

2024-2027 Medium-Term Management Plan

Briefing Materials for Investors

May 10, 2024

RENAISSANCE INCORPORATED

1. 2024-2027 Medium-Term Management Plan Overview
 - 1) Background to the Medium-Term Management Plan and Changes in Management Indicators
 - 2) Medium-Term Management Plan Overview/Renaissance's Business Development/Our Understanding of the Market
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 - 2) Direction for Strengthening Organizational Foundations (HR/IT/Finance)
3. Management Goals and Cash Allocation/Corporate Philosophy and Long-Term Vision

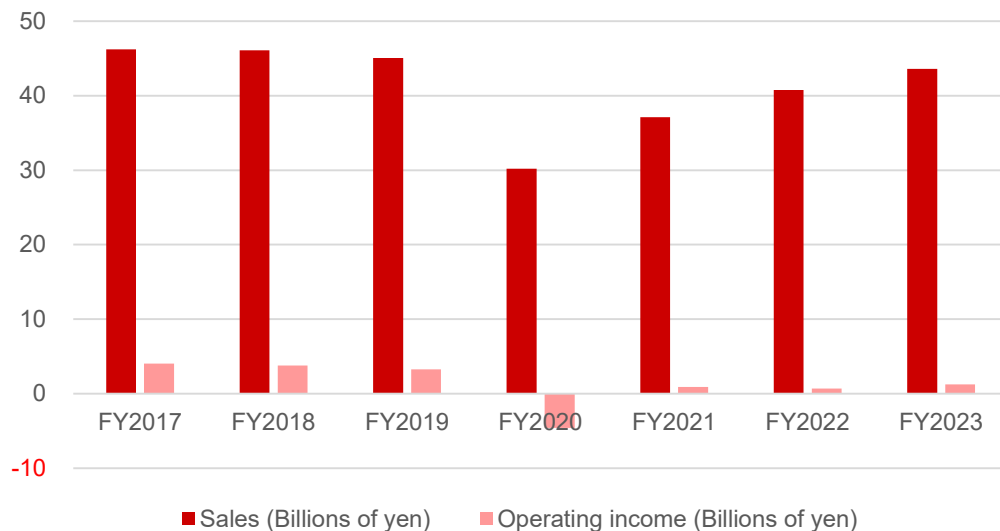
1. Background to the Medium-Term Management Plan

Management indicators

COVID-19 is already becoming a thing of the past. With the consolidation/merger of Sports Oasis, the Company is poised to become No. 1 in the fitness industry in terms of sales. It is now at a turning point as it heads full steam toward a growth trajectory.

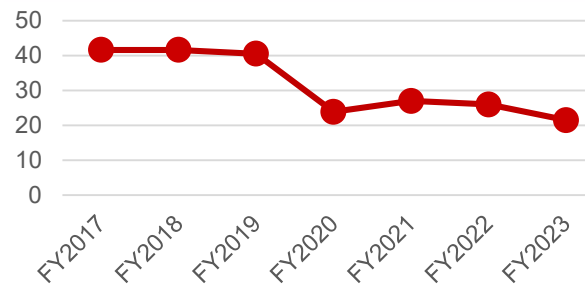
Net Sales and Operating Income (Billions of Yen)

- ✓ Sudden change from stable growth until FY2017
- ✓ Changing competitive landscape in the fitness industry, then struck by COVID-19 pandemic
- ✓ Earnings recovery, a work in progress



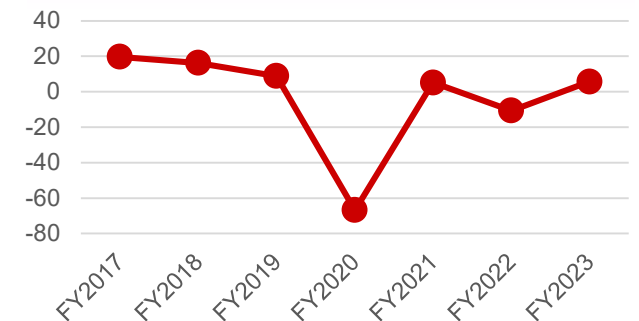
Shareholders' equity ratio (%)

- ✓ Kept at about 40% before the pandemic, maintaining soundness
- ✓ Strategically aggressive era, financial strength temporarily decreased; continued to balance soundness and investment



ROE (%)

- ✓ Temporary deterioration in FY2020 due to changes in the competitive environment and the pandemic
- ✓ Aiming for improvement with earnings recovery as a key driver



The shareholders' equity ratio has fallen temporarily due to the acquisition of Oasis shares. Further strengthening of finances is needed.

