

Full Fiscal Year Reference Format 1 [Japanese GAAP] (Consolidated)

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May 10, 2024

Consolidated Financial Results for the Fiscal Year Ended March 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 2378
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 Scheduled date of annual general meeting of shareholders: June 21, 2024
 Scheduled date to commence dividend payments: June 6, 2024
 Scheduled date to file annual securities report: June 28, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors, analysts and the media)

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

1. Consolidated Financial Results for the Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	43,627	7.0	1,261	85.4	524	68.5	632	—
Fiscal year ended March 31, 2023	40,760	9.8	680	(25.5)	311	(50.8)	(1,141)	—

Note: Comprehensive income Fiscal year ended March 31, 2024: ¥579 million [- %]
 Fiscal year ended March 31, 2023: (1,191) million yen [- %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	32.45	30.47	5.7	1.1	2.9
Fiscal year ended March 31, 2023	(60.44)	—	(10.7)	0.8	1.7

Reference: Share of profit (loss) of entities accounted for using equity method

Fiscal year ended March 31, 2024: (362) million yen

Fiscal year ended March 31, 2023: ¥ - million

(Note) Diluted net income per share for the fiscal year ended March 31, 2023, is not shown, because a loss per share was recorded, although there are dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2024	53,194	11,425	21.5	498.37
Fiscal year ended March 31, 2023	42,272	10,991	26.0	475.41

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Reference: Equity

Fiscal year ended March 31, 2024:¥11,413 million

Fiscal year ended March 31, 2023:¥10,979 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	4,831	(4,520)	436	6,211
Fiscal year ended March 31, 2023	1,614	(4,238)	3,350	5,532

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	—	4.0	—	4.0	8.0	151	—	1.6
Fiscal year ended March 31, 2024	—	3.0	—	7.0	10.0	188	30.8	2.1
Fiscal year ending March 31, 2025 (forecast)	—	3.0	—	8.0	11.0		30.6	

(Note) “Cash dividends” above refer to dividends on common shares. Regarding dividends related to class shares (unlisted) with different rights from those of common stock issued by the Company, please refer to “Dividends on class shares” described later.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen		
First Six Months (YTD)	30,500	44.2	400	41.9	100	(53.3)	10	(93.4)	0.00
Full Year	63,000	44.4	1,800	42.7	1,000	90.6	700	10.6	36.00

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* Notes

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

Newly included: - companies (Company name)

Excluded: - companies (Company name)

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

Fiscal year ended March 31, 2024	21,379,000 shares
Fiscal year ended March 31, 2023	21,379,000 shares

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

Fiscal year ended March 31, 2024	2,490,706 shares
Fiscal year ended March 31, 2023	2,490,706 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	18,888,294 shares
Fiscal year ended March 31, 2023	18,888,294 shares

[Reference] Overview of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	43,048	7.0	1,264	71.6	817	170.4	589	—
Fiscal year ended March 31, 2023	40,244	9.3	737	(24.3)	302	(46.5)	(1,204)	—

	Basic earnings per share	Diluted earnings per share
Fiscal year ended March 31, 2024	30.16	28.36
Fiscal year ended March 31, 2023	(63.76)	—

(Note) Diluted net income per share for the fiscal year ended March 31, 2023, is not shown, because a loss per share was recorded, although there are dilutive shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2024	47,205	11,466	24.3	500.57
Fiscal year ended March 31, 2023	42,047	11,018	26.2	476.86

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Reference: Equity

Fiscal year ended March 31, 2024:¥11,454 million

Fiscal year ended March 31, 2023:¥11,007 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

- (1) The earnings forecasts and other forward-looking statements in this document are based on information available to the Company and certain assumptions that the Company considers reasonable. Actual results may vary due to different factors. Please refer to “1. Overview of Operating Results” on page 1 of the Summary of Financial Results (Attachments) for the assumptions used in forecasting business results and precautions regarding the use of the forecasts.
- (2) The Company plans to hold a briefing for institutional investors, analysts, and the media on May 13, 2024. The financial results presentation materials to be distributed at this briefing will be posted on the Company’s website.

(Reference) Dividends on class shares

Breakdown of dividends per share related to class shares with different rights from those of common stock is as follows:

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	End of term	Total
Class A Shares	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2023	—	—	—	1.57	1.57
Fiscal year ended March 31, 2024	—	4.78	—	4.78	9.56
Fiscal year ending March 31, 2025 (forecast)	—	4.78	—	4.78	9.56

Note: 2,092,000 Class A shares were issued on January 31, 2023.

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1. Overview of Operating Results
(1) Overview of Operating Results for Fiscal Year Ended March 31, 2024

In the current consolidated fiscal year, net sales remained at an initially planned level, mainly due to steady growth in the number of new members joining the Company's sports clubs, the opening of four integrated sports club facilities, and the revision of the sports club membership fees. Costs were lower than planned because the Company managed to reduce heating and lighting expenses through company-wide energy conservation measures and the government's Electricity and Gas Price Dramatic Change Mitigation Measures Project. In order to further stabilize our employee's lives and enable them to demonstrate their performance continuously, the Company raised the average salary level of full-time employees by 5% in July and the hourly wage of part-time employees by 30 yen in November. The Company also decided to raise the initial salary of new graduates joining in April 2025 by 21,900 yen (10%) on average.

