of the year.

Trophy campaign



Targets: New members in January
Period: February 1 to 29
Presenting prizes for completing challenges

AI advisor



Started providing the beta version in December.
Currently testing the service on some members.

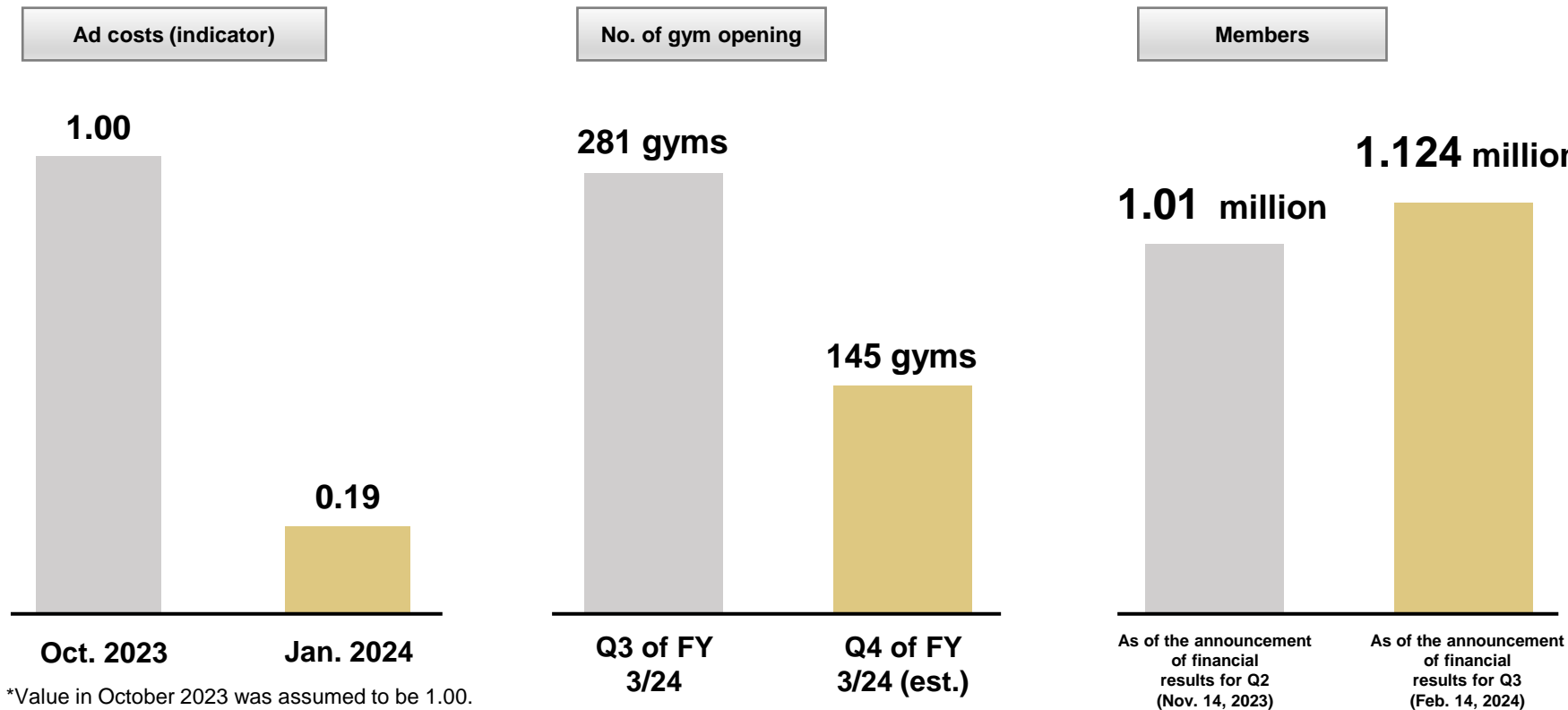
Comprehensive report



Rolled out service to all members from December
Providing a list of life logs

New Year Campaign Status

We will focus on placing a curb on advertising investment/gym openings and improving quality in Q4.



Variation in the number of chocoZAP gyms

(gyms)

A temporary plateau will be created by systematically refraining from opening gyms.
Gym openings will be accelerated again from the next fiscal year onward.

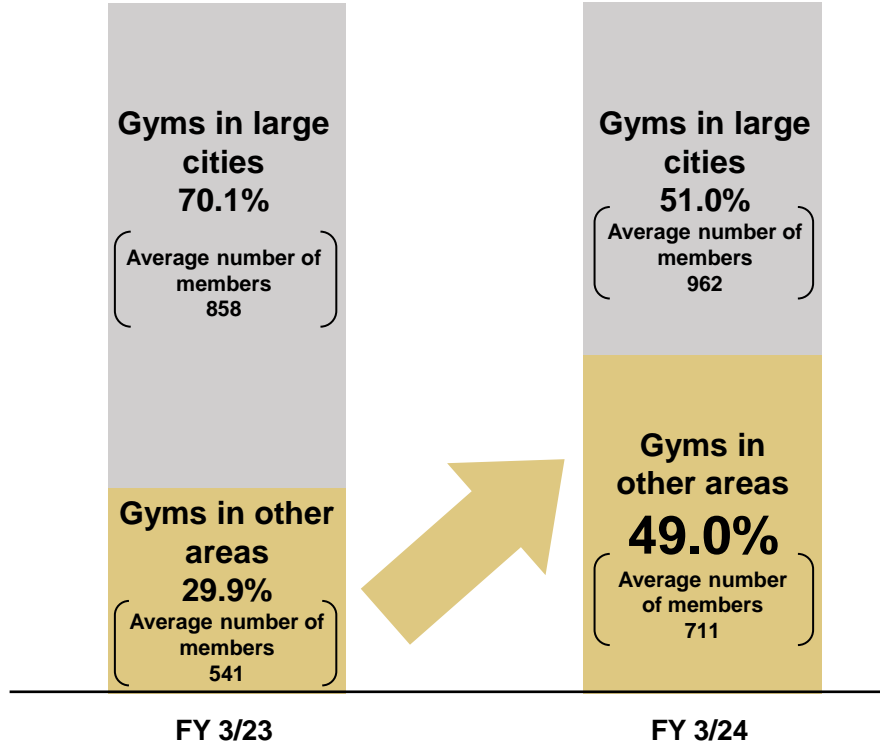
A temporary plateau created by systematically refraining from opening gyms



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

Expansion of Gym Openings in Regional Areas

Ratio of gym openings in regional areas with respect to the total number of gym openings



The membership base was expanded as we increased gym openings to regional areas in this fiscal year.



*Gyms in large cities: Gyms opened in Tokyo, Chiba Prefecture, Kanagawa Prefecture, Aichi Prefecture, Osaka Prefecture and Fukuoka Prefecture

*Gyms in other areas: Gyms opened in 41 prefectures other than the above

Effects of Members Who Use Multiple Gyms



Great results in weight loss rate among members using multiple gyms

*Value of members who use one chocoZAP gym was assumed to be -1.00.

EC Business Initiatives: New chocZAP Brand Products

DayMe: Beauty Protein



Rakuten

Raked 1st in the daily ranking*1

Bpro: High Cost-effective Protein



amazon

Raked 1st in the category ranking*2

*1 As of December 19, 2023

*2 As of December 27, 2023

Main Awards Received by chocoZAP

Nikkei Trendy 2023 Hit Prediction Ranking

1st

Nikkei Trendy 2023 Hit Products

2nd

DIME Trend Awards: Lifestyle Category Award

Gold Award

Nikkei MJ 2023 Hit Product Ranking

East Komusubi (ranked 4th)

Marketer of the Year 2023

Excellence Award

Japan Naming Award 2023: Rookie Category

Excellence Award

BRAND OF THE YEAR 2023: Influencing Commercial Deployment

Special Award

CX AWARD 2023

Received

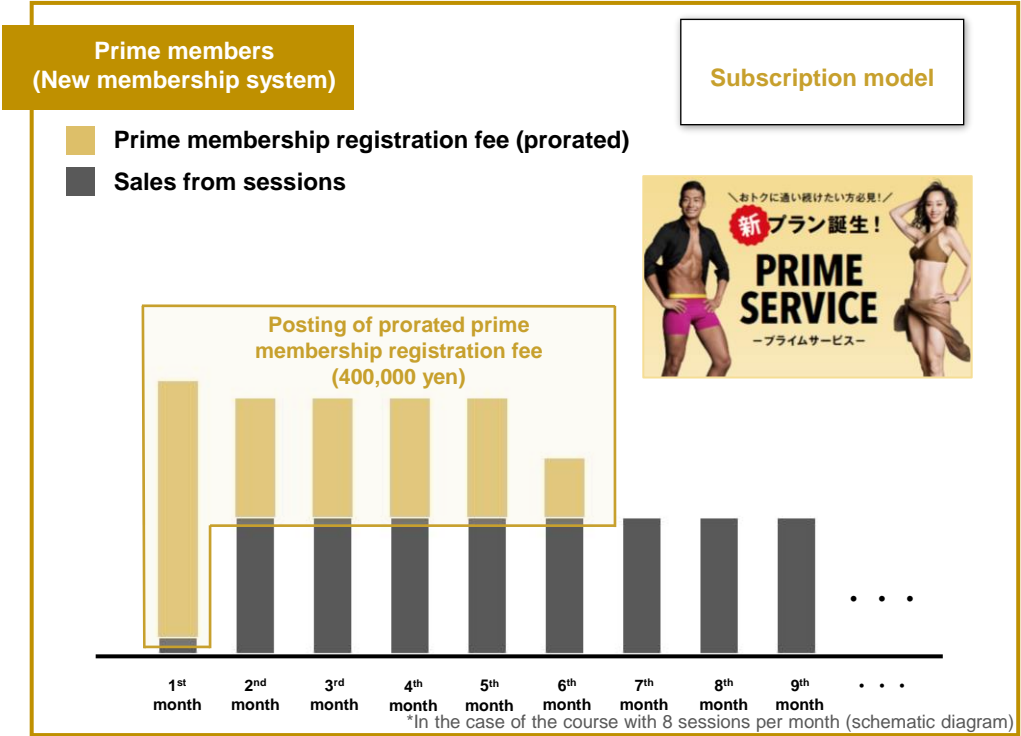
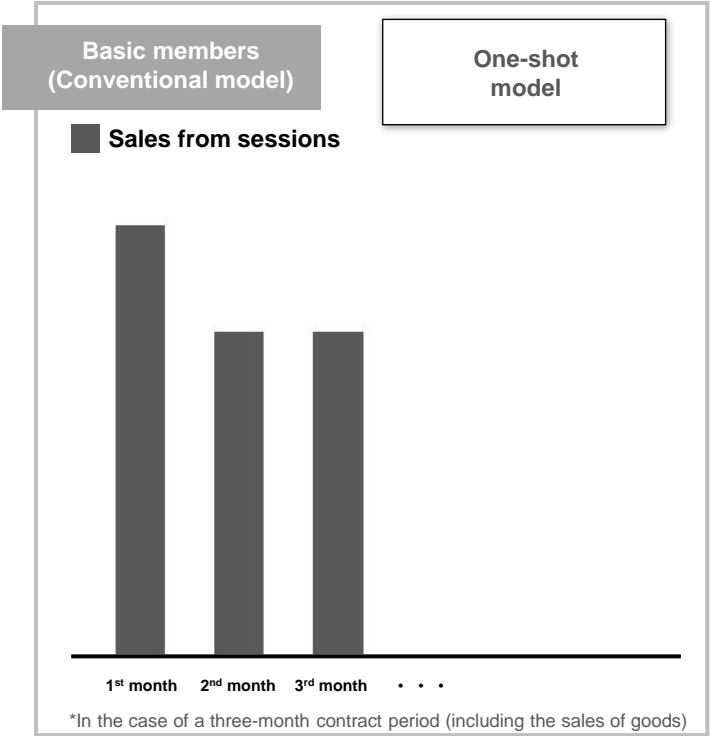
Indeed Hiring Awards 2023