1. Medium-Term Management Plan Overview

Corporate Philosophy

RENAISSANCE, "a company for creating purpose in life (ikigai in Japanese)," proposes a healthy and comfortable lifestyle to our guests.

Long-Term Vision

Health solution company that enriches the age of the 100-year life span

Social changes to be resolved

Four societies we aim for

Direction of the Medium-Term Management Plan

Revealing health issues



A society in which all generations can live healthy and comfortable lives

Discrepancy between average life expectancy and healthy life expectancy



A healthy and long-lived society full of vitality through exercise and human interaction

Lack of rehabilitation and other services



Realization of a society in which everyone, even those with illnesses or those who need support such as nursing care, can live a life and lead a life that is uniquely their own

Decline of local communities



A society where people can actively participate in their local communities

1

Driving the industry as a leading integrated sports club company

- Pursuit of added value unique to an integrated sports club
- Strengthen earnings base through efficient store operations
- Drive industry restructuring through aggressive M&A/succession
- Expansion of peripheral businesses through leveraging of operational know-how

2

Creating medium- to long-term growth drivers beyond the fitness industry

- Nursing and medical care peripheral businesses focused on functional improvement
- Home fitness business to expand the base of exercise habits

1. Overview of the Medium-term Management Plan

(Renaissance's Business Development)



Renaissance's business to support the health challenges of all generations



0 years old

100 years old

Demographic active in exercise for health maintenance

Demographic not active in exercise for health maintenance

Sports Club Business

- A community health solution center for all ages, from infants to the elderly



1

Driving the industry as a leading integrated sports club company

Sports Club Peripheral Business Domain

- Utilize operational know-how gained from sports club management outside the facilities
Know-how gained outside the facilities is circulated back to the sports clubs
 - ↳ Regional health promotion projects and PPP projects
 - ↳ Health promotion business for workers



Nursing and Medical Care-related Business

- Day-care service for functional improvement and home nursing stations



- Solution proposals for nursing care insurance providers

2

Creation of medium- to long-term growth drivers that transcend the boundaries of the fitness industry

Home Fitness Business

- Online sales proposing exercise habits for life "outside the fitness market"