For TOKYU SPORTS OASIS, Inc. (currently Sports Oasis Co., Ltd., hereinafter referred to as "Oasis"), an equity-method affiliate in the current consolidated fiscal year, as a result of examining the collectability of non-current assets, the Company recorded a non-operating loss of 362 million yen due mainly to the recognition of impairment losses of 15 facilities. In addition, in connection with the phased acquisition of Oasis shares (acquired 40% on March 31, 2023 and remaining 60% on March 31, 2024), the Company recorded an unrealized gain of 337 million yen arising from the revaluation of shares at the time of the 40% acquisition as extraordinary income.

As a result, for the consolidated fiscal year under review, net sales were 43,627 million yen (up 7.0% year-on-year), operating income came to 1,261 million yen (down 85.4% year-on-year), ordinary income posted 524 million yen (up 68.5% year-on-year), and profit attributable to owners of parent company was 632 million yen (compared with a loss attributable to owners of the parent company of 1,141 million yen for the same period last year).

Owing to the whole acquisition of Oasis as of the end of the consolidated fiscal year under review, the Renaissance Group (the "Group") is expected to record largest net sales in the fitness industry for the fiscal year ending March 31, 2025.

The Company also plans to merge with Oasis on April 1, 2025. For details, please refer to "Notice Concerning Absorption-type Merger (Simplified Merger and Short-form Merger) of Consolidated Subsidiaries" and "Notice Concerning Formulation of 2024-2027 Medium-Term Management Plan" announced today.

During the current consolidated fiscal year, Japan saw further normalization of social and economic activities and the economy with a moderate recovery trend. On the other hand, the situation remains highly uncertain due mainly to fluctuations of the currency exchange market and soaring prices of raw materials, and sluggish personal consumption due to the rise in prices of goods.

In the fitness industry, as people's desire to maintain and improve their base strength increases due to the manifestation of health issues associated with lifestyle changes, and the need for sports clubs to serve as a venue for community which create connections with people increases, sports clubs are increasingly expected to play an important role.

Under these circumstances, the Group, based on its corporate philosophy of a "company for creating purpose in life" (*ikigai* in Japanese), and its long-term vision of a "health solution company that enriches the age of the 100-year life span," is working to realize a healthy and long-lived society and resolve local social issues. It will do so through the maintenance and promotion of good health to enable people to work throughout their lifetime, and the "shift from treatment to prevention" initiatives that will lead to the reduction of social security expenses such as medical expenses.

[Sports Club Business]

In the sports club business, the number of new fitness members grew steadily as a result of the popularity of the swimming pool, bath, sauna and other features unique to an integrated sports club, and the expansion of gym areas in response to the physical training needs. As a junior school initiative, the Company began offering KIDS FIT, a physical exercise school designed to nurture children's athletic and non-cognitive abilities, at our sports club facilities in May. The Company also began introducing Smart Swimming Lessons, a sports ICT solution developed by Sony Network Communications, Inc., to our athlete and adult classes. In addition, in the 2024 Oricon Customer Satisfaction® Survey, the Company was nominated as the top instructor in the category of Kids' Swimming School, Elementary School. In addition, in order to cope with the recent rise in heating and lighting expenses, etc., and provide added value to customers through continuous investment in human resources and facilities, the Company revised the fitness membership fees in July and the junior school membership fees in October.

As for new openings, four integrated sports clubs were opened: "Sports Club & Spa Renaissance Imazato 24" (Osaka-shi, Osaka) and "Sports Club Renaissance Sendai Oroshimachi (Sendai-shi, Miyagi) in July, and "Sports Club Renaissance Kumamoto Hikari-nomori 24" (Kikuyo-machi, Kikuchi-gun, Kumamoto) and "Sports Club Renaissance Aeon Mall Zama 24 (Zama-shi, Kanagawa) in October. As a result, the number of enrolled members as of March 31, 2024, was 395,000 (including 54,331 online members) (up 5.7% year-on-year).

In addition, the Company received the transfer of "KSC wellness Fitness Club Kanamachi and Kanamachi Swimming Club" (Katsushika-ku, Tokyo) operated by RYOSHI CO., Ltd., and reopened it as "Sports Club Renaissance KSC Kanamachi 24 (hereinafter "KSC Kanamachi") in April 2024.

[Nursing Care and Nursing-care/Medical-related Business]

In the Nursing care and nursing-care/medical-related business segment, net sales increased 8.9% year-on-year as a result of efforts to improve the quality of life of users through the provision and collaboration of multiple services including day services specialized in rehabilitation, home nursing stations, home nursing support, child development support and after-school day services.

In November of the current consolidated fiscal year, the Company opened its first home nursing station "Renaissance Rehabilitation Station Fujimidai" (Nerima-ku, Tokyo) attached to the sports club facility. The sports club trainers and nurses cooperate to support

promoting the health of the community from physical and nursing care aspects. The Company also opened a franchise facility "Renaissance Genki Gym Musashiseki" (Nerima-ku, Tokyo) in August.

In terms of rehabilitation support for cancer survivors, the Company strengthened a program to nurture and certify a "Physical Exercise Instructor Specializing in Cancer which is certified by Osaka International Cancer Center (hereinafter "physical exercise instructor specializing in cancer"). As of the end of the fiscal year under review, the Company assigned 77 physical exercise instructors specializing in cancer to 41 of our sports club facilities and 5 nursing care rehabilitation facilities. In February, in collaboration with the Osaka International Cancer Center (Chuo-ku, Osaka-shi, Osaka), where we operate Physical Exercise Support Center, the Company launched a frailty prevention course for hospitalized patients. The Company will continue to create an environment in which cancer survivors can have reliable rehabilitation, and will expand support physical exercise programs for those facing cancer.