Strategic Category Award

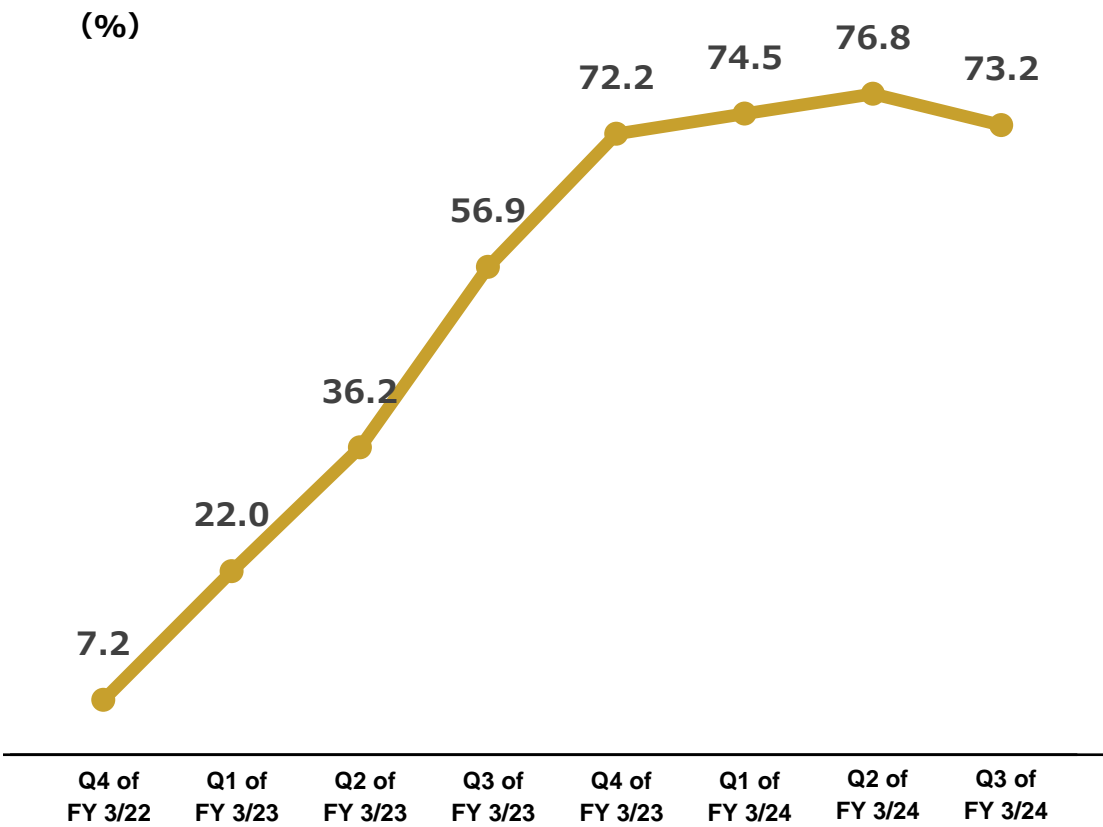
Existing Business Overview

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

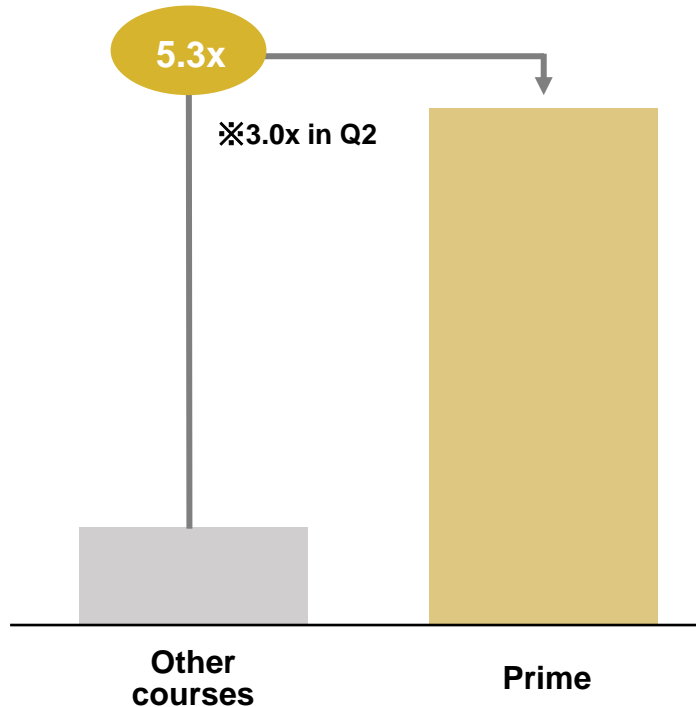


Ratio of
prime members
is 73.2%

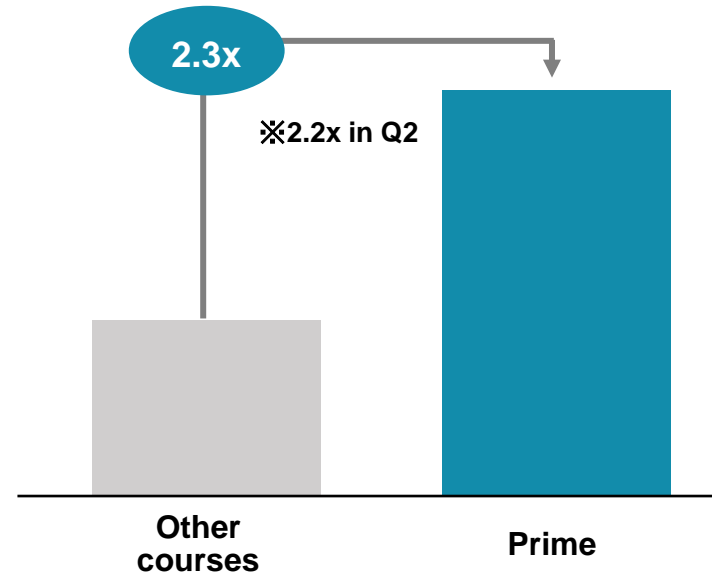
To “Lifelong” Services Where We Will Support Customers for the Rest of Their Lives

Retention rate a year later and average spending per customer have improved considerably compared with Q2.

Retention rate a year later



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



chocoZAP and RIZAP Collaboration

Promoting synergy measures in the chocoZAP and body transformation business

chocoZAP opening support (interior work)



Point 1

RIZAP staff members conduct interior work in gyms before opening.

Point 2

Participation by a total of 70 RIZAP trainers

chocoZAP opening support (machine installation)



Point 1

RIZAP staff members carry in and assemble machines in gyms before opening.

Point 2

Setting up lockers and point of purchase advertising signs by ourselves

chocoZAP machine failure and replacement support



Point 1

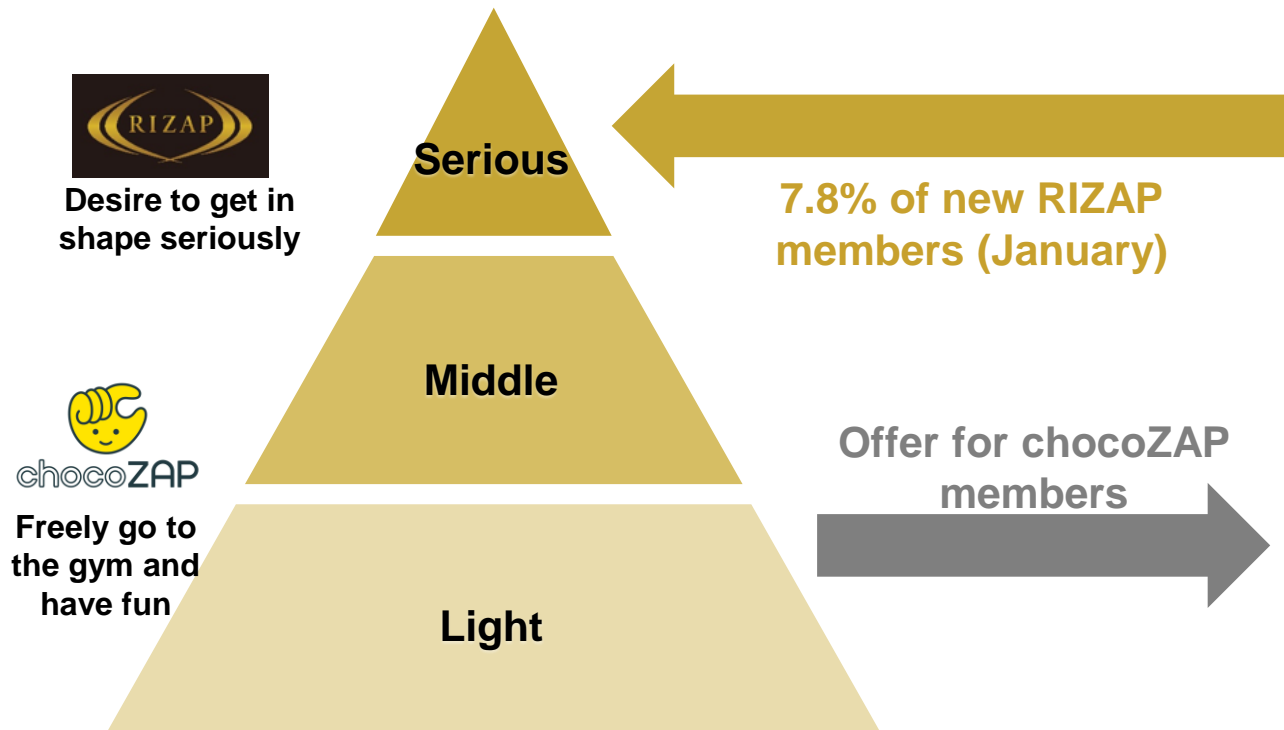
Significant reduction in machine malfunctions with support provided by RIZAP staff members

Point 2

RIZAP trainers dealt with over 2,500 failures.

chocoZAP and RIZAP Collaboration

chocoZAP members are enrolling in the RIZAP
body transformation business.



Launched from Jan. 2024

chocoZAP会員様限定の特別本気でコミットプラン

1か月間本気で
ダイエットしませんか?

BEFORE		2か月間	
体重	62.0kg	体重	51.8kg -10.2kg
体脂肪	29.1%	体脂肪	17.7% -11.4%
ウエスト	84.0cm	ウエスト	63.0cm -21.0cm

BEFORE		2か月間	
体重	79.4kg	体重	67.9kg -11.5kg
体脂肪	19.2%	体脂肪	10.5% -8.7%
ウエスト	91.5cm	ウエスト	75.0cm -16.5cm

「結果報酬にRIZAPトレーナーに費してもらい、1人1人との成果を1人1人から引き出す。このような方にこそ、この特別プラン!」

RIZAPトレーナーによる
本気でコミット
ダイエットプラン

¥149,000 (税込)
¥163,000 (税込)

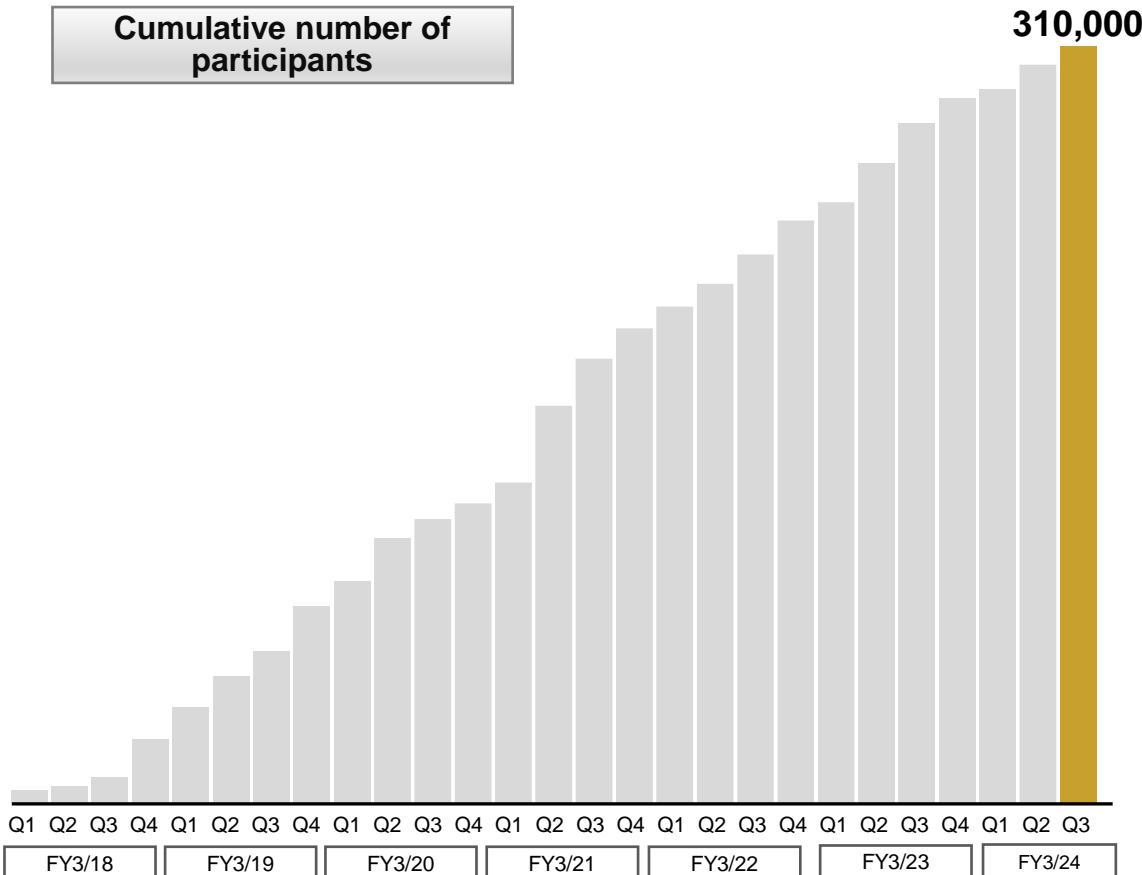
トレーニング回数: 4週間分
●サブ(12回/週) 4回 ●入会金500円(税込)
合計160回(税込) 卒業まであります。

「1ヶ月なら頑張れそう!」お客様の声から誕生した新プラン
RIZAPパーソナルトレーニング述べ18万人の実績を基にサポート!

