

Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2026 (Japanese GAAP)

Company name:	RENAISSANCE, incorporated	
Stock exchange listings:	Tokyo Stock Exchange	
Stock code:	2378	
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Scheduled date for dividend payment:	None	
Supplementary materials for financial summaries:	None	
Financial results briefing:	None	

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2026 (from April 01, 2025 to December 31, 2025)

(1) Consolidated operating results (Cumulative)

(Percentage indicate YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent company	
Nine months ended December 31, 2025	Million yen	%	Million yen	%	Million yen	%	Million yen	%
48,187	1.3		890	(46.0)	315	(72.6)	523	(26.8)
December 31, 2024	47,572	46.7	1,647	56.1	1,154	33.9	714	16.3

(Note) Comprehensive income For the nine months ended March 31, 2026: 514 million yen ((27.7 %)) For the nine months ended March 31, 2025: 711 million yen (21.3 %)

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2025	Yen	Yen
26.87		23.34
December 31, 2024	37.03	31.90

(Note) In the previous consolidated fiscal year, the provisional accounting treatment for business combinations was finalized, and the figures for the third quarter of the fiscal year ending March 2025 reflect the finalized content of the provisional accounting treatment.

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
As of December 31, 2025	Million yen	Million yen	%
57,862	12,354	21.3	
March 31, 2025	55,435	12,118	21.8

(Reference) Owner's equity As of the third quarter of the fiscal year ending March 2026: 12,342 million yen As of the fiscal year ended March 2025: 12,106 million yen

2. Cash dividends

	Annual dividend				
	As of the end of the first quarter	End of second quarter	At the end of the third quarter	Fiscal year-end	Total
Fiscal year ended March 31, 2025	Yen -	Yen 3.00	Yen -	Yen 9.00	Yen 12.00
Fiscal year ending March 31, 2026	Yen -	Yen 4.00	Yen -	Yen	Yen
Fiscal year ending March 31, 2026 (Forecast)				9.00	13.00

(Note) Presence or absence of revisions from the most recently announced dividend forecast: None

The above 'Cash dividends' refer to cash dividends for common stock. For cash dividends on other classes of stock (unlisted) with different rights from the common stock issued by the Company, please refer to 'Cash dividends for classes of stock' below.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2026 (from April 01, 2025 to March 31, 2026)

(Percentages indicate YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent company		Basic earnings per share
Fiscal year ending March 31, 2026	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	66,000	3.6	1,700	(12.7)	900	(26.5)	500	(34.7)	25.38

(Note) Correction of financial forecast from the most recent financial forecast: None

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

New Company (Company Kaede no Kaze Co., Ltd., Exclusion Company (Company Sports Oasis Co., Ltd. (Company name) Ltd. (Company name) Ltd.

As of April 1, 2025, RENAISSANCE, INCORPORATED was the surviving company in an absorption-type merger with Sports Oasis Co., Ltd. as the absorbed company. In addition, as of December 1, 2025, Kaede no Kaze Co., Ltd. became a consolidated subsidiary. For details, please refer to page 10 of the Financial Results (Attached Materials), "2. Consolidated Quarterly Financial Statements and Primary Notes (3) Notes to Consolidated Quarterly Financial Statements (Business Combinations, etc.)."

(2) Application of specific accounting for the consolidated quarterly financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, retrospective restatement

(i) Changes in accounting policies based on revisions of accounting standard : None

(ii) Changes in accounting policies other than (i) above : Yes

(iii) Changes in accounting estimates : None

(iv) Retrospective restatement : None

(Note) For details, please refer to page 10 of the Financial Results (Attached Materials), "2. Consolidated Quarterly Financial Statements and Primary Notes (3) Notes to Consolidated Quarterly Financial Statements (Changes in Accounting Policies)."