[Health Promotion Business for Companies and Health Insurance Associations]

In this segment, the Company has supported health-conscious management initiatives for many corporations. In the current consolidated fiscal year, the Company saw an increase in the number of contracts for original programs utilizing the Company's knowhow in physical exercise and health promotion, such as companies' Fall Accident Prevention Program aimed at preventing industrial accidents which are increasing year by year.

The Company also actively supported health promotion for corporate service users with its online lesson service "RENAISSANCE Online Livestream" (hereinafter referred to as "ROL"). ROL is used by an increasing number of Vitality members of Sumitomo Life Insurance Co., Ltd. (Chuo-ku, Osaka-shi, Osaka), while it is used for the spread and promotion of SMEs' health-conscious management implemented by Daido Life Insurance Co., Ltd. (Nishi-ku, Osaka-shi, Osaka), and is continuously provided to "U-NEXT," a video streaming service operated by U-NEXT Co., Ltd. (Shinagawa-ku, Tokyo).

[Health Promotion Business for Local Communities and Governments]

In the Health Promotion Business for Local Communities and Governments segment, the Company continued to support health promotion initiatives for local governments.

As part of our efforts to support health promotion, the Company concluded a memorandum of understanding with Obu-shi, Aichi, and Toyota Systems Co., Ltd. (Nakamura-ku, Nagoya-shi, Aichi) on a project to demonstrate sleep improvement for the working generation in Obu-shi in July, a comprehensive cooperation agreement on health promotion, etc., with Zama-shi, Kanagawa, in September, and a cooperation agreement on the improvement of presymptomatic diseases, etc., with Kanagawa prefecture in January.

The Company contracted swimming lessons with 25 local governments, about 1.5 times increase from the previous year, and at 50 schools.

In the current consolidated fiscal year, the Company concluded collaboration agreements on the use of the Company's sports clubs in supporting disaster victims when a disaster has occurred with five local governments including Kikuyo-machi (Kumamoto), Motosushi (Gifu), Fukuoka-shi (Fukuoka), Yamato-shi (Kanagawa), and Warabi-shi (Saitama) for further contribution to regional communities.

<Subsidiaries, etc.>

From August, the Company revised the membership fees in the sports club business of RENAISSANCE VIETNAM, INC. gradually in accordance with price rises in Vietnam. In addition, the Company contracted swimming instruction classes at "Swimming & Fitness Renaissance Japan Aeon Mall LongBien" (Hanoi City, Vietnam) for a French international school, and also provided swimming lessons to kindergartens and elementary schools.

BEACH TOWN Inc. has been involved in planning and proposing projects for participation in public-private partnership (PPP) projects for public facilities and the park private financing initiative (Park-PFI), and creation of local gathering spots in collaboration with companies. In October, the Company opened membership outdoor fitness club RIVER PARK Seiseki Sakuragaoka (Tama-shi, Tokyo) as a business partner of Keio Corporation.

In the current consolidated fiscal year, Oasis saw strong performance in the home fitness business, mainly the sale of home exercise items, and steady performance in the sports club business utilizing the knowhow of Renaissance.

<Others>

As a joint initiative with Advantage Advisors Co., Ltd. (Minato-ku, Tokyo), the partner in a capital business alliance, the Company is promoting multiple projects, including strengthening the sports club business, development of stores of nursing care and medical-related businesses, and reconstruction of the business portfolio. For higher corporate value over the medium to long term, the Company will strive to implement various measures steadily by mutually utilizing the knowledge of Advantage Advisors Co., Ltd. and knowhow of the Company.

Rikako Ikee, supported by the Company, broke the standard time for qualification for the 100m butterfly, and won the second award at the Nomination Contest for International Competitions held in March. Mio Narita of KSC Kanamachi also broke the standard time for qualification for the 400m individual medley and won the first award at the contest. Both were selected as members of the national team. We will continue to support the success of athletes.

<Number of facilities>

In the current consolidated fiscal year, the Company opened new facilities and closed existing facilities, and started providing entrusted operations as in the table below. The number of our group's facilities as of the end of the current fiscal year, including the facilities of Oasis and BEACH TOWN, Inc., totaled 274 facilities: 213 sports clubs (139 directly managed, 72 entrusted, and two RENAISSANCE VIETNAM, INC. facilities), two studio-type facilities, 44 nursing and rehabilitation facilities (33 directly managed and 11 franchise), and 15 outdoor fitness facilities (four directly managed and 11 entrusted).