Corporate Users of RIZAP Programs



Cumulative number of participants



Cumulative number of companies/participants

Over
1,900 companies
310k participants



(Random order)

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 24,500 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**



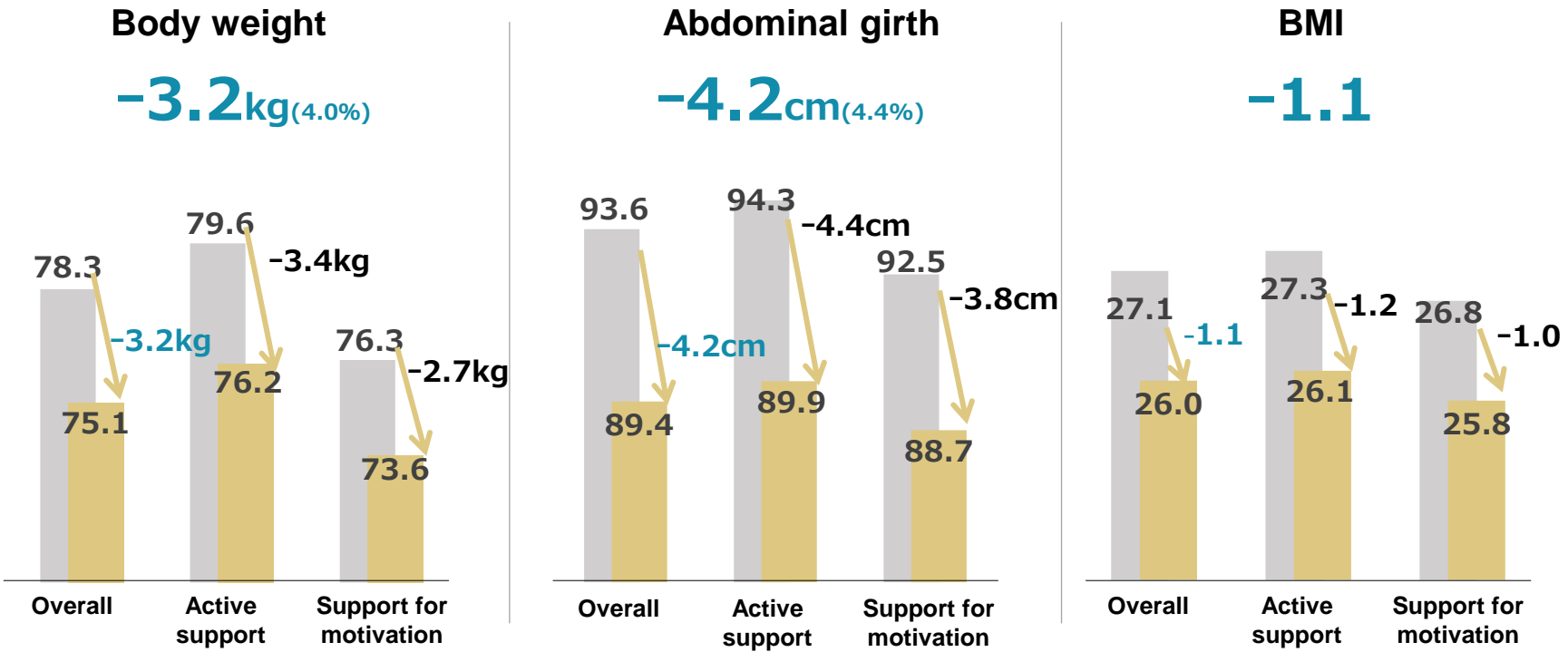
**Provision of
training videos**

	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

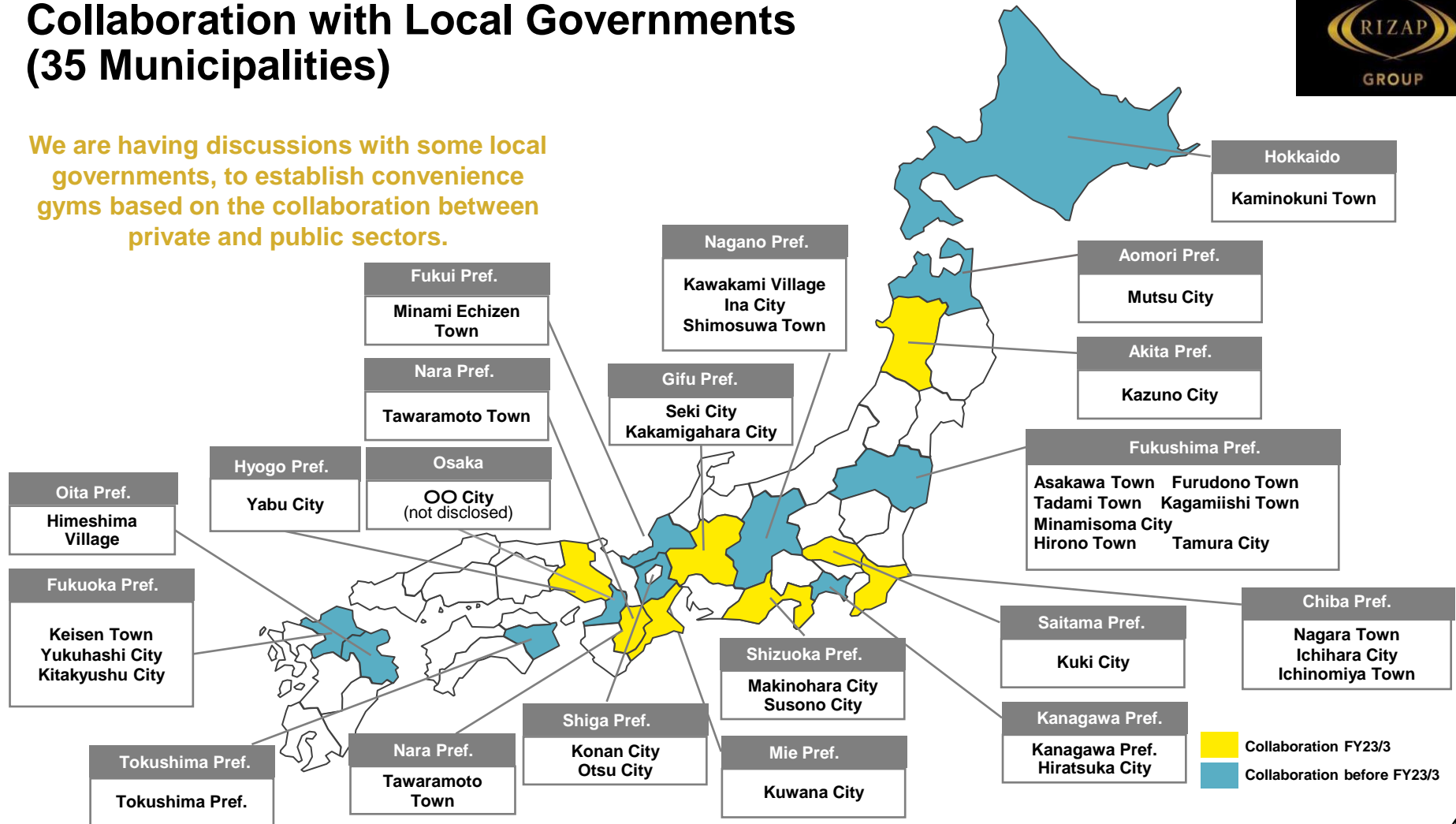
(Over 9,700 people have adopted this program)

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 (35 Municipalities)

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



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 2 new shops in Q3.
Sales grew 131% year on year.**

Entertainment business



(WonderGOO+ Tsukuba shop)

Due to the recovery of event demand, sales grew 202% year on year.

Reuse business

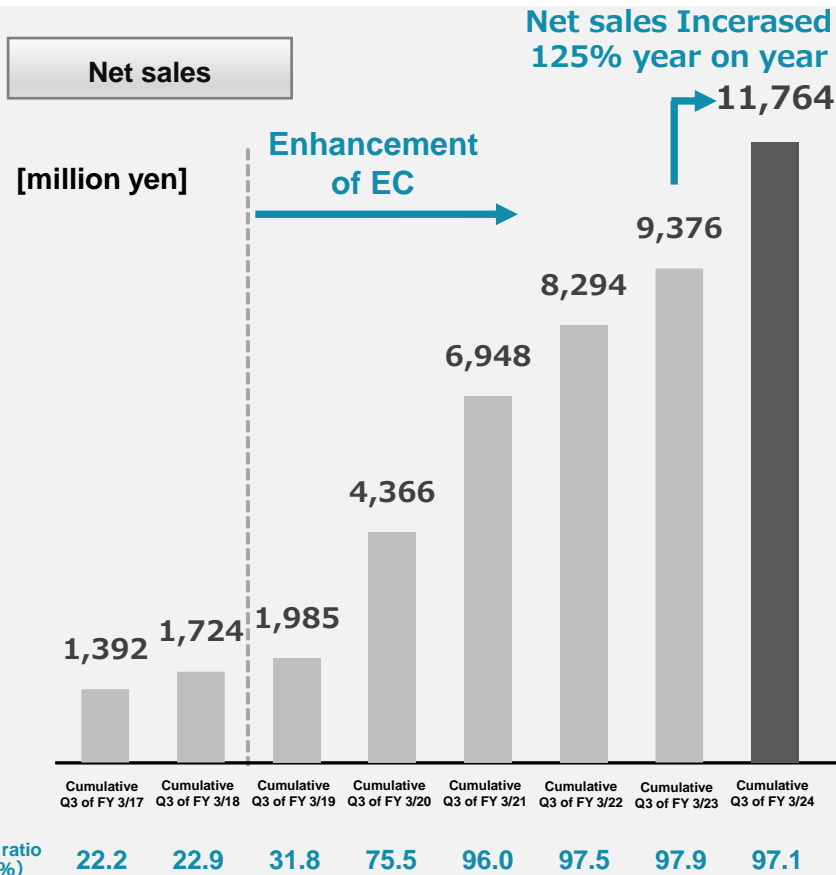


(WonderREX Hitachino Ushiku shop)

**We further concentrated on highly profitable items.
sales grew 111% year on year.**

Auntie Rosa (J-GAAP)

Auntie Rosa



Sales increased for 7 consecutive terms, as we enhanced EC measures.