1. Medium-Term Management Plan Overview

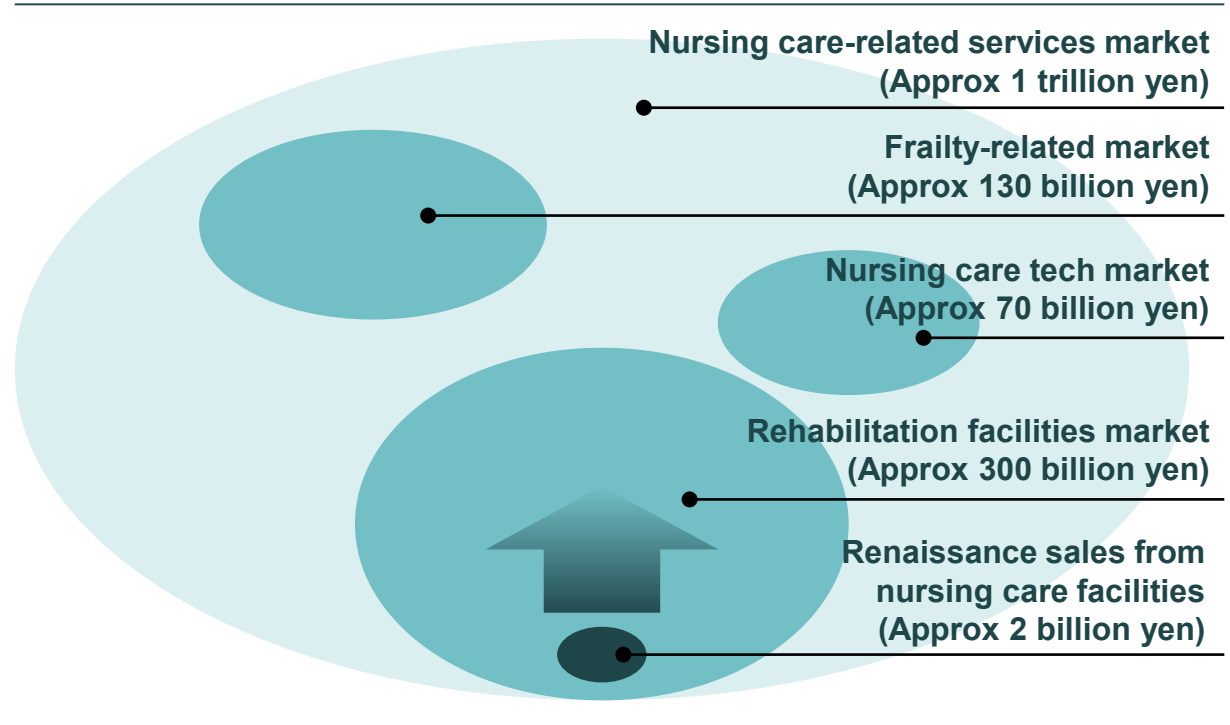
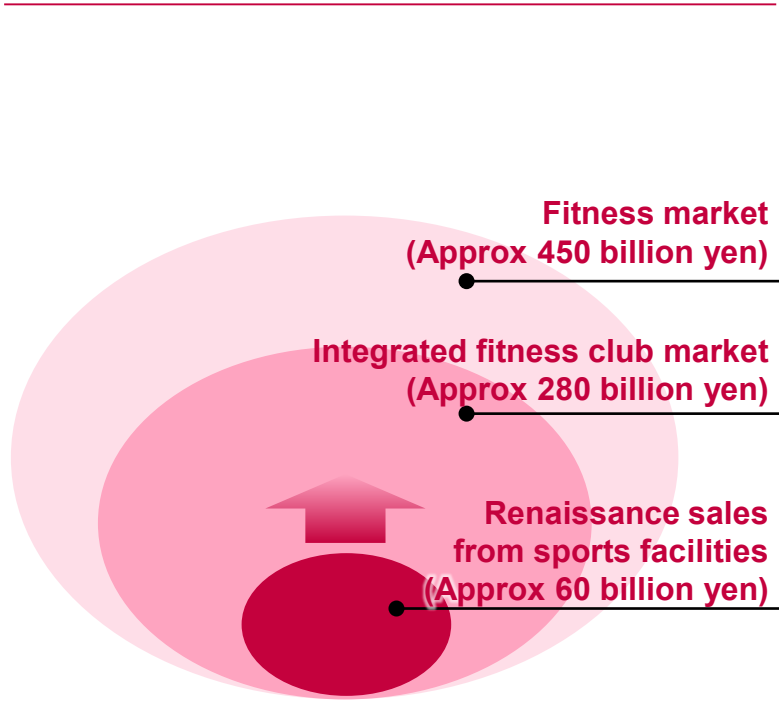
(Our Understanding of Market Size/Growth Potential and Competitive Environment)

Market size is Renaissance's estimate based on various data.

Fitness market

Nursing care-related services market

Market size



Market growth potential

- Despite the advent of low-priced 24-hour unmanned clubs and the spread of online services, fitness participation rates are increasing only slightly
- Recent steady recovery in membership of integrated sports clubs

- With the increase in average life expectancy, the market for nursing care-related services is expected to grow
- Among them, there are growing expectations for rehabilitation-specific day-care services that aim to maintain and restore physical and lifestyle functions and find purpose in life (*ikigai* in Japanese)

Competitive environment

- Low-priced formats are pushing market development, while the appeal of integrated clubs is being reaffirmed.
- The number of operators running integrated clubs is gradually becoming more limited, and consolidation by major players is continuing