(4) Number of shares issued (common stock)

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

As of December 31, 2025	21,379,000 shares
As of March 31, 2025	21,379,000 shares

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

As of December 31, 2025	2,463,058 shares
As of March 31, 2025	2,482,987 shares

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

Nine months ended December 31, 2025	18,907,753 shares
Nine months ended December 31, 2024	18,892,814 shares

※ Review of attached consolidated quarterly financial statements by a certified public accountant or an audit firm: None

* Notes regarding the appropriate use of forecasts and other special items

Forward-looking statements such as performance forecasts contained in this document are based on information available to the Company and on certain assumptions deemed reasonable. Actual results may differ due to various factors. For the conditions underlying the forecasts and notes regarding the use of forecasts, please refer to "1. Qualitative Information on the Quarterly Financial Results" on page 2 of the Financial Results (attached materials).

(Reference) Cash dividends for class shares

The breakdown of dividend per share for common stock and other classes of shares with different rights is as follows.

	Annual dividend				
	End of first quarter	End of second quarter	At the end of the third quarter	Fiscal year-end	Total
Class A Shares	Yen	Yen	Yen	Yen	Yen
Fiscal year ending March 31, 2025	-	4.78	-	4.78	9.56
Fiscal year ending March 31, 2026	-	4.78	-		
Fiscal year ending March 31, 2026 (Forecast)				4.78	9.56

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1. Qualitative information regarding the quarterly financial results

(1) Description of Operating Results

For the nine months ended December 31, 2025, net sales in the Sports club business, new memberships in April and May got off to a sluggish start, but from June onward, exceeded the previous year for seven consecutive months, resulting in the number of active members surpassing the previous year. In the Home Fitness business, while the new merchandise "Styly Face" was well received, sales fell short of the plan due to sluggish sales of steppers, which had performed well last year. The Nursing Care & Medical Support business and the Community & Corporate Health Promotion business both progressed steadily. On the cost side, although approximately 90 million yen in advisory fees and other expenses were incurred due to the unplanned acquisition of Kaede no Kaze Co., Ltd., the cost of goods sold in the Home Fitness business was lower than expected, and company-wide efforts to control water, heating and lighting expenses and execute costs efficiently resulted in overall costs being below plan.

As a result, net sales were 48,187 million yen (up 1.3% YoY), operating income was 809 million yen (down 46.0% YoY), ordinary income was 315 million yen (down 72.6% YoY), and net income attributable to owners of parent company was 523 million yen (down 26.8% YoY).

To drive new growth, the Group appointed a new president as of April 1 and merged with Sports Oasis Co., Ltd. (hereinafter, "Oasis"). In anticipation of future revisions to the nursing care insurance system in the Nursing Care & Medical Support business, and to support the resolution of health issues for people we have not previously been able to reach, the company acquired 100% of the shares of Kaede no Kaze Co., Ltd., which operates 13 directly managed and 23 franchised day-care facilities nationwide, making it a subsidiary as of December 1. Furthermore, to expand our business, we resolved to acquire the business of five "Myreha" day-care facilities operated by Leben Community Co., Ltd. as of April 1, 2026, and a total of eight facilities, including comprehensive sports clubs operated by Tokyu Sports System Co., Ltd., as of July 1, 2026.

Under our corporate philosophy of being "a company for creating purpose in life (ikigai in Japanese)," our group has set a long-term vision to become a "health solution company that enriches the 100-year life span." We are committed to business activities that enable people to live fulfilling lives with both physical and mental health and a sense of purpose at every stage of life. In May 2024, we formulated the "2024-2027 Medium-Term Management Plan," positioning (i) leading the industry as a comprehensive sports club company and (ii) creating medium- to long-term growth drivers that go beyond the boundaries of the fitness industry as key themes.