AUNT MARIE'S



AIVER

Revision of Medium-term Management Plan

Revisions to the Medium-term Management Plan

1. Progress on the Medium-term Management Plan

2. Competitive Advantage and Business Model

3. Revisions to the Medium-term Management Goals

4. Future Growth Strategy

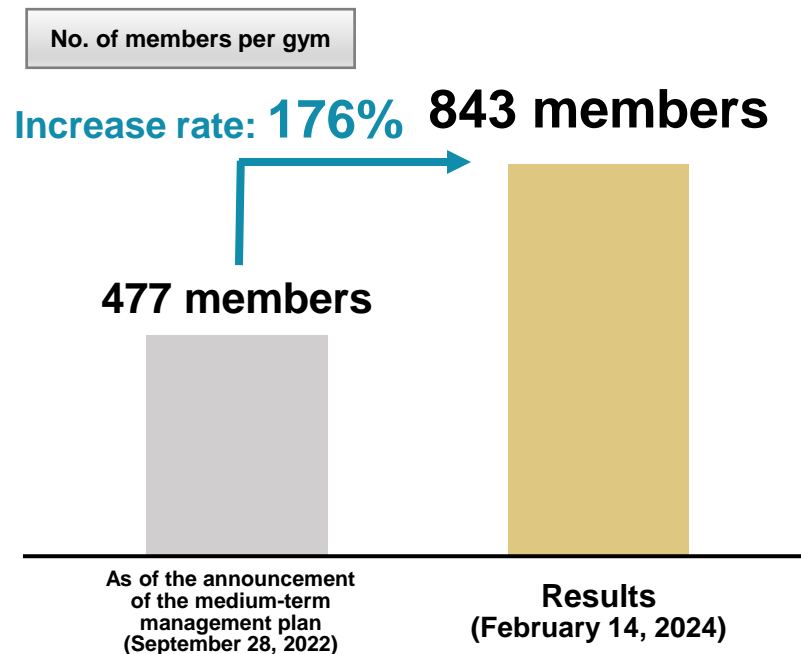
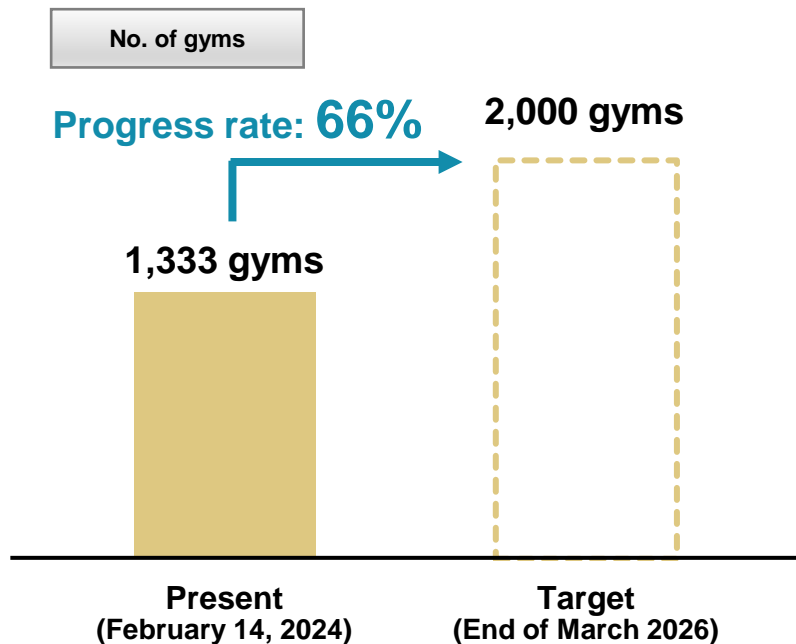
5. Shareholder Return Policy

Progress on the Medium-term Management Plan

**Basic
policy**

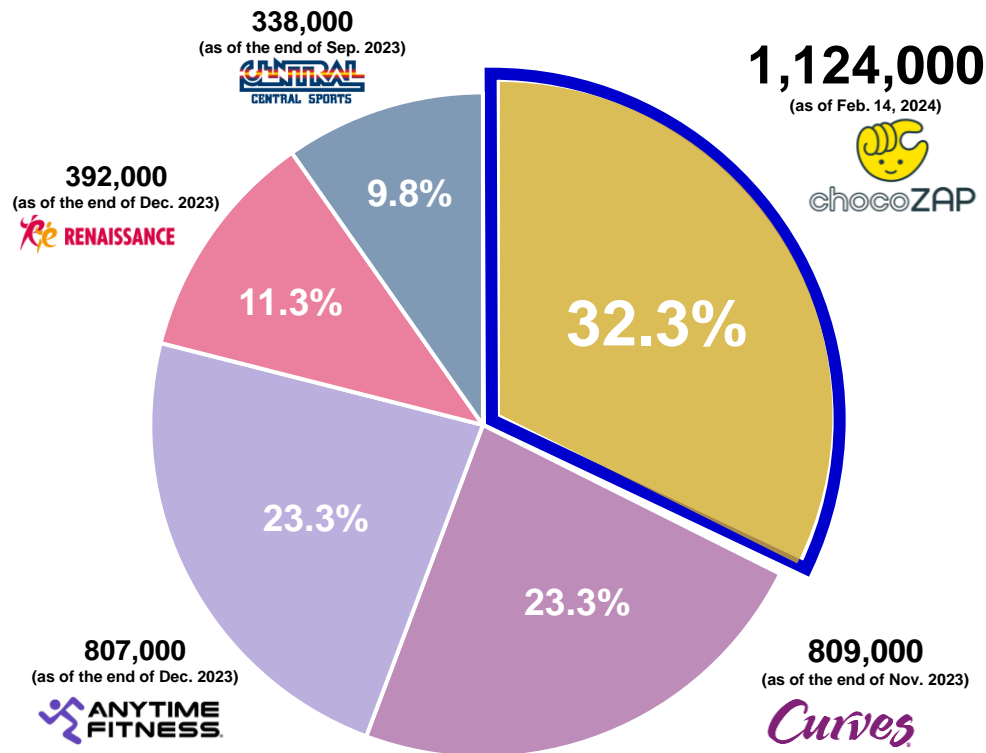
**Strategically invest in the chocoZAP business to grow it
into a core business**

Making steady progress beyond initial plans



Progress on the Medium-term Management Plan

Share of the top five companies in the Japanese fitness market in terms of number of members



Reached number one in Japan in terms of number of fitness members in one year and five months after the full-scale launch of the business.

*The number of members of the other companies were surveyed by our company (with reference to the latest material disclosed by each company).

Revisions to the Medium-term Management Plan

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chocoZAP

Factors in Rapid Growth and Keys to Differentiation

Factors in
rapid
growth



Rapidly opening many directly-managed convenience gyms



Scientific marketing based on the analysis of an enormous volume of data



Expansion of customer base through democratization of services
(Provide opportunities to be able to easily experience special services)



Fusion of “reality” and “DX”



Improvement in development speed by conducting DX almost all by ourselves



Primary Targets

Creating a new market as a convenience gym for workout beginners



Workout beginners

100 million people

(Japanese population aged 15-89 years:
Prospective fitness club members)



Seniors

36 million people
(aged 65 years or older)



Women

36 million people
(aged 15-64 years)



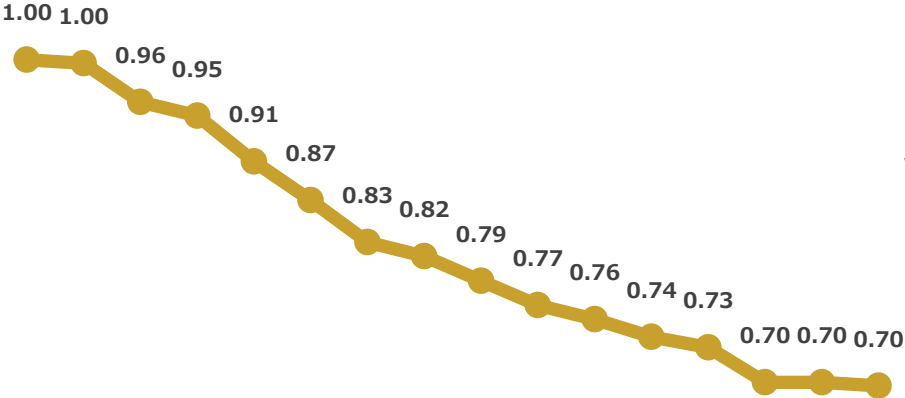
Workout experts

(not targeted)

Reduction of Costs for Opening chocoZAP Gyms



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



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

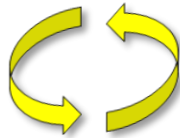
Marketing Concept of chocoZAP



Evolved as “chocoZAP made by customers” through the development of services based on the voices of potential customers



Visualization of latent voices
Identification of latent needs



Scientific
verification

Development and design for
meeting needs based on data



Verification with Landing Pages (LPs) (Over 260 Kinds of Pages)

簡単・便利 / ライザップが作った!
5分スタート
コンビニジム

24時間・365日 全店随時利用OK

ちょこざっぷ 使い放題プラン
月額 **2,980円** (税込) 3,278円

2023年5月15日時点
会員数 **55万人** 突破!

スマホでかんたん!
ご入会はこちら

店舗一覧はこちら

初月会費は日割りだから
今日入会しても無駄がない!

「チョコザップなら!」
運動・美容ケア
リフレッシュも
ぜーんぶ
使い放題!

24時間・365日全店使い放題

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健康習慣プログラム

RIZAP 独自開発
ちょこざっぷメソッド

1 目標設定

なぜ運動をはじめなのか、
いつまでに○kg 痩せたいなど、
具体的な目標を決めよう!

ジム スターターキット アプリ
セルフエステ セルフネイル セルフボディラインアップ
セルフ筋トレ ドリンクサービス デスクハイク
マッサーチェア ワークスペース ゴルフ

3か月のちょいトレでこの効果!!

体重 **-5.5kg**

肥満を放置すると気付かぬうちに健康リスクが!
1日5分の運動でダイエット!

たった3か月で!
体重 **-5.6kg**
体脂肪率 **-4.2%**

運動は生活習慣病
予防の第一歩!

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3か月のちょいトレでこの効果!!

体重 **-5.5kg**

「1日5分だけでいいんです。」
ライザップ監修
神コスパ お手軽ジム!

たった3ヶ月で!
体重 **-5.6kg** 体脂肪 **-4.2%**

before 3ヶ月後

体重 **-5.48kg** 体脂肪率 **-5.1%**
61.50kg → 56.02kg 36.3% → 31.2%

24時間・365日 全店随時利用OK

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体重 **-5.5kg**

チョコザップから新提案!
カラダをととのえて
仕事モチベ
ぐーっとUP

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具体的な目標を決めよう!

3か月のちょいトレでこの効果!!

体重 **-5.5kg**

入会から 洋服そのままだ!
5秒でスタート!
24時間・365日 全店随時利用OK

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3か月のちょいトレでこの効果!!

体重 **-5.5kg**

全国500店舗以上!!

RIZAPが作った

24時間放課後
コンビニジム

全店無料利用可能 販売自由 セルブエスエー・セルブアール

chocoZAP 03-3278-1111 月額 **2,980円**

男の指毛
要らない?
セルフ脱毛使い放題
月額 2980円
毎日通い放題
お風呂上りの時間

**運動嫌いな人にも
足る気がなる!**

24時間通い放題
eZAPが作った
コンビニジム

月額 **2,980円** (税別)
(税込3,276円)

※eZAPに会員登録により24時間利用できるようになります。

eZAP

choiceZAP

コンビニ感覚で
24h通い放題の
ジム 登場!?

月額2,980円
(税込3,278円)

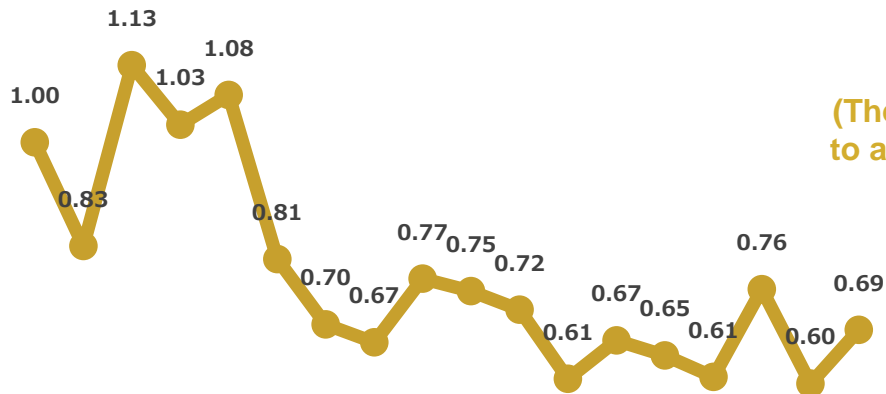
※一度、ササチン無料により30日間試遊できない店舗もございます。

Verification with Flyers (Over 560 Kinds of Flyers)



Cancellation Rate of chocoZAP

Cancellation※
rate



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



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

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.)