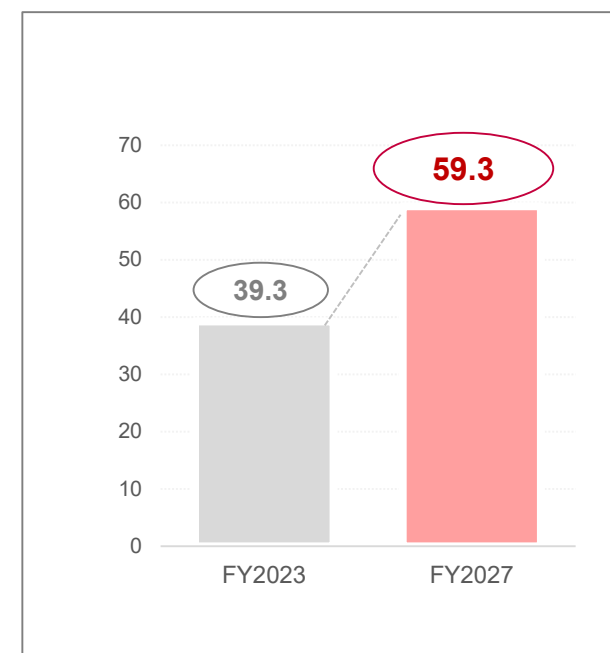
- Highly difficult to stabilize earnings due to the impact of the triennial revision of nursing care fees, etc.
- Possible to differentiate through effective physical and lifestyle function improvement know-how

2. Direction for Strengthening Business and Organizational Foundations

(1) Sports Club Business

Strengthening the earnings base and transforming the business structure	Increasing customer experience value by accompanying customers until results materialize and making exercise a habit <ul style="list-style-type: none">Reinforcing "human" services that lead to customer experience value, distinct from small-scale, unmanned formatsSetting prices appropriate for the customer experience value
	Increasing the efficiency of facility operations and reinvesting in customer experience value <ul style="list-style-type: none">Increased need to respond to changes in cost structure due to rising construction costs, utility costs, and wages and to lower facility maintenance costs through facility maintenance and cleanliness, etc.Promoting operational efficiency and creating customer interaction time through the use of DX
Business succession M&A	Maximize synergies from Oasis integration <ul style="list-style-type: none">Strengthening the growth potential of Oasis by leveraging Renaissance know-how Membership programs for companies (monthly corporate), swimming schools, etc.Measures are based on the success stories of Renaissance/Oasis, shared between the two companies, and develop new know-how
	Drive industry restructuring through aggressive M&A/succession <ul style="list-style-type: none">140 facilities nationwide through business succession and M&A (as of March 31, 2024)32 Sports Oasis facilities cover the Tokyo metropolitan area and Kinki regionAchieved value enhancement of facilities (Imazato and KSC Kanamachi) where business succession has been implemented

Sales target (Billions of yen)



*(Reference) Sales of Oasis in FY2023 were 12.1 billion yen (non-consolidated)

2. Direction for Strengthening Business and Organizational Foundations

1 Driving the industry as a leading integrated sports club company

(1) Rolling out know-how gained from sports club management to new markets



BtoG Community health promotion

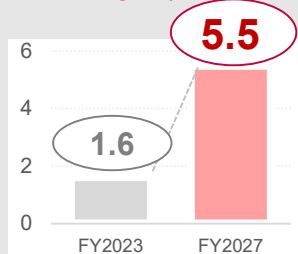
Providing solutions for health and education issues faced by municipalities near clubs

- Conducted more than 1,000 nursing prevention classes for a cumulative total of more than 150 municipalities

Entrusted management of public facilities through PPP (entrusted management/PFI, etc.)

- Expanding the market to include innovative proposals and Park-PFI in collaboration with BEACH TOWN.

Sales target (Billions of yen)



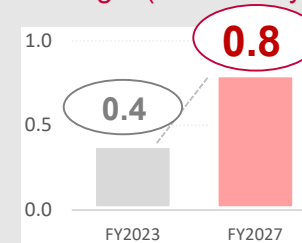
*(Reference) Sales of Oasis in FY2023 were 1.0 billion yen (non-consolidated)

BtoB Health promotion for workers targeting corporate health insurance associations

Market expansion through health content cultivated in sports clubs and online platforms to deploy this content

- 54,331 online members (as of March 31, 2024)
- 900 RENAISSANCE Online Livestream (ROL) programs per week
- More than 900 companies and health insurance associations under corporate contract with Renaissance

Sales target (Billions of yen)



2. Direction for Strengthening Business and Organizational Foundations

2 Creation of medium- to long-term growth drivers that transcend the boundaries of the fitness industry

(2) Nursing and medical care peripheral business

Monetization of existing facilities

Stable profitability through track record in functional improvement

- Stable operation of 33 directly managed facilities and 11 franchise facilities (as of March 31, 2024)
- Products backed by evidence such as functional training, additional acquisition of oral functions, and SYNAPSOLOGY®
- Each store is consistently well-attended and filled close to capacity