Opening Date	Facility Name	Facility Type
April 2023	Takeo Civic Baseball Stadium (and 26 other facilities) (Takeo-shi, Saga)	Designated management
April 2023	Five Oozumachi athletic park facilities (and eight others) (Oozumachi, Kikuchi-gun, Kumamoto)	Designated management
April 2023	BEACHTOWN OND PARK (Takeo-shi, Saga)	Outdoor fitness (entrusted)
May 2023	Outdoor Fitness Edogawa (Edogawa-ku, Tokyo)	Outdoor fitness (entrusted)
July 2023	Sports Club & Spa Renaissance Imazato 24 (Osaka-shi, Osaka)	Sports club
July 2023	Sports Club Renaissance Sendai Oroshimachi 24 (Sendai-shi, Miyagi)	Sports club
August 2023	Renaissance Genki Gym Musashiseki (Nerima-ku, Tokyo)	Nursing rehabilitation (franchise, FC)
October 2023	Sports Club Renaissance Kumamoto Hikari no Mori 24 (Kikuyo-machi, Kikuchi-gun, Kumamoto)	Sports club
October 2023	Sports Club Renaissance Aeon Mall Zama 24 (Zama-shi, Kanagawa)	Sports club
October 2023	RIVER PARK Seiseki Sakuragaoka (Tama-shi, Tokyo)	Outdoor fitness (entrusted)
November 2023	Renaissance Rehabilitation Station Fujimidai (Nerima-ku, Tokyo)	Nursing rehabilitation (directly managed)
Time of outlet closure/termination of management	Facility Name	Facility Type
End of April 2023	Community Park Okegawa (Okegawa-shi, Saitama)	Outdoor fitness (directly managed)
End of June 2023	Sports Club Renaissance Sagami-Ono (Sagamihara-shi, Kanagawa)	Sports club
End of October 2023	Shin-Marunouchi Building (Chiyoda-ku, Tokyo)	Entrusted
End of February 2024	S/PARK Studio (Yokohama-shi, Kanagawa)	Outdoor fitness (entrusted)
End of March 2024	Sports Club Renaissance Fuchinobe (Sagamihara-shi, Kanagawa)	Sports club
End of March 2024	Fukuyama-shi General Gymnasium (two other facilities) (Fukuyama-shi, Hiroshima)	Entrusted

This information is omitted because the Group's only reportable segment is the "sports club management business."

(2) Overview of Financial Position for Fiscal Year Ended March 31, 2024

A change in the financial position at the end of the current fiscal year was due mainly to the acquisition of additional shares of Oasis as of March 31, 2024, to make the company a wholly-owned subsidiary.

1) Assets

Total assets at the end of the current consolidated fiscal year rose 10,921 million yen from the end of the previous fiscal year to 53,194 million yen. This was mainly due to an increase of 2,208 million yen in total current assets, resulting from an increase in cash and deposits and accounts receivable - trade, and a rise of 5,158 million yen in property, plant and equipment, a rise of 1,650 million yen in intangible assets due mainly to the recording of goodwill in the asset consolidation procedure of Oasis, and a rise of 3,560 million yen in leasehold and guarantee deposits, offset by a rise of 1,912 million yen in investments and other assets resulting from a decrease of 1,611 million yen in investment securities in the asset consolidation procedure of Oasis, which resulted in a rise of 8,722 million yen in total non-current assets.

2) Liabilities

Total liabilities at the end of the current fiscal year grew 10,487 million yen from the end of the previous fiscal year to 41,769 million yen. This was mainly due to an increase of 3,165 million yen in total current liabilities, resulting from an increase in accounts payable - other, and accrued expenses, and a rise of 7,322 million yen in non-current liabilities, mainly due to an increase in lease liabilities and asset retirement obligations.

3) Net assets

Total net assets at the end of the current fiscal year were up 433 million yen from the end of the previous fiscal year to 11,425 million yen. This was mainly due to an increase of 487 million yen in retained earnings as a result of recording a gain attributable to owners of the parent company of 632 million yen and paying 145 million yen in dividends.

(3) Overview of Cash Flow for Fiscal Year Ended March 31, 2024

Cash and cash equivalents (“cash”) at the end of the current consolidated fiscal year increased 679 million yen from the end of the previous fiscal year to 6,211 million yen.

The status of each cash flow at the end of the current consolidated fiscal year and their factors are as follows.

- 1) Cash flows from operating activities
4,831 million yen in the current fiscal year (1,614 million yen in the previous fiscal year)
Cash provided by operating activities amounted to 4,831 million yen (up 199.2% from the previous consolidated fiscal year). This was due mainly to profit before taxes of 671 million yen, depreciation of 2,429 million yen (up 8.8% from the previous consolidated fiscal year), an increase in long-term accounts payable-other of 565 million yen (down 12.2% from the previous consolidated fiscal year), and a decrease in consumption taxes refund receivable of 337 million yen.
- 2) Cash flows from investing activities
-4,520 million yen in the current consolidated fiscal year (-4,238 million yen in the previous fiscal year)
Cash used for investment activities totaled 4,520 million yen. This was mainly due to purchase of property, plant and equipment of 2,247 million yen (down 13.0% year-on-year) and purchase of shares of subsidiaries resulting in changes in scope of consolidation of 1,622 million yen.
- 3) Cash flows from financing activities
436 million yen in the current fiscal year (3,350 million yen in the previous fiscal year)
Cash provided by financing activities amounted to 436 million yen. This was mainly due to proceeds from long-term borrowings of 3,400 million yen (up 183.3% from the previous consolidated fiscal year), proceeds from sale and leaseback transactions of 831 million yen (up 50.8% from the previous consolidated fiscal year), repayments of long-term borrowings of 2,303 million yen (up 3.6% from the previous consolidated fiscal year), repayments of lease liabilities of 747 million yen (up 14.4% from the previous consolidated fiscal year), and a net decrease in short-term borrowings of 600 million yen.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024 (Consolidated fiscal year under review)
Equity ratio (%)	27.0	26.0	21.5
Equity ratio based on market value (%)	48.9	41.5	36.6
Debt repayment period (years)	4.9	14.0	5.7
Operating Revenue Interest Coverage Ratio(times)	2.5	1.5	2.2

- (Note) 1. Each indicator is calculated using the following formulas, all of which are based on consolidated financial figures.
- Equity ratio : $\text{Equity ratio} / \text{Total assets}$
 - Equity ratio based on market value : $\text{Market capitalization} / \text{Total assets}$
 - Debt repayment period : $\text{Interest-bearing liabilities} / \text{Cash flow from operating activities}$
 - Operating Revenue Interest Coverage Ratio : $(\text{Operating income} + \text{Interest income} + \text{Dividend income}) / \text{Interest expense}$
2. Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of shares outstanding at the end of the period (less treasury shares).
 3. Interest-bearing liabilities include convertible-bond-type bonds with share acquisition rights, short-term and long-term borrowings and lease liabilities recorded on the consolidated balance sheet. Operating cash flow is the cash flow from operating activities in the consolidated statement of cash flows. Interest expense in the consolidated statement of income is used for interest expense.