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

Increasing the number of opportunities to make a habit of exercising by expanding new services

(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



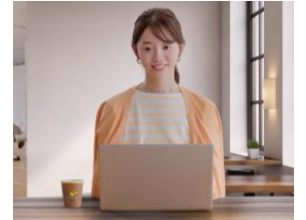
Massage chair



Desk-attached bike



Workspace



Democratization of services

Making special services more accessible

Providing accessible services which can be used by anyone

**Locational
convenience**
(Multiple gyms)

**Open 24 hours
a day**

**Unlimited use of gyms
for 2,980 yen**
(Can use as many times as
you like for no extra cost)



Exercise



**Self-beauty
care**



Self-whitening



**Self-
manicuring**



Choco Cafe



**Self-removal of
hair**



Golf



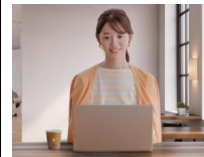
Massage chair



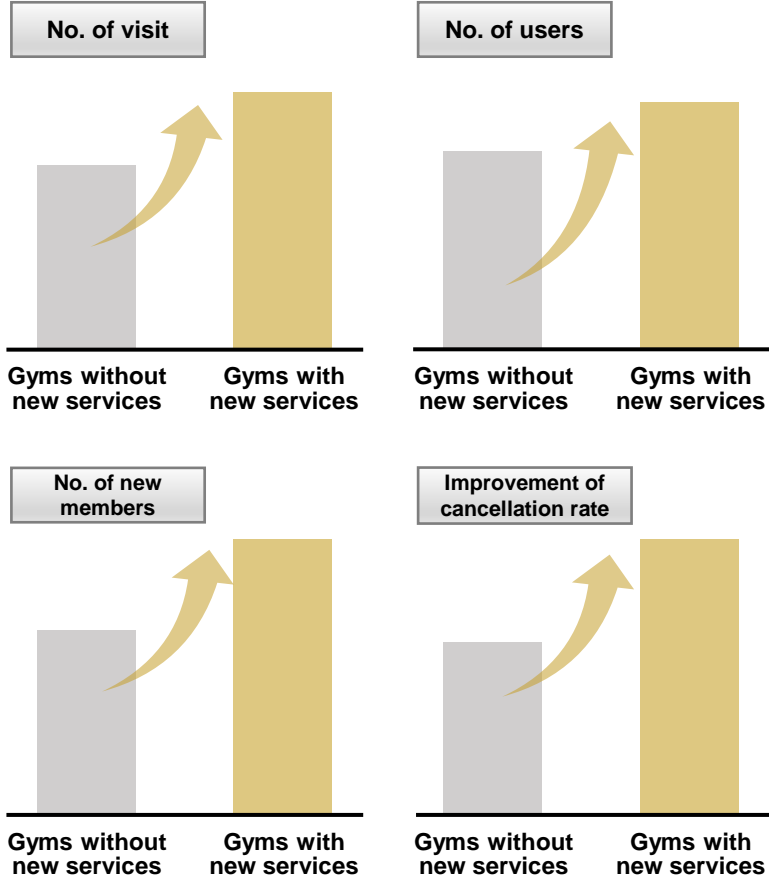
**Desk-attached
bike**



Workspace



Effect of New Services



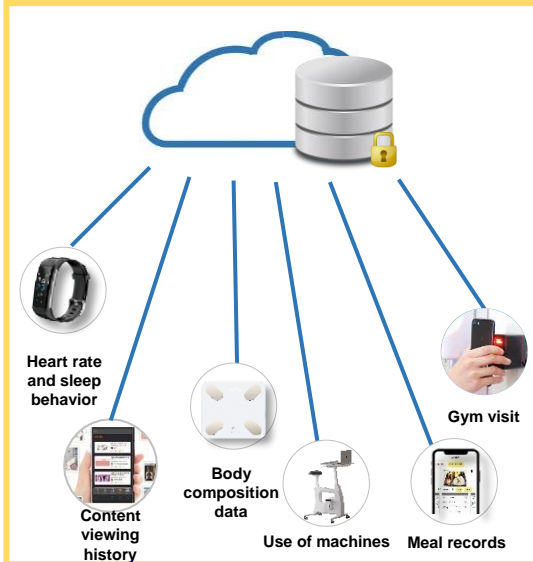
Number of visit, number of users, number of new members, and cancellation rate were increased and improved.



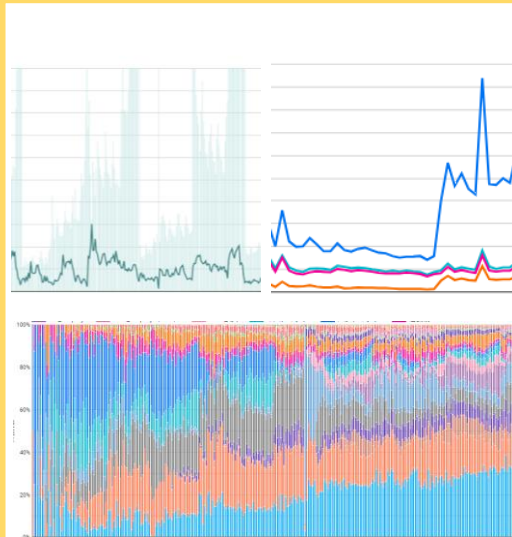
Utilization of Member IDs and Life Logs

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

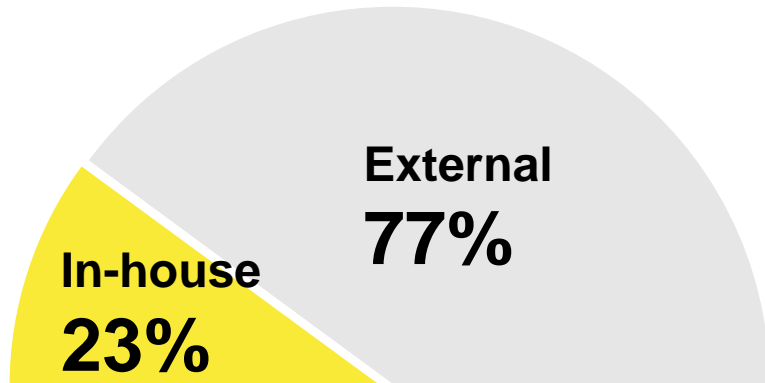


*These images are conceptual.

DX Conducted Almost All by Ourselves

Through in-house production, we accumulate knowledge assets and increase development speed.
(DX personnel: Over 130)

As of October 2022



Present



Revisions to the Medium-term Management Plan

1. Progress on the Medium-term Management Plan

2. Competitive Advantage and Business Model

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Medium-term Management Goal

Updated medium-term management goals as the chocoZAP business achieved profitability early.

Target operating profit: 30 billion yen for FY 3/26 (initial target) / 40 billion yen for FY 3/27 (additional target)

	Term before last	Previous term	This term
Operating profit (million yen)	FY 3/22	FY 3/23 (1 st year of Medium-term Management Plan)	FY 3/24 (2 nd year of Medium-term Management Plan)
	Result	Result	Estimate
Consolidated performance of RIZAP Group	5,234	-4,505	-1,800
RIZAP-related business (including chocoZAP)	1,138	-6,599	-3,800
Other existing businesses	1,929	694	1,100
Adjustment	2,167	1,399	900
No. of chocoZAP gyms	16	479	1,370
No. of chocoZAP members	5,000 <small>(As of Mar. 2022)</small>	350,000 <small>(As of Mar. 2023)</small>	1,120,000 <small>(As of Feb. 14, 2024)</small>
No. of members per gym	313	730	817



FY 3/26 (4 th year of Medium-term Management Plan)	FY 3/27 (additional)	CAGR (FY 3/22 to FY 3/27)
Target	Target	
30,000	40,000	150%
24,000	32,000	194%
9,500	11,500	142%
-3,500	-3,500	
2,800	3,800	
2,750,000	3,500,000	
982	921	

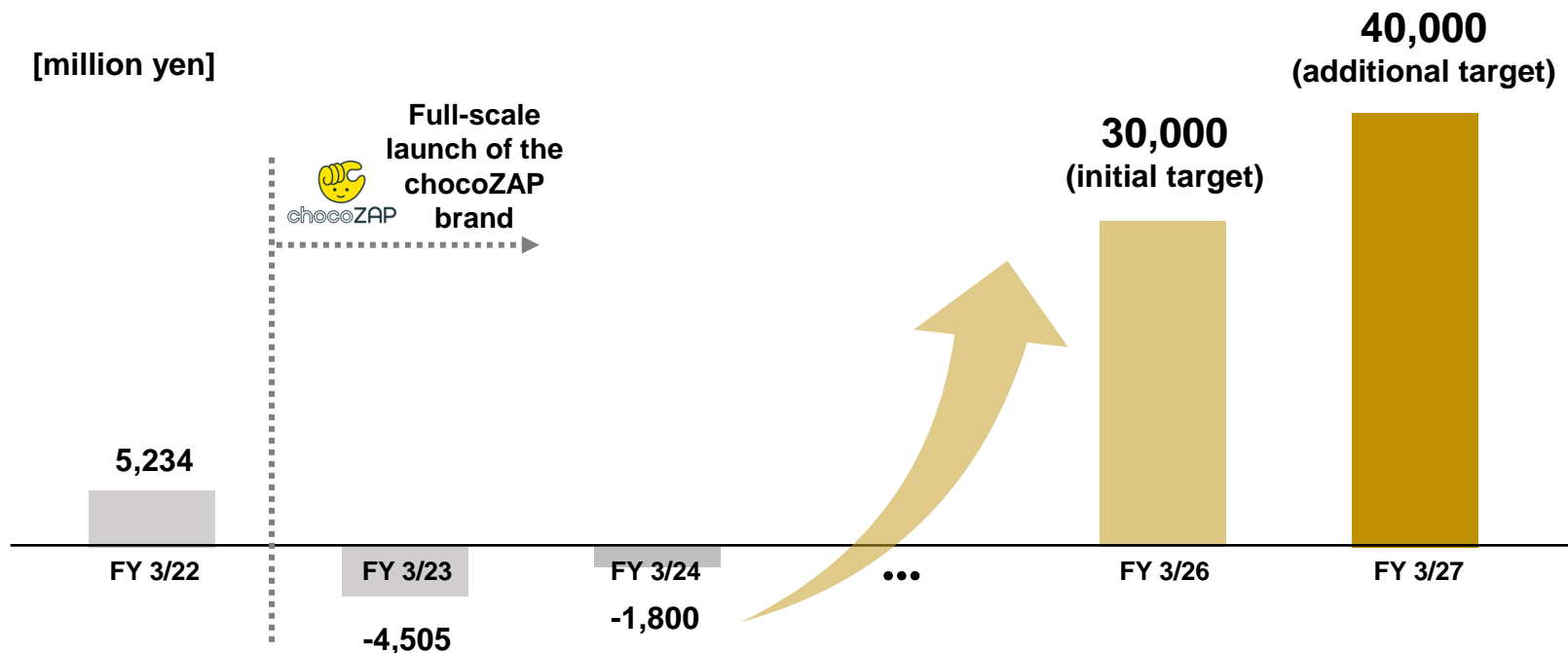
*Adjustment: Includes consolidation adjustments, company-wide expenses, etc.

*No. of chocoZAP gyms: Number of gyms at the end of each fiscal year

Medium-term Management Goal (Operating Profit)