< Sports club business />

In the Sports club business, leveraging the Oasis store network, which is mainly located in urban areas, we strengthened promotional activities for monthly corporate memberships targeting companies and health insurance associations. In addition, as a result of systematically renovating existing stores, new memberships increased steadily. Furthermore, the new studio program "Essential Pilates," introduced in July, was well received. In the swimming school, the coaching skills and safety management were highly evaluated, and for the second consecutive year, we were ranked first overall in the "2026 Oricon Customer Satisfaction Survey: Kids Swimming School (Elementary School Students)" category announced by Oricon Inc. (Headquarters: Minato-ku, Tokyo). In response to rising various costs and to improve service quality, a company-wide price revision was implemented in October.

Regarding new store openings, in April, we opened "Sports club Renaissance Higashi Sapporo 24 (Sapporo, Hokkaido)" and in July, "Sports club Renaissance Viera Meimai 24 (Kobe, Hyogo)," both by taking over facilities previously operated by other companies. As a result, net sales of the Sports club business were 41,278 million yen (up 2.7% YoY), and the number of enrolled members at the end of the third quarter consolidated accounting period was 450,126 (up 2.0% YoY).*

Furthermore, in order to promote future growth of the Sports club business, we have decided to acquire, as of July 1, 2026, five comprehensive sports club facilities, two small-format facilities, and one swimming school operated by Tokyu Sports System Co., Ltd., a wholly owned subsidiary of Tokyu Corporation. By acquiring these well-located facilities, such as those near train stations, which have been developed by the Tokyu Group, we aim to contribute to the health of residents along the Tokyu railway lines and to the revitalization of local communities.

*From the current consolidated fiscal year, figures are presented excluding online membership, and including the number of Sports club members of Renaissance Vietnam.

<Health Promotion Business for Local Governments and Municipalities (BtoG segment)>

In the health promotion business for local communities and municipalities, which leverages our expertise in sports club management, we have entered into agreements related to health promotion for local residents, improvement of physical fitness for children and students, and disaster prevention with Kikuyo Town in Kumamoto Prefecture, the Board of Education of Yokosuka City in Kanagawa Prefecture and the Japan Society for the Promotion of Lifelong Health, Kurashiki City in Okayama Prefecture, Nara City in Nara Prefecture, Higashihiroshima City in Hiroshima Prefecture, Osaka Prefecture, and Sue Town in Kasuya District, Fukuoka Prefecture. Through collaboration with these municipalities, we have expanded our support for health promotion. In addition, as collaboration between the sports club business and the BtoG sector has progressed, we have expanded our contracts for local preventive care classes and school swimming lessons. In particular, the number of contracts for school swimming lessons increased by 55.2% year on year, reflecting the growing social demand.

In the Public-Private Partnership (PPP) business for public facilities, in addition to commencing management and operation of nine facilities from April to July, we strengthened relationships with surrounding local governments in preparation for public tenders for the continuation of designated management facilities beyond FY 2026 and participation in new PPP projects.

<Health promotion business for corporations and health insurance associations (BtoB segment)>

In the health promotion business for corporations and health insurance associations, we provided the online lesson service "RENAISSANCE Online Livestream" to customers of companies such as Sumitomo Life Insurance Company's Vitality members, and promoted the customized sale of online lessons tailored to corporate needs. In addition, for small and medium-sized enterprises mainly engaged in employee health promotion, we sold "short-term corporate use tickets" that allow easy access to our sports clubs nationwide, thereby supporting health management initiatives.

<Nursing care and medical-related business/>

In the nursing care and medical-related business, we newly opened a total of six rehabilitation-focused day service facilities called "Genki Gym," consisting of four directly operated facilities and two franchise facilities. In addition, we worked on providing BtoB solutions, such as offering online exercise classes for facilities operating nursing care facilities. Furthermore, in our efforts to support the maintenance and improvement of QOL before, during, and after treatment for people living with illnesses such as cancer, we concluded an agreement on post-rehabilitation for cancer patients and others with Rakuwakai Medical Corporation (Location: Yamashina-ku, Kyoto City).

