

August 14, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (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 commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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	%
Three months ended								
June 30, 2024	41,237	11.2	(2,894)	-	(3,758)	-	(3,169)	-
June 30, 2023	37,069	(1.8)	(2,992)	-	(3,496)	-	(3,720)	-

	Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%
Three months ended				
June 30, 2024	(2,853)	-	(2,939)	-
June 30, 2023	(3,325)	-	(3,750)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended				
June 30, 2024	(5.02)		(5.02)	
June 30, 2023	(5.98)		(5.98)	

(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								
June 30, 2024	172,752		55,027		45,990		26.6	
March 31, 2024	157,151		29,308		19,529		12.4	

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, 2024	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)					

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, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	177,700	6.9	6,300	-	3,100	-	2,450	-

	Profit attributable to owners of parent		Basic earning per share	
	Millions of yen	%	Yen	
Fiscal year ending March 31, 2025	2,000	-	3.60	

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) Significant changes in the scope of consolidation during the period: None

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

(i) Changes in accounting policies required by IFRS: None

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

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of June 30, 2024	596,664,367 shares
As of March 31, 2024	556,218,400 shares

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

As of June 30, 2024	1,232 shares
As of March 31, 2024	1,232 shares

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

Three months ended June 30, 2024	568,496,120 shares
Three months ended June 30, 2023	556,217,175 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm:
nil

* 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.

(How to obtain supplementary financial data)

On Wednesday, August 14, 2024, the Company plans to post the "Supplementary Financial Data for the first quarter of the fiscal year ending March 31, 2025" on the Company's website (<https://www.rizapgroup.com/>). No meetings will be held for institutional investors, analysts, or the press.

Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	13,099	24,240
Trade and other receivables	21,161	20,239
Inventories	24,351	25,183
Income taxes receivable	226	197
Other financial assets	1,061	1,738
Other current assets	3,269	3,498
Subtotal	63,169	75,098
Assets held for sale	877	882
Total current assets	64,047	75,980
Non-current assets		
Property, plant and equipment	34,167	35,938
Right-of-use assets	41,226	41,791
Goodwill	1,792	1,885
Intangible assets	2,329	2,547
Other financial assets	10,658	10,870
Deferred tax assets	2,455	3,192
Other non-current assets	474	545
Total non-current assets	93,103	96,771
Total assets	157,151	172,752

	As of March 31, 2024	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	25,891	28,068
Interest-bearing liabilities	47,704	36,583
Income taxes payable	388	153
Provisions	2,026	2,051
Other financial liabilities	9	10
Other current liabilities	3,147	2,596
Subtotal	79,168	69,463
Liabilities directly associated with assets held for sale	784	775
Total current liabilities	79,952	70,239
Non-current liabilities		
Interest-bearing liabilities	41,954	41,503
Retirement benefit liability	446	451
Provisions	3,929	4,090
Other financial liabilities	1,185	1,097
Deferred tax liabilities	192	188
Other non-current liabilities	181	152
Total non-current liabilities	47,890	47,485
Total liabilities	127,843	117,724
Equity		
Share capital	19,200	25,303
Capital surplus	3,194	26,345
Other equity financial instruments	10,000	10,000
Retained earnings	(13,217)	(16,224)
Other components of equity	351	565
Total equity attributable to owners of parent	19,529	45,990
Non-controlling interests	9,778	9,037
Total equity	29,308	55,027
Total liabilities and equity	157,151	172,752

Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Continuing operations		
Revenue	37,069	41,237
Cost of sales	19,382	21,233
Gross profit	17,687	20,004
Selling, general and administrative expenses	20,811	22,999
Other income	441	251
Other expenses	310	150
Operating profit (loss)	(2,992)	(2,894)
Finance income	41	33
Finance costs	544	897
Profit (loss) before tax	(3,496)	(3,758)
Income tax expense	266	(602)
Profit (loss) from continuing operations	(3,762)	(3,155)
Discontinued operations		
Profit (loss) from discontinued operations (IFRS)	42	(13)
Profit (loss)	(3,720)	(3,169)
Profit attributable to		
Owners of parent	(3,325)	(2,853)
Non-controlling interests	(394)	(315)
Profit (loss)	(3,720)	(3,169)
Earnings per share		
Basic earnings per share		
Continuing operations	(6.06)	(5.00)
Discontinued operations	0.08	(0.02)
Basic earnings (loss) per share	(5.98)	(5.02)
Diluted earnings per share		
Continuing operations	(6.06)	(5.00)
Discontinued operations	0.08	(0.02)
Diluted earnings (loss) per share	(5.98)	(5.02)

Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit (loss)	(3,720)	(3,169)
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	5	243
Remeasurements of defined benefit plans	(22)	(1)
Total	(16)	241
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(13)	(11)
Total	(13)	(11)
Total other comprehensive income	(30)	229
Comprehensive income	(3,750)	(2,939)
Comprehensive income attributable to		
Owners of parent	(3,366)	(2,686)
Non-controlling interests	(384)	(252)
Comprehensive income	(3,750)	(2,939)

Condensed quarterly consolidated statement of changes in equity

Three months ended June 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
Profit (loss)	-	-	-	(3,325)	-	(3,325)	(394)	(3,720)
Other comprehensive income	-	-	-	-	(41)	(41)	10	(30)
Comprehensive income	-	-	-	(3,325)	(41)	(3,366)	(384)	(3,750)
Issuance of new shares								
Issuance of share acquisition rights								
Dividends of surplus	-	-	-	-	-	-	(47)	(47)
Changes in ownership interest in subsidiaries	-	21	-	-	-	21	17	38
Distributions to owners of other equity instruments(IFRS)								
Other	-	-	-	-	(0)	0	-	(0)
Total transactions with owners	-	21	-	-	(0)	21	(29)	(8)
Balance at end of period	19,200	3,188	-	(12,070)	478	10,797	9,555	20,352

Condensed quarterly consolidated statement of changes in equity

Three months ended June 30, 2024

(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	3,194	10,000	(13,217)	351	19,529	9,778	29,308
Profit (loss)	-	-	-	(2,853)	-	(2,853)	(315)	(3,169)
Other comprehensive income	-	-	-	-	167	167	62	229
Comprehensive income	-	-	-	(2,853)	167	(2,686)	(252)	(2,939)
Issuance of new shares	6,103	6,018	-	-	(0)	12,121	-	12,121
Issuance of share acquisition rights	-	-	-	-	46	46	-	46
Dividends of surplus	-	-	-	-	-	-	(47)	(47)
Changes in ownership interest in subsidiaries	-	17,132	-	-	-	17,132	(441)	16,691
Distributions to owners of other equity instruments(IFRS)	-	-	-	(153)	-	(153)	-	(153)
Other								
Total transactions with owners	6,103	23,150	-	(153)	46	29,147	(488)	28,659
Balance at end of period	25,303	26,345	10,000	(16,224)	565	45,990	9,037	55,027

Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit (loss) before tax	(3,496)	(3,758)
Profit (loss) before tax from discontinued operations	80	(11)
Depreciation and amortization	3,741	5,254
Impairment losses	197	21
Finance income and finance costs	521	853
Decrease (increase) in inventories	(1,076)	(819)
Decrease (increase) in trade and other receivables	623	655
Increase (decrease) in trade and other payables	1,007	1,351
Increase (decrease) in retirement benefit liability	(147)	6
Increase (decrease) in provisions	(56)	32
Other	(1,075)	(508)
Subtotal	319	3,076
Interest and dividends received	5	9
Interest paid	(410)	(687)
Income taxes paid	(615)	(358)
Income taxes refund	19	10
Net cash provided by (used in) operating activities	(682)	2,050
Cash flows from investing activities		
Payments into time deposits	(40)	(634)
Proceeds from withdrawal of time deposits	51	-
Purchase of property, plant and equipment	(2,336)	(2,570)
Proceeds from sale of property, plant and equipment	0	5
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(5)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	68	-
Payments of leasehold deposits and guarantee deposits	(545)	(218)
Proceeds from refund of leasehold and guarantee deposits	597	103
Proceeds from sale of businesses	100	-
Other	77	(535)
Net cash provided by (used in) investing activities	(2,027)	(3,856)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,443	(13,724)
Proceeds from long-term borrowings	1,173	3,592
Repayments of long-term borrowings	(1,110)	(2,012)
Redemption of bonds	(34)	(14)
Repayments of lease liabilities	(3,174)	(3,895)
Proceeds from issuance of shares	-	12,199
Capital contribution from non-controlling interests	38	16,750
Payments for acquisition of interests in subsidiaries from non-controlling interests	(0)	(0)
Dividends paid to non-controlling interests	(43)	(44)
Other	7	22
Net cash provided by (used in) financing activities	300	12,873
Effect of exchange rate changes on cash and cash equivalents	50	72
Net increase (decrease) in cash and cash equivalents	(2,359)	11,139
Cash and cash equivalents at beginning of period	15,832	13,099
Reclassification of cash and cash equivalents included in assets held for sales in the opening balance	17	2
Reclassification of cash and cash equivalents included in assets held for sale at the end of the period	(12)	(0)
Cash and cash equivalents	13,478	24,240