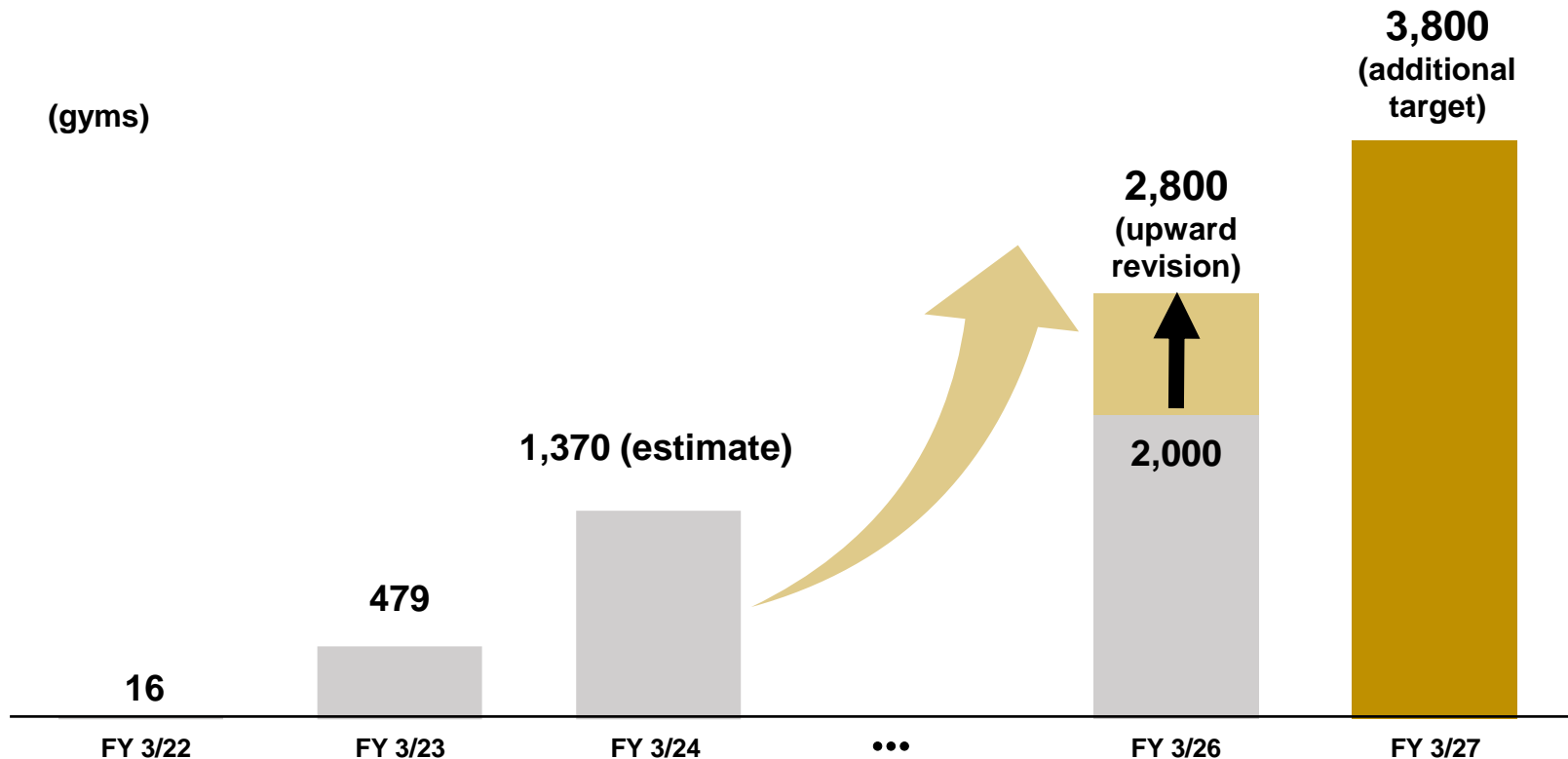
We added target operating profit and aim to achieve sustainable growth.

30 billion yen for FY 3/26 (initial target) / 40 billion yen for FY 3/27 (additional target)



Medium-term Management Goal (Number of chocoZAP Gyms)

Upwardly revised the gym opening target



Potential for Opening chocoZAP Gyms

No. of
offices/stores/shops/
gyms in Japan



23,623



21,501



Over 10,000 gyms (target)



12,043



STARBUCKS

1,901



chocoZAP
End of Mar. 2024
(est.)

1,370



1,229



1,158



840

*Surveyed by our company with reference to the latest material disclosed by each company.

We assume more than 10 times the current number of gyms in the future.



800



733



730



687



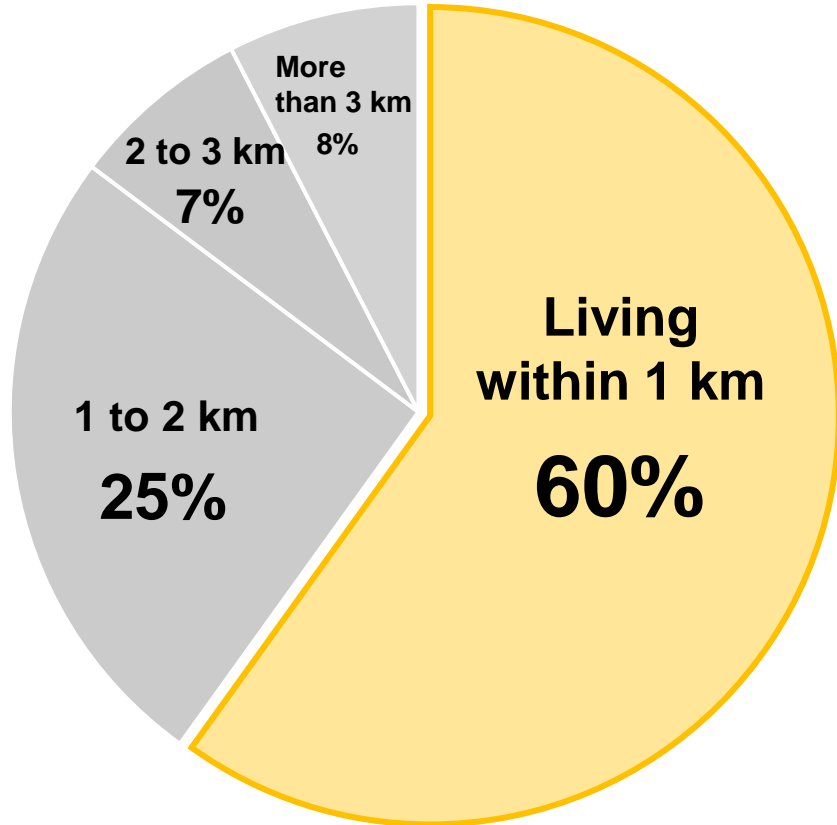
638



603

chocoZAP Business Area

Distance between the addresses of chocoZAP members
and chocoZAP gyms



**chocoZAP business
area is small.**

(60% of members live within 1 km.)

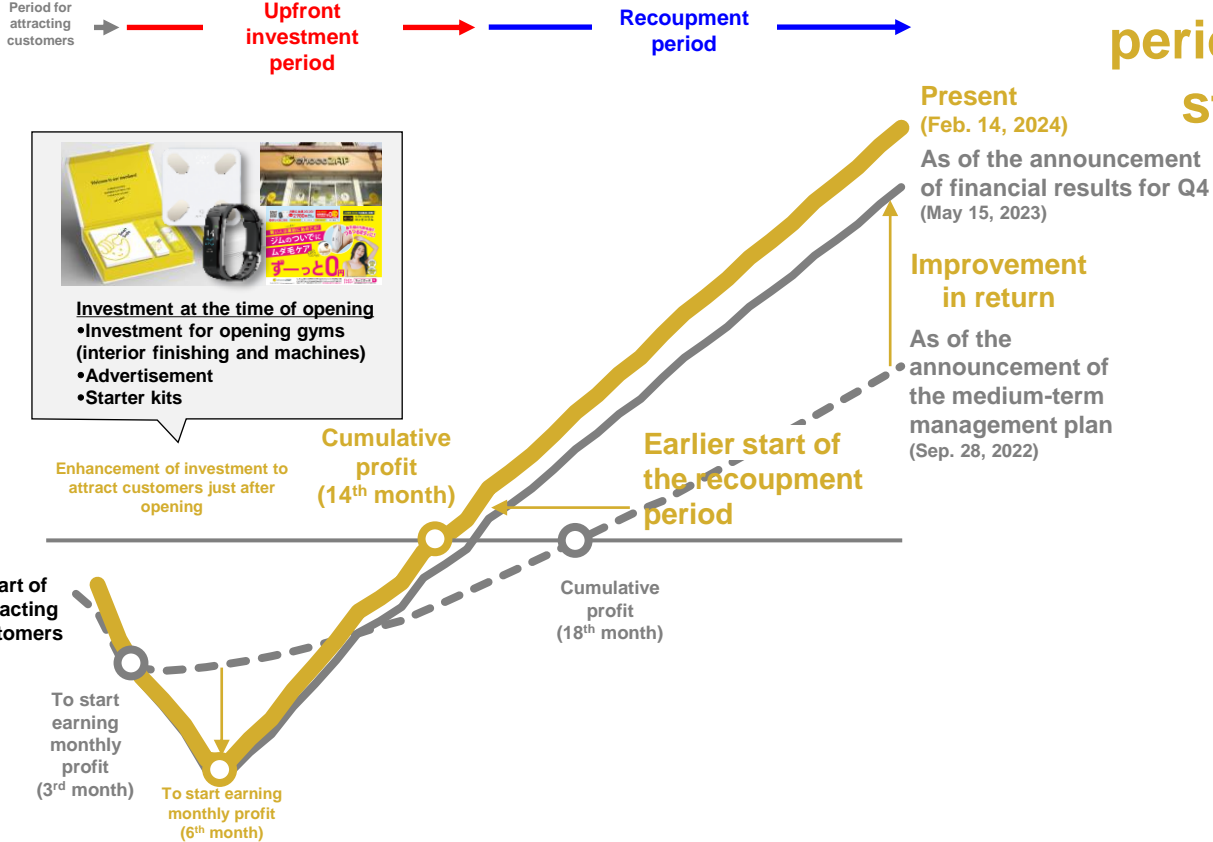


**Great potential to open gyms
around Japan**

**(Currently investigating over 2,000 candidate
properties)**

Profit/Loss per Gym

Visualized variation in
operating profit/loss



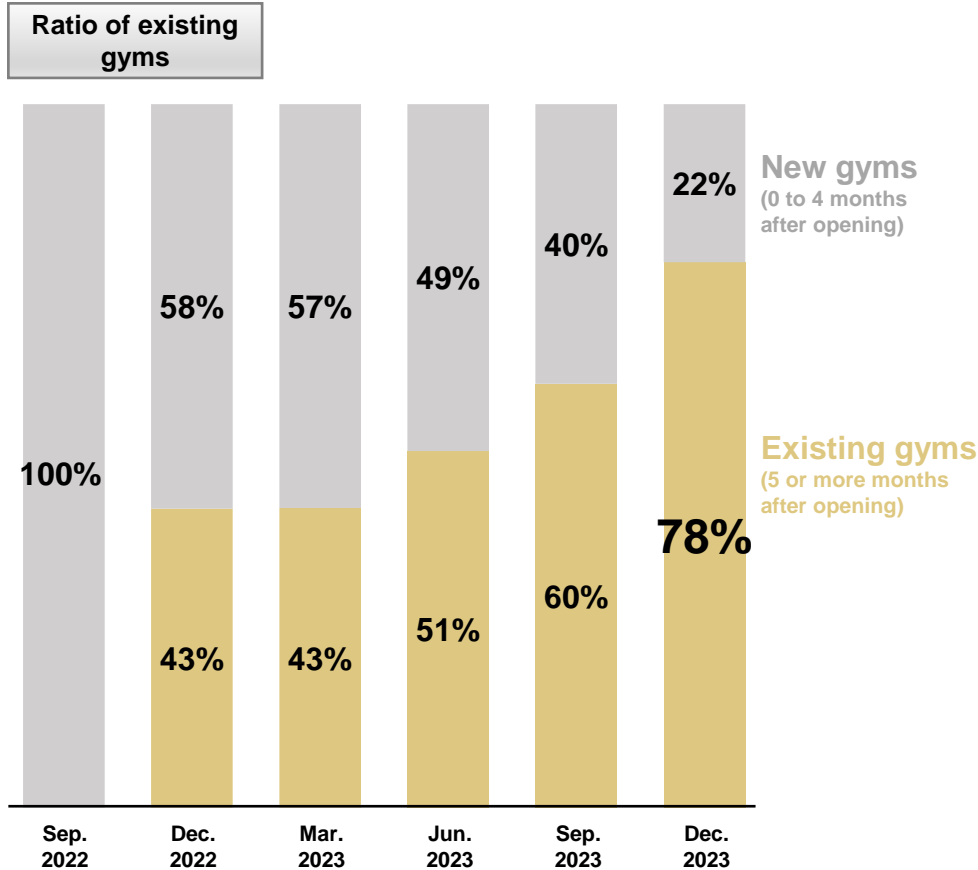
Investment recoupment period brought forward due to strong business results

	chocoZAP (2 nd year)*1	Regular gyms*2
Sales	100%	100%
Rents	10%	20%
Utilities costs	2%	10%
Depreciation	1%	10%
Personnel expenses	3%	30%
Ad costs	33%	-
Other	21%	
Operating profit	30%	

*1. Calculated by our company based on the results from August 2023 to October 2023 of gyms which opened in August 2022.

*2 Approximate cost ratios of regular fitness gyms are described.

Variation of Ratio of Existing Gyms among All Gyms



To make a profit in the chocoZAP business by increasing the ratio of existing gyms



Investment Plan (chocoZAP Business)



Making progress on the investment plan ahead of schedule (progress rate: 73%).
 Planning to investment 40 billion yen over the next three years.

(million yen)		Initial plan (FY 3/23 to FY 3/26)	Results (FY 3/23 to FY 3/24)	Progress rate
Tangible investment	Gym equipment, interior, training machines, etc.	20,000	18,100	90%
Intangible investment	App and system development, marketing and DX personnel investment, etc.	30,000	18,800	62%
Total investment		50,000	36,900	73%



Future investment plan (Next three years: FY 3/25 to FY 3/27)	
34,000	Gym equipment, interior, training machines, equipment for various services, etc.
6,000	DX investment in app, system development, etc.*
40,000	

Fund-raising policy	Upfront investment period
	Fund-raising through securitization of non-core assets mainly with loans from financial institutions, etc.