(4) Future Outlook

Although the economic recovery will continue, the economic prospects are expected to remain uncertain due to, for example, soaring heating and lighting expenses due to unstable global situations, etc., rising prices in response to the weakening yen, and tougher labor shortages than ever.

The fitness industry urgently needs to deal with intensifying competition such as active openings of unmanned low-cost gyms and fitness facilities in other business formats, as well as soaring personnel expenses and heating and lighting expenses, which is expected to advance industry consolidation.

Under these circumstances, the Group has formulated a new medium-term management plan with its long-term vision “health solution company that enriches the age of the 100-year life span.” Starting in the next consolidated fiscal year, the Group will accelerate its initiatives for another growth cycle.

Regarding investments, the Company will continue to place importance on investment in human resources in order to respond to rising prices and secure talented personnel. Regarding capital investments, the Company will focus on renewal of existing sports club facilities and opening new nursing-care rehabilitation facilities such as Genki Gym.

As for the Sports Club Business segment, the Company promotes various measures to improve added value of existing facilities, and aims for further profitability by increasing sales other than membership fees income to increase average sale per

customer and streamlining the operation. Furthermore, the Company strives to expand the scope of customers of our health promotion by creating shared value through the collaboration between the sports club business and other businesses of the Company.

As for the Nursing Care and Nursing-care/Medical-related Business segment, the Company will work to maintain or improve the profitability of existing directly-managed facilities, while developing another operational model that can respond to changes in the business environment such as the revision of nursing-care benefits. Furthermore, the Company will strengthen solution proposals to other nursing-care service providers to allow them to earn functional points, and develop another business model.

In the Health Promotion Business for Companies and Health Insurance Associations segment, the Company will strengthen the support of health-conscious management and workers' health promotion by implementing health promotion measures with companies through ROL and Smart Actions, etc., increasing corporate members, and promoting the use of sports clubs.

In the Health Promotion Business for Local Communities and Governments segment, the Company will strengthen efforts to provide health problem solutions in cooperation with local governments around our sports clubs, and participate in the public-private partnership (PPP) projects more widely, aiming to establish and activate local sites for health promotion. From April 2024, the Company provides entrusted operational services for Karatsu City Public Facility Community Area (Karatsu-shi, Saga), Iyo City Shiosai Park (Iyo-shi, Ehime), Iyo City Futami Shiokaze Fureai Park (Iyo-shi, Ehime), Kasuya-machi General Gymnasium (Kasuya-machi, Kasuya-gun, Fukuoka), and Kasuga City Ikiiki Plaza (Kasuga-shi, Fukuoka).

As for Oasis, in the Sports Club Business, the Company will strive to acquire more new corporate members, etc., in the sports club business, utilize the Company's swimming school operational knowhow, and work on health promotion with surrounding local governments, in seeking higher profit. In addition, the Company will work for further growth of the home fitness business, one of its mainstay business, and the creation of synergies of Group-wide collaboration.

As a result of the above initiatives, consolidated forecasts for the fiscal year ending March 31, 2025, are net sales of 63,000 million yen (up 44.4% from the fiscal year under review), operating income of 1,800 million yen (up 42.7%), ordinary income of 1,000 million yen (up 90.6%), and net income attributable to owner of parent of 700 million yen (up 10.6%).

From April 2024 onward, the Company plans to open new facilities and provide entrusted operations for the facilities listed in the table below, including those of its subsidiaries.

Opening Date	Facility Name	Facility Type
Apr. 2024	Sports Club Renaissance KSC Kanamachi 24 (Katsushika-ku, Tokyo)	Sports club
Apr. 2024	BEACHTOWN OYAMA (Daisen-cho, Saihaku-gun, Tottori)	Outdoor fitness (directly managed)
Apr. 2024	Karatsu City Public Facility Community Area (Karatsu-shi, Saga)	Entrusted
Apr. 2024	Iyo City Shiosai Park (Iyo-shi, Ehime)	Designated management
Apr. 2024	Iyo City Futami Shiokaze Fureai Park (Iyo-shi, Ehime)	Designated management
Apr. 2024	Kasuya-machi General Gymnasium (Kasuya-machi, Kasuya-gun, Fukuoka)	Entrusted
Apr. 2024	Kasuga City Ikiiki Plaza (Kasuga-shi, Fukuoka)	Entrusted
Fall 2024	CARAPPO Toranomom Hills (Minato-ku, Tokyo)	Entrusted

2. Basic Approach to the Selection of Accounting Standards

The Group's policy for the time being is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of its consolidated financial statements between periods and between companies.