New store openings Promotion of M&A

Establishing a model for multi-store development

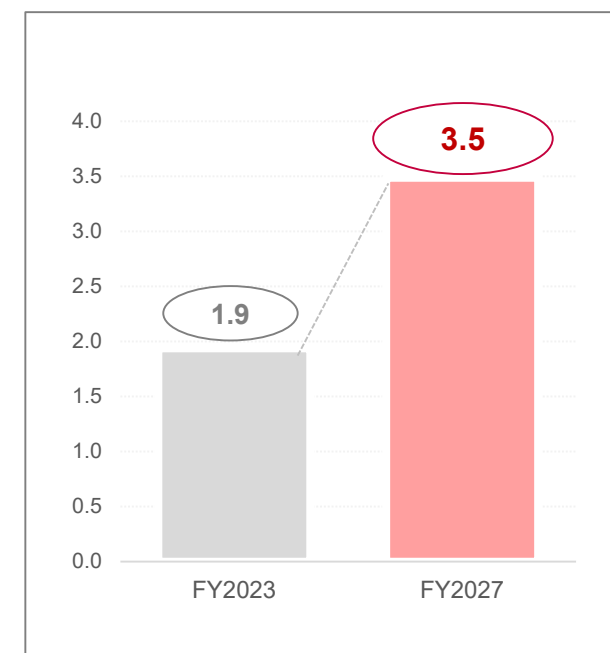
- Establish model stores that can respond to the nursing care industry's shortage of human resources and periodic revisions to the nursing care reimbursement system, while taking advantage of the Renaissance's unique characteristics
- Aggressive investment in new store openings and M&A promotion to cover all aspects of the area

Proposal of nursing care solutions

Propose know-how gained through our own operations to other business operators

- Strengthen sales structure to make proposals that contribute to the profitability of day-care facilities operated by other business operators

Sales target (Billions of yen)



2. Direction for Strengthening Business and Organizational Foundations

2 Creation of medium- to long-term growth drivers that transcend the boundaries of the fitness industry

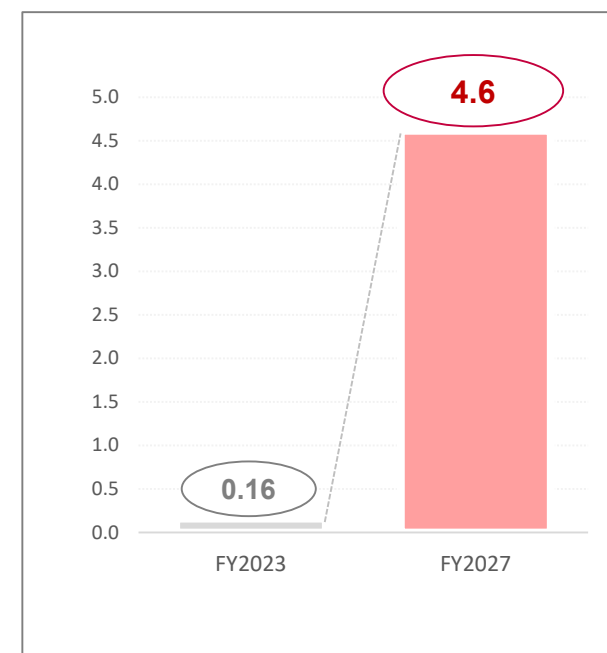
(3) Home Fitness Business



I don't like exercise. I can't keep up with exercise.
In that case, I don't need to go to a gym.
Working out while having fun as my authentic self.
A better mind and body for everyone, all the time.



Sales target (Billions of yen)



Original product development

Fitness toys supervised by exercise professionals

- Development of products that enable people who don't like exercise or have low physical fitness to develop exercise habits at home, and that fit into their lives even when they do not exercise
Home exercise equipment that allows you to exercise while doing something else.
- The concept is "bring the sports club to the home"
Exercise equipment invented by gym trainers allows you to exercise while doing something else.
Easy, simple, and yet solidly effective

Diverse sales channels

Sales of "just right" products that meet the needs of those with potential health issues

- Marketing and sales promotion expenditures with clear targeting based on TV shopping and Internet shopping results

* (Reference) Sales of Oasis in FY2023 were 3.9 billion yen (non-consolidated)

