



\* This press release is an English translation from the original Japanese-language document

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Head office: 8-17-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan  
Company name: RIZAP GROUP, Inc.  
Representative: Takeshi Seto, Representative Director, President  
(2928, Sapporo Securities Exchange's Ambitious Market)  
Contact: Takayuki Kamaya, Director  
(TEL: +81-3-5337-1337)  
URL: <https://www.rizapgroup.com/>

## **Policies on Strengthening the Financial Base and Accelerating Growth Investments for the Future**

RIZAP GROUP, Inc. (the “Company”) hereby announces its policies on strengthening its financial base and accelerating growth investments, including the off-auction distributions disclosed today, along with related transactions planned for the future or currently under consideration. As stated in “Notice Regarding Off-Auction Distributions of Shares,” which was disclosed today, off-auction distributions of the Company’s shares by Representative Director and President Takeshi Seto are planned for the purpose of improving the liquidity of the Company’s common shares. Details are as follows.

### **1. Policies on strengthening the financial base and accelerating growth investments for the future**

As stated in “Notice Regarding Off-Auction Distributions of Shares,” which was disclosed today, the Company has planned off-auction distributions of its shares by Representative Director and President Takeshi Seto for the purpose of improving the liquidity of the Company’s common shares.

Representative Director and President Takeshi Seto plans to use the funds obtained from the sale of the Company’s common shares through the off-auction distributions to exercise the Second Series of Share Options for Subscription, which was disclosed on August 14, 2023. Exercising these Share Options for Subscription will increase the Company’s equity by up to just over ¥10.6 billion, thereby significantly strengthening its financial base.\*1 \*2

The Company views these funds as a means of strengthening its financial base and as a way to procure capital such as growth investment funds for the chocoZAP business. Through the fund procurement made possible by this series of transactions, the Company expects to meet part of its funding requirements under its investment plan of ¥40.0 billion over the next 3 years (from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027). The investment plan is set forth in the Company’s Medium-term Management Plan, which was revised on February 14, 2024. At the same time, growth investments in the chocoZAP business can now be made earlier than planned in the first half of next fiscal year (the fiscal year ending March 31, 2025). As a result, the Company expects that the growth of the chocoZAP business will accelerate further, increasing the likelihood of achieving the Medium-term Management Plan, along with leading to growth in earnings and enhancement of corporate value over the medium and long terms.。

### **2. Other policies to enhance corporate value over the medium and long terms**

The Company has started making preparations to apply for a new listing of its shares on the Tokyo Stock Exchange’s Prime Market, with the aim of achieving sustained growth and further enhancement of corporate value over the medium and long terms. The Company believes that by undertaking the off-auction distributions as part of the aforementioned capital policies, it should be able to strengthen its financial base, while also improving the liquidity of its common shares.\*3

Furthermore, the Company will consider repaying equity subordinated loans taken out on August 14, 2023 and January 29, 2024 from CBM Co., Ltd., an asset management company of Representative Director and President Takeshi

Seto. This repayment is being considered in order to dissolve related party transactions as part of the steps required to apply for a new listing of shares on the Tokyo Stock Exchange's Prime Market.\*4

- \*1 The conditions for exercising the Share Options state that they can only be exercised if quarterly operating profitability is attained at least once within one year from the allotment date (please see "Notice Regarding the Second Series of Share Options for Subscription" (Japanese language only) released on August 14, 2023). As announced in its earnings presentation materials released on February 14, 2024, the Company achieved such profitability in the third quarter of the fiscal year ending March 31, 2024.
- \*2: The number of allotted shares for the Share Options is 55,000,000 shares. The total amount to be paid, which is determined by multiplying this number by the exercise price of ¥194, is up to ¥10,670,000,000.
- \*3: At this time, the date of application for listing on Tokyo Stock Exchange's Prime Market and the date of listing approval have yet to be determined, and the application process involves uncertain factors. Therefore, the Company may decide to discontinue its preparations to apply for the new listing. In terms of whether or not the Company's application for the new listing will be approved by Tokyo Stock Exchange, Inc., if the Company fails to meet the new listing requirements for any reason, the application may be denied.
- \*4: These equity subordinated loans do not have a specified repayment date. Voluntary repayment is permitted only if the Company procures funds in advance or at the same time from the lender or its representative in an amount greater than or equal to total principal and accrued interest to be voluntarily repaid, and the funds procured are treated as equity under the accounting standards applicable to the Company's financial statements (please refer to the "Notice Regarding the Procurement of Funds Including Growth Investment Funds through Long-term Borrowings and Equity Subordinated Loan" (Japanese language only) released on August 14, 2023, and the "Notice Regarding Procurement of Funds Including Growth Investment Funds through Equity Subordinated Loan, etc." (Japanese language only) released on January 29, 2024.)