

November 14, 2023

## Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under IFRS)

Company name: RIZAP GROUP, Inc.  
 Listing: Sapporo Stock Exchange  
 Securities code: 2928  
 URL: <https://www.rizapgroup.com/>  
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 Scheduled date to file quarterly securities report: November 14, 2023  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (For institutional investors, analysts, and the press)

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

### 1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 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	%
Six months ended								
September 30, 2023	81,012	5.3	(5,791)	-	(7,302)	-	(8,049)	-
September 30, 2022	76,940	(2.0)	230	(90.8)	(714)	-	(1,215)	-

	Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%
Six months ended				
September 30, 2023	(7,596)	-	(8,124)	-
September 30, 2022	(1,776)	-	(1,156)	-

	Basic earnings per share (Yen)		Diluted earnings per share (Yen)	
	Yen		Yen	
Six months ended				
September 30, 2023	(13.66)		(13.66)	
September 30, 2022	(3.19)		(3.19)	

#### (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								
September 30, 2023	155,288		21,424		11,945		7.7	
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	7.1	(4,500)	-	(6,200)	-	(8,200)	-

	Profit attributable to owners of parent		Basic earning per share (Yen)	
	Millions of yen	%	Yen	
Fiscal year ending March 31, 2024	(9,000)	-	(16.18)	

Note: Revisions to the earnings forecasts most recently announced: None

\*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

- (3) Number of issued shares (common shares)

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

As of September 30, 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 September 30, 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)

Six months ended September 30, 2023	556,217,171 shares
Six months ended September 30, 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

The forward-looking statements in this document, including earnings forecasts, are based on information currently available to the Company and certain assumptions that the Company has judged to be reasonable.

(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 Tuesday, November 14, 2023. A video of this presentation, along with the financial results presentation materials to be used, will be posted on the Company's website (<https://www.rizapgroup.com/>) after the meeting.

## Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	15,832	16,089
Trade and other receivables	18,377	19,281
Inventories	28,541	29,620
Income taxes receivable	954	564
Other financial assets	149	115
Other current assets	2,476	3,213
Subtotal	66,331	68,884
Assets held for sale	865	862
Total current assets	67,196	69,746
Non-current assets		
Property, plant and equipment	23,640	29,675
Right-of-use assets	33,494	38,120
Goodwill	1,792	1,792
Intangible assets	2,568	2,660
Other financial assets	11,264	10,962
Deferred tax assets	2,006	1,798
Other non-current assets	684	532
Total non-current assets	75,452	85,541
Total assets	142,649	155,288

	As of March 31, 2023	As of September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	23,637	30,953
Interest-bearing liabilities	46,156	51,399
Income taxes payable	602	338
Provisions	1,884	1,798
Other financial liabilities	11	8
Other current liabilities	2,829	2,567
Subtotal	75,121	87,067
Liabilities directly associated with assets held for sale	799	784
Total current liabilities	75,921	87,851
Non-current liabilities		
Interest-bearing liabilities	36,628	39,407
Retirement benefit liability	607	477
Provisions	3,394	3,682
Other financial liabilities	1,093	1,368
Deferred tax liabilities	676	844
Other non-current liabilities	215	232
Total non-current liabilities	42,615	46,012
Total liabilities	118,536	133,864
Equity		
Share capital	19,200	19,200
Capital surplus	3,167	3,193
Other equity financial instruments	-	5,500
Retained earnings	(8,744)	(16,374)
Other components of equity	519	425
Total equity attributable to owners of parent	14,142	11,945
Non-controlling interests	9,969	9,478
Total equity	24,112	21,424
Total liabilities and equity	142,649	155,288

## Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Continuing operations		
Revenue	76,940	81,012
Cost of sales	42,589	42,735
Gross profit	34,350	38,276
Selling, general and administrative expenses	34,815	43,747
Other income	1,808	1,032
Other expenses	1,113	1,352
Operating profit	230	(5,791)
Finance income	76	74
Finance costs	1,022	1,584
Profit (loss) before tax	(714)	(7,302)
Income tax expense	367	690
Profit (loss) from continuing operations	(1,081)	(7,993)
Discontinued operations		
Loss from discontinued operations (IFRS)	(133)	(55)
Profit (loss)	(1,215)	(8,049)
Profit attributable to		
Owners of parent	(1,776)	(7,596)
Non-controlling interests	560	(452)
Profit (loss)	(1,215)	(8,049)
Earnings per share		
Basic earnings per share		
Continuing operations	(2.96)	(13.56)
Discontinued operations	(0.24)	(0.10)
Basic earnings (loss) per share	(3.19)	(13.66)
Diluted earnings per share		
Continuing operations	(2.96)	(13.56)
Discontinued operations	(0.24)	(0.10)
Diluted earnings (loss) per share	(3.19)	(13.66)

## Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	(1,215)	(8,049)
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	6	3
Remeasurements of defined benefit plans	6	(67)
Total	12	(64)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	46	(11)
Total	46	(11)
Total other comprehensive income	58	(75)
Comprehensive income	(1,156)	(8,124)
Comprehensive income attributable to		
Owners of parent	(1,745)	(7,688)
Non-controlling interests	588	(436)
Comprehensive income	(1,156)	(8,124)

## Condensed quarterly consolidated statement of changes in equity

Six months ended September 30, 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)	-	-	-	(1,776)	-	(1,776)	560	(1,215)
Other comprehensive income	-	-	-	-	31	31	27	58
Comprehensive income	-	-	-	(1,776)	31	(1,745)	588	(1,156)
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	-	31	-	-	-	31	21	53
Transfer to retained earnings	-	(1,809)	-	1,809	-	-	-	-
Issuance of other equity financial instruments								
Other	-	0	-	-	-	0	0	0
Total transactions with owners	-	(1,777)	-	1,809	164	196	(50)	145
Balance at end of period	19,200	3,150	-	2,151	432	24,934	9,963	34,898

## Condensed quarterly consolidated statement of changes in equity

Six months ended September 30, 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)	-	-	-	(7,596)	-	(7,596)	(452)	(8,049)
Other comprehensive income	-	-	-	-	(91)	(91)	15	(75)
Comprehensive income	-	-	-	(7,596)	(91)	(7,688)	(436)	(8,124)
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	-	-	-	(32)	(2)	(35)	-	(35)
Total transactions with owners	-	26	5,500	(32)	(2)	5,491	(54)	5,436
Balance at end of period	19,200	3,193	5,500	(16,374)	425	11,945	9,478	21,424



## Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before tax	(714)	(7,302)
Profit (loss) before tax from discontinued operations	(125)	(63)
Depreciation and amortization	5,595	7,660
Impairment losses	262	206
Finance income and finance costs	695	1,161
Decrease (increase) in inventories	(1,153)	(1,086)
Decrease (increase) in trade and other receivables	(666)	(1,014)
Increase (decrease) in trade and other payables	79	5,434
Increase (decrease) in retirement benefit liability	(46)	(170)
Increase (decrease) in provisions	58	(176)
Other	(1,815)	(1,315)
Subtotal	2,169	3,334
Interest and dividends received	25	12
Interest paid	(557)	(837)
Income taxes paid	(851)	(619)
Income taxes refund	223	405
Net cash provided by (used in) operating activities	1,008	2,295
Cash flows from investing activities		
Payments into time deposits	(55)	(71)
Proceeds from withdrawal of time deposits	139	63
Purchase of property, plant and equipment	(3,226)	(5,401)
Proceeds from sale of property, plant and equipment	25	53
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	68
Payments of leasehold deposits and guarantee deposits	(753)	(1,084)
Proceeds from refund of leasehold and guarantee deposits	275	1,120
Proceeds from sale of businesses	-	100
Other	(766)	(94)
Net cash provided by (used in) investing activities	(4,361)	(5,246)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,096	3,217
Proceeds from long-term borrowings	1,699	3,212
Repayments of long-term borrowings	(2,912)	(2,160)
Proceeds from issuance of bonds	98	-
Redemption of bonds	(144)	(63)
Repayments of lease liabilities	(5,371)	(6,686)
Proceeds from issuance of other equity instruments	-	5,500
Capital contribution from non-controlling interests	53	43
Payments for acquisition of interests in subsidiaries from non-controlling interests	(2,519)	(0)
Dividends paid to non-controlling interests	(72)	(72)
Other	166	128
Net cash provided by (used in) financing activities	(3,905)	3,120
Effect of exchange rate changes on cash and cash equivalents	138	81
Net increase (decrease) in cash and cash equivalents	(7,119)	251
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	(20)	(11)
Cash and cash equivalents	16,995	16,089