2. Direction for Strengthening Business and Organizational Foundations

Three pillars for strengthening organizational foundations

Optimizing management resource allocation from a Company-wide growth perspective

	Aims	Key points
HR	<ul style="list-style-type: none">• Linking management and business strategies with human resources strategies• Solidifying position as a leading company in Health and Productivity Management• Achieving diversity in management (30% female managers)	<ul style="list-style-type: none">• Investment in human capital to improve productivity over medium to long term• Realization of management according to business and functional characteristics• Emphasize ensuring diversity and fairness as a source of innovation
IT	<ul style="list-style-type: none">• Realization of an experience chosen by customers and staff through human x digital• Build infrastructure linked to business strategy	<ul style="list-style-type: none">• Build an internal and external system integration infrastructure that can flexibly respond to business needs from a long-term perspective of about 10 years and overall optimization.• System development/organization required for management/skill development and securing talent
Finance	<ul style="list-style-type: none">• Actions to achieve management conscious of the cost of capital and stock price• Shareholders' equity ratio 25.0%/ROE 12.0%/ROIC 7.7%	<ul style="list-style-type: none">• Clarification of investment and exit criteria• Carry out capital expenditures within the scope of operating cash flows

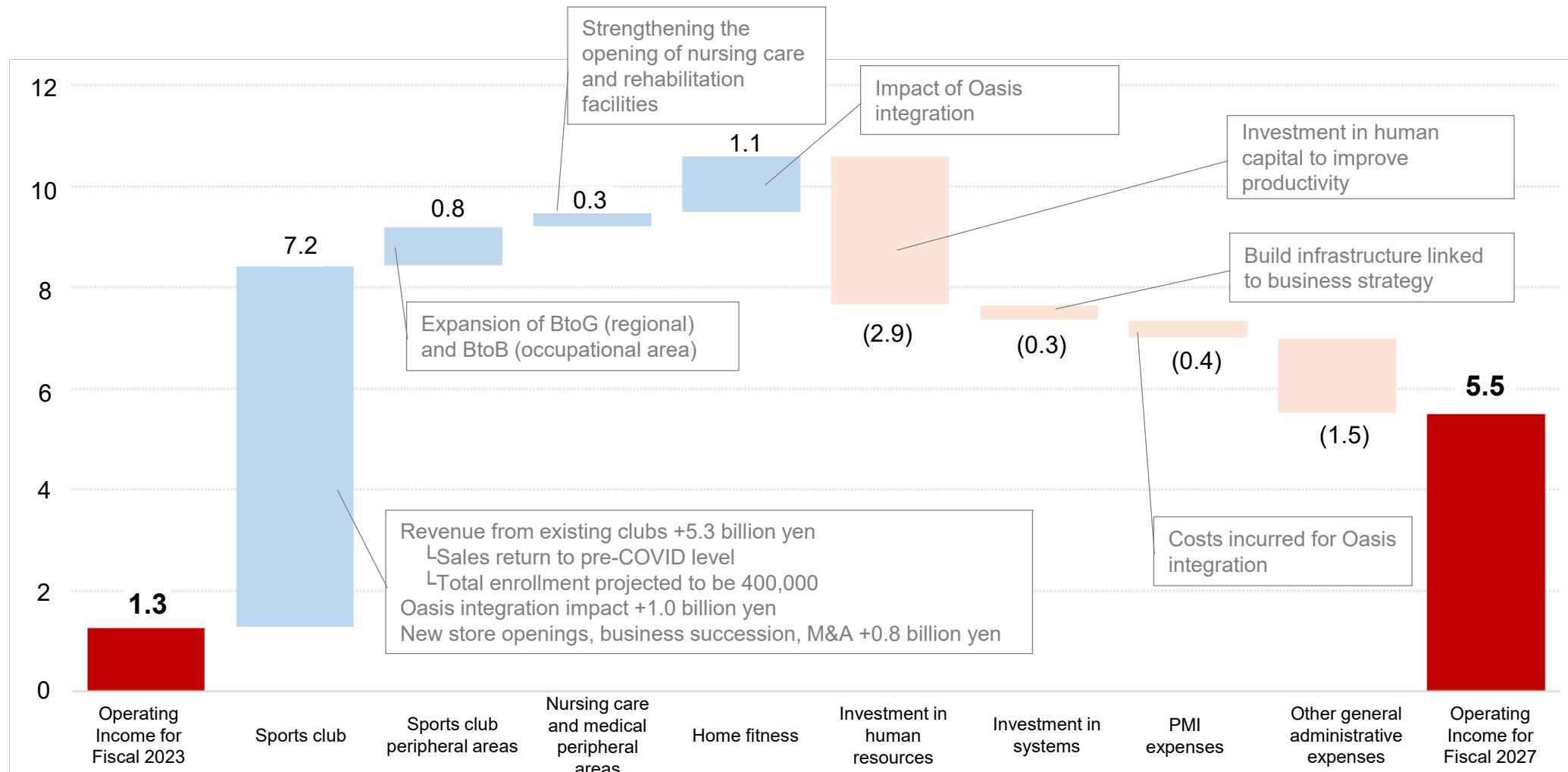
3. Management Goals

Management Goals in the Medium-Term Management Plan (Financial Goals)

Indicator	FY2023 results	FY2027 target	2023 versus 2027
Net sales	43.6 billion yen	75.0 billion yen	+31.4 billion yen (172%)
Operating income	1.26 billion yen	5.5 billion yen	+4.24 billion yen (443%)
Operating income to net sales	2.8%	7.3%	+4.5pt
Shareholders' equity ratio	21.5%	25.0%	+3.5pt
ROE	5.7%	12.0%	+6.3pt
ROIC	2.4%	7.7%	+5.3pt

3. Management Goals

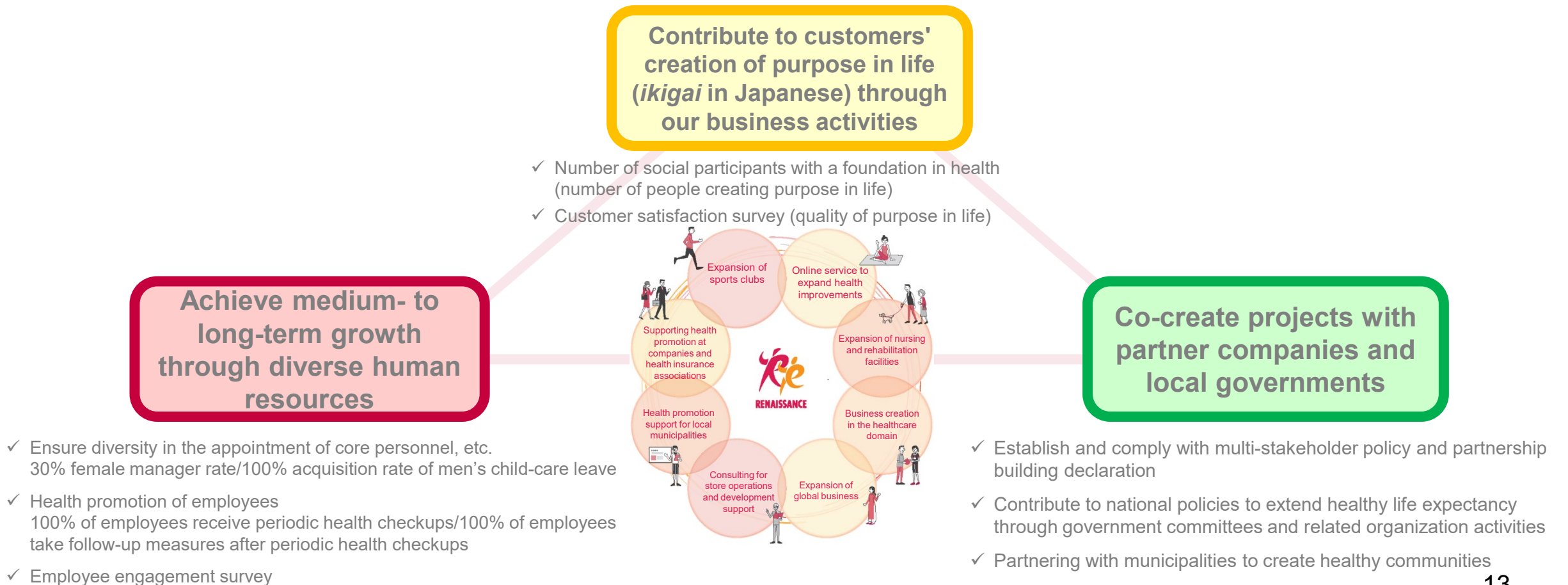
Growth plan for operating income (FY2023 to FY2027 breakdown) (Billions of yen)



3. Management Goals

Management Goals in the Medium-Term Management Plan (Non-Financial Goals)

In our Sustainability Policy, we clearly state that we will "contribute to the creating purpose in life (*ikigai* in Japanese) for all stakeholders through our business activities ".