In addition, as we consider M&A as part of our future growth strategy in the nursing care and medical-related business, we have acquired 100% of the shares of Kaede no Kaze Co., Ltd., which operates day-care facilities nationwide, as of December 1, making it a subsidiary. The company operates 13 directly managed day-care facilities and 23 franchise facilities, providing support for users with relatively high care needs. We believe that this will enable us to support the resolution of health issues for people whom we have not been able to approach until now.

As a result, net sales of the nursing care and medical-related business for the nine months ended December 31, 2025 were 1,714 million yen (up 13.7% YoY).

<Home Fitness Business/>

In the Home Fitness business, although the new product "Styly Face," which supports both facial sagging care and swallowing ability (dysphagia), launched in September, performed well in both TV shopping and e-commerce sites, TV shopping sales of steppers and vibration recovery products, which exceeded expectations in the previous fiscal year, struggled to grow. As a result, net sales in the Home Fitness business for the nine months ended December 31, 2025, were 2,818 million yen (down 21.8% YoY). We are also working to strengthen our business structure in preparation for the launch of new merchandise in the future.

Newly opened and closed stores during the nine months ended December 31, 2025 (including Contracted business and Designated management) are as follows.

Store opening Date	Facility Name	Facility Type
April 2025	Sports Club Renaissance Higashi Sapporo 24 (Sapporo City, Hokkaido)	Sports club
April 2025	Higashiyamato City Sports Facilities, etc. (6 facilities in total) (Higashiyamato City, Tokyo)	Designated management
April 2025	Kitakyushu City Aso Sports Center (Kitakyushu-shi, fukuoka)	Designated management
April 2025	Nago City B & G Marine Center Pool (Nago City, Okinawa Prefecture)	Designated management
May 2025	Renaissance Genki Gym Higashikurume (Higashikurume City, Tokyo)	Nursing rehabilitation (directly managed)
June 2025	Renaissance Genki Gym Mejirodai (Bunkyo-ku, Tokyo)	Nursing rehabilitation (directly managed)
June 2025	Renaissance Genki Gym Hiroshima Ujina (Hiroshima City, Hiroshima Prefecture)	Nursing care rehabilitation facilities (franchise)
July 2025	Sports Club Renaissance Vierra Meimai 24 (Kobe City, Hyogo Prefecture)	Sports club
July 2025	Fuchu City B & G Marine Center (Fuchu City, Hiroshima Prefecture)	Designated management
August 2025	Renaissance Genki Gym Kawasaki Hatchonawate (Kawasaki City, Kanagawa Prefecture)	Nursing rehabilitation (directly managed)
September 2025	Renaissance Genki Gym Iwaki Onahama (Iwaki City, Fukushima Prefecture)	Nursing care rehabilitation facilities (franchise)
November 2025	Renaissance Genki Gym Aobadai (Yokohama City, Kanagawa Prefecture)	Nursing rehabilitation (directly managed)
Store closures date	Facility Name	Facility Type
End of May 2025	BEACHTOWN HIBIYA PARK (Chiyoda-ku, Tokyo)	Outdoor fitness facilities (directly operated)
End of June 2025	Re PT GYM RENAISSANCE JAPAN Times City (Hanoi, vietnam)	Personal training gym (Renaissance Vietnam)
End of December 2025	Renaissance Genki Gym Jr. Mitsukyo (Yokohama City, Kanagawa Prefecture)	Nursing rehabilitation (directly managed)
End of December 2025	Fitness Renaissance Aeon Mall Binh Duong Canary (Binh Duong Province, Vietnam)	Sports club (Renaissance Vietnam)

As a result, at the end of the third quarter of the current consolidated fiscal period, the number of facilities operated by our group was 333 in total, consisting of 234 sports clubs (Renaissance: 142 directly operated, 86 contracted business, 4 operation support, RENAISSANCE VIETNAM, INC.: 2 directly operated), 2 small-format facilities, 88 nursing care rehabilitation facilities (53 directly operated, 35 franchised), and 9 outdoor fitness facilities (3 directly operated, 6 contracted business).