The Company's policy is to respond appropriately to the application of International Financial Reporting Standards, taking into consideration the domestic and international situation.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated balance sheet

(Thousands of yen)

	FYE March 2023 (as of March 31, 2023)	FYE March 2024 (as of March 31, 2024)
Assets		
Current assets		
Cash and deposits	5,520,381	6,206,728
Notes receivable - trade	—	6,898
Accounts receivable – trade	1,245,183	2,189,035
Investments in leases	23,957	24,569
Commodity	234,274	756,560
Supplies	75,319	48,228
Other	1,691,792	1,772,847
Allowance for doubtful accounts	(6,881)	(12,701)
Total current assets	8,784,027	10,992,166
Fixed assets		
Property, plant and equipment		
Buildings and structures	20,049,221	23,105,267
Accumulated depreciation	(14,463,005)	(14,853,124)
Buildings and structures, net	5,586,215	8,252,143
Machinery, equipment and vehicles	2,541,868	2,656,968
Accumulated depreciation	(2,176,353)	(2,188,418)
Machinery, equipment and vehicles, net	365,514	468,550
Tools, furniture and fixtures	4,614,544	5,065,056
Accumulated depreciation	(4,020,218)	(4,027,078)
Tools, furniture and fixtures, net	594,326	1,037,978
Land	1,124,938	1,126,458
Leased assets	15,954,239	19,812,710
Accumulated depreciation	(4,984,686)	(6,053,295)
Leased assets, net	10,969,552	13,759,415
Construction in progress	905,929	60,758
Total property, plant and equipment	19,546,478	24,705,304
Intangible fixed assets		
Goodwill	76,610	1,604,312
Other	384,465	507,717
Total intangible fixed assets	461,076	2,112,030
Investments and other assets		
Investment securities	1,645,137	33,685
Long-term loans receivable	477,105	420,733
Leasehold and guarantee deposits	8,814,555	12,374,658
Deferred tax assets	1,766,323	1,886,503
Other	751,008	651,120
Total investments and other assets	13,454,129	15,366,701
Total fixed assets	33,461,683	42,184,036
Deferred assets		
Share issuance costs	21,318	13,566
Bond issuance costs	5,700	4,500
Total deferred assets	27,018	18,066
Total assets	42,272,729	53,194,269

(Thousands of yen)

	FYE March 2023 (as of March 31, 2023)	FYE March 2024 (as of March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	54,479	87,888
Short-term borrowings	3,000,000	2,400,000
Current portion of long-term borrowings	2,203,084	2,343,084
Lease obligations	695,898	998,157
Accounts payable-other	1,622,097	2,574,993
Income taxes payable	197,429	403,192
Advances received	354,084	624,881
Provision for bonuses	684,062	1,020,464
Provision for bonuses for directors (and other officers)	13,926	19,467
Provision for loss on store closings	—	21,705
Asset retirement obligations	13,453	28,472
Other	1,503,415	2,985,257
Total current liabilities	10,341,931	13,507,562
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	1,499,988	1,499,988
Long-term borrowings	3,751,721	4,708,637
Lease obligations	11,400,747	15,339,570
Deferred tax liabilities	—	35,273
Retirement benefit liability	851,520	1,363,783
Asset retirement obligations	1,357,079	2,524,289
Other	2,078,499	2,790,098
Total non-current liabilities	20,939,556	28,261,642
Total liabilities	31,281,487	41,769,204
Net assets		
Shareholders' equity		
Share capital	3,210,356	3,210,356
Capital surplus	5,813,491	5,813,491
Retained earnings	4,644,051	5,131,498
Treasury shares	(2,514,753)	(2,514,753)
Total shareholders' equity	11,153,145	11,640,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,846	8,348
Foreign currency translation adjustment	(145,643)	(213,914)
Remeasurements of defined benefit plans	(32,779)	(21,634)
Total accumulated other comprehensive income	(173,576)	(227,201)
Share acquisition rights	11,673	11,673
Total net assets	10,991,242	11,425,064
Total liabilities and net assets	42,272,729	53,194,269

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated statement of income

(Thousands of yen)

	FYE March 2023 (April 1, 2022 to March 31, 2023)	FYE March 2024 (April 1, 2023 to March 31, 2024)
Net sales	40,760,685	43,627,212
Cost of sales	37,781,939	39,961,151
Gross profit	2,978,746	3,666,061
Selling, general and administrative expenses	2,298,356	2,404,672
Operating income	680,390	1,261,388
Non-operating income		
Interest income	9,033	8,192
Dividend income	226	175
Foreign exchange gains	55,123	76,940
Gain on sublease	10,316	10,316
Commission income	2,112	1,669
Compensation income	—	80,000
Other	49,773	64,662
Total non-operating income	126,585	241,956
Non-operating expenses		
Interest expenses	467,336	579,811
Share of loss of entities accounted for using equity method	—	362,229
Other	28,308	36,755
Total non-operating expenses	495,644	978,796
Ordinary income	311,331	524,548
Extraordinary income		
Gain on sale of non-current assets	360	—
Gain on step acquisitions	—	337,057
Total extraordinary income	360	337,057
Extraordinary losses		
Loss on retirement of non-current assets	14,260	14,646
Impairment losses	599,111	149,738
Loss on store closings	3,000	—
Loss on outlet shutdown	—	21,705
Other	932	4,471
Total extraordinary losses	617,305	190,562
Net income (loss) before income taxes	(305,613)	671,043
Income taxes - current	90,034	165,118
Income taxes - deferred	749,303	(127,026)
Total income taxes	839,338	38,091
Net income (loss)	(1,144,952)	632,951
Net income (loss) attributable to non-controlling interests	(3,306)	—
Net income (loss) attributable to owners of parent company	(1,141,646)	632,951

Consolidated statement of comprehensive income

(Thousands of yen)