3. Cash Allocation

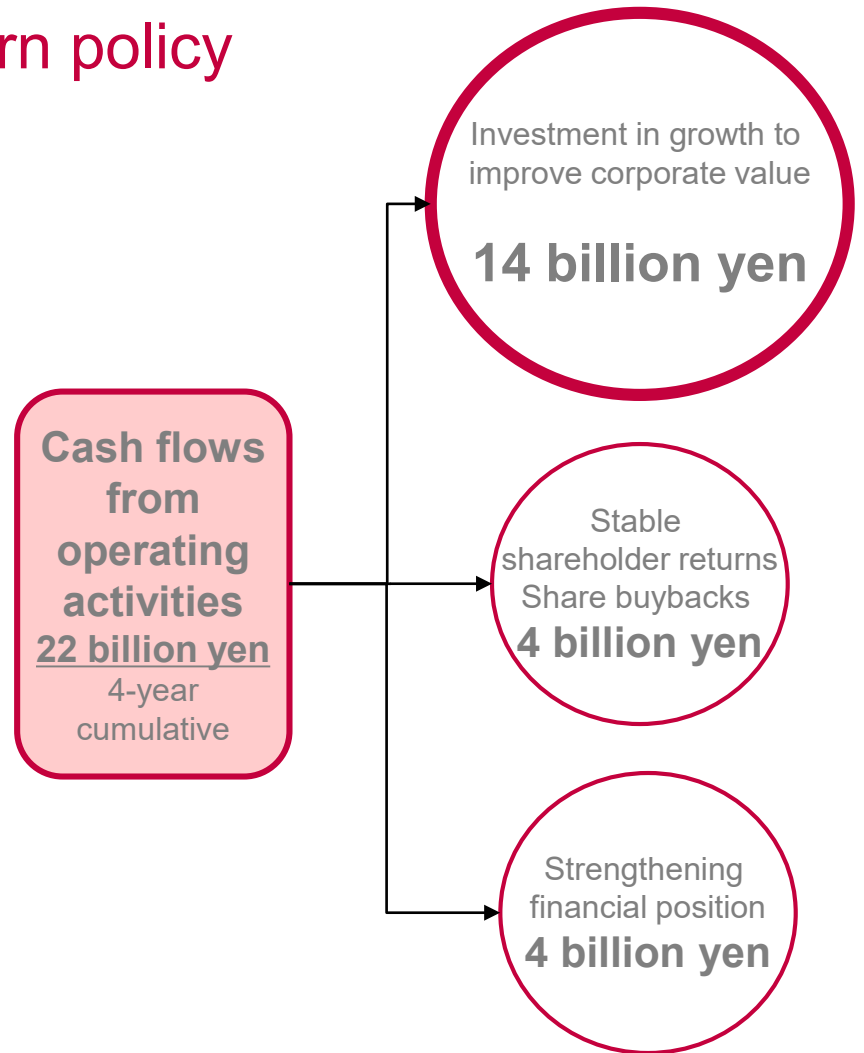
Investment allocation policy and shareholder return policy

Investment allocation policy

Advance and prioritize growth investments to improve corporate value.
Flexibly respond while balancing the strengthening of our financial position and the provision of stable returns to shareholders.

Shareholder return policy

Provide stable returns to shareholders, focusing on dividends reflecting business results.



3. Renaissance Corporate Philosophy and Long-Term Vision



Aiming to achieve record profits in FY2027 by "creating purpose in life" (*ikigai* in Japanese) and making social contributions to healthy living





Corporate Philosophy

RENAISSANCE, "a company for creating purpose in life (ikigai in Japanese)," proposes a healthy and comfortable lifestyle to our guests.

Long-Term Vision

Health solution company that enriches the age of the 100-year life span

We will contribute to solving society's physical, mental and social health issues through our business activities toward the realization of a healthy and long-lived society.