Recoupment and reinvestment period
Policy to also increase reinvestment from business cash flows from the next fiscal year onward in addition to the existing policy

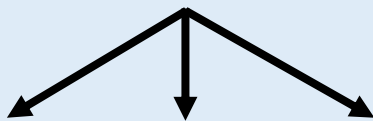
*Intangible investment in the future investment plan does not include marketing-related investments.

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

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Future Growth Strategy

1. Creation of the secondary source of revenue



2. Contribution to solving social issues



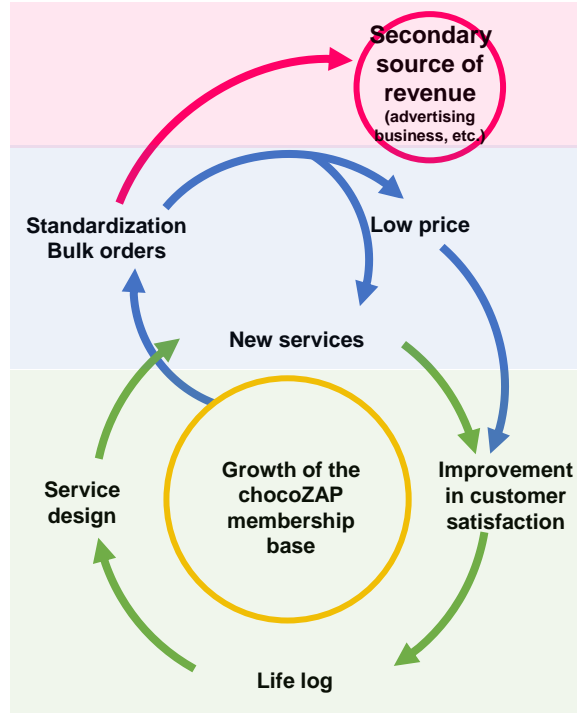
Sustainable Growth Model for the chocoZAP Business



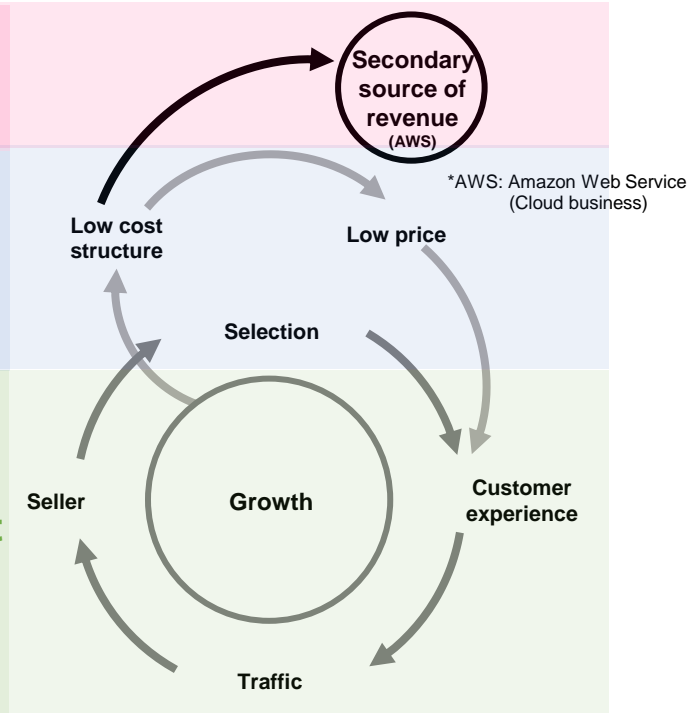
Toward sustainable growth by creating the secondary source of revenue



Loop diagram of chocoZAP sustainable growth



Jeff Bezos' loop diagram (reference)





A new source of revenue in the chocoZAP business: Advertising Platform Business

**New business committed to all partners:
“chocoZAP Partners”**

**Achieve your own extra self-fulfillment with hands-on experience-style
commitment advertising**



Full-scale launch on February 13, 2024

Overview of the chocoZAP Partners Business

**Full-scale launch of our unique advertising business
utilizing the management base of chocoZAP**

Commitment to the product promotion of advertisers

**High potential
platform with 1
million members**



**High-added value
advertising**

**Plan to
introduce 30,000
signs in gyms**



Commitment to the self-fulfillment of members

**Personalized
advertising**



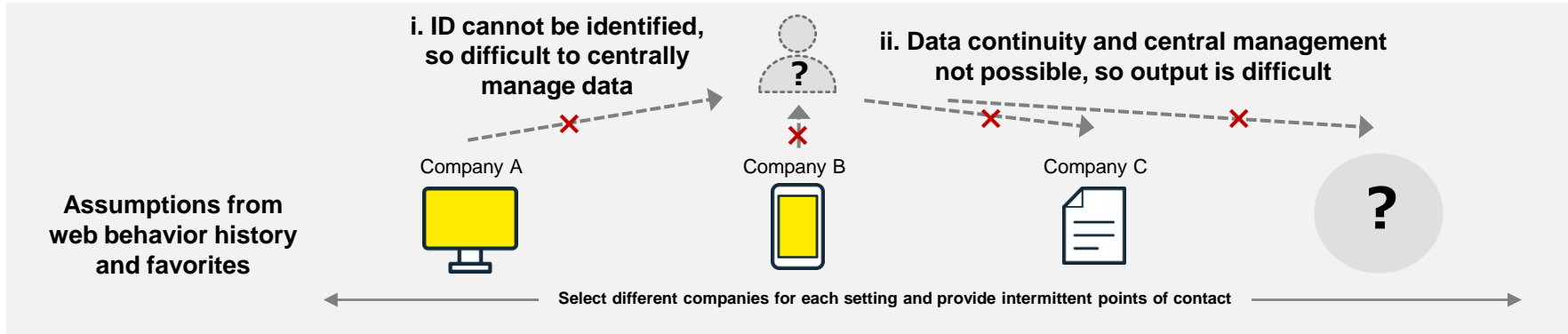
**Acceleration of
the self-
fulfillment
process**



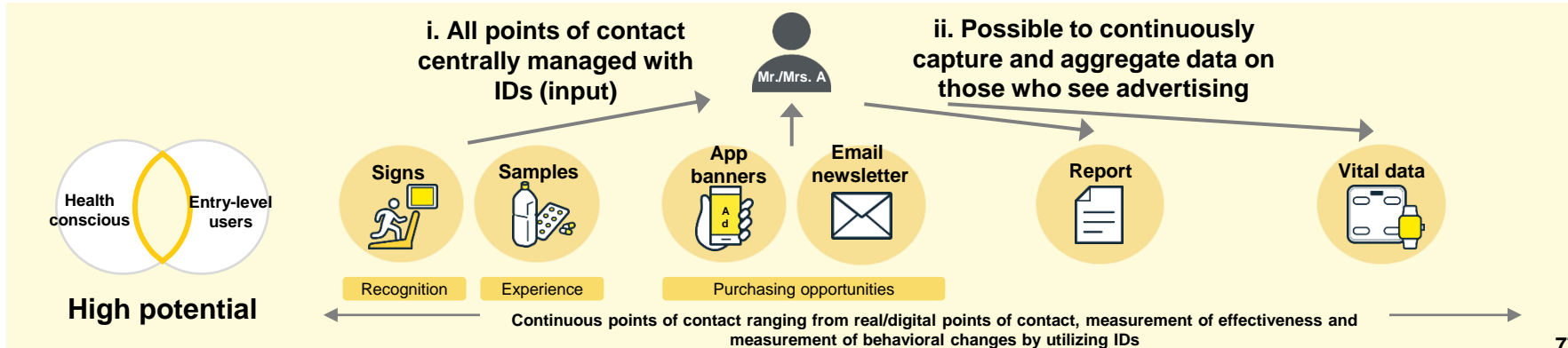
Uniqueness of the chocoZAP Partners Business



Conventional
advertising strategy



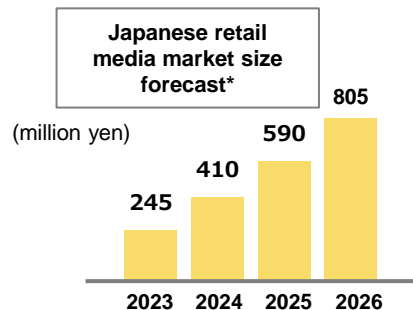
Our strategy



Characteristics of the chocoZAP Partners Business

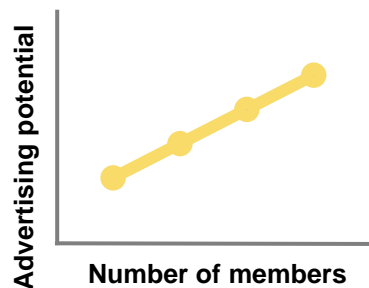
Profitability

Trend for the retail media market is expanding.



Productivity

Advertising potential improves in proportion to an increase in the number of chocoZAP members.



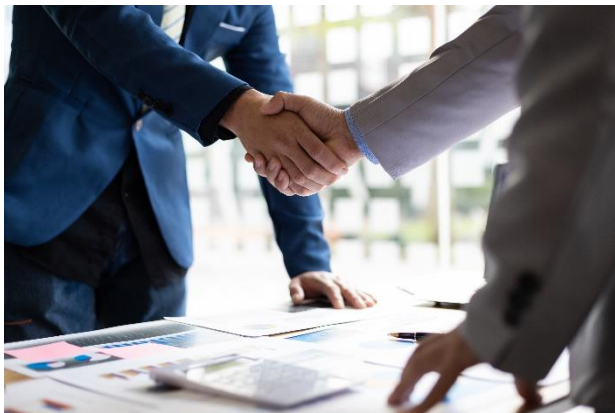
Safety

Little withdrawal risk due to no initial investment in fixed assets



Growth Potential

Plan to place the advertisements of many companies two months after launch of the business.



Future Growth Strategy

1. Creation of the secondary source of revenue



2. Contribution to solving social issues

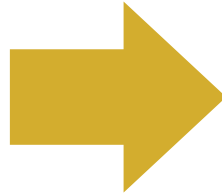


Initiatives to Solve Social Issues Using chocoZAP

Problems faced by local governments



- Increase in medical and nursing care expenses
- Population decline and shortage of labor
- Increase in vacant houses
- Decline in local community



chocoZAP's convenience gyms based on the collaboration between private and public sectors to solve social issues



- Making exercising a regular habit and preventing decline in physical strength
- Low-cost operation with unmanned gyms
- Efficient gym openings by utilizing vacant properties
- Promotion of interaction between local residents

Solve issues faced by local government by partnering with chocoZAP.
Aim to open 300 convenience gyms based on the collaboration between private and public sectors.