	FYE March 2023 (April 1, 2022 to March 31, 2023)	FYE March 2024 (April 1, 2023 to March 31, 2024)
Net income (loss)	(1,144,952)	632,951
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,329)	3,501
Foreign currency translation adjustment	(50,086)	(68,270)
Remeasurements of defined benefit plans, net of tax	5,155	11,144
Total other comprehensive income	(46,260)	(53,624)
Comprehensive income	(1,191,213)	579,327
(Breakdown)		
Comprehensive income attributable to owners of parent company	(1,187,906)	579,327
Comprehensive income attributable to non-controlling interests	(3,306)	—

(3) Consolidated statement of changes in equity

FYE March 2023 (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,210,380	4,813,515	5,936,804	(2,514,753)	10,445,945
Changes during period					
Issuance of new shares	999,976	999,976			1,999,952
Dividends of surplus			(151,106)		(151,106)
Loss attributable to owners of parent company			(1,141,646)		(1,141,646)
Net changes in items other than shareholders' equity					
Total changes during period	999,976	999,976	(1,292,752)	—	707,199
Balance at end of period	3,210,356	5,813,491	4,644,051	(2,514,753)	11,153,145

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	6,176	(95,557)	(37,934)	(127,316)	—	3,306	10,321,936
Changes during period							
Issuance of new shares							1,999,952
Dividends of surplus							(151,106)
Loss attributable to owners of parent company							(1,141,646)
Net changes in items other than shareholders' equity	(1,329)	(50,086)	5,155	(46,260)	11,673	(3,306)	(37,893)
Total changes during period	(1,329)	(50,086)	5,155	(46,260)	11,673	(3,306)	669,305
Balance at end of period	4,846	(145,643)	(32,779)	(173,576)	11,673	—	10,991,242

FYE March 2024 (April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,210,356	5,813,491	4,644,051	(2,514,753)	11,153,145
Changes during period					
Dividends of surplus			(145,505)		(145,505)
Profit attributable to owners of parent			632,951		632,951
Net changes in items other than shareholders' equity					
Total changes during period	—	—	487,446	—	487,446
Balance at end of period	3,210,356	5,813,491	5,131,498	(2,514,753)	11,640,592

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,846	(145,643)	(32,779)	(173,576)	11,673	10,991,242
Changes during period						
Dividends of surplus						(145,505)
Profit attributable to owners of parent						632,951
Net changes in items other than shareholders' equity	3,501	(68,270)	11,144	(53,624)		(53,624)
Total changes during period	3,501	(68,270)	11,144	(53,624)	—	433,821
Balance at end of period	8,348	(213,914)	(21,634)	(227,201)	11,673	11,425,064

(4) Consolidated statement of cash flows

(Thousands of yen)

	FYE March 2023 (April 1, 2022 to March 31, 2023)	FYE March 2024 (April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Net income (loss) before income taxes	(305,613)	671,043
Depreciation	2,233,037	2,429,340
Impairment losses	599,111	149,738
Loss on store closings	3,000	—
Increase (decrease) in retirement benefit liability	33,799	26,455
Increase (decrease) in long-term accounts payable - other	644,840	565,859
Increase (decrease) in provision for bonuses	193,572	120,139
Increase (decrease) in provision for loss on store closings	—	21,705
Loss (gain) on sale of non-current assets	(360)	—
Loss on retirement of non-current assets	14,260	14,646
Interest and dividend income	(9,260)	(8,367)
Interest expenses	467,336	579,811
Share of loss (profit) of entities accounted for using equity method	—	362,229
Loss (gain) on step acquisitions	—	(337,057)
Decrease (increase) in trade receivables	(193,195)	(150,946)
Decrease (increase) in inventories	8,016	(52,186)
Decrease (increase) in prepaid expenses	(55,210)	(7,253)
Increase (decrease) in trade payables	(6,002)	2,396
Increase (decrease) in accounts payable - other	255,823	116,857
Increase (decrease) in accrued expenses	57,036	181,828
Increase (decrease) in advances received	29,424	26,599
Decrease (increase) in consumption taxes refund receivable	(337,793)	337,793
Increase (decrease) in accrued consumption taxes	(1,118,243)	273,030
Other	(157,455)	(120,254)
Subtotal	2,356,122	5,203,409
Interest and dividends received	329	290
Interest paid	(467,158)	(581,477)
Income taxes refund (paid)	(274,354)	209,583
Cash flows from operating activities	1,614,938	4,831,805

(Thousands of yen)

	FYE March 2023 (April 1, 2022 to March 31, 2023)	FYE March 2024 (April 1, 2023 to March 31, 2024)
Cash flows from investing activities		
Purchase of shares of subsidiaries and associates	(1,616,497)	—
Purchase of property, plant and equipment	(2,583,976)	(2,247,150)
Proceeds from sale of property, plant and equipment	360	—
Purchase of intangible assets	(117,852)	(265,169)
Payments of leasehold and guarantee deposits	(256,217)	(597,209)
Proceeds from refund of leasehold and guarantee deposits	314,688	165,723
Proceeds from collection of long-term loans receivable	71,875	68,275
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,622,901)
Other	(51,069)	(21,768)
Cash flows from investing activities	(4,238,687)	(4,520,199)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,150,000	(600,000)
Proceeds from long-term borrowings	1,200,000	3,400,000
Repayments of long-term borrowings	(2,223,084)	(2,303,084)
Proceeds from issuance of convertible-bond-type bonds with share acquisition rights	1,494,288	—
Proceeds from issuance of shares	1,978,633	—
Repayments of lease liabilities	(653,448)	(747,322)
Proceeds from issuance of share acquisition rights	11,673	—
Dividends paid	(152,235)	(145,267)
Proceeds from sale and leaseback transactions	551,489	831,732
Other	(6,682)	—
Cash flows from financing activities	3,350,634	436,057
Effect of exchange rate change on cash and cash equivalents	(50,086)	(68,270)
Net increase (decrease) in cash and cash equivalents	676,799	679,393
Cash and cash equivalents at beginning of period	4,855,796	5,532,596
Cash and cash equivalents at end of period	5,532,596	6,211,989

- (5) Notes to Consolidated Financial Statements
(Notes on Going Concern Assumption)
Not applicable.