In addition, from the fourth quarter of the consolidated fiscal period onward, the following new store openings and closures (including Contracted business and Designated management) are planned.

Store opening Date	Facility Name	Facility Type
April 2026	Fukuoka City Higashi Civic Pool (Fukuoka City, Fukuoka Prefecture)	Designated management
April 2026	Fukuoka City Chuo Citizens' Pool (Fukuoka City, Fukuoka Prefecture)	Designated management
April 2026	Mitoyo City General Gymnasium (Mitoyo City, Kagawa Prefecture)	Designated management
April 2026	Mitoyo City Midorigaoka Soccer Field	Designated management

	(Mitoyo City, Kagawa Prefecture)	
Store closures date	Facility Name	Facility Type
End of February 2026	Sports Club Renaissance Tennōcho (Yokohama City, Kanagawa Prefecture)	Sports club
End of March 2026	OASIS RAFEEL Ebisu 24Plus (Shibuya-ku, Tokyo)	Sports club
End of March 2026	Outdoor fitness facilities Sennan Long Park (Sennan City, Osaka Prefecture)	Outdoor fitness facilities (Contracted business)

In addition, in the previous consolidated fiscal year, the provisional accounting treatment related to business combinations was finalized, and the figures for the previous nine months ended September 30 reflect the finalized content of the provisional accounting treatment.

As the Group's reportable segment consists solely of the 'Sports club operation business,' segment-specific results are not disclosed.

(2) Description of Financial Position

At the end of the current consolidated fiscal quarter, total assets increased by 2,426 million yen compared to the end of the previous consolidated fiscal year, reaching 57,862 million yen. This was mainly due to an increase of 1,018 million yen in total current assets, primarily resulting from an increase in cash and deposits, as well as an increase of 1,415 million yen in total non-current assets, mainly due to an increase in buildings and structures.

At the end of the current consolidated fiscal quarter, total liabilities increased by 2,190 million yen compared to the end of the previous consolidated fiscal year, reaching 45,570 million yen. This was mainly due to an increase in total current liabilities by 753 million yen, primarily as a result of an increase in short-term borrowings, and an increase in non-current liabilities by 1,436 million yen, mainly due to an increase in long-term borrowings.

Total net assets at the end of the current consolidated fiscal quarter increased by 235 million yen compared to the end of the previous consolidated fiscal year, reaching 12,354 million yen. This was mainly due to the recording of 523 million yen in net income attributable to owners of parent company and the payment of 265 million yen in dividends, resulting in an increase of 257 million yen in retained earnings.

(3) Description of Consolidated Earnings Forecasts and Other Forward-Looking Information

Regarding the consolidated full-year forecasts for the fiscal year ending March 2026, the number of members in the Sports Club business is expected to remain strong and exceed the previous year even in the fourth quarter. In addition, efforts are being made to control costs such as expenses related to PMI (post-merger integration) with Oasis. Therefore, there are no changes from the previous forecasts announced on November 7, 2025. If any revisions to the consolidated full-year forecasts arise in the future, we will promptly notify you.