Toward the Spread of Convenience Gyms Based on the Collaboration Between Private and Public Sectors

Aiming to be a part of health infrastructure by promoting the spread of convenience gyms based on the collaboration between private and public sectors to over 100,000 candidate locations

Candidate facilities (over 100,000 facilities)



Vacant stores
73,744 stores*1



**Community halls
and libraries**
17,586 halls/libraries*2, 3



Abolished schools
7,398 schools*4



Waiting rooms
2,527 rooms*5

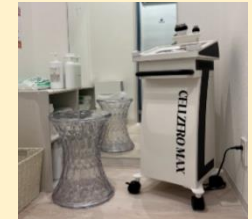


Public sports facilities
1,895 facilities*6



Michi-no-Eki and rest areas
2,063 spots*7, 8

Convenience gyms based on the collaboration between private and public sectors



*1 Calculated by our company with reference to "Report on the survey on shopping streets in 2021" of the Small and Medium Enterprise Agency

*4 "Report on the survey on the usage of abolished schools and other facilities in 2021" of the Ministry of Education, Culture, Sports, Science and Technology

*7 "Michi-no-Eki Guide" of the Ministry of Land, Infrastructure, Transport and Tourism

*2 "Social Education Survey in 2021" of the Ministry of Education, Culture, Sports, Science and Technology

*5 Calculated by our company with reference to "First release! Ranking of private railways in the number of waiting rooms" by Toyo Keizai Online

*8 Material from "Study session on the improvement in convenience in rest areas on expressways" of the Japan Expressway Holding and Debt Repayment Agency

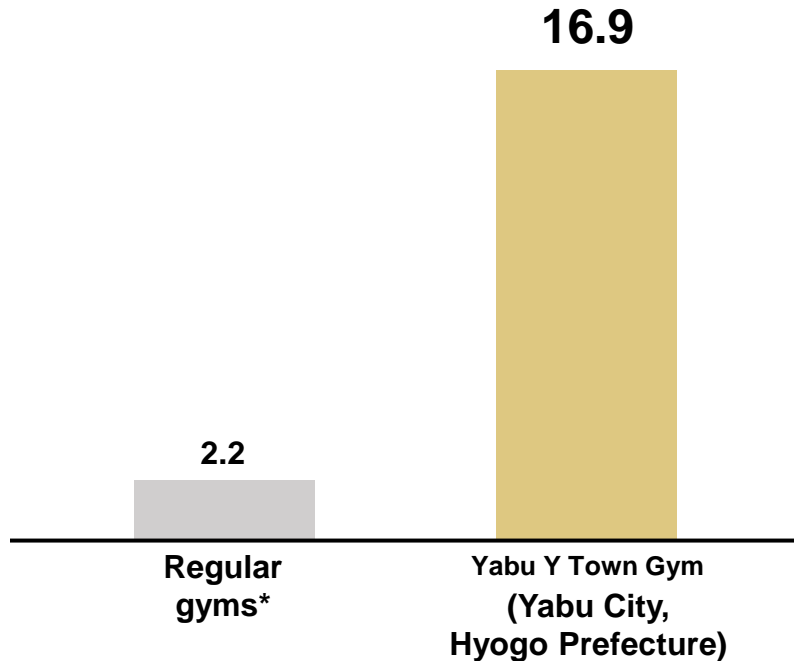
*3 "Statistics on Library in Japan" by the Japan Library Association

*6 "Survey on Facilities for Physical Education and Sports in 2021" of the Ministry of Education, Culture, Sports, Science and Technology

First Convenience Gym Based on the Collaboration Between Private and Public Sectors (Yabu City, Hyogo Prefecture)

Number of members per approx.
3.3 square meters of gym area

Successfully secured members even at a gym in a depopulated area.



*Map image used from GoogleMap

*Calculated by our company based on "Overview of fitness clubs in 2002" by the Ministry of Economy, Trade and Industry (<https://www.meti.go.jp/statistics/tyo/tokusabizi/result-2/h14/pdf/h14-t-19.pdf>)

Second Convenience Gym Based on the Collaboration Between Private and Public Sectors (Kisosaki Town, Mie Prefecture)

Population ranking by municipality
(Total of 1,718 municipalities)

	Municipality	Population
1	Yokohama City, Kanagawa Prefecture	3.77 million
2	Osaka City, Osaka Prefecture	2.75 million
3	Nagoya City, Aichi Prefecture	2.23 million
4	Sapporo City, Hokkaido	1.97 million

⋮

385	Sabae City, Fukui Prefecture	68,300
	Average of municipalities in Japan	67,700
386	Yachimata City, Chiba Prefecture	67,400

⋮

868	Yabu City, Hyogo Prefecture	22,100
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⋮

1374	Kisosaki City, Mie Prefecture	5,900
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Decided to open convenience gyms based on the collaboration between private and public sectors by utilizing vacant facilities



Contribution to Solving Social Issues

Acceleration in the pace of gym openings in order to contribute to solving the 2024 problem in logistics

Health issues for transportation drivers



Economy class syndrome, obesity, high blood pressure, heart diseases, fatigue, eye problems, lower back pain, stress disorders, etc.

Creation of new opportunities for refreshment

1. Open gyms on expressways

Business partnership with Central Nippon Expressway Company (announced on February 7)
Scheduled to open a gym in Nihondaira Rest Area (Inbound) on the Tomei Expressway in May

2. Open gyms in Michi-no-Eki

Consider opening gyms in Michi-no-Eki across Japan (1,211 locations).

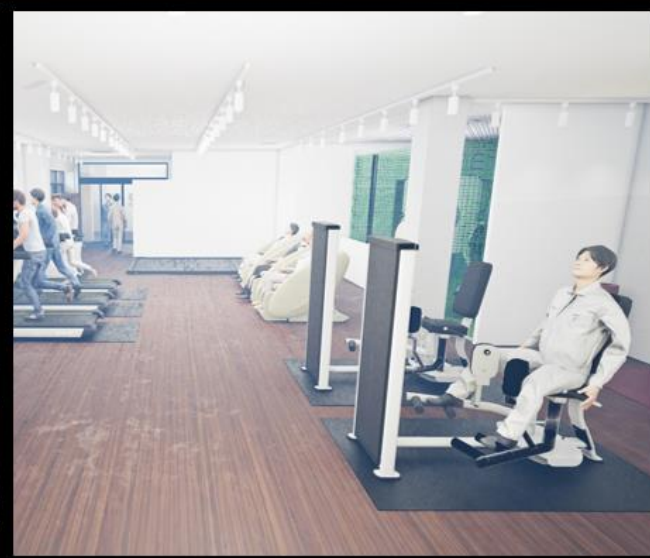


Envisioned Image of the Opening of a chocoZAP Gym on an Expressway (Exterior)

Decided to open around May 2024 as a tenant on the second floor of Nihondaira Rest Area (Inbound)



Envisioned Image of chocoZAP on an Expressway



Global Expansion of chocoZAP



Scheduled to expand into six cities in three countries
Currently opening nine gyms as test marketing



Beijing, China
Opened 3 gyms



Shanghai, China
Opened 2 gyms



Los Angeles, US
Opened 1 gym



Chengdu, China
Scheduled to open 2 gyms
in February onward



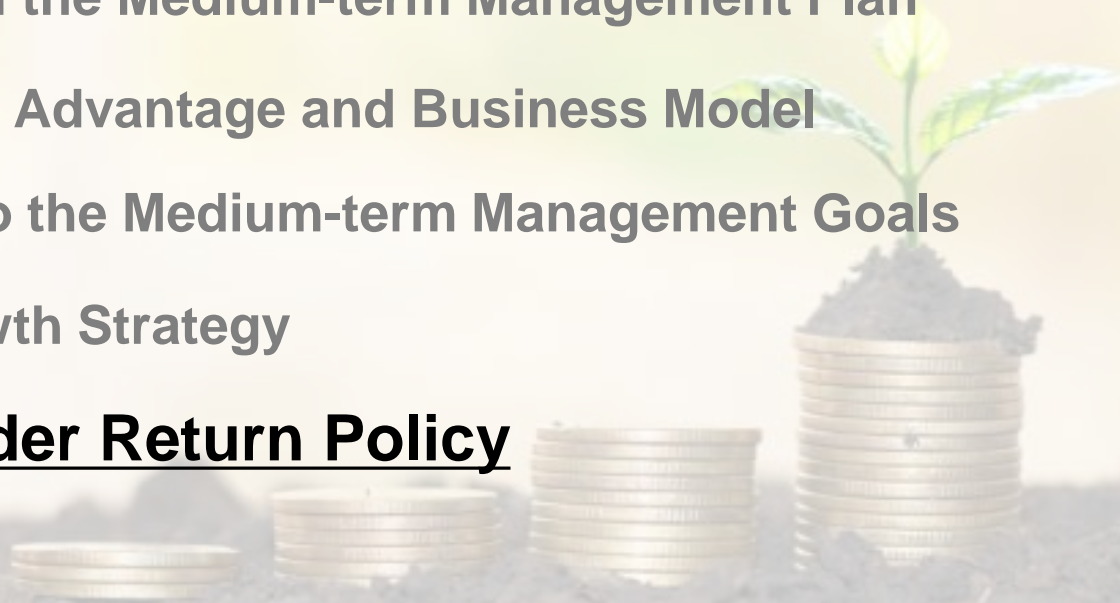
Hong Kong, China
Opened 2 gyms



Taiwan
Opened 1 gym

Revisions to the Medium-term Management Plan

1. Progress on the Medium-term Management Plan
2. Competitive Advantage and Business Model
3. Revisions to the Medium-term Management Goals
4. Future Growth Strategy
- 5. Shareholder Return Policy**



Special Benefits to Commemorate chocoZAP for Becoming the Gym with the Largest Number of Members in Japan



(Rights are determined at the end of March 2024.)

Yield improvement with the expansion of chocoZAP benefits and special benefits

Number of shares held	chocoZAP benefits	Special benefits	Gift points	Yield	Yield compared to the previous fiscal year
100 to 199	Half price for six months	-	-	28.7%	150%
200 to 399	Free for six months	-	-	28.7%	300%
400 to 799	Free for one year	5,000 yen	10,000 points	39.7%	543%
Over 800	Free for two people for one year	10,000 yen	14,000 points	37.5%	733%
⋮	⋮	⋮	⋮	⋮	⋮

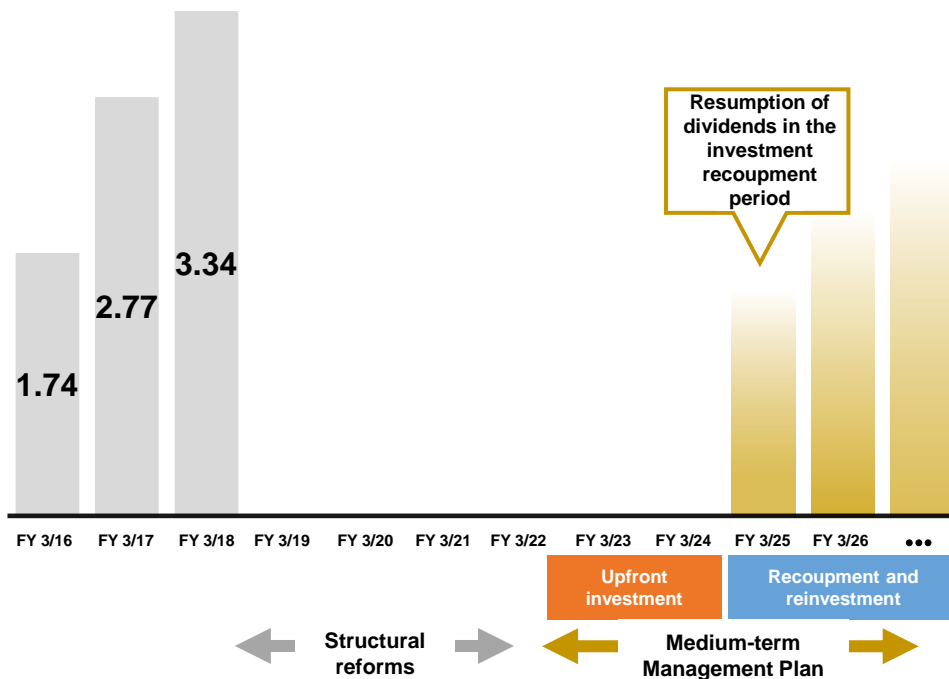
*1 It is possible to exchange gift points with RIZAP Group products on the shareholder benefit website.

*2 Yield = RIZAP Group closing price (as of February 13) × Sum of the minimum number of shares necessary to receive the benefit

Dividend Policy

Dividend per share

(yen)



Consolidated dividend payout ratio: 20%

(Same dividend policy as FY 3/18 and before)

*Policy to pay a dividend based on the premise of achieving profitability in FY 3/25 and securing dividend resources by building a stable financial base

*Dividend per share converted to the number of shares as of the end of March 2022

Summary

1. The chocoZAP business achieved profitability early, and we will accelerate growth again from the next fiscal year.

- The chocoZAP business has continued to make a profit on a monthly basis since November 2023. Profit growth is expected further in Q4.
- A temporary plateau will be created by systematically refraining from opening gyms. We will focus on improving quality in the second half of the year. Gym openings will be accelerated again from the next fiscal year onward.

2. Achieved first quarterly profit for consolidated operating profit (since start of full-scale investment in chocoZAP)

- Operating profit in Q3 (Oct. to Dec.): +1.1 billion yen (+2.3 billion yen year-on-year and +4.2 billion yen compared to Q2)

3. Full-year earnings forecast revised upwardly

- Operating profit/loss: Revised upwardly from -4.5 billion yen (initial forecast) to -1.8 billion yen (+2.7 billion yen)

4. Revisions to the Medium-term Management Plan

- (Medium-term management goals) Operating profit: 30 billion yen for FY 3/26 (initial target) / 40 billion yen for FY 3/27 (additional target)
- Target number of chocoZAP gyms: Revised upwardly from 2,000 gyms (FY 3/26) to 3,800 gyms (FY 3/27)
- Full-scale launch of the advertising platform business as the second source of revenue for sustainable growth
- Proactive expansion of convenience gyms based on the collaboration between private and public sectors in order to contribute to solving social issues
- Enhancement of shareholder return: Consolidated dividend payout ratio of 20% and considerable enrichment of shareholder benefits



**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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