(Segment Information, Etc.)
(Segment Information)
[Segment Information]

This information is omitted because the Group's only reportable segment is the "sports club management business."

[Related information]

FYE March 2023 (April 1, 2022 to March 31, 2023)

1 Information by product and service

This information is omitted because net sales to external customers in the "sports club management business" exceed 90% of net sales in the consolidated statement of income.

2 Information by region

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3 Information by major customer

No sales to external customers account for 10% or more of the net sales on the consolidated statement of income.

FYE March 2024 (April 1, 2023 to March 31, 2024)

1 Information by product and service

This information is omitted because net sales to external customers in the "sports club management business" exceed 90% of net sales in the consolidated statement of income.

2 Information by region

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3 Information by major customer

No sales to external customers account for 10% or more of the net sales on the consolidated statement of income.

[Information on impairment losses on fixed assets by reportable segment]

FYE March 2023 (April 1, 2022 to March 31, 2023)

This information is omitted because the only reportable segment is the "sports club management business."

FYE March 2024 (April 1, 2023 to March 31, 2024)

This information is omitted because the only reportable segment is the "sports club management business."

[Information on amortization of goodwill and unamortized balance by reportable segment]

FYE March 2023 (April 1, 2022 to March 31, 2023)

This information is omitted because the only reportable segment is the "sports club management business."

FYE March 2024 (April 1, 2023 to March 31, 2024)

This information is omitted because the only reportable segment is the "sports club management business."

[Information on gain on negative goodwill by reportable segment]

FYE March 2023 (April 1, 2022 to March 31, 2023)

Not applicable.

FYE March 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

	FYE March 2023 (April 1, 2022 to March 31, 2023)	FYE March 2024 (April 1, 2023 to March 31, 2024)
Net assets per share	475.41 yen	498.37 yen
Net income (loss) per share	(60.44) yen	32.45 yen
Diluted net income per share	—	30.47 yen

(Notes) 1. Diluted net income per share for the fiscal year ended March 31, 2023, is not shown, because a loss per share was recorded, although there are dilutive shares.

2. The basis for calculating net income (loss) per share is as follows:

	FYE March 2023 (April 1, 2022 to March 31, 2023)	FYE March 2024 (April 1, 2023 to March 31, 2024)
Net income (loss) per share		
Net income (loss) attributable to owners of parent company (thousand yen)	(1,141,646)	632,951
Amount not attributable to common shareholders (thousand yen)	—	19,999
(Preference dividend (thousand yen))	—	(19,999)
Net income (loss) attributable to owners of parent company related to common stock (thousand yen)	(1,141,646)	612,952
Average number of common stocks during the period (shares)	18,888,294	18,888,294
Diluted net income per share		
Net profit attributable to owners of parent adjustments (thousand yen)	—	10,435
(Interest expenses (after deducting the amount of taxes (thousand yen))	—	(10,435)
Increase in common shares (shares)	—	1,569,000
Outline of diluted shares excluded as anti-dilutive in the calculation of diluted net income per share	—	Class A shares issued on January 23, 2023 Shares in which common shares are converted 2,092,000 shares 2nd Share Acquisition Rights issued on January 23, 2023 Number of share acquisition rights 15,690 (1,569,000 common shares)

(Significant subsequent events)

Resolution on an absorption-type merger of a consolidated subsidiary

The Company resolved at its meeting of the Board of Directors held on May 10, 2024, to conduct an absorption-type merger with Sports Oasis Co., Ltd., a consolidated subsidiary of the Company, where the Company is the surviving company and Sports Oasis Co., Ltd. is the absorbed company, effective April 1, 2025.

Outline of Transaction

(i) Name and business of absorbed company

Sports Oasis Co., Ltd. (Management of sports clubs, etc.)

(ii) Date of business combination

April 1, 2025

(iii) Method of business combination

Absorption-type merger where the Company is the surviving company and Sports Oasis Co., Ltd. is the absorbed company

(iv) Name of company after business combination

Renaissance Inc.

(v) Purpose of business combination

The Company is striving to gain a record-high profit in FY2027 and become the leading company of the integrated sports club industry as stated in the medium-term management plan, which was announced on May 10, 2024. The merger with Oasis will strengthen the Company's business foundation from the perspectives of optimum group management and efficient use of management resources, while preparing us to achieve the new growth and medium-term management targets, with a purpose to develop into a "health solution company that enriches the age of the 100-year life span."

(vi) Details of allotment in relation to merger

There will be no issuance of new shares and delivery of money due to the merger.

(vii) Absorbed company's financial position and management results for the previous fiscal year

Total assets	8,186,502 thousand yen
Total liabilities	5,750,513 thousand yen
Total net assets	2,435,989 thousand yen
Net sales	17,144,702 thousand yen