2. Consolidated Quarterly Financial Statements and Primary Notes

(1) Consolidated quarterly balance sheet

(Unit: Thousands of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	7,680,354	8,371,337
Accounts receivable - trade	2,379,089	2,018,096
Merchandise	803,643	825,758
Other	1,740,989	2,405,638
Allowance for doubtful accounts	(12,918)	(11,480)
Total current assets	<u>12,591,159</u>	<u>13,609,350</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,091,727	10,066,631
Leased assets, net	13,070,369	12,287,851
Other (net)	3,325,267	3,857,461
Total property, plant and equipment	<u>25,487,364</u>	<u>26,211,943</u>
Intangible fixed assets		
Goodwill	883,132	1,555,739
Customer-related intangible assets	592,285	518,250
Others	487,711	504,455
Total intangible fixed assets	<u>1,963,129</u>	<u>2,578,445</u>
Investments and other assets		
Investment securities	42,198	51,703
Leasehold and guarantee deposits	12,317,705	12,162,182
Deferred tax assets	1,973,577	2,356,897
Other	1,051,345	889,280
Total investments and other assets	<u>15,384,826</u>	<u>15,460,063</u>
Total non-current assets	<u>42,835,321</u>	<u>44,250,452</u>
Deferred assets	<u>9,114</u>	<u>2,400</u>
Total assets	55,435,594	57,862,203
Liabilities		
Current liabilities		
Accounts payable - trade	133,128	84,042
Short-term borrowings	4,200,000	6,103,300
Current portion of long-term borrowings	2,220,584	2,320,302
Income taxes payable	502,376	71,577
Provision for bonuses	1,131,581	634,190
Provision for loss on store closings	-	71,962
Asset retirement obligations	-	429,112
Other	7,398,342	6,625,516
Total current liabilities	<u>15,586,013</u>	<u>16,340,004</u>
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	1,499,988	1,499,988
Long-term borrowings	5,318,053	6,907,427
Lease obligations	14,781,738	14,074,916
Retirement benefit liability	1,248,756	1,308,222
Asset retirement obligations	2,407,034	2,470,131

Other	2,475,510	2,907,275
Total non-current liabilities	27,731,080	29,167,960
Total liabilities	43,317,093	45,507,964

(Unit: Thousands of yen)

	As of March 31, 2025	As of December 31, 2025
Net assets		
Shareholders' equity		
Share capital	3,210,356	3,210,356
Capital surplus	5,813,447	5,780,280
Retained earnings	5,688,784	5,946,197
Treasury shares	(2,506,960)	(2,486,838)
Total shareholders' equity	12,205,628	12,449,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,256	17,382
Foreign currency translation adjustment	(183,224)	(193,057)
Remeasurements of defined benefit plans	70,167	68,244
Total accumulated other comprehensive income	(98,800)	(107,430)
Share acquisition rights	11,673	11,673
Total net assets	12,118,500	12,354,238
Total liabilities and net assets	55,435,594	57,862,203

(2) Consolidated quarterly statement of income and consolidated quarterly statement of comprehensive income
 Consolidated quarterly statement of income for the nine months ended [date]

(Unit: Thousands of yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Net sales	47,572,388	48,187,121
Cost of sales	43,204,491	44,469,513
Gross profit	4,367,897	3,717,608
Selling, general and administrative expenses	2,720,236	2,827,107
Operating income	1,647,661	890,501
Non-operating income		
Interest income	6,432	12,312
Foreign exchange gains	11,480	4,745
Subsidy income	1,384	19,510
Compensation income	12,327	-
Other	49,952	39,906
Total non-operating income	81,576	76,474
Non-operating expenses		
Interest expenses	557,793	623,470
Others	17,228	27,765
Total non-operating expenses	575,021	651,236
Ordinary income	1,154,216	315,739
Extraordinary income		
Gain on sale of non-current assets	28	973
Compensation income	-	500,000
Total extraordinary income	28	500,973
Extraordinary losses		
Loss on retirement of non-current assets	25,212	14,162
Impairment losses	-	414,532
Provision for loss on store closings	-	71,962
Other	1,074	12,161
Total extraordinary losses	26,287	512,820
Net income before income taxes	1,127,958	303,893
Income taxes - current	416,275	164,567
Income taxes - deferred	(2,937)	(383,815)
Total income taxes	413,337	(219,247)
Net income	714,620	523,140
Net income attributable to owners of parent company	714,620	523,140

Consolidated quarterly statement of comprehensive income for the nine months ended

(Unit: Thousands of yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Net income	714,620	523,140
Other comprehensive income		
Valuation difference on available-for-sale securities	3,658	3,126
Foreign currency translation adjustment	(12,994)	(9,833)
Remeasurements of defined benefit plans, net of tax	6,008	(1,923)
Total other comprehensive income	(3,328)	(8,630)
Comprehensive income	711,291	514,510
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	711,291	514,510
Comprehensive income attributable to non- controlling interests	-	-

(3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumption)

There are no applicable items.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

There are no applicable items.

(Changes in accounting policies)

(Change in the valuation method of inventories)

The method for valuing merchandise at our company was previously the cost method, mainly using the retail method (for balance sheet amounts, the book value was written down based on decreased profitability). However, from the first quarter of the fiscal year, we have changed to the cost method, mainly using the monthly weighted average method (for balance sheet amounts, the book value is written down based on decreased profitability).

This change was triggered by the absorption-type merger of Sports Oasis Co., Ltd., which was our consolidated subsidiary as of April 1, 2025, and was implemented in conjunction with system modifications used for the valuation of inventories, with the aim of unifying cost management methods and achieving more accurate period profit and loss calculations.

In addition, as the impact of this change is minor, retroactive application has not been made.

(Notes to Segment Information)

[Segment Information]

Disclosure is omitted as the reporting segment of our group is limited to the 'Sports club operation business'.

(Notes to Statement of Cash Flows)

The quarterly consolidated statement of cash flows for the nine months ended September 30 has not been prepared. Depreciation (including amortization of intangible fixed assets excluding goodwill) and amortization of goodwill for the nine months ended September 30 are as follows.

In addition, in the previous consolidated fiscal year, the provisional accounting treatment related to business combinations was finalized, and for the previous nine months ended September 30, the finalized content of the provisional accounting treatment has been reflected.

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Depreciation	2,315,442 thousand yen	2,530,286 thousand yen
Amortization of goodwill	63,199 thousand yen	63,199 thousand yen

(Business Combinations and Related Matters)

(Business combination through acquisition)

At the Board of Directors meeting held on November 27, 2025, the Company resolved to acquire all shares of Kaede no Kaze Co., Ltd. and make it a subsidiary, and acquired said shares as of December 1, 2025.

(1) Overview of business combination

(i) Name of the acquired company and details of its business

Name of the acquired company: Kaede no Kaze Co., Ltd.

Business Description: Daycare services, daycare service franchise, education business (training and guidance for daycare services and elderly care)

(ii) Main reasons for the business combination

We determined that this would enable us to provide further added value to users of our day care services and their families, and furthermore, to support the resolution of health issues for a greater number of people whom we have not been able to approach until now.

(iii) Date of business combination

December 1, 2025 (Share acquisition date)

December 31, 2025 (Deemed acquisition date)

(iv) Legal form of business combination

Acquisition of shares for cash consideration

(v) Name of the combined company

There are no changes.

(vi) Acquired voting rights ratio

100%

(vii) Main reasons for determining the acquiring company

This is because the company acquired shares in exchange for cash.

(2) Period of performance of the acquired company included in the consolidated financial statements

In the third consolidated quarterly accounting period, December 31, 2025 is deemed as the acquisition date, and only the balance sheet has been consolidated. Therefore, the business results of the acquired company are not included in the third consolidated quarterly statement of income.

(3) Breakdown of the acquisition cost of the acquired company and the types of consideration

With regard to the acquisition price, we have decided not to disclose it in response to the request from the other party.

(4) Details and amounts of major acquisition-related expenses

Fees for advisory services, etc. 87,410 thousand yen

(5) Amount of goodwill recognized, reason for recognition, amortization method, and amortization period

(i) Amount of goodwill incurred

735,807 thousand yen

Please note that the above amounts are provisional, as the period from the business combination date to the closing date is short and the identification and fair value estimation of identifiable assets and liabilities as of the business combination date have not been completed, and the allocation of the acquisition cost has not yet been finalized.

(ii) Cause of occurrence

This arises from the expected future excess earning power resulting from future business development.

(iii) Depreciation methods and useful lives

The period over which the effects of goodwill are expected to manifest will be reasonably estimated, and amortization will be carried out on a straight-line basis over that period. The amortization period is currently under review.